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ds S.A. (an unrelated party) for the acquisition of a plot of land in Luján, Province of Buenos Aires, for a total purchase price of US$ 3.0 million. Cresud paid US$ 1.2 million and the remaining balance will be paid at the time of the signing of the deed. On December 2008, IRSA assigned us the preliminary purchase contract. We will pay the remaining balance at the time of the signing of the deed, and will also refund IRSA the amount IRSA paid at the time of the signing of the preliminary purchase.

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Acquisition of ownership interest. On July 2, 2008, IRSA acquired a 30% interest in Metropolitan 885 Third Avenue LLC (Metropolitan), a limited liability company organized under the laws of Delaware, United States of America. The main asset of Metropolitan is a 34 story building known as the Lipstick Building located at third avenue between 53rd and 54th streets in Manhattan, New York City. In addition to this asset, the acquired company also includes the debt related to this building. The purchase price paid was US$ 22.6 million. The property has approximately 59,000 square meters of leasable space. Also, IRSA acquired the right (put right) to sell the 50% of our stake in a period starting 6 months after this transaction until the third year anniversary of this transaction. Additionally, IRSA acquired the right of first offer for 60% of the 5% currently held by of one of the shareholders of Metropolitan.

Coto Air Space Barter commitment between Alto Palermo and CYRSA. In July, 2008 Alto Palermo entered into a barter agreement with CYRSA pursuant to which Alto Palermo, subject to certain closing conditions, would surrender to CYRSA its right to construct a tower over a preexisting structure (owned by a third party) in exchange for a small cash payment (US$0.09 million) and 25% of the housing units in the future buildings. The total fair value of the transaction is US$ 5.9 million.

Dique IV, Puerto Madero. IRSA s current portfolio of projects includes the addition of 11,000 square meters of leasable area in Dique IV in Puerto Madero, currently under construction and entailing a total projected investment of approximately Ps.50.5 million. Completion is scheduled for the beginning of calendar year 2009.

Torres Renoir, Dock III. On November 24, 2008, the Decree of Co-Ownership and Administration of the Renoir building developed on plot 1.c. was granted. The first lien mortgages established by DYPSA on plot 1.c and on plot 1.e were cancelled, and a new first lien mortgage was established on the functional units to be delivered to IRSA and on an additional functional unit. On the same date, DYPSA began the process of registration of the deeds of the units to be delivered to IRSA as consideration in kind for the sale of the plot. We believe the deeds will be granted to IRSA or its assignees within 45 days.

Tarshop. As a result of the current international financial scenario, a high volatility has been observed in interest rates and systemic delinquency has increased, affecting the performance and financing of the consumer finance business. The higher delinquency levels have led to an increase in the subordination of financial trusts which, added to the changes in their tax treatment, the higher interest rates resulting from higher risk and a slight deceleration in private consumption, have resulted in the need to review the general economic and the business specific prospects.

In order to face the growing volatility in the international financial markets and to provide Tarshop S.A. with a suitable capital base taking into account the current market conditions, in September 2008 Alto Palermo decided to take part in Tarshop S.A. s capital increase for up to Ps.60 million, and increased its equity interest in Tarshop S.A. from 80% to 93.4%.

In addition, Alto Palermo implemented several actions aimed at improving Tarshop S.A. s performance, including the revision of the point of sale structure, a 17% headcount reduction, the closing of 13 points of sale and a 10% reduction in leased centralized areas.

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In line with the commercial actions, various other measures have been implemented, including:

(i) A new distribution channel structure.

(ii) Changes in cash lending plans and shops financing, which involved tightening its credit origination and credit limits in order to improve our delinquency rates.

(iii) Renegotiation of conditions with shops.

In addition, the recent changes introduced in the tax treatment of financial trusts and other reforms made by the National Executive Branch result in the need to monitor Tarshop S.A. and fine-tune its positioning strategy to gear with the changing conditions.

On October 2008 in the light of the difficult market conditions and in compliance with the strategic plan devised and implemented by Alto Palermo, subordinated loans were granted to Tarshop S.A. for a total amount of Ps. 51 million to improve its financial position given the particular moment by which the financial trust segment is going through, that is a source in Tarshop s financing.

On November 25, 2008, Alto Palermo completed a disbursement of Ps. 35 million to Tarshop S.A. This disbursement was subject to the revision and verification of the debt portfolio of Tarshop S.A. by Alto Palermo s Management and the Board of Directors. The amount was part of a credit line of up to Ps. 120 million, Alto Palermo granted to Tarshop S.A. to strengthen it financially, to fund its operating costs and to reposition Tarshop S.A. given the complex situation existing temporarily in the Financial Trusts markets. Out of the credit line approved, as of November 25, 2008, Ps. 86 million were disbursed. At present, Alto Palermo is evaluating the suitability of capitalizing these loans.

Repurchase of Alto Palermo s Notes. On September 12, 2008 Alto Palermo announced the repurchase of its *Serie II Notes* for a face value of US$ 4.8 million. As a result, the amount of Alto Palermo s Notes in its portfolio had a face value of US$ 4.8 million. On November 25, Alto Palermo announced the repurchase of its *Fixed Rate Notes due 2017, Serie I* for a face value of US$ 5.00 million.

Irsa s purchases of Alto Palermo s Notes. On November 25, 2008, IRSA announced the acquisition of nominal value US$8.03 million of Alto Palermo s *Series I* Notes due 2017, for an average weighted price of US$0.39820 per Note and for a total amount of US$ 3.2 million

Torres Rosario Project. On November 27, 2008, Alto Palermo executed the deed of barter transfer, resulting from the execution of the option granted to Condominios del Alto S.A. to purchase parcel 2-h. This parcel represents 11,686 square meters. As consideration for its acquisition Condominios del Alto S.A. agreed to deliver forty two housing units, with a total constructed surface area of 3,182 square meters, representing 22% of the apartment of the building and 47 parking spaces, representing 22% of the parking of the building.

Item 9. The offer and listing.

A. OFFER AND LISTING DETAILS

The following summary provides information concerning our share capital and briefly describes all material provisions of our by-laws and the Argentine Corporation Law 19,550.

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Stock Exchanges in which our securities are listed

Our common shares are listed on the Buenos Aires Stock Exchange under the trading symbol CRES and NASDAQ under the trading symbol CRESY. As of June 30, 2008 our authorized capital stock consisted of 501,531,865 common shares, Ps.1.00 par value per share.

As of June 30, 2008, we had 560,774,772 common shares authorized and our outstanding capital stock consisted of 501,531,865 common shares. As of that date (1) we had no other shares of any class or series issued and outstanding and (2) there are no outstanding warrants or convertible notes to acquire our shares. Our common shares have one vote per share. All outstanding shares of the common shares are validly issued, fully paid and non assessable. As of June 30, 2008, there were approximately 2,264 holders of our common shares.

The amount of shares issued has increased due to the exercise of our outstanding warrants and the conversion of our outstanding convertible notes. During fiscal years 2005, 2006 and 2007; 12,001,760; 57,819,970; 88,971,671 new shares were issued. The term for the exercise of our outstanding warrants and the conversion of our outstanding convertible notes issued on November 21, 2002 expired on November 14, 2007. Throughout the conversion and exercise periods, holders of our warrants and convertible notes exercised an aggregate of 49,867,018 warrants and converted an aggregate of 49,910,874 convertible notes, respectively, increasing our capital stock to 320,774,772 issued and outstanding shares. There are no outstanding warrants or convertible notes to acquire our shares.

In March 2008 we concluded our capital increase of 180 million common shares. Thus, 180 million shares offered at the subscription price of US$ 1.60 or Ps.5.0528 per share were fully subscribed, both locally and internationally, increasing our outstanding capital to 500,774,772 common shares.

In addition, each shareholder received, without additional cost, one warrant for each share subscribed, entitling the holder thereof to acquire 0.33333333 new shares at US$ 1.68 each, i.e. 180 million warrants were granted entitling the holders thereof to purchase an aggregate of 60 million additional shares at the above mentioned price. The warrants expire on May 22, 2015 and are listed on the Buenos Aires Stock Exchange with the symbol CREW2 , and they are also listed on Nasdaq with the symbol CRESW . Funds obtained from increasing capital, net of issuance expenses, amount to Ps.881.1 million, while the tax effect of issuance expenses amounted to Ps.9.9 million. Funds obtained were assigned to shares and options issued based on the current value estimated upon subscription.

As of June 30, 2008, 2,271,290 options had been exercised, which resulted in, 757,093 shares of common stock being issued for Ps.4.0 million.

Price history of our stock on the Buenos Aires Stock Exchange and NASDAQ

Our common shares are traded in Argentina on the Buenos Aires Stock Exchange, under the trading symbol CRES. Since March 1997, our ADSs, each presenting 10 common shares, have been listed on the NASDAQ under the trading symbol CRESY. The Bank of New York is the depositary with respect to the ADSs.

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The table below shows the high and low daily closing prices of our common shares in Pesos and the quarterly trading volume of our common shares on the Buenos Aires Stock Exchange for the first quarter of 2003 through December 2008. The table also shows the high and low daily closing prices of our ADSs in U.S. dollars and the quarterly trading volume of our ADSs on the NASDAQ for the first quarter of 2003 through December 2008. Each ADS represents ten common shares.

	Buenos Aires Stock Exchange			NASDAQ		
		Price Per Share (Ps.)			US$ per ADS	
	Share Volume	High	Low	ADS Volume	High	Low
Fiscal Year 2003						
1st Quarter	9,390,116	2.43	1.47	1,506,964	6.52	3.99
2nd Quarter	2,924,294	2.35	1.70	1,030,157	6.08	4.48
3rd Quarter	4,101,037	2.72	1.70	3,279,484	8.40	5.06
4th Quarter	3,915,643	2.66	2.04	1,899,432	9.73	6.62
Annual	20,331,090	2.02	2.04	7,716,037	9.73	3.99
Fiscal Year 2004						
1st Quarter	4,037,206	2.65	2.24	2,491,280	9.29	7.74
2nd Quarter	2,789,601	4.40	2.58	11,026,601	14.91	9.04
3rd Quarter	7,309,323	3.86	2.84	8,085,500	12.49	10.06
4th Quarter	3,572,063	3.52	2.54	4,892,233	12.54	8.38
Annual	17,708,183	4.40	2.84	26,495,614	14.91	7.74
Fiscal Year 2005						
1st Quarter	1,827,036	3.62	2.94	2,433,951	12.22	9.81
2nd Quarter	1,452,712	4.37	3.41	4,400,896	14.99	11.23
3rd Quarter	1,355,908	4.91	3.79	10,671,890	16.87	12.93
4th Quarter	4,597,793	4.03	2.88	7,392,284	13.74	9.78
Annual	9,233,449	4.91	2.88	24,899,021	16.87	9.78
Fiscal Year 2006						
1st Quarter	3,968,113	4.03	3.19	5,448,497	13.97	11.10
2nd Quarter	4,915,037	3.93	3.10	5,316,532	13.71	10.12
3rd Quarter	4,582,691	4.38	3.22	8,431,362	14.44	10.42
4th Quarter	4,003,720	5.73	3.73	17,830,919	19.45	12.10
Annual	17,469,361	5.73	3.10	37,027,310	19.45	10.12
Fiscal Year 2007						
1st Quarter	1,812,774	4.68	3.90	5,288,618	15.43	12.42
2nd Quarter	1,793,537	5.30	4.35	9,816,001	17.53	14.23
3rd Quarter	3,439,865	6.73	5.06	9,712,198	22.08	16.58
4th Quarter	13,792,055	7.37	6.12	7,522,056	24.28	19.81
Annual	20,838,231	7.37	3.90	32,338,873	24.28	12.42
Fiscal Year 2008						
1st Quarter	3,129,519	6.87	5.43	8,713,926	21.71	16.25
2nd Quarter	4,255,009	7.45	5.43	8,618,274	23.76	17.14
3rd Quarter	11,565,947	5.84	4.53	12,236,895	18.84	13.99
4th Quarter	8,008,908	5.43	4.71	11,790,596	16.98	14.48
Annual	26,959,383	7.45	4.53	41,359,691	23.76	13.99
June 2008	1,524,738	4.91	4.72	3,972,133	15.37	14.48
July 2008	1,528,453	4.66	4.10	3,102,266	14.80	13.14
August 2008	862,283	4.10	3.25	3,008,304	13.30	10.60
September 2008	1,442,148	3.55	3.26	3,159,368	11.17	10.50
October 2008	2,070,285	3.41	1.73	7,792,237	10.69	4.67
November 2008	1,064,907	2.48	1.85	4,969,265	6.36	5.01
December 2008 (through December 17 2008)	938,947	3.05	2.10	2,489,016	8.61	6.03

Source: Bloomberg

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B. PLAN OF DISTRIBUTION

This item is not applicable.

C. MARKETS

Argentine Securities Markets

Comisión Nacional de Valores

The Comisión Nacional de Valores is a separate governmental entity with jurisdiction covering the territory of Argentina. Its main purpose is to ensure transparency of Argentina s securities markets, to watch over the market price formation process and to protect investors. The *Comisión Nacional de Valores* supervises corporations authorized to issue securities to the public, the secondary markets where these securities are traded, and all persons and corporations involved in any capacity in the public offering and trading of these securities. The Argentine markets are governed generally by Law No. 17,811, as amended, which created the *Comisión Nacional de Valores* and regulates stock exchanges, stockbrokers, market operations and the public offerings of securities. There is a relatively low level of regulation of the market for Argentine securities and of investors activities in this market, and enforcement of existing regulatory provisions has been extremely limited. Furthermore, there may be less publicly available information about Argentine companies than is regularly published by or about companies in the United States and certain other countries. However, the Argentine government and the *Comisión Nacional de Valores*, taking into consideration the deeper global awareness of the importance of having adequate corporate governance practices and a legal framework to enforce principles such as full information, and transparency, have issued decree No. 677/2001. This decree has the objective of determining the rights of the financial consumer, increasing market transparency and an adequate legal framework to increase the investor s protection within the capital markets. Most of its reforms are in line with world trends pertaining to corporate governance practices that have already been adopted by many emerging markets.

In order to offer securities to the public in Argentina, an issuer must meet certain requirements of the *Comisión Nacional de Valores* regarding assets, operating history, management and other matters, and only securities for which an application for a public offering has been approved by the *Comisión Nacional de Valores* may be listed on the Buenos Aires Stock Exchange.

This approval does not imply any kind of certification or assurance related to the merits or the quality of the securities, or the issuer s solvency. Issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements, as well as various other periodic reports, with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange.

Securities Exchanges in Argentina

There are 10 securities exchanges in Argentina, of which the principal exchange for the Argentine securities market is the Buenos Aires Stock Exchange, which handles approximately 99% of all equity trading in the country.

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Buenos Aires Stock Exchange

The Buenos Aires Stock Exchange is a complex, non-profit, and self-regulated organization. The various markets require different self-organizations of brokers within the Buenos Aires Stock Exchange, which is one of its particular characteristics. The most important and traditional of these markets is Mercado de Valores S.A. (MERVAL).

The securities that may be listed on the Buenos Aires Stock Exchange are: Stocks, Corporate Bonds, Convertible Corporate Bonds, Close-ended Investment Funds, Financial Trust, Indexes, Derivatives and Public Bonds. The Buenos Aires Stock Exchange is legally qualified for admission, suspension, and delisting of securities according to its own rules approved by the *Comisión Nacional de Valores*. Furthermore, the Buenos Aires Stock Exchange works very closely with the *Comisión Nacional de Valores* in surveillance activities. Also under a special agreement, registration and listing applications are directly filed with the Buenos Aires Stock Exchange for simultaneous processing.

MERVAL

The MERVAL is a corporation whose 134 shareholder members are the only individuals and entities authorized to trade, either as principal or as agent, in the securities listed on the Buenos Aires Stock Exchange. Trading on the Buenos Aires Stock Exchange is conducted by continuous open outcry, or the traditional auction system, from 11:00 a.m. to 5:00 p.m. each business trading day of the year. Trading on the Buenos Aires Stock Exchange is also conducted through the automated trading platform, *Sistema Integrado de Negociación Asistida por Computación* (SINAC). SINAC is a computer trading system that permits trading in debt securities and equity securities. SINAC is accessed by brokers directly from workstations located at their offices. Currently, all transactions relating to listed notes and listed government securities can be effected through SINAC.

Over the Counter Market

The Electronic Open Market (*Mercado Abierto Electrónico or* MAE) is an exchange organized under the laws of Argentina, which operates as a self-regulatory organization under the supervision of the *Comisión Nacional de Valores*.

The MAE works as an electronic environment to process Over The Counter transactions. It is an electronic exchange where both government securities and corporate bonds are traded through spot and forward contracts.

The MAE has 90 brokers/dealers members, which include national banks, provincial banks, municipal banks, private national banks, foreign banks, cooperative banks, financial institutions, foreign exchange entities and pure brokers/dealers (exclusively engaged in brokerage activities). Both Argentine or foreign capital banks and financial institutions may be the MAE s brokers/dealers.

Securities to be traded must be registered with the pertinent supervising authorities and may be traded in the Mercado Abierto Electrónico, in other exchanges or in both of them concurrently.

Securities Central Depositary

Caja de Valores S.A. is a corporation organized under the laws of Argentina, totally private, which acts as central depositary of public bonds and private securities. It was established in 1974 by Act 20,643, and it is supervised by the *Comisión Nacional de Valores*.

Those authorized to make deposits of securities with the *Caja de Valores* are stockbrokers, banking financial institutions, and mutual funds.

The majority shareholders of the *Caja de Valores S.A.* are the Buenos Aires Stock Exchange and the MERVAL (49.98% each).

Information regarding the Buenos Aires Stock Exchange

	As of December 31,		As of June 30,	
	2006	2007	2007	2008
Market capitalization (Ps.billion)	1,229.31	1,773.04	1,335.91	1,822.31
Average daily trading volume (Ps.million)	61.37	88.62	69.9	95.87
Number of listed companies	106	111	107	111

Although companies may list all of their capital stock on the Buenos Aires Stock Exchange, in many cases a controlling block is retained by the principal shareholders resulting in only a relatively small percentage of many companies stock being available for active trading by the public on the Buenos Aires Stock Exchange.

As of June 30, 2008, approximately 111 companies had equity securities listed on the Buenos Aires Stock Exchange. As of June 30, 2008, approximately 6.75% of the total market capitalization of the Buenos Aires Stock Exchange was represented by the securities of the ten largest national companies.

The Argentine securities markets are substantially more volatile than the securities markets in the United States and certain other developed countries. The MERVAL experienced a 13% increase in 1995, a 25% increase in 1996, a 6% increase in 1997, a 37% decrease in 1998, a 28% increase in 1999, a 24% decrease in 2000, a 29% decrease in 2001, a 77% increase in 2002, a 104% increase in 2003, a 28% increase in 2004, a 13% increase in 2005, a 35% increase in 2006, a 2.93% increase in 2007 and a 2.04% decrease for the six month period ended June 30, 2008. In order to control price volatility, the MERVAL operates a system pursuant to which the negotiation of a particular stock or debt security is suspended for a 15 minute period when the price of the security registers a variation on its price between 10% and 15% and between 15% and 20%. Any additional 5% variation on the price of the security after that results in additional 10 minute successive suspension periods.

Nasdaq Stock Market

Our ADSs are listed and traded in the Nasdaq Stock Market under the trading symbol CRESY .

D. SELLING SHAREHOLDERS

This section is not applicable.

E. DILUTION

This section is not applicable.

F. EXPENSES OF THE ISSUE

This section is not applicable.

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Item 10. Additional information

A. SHARE CAPITAL

This section is not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Our Corporate Purpose

Our legal name is Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria. We were incorporated under the laws of Argentina on December 31, 1936 as a sociedad anónima (stock corporation) and were registered with *Public Registry of Commerce* on February 19, 1937 under number 26, on page 2, book 45 of National by-laws Volume. Pursuant to our by-laws, our term of duration expires on July 6, 2082.

Pursuant to article 4 of our by-laws our purpose is to perform the following activities:

Commercial activities with respect to cattle and products pertaining to farming and animal husbandry;

Real estate activities with respect to urban and rural properties;

Financial activities, except for those regulated by Law No. 21,526 of financial entities;

Farming and animal husbandry activities, for properties owned by us or by third parties; and

Agency and advice activities for which there is not required a specific qualifying title.

Limited Liability

Shareholders liability for losses is limited to their shareholdings in the Company. Notwithstanding the foregoing, under the Argentine Corporation Law No. 19,550, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or a company s by-laws (or regulation, if any) my be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. In addition, a shareholder who votes on a business transaction in which the shareholder s interest conflicts with that of the Company may be liable for damages under the Argentine companies law, but only if the transaction would not have been validly approved without such shareholder s vote.

Capitalization

We may increase our share capital upon authorization by our shareholders at an ordinary shareholders meeting. Capital increases must be registered with the public registry of commerce referred to as the *Registro Publico de Comercio*, and published in the Boletín Oficial. Capital reductions may be voluntary or mandatory and must be approved by the shareholders at a special shareholders meeting (*asamblea extraordinaria*). Reductions in capital are mandatory when losses have depleted reserves and exceed 50% of capital. At November 30, 2008 our share capital consisted of 501,536,281 common shares.

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Our bylaws provide that preferred stock may be issued when authorized by the shareholders at a special shareholders meeting (*asamblea extraordinaria*) and in accordance with applicable regulations. Such preferred stock may have a fixed cumulative dividend, with or without additional participation in our profits, resolved by the shareholders meetings. Our company currently has no outstanding preferred stock.

Preemptive Rights and Increases of Share Capital

Pursuant to our by-laws and Argentine Corporation Law No. 19,550, in the event of an increase in our share capital, each of our existing holders of our common shares has a preemptive right to subscribe for new common shares in proportion to such holder s share ownership pursuant to our by-laws and the Argentine Corporation Law No. 19,550. For any shares of a class not preempted by any holder of that class, the remaining holders of the class will be entitled to accretion rights based on the number of shares they purchased when they exercised their own preemptive rights. Rights and accretion rights must be exercised simultaneously within 30 days following the time in which notices to the shareholders of a capital increase and of the rights to subscribe thereto are published for three days in the Boletín Oficial and a widely circulated newspaper in Argentina. Pursuant to the Argentine Companies Law, such 30-day period may be reduced to 10 days by a decision of our shareholders adopted at a special shareholders meeting (*asamblea extraordinaria*).

Additionally, the Argentine Companies Law permits shareholders at a special shareholders meeting (*asamblea extraordinaria*) to suspend or limit the preemptive rights relating to the issuance of new shares in specific and exceptional cases in which the interest of our company requires such action and, additionally, under the following specific conditions:

the issuance is expressly included in the list of matters to be addressed at the shareholders meeting; and

the shares to be issued are to be paid in-kind or in exchange for payment under pre-existing obligations.

Furthermore, Article 12 of the Negotiable Obligations Law permits shareholders at a special shareholders meeting (*asamblea extraordinaria*) to suspend preemptive subscription rights for the subscription of convertible bonds under the above-mentioned conditions. Preemptive rights may also be eliminated, so long as a resolution providing so has been approved by at least 50% of the outstanding capital stock with a right to decide such matters and so long as the opposition to such resolution does not surpass 5% of the share capital.

Shareholders Meetings and Voting Rights

Our bylaws provide that shareholders meetings may be called by our board of directors or by our Supervisory Committee or at the request of the holders of shares representing no less than 5% of the common shares. Any meetings called at the request of shareholders must be held within 30 days after the request is made. Any shareholder may appoint any person as its duly authorized representative at a shareholders meeting, by granting a proxy. Co-owners of shares must have single representation.

In general, the following matters can be considered only at a special shareholders meeting (*asamblea extraordinaria*):

matters that may not be approved at an ordinary shareholders meeting;

the amendment of our bylaws;

- reductions in our share capital;
- redemption, reimbursement and amortization of our shares;
- mergers, and other corporate changes, including dissolution and winding-up;
- limitations or suspensions to preemptive rights to the subscription of the new shares; and
- issuance of debentures, convertible negotiable obligations and bonds that not qualify as notes (*obligaciones negociables)*.

In accordance with our by-laws, ordinary and special shareholders meetings (*asamblea extraordinaria*) are subject to a first and second quorum call, the second to occur upon the failure of the first. The first and second notice of ordinary shareholders meetings may be made simultaneously. In the event that both are made on the same day, the second must occur at least one hour after the first. If simultaneous notice was not given, the second notice must be given within 30 days after the failure to reach quorum at the first. Such notices must be given in compliance with applicable regulations.

A quorum for an ordinary shareholders meeting on the first call requires the presence of a number of shareholders holding a majority of the shares entitled to vote and, on the second call, the quorum consists of the number of shareholders present, whatever that number. Decisions at ordinary shareholders meetings must be approved by a majority of the votes validly exercised by the shareholders.

A quorum for an special shareholders meeting (*asamblea extraordinaria*) on the first call requires the presence of persons holding 60% of the shares entitled to vote and, on the second call, the quorum consists of the number of shareholders present, whatever that number. Decisions at special shareholders meeting (*asamblea extraordinaria*) generally must be approved by a majority of the votes validly exercised.

However, pursuant to the Argentine Companies Law, all shareholders meetings, whether convened on a first or second quorum call, require the affirmative vote of the majority of shares with right to vote in order to approve the following decisions:

- advanced winding-up of the company;
- transfer of the domicile of the company outside of Argentina;
- fundamental change to the purpose of the company;
- total or partial mandatory repayment by the shareholders of the paid-in capital; and
- a merger or a spin-off, when our company will not be the surviving company.

Holders of common shares are entitled to one vote per share. Owners of common shares represented by ADRs exercise their voting rights through the ADR Depositary, who acts upon instructions received from such shareholders and, in the absence of instructions, votes in the same manner as our majority of the shareholders present in the shareholders meeting.

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The holders of preferred stock are not entitled to voting rights. However, in the event that no dividends are paid to such holders for their preferred stock, the holders of preferred stock are entitled to voting rights. Holders of preferred stock are also entitled to vote on certain special matters, such as a transformation of the corporate type, early dissolution, change to a foreign domicile, fundamental change in the corporate purposes, total or partial replacement of capital losses, mergers in which our company is not the surviving entity, and spin-offs. The same exemption will apply in the event the preferred stock is traded on any stock exchange and such trading is suspended or canceled.

Dividends and Liquidation Rights

The Argentine Companies Law establishes that the distribution and payment of dividends to shareholders is valid only if they result from realized and net earnings of the company pursuant to an annual balance sheet approved by the shareholders. Our board of directors submits our financial statements for the previous financial year, together with the reports of our Supervisory Committee, to the Annual Ordinary Shareholders Meeting. This meeting must be held by October 30 of each year to approve the financial statements and decide on the allocation of our net income for the year under review. The distribution, amount and payment of dividends, if any, must be approved by the affirmative vote of the majority of the present votes with right to vote at the meeting.

The shareholders meeting may authorize payment of dividends on a quarterly basis provided no applicable regulations are violated. In that case, all and each of the members of the board of directors and the supervisory committee will be jointly and severally unlimitedly liable for the refund of those dividends if, as of the end of the respective fiscal year, the realized and net earnings of the Company are not sufficient to allow the payment of dividends.

When we declare and pay dividends on the common shares, the holders of our ADRs, each representing the right to receive ten ordinary shares, outstanding on the corresponding registration date, are entitled to receive the dividends due on the common shares underlying the ADRs, subject to the terms of the Deposit Agreement dated March 18, 1997 executed by and between us, The Bank of New York, as depositary and the eventual holders of ADRs. The cash dividends are to be paid in Pesos and, except under certain circumstances, are to be converted by the Depositary into U.S. dollars at the exchange rate prevailing at the conversion date and are to be paid to the holders of the ADRs net of any applicable fee on the dividend distribution, costs and conversion expenses, taxes and public charges. Since January 2002 and due to the devaluation of the Peso, the exchange rate for the dividends will occur at a floating market rate.

Our dividend policy is proposed from time to time by our board of directors and is subject to shareholders approval at an ordinary shareholders meeting. Declarations of dividends are based upon our results of operations, financial condition, cash requirements and future prospects, as well as restrictions under debt obligations and other factors deemed relevant by our board of directors and our shareholders.

Dividends may be lawfully paid only out of our retained earnings determined by reference to the financial statements prepared in accordance with Argentine GAAP. In accordance with the Argentine Companies Law, net income is allocated in the following order: (i) 5% is retained in a legal reserve until the amount of such reserve equals 20% of the Company s outstanding capital; (ii) dividends on preferred stock or common shares or other amounts may be retained as a voluntary reserve, contingency reserve or new account, or (iii) for any other purpose as determined by the Company s shareholders at an ordinary shareholders meeting.

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Our legal reserve is not available for distribution. Under the applicable regulations of the *Comisión Nacional de Valores*, dividends are distributed pro rata in accordance with the number of shares held by each holder within 30 days of being declared by the shareholders for cash dividends and within 90 days of approval in the case of dividends distributed as shares. The right to receive payment of dividends expires three years after the date on which they were made available to shareholders. The shareholders meeting may authorize payment of dividends on a quarterly basis provided no applicable regulations are violated. In such case, all and each of the members of the board of directors and the supervisory committee will be jointly and severally liable for the refund of those dividends if, at the end of the respective fiscal year, the realized and net earnings of the Company are not sufficient to allow for the payment of dividends.

In the event of liquidation, dissolution or winding-up of our company, our assets are

to be applied to satisfy its liabilities; and

to be proportionally distributed among holders of preferred stock in accordance with the terms of the preferred stock. If any surplus remains, our shareholders are entitled to receive and share proportionally in all net assets available for distribution to our shareholders, subject to the order of preference established by our bylaws.

Approval of Financial Statements

Our fiscal year ends on June 30 of each year, after which we prepare an annual report which is presented to our board of directors and Supervisory Committee. The board of directors submits our financial statements for the previous financial year, together with the reports of our Supervisory Committee, to the annual ordinary shareholders meeting, which must be held within 120 days of the close of our fiscal year, in order to approve our financial statements and determine our allocation of net income for such year. At least 20 days before the ordinary shareholders meeting, our annual report must be available for inspection at our principal office.

Right of Dissenting Shareholders to Exercise Their Appraisal Right

Whenever certain actions are approved at a special shareholders meeting (*asamblea extraordinaria*) (such as the approval of a merger, a spin-off (except when the shares of the acquired company are publicly traded), a fundamental change of corporate purpose, a transformation from one type of corporation to another, a transfer of the domicile of our company outside of Argentina or, as a result of the action approved, the shares cease to be publicly traded) any shareholder dissenting from the adoption of any such resolution may withdraw from our company and receive the book value per share determined on the basis of our latest financial statements, whether completed or to be completed, provided that the shareholder exercises its appraisal rights within ten days following the shareholders meeting at which the resolution was adopted.

In addition, to have appraisal rights, a shareholder must have voted against such resolution or act within 15 days following the shareholders meeting if the shareholder was absent and can prove that he was a shareholder of record on the day of the shareholders meeting. Appraisal rights are extinguished with respect to a given resolution if such resolution is subsequently overturned at another shareholders meeting held within 75 days of the previous meeting at which the original resolution was adopted. Payment on the appraisal rights must be made within one year of the date of the shareholders meeting at which the resolution was adopted, except where the resolution involved a decision that our stock cease to be publicly traded, in which case the payment period is reduced to 60 days from the date of the resolution.

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Ownership Restrictions

The *Comisión Nacional de Valores* regulations require that transactions that cause a person s holdings of capital stock of a registered Argentine company, to hold 5% or more of the voting power, should be immediately notified to the *Comisión Nacional de Valores*. Thereafter, every change in the holdings that represents a multiple of 5% of the voting power should also be notified.

Directors, senior managers, executive officers, members of the supervisory committee, and controlling shareholders of an Argentine company whose securities are publicly listed, should notify the *Comisión Nacional de Valores* on a monthly basis, of their beneficial ownership of shares, debt securities, and call and put options related to securities of such companies and their controlling, controlled or affiliated companies.

Holders of more than 50% of the common shares of a company or who otherwise have voting control of a company, as well as directors, officers and members of the supervisory committee, must provide the *Comisión Nacional de Valores* with annual reports setting forth their holdings in the capital stock of such companies and monthly reports of any change in their holdings.

Tender Offers

Tender offers under Argentine law may be voluntary or mandatory. In either case, the offer must be made addressed to all shareholders. In the case of a mandatory tender offer, the offer must also be made to the holders of subscription rights, stock options or convertible debt securities that directly or indirectly may grant a subscription, acquisition or conversion right on voting shares.

Decree No. 677/2001 establishes that a person or entity wishing to acquire a significant holding (*participaciones significativas*) shall be required to launch a mandatory tender offer.

A mandatory tender offer will not be required in those cases in which the purpose of the acquisition of the significant holding is not to acquire the control of a company.

The *Comisión Nacional de Valores* defines a significant holding as holdings that represent an equal or a higher percentage than 35% and 51% of the voting shares as the case may be.

When a person or an entity intends to acquire more than 35% of the shares of a company, a mandatory tender offer to purchase 50% of the corporate voting capital is required by law.

If a person or an entity owns between 35% and 51% of the shares of a company, and wishes to increase its holdings by at least 6% within a 12 month period, a mandatory tender offer to acquire shares representing at least 10% of the voting capital will be legally required.

When a person or an entity wishes to acquire more than 51% of the shares of a company, a mandatory tender offer to acquire 100% of the voting capital will be legally required.

Finally, when a shareholder controls 95% or more of the outstanding shares of a company, (i) any minority shareholder may, at any time, demand that the controlling party make an offer to purchase all of the remaining shares of the minority shareholders and (ii) the controlling party can issue a unilateral statement of intention to acquire all of the remaining shares owned by the other stockholders.

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Pursuant to the Argentine Companies Law we may redeem our outstanding common shares only under the following circumstances:

- to cancel such shares and only after a decision to reduce our capital stock (with shareholder approval at a special shareholders meeting (*asamblea extraordinaria*);
- to avoid significant damage to our company under exceptional circumstances, and then only using retained earnings or free reserves that have been fully paid, which action must be ratified at the following ordinary shareholders meeting; or
- in the case of the acquisition by a third-party of our common shares.

The Public Offering of Securities Law provides for other circumstances under which our company, as a corporation whose shares are publicly listed, can repurchase our shares. The following are necessary conditions for the acquisition of our shares:

- the shares to be acquired shall be fully paid,
- there shall be a board of directors resolution containing a report of our supervisory committee or audit committee. Our board of director s resolution must provide the purpose of the acquisition, the maximum amount to be invested, the maximum number of shares or the maximum percentage of capital that may be acquired and the maximum price to be paid for our shares. Our board of directors must give complete and detailed information to both shareholders and investors,
- the purchase shall be carried out with net profits or with free or optional reserves, and we must prove to the *Comisión Nacional de Valores* that we have the necessary liquidity and that the acquisition will not affect our solvency,
- under no circumstances may the shares acquired by our company, including those that may have been acquired before and held by us as treasury stock, be more than 10% of our capital stock or such lower percentage established by the *Comisión Nacional de Valores* after taking into account the trading volume of our shares.

Any shares acquired by us that exceed 10% of our capital stock must be disposed of within 90 days from the date of acquisition originating the excess without prejudice of the liability corresponding to our board of directors.

Transactions relating to the acquisition of our own shares may be carried out through open market transactions or through a public offering:

- in the case of acquisitions in the open market, the amount of shares purchased daily cannot exceed 25% of the mean daily traded volume of our shares during the previous 90 days.
- in either case, the *Comisión Nacional de Valores* can require that the acquisition be carried out through a public offering if the shares to be purchased represent a significant percentage in relation to the mean traded volume.

General Resolution No. 368/2001 of the *Comisión Nacional de Valores* as amended, provides general requirements that any company must comply with in the case of the acquisition of its shares under the Corporations Law or under the Public Offering of Securities Law. The acquisition of its shares by a company must be:

- approved by a resolution of the board of directors with a report of its supervisory committee,
- notice must be given to the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange, and notice must be published in the *Boletín* of the Buenos Aires Stock Exchange or in a widely circulated newspaper in Argentina,
- be carried out with net profits or free reserves from the last financial statements and approved by the board of directors,
- the board of directors has to prove to the *Comisión Nacional de Valores*, that the company has the necessary liquidity and that the acquisition does not affect its solvency,
- all shares acquired by the company, including those that may have been acquired before and held by it as treasury stock, may not exceed 10% of its capital stock.

The recently enacted General Resolution No. 535/08 of the *Comisión Nacional de Valores* establishes that the acquisition limit of up to 10% of the company s own shares will be suspended up to December 31, 2008.

There are no legal limitations to ownership of our securities or to the exercise of voting rights pursuant to the ownership of our securities, by non-resident or foreign shareholders.

Registrations and Transfers

Our common shares are held in registered, book-entry form. The registry for our shares is maintained by *Caja de Valores* S.A. at its executive offices located at 25 de mayo 362, (C1002ABH) Buenos Aires, Argentina. Only those persons whose names appear on such share registry are recognized as owners of our common shares. Transfers, encumbrances and liens on our shares must be registered in our share registry and are only enforceable against us and third parties from the moment registration takes place.

Amendment to the by-laws.

On the shareholders meeting held on October 10, 2007, our shareholders decided to amend the following sections of the by-laws: (i) Section Thirteen in order to adapt the performance bonds granted by directors to current rules and regulations, and (ii) Section Sixteen in order to incorporate the possibility of holding remote board meetings pursuant the provisions of section 65 of Decree 677/01.

Compliance with NASDAQ listing standards on corporate governance

Cresud corporate governance practices are governed by the applicable Argentine law; particularly, the Argentine Corporation Law No. 19,550, Decree No. 677/2001 and the Standards of the *Comisión Nacional de Valores*, as well as by its corporate by-laws.

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Cresud has securities that are registered with the Securities and Exchange Commission and are listed on the NASDAQ, and is therefore subject to corporate governance requirements applicable to NASDAQ-listed non-US companies (a NASDAQ-listed company).

Pursuant to Nasdaq Marketplace Rule 4350(a), NASDAQ-listed non-US companies that are categorized as Foreign Private Issuers and may follow home country corporate governance practice in lieu of the requirements of Rule 4350, provided that the foreign private issuer complies with certain mandatory sections of Rule 4350, discloses each requirement of Rule 4350 that it does not follow and describes the home country practice followed in lieu of such requirement.

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The requirements of Rule 4,350 and the Argentine corporate governance practice that we follow in lieu thereof are described below:

NASDAQ Standards for US companies	CRESUD S CORPORATE PRACTICES
Rule 4350(b)(1)(A) Distribution of Annual and Interim Reports.	In lieu of the requirements of Rule 4350(b)(1)(A), we follow Argentine law, which requires that companies issue publicly a Spanish language annual report, including annual audited consolidated financial statements prepared in accordance with generally accepted accounting principles in Argentina, by filing such annual report with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange, within 70 calendar days following the close of our fiscal year. Interim reports must be filed with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange within 42 calendar days following the close of each fiscal quarter. The Buenos Aires Stock Exchange publishes the annual reports and interim reports in the Buenos Aires Stock Market Bulletin and makes the bulletin available for inspection at its offices. In addition, we provide our shareholders annual and interim financial reports upon request. English language translations of our annual reports and interim reports are filed with the SEC on Form 20-F and Form 6K, respectively. We also send the English language translation of our annual report and quarterly press releases related to the interim financial and operating results to the *Comisión Nacional de Valores* which posts them on its website. Furthermore, under the terms of the Deposit Agreement, dated as of March 18, 1997, among us, The Bank of New York, as depositary, and owners of ADSs issued thereunder, we are required to furnish The Bank of New York with, among other things, English language translations of our annual reports. Annual reports are available for inspection by ADR holders at the offices of The Bank of New York located at, 101 Barclay Street, 22nd Floor, New York, New York. Finally, Argentine law requires that 20 calendar days before the date of a shareholders meeting, the board of directors must provide to our shareholders, at our executive office or through electronic means, all information relevant to the shareholders meeting, including copies of any documents to be considered by the shareholders (which includes the annual report).
Rule 4350I(1) Majority of Independent Directors.	In lieu of the requirements of Rule 4350I(1), we follow Argentine law which does not require that a majority of the board of directors be comprised of independent directors. Argentine law instead requires that public companies in Argentina must have a sufficient number of independent directors to be able to form an audit committee of at least three members, the majority of which must be independent pursuant to the criteria established by the *Comisión Nacional de Valores*.

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NASDAQ Standards for US companies	CRESUD S CORPORATE PRACTICES
Rule 4350I(2) Executive Sessions of the board of directors.	In lieu of the requirements of Rule 4350I(2), we follow Argentine law which does not require independent directors to hold regularly scheduled meetings at which only such independent directors are present (i.e., executive sessions). Our board of directors as a whole is responsible for monitoring our affairs. In addition, under Argentine law, the board of directors may approve the delegation of specific responsibilities to designated directors or non-director managers. Also, it is mandatory for public companies to form a supervisory committee (composed of syndics) which is responsible for monitoring our legal compliance under Argentine law and compliance with our by-laws. Finally, our audit committee has regularly scheduled meetings and, as such, such meetings will serve a substantially similar purpose as executive sessions.
Rule 4350I(3) Compensation of Officers.	In lieu of the requirements of Rule 4350I(3), we follow Argentine law which does not require companies to form a compensation committee comprised solely of independent directors. For the determination of the compensation of the chief executive officer and all other executive officers no decision of a majority of independent directors or a compensation committee comprised solely of independent directors is required under Argentine law. Under Argentine law, the board of directors is the corporate body responsible for determining the compensation of the chief executive officer and all other executive officers, so long as they are not directors. In addition, under Argentine law, the audit committee shall give its opinion about the reasonableness of management s proposals on fees and option plans for our directors or managers.
Rule 4350I(4) Nomination of directors.	In lieu of the requirements of Rule 4350I(4), we follow Argentine law which requires that directors be nominated directly by the shareholders at the shareholders meeting and that they be selected and recommended by the shareholders themselves. Under Argentine law, it is the responsibility of the ordinary shareholders meeting to appoint and remove directors and to set their compensation.
Rule 4350(d)(1) Audit Committee Charter.	In lieu of the requirements of Rule 4350(d)(1), we follow Argentine law which requires that audit committees have a charter but does not require that companies certify as to the adoption of the charter nor does it require an annual review and assessment

NASDAQ Standards for US companies	CRESUD S CORPORATE PRACTICES
	thereof. Argentine law instead requires that companies prepare a proposed plan or course of action with respect to those matters which are the responsibility of our audit committee. Such plan or course of action could, at the discretion of our audit committee, include a review and assessment of the audit committee charter. We believe that we are in compliance with the requirements for audit committee charters provided for in the Sarbanes Oxley Act.
Rule 4350(d)(2) Audit Committee Composition.	Argentine law does not require that companies have an audit committee comprised solely of independent directors and it is equally not customary business practice in Argentina to have such a committee. Argentine law instead requires that companies establish an audit committee with at least three members comprised of a majority of independent directors as defined by Argentine law. Nonetheless, although not required by Argentine law, we have a three member audit committee comprised of entirely independent directors, as independence is defined in Rule 10(A)-3(b)(1), one of which the Board has determined to be an audit committee financial expert. In addition, we have a supervisory committee composed of three syndics which are in charge of monitoring the legality, under Argentine law, of the actions of our board of directors and the conformity of such actions with our by-laws.
Rule 4350(f) Quorum.	In lieu of the requirements of Rule 4350(f), we follow Argentine law and our by-laws, which distinguish between ordinary meetings and extraordinary meetings and require, in connection with ordinary meetings, that a quorum consist of a majority of stock entitled to vote. If no quorum is present at the first meeting, a second meeting may be called at which the shareholders present, whatever their number, constitute a quorum and resolutions may be adopted by an absolute majority of the votes present. Argentine law, and our by-laws, require in connection with extraordinary meetings, that a quorum consist of 60% of the stock entitled to vote. However, if such quorum is not present at the first meeting, our by-laws provide that a second meeting may be called which may be held with the number of shareholders present. In both ordinary and extraordinary meetings, decisions are adopted by an absolute majority of votes present at the meeting, except for certain fundamental matters (such as mergers and spin-offs (when we are not the surviving entity and the surviving entity is not listed on any stock

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NASDAQ Standards for US companies	CRESUD S CORPORATE PRACTICES
	exchange), anticipated liquidation, change in its domicile outside of Argentina, total or partial recapitalization of its statutory capital following a loss, any transformation in our corporate legal form or a substantial change in our corporate purpose, or the issue of bonds) which require an approval by vote of the majority of all the stock entitled to vote (all stock being entitled to only one vote).
Rule 4350(g) Solicitation of Proxies.	In lieu of the requirements of Rule 4350(g), we follow Argentine law which requires that notices of shareholders meetings be published, for five consecutive days, in the *Official Gazette* and in a widely circulated newspaper in Argentina no earlier than 45 calendar days prior to the meeting and at least 20 calendar days prior to such meeting. In order to attend a meeting and be listed on the meeting registry, shareholders are required to submit evidence of their book-entry share account held at *Caja de Valores* up to three business days prior to the scheduled meeting date. If entitled to attend the meeting, a shareholder may be represented by proxy (properly executed and delivered with a certified signature) granted to any other person, with the exception of a director, syndic, member of the supervisory committee, manager or employee of the issuer, which are prohibited by Argentine law from acting as proxies. In addition, our American Depositary Shares holders receive, prior to the shareholders meeting, a notice listing the matters on the agenda, a copy of the annual report and a voting card.
Rule 4350(h) Conflicts of Interest	In lieu of the requirements of Rule 4350(h), we follow Argentine law which requires that related party transactions be approved by the audit committee when the transaction exceeds one percent (1%) of the corporation s net worth, measured pursuant to the last audited balance sheet, so long as the relevant transaction exceeds the equivalent of three hundred thousand Pesos (Ps.300,000). Directors can contract with the corporation only on terms consistent with prevailing market terms. If the contract is not in accordance with prevailing market terms, such transaction must be pre-approved by the board of directors (excluding the interested director). In addition, under Argentine law, a shareholder is required to abstain from voting on a business transaction in which its interests may be in conflict with the interests of the company. In the event such shareholder votes on such business transaction and such business transaction would not have been approved without such shareholder s vote, such shareholder may be liable to the company for damages and the resolution may be declared void.

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C. MATERIAL CONTRACTS

We do not have any material contract entered into outside the ordinary course of business other than some of the operations previously described under the Related Party Transactions, the Recent Developments and Our Indebtedness sections.

D. EXCHANGE CONTROLS

Currency Exchange Regulation

All foreign currency exchange transactions must be carried out in the free exchange market, in which the Argentine Central Bank participates by purchasing and selling foreign currency.

Import and Export of Capital

Import of Capital

Currently, there are no laws, executive orders or regulations nor any exchange controls in force in Argentina which limits the import of capital.

Pursuant to the Argentine Foreign Investment Law No. 21,382, and Decree No. 1,853/93, enacted in 1993, the purchase by foreign investors (any natural or legal person domiciled out of Argentina or an Argentine company of foreign capital) of capital participation in a company existing in Argentina (according to the Foreign Investment Act) shall constitute a foreign investment.

At present there are no restrictions on foreign investments in industries other than public broadcasting media, and no prior authorization is required to make foreign investments.

Therefore, no prior authorization is required in order to purchase our securities.

See Item 3: Key Information Exchange Rates

Export of Capital, including the availability of cash or cash equivalents

From 1989 to December 3, 2001, there were no exchange controls restricting the peso-U.S. Dollar translation or the remittance of U.S. Dollars abroad. In compliance with the economic measures set forth by the Government by means of Decree No. 1570/01 dated December 3, 2001 and subsequent amendments thereto, aimed at protecting the integrity of the Argentine financial system, money could not be transferred abroad, unless expressly authorized by the Argentine Central Bank.

For purposes of accessing the funds deposited with financial institutions, clients were allowed to make electronic transfers between accounts of the same institution or others and in favor of the same holder or other persons; pay expenses by means of debit cards, checks, automatic debits and credit cards. Additionally, the Decree declared that new foreign currency deposits can only be

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received as time deposits, and no demand accounts denominated in foreign currency may be opened. Such restrictions were later relaxed and deposits of foreign currency in savings accounts (cajas de ahorro) by residents were allowed. Law No. 25,561 declared a public emergency in social, economic, administrative, financial and foreign exchange market matters, delegating to the Argentine executive branch until December 10, 2003, the powers to reorganize the financial, banking and foreign exchange system, reactivate the performance of the economy and improve the employment level and distribution of income, focusing on a program for the development of regional economies, creating the conditions for a sustainable economic growth, consistent with the public debt restructuring, and restructuring outstanding obligations affected by the new foreign exchange system. Such period was extended until December 31, 2006 by Law No. 26,077. Among other provisions, this law put an end to the convertibility system that had been in effect since April 1991, whereby pesos were convertible to U.S. Dollars at a rate of Ps.1.0 per U.S Dollar.

As a consequence of the enactment of Decree 260/02, as of February 8, 2002, a single and free exchange market was implemented, through which all foreign currency exchange transactions are made. Exchange transactions are freely entered into by parties, but subject to the regulations and requirements set forth by the Central Bank. The Central Bank issued Communication A 3471, as amended, establishing restrictions or special requirements for exchange transactions. Lack of compliance with requirements and conditions shall result in the application of sanctions established by the Criminal Law Exchange Regime.

Such regulation has been modified several times and, therefore, only the most important provisions currently in force are mentioned below:

- Argentine individuals and companies are authorized to buy up to US$ 2,000,000 per month;

- the sale of foreign currency to non-residents, with the exception of international organizations, in an aggregate monthly amount exceeding US$ 5,000 shall also be previously authorized by the Central Bank, except when it is evidenced that the amounts used to purchase foreign currency (i) come from the payment of a resident to the non-resident which orders the transfer; and (ii) the payment is performed in relation to import, services, revenues or other commercial transfers for which the resident should have accessed to the exchange market in accordance to the exchange rules that regulated payments abroad to commercial account;

- foreign currency exchange or arbitrage transactions with financial institutions located abroad must be previously authorized by the Central Bank, except where such financial institutions are located in countries which are members of the Basel Committee and have an international credit rating not lower than A granted by international rating agencies registered with the Central Bank, or where such transactions are entered into with branches of Argentine official banks located abroad;

- future operations in regulated markets, options or forwards transactions and any other type of derivatives entered into and cancelled in Argentina and settled in local currency are not subject to any restriction, provided, however, that: (i) such operations do not contemplate any payment or transfer obligation of a resident to a foreign country; (ii) any inflow of foreign currency into the local exchange market for the purposes of such an operation by a non resident who is party to such a transaction is subject to a non-transferable deposit denominated in U.S. Dollars for an amount equal to 30% of the relevant transaction for a period of 365 days in accordance to such further

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conditions as indicated bellow (the Non- Transferable Deposit); and (iii) transfer of foreign currency abroad by a non resident derived from such transactions involving an aggregate monthly amount exceeding US$ 5,000 shall also be previously authorized by the Central Bank.

Communication A 4285 dated January 17, 2005, relaxed restrictions on foreign currency transactions by abrogating the requirement of prior approval of the Central Bank for the execution of certain future and forward operations and for the access to the foreign exchange market for their cancellation. These operations include: (i) transactions executed by the financial system for the acquisition of certain time deposits having variable retribution; (ii) agreements for the coverage of foreign currencies and interest rates, (iii) agreements executed by exporters or importers for the coverage of commodity prices, as long as they are related to argentine foreign trade transactions; and (iv) the execution of external transactions in the form of Repos provided that they are executed for a term of at least 180 days. With the exception of inflows related to the external transactions in the form of Repos mentioned in (iv), any other inflow of foreign currency devoted to future or forward operations mentioned in (i) to (iii) is exempted from the obligation to constitute the Non- Transferable Deposit.

financial institutions must obtain prior authorization of the Central Bank in order to purchase any kind of asset, where the payment for such a transaction is made against delivery of foreign currency or any other kind of foreign denominated asset that is part of the General Exchange Position (Posición General de Cambios) (the GEP) of these financial institutions;

new imports of goods may be fully paid in advance, without consideration of the kind of good, as well as debts for imports with any maturity date;

access to the free and sole exchange market is allowed for payment of expired capital services originated in financial debts, except for financial entities subject to advance refinancings and rediscounts granted by the Central Bank and restructuring of its foreign debt (Decree No. 739/03 and Communication A 3940);

non-residents may have access to the exchange market for purposes of transferring funds in foreign currency collected in Argentina, originated from the amortization installments from national public bonds issued in foreign currency, to accounts in foreign banks;

there are no restrictions to make payments abroad for services rendered by non-residents on any basis (freight, insurance, royalties, technical advise, fees, etc.);

transfers abroad for the payment of indebtedness of private entities (comprising both financial and non-financial institutions) and government owned entities; provided that they fulfill certain regulatory requirements among others such as (i) a sworn statement affirming the fulfillment of Communication A 3602 informative requirements; (ii) the possession of documents which evidence the genuineness of the operation being cancelled, i.e., the entry into the country of the finance proceed and/or its use to cancel the financial or commercial debt, etc.; (iii) the amounts to be transferred have been adjusted, as the case may be, in accordance to Decree 214/02 as amended; and (iv) the fact that the inflows have remained in the county for the legal minimum term (180 days until May 26, 2005 or 365 for funds entered into after that date) has been verified;

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effective as of January 8, 2003, Argentine companies may freely transfer corporate profits and dividends corresponding to audited financial statements of local companies without prior Central Bank approval and transfers of funds abroad in order to pay reinsurance premiums will be subject only to the issuance of a statement from the regulatory authority on insurance matters Superintendencia de Seguros de la Nación (Superintendent of Insurance Board), with respect to the reason and amount to be transferred;

there is an obligation to enter the funds received as payment for the export of goods and services into the exchange market and to convert them into local currency within a time limit established by the Ministry of Economy and Production;

foreign currency obtained from the collection of exports corresponding to bills of lading shall be sold at the reference exchange rate when the foreign currency so obtained was not clear at the exchange market within the applicable legal terms, in accordance with applicable regulation.

before September 2005, inflows of foreign currency which would be applied to export advances and prefinancing were allowed into the local exchange market avoiding the non-transferable deposit requirement established by Decree No. 616/05, issued on June 10, 2005 by providing a sworn statement stating that foreign funds would be used for a specific purchase transaction entered into with the buyer. Subsequently, the BCRA by means of the Communication A 4415 substituted the sworn statement requirement with the exhibition of the shipping contract involved in said transaction. Later, on November 22, 2005 BCRA s Communication A 4443 relaxed this requirement exempting exporters from providing such documentary evidence if they proved that the inflow of funds would not exceed more than 25% of the amount they received during the last year for similar transactions.

The Government, through the Central Bank, holds control over capital inflows and outflows, enacting the applicable rules in this regard. Decree No. 616/05, issued on June 10, 2005, established that inflows and outflows of foreign currency into the local exchange market, and indebtedness transactions incurred by local residents that may result in a foreign currency-denominated payment to non-residents, need to be registered with the Central Bank. Furthermore, as from May 26, 2005, the following situations will be subject to certain requirements and conditions: (a) inflows of funds derived from foreign borrowing by the private financial and non financial sector, and (b) inflows of foreign currency by non-residents for the purpose of (i) holding a position in local currency, (ii) purchasing financial debt or assets and (iii) investing in government bonds in the secondary market. In these situations, the following requirements must be met: (i) inflows must remain in Argentina for 365 days to be computed as from the day they were negotiated in the local exchange market; (ii) the funds involved in the transactions covered by this decree must be deposited in a local bank account; (iii) a non-transferable deposit denominated in U.S. Dollars for an amount equal to 30% of the relevant transaction has to be made with the resulting proceeds. This deposit will only be reimbursed after the expiration of a 365 term, cannot bear interest (nor yield any other type of profit) and may not be used as collateral in any credit transaction. Such requirements do not apply to: (a) foreign direct investment, (b) primary placement of publicly traded debt or equity securities listed in one or more exchange markets, and (c) foreign trade and export finance debt related transactions.

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Subsequently, Resolution No. 365/2005 from the Ministry of Economy and Production established that non-resident capital inflows destined for the primary subscription of Argentine Central Bank notes and income derived from the sale by residents of foreign assets for an amount greater than US$ 2 million per month, will also be subject to the aforementioned requirements.

Moreover, said resolution provided certain exemptions to the requirement of making the non-transferable deposit requirement such as: (i) inflows derived from borrowings extended by multilateral and bilateral financial institutions and official credit agencies, and (ii) inflows derived from financial borrowings extended by foreign creditors, so long as they are devoted to investments in non-financial assets and the borrowed amounts are repaid at least 24 months after they were granted.

In that sense, non-financial assets include:

(i) investments recorded in the category PP&E of the financial statements (Notice 42303);

(ii) intangible assets related to mine cost and/or research, prospection and exploration expenses (Notice 42884);

(iii) acquisition of rights to use that had been recorded for accounting purposes in the category intangible assets of the company s financial statements (Notice 44670); and

(iv) investments in assets that are comparable to intellectual property rights, which are commercialized through the assignment of rights to use and should be recorded for accounting purposes in the category intangible assets of the company s financial statements (Notice 46394).

This exemption automatically expires when the reported use is modified. In that case, the deposit established in item 6 of Communication A 4359 must be made within 10 business days of such event.

Communications A 4554 and A 4711, both dated September 24, 2007, established certain requirements and terms to file the documentation evidencing the correct classification of the transaction under the above mentioned exemption.

By contrast, according to Communication C 43075 dated September 26, 2005, inflows of foreign currency caused by a non-resident and devoted to the cancellation of payment obligations under a purchase agreement (including installment payments thereof) concerning a real estate property under construction may be registered as foreign direct investments provided that certain conditions are met.

Finally, Resolution No. 637/2005 from the Ministry of Economy and Production dated November 16, 2005 established that any inflow of foreign currency to the local exchange market devoted to the primary subscription of notes, bonds or participation certificates issued by the trustee of a trust, regardless of the channels in which they are traded (public or private offerings, or listings in self-regulated markets) is subject to the non-transferable deposit requirement established by Decree 616/05 if such requirement would be deemed applicable to the acquisition of the underlying assets of the trust.

Reporting requirements on Direct Investments

On March 4, 2005 the Argentine Central Bank issued Communication A 4305 that regulates the reporting system of direct investments and real estate investments carried out by non-residents in Argentina and by Argentine residents abroad, which had been implemented through Communication A 4237 dated November 10, 2004.

Direct investments in Argentina of non-Argentine residents

Non-Argentine residents are compelled to comply with the reporting regime if the value of their investments in Argentina reaches or surpasses the equivalent of US$ 500,000 measured in terms of the net worth of the company in which they participate or fiscal value of the real estate owned. If the investments do not reach such amount, the compliance with such regime is optional.

According to Communication A 4237, companies in which non-Argentine residents participate in and administrators of real estate pertaining to non-Argentine residents are those obliged to comply with the reporting regime.

Direct investments made abroad by Argentine residents

Argentine investors are compelled to comply with the reporting regime if the value of their investments abroad reaches or surpasses the equivalent of US$ 1,000,000 measured in terms of net worth of the company in which they participate or the fiscal value of the real estate they own.

If the value of those investments abroad does not exceed the equivalent of US$ 5,000,000, the declaration could be carried out annually instead of semiannually. If the investments do not reach the equivalent of US$ 1,000,000, the compliance with such regime is optional.

The first declarations will correspond to the semester ended on December 31, 2004, and will have to be filed within 90 calendar days as of such date.

Conclusions:

While the foreign exchange market system in Argentina has become increasingly flexible under recent regulations, Decree No. 616/05 severely deters short term inflows of foreign currency which are presumed to be of a speculative nature. Such determination on the part of the government is associated also to another short term economic policy goal and combined measures aimed at pegging or reasonably adjusting the United States Dollar value around Ps.3.10 per U.S. Dollar. We cannot assess whether these policies will be maintained in the longer run and how changes made therein may affect the economy and our business perspectives. Furthermore, we cannot predict how changes in the evolution of the world economy and commodity prices which constitutes an important part of Argentina s exports may influence exchange rates and control policies. Moreover, failure of the government to comply with financial commitments with the IMF or failure to reach an agreement with said institution may have an impact on the foreign exchange system. No assurance can be made as to the extent to which all such factors may lead to future restrictions that might further tighten foreign exchange controls or otherwise change the current foreign exchange system.

E. TAXATION

United States Taxation

The following summary describes the material United States federal income tax consequences of the ownership of shares and ADSs as of the date hereof. The discussion set forth below is applicable to U.S. Holders (as defined below). Except where noted, this discussion deals only with U.S. Holders that hold the shares or ADSs as capital assets. This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a bank;

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- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax exempt organization;
- a person holding the shares or ADSs as part of a hedging, integrated or conversion transaction, constructive sale or straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns 10% or more of the voting stock of our company;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose functional currency is not the U.S. Dollar.

Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary (the Depositary) to us and assumes that the deposit agreement governing the ADSs, and all other related agreements, will be performed in accordance with their terms.

IF YOU ARE CONSIDERING THE PURCHASE, OWNERSHIP OR DISPOSITION OF SHARES OR ADSS YOU SHOULD CONSULT YOUR OWN TAX ADVISOR CONCERNING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO YOU AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

U.S. Holder means a beneficial owner of a share, or ADS that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;

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- a corporation created or organized in or under the laws of the United States or any political subdivision of the United States;

- an estate the income of which is subject to United States federal income taxation regardless of its source; or

- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons has authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership holds shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares or ADSs, you should consult your tax advisors.

ADSs

In general, for United States federal income tax purposes, U.S. Holders of ADSs will be treated as the owners of the underlying shares that are represented by the ADSs. However, the United States Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the claiming of foreign tax credits by the holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of Argentine taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each discussed below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of an ADS and our company. Deposits or withdrawals of shares by U.S. Holders for ADSs will not be subject to United States federal income tax.

Distributions on Shares or ADSs

Subject to the discussion under Passive Foreign Investment Company Rules below, the gross amount of distributions on the shares or ADSs, (including amounts withheld to reflect Argentine withholding taxes, if any) will be taxable as dividends to the extent paid out of our current and accumulated earnings and profits (as determined under United States federal income tax principles). Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of shares, or by the Depositary, in the case of ADSs. Such dividends will not be eligible for the dividends-received deduction allowed to corporations under the Code.

With respect to non-corporate United States investors, certain dividends received before January 1, 2011 from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NASDAQ National Market), but not our shares, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not

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meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as investment income pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met.

The amount of any dividend paid in Pesos will equal the U.S. Dollar value of the Pesos received calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by you in the case of shares, or by the Depositary, in the case of ADSs, regardless of whether the Pesos are converted into U.S. Dollars. If the Pesos received are not converted into U.S. Dollars on the day of receipt, you will have a basis in the Pesos equal to their U.S. Dollar value on the date of receipt. Any gain or loss you realize on a subsequent conversion or other disposition of the Pesos will be treated as United States source ordinary income or loss.

Subject to certain significant conditions and limitations, Argentine tax withheld from dividends, if any, may be treated as foreign income tax eligible for credit or deduction against your United States federal income tax liability. For purposes of the foreign tax credit, dividends paid on the shares or ADSs will be treated as income from sources outside the United States and will generally constitute passive income. Further, in certain circumstances, if you:

- have held ADSs or shares for less than a specified minimum period during which you are not protected from risk of loss, or

- are obligated to make payments related to the dividends,

you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADSs or shares. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs or shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits would generally not give rise to foreign source income and you would generally not be able to use the foreign tax credit arising from any Argentine withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

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Taxation of Capital Gains

Subject to the discussion under Passive Foreign Investment Company Rules below, upon the sale, exchange or other disposition of shares or ADSs, you generally will recognize capital gain or loss equal to the difference between the U.S. Dollar value of the amount realized upon the sale, exchange or other disposition and the adjusted tax basis of the shares or ADSs, determined in U.S. Dollars. The capital gain or loss will be long-term capital gain or loss if at the time of sale, exchange or other disposition you have held the shares or ADSs for more than one year. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as United States source gain or loss. Consequently, you may not be able to use the foreign tax credit arising from any Argentine tax imposed on the disposition of an ADS or share unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Passive Foreign Investment Company Rules

Although it is an inherently uncertain factual issue, we may be a PFIC for the current or future taxable years.

In general, we will be a PFIC for any taxable year in which, either (i) at least 75% of the gross income of our company for the taxable year is passive income or (ii) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), annuities and gains from assets that produce passive income. If we own at least 25% by value of the stock of another corporation, we will be treated for purposes of the PFIC tests as owning a proportionate share of the assets of the other corporation, and as receiving directly a proportionate share of the other corporation s income.

The determination of whether we are a PFIC is made annually. If we are a PFIC for any taxable year during which you hold shares or ADSs in our company, unless you make the mark-to-market election discussed below, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our shares or ADSs, you will be subject to special tax rules with respect to any excess distribution received and any gain realized from a sale or other disposition, including a pledge, of such shares or ADSs. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the equity interests will be treated as excess distributions. Under these special tax rules (i) the excess distribution or gain will be allocated ratably over your holding period for the equity interests, (ii) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method provided that such stock is regularly traded on a qualified exchange. Under current law, the mark-to-market election is only available for stock traded on certain designated United States exchanges and foreign exchanges which meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange under applicable United States Treasury regulations. Consequently, the mark-to-market election may be available to you with respect to the ADSs because the ADSs will be listed on the Nasdaq, which constitutes a qualified exchange under the regulations, although there can be no assurance that the ADSs will be

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regularly traded. You should note that only the ADSs and not the shares are listed on the Nasdaq. The shares are listed on the *Bolsa de Comercio de Buenos Aires*. Consequently, the *Bolsa de Comercio de Buenos Aires* would need to meet the trading, listing, financial disclosure and other requirements of the United States Treasury regulations. The ADSs or shares would need to be regularly traded on such exchanges in order for the ADSs or shares to be potentially eligible for the mark-to-market election.

If we are a PFIC in any taxable year in which you hold our shares or ADSs, but you do not make a mark-to-market election until a subsequent taxable year, you will be subject to special rules in the taxable year of the election. You should consult your own tax advisors regarding the application of the mark-to-market election in your particular situation.

If you make an effective mark-to-market election, you will include in income each year as ordinary income, rather than capital gain, the excess, if any, of the fair market value of your PFIC shares or ADSs at the end of the taxable year over your adjusted tax basis in the shares or ADSs and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of such shares or ADSs over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your basis in the shares or ADSs will be adjusted to reflect any such income or loss amounts. Any gain or loss on the sale of the shares or ADSs will be ordinary income or loss, except that such loss will be ordinary loss only to the extent of the previously included net mark-to-market gain.

If you make a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the shares or ADSs are no longer regularly traded on a qualified securities exchange or the IRS consents to the revocation of the election. Under proposed Treasury regulations, mark-to-market inclusions and deductions will be suspended during taxable years in which are not a PFIC, but would resume if they subsequently become a PFIC. You are urged to consult your own tax advisor about the availability of making such a mark-to-market election.

Alternatively, a United States Holder of shares or ADSs in a PFIC can sometimes avoid the rules described above by electing to treat the company as a qualified electing fund under section 1295 of the Code. This option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

A United States Holder who owns shares or ADSs during any year that we are a PFIC must file IRS Form 8621.

You should consult your own tax advisors concerning the United States federal income tax consequences of holding the shares or ADSs if we are considered a PFIC in any taxable year.

Argentine Personal Assets Taxes

Amounts paid on account of the Argentine Personal Assets Taxes, if any, will not be eligible as a credit against your United States federal income tax liability, but may be deductible subject to applicable limitations in the Code.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to distributions on shares or ADSs and to the proceeds of sale of a share or ADS paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient (such as a corporation).

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Backup withholding may apply to such payments if you fail to provide a correct taxpayer identification number or certification of foreign or other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided you furnish the required information to the IRS.

Argentine Taxation

The following discussion is a summary of certain Argentine tax considerations associated with an investment in, ownership or disposition of, the common share rights, the ADS rights, the common shares, or the ADSs by (i) an individual holder that is resident in Argentina, (ii) an individual holder that is neither domiciled nor resident in Argentina, (iii) a legal entity organized under the laws of Argentina, (iv) a permanent establishment in Argentina of a foreign entity and (v) a legal entity that is not organized under the laws of Argentina that does not have a permanent establishment in Argentina and is not otherwise doing business in Argentina on a regular basis. The discussion is for general information only and is based on current Argentine tax laws. Moreover, while this summary is considered to be a correct interpretation of existing laws in force as of the date of this filing, no assurance can be given that the courts or administrative authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws or interpretations will not occur.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES ARISING UNDER ANY TAXING JURISDICTION.

Taxation of Dividends

Dividends, either in cash, common shares, or kind approved by our shareholders are currently exempt from Argentine withholding or other taxes.

Notwithstanding the foregoing, according to Argentine law, income tax will be applied to the amount of dividends distributed in excess of a company s net taxable income determined in accordance with general income tax regulations for the fiscal years preceding the date of the distribution of such dividends. The legislation requires that companies withhold 35% of the amount of distributed dividends in excess of the net taxable income of such distribution, as determined in accordance with the income tax law. The withholding would not be applied to the payment of future dividends derived out of retained earnings obtained in the fiscal years ended prior to December 30, 1998. Dividends distributed by an Argentine company are not subject to this tax to the extent that those dividends arise from dividend income or other distributions received by such company from other Argentine companies.

Taxation of Capital Gains

Due to certain amendments made to the Argentine Income Tax Law, it is not entirely clear whether certain amendments concerning payment of income tax on capital gains arising from the sale, exchange, or other disposition of common shares are in effect or not. Although Opinion No. 351 of the National Treasury General Attorney Office clarified the legal status of certain matters affecting the tax treatment of capital gains certain issues still remain unclear.

Resident individuals

Under what we believe to be a reasonable interpretation of existing applicable tax laws and regulations: (i) income derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs by resident individuals who do not sell or dispose of Argentine common shares on a regular basis would not be subject to Argentine income tax, and (ii) although there still exists uncertainty regarding this issue, income derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs by resident individuals who sell or disposes of Argentine common shares on a regular basis should be exempt from Argentine income tax.

Foreign beneficiaries

Capital gains obtained by non residents or foreign entities from the sale, exchange or other disposition of common share rights, ADS rights, common shares or ADSs are exempt from income tax. Pursuant to a reasonable interpretation of existing applicable laws and regulations, and although the matter is not completely free from doubt, such treatment should also apply to those foreign beneficiaries that qualify as offshore entities for Argentine tax law purposes. For this purpose, an offshore entity is any foreign legal entity which pursuant to its by-laws or to the applicable regulatory framework: (i) its principal activity is to invest outside the jurisdiction of its incorporation and/or (ii) cannot perform in such jurisdiction certain transactions.

Local entities

Capital gains obtained by Argentine entities (generally entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina) derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares or ADSs are subject to income tax at the rate of 35%. Losses arising from the sale of common share rights, ADS rights, common shares, or ADSs can be applied only to offset such capital gains arising from sales of common share rights, ADS rights, common shares or ADSs.

WE RECOMMEND PROSPECTIVE INVESTORS TO CONSULT THEIR OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES CONCERNING THE SALE OR OTHER DISPOSITIONS OF THE COMMON SHARES OR ADSs.

Value Added Tax

The sale, exchange, disposition, or transfer of common share rights, ADS rights, common shares, or ADSs is not subject to Value Added Tax.

Personal Assets Tax

Law No. 25,585 issued on April 24, 2002 and published in the Official Gazette on May 15, 2002 (and applicable to personal assets held as of December 31, 2002) introduces amendments to Law No. 23,966 and imposes the personal assets tax on common shares and ADSs held by individuals and undivided estates domiciled or located in Argentina or abroad and legal entities not domiciled in Argentina, separately from other assets.

This amendment imposes the obligation to pay the personal assets tax on the Argentine private issuer of the common shares and ADSs, and authorizes it to seek recovery of the amount so paid, without limitation, by way of withholding or by foreclosing on the assets that gave rise to such payment. The tax is levied on the proportional equity value of the common shares as reflected in the most recent balance sheet closed as of December 31 of the taxable year, at the rate of 0.5% without any non-taxable minimum being applicable.

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Our shareholders approved the absorption of personal asset tax for the years 2002 to 2007. There can be no assurance that in the future this tax will be absorbed by the Company.

Tax on Minimum Notional Income (Impuesto a la Ganancia Mínima Presunta, IGMP)

Companies domiciled in Argentina, partnerships, foundations, sole proprietorships, trusts, certain mutual funds organized in Argentina, and permanent business establishments owned by foreign persons, among other taxpayers, shall apply a 1% rate to the total value of assets held by such persons, above an aggregate nominal amount of Ps.200,000. Nevertheless, common shares and ADSs issued by entities subject to such tax are exempt from paying the IGMP.

Gross Profit Tax

The gross profit tax is a local tax; therefore, the rules of the relevant provincial jurisdiction should be considered. This tax may be levied on the purchase and sale of common shares and/or the collection of dividends. In the particular case of the City of Buenos Aires, any transaction involving common shares and/or the collection of dividends and revaluations is exempt from this tax.

There is no gross profit tax withholding system applicable to the payments made to foreign beneficiaries.

Those investors who customarily perform, or who are deemed to perform, transactions in any jurisdiction in which they obtain their income from the sale of common shares and/or the collection of dividends are subject to this tax at an average rate of 3%, unless an exemption is applicable to them.

Stamp Tax

The stamp tax is a local tax that is generally levied on the instrumentation of onerous acts executed within a certain territorial jurisdiction or outside a certain territorial jurisdiction but with effects in such jurisdiction.

In the City of Buenos Aires, the stamp tax has been repealed for all those acts that do not imply an onerous conveyance of real property or the lease of real property. However, most provincial tax authorities maintain this tax in effect for all acts in general; therefore, the instruments which implement onerous transactions (including issuance, subscription, placement and transfer) involving common share rights, ADS rights, common shares, or ADSs, executed in other jurisdictions, or with effects in those jurisdictions, could be subject to this tax.

Tax on Credits and Debits in Bank Accounts

This tax is levied upon debits and credits in bank accounts and upon other transactions which, due to their special nature and characteristics, are similar or could be used in substitution for a checking account, such as payments on behalf of or in the name of third parties, procedures for the collection of securities or documents, drafts and transfers of funds made by any means, when these transactions are performed by local banks.

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The tax law and its regulations provide several exemptions to this tax. For example, it does not apply to entities recognized as exempt from income tax, to debits and credits relating to salaries, to retirement and pension emoluments credited directly by banking means and withdrawals made in connection with such credits and to credits in checking accounts originating from bank loans.

The general rate of the tax is 0.6%. An increased rate of 1.2% applies in cases in which there has been a substitution for the use of a checking account.

Pursuant to Argentine Regulatory Decree 380/2001, as amended, 34% of the tax paid on credits levied at the 0.6% rate and 17% of the tax paid on transactions levied at the 1.2% rate can be used, to its exhaustion, as a credit against income tax, tax on minimum notional income and/or the special contribution on cooperative capital.

Court and Other Taxes

In the event that it becomes necessary to institute legal actions in relation to the common shares or ADSs in Argentina, a court tax (currently at a rate of 3.0%) will be imposed on the amount of any claim brought before the Argentine courts sitting in the City of Buenos Aires.

Argentina imposes neither an estate nor gift tax on a decedent, donor, legatee or donee. No Argentine tax is imposed on the deposit or withdrawal of common shares in exchange for ADSs. Other than the taxes discussed above, no other Argentine taxes are applicable to an investment in common shares or ADSs. At present, there is no national tax specifically applicable to the transfer of securities.

Tax Treaties

Argentina has entered into tax treaties with several countries. There is currently no tax treaty or convention in effect between Argentina and the United States.

F. DIVIDENDS AND PAYING AGENTS

This section is not applicable

G. STATEMENT BY EXPERTS

This section is not applicable.

H. DOCUMENTS ON DISPLAY

We file annual, quarterly and other information with the SEC. You may read and copy any document that we file at the public reference rooms of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. Our Internet address is http://www.cresud.com.ar. It should be noted that nothing on our website should be considered part of this annual report on Form 20-F. You may request a copy of these filings at no cost, by writing or calling the office at +54 (11)-4814-7800.

I. SUBSIDIARY INFORMATION

This section is not applicable.

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Item 11. Quantitative and qualitative disclosures about market risk

In the normal course of business, we are exposed to commodity price, interest rate and exchange rates risks, primarily related to our integrated crop production activities and changes in exchanges rates and interest rates. We manage our exposure to these risks through the use of various financial instruments, none of which are entered into for trading purposes. We have established policies and procedures governing the use of financial instruments, specifically as it relates to the type and volume of them. The use of financial derivatives instruments is oriented to our core business and is supervised by internal control policies.

The following discusses our exposure to these risks. This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those set forth in the risk factors section of this Annual Report. Uncertainties that are either non financial or unable to be quantified, such as political, economic, tax, other regulatory, or credit risks, are not included in the following assessment of our market risks.

Interest Rate Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including both government and corporate obligations and money market funds.

Investments in both fixed rate and floating rate interest earning instruments carry varying degrees of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates. In general, longer dated securities are subject to greater interest rate risk than shorter dated securities. While floating rate securities are generally subject to less interest rate risk than fixed rate securities, floating rate securities may produce less income than expected if interest rates decrease. Due in part to these factors, our investment income may fall short of expectations or we may suffer losses in principal if securities that have declined in market value due to changes in interest rates are sold. To date, we have not utilized derivative financial instruments to hedge interest rate risk; however, there can be no assurance as to the employment of hedging strategies in the future.

As of June 30, 2008 we had current investments of Ps.485.3 million. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift change in the interest rate curve would not have a significant impact on the value of our investment portfolio, its value tends to drop by Ps.0.6 millions per 100 Bps of increase in interest rate level.

Foreign Exchange Risk

From April 1, 1991, until the beginning of 2002, Convertibility Law No. 23,928 was applicable to Argentina. This law established a fixed exchange rate, under which the Central Bank was obliged to sell U.S. dollars to any person at a fixed rate of one Peso per U.S. dollar. Accordingly, the foreign currency fluctuations were reduced to a minimum level, during this period.

The primary economic change implemented by the current Argentine government in January 2002 was the announcement of the devaluation of the Peso. Due to the end of the Convertibility Plan, our foreign exchange exposure has increased considerably.

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Foreign currency exchange rate fluctuations could impact our cash flow in Pesos, since some of our products and inputs are payable in U.S. dollars. Although most of our liabilities are denominated in Pesos, a small percentage is in U.S. dollars, and fluctuations in the foreign currency exchange rate may affect us.

Foreign currency exchange restrictions imposed by the Argentine government in the future could prevent or restrict our access to U.S. dollars, thus affecting our ability to service our U.S. dollar-denominated liabilities. Also, fluctuations in the exchange rate between the Peso and the U.S. dollar may adversely affect the U.S. dollar equivalent of the Peso price of our common shares on the Buenos Aires Stock Exchange, and as a result would likely affect the market price of our ADSs in the United States.

We use derivative instruments from time to time to minimize our financing costs. However, we cannot assure you that we will be able to manage these risks in the future through a variety of strategies, including the use of hedging transactions. We do not use derivative instruments for speculative purposes.

As of June 30, 2008 we had a long position in FX non delivery Forwards of US$8.97 million with an average price of 3.2095 Ps.per US$ and an average tenor of 40 days.

	As of June 30, 2008 Expected contractual maturity date (Ps. million)						
	Average Interest Rate[1]	**Outstanding Debt 2008**	**Under 1 year**	**More than 1 and not more than 2 years**	**More than 2 and not more than 3 years**	**More than 3 and not more than 5 years**	**More than 5 and not more than 10 years**
Debt:							
Fixed rate							
(US$ denominated)	6.59%	20.9	20.9				
Variable rate							
(US$ denominated)	Libor +375%	22.1	22.1				
Fixed rate							
(Ps. denominated)							
Variable rate							
(Ps. denominated)	Floating	152.6	152.6				

(1) Average interest rate means the weighted average prevailing interest rate as of June 30, 2008.

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Sensitivity to Exchange Rates and Interest Rates

We estimate, based on the composition of our balance sheet as of June 30, 2008, that every variation in the exchange rate of Ps.0.10 against the U.S. dollars, plus or minus, would result in a variation of approximately Ps.1.47 million of our consolidated financial indebtedness. Since June 30, 2008, the Peso has depreciated versus the U.S. dollar from an exchange rate of Ps.3.025 =US$1.00 to an exchange rate of Ps.3.4060=US$1.00 at December 17, 2008 as quoted by *Banco de la Nación Argentina* at the U.S. dollar selling rate. The devaluation of the Peso against the U.S. dollar during such period was 12,6%.

We estimate, based on the composition of our balance sheet as of June 30, 2008, that every variation in the interest rate of 100 basis points, plus or minus, to our current floating-rate consolidated debt denominated in Pesos would result in a variation of approximately Ps.1.46 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness. The variable US$ denominated debt was fully repaid on October 24, 2008, thus our USD interest expenses are not affected by interest rates variations.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of our financial instruments. The actual impact of our market foreign exchange rate and/or interest rate changes on our financial instruments may differ significantly from the impact shown in the sensitivity analysis.

Commodity Price Risk and Derivative Financial Instruments

We use derivative instruments to hedge risks arising out of our core agribusiness operations. We use a variety of commodity-based derivative instruments to manage our exposure to price volatility stemming from its integrated crop production activities. These instruments consist mainly of crop future contracts and put and call option contracts. Contract positions are designed to ensure that we will receive a defined minimum price for certain quantities of our production. The counterparties to these instruments generally are major financial institutions. In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

We usually cover up to 40% of our crop production in order to finance our operating costs. The hedge consists of taking positions on purchased puts or sold futures and calls that assure a fixed exit price. In the past, we have never kept a short position greater than our crop inventories. From time to time we may keep an additional long position in derivatives to improve the use of land and capital allocation (i.e., the use of land for rent). It is not our current intention to be exposed in a long derivative position in excess of 50% of our real production.

Derivative financial instruments involve, to a varying degree, elements of market and credit risk not recognized in our financial statements. The market risk associated with these instruments resulting from price movements is expected to offset the market risk of the underlying transactions, assets and liabilities, being hedged. The counterparties to the agreements relating to our futures and options contracts generally are large institutions with credit ratings equal to or higher than ours. We continually monitor the credit rating of such counterparties and seek to limit our financial exposure to any one financial institution. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of our exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties obligations under the contracts exceed our obligations to the counterparties.

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Futures and Options

At June 30, 2008, we had outstanding futures and options as follows:

Crop	Tons	Deposit/Cost (Ps.)	Premium Paid (Collected) (Ps.)	Option Market Value as of 06/30/08 (Ps.)	Market Value (Loss) Gain as of 06/30/08 (Ps.)
FUTURES					
Sale					
Corn	18.700	390.737			(1.018.064)
Soybean	12.800	382.080			(1.041.437)
Wheat	9.700	202.682			(431.840)
Sunflower	500	14.925			55.223
OPTIONS					
Put Buy					
Corn	3.810		230.591	185.806	(44.785)
Wheat					
Put Sale					
Corn	3.810		(125.370)	(91.224)	34.146
Total	49.320	990.423	105.221	94.582	(2.446.757)

The deposits/costs on open futures and options as of June 30, 2008, were Ps.1.0 million, and futures generated an unrealized loss of Ps.2.4 million. The premiums paid for open options as of June 30, 2008, were Ps.0.1 million; the market value of such options was of Ps.0.1 million. The options resulted in an unrealized loss of Ps.0.01 million. The total unrealized loss on open futures and options was Ps.2.5 million as of June 30, 2008.

The fair value of our futures and options contracts is determined by calculating the market value of futures contracts, the market value of options acquired and sold and the margin deposits of these contracts. We use valuation models only for internal analysis. Therefore, figures set forth in our tables reflect real market prices used for pricing portfolio.

We combine our options operations with our futures operations, only as a means of reducing the exposure towards the decrease of the prices of our products.

Current Situation

As of December 10, 2008 we had outstanding debt denominated in USD of US$ 11.5 millions. A change of 1% in Ps. / US$ exchange rate would imply a Ps.0.4 million change in the Peso equivalent of face value of our debt and increases our interest expenses of Ps.0.03 million annually.

As of December 10, 2008 our pesos denominated debt was of Ps.85 millions. We estimate that every variation in the interest rate of 100 basis points to our current floating-rate consolidated debt denominated in Pesos would result in a variation of approximately Ps.0.9 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness.

As of December 10, 2008 the amount of cash, cash equivalents and current investments was reduced. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift in the interest rate curve would not have a significant impact on the value of our investment portfolio, its value tends to drop by Ps.1.8 millions per 100 Bps of increase in interest rate level. Also, a rise of 1% in Pesos / dollars exchange rate would imply an increase of Ps.1.3 million in the value of our investments in foreign currency.

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Item 12. Description of securities other than equity securities
This section is not applicable.

PART II

Item 13. Defaults, dividend arrearages and delinquencies
This section is not applicable.

Item 14. Material modifications to the rights of security holders and use of proceeds
A. This section is not applicable.

B. This section is not applicable.

C. This section is not applicable.

D. This section is not applicable.

E. This section is not applicable.

Item 15. Controls and procedures

A. DISCLOSURE, CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities and Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 20-F, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2008. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of fiscal year 2008.

B. MANAGEMENT S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.

The management of CRESUD S.A.C.I.F y A. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a 15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

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Management assessed the effectiveness of the our internal control over financial reporting as of June 30, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on this assessment and the criteria set forth in Internal Control Integrated Framework, management concluded that, as of the end of fiscal year 2008, our internal control over the financial reporting was effective.

C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM.

The Company s independent registered public accounting firm, Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina -member firm of PricewaterhouseCoopers-, has issued an attestation report on the effectiveness of the our internal control over financial reporting, as stated in their report included herein. See Report of Independent Registered Public Accounting Firm .

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

During the period covered by this report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16.

A. AUDIT COMMITTEE FINANCIAL EXPERT

In our annual ordinary shareholders meeting held on October 31, 2003, the audit committee was unanimously approved. Pursuant to this plan, the board of directors had to appoint the members of the audit committee who hold expertise in corporate administration, finance and accounting.

Our board of directors established an audit committee which would assist the Board in exercising its duty of care on disclosure requirements, the enforcement of accounting policies, management of our business risks, the management of our internal control systems, ethical conduct of the company s businesses, monitoring the sufficiency of our financial statements, the company s compliance with laws, independence and capacity of independent auditors and performance of our internal audit duties both by our company and our external auditors.

On November 3, 2008, our board of directors officially appointed Jorge Oscar Fernández, Daniel Mellicovsky, and Pedro Damaso Labaqui Palacio, all of them independent members, as members of the audit committee. Jorge Oscar Fernández is the financial expert in accordance with the relevant SEC rules. We have a fully independent audit committee as per the standard provided in Rule 10(A)-3(b)(1).

B. CODE OF ETHICS

We have adopted a code of ethics that applies to our directors, officers and employees. On July 25, 2005, our Code of Ethics was amended by our board of directors. The reformed Code was filed in a Form 6K filing on August 1, 2005 and is available on our web site http://www.cresud.com.ar.

If we make any substantive amendment to the code of ethics or if we grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver in a Form 6-K or in our next Forms 20-F to be filed with the SEC.

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C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

During fiscal years ended June 30, 2008 and 2007, we were billed a total amount of Ps.1.64 million and Ps.0.65 million respectively, for professional services rendered by our principal accountants for the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements.

Audit-Related Fees

During fiscal year ended June 30, 2008, we were billed a total amount of Ps.0.01 million for professional services rendered by our principal accountants for other services related to the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements. We were not billed for Audit-related fees in the fiscal year ended June 30, 2007.

Tax Fees

During the fiscal year ended June 30, 2008, we were billed a total amount of Ps.0.09 million for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning. We were not billed for tax fees in the fiscal year ended June 30, 2007.

All Other Fees

During fiscal year ended June 30, 2008, and 2007 we were not billed for other fees for professional services rendered by our principal accountants including fees mainly related to special assignments and courses.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee approves, in advance, the engagement of auditors and their fees for audit and non-audit services pursuant to paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X.

Our Audit Committee pre-approves all services, fees and services provided by the external auditors to ensure auditors independence. One of the main tasks of the Audit Committee is to give it opinion in relation to the appointment of the external auditors, proposed by the Board of Directors to the General Shareholder s Meeting. In order to accomplish such task, the Audit Committee shall:

Require any additional and complementary documentation related to this analysis.

- Verify the independence of the external auditors;

- Analyze different kinds of services that the external auditor would provide to the company. This description must also include an estimate of the fees payable for such services, specifically in order to maintain the principle of independence;

- Inform the fees billed by the external auditor, separating the services related to the Audit Committee and other special services that could be not included as fees related to the Audit Committee;

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Take notice of any strategy proposed by of the external auditors and review it in accordance with the reality other business and the risks involved;

Analyze and supervise the working plan of the external auditors considering the business reality and the estimated risks;

Propose adjustments (if necessary) to such working plan;

Hold meetings with the external auditors in order to: (a) analyze the difficulties, results and conclusions of the proposed working plan; (b) analyze eventual possible conflicts of interests, related party transactions, compliance with the legal framework and information transparency;

Evaluate the performance of external auditors and their opinion regarding the Financial Statements.

D. EXEMPTION FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

This section is not applicable.

E. PURCHASERS OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Issuer Purchases of Equity Securities

On August 26, 2008, our Board of Directors decided to establish the terms of the share repurchase plan under the provisions of Section 68 of Law 17,811 (added by Decree number 677/2001) and the Rules of the *Comisión Nacional de Valores*, in order to help reduce the price volatility of such shares. The terms and conditions of our repurchase plan were: (i) up to Ps.30,000,000, (ii) maximum of 10,000,000 shares to be acquired in the form of shares or ADS, (iii) a payable price between a minimum Ps.3 and up to Ps.3.5 per share, and (iv) a term of the acquisition for 70 days.

Subsequently, there were amendments to the terms and conditions as follows:

On October 8, 2008, we established a minimum payable price of Ps.2.40.

On October 10, 2008, we established a minimum payable price of Ps.2.13.

On October 23, 2008, we established a minimum payable price of Ps.1. On that same date, the *Comisión Nacional de Valores* resolved to temporarily suspend the validity of the cap established in subsection e) of Section 11, Chapter I Shares and other Negotiable Instruments, which provided that the treasury stock of a Company could not exceed 10% of its capital stock.

On October 24, 2008, we established a maximum of 30,000,000 shares to be acquired.

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On November 4, 2008, we decided to extend the term of the acquisition for 70 additional days.

On November 25, 2008, we ratified that the total amount of investment is Ps.82,000,000.
As of December 17, 2008, we had acquired a total of 21,026,719 of our own shares, representing 4.19 % of our own share capital on a fully diluted basis.

Period		Total Number of Shares Purchased	Average Price Paid per Share (Ps.)	Total Number of Shares Purchased as Part of the Publicly Announced Plan	Maximum Number of Shares that may be yet in Purchased under the plan
08/29/08	08/31/08	31,000	3.38	31,000	9,969,000
09/01/08	09/30/08	2,122,886	3.36	2,153,886	7,846,114
10/01/08	10/31/08	9,650,493	2.03	11,804,379	18,195,621
11/01/08	11/30/08	5,756,140	2.02	17,560,519	12,439,481
12/01/08	12/17/08	3,466,200	2.52	21,026,719	8,973,281
Total		**21,026,719**			

PART III

ITEM 17. FINANCIAL STATEMENTS
We have responded to Item 18 in lieu of responding to this Item.

ITEM 18. FINANCIAL STATEMENTS
Reference is made to pages F-1 through F-75.

Index to Financial Statements (see page F-1).

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ITEM 19. EXHIBITS

Exhibit No.	Description of Exhibit
1.1*	By-laws *(Estatutos)* of the registrant, which serve as the registrant s articles of incorporation and by-laws, and an English translation thereof.
1.2****	English translation of the amendment to the bylaws.
4.1*	Consulting Agreement among Cresud S.A.C.I.F. y A. and Dolphin Fund Management S.A. dated October 25, 1994.
4.2**	Agreement for the exchange of Corporate Service between the Company, IRSA and Alto Palermo, dated June 30, 2004.
4.3****	English translation of the Amendment to the Agreement for the exchange of Corporate Service between the Company, IRSA and Alto Palermo, dated August 23, 2007.
4.4	English translation of the Second Agreement for the Implementation of the Amendment to the Corporate Services Master Agreement, dated August 14, 2008.
8.1	List of Subsidiaries.
11.1***	Code of Ethics of the Company.
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer.
13.1	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
13.2	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer .

* Incorporated herein by reference to the exhibit to the registrant s registration statement on Form F-1 (File No. 333-06548) filed with the SEC on March 3, 1997.

** Incorporated herein by reference to the report statement on Form 6-K (File No. 333-06548) filed with the SEC on July 1, 2004.

*** Incorporated herein by reference to the registrant s report on Form 6-K (File No. 333-06548) filed with the SEC on August 1, 2005.

**** Incorporated herein by reference to the annual report on Form 20-F (File No. 333-06548) filed with the SEC on December 27, 2007.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Form 20-F on its behalf.

CRESUD SOCIEDAD ANÓNIMA

COMERCIAL INMOBILIARIA

FINANCIERA Y AGROPECUARIA

/s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Chief Executive Officer

Date: December 30, 2008

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INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders equity and of cash flows present fairly, in all material respects, the financial position of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its subsidiaries at June 30, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2008 in conformity with accounting principles generally accepted in Argentina. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our audits (which was an integrated audit for the year ended June 30, 2008). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Accounting principles generally accepted in Argentina vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 20 to the consolidated financial statements.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PRICE WATERHOUSE & Co. S.R.L.

By /s/ Andrés Suarez (Partner)
Andrés Suarez
Buenos Aires, Argentina

December 30, 2008

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Balance Sheets

as of June 30, 2008 and 2007

(In Argentine Pesos, except as otherwise indicated)

	2008	**2007**
ASSETS		
Current Assets		
Cash and banks (Notes 4.a) and 21.g))	Ps. 47,795,227	Ps. 46,930,644
Investments (Notes 4.b), 7, 21.c) and 21.g))	485,292,447	39,841,438
Trade accounts receivable, net (Notes 4.c), 7 and 21.g))	35,792,871	37,930,596
Other receivables (Notes 4.d), 7 and 21.g))	55,390,709	39,611,870
Inventories (Note 4.e))	111,525,262	52,460,289
Other assets (Note 4.f))	1,070,506	
	736,867,022	216,774,837
Non-Current Assets		
Other receivables (Notes 4.d) 7 and 21.g))	41,364,810	43,236,560
Inventories (Note 4.e))	76,113,042	68,345,438
Investments (Notes 4.b), 7 and 21.g))	925,970,511	474,022,374
Property and equipment, net (Note 21.a))	266,615,763	245,919,561
Intangible assets, net (Note 21.b))	22,829,041	23,581,646
	1,332,893,167	855,105,579
Total Assets	Ps. 2,069,760,189	Ps. 1,071,880,416
LIABILITIES		
Current Liabilities		
Trade accounts payable (Notes 4.g), 7 and 21.g))	Ps. 49,539,528	Ps. 30,935,851
Short-term debt (Notes 4.h), 7 and 21.g))	195,600,209	122,749,734
Salaries and social security payable (Notes 4.i) and 7)	6,409,289	4,219,120
Taxes payable (Notes 4.j) and 7)	10,324,198	6,699,044
Other liabilities (Notes 4.k) and 7)	473,960	3,087,957
	262,347,184	167,691,706
Non-Current Liabilities		
Trade accounts payable (Notes 4.g), 7 and 21.g))		246,231
Long-term debt (Notes 4.h), 7 and 21.g))		24,744,000
Taxes payable (Notes 4.j) and 7)	41,817,828	51,312,237
Other liabilities (Notes 4.k) and 7)	293,386	347,549
Provision for lawsuits and contingencies (Notes 7 and 21.d))	1,803,330	1,747,606
	43,914,544	78,397,623
Total Liabilities	306,261,728	246,089,329

Minority interest	1,160,330	836,872
SHAREHOLDERS EQUITY	1,762,338,131	824,954,215
Total Liabilities and Shareholders Equity	Ps. 2,069,760,189	Ps. 1,071,880,416

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Income

for the years ended June 30, 2008, 2007 and 2006

(In Argentine Pesos, except as otherwise indicated)

	2008	2007	2006
Production income			
Crops	Ps. 117,473,605	Ps. 72,426,012	Ps. 37,005,907
Beef cattle	23,926,925	19,462,410	20,452,655
Milk	18,420,338	10,911,397	7,892,462
Total production	159,820,868	102,799,819	65,351,024
Cost of production			
Crops	Ps. (82,150,711)	Ps. (51,538,292)	Ps. (34,635,590)
Beef cattle	(19,316,000)	(15,050,438)	(18,780,372)
Milk	(14,283,089)	(8,476,391)	(5,845,360)
Total cost of production (Note 21.f))	(115,749,800)	(75,065,121)	(59,261,322)
Gross income from production	44,071,068	27,734,698	6,089,702
Sales			
Crops	Ps. 86,870,493	Ps. 53,401,376	Ps. 61,659,566
Beef cattle	32,431,928	31,966,582	33,713,479
Milk	17,492,552	9,730,929	7,892,462
Feed lot		3,102,229	2,721,377
Others	25,785,987	12,116,372	6,353,777
Total sales	162,580,960	110,317,488	112,340,661
Cost of sales			
Crops	Ps. (75,948,518)	Ps. (47,350,203)	Ps. (52,948,920)
Beef cattle	(30,038,217)	(30,272,710)	(32,993,523)
Milk	(17,629,859)	(9,730,929)	(7,892,462)
Feed lot		(2,784,315)	(2,318,102)
Others	(17,379,224)	(6,737,019)	(3,257,448)
Total cost of sales (Note 21.e))	(140,995,818)	(96,875,176)	(99,410,455)
Gross income from sales	21,585,142	13,442,312	12,930,206
Gross profit	**65,656,210**	**41,177,010**	**19,019,908**
Selling expenses (Note 21.h))	(14,497,124)	(9,971,891)	(10,151,452)
Administrative expenses (Note 21.h))	(26,103,558)	(16,628,088)	(11,560,307)
Net gain on the sale of farms	20,014,447	22,255,710	9,897,186

Unrealized gain on inventories Beef cattle	8,535,154	5,102,943	2,847,711
Unrealized gain (loss) on inventories Crops, raw materials and MAT (1)	(10,877,719)	(3,926,654)	1,054,094
Unrealized gain On farm held for sale (Note 3.k)	885,009		
Operating income	**43,612,419**	**38,009,030**	**11,107,140**
Financial results, net: (Note 4.l))			
Financial results generated by assets	(30,185,860)	2,882,976	33,859,684
Financial results generated by liabilities	(22,081,721)	(13,340,970)	(21,485,726)
Total financial results, net	(52,267,581)	(10,457,994)	12,373,958
Gain on equity investees	38,417,207	40,198,825	22,140,997
Other expense, net:			
Gain on the sale of fixed assets	38,589	7,542	116,650
Donations			(1,600,000)
Shareholders personal assets tax and others	(4,131,092)	(4,258,342)	(1,884,244)
Total other expense, net	(4,092,503)	(4,250,800)	(3,367,594)
Management fee	(2,170,982)	(5,484,697)	(3,836,470)
Income before income tax and minority interest	23,498,560	58,014,364	38,418,031
Income tax expense (Note 11)	(284,073)	(8,375,095)	(5,431,831)
Minority interest	(266,449)	(277,000)	(102,924)
Net income for the year	**Ps. 22,948,038**	**Ps. 49,362,269**	**Ps. 32,883,276**
Earnings per share (Notes 3.u) and 12):			
Basic net income per common share	Ps. 0.062	Ps. 0.20	Ps. 0.19
Diluted net income per common share	0.059	0.16	0.13

(1) Mercado a Termino de Buenos Aires - Buenos Aires Board of Trade

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Changes in Shareholders Equity

for the years ended June 30, 2008, 2007 and 2006

(In Argentine Pesos, except as otherwise indicated)

	Shareholders contributions								
Items	**Common stock (Note 5)**	**Inflation adjustment of common stock and treasury stock**	**Paid-in-capital**	**Total**	**Legal reserve**	**Reserve for new developments**	**Retained earnings**	**Translation differences**	**Total**
Balances as of June 30, 2005	Ps. 162,784,579	Ps. 166,218,124	Ps. 78,175,196	Ps. 407,177,899	Ps. 7,692,591	Ps.	Ps. 108,200,480	Ps.	Ps. 523,070,970
Conversion of notes into common stock	29,151,389		15,957,556	45,108,945					45,108,945
Exercise of old warrants	28,668,581		24,918,614	53,587,195					53,587,195
Appropriation of retained earnings resolved by Shareholders Meeting held on November 29, 2005									
- Legal reserve					3,839,946		(3,839,946)		
- Cash dividends (Ps. 0.06 per share)							(10,000,000)		(10,000,000)
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions (Note 5)			(12,134,376)	(12,134,376)					(12,134,376)
Translation differences								(6,650,419)	(6,650,419)
Net income for the year							32,883,276		32,883,276
Balances as of June 30, 2006	Ps. 220,604,549	Ps. 166,218,124	Ps. 106,916,990	Ps. 493,739,663	Ps. 11,532,537	Ps.	Ps. 127,243,810	Ps. (6,650,419)	Ps. 625,865,591
Conversion of notes into common stock	44,352,015		25,307,891	69,659,906					69,659,906
Exercise of old warrants	44,619,656		39,555,902	84,175,558					84,175,558

Appropriation of retained earnings resolved by Shareholders Meeting held on October 31, 2006									
- Legal reserve					1,644,164		(1,644,164)		
- Cash dividends (Ps. 0.02 per share)							(5,500,000)		(5,500,000)
- Reserve for new developments						120,099,646	(120,099,646)		
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions (Note 5)			(6,857,758)	(6,857,758)					(6,857,758)
Translation differences								8,248,649	8,248,649
Net income for the year							49,362,269		49,362,269
Balances as of June 30, 2007	Ps. 309,576,220	Ps. 166,218,124	Ps. 164,923,025	Ps. 640,717,369	Ps. 13,176,701	Ps. 120,099,646	Ps. 49,362,269	Ps. 1,598,230	Ps. 824,954,215
Conversion of notes into common stock	5,343,374		3,175,417	8,518,791					8,518,791
Exercise of old-warrants	5,855,178		5,306,325	11,161,503					11,161,503
Exercise of warrants	757,093		3,229,112	3,986,205					3,986,205
Issuance of common stock and warrants	180,000,000		711,052,360	891,052,360					891,052,360
Appropriation of retained earnings resolved by Shareholders Meeting held on October 10, 2007									
- Legal reserve					2,468,113		(2,468,113)		
- Cash dividends (Ps. 0.03 per share)							(8,250,000)		(8,250,000)
- Reserve for new developments						38,644,156	(38,644,156)		
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions (Note 5)			(8,498,388)	(8,498,388)					(8,498,388)
Translation differences								16,465,407	16,465,407
Net income for the year							22,948,038		22,948,038

Balances as of June 30, 2008	Ps. 501,531,865	Ps. 166,218,124	Ps. 879,187,851	Ps. 1,546,937,840	Ps. 15,644,814	Ps. 158,743,802	Ps. 22,948,038	Ps. 18,063,637	Ps. 1,762,338,131

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2008, 2007 and 2006

(In Argentine Pesos, except as otherwise indicated)

	2008	2007	2006
Cash flows from operating activities:			
Net income for the year	Ps. 22,948,038	Ps. 49,362,269	Ps. 32,883,276
Adjustments to reconcile net income to net cash flows operating activities:			
Income tax expense	284,073	8,375,095	5,431,831
Depreciation	5,721,242	4,459,067	5,112,088
Amortization	752,605		
Minority interest	266,449	277,000	102,924
Gain on equity investees	(38,417,207)	(40,198,825)	(22,140,997)
Unrealized loss (gain) on inventories	2,342,565	(1,176,289)	(3,901,805)
Net gain on the sale of farms	(20,014,447)	(22,255,710)	(9,897,186)
Gain on the sale of fixed assets	(38,589)	(7,542)	(116,650)
Accrued for management fees		2,817,997	3,073,950
Accrued expenses and allowance for doubtful accounts	9,297,728	9,053,039	10,940,250
Financial results	765,184	(2,438,155)	(6,663,008)
Gain from sale of non-current investments			(14,872,000)
Changes in operating assets and liabilities:			
(Increase) decrease in current investments	(12,110,680)	6,162,768	7,262,688
Decrease (increase) in trade accounts receivable	1,990,218	(28,541,205)	(1,339,921)
Increase in other receivables	(20,407,149)	(27,327,151)	(27,366,133)
(Increase) decrease in inventories	(71,089,201)	(28,274,045)	11,331,834
Increase (decrease) trade accounts payable	15,126,630	(2,873,413)	(4,833,940)
Increase (decrease) in salaries and social security payable taxes payable and advances from customers	5,972,340	5,581,373	(18,293,933)
Increase in interest payable	23,338,800	12,699,048	10,292,047
Dividends collected	2,709,392	1,352,941	1,108,923
Increase in non-current investments		(89,987)	
(Decrease) increase in other liabilities	(5,721,407)	(3,099,069)	415,721
Net cash used in operating activities	**(76,283,416)**	**(56,140,794)**	**(21,470,041)**
Cash flows from investing activities:			
Net proceeds from the sale of farms and other property and equipment	22,497,817	25,335,741	5,634,000
Collection of receivables from the sale of farms	6,391,191	3,850,808	5,736,964
Acquisition of farms and other property and equipment	(28,018,672)	(29,326,622)	(55,770,620)
Payment for subsidiary acquired, net of cash acquired			(1,857,985)
Increase in interest in equity method investee	(407,516,432)	(726,804)	(64,608,293)
Net cash used in investing activities	**(406,646,096)**	**(866,877)**	**(110,865,934)**
Cash flows from financing activities:			
Contributions received by subsidiaries from minority shareholders			180,000
Issuance of common stock and warrants, net of issuance costs	881,116,861		

Exercise of old-warrants and warrants	15,147,708	84,175,558	53,587,195
Cash dividends paid	(8,250,000)	(5,500,000)	(10,000,000)
Proceeds from short-term and long-term debt	79,197,773	84,508,257	83,957,134
Payments of short-term debt	(45,686,836)	(45,139,498)	(18,959,790)
Payment of seller financing	(3,692,699)	(2,230,560)	(16,514,000)
Net cash provided by financing activities	**917,832,807**	**115,813,757**	**92,250,539**
Net increase (decrease) in cash and cash equivalents	434,903,295	58,806,086	(40,085,436)
Cash and cash equivalents as of the beginning of the year	86,183,136	27,377,050	67,462,486
Cash and cash equivalents as of year-end	Ps. 521,086,431	Ps. 86,183,136	Ps. 27,377,050

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2008, 2007 and 2006 (continued)

(In Argentine Pesos, except as otherwise indicated)

	2008	2007	2006
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	Ps. 18,482,238	Ps. 9,200,569	Ps. 10,336,890
Income tax	Ps. 4,352,941	Ps. 1,738,045	Ps. 33,317,971
Non-cash investing and financing activities:			
Inventory transferred to property and equipment	Ps. 1,914,059	Ps. 1,460,459	Ps. 779,347
Conversion of notes into common shares	Ps. 8,518,791	Ps. 69,659,906	Ps. 45,108,945
Seller financing for acquisition of farms	Ps.	Ps. 3,714,000	Ps. 7,160,617
Application of down payments received for the sale of farms	Ps.	Ps.	Ps. (2,055,200)
Increase in interest in IRSA by a decrease in non-current investments (conversion of IRSA Convertible Notes)	Ps. 37,764,000	Ps.	Ps. 66,338,239
Acquisition of subsidiary company through a decrease in non-current investments	Ps.	Ps.	Ps. 21,723,661
Tax effect issuance expenses of capital included in paid-in capital	Ps. 9,935,499	Ps.	Ps.
Increase in receivables from the sale of farms	Ps.	Ps. 3,646,002	Ps. 8,572,080
Acquisition of subsidiary company:			
Fair value of concession rights	Ps.	Ps.	Ps. 23,581,646
Fair value of other non-cash assets acquired	Ps.	Ps.	Ps. 5,922,781
Fair value of non-cash liabilities assumed	Ps.	Ps.	Ps. (317,165)
Net assets acquired	**Ps.**	**Ps.**	**Ps. 29,187,262**
Total purchase price	**Ps.**	**Ps.**	**Ps. 29,187,262**
Surrender of IRSA s Convertible Notes	Ps.	Ps.	Ps. 27,329,277
Purchase price paid in cash	**Ps.**	**Ps.**	**Ps. 1,857,985**

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

1. Description of business

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria (Cresud and together with its subsidiaries the Company) was incorporated in 1936 as a subsidiary of Credit Foncier, a Belgian company engaged in, among other things, providing rural and urban loans in Argentina and administering real estate holdings foreclosed by Credit Foncier. Credit Foncier was liquidated in 1959, and as part of such liquidation, the shares of Cresud were distributed to Credit Foncier s shareholders. From the 1960s through the end of the 1970s, the business of the Company shifted exclusively to primary agricultural activities. Currently, the Company s business operations are comprised of crop production, cattle raising and fattening, milk production, cattle feeding, certain forestry activities and brokerage activities. However, from time to time it sells properties to profit from real estate appreciation opportunities and which, in the judgment of management, are surplus to the Company s primary operations.

2. Preparation of financial statements

a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles used in Argentina, as set forth by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* (FACPCE) and as implemented, adapted, amended, revised and/or supplemented by the *Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* (CPCECABA) (collectively Argentine GAAP). In addition, the Company must comply with the regulations of the *Comisión Nacional de Valores* (CNV), the National Securities Commission in Argentina, which differ in certain significant respects from generally accepted accounting principles in the United States of America (US GAAP). Such differences involve methods of measuring the amounts shown in the consolidated financial statements as well as additional disclosures required by US GAAP and Regulation S-X of the Securities and Exchange Commission (SEC). A description of the significant differences between Argentine GAAP and US GAAP as they relate to the Company are set forth in Note 20 to these consolidated financial statements.

As discussed in Note 2.d), in order to comply with regulations of the CNV, the Company discontinued inflation accounting as from February 28, 2003. Since Argentine GAAP required companies to discontinue inflation adjustments only as from October 1, 2003, the application of CNV resolution represented a departure from Argentine GAAP. However, due to low inflation rates during the period from March to September 2003, such a departure has not had a material effect on the consolidated financial statements.

In addition, in accordance with the CNV regulations, the Company recognized deferred income taxes on an undiscounted basis. This accounting practice represented a departure from Argentine GAAP but did not have a material effect on the consolidated financial statements for the year ended June 30, 2006. However, as further discussed below, the CPCECABA issued revised accounting standards. One of these standards required companies to account for deferred income taxes on an undiscounted basis, thus aligning the accounting to that of the CNV. Since the CNV adopted the CPCECABA standards effective for the Company for the year ended June 30, 2007, there was no longer a difference on this subject between Argentine GAAP and the CNV regulations.

Effective July 1, 2006, the Company adopted Technical Resolution No. 22 Agricultural Activities (RT No. 22). RT No. 22 prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets. RT No. 22 prescribes, among other things, the accounting treatment for biological assets during the period of growth, degeneration, production, and procreation, and for the initial measurement of agricultural produce at the point of harvest. It requires measurement at fair value less estimated point-of-sale costs from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. RT No. 22 requires that a change in fair value less estimated point-of-sale costs of a biological asset be included in profit or loss for the period in which it arises. RT No. 22 also requires that gains or losses arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs to be included in profit or loss for the period in which it arises. In agricultural activity, a change in physical attributes

Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

a) Basis of presentation (continued)

of a living animal or plant directly enhances or diminishes economic benefits to the entity. RT No. 22 is applied to agricultural produce, which is the harvested product of the entity s biological assets, only at the point of harvest. Accordingly, RT No. 22 does not deal with the processing of agricultural produce after harvest; for example, the processing of milk into cheese.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset. Harvest is the detachment of produce from a biological asset or the cessation of a biological asset s life processes. Biological transformation results in the following types of outcomes: asset changes through (i) growth (an increase in quantity or improvement in quality of an animal or plant), (ii) degeneration (a decrease in the quantity or deterioration in quality of an animal or plant), or (iii) procreation (creation of additional living animals or plants).

The adoption of RT No. 22 did not have a significant impact in the measurement and recognition of biological transformation. Rather, it changed the format of the income statement. Under RT No. 22 the Company discloses certain components of its costs as separate line items in the income statement. There was no change in the gross profit for any of the periods presented.

Prior to the adoption of RT No. 22 gains or losses arising from initial recognition of biological assets and agricultural produce as well as changes in fair value of biological assets were included as a deduction of costs of sales. Under RT No. 22 these changes are disclosed separately in the income statement under the line item titled Production income in the income statement.

Also, prior to the adoption of RT No. 22, costs directly related to the transformation of biological assets and agricultural produce were also included as an addition to costs of sales. Under RT No. 22, these costs are disclosed separately in the income statement under the line item titled Cost of production in the Company s income statement due to the direct relationship to the transformation of biological assets and agricultural produce.

The adoption of RT No. 22 did not affect the Company s recognition of revenue which is included in the line item titled Sales in the income statement. See Note 3.a) for revenue recognition policies. As a result of the adoption of RT No. 22, costs of sales only show certain direct costs related to the sales of agricultural produce other than selling expenses. RT No. 22 intends to purport that costs of sales are not significant in agricultural activities while costs of biological transformation into agricultural produce represent the major costs of these activities.

In addition, under RT No. 22, Exhibits Cost of Sales and Cost of Production included in Note 21.e) and f) to the income statement present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. This reconciliation includes (a) the gain or loss arising from changes in fair value less estimated point-of-sale costs; (b) increases due to purchases; (c) decreases attributable to sales and biological assets classified as held for sale; (d) decreases due to harvest; (e) increases resulting from business combinations, if any; (f) other changes.

Adoption by CNV of CPCECABA standards

The CNV issued General Resolutions No. 485 and No. 487 on December 29, 2005 and January 26, 2006, respectively which adopted, with certain modifications, the new accounting standards previously issued by the CPCECABA through its Resolution CD 93/2005. These standards were effective for the Company for the year ended June 30, 2007.

The most significant changes included in the accounting standards adopted by the CNV relate to (i) changes in the impairment test of long-lived assets, (ii) changes to deferred income tax accounting and (iii) accounting of deferred income taxes on a non-discounted basis.

Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

a) Basis of presentation (continued)

Under the new standards, the carrying value of a long-lived asset is considered impaired by a company when its value in use or its net realizable value, whichever is greater, is less than its carrying value. Value in use is determined by the expected cash flows from the assets discounted at a rate commensurate with the risk involved. Net realizable value is determined by the selling price of the asset less costs of sell.

The new standards provided for the accounting treatment of differences between the tax basis and book basis of non-monetary items for deferred income tax calculation purposes when companies prepare price-level restated financial statements. The new accounting standard mandates companies to treat these differences as temporary differences but allowed a one-time accommodation to continue treating these differences as permanent at the time of adoption of the standard. As a result, the Company elected to continue treating differences as permanent. The estimated effect as of June 30, 2008 that the adoption of the new criteria would have generated would be a decrease in shareholder s equity of approximately Ps. 15.4 million which should be recorded Ps. 16.1 million (loss) as a reduction to retained earnings and Ps. 0.7 million (gain) to the current year income statements.

Additionally as discussed in Note 3.m. in order to comply with the regulations of the CNV, the Company recognized deferred income tax assets and liabilities on a non-discounted basis. This accounting practice represented a departure from Argentine GAAP but did not have a material effect on the consolidated financial statements for the years ended June 30, 2006. In December 2005 and January 2006, the CPCECABA issued revised accounting standards. One of these standards required companies to account for deferred income taxes on an undiscounted basis, thus aligning the accounting to that of the CNV. Since the CNV adopted the CPCECABA standards effective for the Company for the year ended June 30, 2007, there was no longer a difference on this subject between Argentine GAAP and the CNV regulations.

b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of Cresud and its subsidiaries over which Cresud has effective control. Investments in joint ventures in which the Company exercises joint control are accounted for under the proportionate consolidation method for details (see Note 2.c). Investments in companies in which Cresud exercises significant influence, but not control, are accounted for under the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation.

In accordance with Argentine GAAP, the presentation of the parent company s individual financial statements is mandatory. Consolidated financial statements are to be included as supplementary information to the individual financial statements. For the purpose of these financial statements, individual financial statements have been omitted since they are not required for SEC reporting purposes.

A description of the subsidiaries over which Cresud has effective control, with their respective percentage of capital stock owned, is presented as follows:

Subsidiaries	Percentage of capital stock owned as of June 30, (i)		
	2008	2007	2006
Inversiones Ganaderas S.A.	99.99%	99.99%	99.99%
Futuros y Opciones.Com S.A (FyO)	68.10%	70.00%	70.00%
Agropecuaria Cervera S.A.	99.99%	99.99%	99.99%
Agrology S.A.	99.99%		
FyO Trading S.A.	69.26%		

(i) Percentage of equity interest owned has been rounded.

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

c) Proportionate consolidation

Cactus Argentina S.A. (Cactus) is a joint venture operation between the Company and Cactus Feeders Inc. As further discussed in Note 2.h), effective January 1, 2007, the Company s interest in the joint venture decreased from 50.0% to 24.0%. The Company followed Technical Resolution No. 21, Equity Method of Accounting, Consolidation of Financial Statements and Related Party Transactions (RT No. 21) in accounting for joint venture operations. RT No. 21 requires proportionate consolidation where effective joint control is exercised. Accordingly, these financial statements reflect the Company s pro-rata equity interest in the joint venture on a line-by-line basis through December 31, 2006. As from January 1, 2007, the investment in Cactus has been accounted for under the equity method of accounting since the Company has no longer exercise joint control but significant influence.

d) Presentation of financial statements in constant Argentine Pesos

On August 22, 1995, the Argentine Government issued Decree No. 316/95 discontinuing the requirement that financial information be restated for inflation for any date or period after August 31, 1995. Effective September 1, 1995 in accordance with CNV resolutions and Argentine GAAP, the Company began accounting for its financial transactions on a historical cost basis, without considering the effects of inflation. Prior to September 1, 1995, the consolidated financial statements were prepared on the basis of general price level accounting, which reflected changes in purchasing power of the Argentine Peso in the historical consolidated financial statements. The financial statement information of periods prior to August 31, 1995 was restated to pesos of general purchasing power as of August 31, 1995. The August 31, 1995 balances, adjusted to the general purchasing power of the Peso at that date, became the historical cost basis for subsequent accounting and reporting.

However, as a result of the inflationary environment in Argentina in 2002, the CPCECABA approved on March 6, 2002, a resolution reinstating the application of inflation accounting in financial statements as from January 1, 2002. This resolution provided that all recorded amounts restated for inflation through August 31, 1995, as well as those arising between that date and December 31, 2001 are to be considered stated in currency as of December 31, 2001.

On July 16, 2002, the Argentine government issued a decree, instructing the CNV to issue the necessary regulations for the acceptance of financial statements prepared in constant currency. On July 25, 2002, the CNV reinstated the requirement to submit financial statements in constant currency.

However, after considering inflation levels for the second half of 2002 and the first months of 2003, on March 25, 2003, the Argentine government repealed the provisions of the previous decree related to the inflation adjustment and instructed the CNV to issue the necessary regulations to preclude companies under its supervision from presenting price-level restated financial statements. Therefore, on April 8, 2003, the CNV issued a resolution providing for the discontinuance of inflation accounting as of March 1, 2003. The Company complied with the CNV resolution and accordingly recorded the effects of inflation until February 28, 2003.

Since Argentine GAAP required companies to discontinue inflation accounting as from October 1, 2003, the application of the CNV resolution represents a departure from generally accepted accounting principles in Argentina. However, due to the low level of inflation rates during the period from March 2003 through September 2003, such a departure has not had a material effect on the accompanying consolidated financial statements.

e) Reclassifications

Certain reclassifications of prior year s information have been made to conform to the current year presentation. The reclassifications had no impact on previously reported net income, net income per share, shareholders equity or cash flows.

Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

f) Functional currency and reporting currency

The Company s functional and reporting currency is the Argentine Peso. Solely for the convenience of the reader certain amounts are alternatively expressed in Argentine Pesos, Brazilian Reais or US Dollars in the notes to the financial statements. Translations should not be construed as a representation that the amounts shown could have been, or could be, converted into U.S. Dollars or Brazilian Reais at that or any other rate. See Note 3.q) for a discussion on foreign currency translation.

g) Acquisitions

Year ended June 30, 2008

During the year ended June 30, 2008, the Company acquired 4,086,800 shares of BrasilAgro -Companhia Brasileira de Propriedades Agrícolas (BrasilAgro) for Ps.84.0 million, increasing its equity interest from 7.40% to 14.39%.

During this fiscal year, BrasilAgro acquired four properties, which represent 78,907 hectares. The properties acquired were:

Alto Taquari farm, a 5,266 hectare property for an aggregate consideration of R$34.1 million (US$19.14 million).

Araucaria farm (75%), a 11,657 hectare property for an aggregate consideration of R$68.4 million (US$38.5 million).

Chaparral farm, a 37,799 hectare property for an aggregate consideration of R$47.1 million (US$26.6 million).

Nova Buriti farm, a 24,185 hectare property for an aggregate consideration of R$22.2 million (US$12.5 million).

In September and November of 2007, the Company acquired 82.5 million shares of the common stock of its equity investee, IRSA Inversiones y Representaciones S.A. (IRSA), by (i) converting US$12.0 million of IRSA s Convertible Notes into 22.0 million shares of IRSA s common stock and (ii) exercising the warrants to acquire 60.5 million shares of IRSA s common stock for a total purchase price of US$39.6 million (Ps.124.7 million). Further, the Company acquired an additional 45,019,910 shares of the common stock of IRSA for US$62.7 million (Ps.196.3 million), all of these acquisitions increased the Company s interest in IRSA from 25.01% to 42.13% as of June 30, 2008.

On December 17, 2007, the Company acquired the remaining undivided 25% of the 72 hectares of La Adela farm (18 hectares) for an aggregate purchase price of US$0.1 million. As a result, as of June 30, 2008, the Company owned 1,054 hectares of La Adela farm.

In April, 2008, the Company acquired an undivided 80% interest in La Esperanza farm (980 hectares) located in the Province of La Pampa for an aggregate purchase price of US$1.28 million.

In May 2008, IRSA entered into a preliminary purchase contract with transfer of possession with Birafriends S.A. (an unrelated party) for the acquisition of a plot of land in Luján, Province of Buenos Aires, for a total purchase price of US$ 3.0 million. IRSA paid US$ 1.2 million and the remaining balance will be paid at the time of the signing of the deed. On December 2008, IRSA assigned the preliminary purchase contract to Cresud. Cresud will pay the remaining balance at the time of the signing of the deed, and will also refund IRSA the amount the Company paid at the time of the signing of the preliminary purchase.

On June 30, 2008, the Company acquired the Estancia Carmen farm, a 10,910 hectare property located in the Province of Santa Cruz for an aggregate purchase price of US$0.7 million. The Company made a down payment of US$0.2 million in cash and did not take possession of the property as of June 30, 2008. In September 2008, the Company paid off the remaining balance and assumed possession of the property.

Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

g) Acquisitions (continued)

The Company, directly or indirectly through its subsidiaries, formed two companies in May 2008, Agrology S.A. and FyO Trading S.A. Agrology is a new venture that invests in financial instruments and manages equity interests in other companies. FyO Trading is a new venture that engages in agricultural production and commerce.

Year ended June 30, 2007

In January 2007, Cactus acquired 100% of Exportaciones Agroindustriales Argentinas S.A. (EAASA) for an aggregate purchase price of Ps.16.8 million. EAASA is engaged in cattle slaughtering and meat processing activities.

Also, in January 2007, the Company acquired an additional 0.1% in BrasilAgro. BrasilAgro acquired, in separate transactions, 4 operating properties. These properties were acquired for an aggregate purchase price of approximately R$94.0 million (US$46.3 million). The properties acquired were:

Sao Pedro farm, a 2,443 hectare property for an aggregate consideration of R$9.9 million (US$4.7 million).

Cremaq farm, a 32,375 hectare for an aggregate consideration of and R$42.2 million (US$19.7 million).

Engenho farm, a 2,022 hectare for an aggregate consideration of and R$10.0 million (US$4.7 million).

Jatobá farm, a 31,603 hectare for an aggregate consideration of and R$31.8 million (US$17.2 million).

In April 2007, BrasilAgro, together with an unrelated party, Brenco Ltda. entered into a purchase agreement for the acquisition of Araucaria farm, a 15,543 hectares property located in Mineiros, State of Goias, Brazil. BrasilAgro s aggregate investment in this property was approximately US$38.9 million. In May 2007, BrasilAgro entered into a purchase agreement for the acquisition of Alto Tacuari farm, a 5,266 hectares property located in Tacuari, Mato Grosso, Brazil, for an aggregate purchase price of US$17.0 million.

On May 15, 2007, the Company acquired the 8 de Julio farm, a 90,000 hectare property located south of the Deseado River in the Province of Santa Cruz, for an aggregate purchase price of US$2.4 million. Upon execution of the bill of purchase a payment was made for US$1.2 million and possession over the farm was taken. On August 13, 2007, the Company paid US$0.24 million and the balance of US$0.96 million was paid in October 11, 2007, and also on that date the deed was executed. This farm offers excellent potential for sheep production, both in terms of wool and mutton production. In addition, it has future potential as a tourist attraction and for leisure activities.

Year ended June 30, 2006

On September 1, 2005, the Company acquired the San Pedro farm, a 6,022 hectare property located in the Department of Concepción del Uruguay, Province of Entre Ríos, for an aggregate purchase price of US$16.0 million, of which US$9.5 million was paid when signed the deed, US$4.0 million was paid on December 14, 2005 and US$0.73 million was paid on September 1, 2006. The remaining balance of US$1.7 million plus interest of US$0.1 million will be paid in September 2009.

In December 2005, the Company acquired all the outstanding common stock of Agropecuaria Cervera S.A. (ACER) , whose main asset was a 35-year concession right (renewable for an additional 29-year period) granted by the Provincial Government of Salta, Argentina, to exploit 162,000 hectares of undeveloped land and natural forests. The concession entitles ACER to conduct agricultural, cattle breeding and/or forestry activities

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

g) Acquisitions (continued)

during the concession period. Additionaly, Agropecuaria Cervera committed to return the 30,000 hectares originally considered as not usable for agricultural purposes under the concession. The acquisition has been accounted for, as an asset acquisition. As a result, the Company allocated the purchase price of US$9.6 million to the individual net assets acquired *i.e.*, forests, concession rights and certain miscellaneous fixed assets, in each case based on their relative fair values. No goodwill was recorded. See Note 19 for Subsequent Events.

The aggregate purchase price for the acquisition was US$9.6 million, of which US$1.1 million was paid in cash and US$8.5 million by surrendering IRSA s Convertible Notes held by the Company (see note 4.b) (iii) for details).

In March 2006, the Company together with other unrelated parties founded BrasilAgro aimed at replicating the Company s business in Brazil. The Company contributed cash for Ps.63.1 million in exchange for shares and 104,902 warrants to purchase additional shares. The Company s equity interest in BrasilAgro was 7.3%. BrasilAgro s shares went public in the Brazilian Stock Exchange (Bovespa) in May 2006. Warrants vest in one-thirds as from May 2, 2007 to May 2, 2009 and are exercisable for a period of up to 15 years at an exercise price equivalent to the initial public offering price adjusted by the Brazilian IPCA inflation index. Should the Company exercise the warrants, the equity interest would be increased to 19.71%.

Moreover, an additional 104,902 warrants were issued which can only be exercised, at the Company s option, in the event of a tender offer. These warrants are exercisable through the year 2021 at an exercise price equivalent to the purchase price of the tender offer.

h) Dispositions

Year ended June 30, 2008

On October 22, 2007, the Company sold 4,974 hectares of Los Pozos farm for US$1.1 million, which was collected in full as of June 30, 2008. This transaction generated a gain of US$1.0 million.

On May 30, 2008, the Company sold 2,430 hectares of La Esmeralda farm for US$6.2 million, which was collected in full as of June 30, 2008. This transaction generated a gain of US$5.3 million.

In June 2008, BrasilAgro sold its Engenho farm, a 2,022 hectare property which was acquired for R$10.1 million in December, 2006, for an aggregate consideration of R$21.8 million. This transaction generated a gain of US$6.6 million for BrasilAgro.

Year ended June 30, 2007

On August 28, 2006, the Company signed a preliminary sale contract of 1,829 hectares of the farm called El Recreo of its property for aggregate consideration of US$0.36 million. This transaction was not closed as of June 30, 2008. See Note 19.c).

On January 10, 2007, the Company entered into a Stock Subscription and Shareholders Agreement with Tyson Foods Inc. (Tyson) pursuant to which the Company s subsidiary, Cactus, issued 9,397,213 newly shares of Ps.1 each to Tyson for an aggregate price of Ps.16.7 million. As a result of this transaction, the Company decreased its ownership interest in Cactus to 24.0%. As discussed in Note 2.c), the Company accounted for its investment in Cactus under the proportionate consolidation method through December 31, 2006. As from January 1, 2007, the Company accounts for its investment in Cactus under the equity method of accounting.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

2. Preparation of financial statements (continued)

h) Dispositions (continued)

Cactus issued the shares to Tyson at a price per share in excess of the Company s average carrying amount per share. Consistently with other transactions, the Company recorded the change of interest as additional paid-in capital.

On June 5, 2007 the Company sold 14,516 hectares of Los Pozos farm, located in the Province of Salta, Argentina, for US$2.2 million, which was fully collected. Therefore, this sale yielded a US$2.0 million profit.

On June 6, 2007 the Company sold Tapenagá farm, covering 20,833 hectares, located in the Province of Formosa, Argentina, for US$ 7.3 million. The Company received US$3.7 million as down payment and the outstanding balance was financed. Therefore, the transaction yielded a US$5.0 million profit.

Year ended June 30, 2006

On July 25, 2005 the Company sold El Gualicho farm, covering 5,727 hectares, located in the Province of Córdoba, Argentina, for a total sales price of US$5.7 million, resulting in a gain of US$3.4 million. The company collected US$3.4 million and will collect the balance in five equal annual installments through July 2010.

i) Use of estimates

The preparation of the consolidated 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 reporting periods.

Significant estimates include but are not limited to those required in the accounting for the conversion of IRSA Convertible Notes, the allowance to doubtful accounts, the depreciation, amortization and impairment of long-lived assets, the provision for contingencies and income taxes, assets recoverable value, purchase accounting and classification of current and non-current assets. Actual results could differ from those estimates.

3. Significant accounting policies

The following is a summary of significant accounting policies followed by the Company in the preparation of these consolidated financial statements:

a) Revenue recognition

The Company primarily derives its revenues from the sale of crops, milk and live beef cattle, cattle feed lot operation, and services and leasing of its farms to third parties and brokerage activities. Through December 31, 2006, the Company s revenues included the proportionate share of the cattle feedlot operations through its joint venture in Cactus. As from January 1, 2007, the Company s equity interest in Cactus decreased to 24% and was deconsolidated. Thus, revenues from cattle feedlot operations are included in gain (loss) from equity investees.

As discussed in Note 2.a), effective July 1, 2006, the Company applied RT No. 22 which modified the presentation of the statement of income above gross profit. RT No. 22 prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activities. Agricultural activity is the management by an enterprise of the biological transformation of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

a) Revenue recognition (continued)

RT No. 22 requires that a change in fair value less estimated point-of-sale costs of a biological asset be included in net profit or loss for the period in which it arises. In agricultural activity, a change in physical attributes of a living animal or plant directly enhances or diminishes economic benefits to the enterprise.

The adoption of this standard did not have an impact on the Company s financial position and results of operations. There was no change in the determination of total gross profit and operating income of the Company.

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

Cattle and grain production cost calculated to reflect production income is reflected in Note 21.e).

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

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

Cattle holding gain is disclosed in a line of the statements of income and is calculated as stated in Note 21.e) and 21.f).

The results generated by futures and options on the Futures Market are recognized under Unrealized gain (loss) on inventories Crops, raw materials and MAT on the statements of income. The closed positions are recognized as a difference between the exercise price and their close price; and the open positions at the end of the year, as the difference between their exercise price and the market value price for futures, and as a difference between the premium and the market value premium for options.

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

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

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

Revenue on the sales of crops, milk and beef cattle is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectibility is reasonably assured. Revenue from operating leases and brokerage activities are recognized as services are performed.

The Company from time to time sell properties to profit from real estate appreciation opportunities. Farmland sales are recorded under the accrual method of accounting. Farmland sales are not recognized until (i) the sale is consummated, (ii) the Company has determined that the buyer s initial and continuing investments are adequate to demonstrate a commitment to pay for the property, (iii) the Company s receivable is not subject to future subordination, and (iv) the Company has transferred to the buyer the risk of ownership, and does not have a continuing involvement in the property.

b) Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less, to be cash equivalents. Mutual funds are considered to be cash equivalents since original maturity is determined by reference to the frequency with which liquidity is available according to current Argentine GAAP guidance and practice.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

c) Trade accounts receivable and payable

Trade accounts receivable and payable are stated 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 if they are significant. The Company provides for losses relating to trade accounts receivable. The allowance for losses is based on management s evaluation of various factors, including the credit risk of customers, historical trends and other information. While management uses the information available to make evaluations, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluations. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimation, and the consolidated financial statements reflect that consideration.

d) Financial receivables and payables

Financial receivables and payables have been valued at the amount deposited or collected, respectively, net of transaction costs, plus accrued interest based on the interest rate estimated at the time of the transaction.

e) Investments

Current

Current investments include IRSA Non-Convertible Notes, mutual funds, mortgage bonds, government bonds and time deposits. IRSA Non-Convertible Notes, mutual funds, mortgage bonds and government bonds are carried at market value as of year-end, with unrealized gains and losses reported in earnings. Time deposits are valued at cost plus accrued interest at year-end. As of June 30, 2007, current investments also include accrued interest on IRSA Convertible Notes.

Investments in affiliates

Investments in affiliates in which the Company has significant influence (generally representing an equity interest between 20% and 50%) have been accounted for under the equity method. However, the Company has a 14.39% interest in BrasilAgro. Since the Company exercises significant influence over BrasilAgro, the Company accounted for this investment under the equity method of accounting. The Company considered it has significant influence due to its ability to affect the financial and operating decisions of BrasilAgro under the shareholders agreement. Management periodically evaluates the carrying value of its equity investments for impairment. The carrying value of equity investments is considered impaired when an other-than-temporary decrease in the value of the investments has occurred.

Investments in which the Company does not have significant influence have been accounted for under the cost plus dividend method.

The Company records gain or losses due to changes of interests in equity investees and/or subsidiaries, resulting from capital nature transactions between the equity investees and/or subsidiaries and other shareholders, in additional paid-in capital within shareholders equity.

The Company accounts for its investment in other affiliates under the cost method of accounting.

Investment in IRSA Convertible Notes

As of June 30, 2007, the Company s investment in IRSA Convertible Notes is carried at amortized cost at year-end. On September 25, 2007, the Company converted US$12.0 million of IRSA s convertible notes into 22.0 million shares of common stock. See Note 4.b) for details.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

f) Business Combination

Acquisitions are accounted for under the purchase method of accounting. Under the purchase method of accounting, the Company allocates the purchase price to identified tangible and intangible net assets acquired based on their fair values in accordance with the provisions of Technical Resolution No. 18. In making estimates of fair values for the purpose of allocating purchase price, management utilized a number of sources. As discussed in Note 2.g), the Company acquired a 17.12% equity interest in IRSA. IRSA is engaged in several business activities from shopping center operations to origination of consumer loans and credit card receivables to equity interests in banking operations, among others. In the case of IRSA acquisition, the Company evaluated all businesses acquired and allocated a portion of the purchase price to tangible assets including the fair value of buildings on an as-if-vacant basis and to land determined either by real estate tax assessments, third-party appraisals or other relevant data. The Company determined the as-if-vacant value by using a replacement cost method.

Also, a portion of the purchase price was allocated to above-market and below-market in-place lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease. The capitalized above-market and below-market lease values are amortized as a reduction of or an addition to rental income over the remaining noncancelable terms of the respective leases. Should a tenant terminate its lease, the unamortized portion of the lease intangibles would be charged or credited to income.

In addition, a portion of the purchase price was also allocated to the value of leases acquired and management utilized independent sources or management s determination of the relative fair values of the respective in-place lease values. The Company s estimates of value were made using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses included an estimate of carrying costs during the expected lease-up periods, considering current market conditions and costs to execute similar leases. In estimating carrying costs, management included real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. The Company also estimated costs to execute similar leases including leasing commissions, legal expenses and other related costs. The Company did not identify any lessee with whom it has developed a type of relationship allowing the recognition of an intangible asset.

As far as banking operations are concerned, identifiable intangible assets comprised primarily of core deposit intangibles and customer relationship intangibles, represent the net present value of the future economic benefits related to the use of an acquired deposit and customer base. These assets are being amortized on a straight-line method up to six years and eleven years respectively. The Company also identified trademarks as part of the purchase price allocation. Trademarks are not amortized as they have an undefined useful life.

g) Negative goodwill and goodwill

Goodwill represents the difference between the purchase price paid and the fair market value of net assets acquired. Goodwill is not amortized as it has an undefined useful life.

When the sum of the individual fair values of the identifiable tangible and intangible assets exceeds the purchase price paid, negative goodwill exists. Under Argentine GAAP, when negative goodwill exists after an acquiring entity initially assigns values to all assets acquired and liabilities assumed, RT No. 18 states that the entity must first reassess whether all acquired assets and assumed liabilities have been identified and properly valued. If an amount of negative goodwill still results after this reassessment, intangible assets acquired (including above and below market leases, in-place leases, trademarks, tenant relationships and core deposits, as applicable), are subject to reduction. If after all of these intangible assets are reduced to zero and an amount of negative goodwill still remains, the remaining unallocated negative goodwill is amortized under the straight-line

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

g) Negative goodwill and goodwill (continued)

method over the weighted average useful life of the main tangible assets acquired, which ranges from 20 to 29 years, or accelerated as long as the acquired entity disposes its identifiable assets.

The carrying amount does not exceed their respective estimated recoverable value at the end of this year.

h) Inventories

The following is a description of each group of biological assets, categorized by stage of biological transformation:

Biological assets in the initial development of stage are those assets that have not attained the required level of biological development and/or transformation to be considered as consumable assets including unharvested crops and calves, breeding and cattle. These assets are valued at replacement cost of goods and services needed to obtain similar assets, which does not exceed the net realizable value as of year-end.

Bearer biological assets are those assets other than consumable biological assets that due to their stage of transformation and/or development are capable of producing specified output, for example livestock from which milk is produced. These assets are not agricultural produce, rather they are self-regenerating: i.e. cattle (including dairy and breeding cows). These assets are valued at replacement cost of a similar asset, acquired from third parties in the markets in which the Company regularly operates, which does do not exceed the net realizable value as of year-end.

Consumable biological assets are those assets that may be harvested as agriculture produce or sold as biological assets, for example livestock intended for the production of meat and/or livestock held for sale:(including cattle, steersfand, heifers, cattle round-up mores and sheep). These assets are valued at their net realizable value represented by year-end quoted prices in the markets in which the Company regularly operates, net of additional selling costs.

Farming products: crops (including harvested crops): valued at net realizable value, represented by year-end quoted prices in the markets in which the Company regularly operates, net of additional selling cost.

Non-biological assets raw materials (including seeds, agrochemicals, semen cattle raising and diary, food and by-products, packs and bundles, poles, bags and blankets, silos, raw materials). These assets are valued at reproduction or replacement cost as of year-end, which does not exceed the net realizable value.

All other inventories are valued at replacement cost.

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

The adjustment for valuation of crops at net realizable value has been calculated as the difference between the crops valued at net realizable value at the time of harvesting and the value of these crops valued at net realizable value at year-end.

The carrying values of inventories do not exceed their estimated recoverable values at the date of these financial statements.

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Notes to the Consolidated Financial Statements (continued)

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3. Significant accounting policies (continued)

i) Property and equipment

Property and equipment are stated at cost (adjusted for the inflation as described in Note 2.d)), less accumulated depreciation.

Depreciation expense has been determined using the straight-line method over the estimated useful lives of the related assets as specified below:

Asset	**Estimated useful life (years)**
Buildings and constructions	50
Alfalfa fields and meadow	Between 2 and 8
Machinery	10
Furniture and equipment	10
Mass wood	30
Others	Between 4 and 10

The cost of maintenance and repairs is expensed as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of income.

j) Intangible assets

Concession rights

Relate to the concession rights acquired as part of the ACER acquisition. Concession rights acquired were valued at fair value at the time of the acquisition. Concession rights of ACER are amortized under the straight-line basis over the term of the concession, as from the beginning of operations (i.e. 30 years).

The carrying value of concession rights, do not exceed their estimated recoverable value at the end of these financial statements.

k) Other assets

Other assets include farms for which the Company entered into sale agreements whereby it received down payments which fixed the final purchase price. Moreover the contractual conditions provide reasonable assurance that the transaction will be closed. These assets are valued at fair value less costs to sell with unrealized gains included in the statement of income.

l) Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates as of year-end. Transactions denominated in foreign currencies are translated into pesos at the prevailing exchange rates on the date of transaction settlement. Foreign currency transaction gains and losses are recorded within Financial results, net in the accompanying consolidated statements of income.

m) Income tax provision

The subsidiaries of the Company calculate their income taxes on a separate basis. The Company did not either calculate or pay income taxes on a consolidated basis for any of the periods presented. The statutory income tax rate was 35.0% for all years presented.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

m) Income tax provision (continued)

The Company records income taxes using the liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recorded or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized for that component of net deferred tax assets which is not recoverable.

The Company has treated the differences between the price-level restated amounts of assets and liabilities and their historical basis as permanent differences for deferred income tax calculation purposes in accordance with Resolution MD No. 11/2003 issued by the CPCECABA.

n) Minimum presumed income tax (MPIT)

The Company is subject to the MPIT. Pursuant to this tax regime, the Company is required to pay the greater of the income tax or the MPIT. Any excess of the MPIT over the income tax may be carried forward and recognized as a tax credit against future income taxes payable over a 10-year period. The MPIT provision is calculated on an individual entity basis at the statutory asset tax rate of 1% and is based upon the taxable assets of each company as of the end of the year, as defined by Argentine law.

o) Provisions for contingencies

The Company has certain contingent liabilities with respect to material existing or potential claims, lawsuits and other proceedings arising in the ordinary course of business. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company s estimates of the outcomes of these matters and its experience in contesting, litigating and settling other matters. As the scope of the liabilities becomes better defined, there will be changes in the estimates of future costs, which could have a material effect on the Company s future results of operations and financial condition or liquidity.

p) Impairment of long-lived assets

The Company periodically evaluates the carrying value of its long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company considers the carrying value of a long-lived asset to be impaired when the expected cash flows, from such asset are separately identifiable and less than its carrying value. In that event, a loss would be recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. The Company determines the fair market value primarily using independent appraisal valuations and utilizing anticipated cash flows discounted at a rate commensurate to the risk involved.

RT No. 17 establishes that a previously recognized impairment loss should only be reversed when there is a subsequent change in estimates used to compute the fair market value of the asset. In that event, the new carrying amount of the asset should be the lower of its fair market value or the net carrying amount the asset would have had if no impairment had been recognized.

q) Foreign currency translation

The financial statements of the Company s foreign operations in Brazil are translated in accordance with Technical Resolution No. 18, Specific Considerations for the Preparation of Financial Statements (RT No. 18). RT No. 18 establishes guidelines to classify foreign investments either as foreign operations or foreign entities . A company is to be regarded as a foreign entity if it is financially, economically and organizationally autonomous. Otherwise, a company is to be regarded as a foreign operation if its operations are

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

3. Significant accounting policies (continued)

q) Foreign currency translation (continued)

integral to those of the Company. BrasilAgro has been classified as a foreign entity since it is financially, economically and organizationally autonomous. Accordingly, and pursuant to RT No. 18, financial statements of BrasilAgro are translated using period-end exchange rates for assets, liabilities and weighted average exchange rates during the period for the results of operations. Adjustments resulting from these translations are accumulated and reported as a separate component in the shareholders equity section.

r) Vacation expenses

Vacation expenses are fully accrued in the year the employee renders services to earn such vacation.

s) Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to certain risks, including commodity risks and foreign exchange risks. The Company follows Technical Resolution No. 20 Instrumentos Derivados y Operaciones de Cobertura and carries these derivatives as assets or liabilities at fair market value on the balance sheet. RT No. 20 requires that changes in the derivative s fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative s gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. While management believes each of the financial instruments manage various market risks, these instruments are not designated and accounted for as hedges as a result of the extensive record keeping requirements of the provisions. Accordingly, the Company s derivatives are marked to market on a current basis with gains and losses recognized in earnings. Deposits and premiums paid are recorded as other receivables on the balance sheet. See Note 6 for a description of the derivative financial instruments of the Company.

t) Paid-in capital

Related Companies Law No. 19,550 Section 33: Increases or decreases of the equity value of investments in IRSA and Cactus 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 captions 9 second part of Technical Resolution 17 of the FACPCE and Resolution CD 243/01 of the CPCECABA.

Warrants issued: the value of warrants issued by the Company has been allocated to the account Additional Paid-in Capital.

u) Earnings per share

The Company is required to disclose earnings per share information for all periods presented. Basic earnings per share (basic EPS) are computed by dividing the net income available to common shareholders for the period by the weighted-average number of common shares outstanding during the period. Diluted earnings per share (diluted EPS) are computed by dividing the adjusted net income for the period by the weighted-average number of common shares and potential common shares outstanding during the period.

In computing diluted EPS, income available to common shareholders used in the basic EPS calculation is adjusted to add back the after-tax amount of interest recognized in the period with respect to any debt convertible to common stock. Additional adjustments are made for any other income or loss items that would result from the assumed conversion of potential common shares. The weighted-average number of common shares outstanding is adjusted to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Diluted EPS is based on the most

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3. Significant accounting policies (continued)

u) Earnings per share (continued)

advantageous conversion rate or exercise price over the entire term of the instrument from the standpoint of the security holder. The calculation of diluted EPS excludes potential common shares if their effect is anti-dilutive.

The Company has considered the dilutive effect of outstanding warrants and convertible debt in calculating diluted EPS.

4. Details of balance sheet and income statement accounts:

a) Cash and banks

	As of June 30, 2008		As of June 30, 2007	
Cash in banks	Ps.	46,348,052	Ps.	46,501,946
Collections to be deposited		1,284,375		349,476
Cash on hand		162,800		79,222
	Ps.	47,795,227	Ps.	46,930,644

b) Investments

	As of June 30, 2008		As of June 30, 2007	
Current				
Mutual funds	Ps.	473,291,204	Ps.	38,313,217
Government bonds and notes		93,116		121,529
Mortgage bonds		622,960		1,027,284
Interest on IRSA Convertible Notes				379,408
IRSA Non-Convertible Notes (i)		11,285,167		
	Ps.	485,292,447	Ps.	39,841,438
Non-Current				
Equity investments (ii)	Ps.	1,128,540,680	Ps.	503,860,500
IRSA Convertible Notes (iii)				37,116,000

Others	352,260	352,260
Negative Goodwill net (iv)	(202,922,429)	(67,306,386)
	Ps. 925,970,511	Ps. 474,022,374

(i) In February 2007, IRSA issued US$150,000 of non-convertible notes (the IRSA Non-Convertible Notes) due February 2017 under the Global Program for up to US$200,000 authorized by the CNV in December 2006. The IRSA Non-Convertible Notes bear interest at a fixed rate of 8.5% per annum. The IRSA Non-Convertible Notes pay interest in cash semi-annually in arrears on February 2 and August 2 of each year, beginning on August 2, 2007. Principal on the Non-Convertible Notes is fully paid at maturity. In May, 2008 the Company acquired nominal value 5.000.000 of IRSA Non-Convertible Notes, for an average weighted price of US$0.785 per Note, totaling US$4.1 million.

(ii) As of June 30, 2008, this amount represents the Company s 35.7% (unchanged from June 30, 2007), 42.13%, 14.39% and 24% equity interests in Agro-Uranga, IRSA, BrasilAgro and Cactus amounting to Ps 20.2 million, Ps.933.3 million, Ps.167.4 million and Ps.7.6 million, respectively. See Note 2.g) for additional details on acquisition for the year ended June 30, 2008.

As of June 30, 2007, this amount represents the Company s 35.7%, 25.01%, 7.40% and 24.0% equity interests in Agro-Uranga, IRSA, BrasilAgro and Cactus amounting to Ps.18.1 million, Ps.411.9 million, Ps.68.1 million and Ps.5.8 million, respectively.

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Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

4. Details of balance sheet and income statement accounts: (continued)

b) Investments (continued)

(iii) In November 2002, IRSA issued US$100.0 million of 8% convertible notes due 2007 with non-detachable warrants to acquired additional shares of common stock (the IRSA Convertible Notes). In accordance with the terms and conditions of the agreement, the IRSA Convertible Notes are convertible, at any time, at the option of the holder, into a fixed number of common shares. The agreement provides for a conversion price of US$ 0.54505, which only can be adjusted as a result of anti-dilution provisions. Once converted, the holder has the right to acquire an additional equal number of shares at the exercise price of US$0.65406 per share. The exercise price of the warrants is also adjusted as a result of anti-dilution provisions. In November and December 2002, the Company purchased US$49.7 million of IRSA Convertible Notes. Additionally, between July 2003 and November 2007, the Company acquired 600,500 IRSA Convertible Notes for US$0.9 million and sold 12,335,157 IRSA Convertible Notes. The sale generated income for Ps.83,623,172. Also, during that period, the Company exercised its conversion rights and exercised warrants of 37,958,011 IRSA Convertible Notes giving rise to issuing 139,295,450 shares of common stock with a face value of Ps.1 each one. Finally, third party holders of IRSA Convertible Notes exercised their conversion rights of 61,984,332 Convertible Notes and 61,938,795 warrants originating the issuance of 227,381,884 shares of common stock with a face value of Ps.1 each one. As a consequence of such conversions and exercise of warrants, the Company s equity interest decreased in Ps.64.4 million with the effect recorded in Paid-In Capital of Shareholders Equity (see Note 5.c)). On November 14, 2007, IRSA Convertible Notes matured and the Company exercised its conversion rights (see Note 2.g) for details).

(iv) As of June 30, 2008, this amount represents the net effect of negative goodwill associated with the Company s investment in IRSA (Ps.206.8 million) and goodwill associated with the Company s investment in BrasilAgro (Ps.3.8 million).

As of June 30, 2007, this amount represents negative goodwill associated with the Company s investment in IRSA (Ps. 67.3 million).

c) Trade accounts receivable, net

	As of June 30,	
	2008	**2007**
Trade accounts receivable	Ps. 34,966,267	Ps. 37,232,245
Related parties (Note 8)	1,207,624	1,070,710
Less:		
Allowance for doubtful accounts (Note 21.d))	(381,020)	(372,359)
	Ps. 35,792,871	Ps. 37,930,596

d) Other receivables

As of June 30,

	2008	2007
Current		
Receivables from the sale of farms (i)	Ps. 6,188,608	Ps. 6,995,220
Prepaid leases	11,366,483	6,434,233
Guarantee deposits	990,423	877,790
Prepaid expenses, excluding leases	113,109	193,568
VAT receivable, net	13,763,311	7,083,007
Margin deposits receivable from brokers	89,270	2,898,730
Premiums collected / paid in connection with derivative instruments	94,582	(971,105)
Related parties (Note 8)	5,433,588	5,142,161
Income tax advances and MPIT credit (ii)	14,853,470	10,276,688
Other tax credits	450,636	249,905
Others	2,047,229	431,673
	Ps. 55,390,709	Ps. 39,611,870

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

4. Details of balance sheet and income statement accounts: (continued)

d) Other receivables (continued)

	As of June 30, 2008	2007
Non-Current		
VAT credit and prepaid income tax	Ps. 12,962,655	Ps. 21,465,469
Prepaid leases		179
Receivables from the sale of farms (i)	7,048,582	13,097,871
Related parties (Note 8)		223,558
MPIT (ii)	20,055,857	7,750,517
Deferred income tax (Note 11)	1,297,716	676,293
Others		22,673
	Ps. 41,364,810	Ps. 43,236,560

(i) As of June 30, 2008, represents the (a) current and non-current portion of the receivable from the sale of Tapenagá farm totaling US$1.23 million and US$1.21 million, respectively; (b) current and non-current portion of the receivable from the sale of El Gualicho farm totaling US$0.69 million and US$1.15 million, respectively and (c) current portion of the receivable from the sale of Ñacurutu farm totaling US$0.15 million.

As of June 30, 2007, represents the (a) current and non-current portion of the receivable from the sale of Tapenagá farm totaling US$1.2 million and US$2.4 million, respectively; (b) current and non-current portion of the receivable from the sale of El Gualicho farm totaling US$0.8 million and US$1.7 million, respectively and (c) current and non-current portion of the receivable from the sale of Ñacurutu farm totaling US$0.3 million and US$0.1 million, respectively.

The receivable from El Gualicho farm accrues interest at 360-day LIBOR plus 3.84 % and the property sold is mortgaged in favor of the Company as collateral for the receivable. The receivable from Ñacurutu farm also accrues interest at 360-day LIBOR plus 6% and the property sold is mortgaged in favor of the Company as collateral for the receivable. The receivable from Tapenagá farm accrues interest at 360-day LIBOR plus 8% and the property sold is mortgaged in favor of the Company as collateral for the receivable.

(ii) The Company recorded the MPIT as a tax receivable since in the opinion of its management it is more likely than not that the Company will utilize such credits against future income tax charges.

e) Inventories

	As of June 30, 2008	2007
Current		

Crops	Ps.	67,224,392	Ps.	30,866,271
Beef Cattle		12,836,555		11,130,777
Materials and others		21,701,233		5,538,713
Unharvested crops		6,486,244		2,673,752
Seeds and fodder		3,276,838		2,250,776
	Ps.	111,525,262	Ps.	52,460,289
Non-Current				
Beef Cattle	Ps.	76,113,042	Ps.	68,345,438
	Ps.	76,113,042	Ps.	68,345,438

f) Others assets

	As of June 30,			
		2008		**2007**
Current				
Farm held for sale (Note 3.k))	Ps.	1,070,506	Ps.	
	Ps	1,070,506	Ps.	

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

4. Details of balance sheet and income statement accounts: (continued)

g) Trade accounts payable

	As of June 30, 2008	2007
Current		
Suppliers	Ps. 17,970,956	Ps. 14,255,092
Accruals	25,826,238	12,641,959
Related parties (Note 8)	5,742,334	4,038,800
	Ps. 49,539,528	Ps. 30,935,851
Non-Current		
Accruals for other expenses	Ps.	Ps. 246,231
	Ps.	Ps. 246,231

h) Short-term and long-term debt

	As of June 30, 2008	2007
Short-term debt:		
Loans (i)	Ps. 171,138,334	Ps. 114,005,729
Collateralized Loans (ii)	24,461,875	
Accrued interest on Convertible Notes (iii)		88,608
Convertible Notes expenses		(12,742)
Convertible Notes (iii)		8,668,139
	Ps. 195,600,209	Ps. 122,749,734
Long-term debt:		
Collateralized loans (ii)	Ps.	Ps. 24,744,000
	Ps.	Ps. 24,744,000

(i) As of June 30, 2008 the balance primarily relates to several short-term loans granted by several domestic financial institutions and overdrafts. These loans accrue interest at annual fixed interest rates ranging from 6.25% to 20.0%. As of June 30, 2007 the balance primarily relates to several short-term loans granted by several domestic financial institutions and overdrafts. These loans accrue interest at annual fixed interest rates ranging from 5.60% to 9.60%.

(ii) As of June 30, 2008 and 2007 the balance relates to a collateralized loan with Credit Suisse. See Note 15. This loan accrued interest at variable rate per annum equal to the LIBOR plus 375 basic points. This loan was settled in October 24, 2008. This loan required the Company to comply with certain customary covenants. The Company complied with those covenants as of the date indicated.

(iii) See Note 9 for details.

i) Salaries and social security payable

	As of June 30,	
	2008	2007
Provision for vacation and bonuses	Ps. 5,187,704	Ps. 3,775,108
Social security payable	892,383	121,341
Salaries payable	318,410	277
Others	10,792	322,394
	Ps. 6,409,289	Ps. 4,219,120

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(In Argentine Pesos, except as otherwise indicated)

4. Details of balance sheet and income statement accounts: (continued)

j) Taxes payable

	As of June 30, 2008	As of June 30, 2007
Current		
Income tax payable, net	Ps. 290,125	Ps.
Gross sales tax payable	293,211	193,103
Income tax withholdings	663,912	518,641
Property tax payable	46,251	230,361
MPIT payable, net	8,993,932	5,503,470
Gross sales tax withholdings	1,877	937
VAT withholdings		20,270
Others	34,890	232,262
	Ps. 10,324,198	Ps. 6,699,044
Non-Current		
Deferred income tax (Note 11)	Ps. 41,817,828	Ps. 51,312,237
	Ps. 41,817,828	Ps. 51,312,237

k) Other liabilities

	As of June 30, 2008	As of June 30, 2007
Current		
Management fee payable (Note 8)	Ps.	Ps. 2,817,997
Related parties (Note 8)	419,796	215,796
Others	54,164	54,164
	Ps. 473,960	Ps. 3,087,957
Non-Current		
Others	Ps. 293,386	Ps. 347,549
	Ps. 293,386	Ps. 347,549

l) ***Financial results, net***

		As of June 30,	
	2008	2007	2006
Generated by assets:			
Exchange (loss) gain	Ps. (32,490,358)	Ps. (1,151,529)	Ps. 11,510,779
Interest income	4,439,794	1,833,687	490,288
Allowance for doubtful accounts	(8,661)		(43,616)
Tax on bank account operations	(4,518,381)	(1,901,855)	(2,177,198)
Gain from sale of IRSA Convertible Notes			14,872,000
Interest income on IRSA Convertible Notes	(387,392)	2,959,795	7,123,844
Holding gain and result of transactions on securities investment	2,745,524	1,074,212	
Others	33,614	68,666	2,083,587
	Ps. (30,185,860)	Ps. 2,882,976	Ps. 33,859,684
Generated by liabilities:			
Interest expense on Convertible Notes	Ps. (88,383)	Ps. (2,716,240)	Ps. (8,330,855)
CER index on liabilities		1,551	(22,776)
Interest loss	(23,327,905)	(9,834,569)	(1,978,392)
Exchange gain (loss)	1,996,793	204,448	(9,302,801)
Others	(662,226)	(996,160)	(1,850,902)
	Ps. (22,081,721)	Ps. (13,340,970)	Ps. (21,485,726)

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

5. Shareholders equity

a) Common stock

As of June 30, 2008, the Company had 501,531,865 outstanding shares of common stock, having a par value of Ps.1 per share. Holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Following is a summary of the activity in the Company s shares during the years presented:

	Shares issued	Common stock Par value	Paid-in-capital
Balances as of June 30, 2005	Ps. 162,784,579	Ps. 162,784,579	Ps. 78,175,196
Exercise of warrants	Ps. 28,668,581	Ps. 28,668,581	Ps. 24,918,614
Conversion of Convertible Notes into common shares	29,151,389	29,151,389	15,957,556
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions between equity investees and subsidiaries and other shareholders			(12,134,376)
Balances as of June 30, 2006	Ps. 220,604,549	Ps. 220,604,549	Ps. 106,916,990
Exercise of warrants	Ps. 44,619,656	Ps. 44,619,656	Ps. 39,555,902
Conversion of Convertible Notes into common shares	44,352,015	44,352,015	25,307,891
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions between equity investees and subsidiaries and other shareholders			(6,857,758)
Balances as of June 30, 2007	Ps. 309,576,220	Ps. 309,576,220	Ps. 164,923,025
Exercise of old-warrants	Ps. 5,855,178	Ps. 5,855,178	Ps. 5,306,325
Exercise of warrants	757,093	757,093	3,229,112
Conversion of Convertible Notes into common shares	5,343,374	5,343,374	3,175,417
Capital Increase (i)	180,000,000	180,000,000	711,052,360
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions between equity investees and subsidiaries and other shareholders			(8,498,388)
Balances as of June 30, 2008	Ps. 501,531,865	Ps. 501,531,865	Ps. 879,187,851

(i)

In March 2008, the Company issued 180 million shares of common stock with a face value of Ps.1 each entitled to one vote per share. The Company raised net proceeds of US$881.1 million, both in the local and international markets, through the issuance equivalent to US$1.60 or Ps. 5.0528 per share.

Additionally, for each subscribed share, each shareholder received at no additional cost a warrant entitling the holder to purchase 0.33333333 new shares at a price of US$1.68 per each share to be acquired. Thus, the Company issued 180 million warrants entitling the holder to purchase a total of 60 million additional shares. Warrants mature May 22, 2015 and may be exercised between the 17th and the 22nd day of February, May, September and November of any year through 2015. Warrants are listed on the Buenos Aires Stock Exchange under the symbol CREW2 and on the Nasdaq under the symbol CRESW .

Proceeds from the issuance, net of issuance expenses, amount to Ps.881.1 million, while the tax effect of issuance expenses amounted to Ps.9.9 million. Proceeds were allocated to shares and warrants issued based on the fair market value estimated upon subscription. The portion of the proceeds allocated to warrants amounting to Ps.115.2 million was recorded as additional paid-in capital. As of June 30, 2008, 2,271,290 warrants were exercised; consequently, 757,093 shares of common stock were issued for Ps.4.0 million.

b) Inflation adjustment of common stock

As discussed in Note 2.d), the Company s financial statements were prepared on the basis of general price-level accounting which reflects changes in the purchasing power of the Argentine peso in the historical financial statements until February 28, 2003. Accordingly, the inflation adjustment related to common stock was appropriated to an inflation adjustment reserve, which forms part of shareholders equity. According to

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

5. Shareholders equity (continued)

b) Inflation adjustment of common stock (continued)

Argentine rules and regulations, the balance of the inflation adjustment reserves may be applied only towards the issuance of common stock to shareholders of the Company.

c) Paid-in capital

The Company records changes of interests in equity investees and/or subsidiaries, resulting from capital nature transactions between the equity investees and/or subsidiaries and other shareholders, to paid-in capital within shareholders equity. During the year ended June 30, 2006 as a result of the dilutive effect of old-warrants and conversion rights exercised by other shareholders, the Company recorded a loss of Ps.12.1 million as paid in capital.

During the year ended June 30, 2007 as a result of the dilutive effect of old-warrants and conversion rights exercised by other shareholders, the Company recorded a loss of Ps.8.5 million, as paid in capital. Additionally, due to the dilution in Cactus s interest from issuance of shares to a new shareholder, the Company recorded a gain of Ps.1.7 million, as paid-in capital.

During the year ended June 30, 2008, as a result of the dilutive effect of warrants and conversion rights of IRSA exercised by other shareholders, the Company recorded a loss of Ps.8.5 million as paid-in capital.

The portion of the proceeds allocated to Warrants amounting to Ps.115.2 million was recorded as additional paid-in capital.

d) Restrictions on distribution of profits

In accordance with the Argentine Corporations Law and the Company s by-laws, 5% of the net and realized profit for the year calculated in accordance with Argentine GAAP 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. This legal reserve may be used only to absorb losses. The Company can only appropriate and pay, direct or indirectly, either cash nor in kind dividends up to the amount of US$5.0 million, in accordance with Credit Suisse agreement.

e) Reserve for new developments

Pursuant to a resolution of the Inspección General de Justicia, the accumulated retained earnings balance of the period before computation of the net income/loss of the period and after computation of equity transactions (i.e. payment of dividends) must be allocated to a special reserve labeled as Reserve for new developments . This allocation has no impact on the total shareholders equity of the Company.

6. Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to commodity risks and foreign-exchange risks. These financial instruments consist mainly of crop future contracts, put and call option contracts, and foreign currency future contracts. The counterparties to these instruments generally are major financial institutions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The Company does not expect any losses as a result of counterparty defaults. As described in Note 3.s), derivative financial instruments are recognized at fair value as either assets or liabilities in the consolidated balance sheet. Changes in the fair market value of the derivative instruments are reported in earnings. Margin deposits and premiums paid related to outstanding future and option contracts are recorded as other receivables on the consolidated balance sheet.

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Notes to the Consolidated Financial Statements (continued)

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6. Derivative financial instruments (continued)

As of June 30, 2008 and 2007, the Company had open commodity crop future contracts amounting to US$9.3 million and US$12.1 million, respectively. At June 30, 2008 and 2007, these contracts covered a notional amount of 41,700 and 62,245 tons, respectively, of various crops, including soybean, wheat, sunflower and corn. Futures contracts are used in combination with put and call option contracts principally to take advantage of market fluctuations, which provide more favorable pricing opportunities. At June 30, 2008 and 2007, the Company opened call and put options that strike at weighted average prices per ton of US$173.5 and US$208.6 covering notional amounts of 7,620 tons of corn and 202,514 tons of various crops, including soybean, wheat and corn, respectively. The open options at June 30, 2008 mature at various dates through May 2009. The Company recognized a loss from commodity-crop-based contract activity of Ps.(14.5) million, Ps. (3.1) million and Ps.(0.3) million for the years ended June 30, 2008, 2007 and 2006, respectively.

The Company recorded gains and losses associated with these commodity based contracts in Unrealized gain (loss) on inventories - Crops, raw material and MAT in the income statement.

During fiscal year 2008, the Company had future contracts outstanding to purchase US$87.3 million and to sell US$59.5 million at an average price of Ps.3.08 per US$ maturing through July 2008. During fiscal year 2007, the Company had future contracts outstanding to purchase US$4.0 million and to sell US$10.5 million at an average price of Ps.3.15 per US$ maturing through May 2007. As of June 30, 2007 the Company had no future contracts outstanding. The Company recognized a loss of Ps.0.48 million and a gain of Ps.0.8 million during the year ended June 30, 2008 and June 30, 2007 respectively, in connection with these contracts.

The Company recorded gains and losses associated with these foreign exchange contracts in Financial Results, net in the income statement.

Derivative financial instruments involve, to a varying degree, elements of market and credit risk. The market risk associated with these instruments resulting from price movements is expected to offset the market risk of the underlying transactions, assets and liabilities, being hedged. The counterparties to the agreements relating to the Company s futures and options contracts consist of a number of major institutions with high credit ratings. The Company does not believe that there is a significant risk of nonperformance by these counterparties because the Company continually monitors the credit rating of such counterparties, and limits the financial exposure and the amounts of agreements entered into with any one financial institution. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company s exposure to credit risk. The amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties obligations under the contracts exceed the obligations of the Company to the counterparties.

7. Additional information on assets and liabilities

The breakdown of main assets and liabilities as of June 30, 2008 is as follows:

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term	Total
Assets							
Investments	Ps.	Ps.	Ps.	Ps.	Ps.	Ps. 485,644,707	Ps. 485,644,707

Trade accounts receivables, net	35,792,871						35,792,871
Other receivables	14,820,291	16,185,942	1,937,508	5,650,641	7,048,582	51,112,555	96,755,519
	Ps. 50,613,162	Ps. 16,185,942	Ps. 1,937,508	Ps. 5,650,641	Ps. 7,048,582	Ps. 536,757,262	Ps. 618,193,097

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term	Total
Liabilities							
Trade accounts payable	Ps. 49,315,406	Ps.	Ps.	Ps.	Ps.	Ps. 224,122	Ps. 49,539,528
Short-term and long-term debt	23,411,789	24,461,875				147,726,545	195,600,209
Salaries and social security payable	5,476,040	852,192	81,057				6,409,289
Taxes payable	1,330,266	8,993,932				41,817,828	52,142,026
Other liabilities	339,764					427,582	767,346
Provisions						1,803,330	1,803,330
	Ps. 79,873,265	Ps. 34,307,999	Ps. 81,057	Ps.	Ps.	Ps. 191,999,407	Ps. 306,261,728

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7. Additional information on assets and liabilities (continued)

	Accruing interest at a fixed rate		Accruing interest at a variable rate		Not accruing interest		
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Total
Assets							
Investments	Ps. 10,746,000	Ps.	Ps. 473,927,681	Ps.	Ps. 618,766	Ps. 352,260	Ps. 485,644,707
Trade accounts receivable, net					35,792,871		35,792,871
Other receivables	5,998,405	7,048,582	33,138,241		16,254,063	34,316,228	96,755,519
	Ps. 16,744,405	Ps. 7,048,582	Ps. 507,065,922	Ps.	Ps. 52,665,700	Ps. 34,668,488	Ps. 618,193,097
Liabilities							
Trade accounts payable	Ps. 4,698,370	Ps.	Ps.	Ps.	Ps. 44,841,158	Ps.	Ps. 49,539,528
Short-term and long-term debt	194,687,880				912,329		195,600,209
Salaries and social security payable					6,409,289		6,409,289
Taxes payable					10,324,198	41,817,828	52,142,026
Other liabilities					473,960	293,386	767,346
Provisions						1,803,330	1,803,330
	Ps. 199,386,250	Ps.	Ps.	Ps.	Ps. 62,960,934	Ps. 43,914,544	Ps. 306,261,728

8. Balances and transactions with related parties

The balances with related parties as of June 30, 2008 and 2007 is as follows:

	Trade accounts receivable, net		Other receivables				Trade accounts payable		Other liabilities	
	Current		Current		Non-Current		Current		Current	
Related Parties	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Alto Palermo S.A.	Ps.	Ps.	Ps.	Ps.	Ps.	Ps. 178,341	Ps. 3,374,758	Ps. 1,075,643	Ps.	Ps.
IRSA Inversiones y Representaciones S.A.				106,903		41,117	85,405	124,752		
Cactus Argentina S.A.	1,206,691	1,069,777	3,391,603	4,266,771		4,100	88,134	669,346		
Agro-Uranga S.A.			56,410	511,221						
BrasilAgro Companhia Brasileira			305,949	30,537						

de Propriedades Agrícolas										
Advances to employees			237,749	225,994						
Directors			991	735					285,600	81,600
Comercializadora de los Altos S.A. (Ex-Alto City.Com S.A.)	933	933								
nversora Bolivar S.A.							185,256	40,508		
Estudio Zang, Bergel & Viñes							893,152	328,551		
Fundación IRSA							1,073,000	1,800,000		
Consultores Asset Management S.A.			1,280,709							2,817,99
FYO minority hareholders									134,196	134,196
Shopping Alto Palermo S.A.							2,681			
nversiones Financieras del Sur S.A			160,177							
CYRSA S.A.							39,948			
Total	**Ps. 1,207,624**	**Ps. 1,070,710**	**Ps. 5,433,588**	**Ps. 5,142,161**	**Ps.**	**Ps. 223,558**	**Ps. 5,742,334**	**Ps. 4,038,800**	**Ps. 419,796**	**Ps. 3,033,79**

The transactions with related parties as of June 30, 2008, 2007 and 2006 is as follows:

	Fees for shared services and expenses			**Income for shared services and expenses**			**Fees**		
elated Parties	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
lto Palermo .A.	Ps. (4,924,283)	Ps. (3,276,365)	Ps. (1,782,707)	Ps. 1,870,339	Ps. 1,096,466	Ps. 497,716	Ps.	Ps.	Ps.
RSA Inversiones epresentaciones .A.	(4,683,853)	(863,329)	(407,388)	947,229	318,063	182,948			
arjeta Shopping .A.				112,752	32,009	3,104			
lto City.Com .A.					5,713				
versora Bolivar .A.									
studio Zang, ergel & Viñes									
undación IRSA									
onsultores Asset Management S.A.				14,751	46,281		(2,170,983)	(5,484,697)	(3,836,470
YRSA S.A.				5,047					
otal	**Ps. (9,608,136)**	**Ps. (4,139,694)**	**Ps. (2,190,095)**	**Ps. 2,950,118**	**Ps. 1,498,532**	**Ps. 683,768**	**Ps. (2,170,983)**	**Ps. (5,484,697)**	**Ps. (3,836,470**

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8. Balances and transactions with related parties (continued)

	Rent Expenses			Donations			Legal services		
Related Parties	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Alto Palermo S.A.	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.
IRSA Inversiones y Representaciones S.A.									
Tarjeta Shopping S.A.									
Inversora Bolivar S.A.	(212,311)	(229,455)	(115,198)						
Estudio Zang, Bergel & Viñes							(656,900)	(353,614)	(248,668)
Fundación IRSA						(1,600,000)			
Consultores Asset Management S.A.									
Total	**Ps. (212,311)**	**Ps. (229,455)**	**Ps. (115,198)**	**Ps.**	**Ps.**	**Ps. (1,600,000)**	**Ps. (656,900)**	**Ps. (353,614)**	**Ps. (248,668)**

Pursuant to the terms of a consulting agreement with Consultores Asset Management S.A. (CAM) CAM provides the Company advisory services on matters related to capital investments in all aspects of the agriculture business. A shareholder and director of the Company is the owner of 85% of the capital stock of CAM, while Cresud s first vice Chairman of the Board holds the other 15% of its capital stock. The Company pays CAM an annual fee equivalent to 10% of the after-tax net income for these services. Fees totaled Ps.2.2 million and Ps.5.5 million for the years ended June 30, 2008 and 2007, respectively.

During the years ended June 30, 2006, 2005 and 2004 the Company invested in shares and convertible notes of IRSA. IRSA is a real estate company engaged directly or indirectly through subsidiaries and joint ventures in real estate activities in Argentina. Certain shareholders and/or directors of the Company are also shareholders and/or directors of IRSA.

In order to achieve a more efficient allocation of corporate resources, during the years ended June 30, 2008, 2007 and 2006, IRSA and its subsidiaries provided the Company corporate services in the areas of institutional relations, finance and human resources, amounting to Ps.2.8 million, Ps.3.3 million and Ps.0.9 million, respectively. In the same way, the Company provided corporate services to IRSA and its subsidiaries for Ps.2.14 million, Ps.0.7 million and Ps.0.3 million during the fiscal years ended June 30, 2008, 2007 and 2006, respectively.

Since November 2001, the Company leased office space under a cancelable operating lease from IRSA and its subsidiaries. Rent expense was recognized ratably over the lease term. Rent expense for the years ended June 30, 2008, 2007 and 2006 amounted to Ps.0.2 million, Ps.0.2 million and Ps.0.12 million, respectively.

From time to time, the Company donates money to Fundación IRSA, a charitable, not-for-profit organization, the director of which is Eduardo S. Elsztain, a significant shareholder and the Chairman of the Board of Directors of the Company, and Mr. Elsztain s wife serves as the President of Fundación IRSA. The Company made no donations to Fundación IRSA during fiscal year ended June 30, 2008 and 2007, however during the years ended June 30, 2006 donations amounted to Ps. 1.6 million. In addition, at June 30, 2008 and 2007 the Company has recognized a liability for the unconditional promise to give cash to Fundación IRSA for Ps.1.1 million and Ps.1.8 million, respectively which is included within trade accounts payable .

During the years ended June 30, 2008, 2007 and 2006, the law firm Zang, Bergel & Viñes provided the Company legal services amounting Ps.0.7 million, Ps.0.3 million and Ps.0.2 million, respectively. Certain directors of the Company are partners of the law firm.

During October and November 2002, Inversiones Financieras del Sur S.A. (IFISA) subscribed US$ 22.6 million of the Company s Convertible Notes. IFISA is a Uruguayan holding company, which holds approximately 32.5 % of the Company s common stock at June 30, 2008, and for which a shareholder and director of the Company may be deemed beneficial owner by virtue of his voting power.

At June 30, 2007 certain directors and other shareholders were also holders of Convertible Notes, totaling US$0.04 million. For the year ended June 30, 2008, convertible notes were full converted.

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9. Issuance of Convertible Notes

In October 2002, the Company issued US$50.0 million of 8% convertible notes due 2007 (the Convertible Notes) with non-detachable warrants to acquire additional shares of common stock (the old-warrants). The issuance of Convertible Notes was approved by the shareholders on March 8, 2002 and by the CNV and the Buenos Aires Stock Exchange on October 1, 2002. The Convertible Notes are convertible, at anytime, at the option of the holder, into a fixed number of common shares at an original conversion price of US$0.5078, which can only be adjusted as a result of anti-dilution provisions. Once converted, the holder has the right to acquire an additional equal number of shares at the exercise price of US$0.6093 per share. The exercise price of the old-warrants is also adjusted as a result of anti-dilution provisions. No proceeds were allocated to the conversion feature and old-warrants. Proceeds from the issuance of the Convertible Notes were partially used to purchase IRSA Convertible Notes (See Note 4.b) (iii)).

From 2003 through November 14, 2007, an amount of 49,910,874 Convertible Notes were converted into 98,288,372 shares of common stock increasing the Company s shareholders equity of Ps.152.1 million.

During this period, an amount of 49,867,018 old-warrants were exercised and consequently, 98,202,054 shares of common stock were issued for Ps.182.9 million. The Convertible Notes matured November 14, 2007. As of date, 89,126 Convertible Notes were pending conversion and were settled in cash. An amount of 132,982 warrants expired unexercised.

10. Segment information

The Company is required to disclose segment information in accordance with RT 18. RT 18 establishes standards for reporting information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial reports issued to shareholders. Operating segments are components of a company about which separate financial information is available that is regularly evaluated by the chief operating decision maker(s) (CODM) in deciding how to allocate resources and assess performance. The statement also establishes standards for related disclosures about a company s products and services, geographical areas and major customers.

The Company is primarily engaged in agricultural operations, which are subject to risk, including market prices, weather conditions and environmental concerns. However, from time to time sell properties to profit from real estate appreciation opportunities and which, in the judgment of management, are surplus to the Company s primary operations. Gain on the sale of properties is presented in a separate line within operating income in the consolidated statement of income.

For the years ended June 30, 2008, 2007 and 2006, the Company s principal operations were located in Argentina, the country of domicile. As discussed in Note 2.g), in March 2006, the Company formed BrasilAgro to replicate the Company s business in Brazil. As of June 30, 2008, BrasilAgro has acquired its first seven properties, which represent 145,327 hectares. Gains or losses on this equity investee are included in the Non Operating Segment.

The Company conducts business in five business segments, organized primarily on a product-line basis, with each segment offering a variety of different but interrelated products:

The Crops Segment includes the planting and harvesting and sale of fine and coarse grains and oilseeds, including wheat, corn, soybeans and sunflowers.

The Beef Cattle Segment consists of the raising and fattening of beef cattle from the Company s own cattle stock and the purchase and fattening of beef cattle for sale to meat processors.

The Milk Segment consists of the production of milk for sale to dairy companies.

The Feed lot Segment includes the cattle feeding operation. See below for changes in presentation.

Others Segment consists of services and leasing of the Company s farms to third parties and brokerage activities.

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10. Segment information (continued)

Through December 31, 2006, the Feed Lot Segment included the proportionate share of the cattle feedlot operations through its joint venture in Cactus. The performance of the Feed Lot Segment was evaluated based on gross profit less selling expenses plus unrealized gains or losses on inventories. As from January 1, 2007, the Company s equity interest in Cactus decreased to 24% and was deconsolidated. Thus, gains or losses from feed lot operations are shown as gains or losses from equity investees. The CODM still evaluates the results from feed lot operations separately from the other gains or losses from equity investees included in the Non-Operating Segment. However the performance is now measured as for the other equity investees of the Company by the gain or loss from the equity investee.

The Non-Operating Segment includes gains or losses from equity investees (excluding gain or loss from Cactus) and depreciation for corporate assets.

The Company evaluates the performance of its business segments based on gross profit less selling expenses plus unrealized gains or losses on inventories. The column titled Total represents the addition of the segment gains or losses from the Crops, Beef Cattle, Milk and Others Segments plus the gain or loss from the equity investee in Cactus. Excluded from the total are the gains or losses from the other equity investees of the Company included in the Non-Operating Segment. Accounting policies of the five reportable segments are the same as those described in the summary of significant accounting policies. Intercompany transactions between segments, if any, are eliminated. See Note 20.II.d), for a discussion of significant customers.

Financial information for each segment follows:

Year ended June 30, 2008:

Income statement data	**Crops**	**Beef Cattle**	**Milk**	**Feed lot**	**Others**	**Non Operating (i)**	**Total**
Production income	Ps. 117,473,605	Ps. 23,926,925	Ps. 18,420,338	Ps.	Ps.	Ps.	Ps. 159,820,868
Cost of production	(82,150,711)	(19,316,000)	(14,283,089)				(115,749,800)
Sales.	86,870,493	32,431,928	17,492,552		25,785,987		162,580,960
Cost of sales	(75,948,518)	(30,038,217)	(17,629,859)		(17,379,224)		(140,995,818)
Unrealized (loss) / gain on inventories	(10,877,719)	6,721,830	1,813,324				(2,342,565)
Selling expenses	(11,241,239)	(1,378,986)	(163,275)		(1,713,623)		(14,497,123)
Gain on equity investees				(473,934)		38,891,141	(473,934)
Segment gain	24,125,911	12,347,480	5,649,991	(473,934)	6,693,140		48,342,588
Operating Margin (ii)	11.8%	21.9%	15.7%		26.0%		15.0%
Depreciation	(3,421,031)	(1,268,270)	(164,885)		(1,002,205)	(617,456)	(6,473,847)

Balance Sheet Data							
Assets (iii)	Ps. 299,705,535	Ps. 173,433,405	Ps. 37,320,801	Ps. 10,995,209	Ps. 5,633,894	Ps. 1,542,671,345	Ps. 2,069,760,189

(i) Not included in the segment gain.

(ii) Segment gain divided by the sum of production income and sales.

(iii) Includes Ps.925.6 million related to equity interests in IRSA, BrasilAgro, Cactus and Agro Uranga. Remaining assets comprise cash and banks, current investments, trade account receivables, other receivables and intangible assets.

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10. Segment information (continued)

Year ended June 30, 2007:

Income statement data	**Crops**	**Beef Cattle**	**Milk**	**Feed lot**	**Others**	**Non Operating (i)**	**Total**
Production income	Ps. 72,426,012	Ps. 19,462,410	Ps. 10,911,397	Ps.	Ps.	Ps.	Ps. 102,799,819
Cost of production	(51,538,292)	(15,050,438)	(8,476,391)				(75,065,121)
Sales.	53,401,376	31,966,582	9,730,929	3,102,229	12,116,372		110,317,488
Cost of sales	(47,350,203)	(30,272,710)	(9,730,929)	(2,784,315)	(6,737,019)		(96,875,176)
Unrealized (loss) / gain on inventories	(3,926,654)	4,195,377	845,483	62,083			1,176,289
Selling expenses	(7,779,324)	(1,155,190)	(78,466)		(958,911)		(9,971,891)
Gain on equity investees						40,198,825	
Segment gain	15,232,915	9,146,031	3,202,023	379,997	4,420,442		32,381,408
Operating Margin (ii)	12.1%	17.8%	15.5%	12.2%	36.5%		15.2%
Depreciation	(2,032,714)	(1,324,148)	(431,035)		(164,730)	(506,440)	(4,459,067)
Balance Sheet Data							
Assets (iii)	Ps. 207,607,195	Ps. 165,295,847	Ps. 28,954,741	Ps. 11,166,028	Ps. 1,736,875	Ps. 657,119,730	Ps. 1,071,880,416

(i) Not included in the segment gain.
(ii) Segment gain divided by the sum of production income and sales.
(iii) Includes Ps.436.6 million related to equity interests in IRSA, BrasilAgro, Cactus and Agro Uranga. Remaining assets comprise cash and banks, current investments, trade account receivables, other receivables and intangible assets.

Year ended June 30, 2006:

Income statement data	**Crops**	**Beef Cattle**	**Milk**	**Feed lot**	**Others**	**Non Operating (i)**	**Total**
Production income	Ps. 37,005,907	Ps. 20,452,655	Ps. 7,892,462	Ps.	Ps.	Ps.	Ps. 65,351,024
Cost of production	(34,635,590)	(18,780,372)	(5,845,360)				(59,261,322)
Sales.	61,659,566	33,713,479	7,892,462	2,721,377	6,353,777		112,340,661
Cost of sales	(52,948,920)	(32,993,523)	(7,892,462)	(2,318,102)	(3,257,448)		(99,410,455)
Unrealized (loss) /	1,054,094	2,979,122	(144,941)	13,530			3,901,805

gain on inventories							
Selling expenses	(8,657,797)	(1,026,535)	(51,782)	(53,852)	(361,486)		(10,151,452)
Gain on equity investees						22,140,997	
Segment gain	3,477,260	4,344,826	1,850,379	362,953	2,734,843		12,770,261
Operating Margin (ii)	3.5%	8,0%	11.7%	13.3%	43.0%		7.2%
Depreciation	(2,071,635)	(1,385,720)	(540,989)	(304,637)	(78,714)	(730,392)	(5,112,088)
Balance Sheet Data							
Assets (iii)	Ps. 133,840,099	Ps. 147,615,752	Ps. 20,382,880	Ps. 3,641,461	Ps. 3,903,962	Ps. 561,271,730	Ps. 870,655,884

(i) Not included in the segment gain.
(ii) Segment gain divided by the sum of production income and sales.
(iii) Includes Ps.391.5 million related to equity interests in IRSA, BrasilAgro and Agro Uranga. Remaining assets comprise cash and banks, current investments, trade account receivables, other receivables and intangible assets.

11. Income tax

As described in Note 3.m) the Company accounts for income tax using the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax based assets and liabilities and are measured using the enacted tax rates.

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11. Income tax (continued)

Income tax expense for the years ended June 30, 2008, 2007 and 2006 consists of the following:

	2008	2007	2006
Current income tax expense	Ps. 464,406	Ps. 537,680	Ps. 2,025,251
Deferred income tax expense	(180,333)	7,837,415	3,406,580
Income tax expense	**Ps. 284,073**	**Ps. 8,375,095**	**Ps. 5,431,831**

As mentioned in Note 2.a) the Company has elected not to recognize the deferred tax liability associated with the inflation adjustment on fixed assets and other non-monetary assets, amounting to Ps.15.4 million as of June 30, 2008.This deferred tax liability, if recorded, would reverse as follows:

Reversal period	Total
1 year	249,892
2 years	103,296
3 years	101,631
More than 3 years	1,557,742
No specific period	13,416,642
Total	**15,429,203**

Income tax expense for the years ended June 30, 2008, 2007 and 2006 differed from the amounts computed by applying the Company s statutory income tax rate to pre-tax income as a result of the following:

	2008	2007	2006
Income tax expense at statutory tax rate on pretax income	Ps. 8,224,496	Ps. 20,305,028	Ps. 13,446,311
Donations	16,212	5,428	415,208
Inflation adjustment	667,911	1,455,265	1,477,786
Gain on equity investees	(13,446,022)	(14,069,588)	(7,749,349)
Loss on the sale of shares	660,663		
Personal asset tax	1,602,717	850,085	622,933
Others	2,558,096	(171,123)	(2,781,058)
Income tax expense (*)	**Ps. 284,073**	**Ps. 8,375,095**	**Ps. 5,431,831**

(*) As of June 30, 2008, includes Ps. 9,935,499 related to the tax effect on expenses incurred for issuing the Company s warrants and shares mentioned in note 5.a) that has been disclosed as Paid-in capital in the statement of changes in shareholders equity.

The tax effects of temporary differences that give rise to the Company s deferred tax assets and liabilities at June 30, 2008 and 2007 are presented below:

	2008	2007
Foreign currency	Ps. 8,058,199	Ps. 372,955
Tax loss carryforwards	14,795,683	3,395,688
Provisions and others	1,765,471	571,710
Net deferred tax assets	**Ps. 24,619,353**	**Ps. 4,340,353**

	2008	2007
Other receivables	Ps.	Ps. (335,936)
Property and equipment	(43,796,465)	(36,037,650)
Inventories	(21,033,247)	(18,602,711)
Other	(309,753)	
Net deferred tax liability	**Ps. (65,139,465)**	**Ps. (54,976,297)**

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11. Income tax (continued)

In assessing the recoverability of deferred income tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based on the current expiration period of tax loss carryforwards (5 years), the ultimate realization of the deferred income tax assets for income tax purposes is considered more likely than not.

As of June 30, 2008 the Company and its subsidiaries had accumulated income tax loss carryforwards of approximately Ps.42.2 million, which, on an individual entity basis, may be offset against future years taxable income in accordance with income tax law. Such tax loss carryforwards expire at various dates through 2010 to 2013.

Minimum presumed income tax credits booked by the Company, which were pending use as of the year-end, amount to Ps.20.1 million and under current regulations, they may be compensated with taxable income for future years according to the following detail:

Origination year	Amount	Expiration Year
2000	6,664	2010
2001	7,189	2011
2002	9,107	2012
2003	3,164	2013
2004	11,371	2014
2005	81,247	2015
2006	2,023,365	2016
2007	5,458,481	2017
2008	12,556,204	2018

12. Earnings per share

The following tables set forth the computation of basic and diluted net income per common share under Argentine GAAP for all periods presented:

	Year ended June 30,		
	2008	2007	2006
Numerator:			
Net income available to common shareholders	Ps. 22,948,038	Ps. 49,362,269	Ps. 32,883,276
Plus (less): income (loss) impact of assumed conversions:			
Interest expense on Convertible Notes		2,718,240	8,276,255
Foreign currency exchange loss on Convertible Notes		158,117	7,412,011
Income tax effects		(938,914)	(5,121,040)
Management fee		(193,744)	(1,056,723)
Net income available to common shareholders plus assumed conversions	Ps. 22,948,038	Ps. 51,105,968	Ps. 42,393,779

Denominator:			
Weighted-average number of shares outstanding	368,466,065	247,149,373	170,681,455
Plus: incremental shares of assumed conversions:			
Warrants	16,834,050		
Old-warrants (i)		35,501,861	78,126,966
Convertible Notes (i)		38,563,158	72,405,971
Adjusted weighted-average number of shares	Ps. 385,300,115	Ps. 321,214,392	Ps. 321,214,392

(i) Convertible Notes and Old-warrants are no longer outstanding at June 30, 2008.

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12. Earnings per share (continued)

	Year ended June 30, 2008	2007	2006
Basic and diluted EPS:			
Basic net income per common share	Ps. 0.062	Ps. 0.20	Ps. 0.19
Diluted net income per common share	0.059	0.16	0.13

13. Supplementary cash flow information
The following table reconciles the balances included as cash and banks and current investments in the consolidated balance sheet to the total amounts of cash and cash equivalents at the beginning and end of the period shown in the consolidated statements of cash flows:

	As of June 30, 2008	2007	2006
Cash and banks	Ps. 47,795,227	Ps. 46,930,644	Ps. 25,997,361
Current investments	485,292,447	39,841,438	6,223,788
Effect of Cactus desconsolidation		939,275	
Total cash and banks and current investments as per balance sheet	533,087,674	87,711,357	32,221,149
Less: Items not considered cash and cash equivalents			
- Government bonds and notes	(93,116)	(121,529)	(3,123,140)
- Mortgage bonds	(622,960)	(1,027,284)	(1,334,180)
- Interest of IRSA Convertible Notes		(379,408)	(386,779)
- IRSA Non-Convertible Notes	(11,285,167)		
Cash and cash equivalents as shown in the statement of cash flows	**Ps. 521,086,431**	**Ps. 86,183,136**	**Ps. 27,377,050**

14. Exagrind S.A. San Rafael farm against Tali Sumaj and other damages and losses
Exagrind S.A. has filed a lawsuit against Inversiones Ganaderas S.A. (IGSA) on claims for damages and losses produced by a fire in San Rafael farm, 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.2.9 million 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 High Court of the Province of Catamarca.

Additionally, in March 2007 -under the request of Exagrind S.A.- the court in charge of the case seized an inhibition of assets. This measure was lifted in June 2007 and a real estate on attachment has been accepted in replacement.

15. Restricted assets

As of June 30, 2008, the amount of 1,834,860 ADR s of IRSA Inversiones y Representaciones S.A. are included in Non-Current Investments which availability is restricted as a result of the loan contracted for financing the Brazil investment as mentioned in Note 4. h) (ii) to these financial statements.

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15. Restricted assets (continued)

The San Pedro establishment was included in fixed assets as of June 30, 2008. Such establishment has a mortgage on a fraction of its land to guarantee the payment for the purchase. To date, the amount of US$ 1.5 million is owed for such acquisition.

In agreement with Note 14 to the consolidated financial statements, on June 4, 2007 a prejudgement attachment was seized on the Tali Sumaj land owned by the Company in substitution for a more burdensome measure that had been previously ordered.

16. Compensation plan for executive management

The Company has a defined contribution plan covering its managers in Argentina. The Plan was effective from January 1, 2006. Employees may begin participation voluntarily on monthly enrollment dates. Participants may make pre-tax contributions to the Plan of up to 2.5% of their monthly salary (Base Contributions) and pre-tax contributions of up to 15% of their annual bonuses (Extraordinary Contributions). Under the Plan, the Company matches employee contributions to the plan at a rate of 200% for Base Contributions and 300% for Extraordinary Contributions. Contribution expense was Ps.0.15 million and Ps.0.12 million for the years ended June 30, 2008 and June 30, 2007, respectively. Participant contributions are held in trust as required by law. Individual participants may direct the trustee to invest their accounts in authorized investment alternatives. Company contributions are also held in trust. Participants or their assignees, as the case may be, may have access to the 100% of the Company contributions under the following circumstances:

(i) ordinary retirement in accordance with applicable labor regulations;

(ii) total or permanent incapacity or disability;

(iii) death.

In case of resignation or termination without good cause, the manager will get the amounts arising out of the Company s contribution only if he or she has participated in the Plan for at least 5 years.

17. Granted Guarantees

In the ordinary course of business, FyO guarantees certain brokerage transactions. Under the agreement, FyO guarantees the performance of the producer in case it does not comply with the physical delivery. The Company has recourse against the non-performing party. As of June 30, 2008, the value of transacted merchandise for which guarantees were granted amounted to Ps. 14.1 million. As of the date of these financial statements, there were no non-performing parties under the agreements for which the Company had to respond as guarantor. As of the date of these financial statements, the value of transacted merchandise for which guarantees were granted amounted to Ps. 3.6 million.

18. Securities loan

On May 28, 2008, IGSA sold to Agrology S.A. its equity interest in IRSA representative of 1,218,260 shares of common stock and 2,065,653 Global Depositary Receipts (GDRs) for Ps.96.0 million. Due to such sale, IGSA assigned Agrology S.A. the securities loan agreement with Inversiones Financieras del Sur S.A. executed on March 12, 2008, by which it was granted 790,631 Global Depositary Shares (GDRs) represented by Global Depositary Receipts representative of 10 book-entry shares of common stock, with a face value of PS.1 per share, of IRSA, which are free of any encumbrance and are freely available for Agrology

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18. Securities loan (continued)

This loan does not imply transferring any political or economic rights related to the GDR s, which will be held by Agrology. As regards exercising the political rights (vote), the Parties agreed that the company will grant a power of attorney to Inversiones Financieras del Sur S.A. with the respective voting instructions. As regards dividends, Inversiones Financieras del Sur S.A. commits itself to transferring forthwith to Agrolgy the funds related to this item.

This loan will accrue interest at a monthly rate equivalent to 3-month LIBOR, plus 150 basis points. It will be effective for 30 days and may be renewed for periods, up to a maximum of 360 days.

19. Subsequent events

a) Treasury stock

On August 26, 2008, the Company s board of directors decided to acquire proprietary shares under section 68, Law No. 17,811 and CNV regulations for a maximum amount of Ps.30.0 million or 10,000,000 shares of common stock.

As of December 17, 2008, the Company acquired a total of 21,026,719 shares of common stock for the total amount of US$14.1 million.

b) Agropecuaria Cervera Memorandum of understanding to renegotiate the concession agreement

On July 2, 2008, ACER entered into a Memorandum of Understanding (MOU) of the concession agreement for the northern and southern areas of the real estate property of Salta Forestal S.A. pursuant to which certain concession terms were renegotiated. The MOU changed the payment terms of the concession fee from a fixed amount to a variable amount starting in 2009.

The original concession area comprised 162,000 hectares of which 30,000 hectares were originally considered as unusable for agricultural purposes under the concession. On August 29, 2008, the Memorandum of Understanding was approved by Decree No. 3,766 of the Executive Power of the Province of Salta.

c) Purchase and sale of farms

On July 24, 2008, the Company completed the sale of the 1,829 hectares of the El Recreo farm, located in the Province of Catamarca. The transaction was closed at US$0.36 million, which were paid as follows: US$0.12 million at the time of the sales deed and the balance of US$0.24 million to be paid in two annual and consecutive installments plus interest equivalent to the Libor rate plus 3%.

On July 28, 2008, the Company acquired Las Londras farm, a 4,566 hectare property located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$11.4 million, of which US$1.1 million was paid. The remainder will be paid off as follows: US$3.8 million on the day the agreement is notarized; US$ 4.0 million on the first anniversary of the agreement; and US$2.5 million on the second anniversary of the agreement. The financing does not accrue stated interest.

On July 28, 2008, the Company acquired San Cayetano and San Rafael farms, a 883 hectare and a 2,969 hectare properties located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$8.9 million out of which US$0.9 million was paid. The remainder will be paid off as follows: US$2.9 million on the day the agreement is notarized; US$3.1 million fixed on the first anniversary of the agreement; and US$1.9 million on the second anniversary of the agreement. The financing does not accrue stated interest.

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19. Subsequent events (continued)

c) Purchase and sale of farms (continued)

On July 28, 2008, the Company acquired La Fon Fon farm, a 3,748 hectare property located in the Province of Obispo Santiesteban, Bolivia for an aggregate purchase price of US$ 8.6 million out of which US$ 1.4 million was paid. The remainder will be paid off as follows: US$2.3 million on the day the agreement is notarized; US$3.0 million on the first anniversary of the agreement; and US$1.9 million on the second anniversary of the agreement. The financing does not accrue stated interest.

On September 5, 2008, the Company signed the deed for the purchase of 10,910 hectares of the Estancia Carmen farm, located in the Province of Santa Cruz, adjacent to the Company 8 de Julio farm. The transaction was agreed for a price of US$0.7 million, which have been fully paid.

On October 7, 2008, the Company executed a preliminary sales agreement without transfer of possession in connection with 1,658 hectares of the Los Pozos establishment located in the Province of Salta. The agreed sales price was US$0.5 million, US$0.3 million of which have been already paid. The balance is payable upon execution of the title deed, scheduled for April 1, 2009.

d) Formation of Joint Venture in Paraguay

On September 3, 2008, the Company entered into a Joint Venture Agreement (the Agreement) with an unrelated party, Carlos Casado S.A. (Casado), an Argentine-based corporation owner of large land extensions in Paraguay. The Agreement called for a formation of a 50-50 corporate joint venture. In a series of transactions part of the Agreement, the Company acquired from Casado an aggregate 20,965 hectares in Paraguay for total consideration of US$ 5.3 million, and subsequently contributed the land to the joint venture. Casado also contributed land to the joint venture and granted a call option for the purchase of up to 100,000 hectares of rural land. The joint venture was formed for the purpose of conducting agricultural, livestock, forestry and other activities in Paraguay. Furthermore, the Company and the joint venture entered into a 10-year (automatically renewable for additional like terms) Advisory Agreement pursuant to which the Company performs agricultural advisory services to the venture.

e) Acquisition of IRSA shares and consolidation of financial statements

From July 1, 2008 to December 17, 2008 we acquired 68,712,005 additional shares of IRSA on the open market for US$ 47,4 million. Thus, the Company s direct and indirect interest in IRSA through its affiliates amounts to 54.01%. Therefore, the Company consolidates IRSA as from that date.

f) Settlement of payable to Credit Suisse International

On October 24, 2008, the Company executed an agreement by which it settled the transaction previously agreed upon with Credit Suisse International on May 2, 2006, by means of the full payment of the unpaid balance under the transaction framework for a principal of US$8.0 million. At the same time, the Company received from Credit Suisse International the amount of 1,834,860 GDR s from IRSA, which constituted the security for the previously mentioned transaction. Thus, the obligations from both parties were reciprocally settled, as well as the rights and obligations resulting from such commercial relationship.

g) Meeting of Shareholders

The General and Extraordinary Shareholders Meeting held on October 31, 2008 approved the following:

Letters to the Shareholders and financial statements ended June 30, 2008.

Appropriating 5% on income for the year ended June 20, 3008 to the legal reserve.

Distributing cash dividends for Ps. 20,000,000 made available to shareholders as from November 10, 2008.

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19. Subsequent events (continued)

g) Meeting of Shareholders (continued)

That income for the year be brought forward to the new year, empowering the Board to use the balance and the freely available reserves mentioned above, according to the company s needs, under current applicable regulations and subject to approval by the shareholders meeting with the broadest powers to, among other uses, distribute dividends or decide on the acquisition of proprietary shares as provided by CNV (Comisión Nacional de Valores) Resolution No. 535, sec. 220, Argentine Business Associations Law, sec. 68, Law No. 17,811 and other relevant provisions in the CNV Standards effective at each time. Due to the financial crisis in the domestic and international markets clearly affecting the listed price of the Company shares, which do not respond to the Company s situation, it is imperative to protect the interests of shareholders preserving the listed prices.

That the shareholders personal assets tax paid over by the Company as substitute taxpayer for Ps. 4,008,607 be fully absorbed by the Company as long as such decision is not amended by the shareholders meeting s decision.

Renewing the delegation of powers to the Board to set the time and issuance currency, price, payment terms and conditions, interest rate and type, use of funds and other terms and conditions as approved by the shareholders meeting of October 31, 2006, for the issuance of corporate bonds within the global program under sec. 9, Law No. 23,576.

h) Financial and capital market situation

During the recent months, the world s principal financial markets have suffered the impact of volatility conditions as well as lack of liquidity, credit and uncertainty. Consequently, stock market rates showed a significant decline worldwide together with an evident economic slowdown. Although the majority of the countries took immediate action on the matter, the future prospects of the international markets is uncertain, as well as its direct effects on the market value of major financial assets, particularly equity and debt instruments.

As far as the impact in Argentina is concerned, stock markets also showed a pronounced downward trend in the price of equity and debt instruments, as well as increases in interest rates, country risk and foreign exchange rates and decreases in commodity prices. As of the date of these financial statements, these effects persist. Management is closely evaluating and monitoring the effects of the current liquidity crisis and will take all corrective actions as necessary.

In addition, the Company and its subsidiaries have experienced declines in their respective stock prices during the three months ended September 30, 2008 as compared to the prior quarter. Management believes that this decline is reflective of the current macro-economic state of the economy and is not related to the operating performance of the Company. Even though commodity prices have declined significantly, the Company s operating performance has not been significantly affected by the current credit crisis as of the date of these financial statements. Also, the Company s market value of their farmland properties has not been significantly affected as of the date of these financial statements. The Company notes that the stock prices have declined due to reasons unrelated to the Company s business fundamentals. As of the date of these financial statements, management believes that these declines are temporary.

Furthermore, the Company had a 42.13% equity interest in IRSA as of June 30, 2008 and carried this investment under the equity method of accounting. In December 17, 2008, the Company increased its equity interest in IRSA to 54.01% therefore the Company consolidates IRSA as from that date. IRSA, in turn, has an equity investment in BHSA, thus, the Company s indirect investment in BHSA is 4.95% as of June 30, 2008 and 6.35% as of the date of these financial statements. BHSA recorded losses of Ps. 91.0 million for the year ended June 30, 2008. Moreover, for the three months ended September 30, 2008, BHSA recorded losses of Ps. 239.6

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19. Subsequent events (continued)

h) Financial and capital market situation (continued)

million and continued experiencing losses for the months of October and November of 2008. Such losses are primarily due to the decline in the market value of the Argentine government bonds BHSA received as compensation and held in its portfolio. In spite of these losses, BHSA remains well-capitalized in regards to regulatory guidelines as of June 30, 2008 and thereafter.

BHSA also experienced a significant decline in its stock price during the year ended June 30, 2008 and the three months ended September 30, 2008. Management believes that this decline is not reflective of the current operating performance of BHSA.

The Company considered several factors including, but not limited to, the following (1) the reasons for the decline in value (whether it is credit event, interest or market related); (2) the Company s ability and intent to hold the equity investment for a sufficient period of time to allow for recovery of value; (3) whether the decline is substantial for the Company; (4) the historical and anticipated duration of the events causing the decline in value and (5) the major fundamentals underlying the Company s business. The evaluation for other-than-temporary impairments is a quantitative and qualitative process, which is subject to various risks and uncertainties. As of the date of these financial statements, management believes that these declines are temporary and will continue to monitor market conditions and determine if any impairment to the carrying value of the investment is necessary.

In addition, one of the business segments of IRSA has been affected by the current credit crisis. The Consumer Financing segment includes the origination of consumer loans and credit card receivables and securitization activities.

Consumer loan and credit card receivables arise primarily under open-end revolving credit accounts used to finance purchases of goods and services offered by shopping centers, hypermarkets and street stores, and financing and lending activities through IRSA s indirect subsidiary Tarshop. IRSA s investment in Tarshop is held through IRSA s investment in Alto Palermo. These accounts have various billing and payment structures, including varying minimum payment levels and finance charge rates. Tarshop provides an allowance for uncollectible accounts based on impaired accounts, historical charge-off patterns and management judgment.

Due to the current credit crisis and other conditions, some customers experienced delays in payments and also uncollectibility rates increased during the year ended June 30, 2008. Moreover, delinquency and uncollectibility rates further increased as of September 30, 2008 and thereafter. Tarshop evaluated all available evidence and increased the level of the allowance for doubtful accounts which amounts to Ps.66.5 million as of June 30, 2008. The allowance for doubtful accounts was increased to Ps.83.7 million as of September 30, 2008. Tarshop is closely monitoring the delays, delinquency and uncollectibility rates.

Tarshop s generated a net loss of Ps.18.6 million for the year ended June 30, 2008. For the three months ended September 30, 2008, Tarshop generated an additional net loss of Ps.57.1 million. Subsequent to year-end, the Company contributed Ps.60 million and increased its interest from 80% to 93.4% as of November 30, 2008. The Company has committed to support Tarshop financially under a credit line up to a maximum amount of Ps.120 million, including Ps.86 million which were already contributed. Alto Palermo has taken several actions to enhance Tarshop s capital base from streamlining operations to closing redundant stores to revising and making credit criteria more stringent. The securitization market is still open and Tarshop completed securitization programs during the recent months with no disruptions. As of June 30, 2008, Tarshop s credit risk exposure is contractually limited to the subordinated retained interests representing Ps.156.8 million and Ps.19.4 million escrow reserves for losses. As of September 30, 2008, Tashop s credit risk exposure is contractually limited to the subordinated retained interest representing Ps. 161.2 million and Ps. 17.9 million escrow reserves for losses. Due to the factors mentioned above, as of June 30, 2008, Tarshop has recorded an other-than-temporary impairment charge of Ps.12 million to the retained interests to reflect current fair value. For the three months ended September 30, 2008, no additional impairment related to the retained interests in securitized receivables was recorded.

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19. Subsequent events (continued)

h) Financial and capital market situation (continued)

As further discussed in Note 4.b)ii), the Company has a 14.39% equity investment in Brasilagro as of June 30, 2008 and carried this investment under the equity method of accounting. Brasilagro also experienced a significant decline in its stock price during the year ended June 30, 2008 and the three months ended September 30, 2008. Management believes that this decline is not reflective of the current operating performance of Brasilagro. In addition, the current market value of Brasilagro farmlands properties has not been significantly affected. As indicated above, the evaluation for other-than-temporary impairments is a quantitative and qualitative process, which is subject to various risks and uncertainties. The Company considered similar factors, as discussed above, including, but not limited to, the following (1) the reasons for the decline in value (whether it is credit event, interest or market related); (2) the Company s ability and intent to hold the equity investment for a sufficient period of time to allow for recovery of value; (3) whether the decline is substantial for the Company; (4) the historical and anticipated duration of the events causing the decline in value, and (5) the major fundamentals underlying the Company s business. As of the date of these financial statements, management believes that these declines are temporary and will continue to monitor market conditions and determine if any impairment to the carrying value of the investment is necessary.

i) Securities Loan

On August 6, 2008, Agrology executed a securities loan agreement with Inversiones Financieras del Sur S.A. by which 1,275,022 Global Depository Shares were granted, represented by GDRs representative of 10 shares of common book-entry shares with a face value of Ps.1 per share of IRSA. This agreement was executed under the same conditions as the agreement dated March 12 described in Note 18.

j) Purchase of IRSA and APSA Notes

As of November 25, 2008, the Company had acquired nominal value 25,210,000 of IRSA s 8.500% Series No. 1 Notes due 2017, for an average weighted price of US$0.48 per Note, totaling US$12.2 million.

As of the same date, the Company also acquired nominal value 5,000,000 of Alto Palermo S.A. (APSA) s 7.875% Series No.1 Notes due 2017, for an average weighted price of US$0.42 per Note, totaling US$2.1 million.

20. Differences between Argentine GAAP and US GAAP

The consolidated financial statements of the Company have been prepared in accordance with Argentine GAAP and the regulations of the CNV, which differ in certain significant respects from US GAAP. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as well as additional disclosures required by US GAAP and Regulation S-X of the SEC.

As discussed in Notes 2.d) and 3.m), in order to comply with regulations of the CNV, the Company:

i) discontinued inflation accounting as from February 28, 2003, however, such departure did not have a material effect on the Company s consolidated financial statements.

ii) recognized deferred income tax assets and liabilities on an undiscounted basis. This accounting practice represented a departure from Argentine GAAP but did not have a material effect on the consolidated financial statements for the year ended June 30, 2006. However, as further discussed in note 2.a), the CPCECABA issued revised accounting standards. One of these standards required companies to account for deferred income taxes on an undiscounted basis, thus aligning the accounting to that of the CNV. Since the CNV adopted the CPCECABA standards effective for the Company for the year ended June 30, 2007, there was no longer a difference on this subject between Argentine GAAP and the CNV regulations.

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods

The following reconciliation to US GAAP does not include the reversal of the adjustments to the consolidated financial statements for the effects of inflation through February 28, 2003, because the application of this standard represents a comprehensive measure of the effects of price level changes in the Argentine economy.

The principal differences, other than inflation accounting, between Argentine GAAP and US GAAP are described below, together with an explanation, where appropriate, of the method used in the determination of the necessary adjustments.

	Year ended June 30,		
Reconciliation of net income:	**2008**	**2007**	**2006**
Net income under Argentine GAAP	**Ps. 22,948,038**	**Ps. 49,362,269**	**Ps. 32,883,276**
US GAAP adjustments:			
Effect of US GAAP adjustments on equity investees (Note 20.I.a))	4,155,767	246,437	(508,866)
Valuation of inventories (Note 20.I.b))	(5,669,360)	315,291	(91,202)
Deferred income tax (Note 20.I.c))	3,274,113	7,042,021	5,100,278
Elimination of gain on acquisition of minority interest (Note 20.I.d))	32,369	32,369	32,369
Available-for-sale securities (Note 20.I.e))	20,522,742	(192,693)	227,349
Accounting for convertible notes (Note 20.I.f))	(253,410)	(7,584,803)	(10,753,817)
Effect of US GAAP adjustments on management fee (Note 20.I.g))	725,938	114,421	599,389
Reversal of gain recognized for assets held for sale (Note 20.I.h))	(885,009)		
Accounting for warrants (Note 20.I.i))	(28,436,594)		
Net income under US GAAP	**Ps. 16,414,594**	**Ps. 49,335,312**	**Ps. 27,488,776**
Earnings per share under US GAAP (Note 20.II.f)):			
Basic net income per common share	Ps. 0.04	Ps. 0.20	Ps. 0.16
Diluted net income per common share	Ps. 0.04	Ps. 0.18	Ps. 0.15

	As of June 30,	
Reconciliation of shareholders equity:	**2008**	**2007**
Total shareholders equity under Argentine GAAP	**Ps. 1,762,338,131**	**Ps. 824,954,215**
US GAAP adjustments:		
Effect of US GAAP adjustments on equity investees (Note 20.I.a))	(57,864,475)	(45,798,635)
Valuation of inventories (Note 20.I.b))	(41,717,623)	(36,048,263)
Deferred income tax (Note 20.I.c))	1,182,415	(9,274,658)
Elimination of gain on acquisition of minority interest (Note 20.I.d))	(1,073,423)	(1,105,792)
Effect of changes in the classification of securities (Note 20.I.e))		169,983,032
Accounting for convertible notes (Note 20.I.f))		253,410
Reversal of gain recognized for assets held for sale (Note 20.I.h))	(885,009)	

Accounting for warrants (Note 20.I.i))	(169,165,936)	
Effect of US GAAP adjustments on management fee (Note 20.I.g))	22,835,057	22,109,119
Shareholders equity under US GAAP	**Ps. 1,515,649,137**	**Ps. 925,072,428**

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)

Description of changes in shareholders equity under US GAAP:	Year ended June 30, 2008	2007
Shareholders equity at the beginning of the year	**Ps. 925,072,428**	**Ps. 614,066,773**
Cumulative effect of initial application of SAB 108 on IRSA investment (Note 20.I.a))		(1,002,835)
Issuance of common stock par value	180,000,000	
Distribution of cash dividends	(8,250,000)	(5,500,000)
Exercise of Old-warrants par value	5,855,178	44,619,656
Exercise of warrants par value	757,093	
Conversion of notes into common shares par value	5,343,374	44,352,015
Additional paid-in-capital-common shares	722,684,825	64,747,083
Additional paid-in-capital-warrants	1,532,015	116,710
Changes of interests in equity investees and subsidiaries resulting from capital nature transactions	(2,930,097)	(4,249,740)
Accounting for warrants	(142,182,968)	
Foreign currency translation	16,465,407	8,248,649
Reclassification of IRSA s Convertible Notes from Held-to-Maturity to Available-for-Sales	(169,983,032)	99,268,370
Change in other comprehensive income of equity investees	(21,789,898)	10,945,185
Change in unrealized holding gain on available-for-sale securities	(13,339,782)	125,250
Net income under US GAAP	16,414,594	49,335,312
Shareholders equity as of the end of the year	**Ps. 1,515,649,137**	**Ps. 925,072,428**

Description of reconciling items:

a) Effect of US GAAP adjustments on equity investees

This reconciling item represents the aggregate effect of US GAAP adjustments related to the Company s equity investees. The Company s equity investees are IRSA, Agro Uranga, Brasilagro and Cactus as of June 30, 2008. The US GAAP adjustments related to the equity investees other than IRSA included herein were not significant for any of the periods presented and were mainly related to the valuation of inventories.

In addition to the adjustments related to the other equity investees, this reconciling item includes the adjustment related to the equity investment in IRSA, representing the net effect of (i) the different accounting treatment between Argentine GAAP and US GAAP given to the change in the method of accounting for the investment in IRSA from fair market value to the equity method of accounting; (ii) the differences in accounting treatment between Argentine GAAP and US GAAP to acquisitions of IRSA s shares by the Company; (iii) the impact of US GAAP adjustments to the shareholders equity and net income of IRSA before application of the equity method for the investment, and (iv) differences in paid-in capital resulting from differences basis in the carrying amount of the investment.

These adjustments are further described below:

(i) On March 31, 2002, under Argentine GAAP, the Company changed the method of accounting for the investment in IRSA from fair market value to the equity method of accounting. This change resulted in the recognition of a negative goodwill under Argentine GAAP. Negative goodwill is being amortized under the straight-line method over a period of 20 years.

Under US GAAP, the financial statements of prior periods were retroactively adjusted as required by APB Opinion N° 18, The Equity Method of Accounting for Investments in Common Stock (APB 18), to reflect the investment under the equity method of accounting in a manner consistent with the accounting for a

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)
Description of reconciling items: (continued)

a) Effect of US GAAP adjustments on equity investees (continued)

step acquisition of a subsidiary. As a result, the Company recorded each acquisition of shares under the purchase method of accounting and allocated the amount paid to the net assets acquired and liabilities assumed at the acquisition date based on fair value. As the fair value of the net assets acquired and liabilities assumed exceeded the cost of the acquisition, the Company reduced the amounts that otherwise would have been assigned to the acquired long-lived assets on a pro-rata basis by Ps.196.7 million.

The effect of this adjustment is primarily reflected in lower depreciation expense due to a lower fixed asset basis of IRSA and the reversal of the amortization of negative goodwill recognized under Argentine GAAP.

(ii) In addition, this reconciling item also includes the different accounting treatment of certain acquisitions of IRSA shares by the Company which occurred between the fiscal years 2005 and 2008. Certain acquisitions generated negative goodwill under Argentine GAAP. When negative goodwill existed, the Company reassessed the identification and valuing process of net assets acquired performed. If after reassessment, negative goodwill persisted, all intangible assets identified were subject to reduction. If after all intangible assets were reduced to zero an amount of negative goodwill remained, it was amortized under the straight-line basis over the weighted average useful life of the assets acquired. Under US GAAP, all long-lived assets (including intangible assets) were subject to pro rata reduction. As such, since the basis for long-lived assets differed between Argentine GAAP and US GAAP, depreciation and amortization differences existed.

(iii) Under both Argentine and US GAAP the Company s investment in IRSA is accounted for under the equity method of accounting. However, certain significant differences exist between Argentine GAAP and US GAAP amounts of shareholder s equity and net income reported by IRSA in its consolidated financial statements. As a result, the carrying value of the Company s investment in IRSA under US GAAP differs from the carrying value reported under Argentine GAAP. The principal differences between Argentine GAAP and US GAAP as they relate to IRSA are related to, among others, (a) the impact of US GAAP adjustments on IRSA s equity investees, (principally IRSA s investment in Banco Hipotecario S.A.) (b) the reversal of previously recognized impairment losses, (c) the reversal of gains from valuation of inventories at fair market value, (d) the accounting for real estate barter transactions, (e) the reversal of a gain recognized on troubled debt restructuring (f) the accounting for convertible notes, (g) securitization accounting, (h) deferred income taxes, (i) minority interest and (j) revenue recognition issues related to scheduled rent increases and brokerage commissions and (k) as of June 30, 2007 the impact of initial application of SAB 108.

(iv) In addition, during fiscal years 2008 and 2007, as a result of the dilutive effect of warrants and conversion rights exercised by other shareholders, under Argentine GAAP the Company recorded the loss effect of the change in interest in IRSA amounting to Ps.8.5 million and Ps.6.9 million, respectively, as paid-in capital within shareholders equity. This accounting treatment is consistent with SAB Topic 5H and as such, no difference exists between Argentine GAAP and US GAAP in accounting for this transaction. However, during fiscal years 2008 and 2007, under US GAAP the change in interest in IRSA resulted in a loss effect of Ps.2.0 million and Ps.3.5 million, respectively, as a result of the differences between Argentine GAAP and US GAAP in the carrying value of the investment as discussed above.

b) Valuation of inventories

Under Argentine GAAP, livestock held for sale is recorded at selling prices less costs to sell. Livestock for dairy, breeding and/or developing is recorded at replacement cost as determined by agricultural appraisers.

Under US GAAP, dairy, breeding and developing livestock is recorded at the lower of cost or market, with costs removed from inventory on a first-in/ first-out basis. All direct and indirect costs of developing livestock, such as the purchase price, labor costs, feed, vaccines and veterinary fees are accumulated until the livestock reaches maturity or is sold. Dairy and breeding herd is depreciated using the straight-line method over the estimated useful life of five years.

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)
Description of reconciling items: (continued)

c) Deferred income tax

Under both Argentine GAAP and US GAAP, the Company records deferred income taxes using the liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recorded or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized for that component of net deferred tax assets which is not recoverable. This standard is similar to the principles of US GAAP set forth in Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes .

However, under Argentine GAAP, the Company has treated the differences between the price-level restated amounts of assets and liabilities and their historical basis as permanent differences for deferred income tax calculation purposes in accordance with Resolution MD No.11/2003 issued by the CPCECABA. Under US GAAP, the Company applies EITF 93-9, Application of FASB Statement No.109 in Foreign Financial Statements Restated for General Price-Level Changes , which requires such differences to be treated as temporary differences in calculating deferred income taxes.

In addition, this US GAAP adjustment includes the effect on deferred income taxes of other reconciling items, as appropriate.

d) Elimination of gain on acquisition of minority interest

Under Argentine GAAP, the Company recorded, during fiscal year 1999, a gain on the acquisition of the minority interest of Agro Riego (subsequently merged with and into the Company). Under US GAAP, such excess was recorded as a reduction in the values of the underlying non-current assets of Agro Riego and is being amortized over the estimated useful lives of such assets which is approximately 42 years.

e) Available-for-sale securities

Under Argentine GAAP, investments in IRSA Non-Convertible Notes, mutual funds, mortgage bonds and government bonds are carried at market value, with unrealized gains and losses recorded in income. Under US GAAP, pursuant to Statement of Financial Accounting Standards No. 115 Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115), these investments are classified as available-for-sale securities and, accordingly, unrealized gains and losses are excluded from income and reported as a separate component of shareholders equity. As of June 30, 2007, the IRSA s Convertible Notes were reclassified from held-to-maturity to available-for-sale. SFAS No. 115 also states that for individual available-for-sale securities, an enterprise shall determine whether a decline in fair value below the amortized cost basis is other than temporary. In such event, accumulated unrealized losses included in other comprehensive income shall be reclassified into the statement of income.

The Company s investments are considered available-for-sale as these securities could potentially be sold in response to needs for liquidity, changes in the availability of and the yield on alternative instruments or changes in funding sources or terms. Management determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each balance sheet date.

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)
Description of reconciling items: (continued)

f) Accounting for convertible notes

As discussed in Note 9, in October 2002, the Company issued US$50.0 million of Convertible Notes with non-detachable warrants to acquire additional shares of common stock. In accordance with the agreement, the Convertible Notes are convertible at any time, at the option of the holder, into a fixed number of common shares. Once converted, the holder has the right to acquire an additional equal number of shares at the exercise price of the warrant. Under Argentine GAAP, no proceeds were allocated to the conversion feature and non-detachable warrants associated with the Convertible Notes. Under US GAAP, the Company applied EITF No. 00-27, Application of Issue No. 98-5 to Certain Convertible Instruments (EITF No. 00-27), which addresses how a beneficial conversion amount should be measured when an entity issues a convertible instrument that, if converted, will result in the holder receiving common stock and other equity instruments of the issuer, such as warrants to acquire common stock of the issuer. In EITF No. 00-27, the Task Force reached a tentative conclusion that the intrinsic value of the conversion option should be computed based on a comparison of (a) the proceeds of the convertible instrument allocated to the common stock portion of the conversion option and (b) the fair value at the commitment date of the common stock to be received by the holder upon conversion. The excess of (b) over (a) is the intrinsic value of the embedded conversion option that should be recognized by the issuer at the issuance date for the convertible instrument. In EITF No. 00-27 the Task Force also reached a consensus that the Issue 98-5 model should be modified for convertible instruments that have a stated redemption date to require a discount resulting from recording a beneficial conversion option to be accreted from the date of issuance to the stated redemption date of the convertible instrument, regardless of when the earliest conversion date occurs. EITF 00-27 also states that the entire unamortized discount, if any, remaining at the date of conversion should be immediately recognized as interest expense. As a result of applying EITF 00-27, under US GAAP the Company allocated Ps.49.4 million of the proceeds received, representing the intrinsic value of the embedded beneficial conversion feature at the commitment date, to additional paid-in capital (Ps.32.3 million net of income tax). The resulting debt discount was recognized as expense over the term of the Convertible Notes. Upon conversion, warrants was recognized as additional paid-in capital and any unamortized discount is immediately recognized as interest expense. Net discount amortization recognized during the years ended June 30, 2006, 2007 and 2008 totaled Ps.11.6 million, Ps.7.6 million and Ps.0.3 million, respectively. These amounts include Ps.12.4 million, Ps.19.5 million and Ps.2.3 million of accelerated amortization recognized as a result of warrant conversions made during those years, respectively. As the Company s Convertible Notes are denominated in U.S. Dollars, the US GAAP adjustment also includes the elimination of exchange rate differences between the Argentine peso and the U.S. Dollar related to the debt discount. Foreign exchange losses reversed under US GAAP totaled Ps.(0.9) million, Ps.(0.07) million and Ps.(0.15) million during the years ended June 30, 2006, 2007 and 2008, respectively. The Convertible Notes matured November 14, 2007. As of November 14, 2007, 89,126 Convertible Notes were pending conversion and were settled in cash and 132,982 warrant expired unexercised.

From 2003 through November 14, 2007, an amount of 49,910,874 Convertible Notes were converted into 98,288,372 shares of common stock increasing the Company s shareholders equity of Ps.152.1 million. During this period, an amount of 49,867,018 old-warrants were exercised and consequently, 98,202,054 shares of common stock were issued for Ps.182.9 million. As a result of the conversions and exercises of warrants, under US GAAP the Company has reclassified a net amount of Ps.0.5 million from additional paid-in capital to additional paid-in capital of warrants.

g) Effect of US GAAP adjustments on management fee

As discussed in Note 8, the Company entered into a Management Agreement with CAM, pursuant to which CAM provides agricultural advisory services and certain other administration services to the Company.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)
Description of reconciling items: (continued)

g) Effect of US GAAP adjustments on management fee (continued)

The Company pays CAM an annual fee equivalent to 10% of the after-tax net income of the Company for these services. The reconciliation to US GAAP includes the effects of the US GAAP adjustments on management fee.

h) Reversal of gain recognized for asset held for sale

Under Argentine GAAP, long-lived assets classified as held for sale are recognized at fair value less costs to sell when (a) there is a market for the transaction and the net realizable value can be determined by reference to market-based transactions for similar assets and (b) the sales price is reasonably assured by contract.

Under US GAAP as per SFAS No. 144 Accounting for the Impairment or Disposal of Long-lived Assets (FAS 144), a long-lived asset could be classified as held for sale in the period in which all of the following criteria are met: (a) management, having the authority to approve the action, commits to a plan to sell the asset; (b) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (c) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (d) the sale of the asset is probable and transfer of the asset is expected to qualify for recognition as a completed sale, within one year; (e) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; (f) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long-lived assets classified as held for sale are measured at the lower of its carrying amount or fair value less costs to sell.

As discussed in Note 19.c., the Company completed the sale of 1,829 hectares of El Recreo farm in July 2008. This farm was classified as held for sale under Argentine GAAP and recognized at fair value less costs to sell. Therefore, a gain of Ps.0.9 million was recorded as of June 30, 2008. Under US GAAP, the farm was also classified as an asset held for sale since the conditions for recognition were met. However, as required by FAS 144, the asset was valued at its carrying amount.

i) Accounting for Warrants

As discussed in Note 5.a), the Company issued 180 million warrants as part of the issuance of common stock. Under Argentine GAAP, proceeds from the issuance were allocated to the shares and warrants issued based on the relative fair market value estimated upon subscription. The fair value of the warrants was calculated using the Black-Scholes method as of the date of issuance. Under Argentine GAAP, the warrants were considered an equity instrument and the portion of the proceeds allocated to the warrants was recorded as additional paid-in capital. The warrant agreement requires that the Company file, and use best efforts to cause to be declared and keep effective, a registration statement covering the issuance of the shares underlying the warrants. However, the warrant agreement fails to specify the remedies, if any, that would be available to warrant holders in the event there is no effective registration statement covering the issuance of shares underlying the warrants. Under US GAAP, the accounting of the warrants as a derivative liability is required under EITF No. 00-19 Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company s Own Stock due to the absence in the warrant agreement of provisions addressing the exercise of the warrants in the absence of an effective registration statement. Under EITF No. 00-19, the registration of the common stock underlying the warrants is not within the Company s control. In addition, under EITF No. 00-19, in the absence of explicit provisions to the contrary in the warrant agreement, the Company must assume that it could be required to settle the warrants on a net-cash basis, thereby necessitating the treatment of the potential settlement obligation as a liability. Under the provisions of EITF No. 00-19, a contract designated as a liability must be carried at full fair value on a company s balance sheet, with any changes in fair value recorded in the

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20. Differences between Argentine GAAP and US GAAP (continued)

I. Differences in measurement methods (continued)
Description of reconciling items: (continued)

i) Accounting for Warrants (continued)

company s results of operations. Under US GAAP, the proceeds were allocated first to the warrants on a full fair value basis with the residual allocated to common stock. The fair value of the warrants was Ps.115.2 million as of the date of issuance. The US GAAP adjustment to equity represents the reclassification of additional paid-in capital to liability for such amount. The US GAAP adjustment to income represents the change in the fair value of the warrants as of June 30, 2008. Also, an amount of Ps. 1.4 million of warrants were exercised as of June 30, 2008. As such, this amount was reclassified from liabilities to equity.

j) Accounting for uncertainty in income taxes
On July 1, 2007, the Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 addresses the accounting and disclosure of uncertain tax positions. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The difference between the tax benefit recognized in the financial statements for a position in accordance with FIN 48 and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit.

As of the adoption of FIN 48 at July 1, 2007, the Company did not have any liability for unrecognized tax benefits. Furthermore, the adoption of FIN 48 did not result in any net liability for unrecognized tax benefits.

The Company s principal taxable jurisdiction is Argentina. At any point in time, the Company may have tax audits underway at various stages of completion. The Company evaluates the tax positions and establishes liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite the Company s belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law, and closing of statute of limitations. Such adjustments are reflected in the tax provision as appropriate.

The Company has tax years open ranging from 2003 and forward. The Company is generally not able to reliably estimate the ultimate settlement amounts until the close of an audit.

II. Additional disclosure requirements

a) Statement of income classification differences

Should a US GAAP income statement be presented, certain items shown in some line items of the income statement under Argentine GAAP would have to be reclassified to affect other line items. The following reclassifications are intended to present Argentine GAAP numbers using a different criterion of classification under US GAAP. The numbers included below are not US GAAP numbers.

(i) Proportionate consolidation of Cactus

As discussed in Note 2.c), the Company accounted for its investment in Cactus under the proportionate consolidation method under Argentine GAAP. Effective January 1, 2007, the Company s interest in Cactus decreased to 24.0%.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

a) Statement of income classification differences (continued)

Accordingly, the Company deconsolidated Cactus and prospectively applied the equity method of accounting for this investment. Under US GAAP, since the Company did not exercise control over the subsidiary, proportionate consolidation was not appropriate and the equity method of accounting was used for all periods presented as disclosed in Note 20.II.m).

(ii) Adoption of RT No. 22 Agricultural Activities

Effective July 1, 2006, under Argentine GAAP, the Company applied RT No. 22 Agricultural Activities which established specific measurement and disclosure standards for the Company s business. The adoption of this standard did not have an impact on the Company s financial position and results of operations. There was no change in the determination of total gross profit and operating income of the Company. Rather it expanded the Company s disclosures and changed the format of the Company s income statement above gross profit. RT No. 22 requires that a change in fair value less estimated point-of-sale costs of a biological asset be included in net profit or loss for the period in which it arises. In agricultural activity, a change in physical attributes of a living animal or plant directly enhances or diminishes economic benefits to the enterprise. Prior to the adoption of RT No. 22, the production income was presented as a reduction in the cost of sales of the Company. Under US GAAP, the production income relating to their transformation and/or development directly affects the cost of these assets and is not shown separately. However, there would be no change in total gross profit.

(iii) Unrealized gains or losses on inventories

Under Argentine GAAP, unrealized gains or losses on inventories are segregated and shown in a separate line within operating income. Under US GAAP, these amounts would be included as part of cost of sales.

As a result of these differences in classification, gross profit under US GAAP would have been Ps.57.6 million, Ps.42.1 million and Ps.22.0 million for the years ended June 30, 2008, 2007 and 2006, respectively.

(iv) Operating income

Under Argentine GAAP, the Company reflected gains on the sale of farms as a separate line within operating income; under US GAAP, such gains would be included as other income. Additionally under Argentine GAAP, the Company reflected management fees shareholders personal assets tax and others and allowance for doubtful accounts as non-operating expenses; under US GAAP, management fees shareholders personal assets tax and others and allowance for doubtful accounts would be included as operating expenses.

Should gains or losses on the sale of farms and management fees shareholders personal assets tax and others and allowance for doubtful accounts be reclassified out of and into operating income, respectively, operating income under Argentine GAAP would have been Ps.17.3 million, Ps.6.0 million and Ps.(4.6) million for the years ended June 30, 2008, 2007 and 2006, respectively.

b) Balance Sheet classification differences

Inventories

Under Argentine GAAP, the Company has classified the livestock for dairy production and other purposes not related to its sale as non-current inventory. Under US GAAP, this amount would be recorded as property and equipment on the consolidated balance sheet.

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Notes to the Consolidated Financial Statements (continued)

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

Proportional consolidation

In addition, until June 30, 2006 under Argentine GAAP the Company consolidated on a pro-rata basis the accounts of Cactus. Under US GAAP consolidation was not appropriate since the Company did not exercise control over the subsidiary.

c) Disclosure about fair value of financial instruments

Under Argentine GAAP, there are no specific rules regarding disclosure of fair value of financial instruments.

Under US GAAP Statement of Financial Accounting Standards No. 105, Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of credit risk (SFAS No. 105), requires reporting entities to disclose certain information about financial instruments with off-balance sheet risk of accounting loss. Statement of Financial Accounting Standards No.107, Disclosures About Fair Value of Financial Instruments , (SFAS No. 107), requires disclosure of fair value information about financial instruments whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. Financial instruments include such items as to cash and cash equivalents, investments in debt and equity securities, accounts receivable and other instruments. Statement of Financial Accounting Standards No. 119, Disclosure about Derivative Financial Instruments and fair value of Financial Instruments (SFAS 119), requires reporting entities to disclose certain information for derivative financial instruments. SFAS No.133 superseded SFAS No. 105 and SFAS No. 119 and amended SFAS No. 107 to include in SFAS No. 107 the disclosure requirements of credit risk concentrations from SFAS No. 105. See Note 20.II.d), for details of concentration of credit risk.

Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and the relevant market information, where available, quoted market prices are used. In other cases, fair values are based on estimates using other valuation techniques, such as discounting estimated future cash flows using a rate commensurate with the risks involved or other acceptable methods. These techniques involve uncertainties and are significantly affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, prepayments, discount rates, estimates of future cash flows, future expected loss experience, and other factors. Changes in assumptions could significantly affect these estimates. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instrument. Also, because of differences in methodologies and assumptions used to estimate fair value, the Company s fair values should not be compared to those of other companies.

Under this statement, fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Accordingly, the aggregate fair value amount presented does not represent the underlying value of the Company. For certain assets and liabilities, the information required under this statement is supplemental with additional information relevant to an understanding of the fair value.

The methods and assumptions used to estimate the fair values of each class of financial instruments as of June 30, 2008 and 2007 are as follows:

The fair value of certain financial assets carried at cost, including cash, accounts receivable, deposits and other short-term receivables is considered to approximate their respective carrying values due to their short-term nature.

The fair value of trade accounts payable and other short-term liabilities is considered to approximate their carrying values due to their short-term nature.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

c) Disclosure about fair value of financial instruments (continued)

The fair value of IRSA s Convertible Notes was Ps.207.5 million at June 30, 2007. Such fair value was determined based on the market price of the shares assuming full conversion of the notes at year-end plus the estimated fair value of the warrants that should be issued by the Company upon conversion considering that the market will be able to absorb such volume. On November 14, 2007, IRSA Convertible Notes matured.

The Company carries available for-sale-securities, consisting of investments in IRSA Non-Convertible Notes, mutual funds, mortgage bonds, and government bonds at fair value. The fair value of these instruments was determined using quoted market prices.

Derivative financial instruments are reported at their fair values on the consolidated balance sheets. The fair values are based upon quoted market prices or estimated future prices including estimated carrying costs corresponding with the future delivery period, if any.

The fair value of the Company s investment in IRSA and BrasilAgro was Ps.1,087 million and Ps.736 million as of June 30, 2008 and 2007, respectively.

The fair value of the warrants issued in March 2008 was Ps.142.2 million as of June 30, 2008.

The fair value of short-term debt is considered to approximate its carrying value due to its short-term nature.

The fair value of the long-term note receivables is considered to approximate its carrying value due to its variable interest rate.

The fair value of the Company s Convertible Notes was Ps.62.4 million at June 30, 2007. Such fair value was determined based on the market price of the shares assuming full conversion of the notes at year-end plus the estimated fair value of the warrants that should be issued by the Company upon conversion considering that the market will be able to absorb such volume. The Convertible Notes matured November 14, 2007.

d) Concentration of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents principally in domestic and foreign financial institutions and investments of high credit rating. The Company s policy is designed to limit exposure to any one institution. As of June 30, 2008 and 2007, approximately, Ps.46.3 million and Ps.46.5 million included in the cash balances were held with 30 and 31 institutions, respectively. The Company has not experienced any significant losses in such accounts.

The Company s accounts receivable are derived primarily from sales of crops to independent purchasers, live beef cattle to local meat processing companies and milk products to domestic dairy companies, as further described below. The Company performs credit evaluations of its customers and generally does not require collateral. The Company does not believe that significant credit risk exists at June 30, 2008 and 2007 due to the diversity of its customer base. However, as of June 30, 2008 and 2007, ten customers account for more than 61% and 71% of the Company s consolidated revenues, respectively. Furthermore, as of June 30, 2008 and 2007, only three customers, Cargill, Mastellone S.A. (Mastellone) and Monsanto S.A.I.C. accounts for more than 37% and 44% of the Company s consolidated revenues, respectively.

Mastellone is the only customer of milk production of the Company. Mastellone is the largest dairy company in Argentina. Sales to Mastellone amounted to Ps.17.5 million, Ps.9.7 million and Ps.7.9 million for the years ended June 30, 2008, 2007 and 2006, respectively, representing 11.8%, 8.9% and 7.0% of the

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

d) Concentration of credit risk (continued)

Company s consolidated revenues, for those years, respectively. Although management believes that the Company will be able to continue to sell its milk production to Mastellone on favorable terms, there can be no assurance that the Company would be able to maintain this relationship. Although management believes that other large dairy producers would be willing and able to purchase the Company s milk production, there can be no assurance that the Company could timely locate alternative customers to sell its products at prices comparable to those paid by its current major customers. The Company negotiated with Mastellone the prices of raw milk on a monthly basis in accordance with domestic supply and demand. The prices of the milk are sell is mainly based on the percentage of fat and protein that it contains and the temperature at which it is cooled and obtain from milk also raises or drops based on the content of bacteria and somatic cells.

The Company sell crops production mainly to exporters and manufacturers that process the raw materials to produce meal and oil, products that are sent to the export markets. The Argentine crop market is characterized by a few purchasers and a great number of sellers. Although most of the purchasers are international companies with strong financial conditions, it cannot assure you that this situation will remain the same in the future or that this market will not get more concentrated in the future.

The Company may not be able to maintain or form new relationships with customers or others who provide products and services that are important to Company s business.

e) Statement of cash flows

Under Argentine GAAP, the Company is required to present the statement of cash flows in the primary financial statements in accordance with Technical Resolution No. 9, (RT No. 9), as amended. Guidance prescribed by RT No. 9 is similar in most respects to the guidelines set forth in SFAS No. 95, Statements of Cash Flows (SFAS No. 95).

Under US GAAP, the total amounts of cash and cash equivalents at the end of the year shown in the consolidated statement of cash flows are required to be the same amounts as similarly titled line items shown in the consolidated balance sheets, at those dates. Note 13 to the consolidated financial statements includes a reconciliation between the balances included as cash and banks in the consolidated balance sheets to the total amounts of cash and cash equivalents at the end of the year shown in the consolidated statement of cash flows.

As described in Note 3.b), under Argentine GAAP, the Company considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents. Therefore, there are no differences in the type of items considered as cash equivalents under US GAAP. However, as discussed in Note 2.c), under Argentine GAAP, the Company consolidated the accounts of Cactus on a pro rata basis through January 1, 2007. Under US GAAP, proportionate consolidation was not appropriate since the Company did not exercise control over this investment. As a result, differences exist between the amount of cash and cash equivalents reported in the primary financial statements and the amount of cash and cash equivalents that would be reported in a statement of cash flows prepared under US GAAP using Argentine GAAP numbers. In addition, cash flows from operating, investing and financing activities would be different in a statement of cash flows prepared under US GAAP using Argentine GAAP numbers since each line item would exclude the pro rata equity interest of the accounts of Cactus.

Under Argentine GAAP, cash flows from purchasing and selling of current investments were reported as operating activities whereas these transactions would be classified as cash flows from investing activities for US GAAP purposes.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

e) Statement of cash flows (continued)

The following table presents the cash flows from operating, investing and financing activities as well as the effects of inflation accounting and exchange rate changes on cash and cash equivalents that would be reported in the statement of cash flows using Argentine GAAP numbers but following the guidelines prescribed by SFAS No. 95. Therefore, the effect of the elimination of the proportionate consolidation has not been considered in the preparation of the following reconciliation:

	Year ended June 30, 2008	2007	2006
Net cash used in operating activities	Ps. (74,565,968)	Ps. (62,359,968)	Ps. (3,839,611)
Net cash (used in) provided by investing activities	(652,330,059)	5,295,891	(133,000,622)
Net cash provided by financing activities	917,832,807	115,813,757	92,250,539
Effects of exchange rate changes	(1,717,448)	56,406	4,504,258
Net increase (decrease) in cash and cash equivalents	Ps. 189,219,332	Ps. 58,806,086	Ps. (40,085,436)

Differences exist between cash flows from operating, investing and financing activities reported in the primary financial statements and the cash flows from operating, investing and financing activities that would be reported under SFAS No. 95. Due to the difference in the definition of cash and cash equivalents, cash flows from purchasing and selling of mutual funds would be reported as cash flows from investing activities following SFAS 95 provisions.

f) Earnings per share

As described in Note 3.u), under Argentine GAAP the Company is required to disclose earnings per share information in accordance with RT 18 for all periods presented. Note 12 to the consolidated financial statements disclose the computation of basic and diluted net income per common share under Argentine GAAP. Guidance set forth in RT 18 is similar to the basic principles set forth in SFAS No. 128 Earnings per Share (SFAS No.128) although certain differences exist.

Under US GAAP, basic and diluted earnings per share are presented in conformity with SFAS No. 128.

Under Argentine GAAP, the Company has considered the dilutive effects of outstanding warrants, using the if converted method as applicable. Under US GAAP, dilutive options or warrants that are issued during a period or that expire or are cancelled during a period must be included in the weighted average number of shares outstanding for purposes of computing diluted EPS for the period that they were outstanding. Additionally, dilutive options or warrants exercised during the period must be included in the weighted average number of shares outstanding for purposes of computing diluted EPS for the period prior to actual exercise. Thereafter, the shares issued will be included in the weighted average calculation of shares outstanding used for both basic and diluted EPS. Under US GAAP, the Company applied the treasury-stock method, and consequently, the weighted-average number of potential common stock during the years ended June 30, 2006, 2007 and 2008 would have been 100,054,688, 57,899,863 and 3,003,208 shares, respectively. Diluted net income per common share under Argentine GAAP for the years ended June 30, 2006, 2007 and 2008, using the treasury-stock method, would have been Ps.0.1566, Ps.0.1670 and Ps. 0.0615, respectively.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

f) Earnings per share (Continued)

The following tables set forth the computation of basic and diluted net income per common share under US GAAP for all periods presented:

	Year ended June 30, 2008	2007	2006
Numerator:			
Net income available to common shareholders	Ps. 16,414,594	Ps. 49,335,312	Ps. 27,488,776
Plus (less): income (loss) impact of assumed conversions:			
Interest expense on convertible debt	88,383	10,310,294	19,923,566
Foreign currency exchange gain	136,710	150,866	6,518,517
Income tax effects	(78,782)	(3,414,783)	(8,631,354)
Management fee	(14,631)	(704,638)	(1,781,073)
Net income available to common shareholders plus assumed conversions	Ps. 16,546,274	Ps. 55,677,051	Ps. 43,518,432

	Year ended June 30, 2008	2007	2006
Denominator:			
Weighted-average number of shares outstanding	Ps. 368,466,065	Ps. 247,149,373	Ps. 170,681,455
Plus: incremental shares of assumed conversions:			
Convertible Notes	1,650,056	35,586,137	72,405,971
Old-warrants (i)	1,353,152	22,321,932	27,724,412
Warrants (i)	16,970,575		
Adjusted weighted-average number of shares	Ps. 388,439,848	Ps. 305,057,442	Ps. 270,811,838
Basic and diluted EPS:			
Basic net income per common share	Ps. 0.04	Ps. 0.20	Ps. 0.16
Diluted net income per common share	0.04	0.18	0.15

(i) Potential common shares related to these instruments have been calculated using the treasury-stock method as required by US GAAP.

g) Risks and uncertainties

Fresh produce is vulnerable to adverse weather conditions including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict. Fresh produce is also vulnerable to crop and beef cattle diseases and pests. These factors may result in lower sales volume and increased costs, but may also restrict supplies and lead to an increase in prices for fresh produce.

The Company s earnings are sensitive to fluctuations in the volatile market prices for its products. Sales prices for crops are based on the market prices quoted in the Argentine grain exchanges, which largely reflect world commodity prices. Beef cattle prices are based on the major Argentine auction markets for cattle and are primarily determined by domestic supply and demand. Milk prices are also determined on the basis of domestic supply and demand.

As with any agribusiness enterprise, the Company s business operations are predominantly seasonal in nature. The harvest and sale of crop (corn, soybean and sunflower) generally occurs from February to June. The harvest of wheat generally occurs from December to January. Other segments of the Company s business, such as its cattle and milk sales, and its forestry activities, tend to be more successive than seasonal in nature.

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(In Argentine Pesos, except as otherwise indicated)

20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

g) Risks and uncertainties (continued)

The Company s investment in IRSA is subject to risks common to investments in commercial and residential properties in general, many of which are not within IRSA s control. Any one or more of these risks might materially and adversely affect IRSA s business, financial condition or results of operations. The yields available from equity investments in real estate depend on the level of sales or rental income generated and expenses incurred. In addition, other factors may affect the performance and value of a property adversely, including local economic conditions where the properties are located, macroeconomic conditions in Argentina and the rest of the world, competition from other real estate developers, IRSA s ability to find tenants, tenant default or rescission of leases, changes in laws and governmental regulations (including those governing usage, zoning and real property taxes), changes in interest rates (including the risk that increased interest rates may result in decreased sales of lots in the residential development properties) and the availability of financing. IRSA may also be unable to respond effectively to adverse market conditions or may be forced to sell one or more of its properties at a loss because the real estate market could be relatively illiquid. Certain significant expenditures, such as debt service, real estate taxes, and operating and maintenance costs, generally are not reduced in circumstances resulting in a reduction in income from the investment. It is possible that these or other factors or events will impede IRSA s ability to respond to adverse changes in the performance of its investments, causing a material decline in IRSA s financial condition or results of operations. Given the relative size of the investment in IRSA, any such declines could have a material adverse effect on the Company s financial condition and results of operations.

In addition, the investment in IRSA is subject to risks relating to IRSA s hotel operations and consumer financing activities. Risks related o hotel operations mainly relate to competition, travel-related patterns and macro-economic conditions in general. Risks related to consumer financing mainly relate to delinquency and uncollectibility rates and changes in financial regulations.

See Note 19.h) for a description of subsequent events related to the IRSA investment related to the recent market crisis.

h) Lease commitments

The Company has obligations under cancelable operating leases, primarily for farmland as well as its office facilities. Generally, land leases have initial terms of one or two year. Certain agricultural land leases provide for contingent increases in minimum rentals based on production targets. Lease payments under a portion of the Company s operating leases are based on crop-sharing agreements. Under crop-sharing agreements, leases are paid in kind based upon an agreed-upon percentage of the crops harvested. Land leases expense forms part of the total cost of production of the Company. Substantially all of the leases provide that the Company pays taxes, maintenance, insurance and certain other operating expenses applicable to the leased assets.

Total rent expense, including rents related to land leases, was Ps.23.1 million, Ps.13.6 million and Ps.9.7 million for the years ended June 30, 2008, 2007 and 2006, respectively.

i) Equity investments

The investments in Agro-Uranga S.A., IRSA, BrasilAgro and Cactus Argentina S.A. are accounted for using the equity method, wherein the investment is recorded at the amount of the underlying equity in the net assets of the investments and adjusted to recognize the Company s share of the undistributed earnings or losses. The Company s share of the income of these affiliates was Ps.38.4 million and Ps.40.2 million for the years ended June 30, 2008 and 2007, respectively, and its investment in these companies totaled Ps.925.6 million at June 30, 2008 and Ps.436.6 million at June 30, 2007.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

i) Equity investments (continued)

The Company s share of undistributed earnings of Agro-Uranga S.A. totaled Ps.12.4. million at June 30, 2008 and Ps.9.1 million at June 30, 2007. The Company s share of undistributed earnings of IRSA totaled Ps.54.8 million at June 30, 2008 and Ps.107.1 million at June 30, 2007. IRSA, BrasilAgro and Cactus had no undistributed earnings. Summarized financial information under Argentine GAAP of these affiliates is as follows:

Agro-Uranga S.A.	**2008**	**2007**
	Ps. (000)	Ps. (000)
Current assets	Ps. 32,196	Ps. 21,924
Non-current assets	6,764	6,895
Total assets	Ps. 38,960	Ps. 28,819
Current liabilities	Ps. 13,431	Ps. 9,161
Non-current liabilities	249	354
Total liabilities	Ps. 13,680	Ps. 9,515
Shareholders equity	Ps. 25,280	Ps. 19,304
Production	Ps. 19,994	Ps. 14,095
Sales	Ps. 54,270	Ps. 31,826
Gross profit	Ps. 31,932	Ps. 19,981
Net income	Ps. 12,399	Ps. 9,089

IRSA	**2008**	**2007**
	Ps. (000)	Ps. (000)
Current assets	Ps. 893,842	Ps. 1,175,790
Non-current assets	3,578,130	2,969,109
Total assets	Ps. 4,471,972	Ps. 4,144,899

Current Liabilities	Ps. 742,267	Ps. 652,082
Non-Current Liabilities	1,348,812	1,395,693
Total liabilities	Ps. 2,091,079	Ps. 2,047,775
Minority interest	Ps. 456,715	450,410
Shareholders equity	Ps. 1,924,178	Ps. 1,646,714
Revenues	Ps. 1,084,242	Ps. 738,756
Gross profit	Ps. 594,581	Ps. 427,109
Net income	Ps. 54,875	Ps. 107,097

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

i) Equity investments (continued)

BrasilAgro	**2008**	**2007**
	Ps. (000)	Ps. (000)
Current assets	Ps. 740,753	Ps. 817,088
Non-current assets	451,560	263,274
Total assets	Ps. 1,192,313	Ps. 1,080,362
Current Liabilities	Ps. 55,086	Ps. 128,350
Non current Liabilities	Ps. 21,801	31,779
Total liabilities	Ps. 76,887	Ps. 160,129
Shareholders equity	Ps. 1,115,426	Ps. 920,233
Net income	Ps. 25,978	Ps. 39,055

Cactus Argentina	**2008**	**2007**
	Ps. (000)	Ps. (000)
Current assets	Ps. 34,197	Ps. 29,029
Non-current assets	40,359	40,463
Total assets	Ps. 74,556	Ps. 69,492
Current Liabilities	Ps. 40,603	Ps. 41,909
Non current Liabilities	2,011	3,150
Total liabilities	Ps. 42,614	Ps. 45,059
Minority interest	Ps. 260	Ps. 161
Shareholders equity	Ps. 31,682	Ps. 24,272
Revenues	Ps. 152,468	Ps. 63,813

Gross profit	Ps.	18,092	Ps.	3,890
Net loss	Ps.	(1,975)	Ps.	(1,285)

j) Investments in debt and equity securities

In accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities , the Company has classified mutual funds, its investments in IRSA Non-Convertible Notes, its investments in mortgage and government bonds as available-for-sale securities. The following are additional disclosure requirements in accordance with SFAS No. 115:

Available-for-sale securities

The Company has classified the following investments in marketable securities as available for sale and, as such, the securities are carried at fair value. Unrealized gains and losses determined to be temporary are recorded as other comprehensive income, net of related deferred taxes, until realized. Unrealized losses determined to be other than temporary are recognized in the period the determination is made. As of the date of these financial statements, the Company has not determined any unrealized losses to be other than temporary.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

j) Investments in debt and equity securities (continued)

The cost and estimated fair values of marketable securities available for sale at June 30, 2008, 2007 and 2006 were as follows:

	2008			
Instrument	**Cost**	**Unrealized gain**	**Unrealized loss**	**Fair value**
Mutual Funds (i)	492,133,918	44	(18,842,758)	473,291,204
Mortgage bonds	619,438	3,522		622,960
Government bonds (i)	94,044		(928)	93,116
IRSA Non-Convertible Notes (i)	12,683,116		(1,397,949)	11,285,167
Total	505,530,516	3,566	(20,241,635)	485,292,447

	2007			
Instrument	**Cost**	**Unrealized gain**	**Unrealized loss**	**Fair value**
IRSA Convertible notes	37,495,408	169,983,032		207,478,440
Mutual Funds	38,103,287	209,930		38,313,217
Mortgage bonds	980,026	47,258		1,027,284
Government bonds	94,044	27,485		121,529
Total	76,672,765	170,267,705		246,940,470

	2006			
Instrument	**Cost**	**Unrealized gain**	**Unrealized loss**	**Fair value**
Mutual Funds	1,189,663	9,728		1,199,391
Mortgage bonds	1,294,808	39,372		1,334,180
Government bonds	3,082,357	40,783		3,123,140
Total	5,566,828	89,883		5,656,711

(i) Unrealized loss position for less than 12 months.

Gross gains of Ps. 3.2 million, Ps. 2.2 million and Ps. nil for the years ended June 30, 2008, 2007 and 2006, respectively, were realized on those sales.

In evaluating whether a security was other than temporarily impaired, the Company considered the severity and length of time impaired for each security in a loss position and other qualitative data.

At June 30, 2008, mutual funds, government bonds and IRSA Non-Convertible Notes have been in a continuous unrealized loss position for less than 12 months. These unrealized losses are not deemed to be other than temporarily impaired. The Company has the ability and intent to hold these securities for reasonable period of time to allow for recovery of value.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

k) Comprehensive income

On July 1, 1998, the Company adopted SFAS No. 130, Reporting Comprehensive Income . SFAS No. 130 establishes guidelines for the reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general purpose financial statements. SFAS No. 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Accumulated other comprehensive income is presented below, net of income tax benefit/expense:

	Year ended June 30,		
	2008	**2007**	**2006**
Net income under US GAAP	Ps. 16,414,594	Ps. 49,335,312	Ps. 27,488,776
Other comprehensive gain (loss):			
Changes in other comprehensive income items of equity investees	(21,789,898)	10,945,185	4,275,352
Foreign currency translation in the investee of BrasilAgro	16,465,407	8,248,649	(6,650,419)
Reclassification of IRSA s Convertible Notes from Held-to-Maturity to Available-for-Sales	(169,983,032)	99,268,370	70,714,662
Unrealized holding (loss) gain on available-for-sale securities outstanding at the end of the year (net of income tax of Ps.7,182,960, Ps. (67,443), and Ps.79,572 for fiscal years 2008, 2007 and 2006, respectively)	(13,339,782)	125,250	(147,777)
Comprehensive income	Ps. (172,232,711)	Ps. 167,922,766	Ps. 95,680,594

	As of June 30,		
	2008	**2007**	**2006**
Accumulated other comprehensive income	Ps. 7,066,561	Ps. 195,713,866	Ps. 77,126,412

l) Recently issued accounting standards

In September 2006, the FASB issued SFAS No. 157 (SFAS 157), Fair Value Measurements. This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The key changes to current practice are (1) the definition of fair value, which focuses on an exit price rather than an entry price; (2) the methods used to measure fair value, such as emphasis that fair value is a market-based measurement, not an entity-specific measurement, as well as the inclusion of an adjustment for risk, restrictions and credit standing and (3) the expanded disclosures about fair value measurements. This statement does not require any new fair value measurements.

SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

l) Recently issued accounting standards (continued)

The FASB has issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 which defers the provisions of SFAS 157 relating to nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those fiscal years.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active, to clarify the provisions of SFAS 157 relating to valuing a financial asset when the market for that asset is not active. This FSP will be effective upon issuance of SFAS 157.

Therefore SFAS 157 will be effective for the Company s year ended June 30, 2009 as it relates to financial assets and liabilities currently recorded or disclosed at fair value and SFAS 157 will be effective for the Company s year ended June 30, 2010 as it relates to non financial assets and liabilities.

The Company has not finalized the assessment of SFAS 157 as it relates to the financial assets and liabilities currently recorded or disclosed at fair value, although is not expected to materially affect how the Company determines fair value, but it may result in certain additional disclosures.

In February 2007, the FASB issued SFAS No. 159 (SFAS 159), The Fair Value Option for Financial Assets and Financial Liabilities. SFAS 159 expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. Therefore SFAS 159 will be effective for the Company s year ended June 30, 2009. The Company has not yet decided whether or not it would elect to measure any of its current eligible financial assets or liabilities at fair value upon adoption.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) (SFAS 141R), Business Combinations. SFAS 141R expands the original guidance s definition of a business. It broadens the fair value measurement and recognition to all assets acquired, liabilities assumed and interests transferred as a result of business combinations. SFAS 141R requires expanded disclosures to improve the ability to evaluate the nature and financial effects of business combinations. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Therefore SFAS 141R will be effective for the Company for business combinations made on or after July 1, 2009. While the Company has not yet finalized the full evaluation of potential impact of this statement, the Company expects the adoption of SFAS 141R to have a material effect on the accounting for future acquisitions of businesses and properties.

In December 2007, the FASB issued SFAS No. 160 (SFAS 160), Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51. SFAS 160 requires that a noncontrolling interest in an unconsolidated entity be reported as equity and any losses in excess of an unconsolidated entity s equity interest be recorded to the noncontrolling interest. The statement requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. SFAS 160 is effective for annual periods beginning after December 15, 2008. Therefore SFAS 160 will be effective for the Company s year ended June 30, 2010 and many provisions will be applied retrospectively. The

Company is currently evaluating the impact SFAS 160 will have on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133. SFAS 161 requires enhanced disclosures about an entity s derivative and hedging activities. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged, as amended by FASB Staff Position No. FAS 133-1 and FIN 45-4 (see below) on December 31, 2008. Therefore SFAS 161 will be effective for the Company s year ended June 30, 2010. The Company is currently evaluating the impact SFAS 161 will have to the disclosures included in the consolidated financial statements.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

l) Recently issued accounting standards (continued)

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3 (FSP FAS 142-3), Determination of the Useful Life of Intangible Assets. FSP FAS 142-3 amends the factors that should be considered in developing renewal and extension assumptions used to determine the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of assets considered in a business combination. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Therefore FSP FAS 142-3 will be effective for the Company s year ended June 30, 2010. The Company is currently evaluating the impact FSP FAS 142-3 will have on the consolidated financial statements.

In May 2008, the FASB issued FASB Staff Position No. APB 14-1 (FSP APB 14-1), Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement). FSP APB 14-1 will require that the initial debt proceeds from the sale of convertible and exchangeable debt instruments be allocated between a liability component and an equity component in a manner that will reflect the effective nonconvertible borrowing rate. The resulting debt discount would be amortized using the effective interest method over the period the debt is expected to be outstanding as additional interest expense. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. Therefore FSP APB 14-1 will be effective for the Company s year ended June 30, 2010 and will require retroactive application. The Company is currently evaluating the impact FSP FAS 142-3 will have on the consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162 (SFAS 162), The Hierarchy of Generally Accepted Accounting Principles. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in presenting financial statements in conformity with generally accepted accounting principles in the United States. The Company believes that the adoption of this standard on its effective date will not have a material effect on the consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position No. EITF 03-6-1(FSP EITF 03-6-1), Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. FSP EITF 03-6-1 considers unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities. These participating securities shall be included in the computation of earnings per share pursuant to the two-class method under FASB Statement No. 128. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. Therefore FSP EITF 03-6-1 will be effective for the Company s year ended June 30, 2010. All prior-period earnings per share data presented shall be adjusted retrospectively. The Company is currently evaluating the impact FSP EITF 03-6-1 will have on the consolidated financial statements.

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4 (FSP FAS 133-1), Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161. FSP FAS 133-1 requires disclosures by sellers of credit derivatives; additional disclosures on current status of payment/performance risk of guarantees and clarified the effective date of SFAS 161. FSP FAS 133-1 is effective for reporting periods (annual or interim) ending after November 15, 2008. Therefore FSP FAS 133-1 will be effective for the Company s year ended June 30, 2010. The Company is currently evaluating the impact FSP FAS 133-1 will have on the consolidated financial statements.

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20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

l) Recently issued accounting standards (continued)

In June 2008, the Emerging Issues Task Force (EITF) of the FASB issued EITF Issue No. 07-5,(EITF 07-5) Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity s Own Stock . This Issue is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application by an entity that has previously adopted an alternative accounting policy is not permitted. Therefore, EITF 07-5 will be effective for the Company s year ended June 30, 2010. The guidance in this Issue shall be applied to outstanding instruments as of the beginning of the fiscal year in which this Issue is initially applied. The cumulative effect of the change in accounting principle shall be recognized as an adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) for that fiscal year, presented separately. The cumulative-effect adjustment is the difference between the amounts recognized in the statement of financial position before initial application of this Issue and the amounts recognized in the statement of financial position at initial application of this Issue. The amounts recognized in the statement of financial position as a result of the initial application of this Issue shall be determined based on the amounts that would have been recognized if the guidance in this Issue had been applied from the issuance date of the instrument(s). However, in circumstances in which a previously bifurcated embedded conversion option in a convertible debt instrument no longer meets the bifurcation criteria in Statement 133 at initial application of this Issue, the carrying amount of the liability for the conversion option (that is, its fair value on the date of adoption) shall be reclassified to shareholders equity. Any debt discount that was recognized when the conversion option was initially bifurcated from the convertible debt instrument shall continue to be amortized. Paragraphs 12 and 13 of this Issue shall not result in a transition adjustment at the effective date because that guidance is consistent with guidance previously contained in Issue 01-6, which is nullified by this Issue. The transition disclosures in paragraphs 17 and 18 of Statement 154 shall be provided. The Company is currently evaluating the impact EITF 07-5 will have on the consolidated financial statements.

In November 2007, the EITF issued EITF Issue No. 07-6, (EITF 07-6) Accounting for the Sale of Real Estate Subject to the Requirements of FASB Statement No. 66, When the Agreement Includes a Buy-Sell Clause . This Issue is effective for new arrangements entered into and assessments performed in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Earlier application is not permitted. Therefore EITF 07-6 will be effective for the Company s year ended June 30, 2009.For purposes of the transition guidance, assessments are any assessment performed pursuant to Statement 66 after the effective date of this Issue for arrangements accounted for under the deposit, profit-sharing, leasing, or financing methods for reasons other than the existence of a buy-sell clause. The Company is currently evaluating the impact EITF 07-6 will have on the consolidated financial statements.

m) Pro-rata consolidation of Cactus

As discussed in Note 2.c), the Company accounted for its investment in Cactus under the proportionate consolidation method under Argentine GAAP.

Effective January 1, 2007, the Company´s interest in Cactus decreased to 24.0%.

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

20. Differences between Argentine GAAP and US GAAP (continued)

II. Additional disclosure requirements (continued)

m) Pro-rata consolidation of Cactus (continued)

Accordingly, the Company deconsolidated Cactus and prospectively applied the equity method of accounting for this investment. Under US GAAP, since the Company did not exercise control over the subsidiary, proportionate consolidation was not appropriate and the equity method of accounting was used for all periods presented as disclosed in Note 20.

Presented below is the consolidated condensed information of the Company at June 30, 2006 considering Cactus as an equity investee (see Note 2.c)):

	2006			
	As reported	Elimination of Cactus accounts	Inclusion of Cactus as an equity investee	As adjusted
Current assets	Ps. 94,982,864	Ps. (2,963,663)	Ps.	Ps. 92,019,201
Non-current assets	775,673,020	(2,378,030)	4,431,650	777,726,640
Total assets	870,655,884	(5,341,693)	4,431,650	869,745,841
Current liabilities	101,909,091	(794,493)		101,114,598
Non-current liabilities	142,321,331	(115,550)		142,205,781
Total liabilities	244,230,422	(910,043)		243,320,379
Current Translation Adjustments	(6,650,419)			(6,650,419)
Minority interest	559,871			559,871
Shareholders equity	Ps. 632,516,010	Ps. (4,431,650)	Ps. 4,431,650	Ps. 632,516,010

21. Other financial statement information

The accompanying tables present additional statement disclosures required under Argentine GAAP. This information is not a required part of the financial statements under US GAAP; however, these tables include information necessary to comply with the valuation and qualifying accounts schedule requirements of the Securities and Exchange Commission.

a. Property and equipment

b. Intangible assets

c. Investments

d. Allowances and provisions

e. Cost of sales

f. Cost of production

g. Foreign currency assets and liabilities

h. Other expenses

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Notes to the Consolidated Financial Statements (continued)

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21. Other financial statements information (continued)

a) Property and equipment

							Depreciation				
							Current year				
cipal unt	Value at the beginning of year	Additions and/ or transfers	Deductions and/ or transfers	Value at the end of year	Rate %	Accumulated at the beginning of year	Decrease of the year	Current year	Accumulated at the end of the year	Net carrying value as of June 30, 2008	Net carry value as June 30, 2
s	Ps. 165,705,340	Ps. 5,649,417	Ps. 2,193,739	Ps. 169,161,018		Ps.	Ps.	Ps.	Ps.	Ps. 169,161,018	Ps. 165,705
fences	7,039,919	483,578	339,656	7,183,841	3	1,282,469	54,212	223,889	1,452,146	5,731,695	5,757
ring hs	4,984,248	1,315,529	193,019	6,106,758	5	1,324,441	68,416	232,964	1,488,989	4,617,769	3,659
fa fields neadows	3,730,764	1,959,596		5,690,360	12-25-50	1,740,283		592,864	2,333,147	3,357,213	1,727
lings and ructions	30,793,614	3,735,880	54,632	34,474,862	2	3,271,366	8,446	649,128	3,912,048	30,562,814	27,784
hinery	11,287,083	774,867	182,728	11,879,222	10	7,752,898	182,020	742,944	8,313,822	3,565,400	3,534
cles	2,432,123	271,381	74,219	2,629,285	20	1,380,273	55,363	398,416	1,723,326	905,959	1,051
s	210,421	17,453	2,990	224,884	10	162,242	2,712	11,146	170,676	54,208	48
ture and oment	1,240,115	137,994	8,245	1,369,864	10	913,828	7,536	88,857	995,149	374,715	326
als and ng lanes	944,420	65,471	23,867	986,024	3	175,296	3,396	29,960	201,860	784,164	769
s	2,185,824	357,245		2,543,069	10	816,673		180,610	997,283	1,545,786	1,369
ities	13,745,648	2,076,299		15,821,947	10-20-33	6,765,779	264	1,082,118	7,847,633	7,974,314	6,979
puter oment	2,551,108	364,019	40,804	2,874,323	20	1,444,381	25,010	602,024	2,021,395	852,928	1,106
plants	1,277,416			1,277,416	5	464,374		74,492	538,866	738,550	813
tructions ogress	8,746,010	9,835,141	7,480,333	11,100,818						11,100,818	8,746
nces to iers	295,767	1,709,727	295,767	1,709,727						1,709,727	295
st ucts-	109,157	32,833	50,930	91,060						91,060	109
st ucts raw rials (3)	4,320,000			4,320,000	3			144,000	144,000	4,176,000	4,320
ovements rd es ings	11,834,652	26,282,291	18,117,723	19,999,220	3	19,765		667,830	687,595	19,311,625	11,814
as of 30, 2008	Ps. 273,433,629	Ps. 55,068,721	Ps. 29,058,652	Ps. 299,443,698		Ps. 27,514,068	Ps 407,375	Ps. 5,721,242	Ps. 32,827,935	Ps. 266,615,763	
	Ps. 246,383,511(1)	Ps. 50,575,370	Ps. 23,525,252	Ps. 273,433,629		Ps. 23,895,844	Ps. 714,898	Ps. 4,333,122(2)	Ps. 27,514,068		Ps. 245,919

as of
30, 2007

(1) The difference is generated by the effect of Cactus consolidation reversion up to December 31, 2006. (See Note 2.c)).

(2) The difference between current depreciation and the amount shown in Note 21. h) (Ps.0.1 million) is generated by the effect of Cactus consolidation reversion up to December 31, 2006. (See Note 2.c))

(3) See Note 3.i)

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

b) Intangible assets

					Amortization				
Principal Account	**Value at the beginning of year**	**Additions and/ or transfers**	**Value at the end of year**	**Rate %**	**Accumulated at the beginning of year**	**Amount**	**Accumulated at the end of year**	**Net carrying value as of June 30, 2008**	**Net Carrying value as of June 30, 2007**
Concession received	Ps. 23,581,646		Ps. 23,581,646		Ps.	Ps. 752,605	Ps. 752,605	Ps. 22,829,041	Ps. 23,581,646
Development expenditures	1,410,368		1,410,368	33.33	1,410,368		1,410,368		
Organization expenses	448,818		448,818		448,818		448,818		
Brands and patents	18,938		18,938		18,938		18,938		
Total as of June 30, 2008	Ps. 25,459,770	Ps.	Ps. 25,459,770		Ps. 1,878,124	Ps. 752,605	Ps. 2,630,729	Ps. 22,829,041	
Total as of June 30, 2007	Ps. 25,459,770	Ps.	Ps. 25,459,770		Ps. 1,878,124	Ps.	Ps. 1,878,124		Ps. 23,581,646

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

c) Investments

Type and characteristics of the securities	**Carrying value as of June 30, 2008**	**Carrying value as of June 30, 2007**
Current investments		
Mutual funds		
Bank of New York Hamilton Fund in Dollars	Ps. 146,303,888	Ps. 37,946,618
Banco Río Special Fund in Pesos	79,599	366,599
Macro Pionero in Pesos	46,279	
Deustche Managed Dollar Fund	245,683,963	
Credit Suisse Overnight in Dollars	59,956,710	
Credit Suisse Overnight in Euros	21,220,765	
	Ps. 473,291,204	Ps. 38,313,217
Notes and Convertible Notes		
Subsidiaries, related companies Law No, 19,550 Section 33 and related parties,		
Interest on IRSA Convertible Notes 2007 (US$):	Ps.	Ps. 379,408
IRSA Non-Convertible Notes (US$)	11,285,167	
Global 2010 Bonds	93,116	121,529
Mortgage Bonds	622,960	1,027,284
	Ps. 12,001,243	Ps. 1,528,221
Total current investments	Ps. 485,292,447	Ps. 39,841,438

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

d) Allowances and provisions

Items	Opening Balances	Increases for the year	Decreases for the year	Applications	Closing Balances
2008					
Deducted from assets Allowance for doubtful accounts	Ps. 372,359	Ps. 78,084	Ps. (69,423)	Ps.	Ps. 381,020
Total deducted from assets	Ps. 372,359	Ps. 78,084	Ps. (69,423)	Ps.	Ps. 381,020
Included in non-current liabilities Provision for lawsuits and contingencies	Ps. 1,747,606	Ps. 55,724(2)	Ps.	Ps.	Ps. 1,803,330
Total included in non-current liabilities	Ps. 1,747,606	Ps. 55,724	Ps.	Ps.	Ps. 1,803,330
2007					
Deducted from assets Allowance for doubtful accounts	Ps. 374,830	Ps.	Ps.	Ps. (2,471)	Ps. 372,359
Total deducted from assets	Ps. 374,830	Ps.	Ps.	Ps. (2,471)	Ps. 372,359
Included in non-current liabilities Provision for lawsuits and contingencies	Ps. 69,343	Ps. 1,702,390	Ps. (24,127)	Ps.	Ps. 1,747,606
Total included in non-current liabilities	Ps. 69,343(1)	Ps. 1,702,390	Ps. (24,127)	Ps.	Ps. 1,747,606
2006					
Deducted from assets Allowance for doubtful accounts	Ps. 386,344	Ps. 68,616	Ps. (25,000)	Ps. (55,130)	Ps. 374,830
Total deducted from assets	Ps. 386,344	Ps. 68,616	Ps. (25,000)	Ps. (55,130)	Ps. 374,830
Included in non-current liabilities Provision for lawsuits and contingencies	Ps. 104,198	Ps. 79,695	Ps.	Ps.	Ps. 183,893

Total included in non-current liabilities	Ps.	104,198	Ps.	79,695	Ps.		Ps.		Ps.	183,893

(1) The difference is generated by the effect of Cactus consolidation reversion up to December 31, 2007. (See Note 2.c)).
(2) Included in other income and expenses in the statements of income.

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

e) Cost of sales

	For the year ended June 30, 2008	2007	2006
Inventories at the beginning of the year	Ps. 100,764,800	Ps. 75,645,207	Ps. 87,391,271
Unrealized gain on inventories Beef cattle	6,728,977	4,257,460	2,992,652
Unrealized gain on inventories Crops	(877,210)	(2,010,254)	1,054,094
Production income (1)	156,299,822	101,055,658	65,425,191
Transfer of inventory to property and equipment	(713,836)	(122,253)	(229,139)
Transfer of inventory to cost of sales		(964,412)	(1,594,806)
Transfer of unharvested crops to expenses	(6,868,949)	(4,941,124)	(5,870,788)
Recovery of inventories			395,903
Purchases	21,546,809	21,087,591	21,827,647
Operating expenses (Note 21.h))	9,530,524	5,656,116	3,663,637
Inventories at the end of the year	(145,415,119)	(102,788,813)	(75,645,207)
Cost of Sales	Ps. 140,995,818	Ps. 96,875,176	Ps. 99,410,455

(1) Includes income from change in value of cattle Ps.23.9 million as of June 2008, Ps.9.5 million as of June 2007 and Ps.20.5 million as of June 30, 2006 .
(1) Includes income from change in value of grains Ps.114.7 million as of June 2008, Ps.71.9 million as of June 30, 2007, Ps. 37.0 million as of June 30, 2006.
(1) Includes income from change in value of milk Ps.17.7 million as of June 2008, Ps.9.7 million as of June 30, 2007 and Ps.7.9 million as of June 30, 2006.
(1) Includes income from change in value of others Ps.0.1 million as of June 30, 2006.

f) Cost of production

	For the year ended June 30, 2008	2007	2006
Inventories at the beginning of the year	Ps. 20,040,927	Ps. 15,650,704	Ps. 11,678,847
Unrealized gain on inventories Beef cattle	1,806,177	845,483	(144,941)
Unrealized gain on inventories Crops	4,511,008	1,204,344	
Transfer of inventory to property and equipment	(1,200,223)	(1,338,206)	(550,208)
Transfer of inventory to cost of production		964,412	551,891
Transfer of unharvested crops to expenses	(40,163,079)	(23,591,040)	(14,834,459)
Recovery of inventories			(395,903)

Purchases	54,189,354	24,360,991	18,965,547
Production	3,521,046	1,744,161	
Operating expenses (Note 21.h))	115,267,775	75,265,199	59,641,252
Inventories at the end of the year	(42,223,185)	(20,040,927)	(15,650,704)
Cost of production	Ps. 115,749,800	Ps. 75,065,121	Ps. 59,261,322

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

g) Foreign currency assets and liabilities

	June 30, 2008				June 30, 2007		
Item	Type and amount of foreign currency		Current exchange rate $	Amount in local currency Pesos	Type and amount of foreign currency		Amount in local currency Pesos
ASSETS							
Current Assets							
Cash and banks							
Cash and banks in dollars	US$	390,350	2.985	Ps. 1,165,196	US$	12,837,960	Ps. 39,194,292
Cash and banks in Brazilian Reais	R$	2,946	1.690	4,472	R$	2,584	3,643
Cash and banks in Euros		1,876	4.701	8,821			
Cash and banks in Yen	JPY	1,547,500,000	0.028	43,570,946	JPY		
Investments							
Mutual funds (US$)	US$	151,405,213	2.985	451,944,561	US$	12,429,289	37,946,618
Mutual funds (EUR)		4,514,000	4.701	21,220,765			
Interest of IRSA Convertible Notes	US$				US$	122,667	379,408
IRSA Non-Convertible Notes	US$	3,780,625	2.985	11,285,167			
Trade accounts receivable	US$	1,543,923	2.985	4,608,610	US$	208,981	638,020
Other receivables							
Collateralized	US$	2,073,236	2.985	6,188,608	US$	2,291,261	6,995,220
Guarantee deposits, premiums collected (paid) and margin deposits receivable from brokers	US$	393,392	2.985	1,174,275	US$	918,904	2,805,415
Subsidiaries, related companies Law 19,550 Section 33 and related parties:							
IRSA S.A.	US$				US$	34,563	106,903
Inversiones Financieras del Sur S.A	US$	53,661	2.985	160,177	US$		
Others	US$				US$	20,000	61,860
Non-Current Assets							
Other receivables							
Collateralized	US$	2,361,334	2.985	7,048,582	US$	4,290,164	13,097,871
Subsidiaries, related companies Law 19,550 Section 33 and related parties:							
Alto Palermo S.A.	US$				US$	57,660	178,341
IRSA S.A.	US$				US$	13,294	41,117
Cactus Argentina S.A.	US$				US$	1,326	4,100
Others	US$				US$	7,330	22,673
Investments							
IRSA Convertible Notes	US$				US$	12,000,000	37,116,000

US$	US$	162,001,734	483,575,176	US$	45,233,399	138,587,838
R$	R$	2,946	4,472	R$	2,584	3,643
		4,515,876	21,229,586			
JPY	JPY	1,547,500,000	43,570,946	JPY		
Total Assets			Ps. 548,380,180			Ps. 138,591,481

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

g) Foreign currency assets and liabilities (continued)

	June 30, 2008			June 30, 2007	
Item	**Type and amount of foreign currency**	**Current exchange rate $**	**Amount in local currency Pesos**	**Type and amount of foreign currency**	**Amount in local currency Pesos**
LIABILITIES					
Current Liabilities					
Trade accounts payables					
Suppliers	US$ 4,129,904	3.025	Ps. 12,492,961	US$ 4,278,537	Ps. 13,233,514
Accruals	US$ 1,227,649	3.025	3,713,638	US$ 206,984	640,202
Short term debt					
Local Banks	US$ 6,915,026	3.025	20,917,954	US$ 5,552,260	17,173,139
Foreign Banks	US$ 8,086,570	3.025	24,461,875	US$	
Interest Convertible Notes 2007	US$			US$ 28,648	88,608
Convertibles Notes 2007	US$			US$ 2,768,826	8,563,979
Subsidiaries, related companies Law 19,550 Article 33 and related parties:					
Directors	US$			US$ 33,676	104,160
Non-Current Liabilities					
Trade accounts payables					
Accruals	US$			US$ 79,609	246,231
Long term debt					
Loans	US$			US$ 8,000,000	24,744,000
Total Liabilities	US$ 20,359,149		Ps. 61,586,428	US$ 20,948,540	Ps. 64,793,833

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

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Notes to the Consolidated Financial Statements (continued)

(In Argentine Pesos, except as otherwise indicated)

21. Other financial statement information (continued)

h) Other expenses

Items	Operating	Expenses Selling	Administrative	Total for the year ended June 30, 2008	Total for the year ended June 30, 2007	Total for the year ended June 30, 2006
Directors fees	Ps.	Ps.	Ps. 1,302,247	Ps. 1,302,247	Ps. 402,554	Ps. 248,124
Fees and payments for services	1,687,630		5,927,893	7,615,523	4,834,574	3,759,657
Salaries and wages and social security contributions	13,420,873	139,554	13,310,096	26,870,523	18,568,151	11,824,018
Taxes, rates and contributions	843,541	482	1,166,792	2,010,815	1,596,714	876,834
Gross sales tax		2,207,339		2,207,339	1,169,682	686,731
Office and administrative expenses	397,784	1,760	2,420,372	2,819,916	1,451,685	1,163,182
Bank commissions and expenses	235,140		1,356	236,496	75,507	33,725
Depreciation of fixed assets (4)	5,117,011		604,231	5,721,242	4,459,067	5,112,088
Amortization of intangible assets	752,605			752,605		
Vehicle and travelling expenses	1,178,823	57,570	665,231	1,901,624	952,349	1,002,336
Spare parts and repairs	3,916,500		1,472	3,917,972	3,397,194	1,922,383
Insurance	331,611		103,732	435,343	354,054	288,360
Employees maintenance	731,419	140	471,666	1,203,225	666,828	493,395
Livestock expenses (1)	11,371,071	1,215,911		12,586,982	9,559,490	13,364,810
Dairy farm expenses (2)	9,723,500	78,252		9,801,752	5,141,541	4,178,375
Agricultural expenses (3)	69,928,877	10,417,731		80,346,608	53,187,270	38,357,299
Feed lot expenses					451,093	581,329
Silo expenses	29,746			29,746	62,004	87,691
Coal expenses						202
Agropecuaria Cervera expenses	2,898,395			2,898,395		66,178
FyO expenses	47,342	72,425		119,767	71,099	75,524
Advertising expenses			13,693	13,693		
Other	2,175,784	305,960	114,707	2,596,451	1,120,438	894,407
Lease of machinery and equipment	2,027		70	2,097		
Safety and hygiene expenses	8,620			8,620		
Total for the year ended June 30, 2008	Ps. 124,798,299	Ps. 14,497,124	Ps. 26,103,558	Ps. 165,398,981		
Total for the year ended June 30, 2007	Ps. 80,921,315	Ps. 9,971,891	Ps. 16,628,088		Ps. 107,521,294	

Total for the year ended June 30, 2006	Ps. 63,304,889	Ps. 10,151,452	Ps. 11,560,307	Ps. 85,016,648

(1) Includes cattle food and additives, lodging, animal heath and others.
(2) Includes cattle food and additives, animal heath and others.
(3) Includes seeds, agrichemical, irrigation, services hired, land leases and others.
(4) The difference between this amount and current depreciation shown in Note 21.a) (Ps 0.1 million) is generated by the effect of Cactus consolidation reversion up to December 31, 2006 (See Note 2.c)).