

CRESUD INC
Form 6-K
February 23, 2006
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of February, 2006

CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA FINANCIERA Y AGROPECUARIA

(Exact name of Registrant as specified in its charter)

CRESUD INC.

(Translation of registrant's name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

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Moreno 877, 23rd Floor, (C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F T Form 40-F

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

Yes No T

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

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Unaudited Financial Statements for the six-month period ended on December 31, 2005 and 2004.

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Comercial, Inmobiliaria, Financiera
y Agropecuaria

Unaudited Financial Statements

For the six-month periods ended December 31, 2005 and 2004

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Name of the Company: **Cresud Sociedad Anónima
Comercial, Inmobiliaria,
Financiera y Agropecuaria**

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

Principal Activity: Agriculture, livestock and real-estate

Unaudited Financial Statements for the six-month period ended December 31, 2005.
Presented in comparative format with the previous fiscal year and the same period of the previous fiscal year.
Financial year No. 71 started on July 1, 2005

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Of the by-laws: February 19, 1937

Of the latest amendment: June 2, 1997

Duration of the Company: June 6, 2082

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

CAPITAL STATUS (Note 3 of Unaudited Financial Statements)

SHARES

<u>Type of stock</u>	<u>Authorized Pesos</u>	<u>Subscribed Pesos</u>	<u>Paid-in Pesos</u>
Ordinary certified shares of Ps.1 face value and 1 vote each	169,098,097	169,098,097	169,098,097

Table of Contents**Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Unaudited Consolidated Balance Sheet as of December 31, 2005 and 2004 and June 30, 2005**

	December 31, 2005 (Notes 1, 2 and 3)	June 30, 2005 (Notes 1, 2 and 3)	December 31, 2004 (Notes 1, 2 and 3)
	Pesos	Pesos	Pesos
ASSETS			
Current Assets			
Cash and banks (Note 4.a.)	1,292,529	14,468,151	27,085,374
Investments (Note 4.b.)	6,539,129	59,978,002	2,358,471
Trade accounts receivable (Note 4.c.)	10,546,546	9,788,312	6,483,785
Other receivables (Note 4.d.)	12,794,837	22,214,019	7,413,301
Inventories (Note 4.e.)	49,273,138	46,293,640	45,751,060
Total current assets	80,446,179	152,742,124	89,091,991
Non-current assets			
Other receivables (Note 4.d.)	14,964,386	6,480,334	5,358,746
Inventories (Note 4.e.)	58,600,459	53,223,179	50,872,903
Investments on controlled and related companies (Note 4.b.)	290,753,202	289,391,269	291,220,422
Other investments (Note 4.b.)	100,520,337	105,508,513	134,949,064
Fixed assets, net (Schedule A)	212,590,018	166,497,596	163,458,765
Subtotal Non-Current Assets	677,428,402	621,100,891	645,859,900
Goodwill (Note 4.b.)	(5,000,846)	(30,430,822)	(36,326,481)
Total Non-Current Assets	672,427,556	590,670,069	609,533,419
Total Assets	752,873,735	743,412,193	698,625,410
	December 31, 2005 (Notes 1, 2 and 3)	June 30, 2005 (Notes 1, 2 and 3)	December 31, 2004 (Notes 1, 2 and 3)
	Pesos	Pesos	Pesos
LIABILITIES			
Current Liabilities			
Debts:			
Trade accounts payable (Note 4.f.)	28,142,275	17,894,529	11,675,837
Loans (Note 4.g.)	18,424,604	11,499,782	38,606,380
Salaries and social security payable (Note 4.h.)	1,073,881	1,748,138	895,492
Taxes payable (Note 4.i.)	1,750,065	20,203,393	4,494,052
Other debts (Note 4.j.)	2,886,937	14,634,298	10,758,911

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Total Debts	52,277,762	65,980,140	66,430,672
Total current liabilities	52,277,762	65,980,140	66,430,672
Non-current liabilities			
Taxes payable (Note 4.i.)	45,171,590	39,285,385	28,774,261
Loans (Note 4.g.)	111,374,915	114,693,553	123,285,777
Other debts (Note 4.j.)	434,309	1,000	1,000
Provisions (Schedule E)	104,329	104,198	38,327
Total Non-current liabilities	157,085,143	154,084,136	152,099,365
Total Liabilities	209,362,905	220,064,276	218,530,037
Minority interest	200,444	276,947	5,366
SHAREHOLDERS EQUITY	543,310,386	523,070,970	480,090,007
Total Liabilities and Shareholders Equity	752,873,735	743,412,193	698,625,410

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

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain

Chairman

Table of Contents**Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Unaudited Consolidated Statement of Income**

For the six-month periods beginning on July 1, 2005 and 2004

and ended December 31, 2005 and 2004

	December 31, 2005 (Notes 1, 2 and 3)	December 31, 2004 (Notes 1, 2 and 3)
	Pesos	Pesos
Sales		
Crops	28,938,520	11,236,161
Beef cattle	17,263,647	18,690,480
Milk	4,277,258	1,567,574
Feed Lot	1,114,648	1,390,251
Others	3,106,795	2,358,210
Total Sales	54,700,868	35,242,676
Cost of sales (Schedule F)		
Crops	(23,653,972)	(11,391,820)
Beef cattle	(14,605,947)	(14,691,109)
Milk	(2,300,728)	(876,965)
Feed Lot	(920,387)	(1,258,982)
Others	(1,179,716)	(580,398)
Total cost of sales	(42,660,750)	(28,799,274)
Gross profit	12,040,118	6,443,402
Selling expenses (Schedule H)	(4,957,612)	(2,506,807)
Administrative expenses (Schedule H)	(4,413,487)	(3,132,965)
Net gain on sale of farms	9,897,186	
Gain from inventory holding (Schedule F)	2,104,658	6,254,786
Operating income	14,670,863	7,058,416
Financial gain (loss)		
Generated by assets:		
Exchange differences and discounts	8,777,372	6,847
Interest income	181,555	222,693
Doubtful Accounts (Schedule E)	(25,000)	
Tax on banking debits and credits	(1,006,687)	(673,530)
Gain on sale of Negotiable Bonds	14,872,000	
Interest on bonds	4,360,671	5,473,411
Others	1,730,601	159,180

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	28,890,512	5,188,601
Generated by liabilities:		
Reference stabilization index (CER)	(11,688)	1,653
Interest paid	(7,963)	(102,488)
Financial expenses:		
Interest on Convertible bonds (Note 7)	(4,359,619)	(5,160,478)
Others	(1,063,498)	(1,158,260)
Exchange differences and discounts	(6,570,942)	(963,859)
	(12,013,730)	(7,383,432)
Other income and expenses, net		
Gains from other fixed assets sales	13,827	22,061
Others	(16,757)	(12,922)
Shareholders' personal assets tax and miscellaneous	(889,640)	(3,315,633)
	(892,570)	(3,306,494)
Income from related companies	7,518,343	14,087,524
Management fee	(2,653,994)	(1,059,305)
Net Income before income tax and minority interest	35,519,424	14,585,310
Income tax expense	(11,709,985)	(5,111,658)
Minority interest	76,503	60,085
Net income for the period	23,885,942	9,533,737

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

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain

Chairman

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Cash flows applied to investment activities	(39,840,948)	(13,593,233)
<u>Financing activities</u>		
Exercise of Warrants	308,350	4,474,246
Dividends payment	(10,000,000)	(3,000,000)
Increase in financial loans	17,038,931	36,468,450
Decrease in financial loans	(14,712,326)	(11,864,715)
Effective incentive plan		173,200
Decrease in other liabilities	(16,514,000)	
Cash flows (applied to) provided by financing activities	(23,879,045)	26,251,181
<u>Net (decrease) increase in cash and cash equivalents</u>	<u>(65,159,826)</u>	<u>14,693,230</u>
<u>Items not involving changes in cash and cash equivalents</u>		
Transfer of inventory to fixed assets	202,737	503,848
Increase in other receivables by sale of fixed assets	8,572,080	
Increase in fixed assets by increase in other liabilities	7,160,617	
Decrease in other liabilities by decrease in fixed assets	2,055,000	
Repayment of financial loans through issue of stock by exercise of conversion right	9,283,937	3,740,628
<u>Complementary information</u>		
Interest paid	4,716,299	5,108,487
Income tax expense paid	22,835,735	385,077

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

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain
Chairman

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

Notes to the Unaudited Consolidated Financial Statements

For the six-month periods ended December 31, 2005 and 2004

NOTE 1: BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

As a consequence of the application of General Resolutions No. 368/01, 434/03, 441/03 and 459/04 of the Comisión Nacional de Valores (C.N.V.), which require that consolidated Financial Statements be presented as established by Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.), the Balance Sheet as of December 31, 2005 and 2004 and the Statements of Income and the Statements of Cash Flows for the six-month periods then ended were consolidated on a line by line basis with the financial statements of such companies in which it holds a majority of the voting shares, by application of the new rules, and consolidated on a pro-rata basis for investments in which it has joint control (see Note 1.b and 1.c to the basic financial statements).

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

The financial statements of the subsidiary companies Inversiones Ganaderas S.A., Futuros y Opciones.Com S.A. Agropecuaria Cervera S.A. at December 31, 2005 and Cactus Argentina S.A. as of December 31, 2005 and 2004 have been used in order to determine the investment at its equity value, line by line consolidation and proportional consolidation, respectively.

For purposes of comparability, reclassifications have been made on the information at December 31, 2004.

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

NOTE 2: CORPORATE CONTROL

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

COMPANY

**CRESUD PERCENTAGE
OF VOTING SHARES
OWNED**

**CONSOLIDATED
PERCENTAGE OF
VOTING SHARES**

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		<u>OWNED</u>
Inversiones Ganaderas S.A.	99.99	99.99
Futuros y Opciones.Com S.A.	70.00	70.00
Agropecuaria Cervera S.A.	90.00	99.00(*)
<u>JOINT CONTROL</u>		
Cactus Argentina S.A.	50.00	50.00

(*) Includes participation of Inversiones Ganaderas S.A.

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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

On December 27, 2005, Agropecuaria Cervera S.A. (ACER) was purchased. Therefore, such company's balance sheets have been consolidated line by line. Profits and losses of ACER between the date of purchase and the date of closing of the financial statements have not been significant and have, therefore, not been included in the Statement of Income.

High relevant valuation and disclosed criteria applied in preparing ACER's financial statements and not explained in the significant accounting policies note of the holding company are as follows:

Valuation criteria-inventories

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

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

ACER's current board of directors and shareholders, who took control of the company at period end, will request the opinion of an independent skilled appraisal so as to verify the above mentioned valuation and be able to apply it to current accounting standards.

Other considerations new concessions

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

of the Ministry of Production and Employment.

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

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

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Cash	98,617	31,983	65,568
Foreign currency (Schedule G)	90,588	76,607	294,718
Local currency checking account	616,179	2,022,467	631,400
Foreign currency checking account (Schedule G)	168,681	3,897,430	9,055,590
Local currency saving account	25,838	17,505	9,897
Foreign currency saving account (Schedule G)	28,395	8,026,165	16,610,427
Checks to be deposited	264,231	395,994	417,774
	<u>1,292,529</u>	<u>14,468,151</u>	<u>27,085,374</u>

b. Investments and Goodwill

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Investment			
Investment (Schedule C and G)	6,539,129	59,978,002	2,358,471
	<u>6,539,129</u>	<u>59,978,002</u>	<u>2,358,471</u>
Investment			
Investment from related companies (Schedule C)	290,753,202	289,391,269	291,220,422
	<u>290,753,202</u>	<u>289,391,269</u>	<u>291,220,422</u>

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Other investments			
Other investments (Schedule C and G)	100,520,337	105,508,513	134,949,064
	<u>100,520,337</u>	<u>105,508,513</u>	<u>134,949,064</u>
Goodwill			
Goodwill (Schedule C)	(5,000,846)	(30,430,822)	(36,326,481)
	<u>(5,000,846)</u>	<u>(30,430,822)</u>	<u>(36,326,481)</u>

c. Trade accounts receivable

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Accounts receivable in local currency	8,097,377	8,771,084	5,885,829
Less:			
Allowance for doubtful accounts (Schedule E)	(406,214)	(386,344)	(373,535)
Accounts receivable in foreign currency (Schedule G)	2,845,554	1,010,091	956,193
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	9,422	393,087	15,298
IRSA Inversiones y Representaciones S.A.	407	394	
	<u> </u>	<u> </u>	<u> </u>
	<u>10,546,546</u>	<u>9,788,312</u>	<u>6,483,785</u>

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**d. Other receivables**

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Prepaid leases	125,787	6,512,492	30,727
Tax on Minimum Presumed Income (Note 2.p.)	2,563,793	54,872	8,368
Guarantee deposits and premiums (Schedule G)	1,171,466	2,675,032	315,433
Secured by mortgage (Schedule G)	4,678,880	8,217,166	1,055,695
Prepaid expenses	451,657	2,125,903	1,113,756
Gross sales tax credit	9,044		
Tax prepayments (net of accrual)	2,872,761	1,945,005	3,610,634
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	175,239	166,104	677,164
Agro-Uranga S.A.	281,226	39,993	234,279
Credits to employees	48,861	36,582	35,542
Others	416,123	440,870	331,703
	<u>12,794,837</u>	<u>22,214,019</u>	<u>7,413,301</u>
Non-current			
Prepaid leases		75,915	
Value Added Tax	6,233,570	6,328,177	5,180,327
Secured by mortgage (Schedule G)	8,539,119		
Tax on Minimum Presumed Income	124,666	60,818	99,148
Deferred tax	32,758	14,874	76,668
Others	34,273	550	2,603
	<u>14,964,386</u>	<u>6,480,334</u>	<u>5,358,746</u>

e. Inventories

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	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Livestock	13,526,115	15,152,813	16,954,543
Crops	5,508,135	24,930,778	4,803,409
Unharvested crops	20,571,503	826,336	20,090,681
Seeds and fodder	251,658	319,169	170,057
Materials and others	4,024,440	4,617,843	3,410,623
Advances to suppliers	1,071,287	446,701	321,747
Forest products raw materials	4,320,000		
	<u>49,273,138</u>	<u>46,293,640</u>	<u>45,751,060</u>
Non-Current			
Livestock	58,600,459	53,223,179	50,872,903
	<u>58,600,459</u>	<u>53,223,179</u>	<u>50,872,903</u>

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**f. Trade accounts payable**

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Suppliers in local currency	6,592,501	3,870,091	4,178,801
Suppliers in foreign currency (Schedule G) (1)	12,253,463	6,611,576	2,839,943
Short-Term debts	13,664	98,479	
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversora Bolívar S.A.	6,710	5,445	6,341
Alto Palermo S.A.	124,044	193,053	44,233
Agro-Uranga S.A.	259		
IRSA Inversiones y Representaciones S.A.	140,769	43,822	116,259
Cactus Argentina S.A.	140,110	11,953	265,108
Estudio Zang, Bergel & Viñes	93,126	34,297	23,486
Fundación IRSA	1,900,000	1,900,000	1,177,988
Directors			43,543
Accrual for other expenses (Schedule G)	7,106,612	5,075,352	2,685,005
Interest to be accrued (Schedule G) (2)	(419,384)		
Accrual for harvest expenses	190,401	50,461	295,130
	<u>28,142,275</u>	<u>17,894,529</u>	<u>11,675,837</u>

- (1) Includes as of December 31, 2005 US\$ 2,500,000 for the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage. See note 11
- (2) Related to the liability mentioned in (1).

g. Loans

December 31,	June 30,	December 31,
2005	2005	2004

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	<u>Pesos</u>	<u>Pesos</u>	<u>Pesos</u>
Current			
Local financial loans (Note 16)	17,277,529	10,315,556	37,220,355
Convertible Bonds 2007 Interest payable (Schedule G)	604,553	476,343	592,928
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	541,481	706,891	792,845
Directors	1,041	992	252
	<u>18,424,604</u>	<u>11,499,782</u>	<u>38,606,380</u>
Non-Current			
Convertible Bonds 2007 third parties (Schedule G)	59,141,000	45,815,657	53,363,537
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	52,970,984	69,934,463	71,356,061
Directors	101,875	98,100	22,640
Convertible Bonds 2007 expenses	(838,944)	(1,154,667)	(1,456,461)
	<u>111,374,915</u>	<u>114,693,553</u>	<u>123,285,777</u>

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

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

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Accrual for vacation and statutory annual bonus	797,918	1,423,925	687,495
Social security taxes payable	250,545	224,914	192,804
Salaries payable	7,406	81,488	1,642
Health care payable	6,765	7,185	2,657
Others	11,247	10,626	10,894
	<u> </u>	<u> </u>	<u> </u>
	1,073,881	1,748,138	895,492
	<u> </u>	<u> </u>	<u> </u>

i. Taxes payable

	December 31,	June 30,	December 31,
	2005	2005	2004
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Accrual for income tax	97,969	24,772,007	2,669,428
Advances to Income tax		(5,148,500)	
Tax on Minimum Presumed Income	5,566	70,508	102,270
Value added tax			21,445
Property tax payable	156,443	86,960	80,613
Taxes withheld for income tax	370,929	165,166	68,500
Gross sales tax payable	6,106	215,145	(183,098)
Taxes withheld-Gross sales tax payable	198,368		128,575
Taxes withheld-Value added tax payable	14,865	41,215	57
Others	899,819	892	1,606,262
	<u> </u>	<u> </u>	<u> </u>

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	1,750,065	20,203,393	4,494,052
	<u> </u>	<u> </u>	<u> </u>
Non-current			
Deferred tax	45,171,590	39,285,385	28,774,261
	<u> </u>	<u> </u>	<u> </u>
	<u>45,171,590</u>	<u>39,285,385</u>	<u>28,774,261</u>

j. Other debts

	December 31, 2005 Pesos	June 30, 2005 Pesos	December 31, 2004 Pesos
	<u> </u>	<u> </u>	<u> </u>
Current			
Security transactions payable (Schedule G)		4,180,593	
Advances from customers (Schedule G)		2,055,200	8,718,400
Management fees accrual	2,653,994	8,239,263	1,059,305
Other income to be accrued	54,164		
Loan to FYO minority shareholders	134,196	134,196	134,196
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Directors	18,080	3,393	
Cactus Argentina S.A.			102,865
Cactus Feeders Inc.	6,043	1,268	512,092
Others	20,460	20,385	232,053
	<u> </u>	<u> </u>	<u> </u>
	<u>2,886,937</u>	<u>14,634,298</u>	<u>10,758,911</u>
Non-current			
Other income to be accrued	433,309		
Guarantee deposit	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>
	<u>434,309</u>	<u>1,000</u>	<u>1,000</u>

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

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

Based on their estimated collection term	Current and non-current								
	Investment			Trade accounts receivable			Other receivables		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
1st quarter 2005/2004 financial period									
2nd quarter 2005/2004 financial period									
3rd quarter 2005/2004 financial period						6,451,657			2,354,091
4th quarter 2005/2004 financial period			1,499,204						623,767
1st quarter 2006/2005 financial period				9,787,593			9,655,284		7,090
2nd quarter 2006/2005 financial period		1,078,320					1,388,408		80,438
3rd quarter 2006/2005 financial period				10,546,546			6,070,082	4,115,610	1,703
4th quarter 2006/2005 financial period	999,287						463,916	5,324	99,148
1st quarter 2007/2006 financial period							2,602,500		
2nd quarter 2007/2006 financial period							3,019,169		
3rd quarter 2007/2006 financial period							426,075		
4th quarter 2007/2006 financial period							5,712		
1st quarter 2008/2007 financial period		105,487,796					2,140,492		
2nd quarter 2008/2007 financial period	99,928,688		134,928,347				5,712		
3rd quarter 2008/2007 financial period							426,076		
							38,471		

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4th quarter 2008/2007 financial period									
1st quarter 2009/2008 financial period							2,134,780		
1st quarter 2010/2009 financial period							1,714,416		
1st quarter 2011/2010 financial period							1,714,416		
Overdue									
With no stated current term	5,539,842	58,899,682	859,267		719	32,128	639,170	7,049,393	4,347,915
With no stated non-current term	591,649	20,717	20,717				6,358,236	6,480,334	5,257,895
Total	107,059,466	165,486,515	137,307,535	10,546,546	9,788,312	6,483,785	27,759,223	28,694,292	12,772,047

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

Current and non-current

Interest rate that they accrue	Investment			Trade accounts receivable			Other receivables		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
At fixed interest rate	99,928,688	105,487,796	134,928,347				12,858,105	8,095,402	870,069
At variable interest rate	5,539,842	58,899,682	859,267				1,085,340	2,314,696	1,912,383
Non-interest bearing	1,590,936	1,099,037	1,519,921	10,546,546	9,788,312	6,483,785	13,815,778	18,284,194	9,989,595
Total	107,059,466	165,486,515	137,307,535	10,546,546	9,788,312	6,483,785	27,759,223	28,694,292	12,772,047

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 5: (Continued)Liabilities based on their estimated payment term:

Based on their estimated payment term	Trade accounts payable		Loans			Salaries and social security payable			
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
1st quarter 2005/2004									
2nd quarter 2005/2004									
3rd quarter 2005/2004			11,207,197			22,353,572			531,148
4th quarter 2005/2004						1,386,025			23,670
1st quarter 2006/2005		12,623,191			10,315,556	14,866,783		1,721,673	340,674
2nd quarter 2006/2005		4,308,000			1,184,226			6,583	
3rd quarter 2006/2005	20,782,624			1,147,089			729,506	19,882	
4th quarter 2006/2005							295,896		
1st quarter 2007/2006	7,277,500						48,479		
2nd quarter 2007/2006									
3rd quarter 2007/2006									
4th quarter 2007/2006									
2nd quarter 2008/2007				111,374,915	114,693,553	123,285,777			
Overdue									
With no stated current term	82,151	963,338	468,640	17,277,515					
With no stated non-current term									
Total	28,142,275	17,894,529	11,675,837	129,799,519	126,193,335	161,892,157	1,073,881	1,748,138	895,492

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Based on their estimated payment term	Taxes payable			Other debts			Provisions		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
1st quarter 2005/2004									
2nd quarter 2005/2004									
3rd quarter 2005/2004			227,040			1,948,431			
4th quarter 2005/2004			1,594,461			5,663,591			
1st quarter 2006/2005		509,378			14,500,103				
2nd quarter 2006/2005		19,694,015	2,672,551			1,747,984			
3rd quarter 2006/2005	757,502			2,698,577					
4th quarter 2006/2005	894,594								
1st quarter 2007/2006									
2nd quarter 2007/2006	97,969								
3rd quarter 2007/2006									
4th quarter 2007/2006									
2nd quarter 2008/2007									
Overdue									
With no stated current term				188,360	134,195	1,398,905			
With no stated non-current term	45,171,590	39,285,385	28,774,261	434,309	1,000	1,000	104,329	104,198	38,327
Total	46,921,655	59,488,778	33,268,313	3,321,246	14,635,298	10,759,911	104,329	104,198	38,327

Liabilities classified according to their interest rate:

Interest in rate that they accrue	Trade accounts payable			Loans			Salaries and social security payable		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
At fixed interest rate	6,294,265			129,491,388	126,163,776	161,962,593			
At variable interest rate									
Non-interest bearing	21,848,010	17,894,529	11,675,837	308,131	29,559	(70,436)	1,073,881	1,748,138	895,492
Total	28,142,275	17,894,529	11,675,837	129,799,519	126,193,335	161,892,157	1,073,881	1,748,138	895,492

Interest in rate that they accrue	Taxes payable			Other debts			Provisions		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
At fixed interest rate						1,904,861			
At variable interest rate				750,660		100,133			
Non-interest bearing	46,921,655	59,488,778	33,268,313	2,570,586	14,635,298	8,754,917	104,329	104,198	38,327

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Total	46,921,655	59,488,778	33,268,313	3,321,246	14,635,298	10,759,911	104,329	104,198	38,327
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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 6: EARNINGS PER SHARE

Following is conciliation between the average appraised ordinary stock in circulation and the average appraised diluted ordinary stock. The last one has been determined considering the possibility that the bearers of convertible bonds into company's ordinary stock for up to an amount of US\$ 50,000,000 mentioned in Note 13 of the basic financial statements, exercise their right to convert into stock the titles they bear.

	December 31, 2005	December 31, 2004
Average appraised stock in circulation	165,350,379	151,044,430
Average appraised diluted ordinary stock	321,214,392	321,214,392
	December 31, 2005	December 31, 2004
Earnings for the calculation of basic earnings per share	23,885,942	9,533,737
Exchange differences	5,649,576	895,000
Financing expenses	4,359,619	5,150,620
Income tax	(3,267,250)	(1,973,441)
Management fees	(674,195)	(407,218)
Earnings for the calculation of diluted earnings per share	29,953,692	13,198,698
	December 31, 2005	December 31, 2004
BASIC Earnings per share		
Earnings	23,885,942	9,533,737
Number of shares	165,350,379	151,044,430
Earnings per share	0.14	0.06
	December 31, 2005	December 31, 2004
DILUTED Earnings per share		
Earnings	29,953,692	13,198,698
Number of shares	321,214,392	321,214,392
Earnings per share	0.09	0.04

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 7: SEGMENT INFORMATION

As of December 31, 2005:

Description	Crops	Beef Cattle	Milk	Feed Lot	Others	Without specific allocation	Total
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
Sales	28,938,520	17,263,647	4,277,258	1,114,648	3,106,795		54,700,868
Assets	138,566,192	139,984,340	22,353,927	3,547,765	1,331,866	447,089,645	752,873,735
Liabilities	10,536,141	2,430,396		886,251	352,008	195,158,109	209,362,905
Fixed asset additions	5,313,333	5,150,626	865,345	13,800		43,222,894	54,565,998
Depreciation of fixed assets	962,364	553,118	242,106	149,233	28,802	326,881	2,262,504
Income from related companies	299,891	2,201	59,906			7,156,345	7,518,343

As of December 31, 2004:

Description	Crops	Beef Cattle	Milk	Feed Lot	Others	Without specific allocation	Total
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
Sales	11,236,161	18,690,480	1,567,574	1,390,251	2,358,210		35,242,676
Assets	90,698,881	124,725,397	10,625,415	4,299,093	885,413	467,391,211	698,625,410
Liabilities	6,225,253	1,635,917	132,597	1,106,071	324,540	209,105,659	218,530,037
Fixed asset additions	1,005,637	675,197	1,084,530	104,821	28,354	2,021,141	4,919,680
Depreciation of fixed assets	696,971	495,815	94,141	149,890	34,469	294,449	1,765,735
Income from related companies	387,458	12,777	55,212		254,052	13,378,025	14,087,524

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

Unaudited Consolidated Fixed Assets

For the six-month periods ended December 31, 2005 and 2004

and the year ended June 30, 2005

(Notes 1, 2, and 3)

Schedule A

Principal Asset Description	Value at		Value at the end of the period/year	Depreciation					Net carrying	Net carrying	Net carrying	
	the beginning	Additions		Deductions	Accumulated	Decrease	Accumulated	value at	value at	value at		
	of the	and/or		and/or	of the	of the	Current	December 31,	June 30,	December		
	period/year	transfers		transfers	period/year	period/year	period/year	2005	2005	2004		
	Pesos	Pesos	Pesos	Pesos	%	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	
Real estate	127,920,136	23,061,013	5,691,493	145,289,656						145,289,656	127,920,136	124,973,000
Electric fences	4,815,906	16,033	181,072	4,650,867	3	1,126,302	54,868	80,420	1,151,854	3,499,013	3,689,604	3,939,000
Planting	3,549,725	105,800	254,865	3,400,660	5	1,090,500	100,736	84,986	1,074,750	2,325,910	2,459,225	2,590,000
Alfa fields												
Meadows	3,265,110	890,878	1,282,571	2,873,417	12-25-50	2,020,885	1,199,476	289,030	1,110,439	1,762,978	1,244,225	816,000
Buildings and constructions	5,982,037	23,695,930	58,895	29,619,072	2	1,901,144	10,112	295,953	2,186,985	27,432,087	4,080,893	3,764,000
Winery	9,610,388	564,093	15,045	10,159,436	10	6,152,583	12,036	464,362	6,604,909	3,554,527	3,457,805	2,322,000
Vehicles	1,520,010	65,261	48,864	1,536,407	20	870,378	48,864	112,539	934,053	602,354	649,632	726,000
Trucks	193,155	935		194,090	10	139,216		6,518	145,734	48,356	53,939	57,000
Equipment and furniture	1,149,488	42,921		1,192,409	10	716,045		56,783	772,828	419,581	433,443	365,000
Planting lanes	670,101	28,215		698,316	3	130,029		11,504	141,533	556,783	540,072	514,000
Fields	1,057,888	89,688	25,160	1,122,416	10	689,480	12,580	54,626	731,526	390,890	368,408	465,000
Utilities	11,596,648	113,447	26,008	11,684,087	10-20-33	4,647,034	24,295	568,861	5,191,600	6,492,487	6,949,614	3,492,000
Computer equipment	1,188,319	51,610	8,394	1,231,535	20	844,095	8,394	63,159	898,860	332,675	344,224	401,000
Plants	1,169,114		72,595	1,096,519	5	378,719	31,942	29,843	376,620	719,899	790,395	821,000
Lot	3,871,779			3,871,779		1,357,519		143,920	1,501,439	2,370,340	2,514,260	2,599,000
Constructions in progress	10,918,842	4,062,533	252,150	14,729,225						14,729,225	10,918,842	15,073,000
Advances to suppliers	82,879	373,514		456,393						456,393	82,879	534,000
Inventory		70,384		70,384						70,384		
Other assets-												

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Improvements										
Third parties										
Buildings	1,536,480		1,536,480						1,536,480	
Balance at										
December 31,										
2005	188,561,525	54,768,735	7,917,112	235,413,148	22,063,929	1,503,303	2,262,504	22,823,130	212,590,018	
Balance at										
30, 2005	179,919,641	27,067,824	18,425,940	188,561,525	19,893,168	1,998,378	4,169,139	22,063,929	166,497,596	
Balance at										
December 31,										
2004	179,919,641	5,423,528	317,200	185,025,969	19,893,168	91,699	1,765,735	21,567,204	163,458	

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

Unaudited Consolidated Investments

For the six-month periods ended December 31, 2005 and 2004 and the year ended June 30, 2005

(Notes 1, 2, and 3)

Schedule C

Type and characteristics of the securities	Amount	Value			Market Value Pesos	Principal activity	INFORMATION ON THE ISSUER		
		Value at December 31, 2005	Value at June 30, 2005	Value at December 31, 2004			Latest financial statements		
		Pesos	Pesos	Pesos			Capital Pesos	Income for the period Pesos	Shareholders' Equity Pesos
Current Investments									
Mutual Funds									
Bony Hamilton Fund in dollars	30,714	91,897	52,439,110		2.992023				
Banco Río Special Fund in pesos	3,245,585	381,756	50,034	83,626	0.117623				
Banco Río Fund in dollars			2,395	2,523					
		<u>473,653</u>	<u>52,491,539</u>	<u>86,149</u>					
Notes and Convertible Bonds									
Interest of Convertible Bonds 2007 - IRSA (US\$)									
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
IRSA Inversiones y Representaciones S.A.		999,287	1,078,320	1,499,204					
Global 2010 Bonds	110,000	92,549	100,997	112,343	0.841355				
Bocon Pro 1	157,647	630	630	630	0.003996				
Nobacs	3,000,000	2,947,500	3,003,000		0.982500				
Arg Discount 2033 Bonds			1,073,823						
Raymond James Interest of Bonds	11,046	11,046	20,235		1.000000				
Mortgage Bonds	1,500,431	1,477,925	1,706,662		0.985000				

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		5,528,937	6,983,667	1,612,177					
Deposits in foreign banks in dollars		536,539	502,796	660,145					
		536,539	502,796	660,145					
Total current investments		6,539,129	59,978,002	2,358,471					
Non-current investments									
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
AGRO-URANGA S.A.					Unlisted	Agriculture	2,500,000	1,038,398	12,889,465
Shares	893,069	4,597,887	5,344,811	4,523,238					
Contribution on account of future subscriptions of shares		7,865	7,865	7,865					
Higher property value		11,179,150	11,179,150	11,179,150					
		15,784,902	16,531,826	15,710,253					
IRSA Inversiones y Representaciones S.A.									
Shares (Note 14)	77,850,702	274,968,300	272,859,443	275,510,169	3.550000	Real State	368,447,884	28,987,509	1,301,356,122
		274,968,300	272,859,443	275,510,169					
Subtotal		290,753,202	289,391,269	291,220,422					
Other Investments									
Convertible Bonds 2007 IRSA (U\$S)									
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
IRSA Inversiones y Representaciones S.A.	32,958,011	99,928,688	105,487,796	134,928,347					
BrasilAgro-Companhia Brasileira de Propiedades Agricolas (in formation)		570,932							
Coprolán		20,717	20,717	20,717	Unlisted				
Subtotal		100,520,337	105,508,513	134,949,064					
Goodwill									
Goodwill				329,838					
IRSA negative goodwill		(28,613,032)	(30,430,822)	(36,656,319)					
Agropecuaria Cervera S.A. goodwill		23,612,186							

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Subtotal	<u>(5,000,846)</u>	<u>(30,430,822)</u>	<u>(36,326,481)</u>
Total non-current investments	<u>386,272,693</u>	<u>364,468,960</u>	<u>389,843,005</u>

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

Unaudited Consolidated Allowances and Provisions

For the six-month periods ended December 31, 2005 and 2004

and the year ended June 30, 2005

(Notes 1, 2, and 3)

Schedule E

Item	Balances at the beginning of the period	Increases (1)	Decreases (2)	Applications	Value at December 31, 2005	Value at June 30, 2005	Value at December 31, 2004
	Pesos				Pesos	Pesos	Pesos
Deducted from assets							
Allowance for doubtful accounts	381,214	50,000	(25,000)		406,214	386,344	373,535
Included in liabilities							
Non-current law contingencies for pending lawsuits	104,198	131			104,329	104,198	38,327
Total at December 31, 2005	485,412	50,131	(25,000)		510,543		
Total at June 30, 2005	450,394	84,504	(5,824)	(38,532)		490,542	
Total at December 31, 2004	450,394			(38,532)			411,862

(1) Included in Other Income and expenses, net.

(2) Included in Doubtful Accounts.

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

Unaudited Consolidated Cost of Sales

For the six-month periods ended December 31, 2005 and 2004

and year ended June 30, 2005

(Notes 1, 2, and 3)

Schedule F

Crops		Beef cattle		Milk		Feed Lot		Others		Total	
December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
		61,552,248	59,418,980	6,823,744	4,150,630			68,375,992		63,569,610	
24,930,778	8,639,910							24,930,778		8,639,910	
826,336	1,603,897							826,336		1,603,897	
128,575		172,941	134,870	17,653	103,508			3,138	319,169	241,516	
3,768,385	3,842,219			65,430	44,982	155,791	601,626	628,237	197,822	4,617,843	4,686,649
29,654,074	14,086,026	61,725,189	59,553,850	6,906,827	4,299,120	155,791	601,626	628,237	200,960	99,070,118	
		1,739,555	5,995,616	375,843	259,170	(10,740)				2,104,658	
277,608	2,088,522					(2,179)	57,784			275,429	
(91,722)	(149,403)	(10,469)	(35)					(437,512)	(23,501)	(539,703)	
(132,333)	(464,153)	449,705				(449,705)		(70,404)	(39,695)	(202,737)	
(6,273,933)	(6,646,273)	251,924	(136,871)	(739,371)	(376,780)			(235,472)	(262,674)	(7,500,700)	

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		220,499	101,905	(220,499)	(101,950)								
24,704,911	25,562,280	6,003,001	3,118,043	2,902,783	398,128	896,486	537,075	841,193	416,257			35,348,374	
)	5,063,443	4,562,016	7,852,818	9,535,065	2,448,164	976,650	369,921	389,831	853,275	562,856		16,587,621	
f													
		(63,006,967)	(63,387,666)	(9,119,607)	(4,439,780)					(72,126,574)		(67,827,446)	
(5,508,135)	(4,803,409)									(5,508,135)		(4,803,409)	
l													
(20,571,503)	(20,090,681)									(20,571,503)		(20,090,681)	
	(14,250)	(115,460)	(88,843)	(121,948)	(78,055)				(3,159)	(251,658)		(170,057)	
d													
(3,454,188)	(2,753,105)			(131,464)	(59,538)	(39,187)	(327,334)	(399,601)	(270,646)	(4,024,440)	(102,482,310)	(3,410,623)	
es													
23,653,972	11,391,820	14,605,947	14,691,109	2,300,728	876,965	920,387	1,258,982	1,179,716	580,398			42,660,750	

- (1) Includes cattle births of the fiscal period.
- (2) Includes cattle production amounting to Ps. 11,524,353 and Ps. 13,038,331 as of December 31, 2005 and 2004, respectively.
- (2) Includes grains production amounting to Ps. 4,586,159 and Ps. 4,855,891 as of December 31, 2005 and 2004, respectively.
- (3) Does not include forest products raw materials amounting to Ps. 4,320,000 as of December 31, 2005

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

Unaudited Consolidated Foreign Currency Assets and Liabilities

For the six-month periods ended December 31, 2005 and 2004

(Notes 1, 2, and 3)

Schedule G

Item	December 31, 2005			June 30, 2005		December 31, 2004				
	Type and amount of foreign currency	Current exchange rate Pesos	Amount in		Type and amount of foreign currency	Amount in local currency Pesos	Type and amount of foreign Currency	Amount in local currency Pesos		
			local currency	Pesos						
Current Assets										
Cash and banks										
Cash and banks in us dollars	U\$S	95,751	2.992	286,486	U\$S	4,215,034	12,000,202	U\$S	8,833,186	25,960,735
Cash and banks in reales	Rs	857	1.374	1,178						
Investments:										
Mutual funds	U\$S	30,714	2.992	91,897	U\$S	18,419,917	52,441,505	U\$S	858	2,523
Interest of										
Convertible Bonds										
2007-IRSA										
Subsidiaries, related companies Law 19,550 Article 33 and related parties:										
IRSA Inversiones y Representaciones S.A.	U\$S	329,580	3.032	999,287	U\$S	373,509	1,078,320	U\$S	503,257	1,499,204
Deposits in foreign banks	U\$S	179,325	2.992	536,539	U\$S	176,606	502,796	U\$S	224,616	660,145
Trade accounts receivable:										
Trade accounts receivable	U\$S	951,054	2.992	2,845,554	U\$S	354,791	1,010,091	U\$S	325,346	956,193
Other receivables:										
Secured by mortgage	U\$S	1,563,797	2.992	4,678,880	U\$S	2,886,254	8,217,166	U\$S	359,202	1,055,695
Guarantee deposits	U\$S	391,533	2.992	1,171,466	U\$S	939,597	2,675,032	U\$S	107,327	315,433
Non current assets										
Other receivables										
Secured by mortgage	U\$S	2,853,984	2.992	8,539,119	U\$S			U\$S		
Investments:										

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Convertible Bonds								
2007-IRSA								
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
IRSA Inversiones y Representaciones S.A.	U\$S 32,958,011	3.032	99,928,688	U\$S 36,538,897	105,487,796	U\$S 45,293,168	134,928,347	
U\$S	U\$S 39,353,749		119,077,916	U\$S 63,904,605	183,412,908	U\$S 55,646,960	165,378,275	
Rs	Rs 857		1,178					
Total Assets			119,079,094	U\$S 63,904,605	183,412,908	U\$S 55,646,960	165,378,275	
Current liabilities								
Trade accounts payable:								
Suppliers	U\$S 4,041,380	3.032	12,253,463	U\$S 2,290,120	6,611,576	U\$S 953,321	2,839,943	
Unearned interest	U\$S (138,319)	3.032	(419,384)	U\$S		U\$S		
Accrual for other expenses	U\$S 1,230,438	3.032	3,730,689	U\$S 607,354	2,592,869	U\$S 870,929	2,129,666	
Loans:								
Local Banks	U\$S			U\$S		U\$S 4,068,000	12,118,572	
Interest of Convertible Bonds 2007	U\$S 199,391	3.032	604,553	U\$S 164,996	476,343	U\$S 199,036	592,928	
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
Shareholders	U\$S 178,589	3.032	541,481	U\$S 244,853	706,891	U\$S 266,145	792,845	
Directors	U\$S 343	3.032	1,041	U\$S 344	992	U\$S 85	252	
Other debts:								
Security transactions payable	U\$S			U\$S 1,448,075	4,180,593	U\$S		
Advances to customers	U\$S			U\$S 711,881	2,055,200	U\$S 1,411,516	4,204,906	
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
Cactus Argentina S.A.	U\$S			U\$S		U\$S 70,000	102,865	
Cactus Feeders	U\$S			U\$S		U\$S 13,961	41,590	
Non-current liabilities								
Loans:								
Convertible Bonds 2007	U\$S 19,505,607	3.032	59,141,000	U\$S 15,869,642	45,815,657	U\$S 17,913,238	53,363,537	
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
Shareholders	U\$S 17,470,641	3.032	52,970,984	U\$S 24,223,922	69,934,463	U\$S 23,953,025	71,356,061	
Directors	U\$S 33,600	3.032	101,875	U\$S 33,980	98,100	U\$S 7,600	22,640	
Total Liabilities	42,521,670		128,925,702	U\$S 45,595,167	132,472,684	49,726,856	147,565,805	

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For the six-month periods ended December 31, 2005 and 2004

(Notes 1, 2, and 3)

Schedule H

Items	Operating Expenses						Expenses		Total	
	Total December 31, 2005 Pesos	Total Pesos	Crops Pesos	Beef cattle Pesos	Milk Pesos	Feed Lot Pesos	Others Pesos	Selling Pesos	Administrative Pesos	Total December 31, 2004 Pesos
Directors' fees	123,404								123,404	46,408
Fees and payments for services	1,400,661	217,240	1,234	107,935	58,036		50,035		1,183,421	608,422
Salaries and wages	4,099,234	2,123,855	305,762	935,718	417,592		464,783	51,315	1,924,064	3,183,508
Social security taxes	725,092	335,407	121,460	105,062	20,355		88,530	9,774	379,911	494,327
Taxes, rates and contributions	250,045	201,859	107,804	54,166	23,262		16,627		48,186	217,611
Gross sales taxes	479,200							479,200		286,533
Office and administrative expenses	388,087	100,768		4,567			96,201	1,853	285,466	352,376
Bank commissions and expenses	16,509	16,509	3,128	2,407	395		10,579			15,466
Depreciation of fixed assets	2,262,504	2,114,492	1,157,307	526,484	258,675	136,724	35,302		148,012	1,765,735
Vehicle and traveling expenses	366,945	231,676	84,232	115,765	7,682		23,997	5,233	130,036	331,332
Spare parts and repairs	621,217	616,910	376,996	185,105	50,708		4,101		4,307	617,545
Insurance	131,135	29,099	10,807	11,776	1,047		5,469		102,036	123,954
Benefits to Employees	232,181	167,155	35,078	113,497	6,727		11,853		65,026	183,077
Livestock expenses (1)	6,036,005	5,563,145		5,563,145				472,860		7,866,754
Dairy farm expenses (2)	1,594,134	1,592,968			1,592,968			1,166		643,214
Agricultural expenses (3)	6,629,645	2,728,741	2,728,741					3,900,904		4,465,418
Feed lot expenses	233,197	233,197				233,197				252,482
Silo expenses	13,052	13,052	13,052							41,963
Coal expenses	202							202		
FyO expenses	32,910	3,750					3,750	29,160		25,984

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General expenses	323,361	297,798	117,842	127,191	10,717	42,048	5,945	19,618	144,081	
Total at December 31, 2005	25,958,720	16,587,621	5,063,443	7,852,818	2,448,164	369,921	853,275	4,957,612	4,413,487	
Total at December 31, 2004		16,026,418	4,562,016	9,535,065	976,650	389,831	562,856	2,506,807	3,132,965	21,666,190

- (1) Includes cattle food and additives, lodging, animal health and others.
(2) Includes cattle food and additives, animal health and others.
(3) Includes seeds, agrochemicals, irrigation, services hired, leases and others.

Table of Contents**Cresud Sociedad Anónima,****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Unaudited Balance Sheet as of December 31, 2005 and 2004 and June 30, 2005**

	December 31, 2005	June 30,2005 (Notes 1 and 2)	December 31, 2004
	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos
ASSETS			
Current Assets			
Cash and banks (Note 8.a.)	688,060	13,807,272	26,578,343
Investments (Note 8.b.)	5,620,834	59,425,172	1,639,729
Trade accounts receivable (Note 8.c.)	9,744,378	9,406,400	6,298,620
Other receivables (Note 8.d.)	11,893,640	21,353,798	7,845,767
Inventories (Note 8.e.)	42,859,634	43,647,216	45,284,709
Total Current Assets	70,806,546	147,639,858	87,647,168
Non-Current Assets			
Other receivables (Note 8.d.)	15,523,349	6,404,092	5,279,475
Inventories (Note 8.e.)	54,866,387	48,743,639	46,102,732
Investments on controlled and related companies (Note 8.b.)	311,662,439	306,089,140	305,920,570
Other investments (Note 8.b.)	100,520,337	105,508,513	134,949,064
Fixed assets, net (Schedule A)	202,571,881	158,082,019	155,026,463
Subtotal Non-Current Assets	685,144,393	624,827,403	647,278,304
Goodwill (Note 8.b.)	(6,674,377)	(30,430,822)	(36,326,481)
Total Non-Current Assets	678,470,016	594,396,581	610,951,823
Total Assets	749,276,562	742,036,439	698,598,991
	December 31, 2005	June 30,2005 (Notes 1 and 2)	December 31, 2004
	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos
LIABILITIES			
Current Liabilities			
Debts:			
Trade accounts payable (Note 8.f.)	26,846,535	16,993,710	11,649,093
Loans (Note 8.g.)	18,424,590	11,499,782	38,606,380
Salaries and social security payable (Note 8.h.)	892,084	1,564,647	765,705
Taxes payable (Note 8.i.)	1,552,669	20,041,396	4,372,111
Other debts (Note 8.j.)	2,692,373	16,104,211	11,857,335

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Total Debts	50,408,251	66,203,746	67,250,624
Total Current Liabilities	50,408,251	66,203,746	67,250,624
Non-Current Liabilities			
Loans (Note 8.g.)	111,374,915	114,693,553	123,285,777
Taxes payable (Note 8.i.)	44,117,008	37,987,388	27,491,943
Other debts (Note 8.j.)		14,911	480,640
Provisions (Schedule E)	66,002	65,871	
Total Non-Current Liabilities	155,557,925	152,761,723	151,258,360
Total liabilities	205,966,176	218,965,469	218,508,984
SHAREHOLDERS EQUITY	543,310,386	523,070,970	480,090,007
Total Liabilities and Shareholders Equity	749,276,562	742,036,439	698,598,991

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

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain
Chairman

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

Unaudited Statement of Income

For the six-month periods ended December 31, 2005 and 2004

	December 31, 2005 (Notes 1 and 2)	December 31, 2004 (Notes 1 and 2)
	Pesos	Pesos
Sales		
Crops	28,938,520	11,236,161
Beef cattle	14,359,858	18,129,885
Milk	4,277,258	1,567,574
Other	1,830,437	1,923,693
Total Sales	49,406,073	32,857,313
Cost of sales (Schedule F)		
Crops	(23,653,972)	(11,391,820)
Beef cattle	(11,119,265)	(14,531,019)
Milk	(2,300,728)	(876,965)
Other	(4,515)	(8,554)
Total cost of sale	(37,078,480)	(26,808,358)
Gross profit	12,327,593	6,048,955
Selling expenses (Schedule H)	(4,786,908)	(2,408,431)
Administrative expenses (Schedule H)	(3,966,976)	(2,822,516)
Net gain on sale of farms	9,872,997	
Gain from inventory holding (Schedule F)	2,206,179	5,744,136
Operating income	15,652,885	6,562,144
Financial gain (loss)		
Generated by assets:		
Exchange differences and discounts	8,763,360	38,496
Interest income	242,427	223,891
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:		
Interest on bonds (Nota 7)	4,360,671	5,473,411
Tax on banking debits and credits	(857,451)	(585,499)
Holding result and operations security stock		
Gain on sale of Negotiable Bonds	14,872,000	
Others	1,592,122	82,666
	28,973,129	5,232,965
Generated by liabilities:		
Financial expenses		

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Interest on Convertible bonds (Note 7)	(4,359,619)	(5,160,478)
Others	(1,115,008)	(1,152,651)
Exchange differences and discounts	(6,569,975)	(947,991)
	<u>(12,044,602)</u>	<u>(7,261,120)</u>
Other income and expenses, net:		
Gains from other fixed assets sales	12,868	20,061
Shareholders' Personal asset tax and miscellaneous	(889,640)	(3,315,633)
	<u>(876,772)</u>	<u>(3,295,572)</u>
Income from controlled and related companies	6,708,464	14,229,684
Management fee (Note 5)	(2,653,994)	(1,059,305)
	<u>35,759,110</u>	<u>14,408,796</u>
Net Income before income tax	35,759,110	14,408,796
Income tax expense (Note 6)	(11,873,168)	(4,875,059)
	<u>23,885,942</u>	<u>9,533,737</u>
Net income for the period	23,885,942	9,533,737

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

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain
Chairman

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

Unaudited Statement of Changes in Shareholders Equity

For the six-month periods ended December 31, 2005 and 2004

(Notes 1 and 2)

Items	Shareholders contributions					Retained earnings		Total at December 31, 2005	Total at December 31, 2004
	Capital (Note 3)		Inflation adjustment of Common stock	Paid-in capital (1)	Subtotal	Legal reserve	Unappropriated earnings		
	Common stock	Treasury stock							
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos		
Balances at the beginning of the period	162,784,579		166,218,124	78,175,196	407,177,899	7,692,591	108,200,480	523,070,970	465,168,196
Subscription of incentive plan (Note 12)									173,200
Conversion of bonds in common stock (Note 13)	6,139,610			3,144,327	9,283,937			9,283,937	3,740,628
Exercise of Warrants (Note 13)	173,908			134,442	308,350			308,350	4,474,246
Shareholders meeting held on 11.29.05:									
Legal Reserve						3,839,946	(3,839,946)		
Cash dividends							(10,000,000)	(10,000,000)	(3,000,000)
Related companies									
Law 19,550									
Section 33:									
Inversiones y Representaciones S.A. (Note 14)				(3,238,813)	(3,238,813)			(3,238,813)	
Net income for the period							23,885,942	23,885,942	9,533,737
Balances at December 31, 2005	169,098,097		166,218,124	78,215,152	413,531,373	11,532,537	118,246,476	543,310,386	
Balances at December 31, 2004	155,650,742	66,800	166,218,124	109,593,251	431,528,917	7,692,591	40,868,499		480,090,007

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

(1) See notes 2 n and 14

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain
Chairman

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

Unaudited Statement of Cash Flow

For the six-month periods ended December 31, 2005 and 2004

	December 31, 2005 (Notes 1 and 2)	December 31, 2004 (Notes 1 and 2)
	Pesos	Pesos
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	66,248,838	12,527,042
Cash and cash equivalents at the end of the period	779,957	26,605,956
Net (decrease) increase in cash and cash equivalents	(65,468,881)	14,078,914
Causes of changes in cash and cash equivalents		
<u>Operating activities</u>		
Income for the period	23,885,942	9,533,737
Accrued interest	4,598,203	5,911,384
Income tax	11,873,168	4,875,059
Adjustments made to reach net cash flow from operating activities		
Income from interest in controlled and related companies	(6,708,464)	(14,229,684)
Increase in allowances, provisions and accruals	9,798,227	3,648,938
Depreciation	2,007,130	1,501,016
Gain from inventory holdings	(2,206,179)	(5,744,136)
Financial results	(3,556,598)	(4,817,103)
Gain on sale of Negotiable Bonds	(14,872,000)	
Gain from sale of fixed assets	(9,885,865)	(20,061)
Changes in operating assets and liabilities		
Decrease in current investments	5,625,352	5,362,711
Increase in trade accounts receivable	(337,978)	(2,721,637)
Decrease in other receivables	8,665,784	7,101,433
Increase in inventories	(3,331,724)	(10,834,356)
Decrease in social security payable & taxes payable and advances to customers	(24,904,838)	(459,860)
Decrease in trade accounts payable	(3,738,442)	(1,991,576)
Dividends collected	867,691	981,315
(Decrease) increase in other debts	(1,618,288)	3,108,046
Cash flows (applied to) provided by operating activities	(3,838,879)	1,205,226
<u>Investment activities</u>		
Increase in non-current investments		(1,502,678)
Increase in interest in related companies	(1,618,726)	(7,418,437)
Acquisition and upgrading of fixed assets	(46,012,304)	(4,701,940)
Sale of fixed assets	9,880,073	245,562
Cash flows (applied to) provided by investment activities	(37,750,957)	(13,377,493)
<u>Financing activities</u>		
Exercise of Warrants	308,350	4,474,246

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Dividends paid	(10,000,000)	(3,000,000)
Subscription of incentive plan		173,200
Increase in financial loans	17,038,931	36,468,450
Decrease in financial loans	(14,712,326)	(11,864,715)
Decrease in other liabilities	(16,514,000)	
	<hr/>	<hr/>
Cash flows (applied to) provided by financing activities	(23,879,045)	26,251,181
	<hr/>	<hr/>
<u>Net (decrease) increase in cash and cash equivalents</u>	<u>(65,468,881)</u>	<u>14,078,914</u>
	<hr/>	<hr/>
<u>Items not involving changes in cash and cash equivalents</u>		
Transfer of inventory to fixed assets	202,737	503,848
Increase in other receivables by sale of fixed assets	8,222,550	
Repayment of financial loans through issue of stock by exercise of conversion right	9,283,937	3,740,628
Increase in fixed assets due to an increase in other debts	6,443,509	
Decrease in other liabilities through a decrease in fixed assets	2,055,200	
	<hr/>	<hr/>
<u>Complementary information</u>		
Interest paid	4,694,235	5,108,487
Income tax paid	22,810,022	385,077
	<hr/>	<hr/>

/s/ Eduardo S. Elsztain

Eduardo S. Elsztain
Chairman

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Unaudited Financial Statements**

For the six-month periods ended December 31, 2005 and 2004

NOTE 1: ACCOUNTING STANDARDS

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

a. Presentation standards

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

b. Applied Accounting Standards

The C.P.C.E.C.A.B.A. enacted the following technical resolutions: No. 16: Conceptual regime for professional accounting regulations ; No. 17: Professional accounting regulations: development of matters of general application , No. 18: Professional accounting regulations: development of some matters of particular application and No. 19 Modifications to technical resolutions No. 6, 8, 9, 11 and 14 and No. 20 Derivative instruments and hedging transactions , through Resolutions C 238/01, C 243/01, C 261/01, C 262/01 and C 187/02, respectively; establishing that such technical resolutions and the modifications incorporated, will be in force for periods initiated as from July 1, 2002 (other than Technical Resolution No. 20, which shall become effective for fiscal years beginning as from January 1, 2003).

The C.N.V., through Resolution No. 434/03 has adopted such technical resolutions with some exceptions and modifications, which have been in force for fiscal years initiated as from January 1, 2003.

The last changes basically result from the registration of income tax under the deferred tax method, as concerns agreements involving derivative instruments at their fair value and the valuation of receivables and payables with no stated rate at their discounted value.

As at February 19, 2003, the C.P.C.E.C.A.B.A., enacted Technical Resolution No. 21 Proportional value- consolidation of financial statements-information to provide on related parties through Resolution M.D. No. 5/2003.

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The above mentioned Technical Resolution and the amendments introduced became effective for fiscal years ended as from April 1, 2003. Furthermore, The C.N.V. has adopted such Technical Resolution, through Resolution No. 459/04 introducing some modifications, which will be in force for fiscal years started as from April 1, 2004, consequently the Company has considered their application.

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Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Unaudited Financial Statements (Continued)

NOTE 1: (Continued)

On January 12, 2005, the C.P.C.E.C.A.B.A. approved Technical Resolution No. 22, Professional accounting rules: agricultural business under its Resolution M.D. No. 01/2005 effective for fiscal years starting as from July 1, 2005. The C.N.V. adopted such Technical Resolution through its Resolution No. 485 of December 29, 2005, effective for complete or interim periods of fiscal years commencing as from January 1, 2006. In accordance with the Company's evaluation, the application of such resolution will not produce an impact on respect of the valuation of biological assets and it represents an improvement in the exposure. To such extent, production of meet is shown in these financial statements in Schedule F.

On August 10, 2005, the Professional Council in Economic Sciences of the City of Buenos Aires (C.P.C.E.C.A.B.A.) through its Resolution CD 93/2005 approved the consolidation of the professional accounting principles of its jurisdiction with those issued by the Argentine Federation of Professional Councils in Economic Sciences.

For the purpose of such Resolution, the issuance of reports from Certified Public Accountants on Financial Statements, Audit Standards, Statutory Audit Committee Standards and Professional Accounting Principles which are to be applied on a mandatory basis in the City of Buenos Aires, are contained in:

- a) Technical Resolutions 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, 21 and 22 of the Argentine Federation of Professional Councils in Economic Sciences including the changes therein made by such entity up to April 1, 2005;
- b) Resolution No. 287/03 of the Governing Body of such Federation;
- c) Other interpretations of the accounting and audit standards 1, 2, 3 and 4 of such Federation with the changes therein made by such entity up to April 1, 2005

The above-mentioned standards will become effective for complete or interim periods of fiscal years commencing as from January 1, 2006 their anticipated application being admitted, and will substitute those standards contained in Resolutions CD No. 87/2003 and MD No. 1/2005 of the Professional Council of Economic Sciences of the City of Buenos Aires.

On December 29, 2005, through Resolutions 485 and 487, the National Securities Commission (CNV) adopted with certain changes the standards of the C.P.C.E.C.A.B.A. The standards adopted will become effective for the Company on July 1, 2006 (date of beginning of the next fiscal period). The principal change arising from the consolidation of the accounting standards is related to the treatment given to the adjustment for inflation in the calculation of the deferred tax, which can be taken as a temporary difference, according to the Company's criteria. The adjustment for inflation is currently considered as a permanent difference in the calculation of the deferred tax. The Company is currently analyzing if it will change said accounting criteria and will report to the controlling authorities the decision before March 31, 2006.

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The financial statements for the six-month period ended as of December 31, 2005 and 2004 have not been audited. The Company management estimates that all necessary adjustments are included to reasonably present the income statements accounts of each year. The six-month periods' income statements accounts as of December 31, 2004 and 2005 do not necessarily reflect the proportion of the Company's income statements accounts for the complete fiscal years.

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Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Unaudited Financial Statements (Continued)

NOTE 1: (Continued)

c. Accounting for inflation

The Company's financial statements have been prepared in accordance with Resolution M.D. 3/02 of the C.P.C.E.C.A.B.A., which has established the application of Technical Resolution No. 6, as amended by Technical Resolution No. 19 of the F.A.C.P.C.E., as from fiscal years or interim periods ended on or after March 31, 2002.

On March 25, 2003, the National Executive Power issued Decree No. 664 establishing that financial statements for fiscal years ended as from that date should be stated in nominal currency.

Therefore, in accordance with Resolution No. 441 issued by the C.N.V. on April 8, 2003, the Company discontinued restatement of its financial statements effective March 1, 2003. This criteria does not comply with Resolution M.D. 041/2003, enacted by the C.P.C.E.C.A.B.A., by means of which the restatement of financial statements as of October 1, 2003 is no longer compulsory. However, as of December 31, 2005, this deviation did not have a material effect on the Company's financial statements.

As a consequence of the above mentioned, the initial balances at the Company's financial statements are presented in constant currency as of February 28, 2003, having considered the accounting measurements restated by the changes in the purchasing power money until interruption of the adjustment and those arising in the period of stability, restated into currency of December 2001. Transactions subsequent to February 28, 2003 have been recorded at their historical values.

The coefficients prepared based on the domestic wholesale price index, published by the Instituto Nacional de Estadísticas y Censos, have been applied for purposes of the abovementioned restatement of comparative information.

d. Comparative Information

For comparison purposes, reclassifications have been made as of December 31, 2004.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Use of estimates

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

b. Local currency assets and liabilities

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

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 2: (Continued)

c. Foreign currency assets and liabilities

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

d. Temporary investments

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

e. Trade accounts receivable and payable

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

f. Credits and loans

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

g. Derivates financial instruments

Futures relate to cereal commitments deliverable at a previously agreed price.

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

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

Differences generated by the application of the above mentioned valuation criteria to assets and liabilities from derivative instruments corresponding to crops have been recognized under net income of the period under Cost of sales.

h. Other receivables and other debts

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

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

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 2: (Continued)

i. Balances with related parties

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

j. Inventories

1. Livestock for raising and grazing cattle have been stated at their market value at the end of the period, net of estimated selling expenses. The livestock for dairy production and other purposes not related to direct sale over the next 12 months were valued at replacement cost.

Holding gain on cattle was calculated as the price difference of the heifer kilogram between stocks at beginning and closing of period.

Production of cattle, as mentioned in Note 1.b), is shown in Schedule F.

Considering the seasonal nature of agricultural activities, there are no results shown for production of grains to the date of these financial statements.

2. Crops: at their quoted market value at the end of the period, less estimated sale expenses.

The cost of cereals includes the holding gain of grains.

Production of cereal, as mentioned in Note 1.b), is shown en Schedule F.

3. Sown lands: Sown lands are valued at the replacement cost of the supplies used, plus expenses accrued as of the date of these financial statements.

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4. The remaining inventories were valued at replacement value.

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

- k. Long term investments in other companies

1. Investments in subsidiaries and affiliates

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

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 2: (Continued)

Interests in subsidiaries and affiliates at December 31, 2005 are as follows:

<u>Subsidiaries and affiliates</u>	<u>% Equity interest</u>
Inversiones Ganaderas S.A.	99.99
Agropecuaria Cervera S.A.	90.00
Futuros y Opciones.Com S.A.	70.00
Cactus Argentina S.A.	50.00
Agro Uranga S.A.	35.72
IRSA Inversiones y Representaciones Sociedad Anónima	21.13

Consolidated financial statements with Inversiones Ganaderas S.A., Futuros y Opciones.Com, Agropecuaria Cervera S.A. and Cactus Argentina S.A. in proportional consolidation of 50% at December 31, 2005 and 2004 are presented as complementary information.

2. Goodwill

The goodwill relating to the purchase of the subsidiary Futuros y Opciones.Com S.A. has been valued at its restated cost as of February 28, 2003, calculated as the difference between the price paid for such investment and its equity value calculated at the time of purchase, which was also restated as of that date (Note. 1.c.).

Depreciation was calculated in accordance with the estimated useful life, which was 5 years and has been classified under Gain from controlled and related companies in the statement of income. As of December 31, 2005 the above mentioned goodwill is fully amortized.

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

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

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

The goodwill of the business (positive) for the purchase of the subsidiary Agropecuaria Cervera S.A. (ACSA) has been valued at cost value, which was calculated as a difference between the value paid for such investment and the estimated current value of the assets added. The Company is currently analyzing the current value assigned to the assets acquired in line with the guidelines of Technical Resolution No. 21.

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 2: (Continued)

The amortization of the goodwill of ACSA will be calculated in accordance with the duration of the project (Note 12), which was established in 35 year's term with an option of 29 additional years. The goodwill of the project will be amortized as from the start.

3. Other Investments

- Investments in debt securities

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

BrasilAgro - Companhia Brasileira de Propiedades Agrícolas (undergoing incorporation process)

The investment in BrasilAgro has been valued at incurred cost as it is currently under capitalization stage.

- Other investments

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

1. Fixed assets

- Purchase value

Valued at cost restated applying the coefficients mentioned in Note 1.c., based on the corresponding dates of origin.

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- Depreciation

Calculated by the straight-line method based on the estimated useful lives of the assets as from the period of addition.

- The carrying value

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

- m. Shareholders equity

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

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

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

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 2: (Continued)

o. Results for the period

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

Holding gain and loans of livestock are disclosed in one line in the Income Statement and in Schedule F and is calculated as explained in note 2.j.1.

Cost of sale is calculated by inventory difference and cattle and corns production is disclosed in Schedule F (see notes 2.j.1 and 2.j.2)

The remaining results for the period are disclosed in the paid cost.

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

p. Income Tax

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

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

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

q. Tax on minimum presumed income

The Company determines the tax on minimum presumed income applying the prevailing rate of 1% on computable assets at period-end. This tax is supplementary to the income tax. The Company's tax liability for each period will be the higher of these two taxes. However, if the tax on minimum presumed income exceeds the income tax in any period, such excess may be computed as payment on account of the income tax that may be payable in any of the following ten fiscal years.

r. Revenue recognition

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

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 3: COMMON AND TREASURY STOCK

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

	Authorized	Subscribed	Paid in
	Pesos	Pesos	Pesos
	<u> </u>	<u> </u>	<u> </u>
Common and treasury stock at June 30, 2003	124,098,095	124,098,095	124,098,095
Incentive Plan (Note 12) - Fiscal Year 2004	332,437	332,437	332,437
Conversion of bonds in common stock (Note 13) - Fiscal Year 2004	13,136,577	13,136,577	13,136,577
Exercise of Warrants (Note 13) - Fiscal Year 2004	12,965,710	12,965,710	12,965,710
Incentive Plan (Note 12) - Fiscal Year 2005	240,000	240,000	240,000
Conversion of bonds in common stock (Note 13) - Fiscal Year 2005	5,918,871	5,918,871	5,918,871
Exercise of Warrants (Note 13) - Fiscal Year 2005	6,092,889	6,092,889	6,092,889
Conversion of bonds in common stock (Note 13) - Fiscal Year 2006-1 st and 2 nd quarter	6,139,610	6,139,610	6,139,610
Exercise of Warrants (Note 13) - Fiscal Year 2005-2006 1 st and 2 nd quarter	173,908	173,908	173,908
	<u> </u>	<u> </u>	<u> </u>
Common and treasury stock at 2005	169,098,097	169,098,097	169,098,097
	<u> </u>	<u> </u>	<u> </u>

As of December 31, 2005, the capital authorized to be publicly offered is formed of 169,098,097 common, book-entry shares of Ps.1 par value each and entitled to one vote per share, all of which were outstanding.

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 4: DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2005 the Company had arranged futures and options on the Futures Market as follows:

Cereal	Tons	Margins Ps.	Premium paid or (collected) Ps.	Premium at fair value Ps.	Gain (loss) for valuation at fair value Ps.
Futures					
Purchase					
Corn	12,700				134,446
Sell					
Corn	900	18,850			(12,447)
Soybean	1,400	41,888			2,723
Wheat	2,600	54,454			(16,396)
Options					
Purchase Call					
Corn	25,400		381,368	568,450	187,082
Soybean	6,800			237,356	237,356
Sell Call					
Corn	30,480		(237,789)	(329,851)	(92,062)
Soybean	12,280	18,565	(16,157)	(110,048)	(93,891)
Wheat	4,080		(58,344)	(49,901)	8,443
Purchase Put					
Corn	19,280	(57)	97,779	82,351	(15,428)
Soybean	17,900	(12,533)	549,960	410,472	(139,488)
Wheat	4,080		44,880	44,855	(25)
Sell Put					
Corn	12,700		(56,362)	(26,179)	30,183
Soybean	8,500	2,908	(26,330)	(120,507)	(94,177)
Total	159,100	124,075	679,005	706,998	136,319

Corns:

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As of December 31, 2005 and 2004 the Company charged to income Ps. 277,608 (loss) and Ps. 2,088,522 (loss), respectively, to reflect the closing of the transactions carried out during those periods. These results are disclosed under the cost of grain in a line of Schedule F.

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

NOTE 4: (Continued)

At December 31, 2004 the Company had arranged futures and options on the Forward Market as follows:

<u>Cereal</u>	<u>Tons</u>	<u>Margins Ps.</u>	<u>Premium paid or (collected) Ps.</u>	<u>Premium at fair value Ps.</u>	<u>Gain (loss) for valuation at fair value Ps.</u>
<u>Futures</u>					
<u>Sell</u>					
Corn	12,700				13,592
<u>Options</u>					
<u>Purchase Call</u>					
Corn	12,700		115,350	104,696	(10,654)
<u>Sell Call</u>					
Soybean	5,440		(111,619)	(111,619)	
Corn	12,700		(31,960)	(27,552)	4,408
<u>Purchase Put</u>					
Soybean	2,720		111,619	113,088	1,469
Total	46,260		83,390	78,613	8,815

NOTE 5: MANAGEMENT AGREEMENT

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

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

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

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

The financial statements as of December 31, 2005 and 2004 include a charge in the Statement of Income of Ps. 2,653,994 and Ps. 1,059,305 and a provision of the same amounts as the mentioned dates respectively.

NOTE 6: INCOME TAX DEFERRED TAX

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

Table of Contents**Cresud Sociedad Anónima, Comercial,****Inmobiliaria, Financiera y Agropecuaria****Notes to the Unaudited Financial Statements (Continued)****NOTE 6:** (Continued)

- Deferred assets as of December 31, 2005:

	Cumulative tax loss carryforwards	Other	TOTAL
Initial Balance	2,367,216	494,355	2,861,571
Charge to Net Income	(412,419)	(454,536)	(866,955)
Closing Balance	1,954,797	39,819	1,994,616

- Deferred liabilities as of December 31, 2005:

	Fixed Assets	Inventories	Investments	Accruals	Others	TOTAL
Initial Balance	(22,615,009)	(14,240,940)	(2,730,064)	(1,271,064)	9,282	(40,847,795)
Charge to Net Income	(4,649,146)	(797,214)	(32)	182,563		(5,263,819)
Closing Balance	(27,264,155)	(15,038,154)	(2,730,096)	1,088,501	9,282	(46,111,624)

As of December 31, 2005, net liabilities at period-end as per the information included in the preceding tables amount to Ps. 44,117,008.

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

Description	December 31, 2005	December 31, 2004
Net Income before income tax	35,759,110	14,408,796
Tax rate	35%	35%

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Net income at tax rates:	12,515,689	5,043,079
Permanent differences at tax rate:		
Restatement into constant currency	1,468,671	62,175
Penalties		159
Donations	7,278	
Amortization FYO Goodwill		55,643
Gain from purchase and sale of stock		2,066,984
Loss from controlled and related companies	(2,347,962)	(4,980,389)
Personal asset tax	311,328	1,157,197
Conversion of bonds in common stock		1,509,585
Miscellaneous permanent differences	(81,836)	(39,374)
	<u> </u>	<u> </u>
Income tax	11,873,168	4,875,059
	<u> </u>	<u> </u>

During this period the Income Tax rate was 35%.

Cumulative tax loss carryforwards recorded by the Company pending utilization at period-end amount to approximately Ps. 1,954,797 and may be offset against taxable income of future periods, as follows:

<u>Origination year</u>	<u>Amount</u>	<u>Expiration Year</u>
2003	1,791,943	2008
2005	162,854	2010

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

NOTE 6: (Continued)

- Deferred assets as of December 31, 2004:

	Cumulative tax loss carryforwards	Provisions	Others	TOTAL
Initial Balance	2,224,649	20	1,191	2,225,860
Charge to Net Income	(20,840)		80,289	59,449
Closing Balance	2,203,809	20	81,480	2,285,309

- Deferred liabilities as of December 31, 2004:

	Fixed Assets	Inventories	Investments	Accruals	TOTAL
Initial Balance	(13,522,161)	(11,545,458)	(1,220,989)	(1,069,822)	(27,358,430)
Charge to Net Income	106,320	(1,062,968)	(1,509,122)	46,948	(2,418,822)
Closing Balance	(13,415,841)	(12,608,426)	(2,730,111)	(1,022,875)	(29,777,252)

As of December 31, 2004, the net liability related to the schedule detailed is an amount of Ps. 27,491,943.

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Cresud Sociedad Anónima, Comercial,

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Notes to the Unaudited Financial Statements (Continued)

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

a. Balances at December 31, 2005, June 30, 2005 and December 31, 2004 with Subsidiaries, related companies and related parties:

	December 31, 2005	June 30, 2005	December 31, 2004
<u>IRSA Inversiones y Representaciones S.A.(3)</u>			
Current Investments			
-Interest of Convertible Bonds 2007-IRSA (U\$S)	999,287	1,078,320	1,499,204
Non-Current Investments			
-Convertible Bonds 2007-IRSA (U\$S)	99,928,688	105,487,796	134,928,347
Current Trade accounts payable	140,769	43,822	116,259
<u>Inversiones Ganaderas S.A.(1)</u>			
Current Trade accounts receivable	210,904	30,814	29,195
Non-Current Other receivable	750,660		
Current Other debts		1,605,463	1,747,984
Non-Current Other debts		14,911	480,640
<u>Futuros y opciones.Com S.A.(1)</u>			
Current Trade accounts receivable	371,219	897,389	424,147
Current Other receivables	23,603	23,603	23,603
<u>Cactus Argentina S.A.(3)</u>			
Current Trade accounts receivable	18,844	785,849	30,261
Current Other receivables and prepaid expenses	350,479	332,209	1,354,328
Current Trade accounts payable	122,086		530,217
Current Other debts			205,730
<u>Agro-Uranga S.A.(3)</u>			
Current Other receivables	281,226	39,993	234,279
Current Trade accounts payable	259		
<u>Fundación IRSA (4)</u>			
Current Trade accounts payable	1,900,000	1,900,000	1,177,988
<u>Inversora Bolívar (4)</u>			
Current Trade accounts payable	6,710	5,445	6,341
<u>Alto Palermo S.A.(4)</u>			
Current Trade accounts payable	124,044	193,053	44,233
<u>Consultores Asset Management S.A.(4)</u>			
Management Fee	2,653,994	8,239,263	1,059,305
<u>Credits to employees (4)</u>			
Current credits to Senior management, directors and staff of the company	45,965	29,397	15,362
<u>Estudio Zang, Bergel & Viñes (4)</u>			
Current Trade accounts payable	73,201	21,092	23,486
<u>Directors (4)</u>			

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Current Loans			
Convertible Bonds 2007 Interest payable (Schedule G) Directors	1,041	992	252
Non-Current Loans			
Convertible Bonds 2007 (Schedule G) Directors	101,875	98,100	22,640
Current Trade accounts payable			43,543
Other current debts	18,080	3,393	
<u>Shareholders (2)</u>			
Current Loans			
Convertible Bonds 2007 Interest payable (Schedule G) Shareholders	541,481	706,891	792,845
Non-Current Loans			
Convertible Bonds 2007 (Schedule G) Shareholders	52,970,984	69,934,463	71,356,061

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

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Notes to the Unaudited Financial Statements (Continued)

NOTE 7: (Continued)

b. Gain and losses provided by Subsidiaries, related companies and related parties corresponding to the periods ended at December 31, 2005 and 2004.

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

	Year	Sales and Fees for				Livestock expenses	Administrative		
		shared services	Interest paid	Salaries	Fees		Interest income	services	Others
Shareholders	2005		(2,057,975)						
	2004		(2,951,938)						
Agro-Uranga S.A.	2005								
	2004							106,780	
Alto Palermo S.A.	2005	(363,909)							
	2004	(8,765)							
Consultores Asset Management S.A.	2005								
	2004								
Cactus Argentina S.A.	2005					(1,228,376)	21,119	109,920 6,659	
	2004					(3,002,994)	10,634	83,520 26,353	
Directors	2005		(3,958)	(166,119)	123,404				
	2004		(937)	(162,799)	46,408		9,859		
Estudio Zang, Bergel & Viñes	2005				(90,706)				
	2004				(62,024)				
Fundación IRSA	2005								
	2004								
Futuros y opciones.Com S.A.	2005							82,200 (32,951)	
	2004							19,200 (608)	
Inversiones Ganaderas S.A.	2005		(121,134)					38,811 89,191	
	2004		(70,093)					43,289 80,744	
Inversora Bolívar S.A.	2005							(52,252)	
	2004							(82,317)	
IRSA Inversiones y Representaciones S.A.	2005	(5,196)					4,360,671		
	2004	(43,787)					5,473,411	(16,487)	
Credits to employees	2005						1,863		
	2004						14,042		
Senior Management	2005			(820,286)					

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2004			(700,606)					
Total 2005	(369,105)	(2,183,067)	(986,405)	32,698	(1,228,376)	4,383,653	230,931	10,647
Total 2004	(52,552)	(3,022,968)	(863,405)	(15,616)	(3,002,994)	5,507,946	146,009	114,465

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Notes to the Unaudited Financial Statements (Continued)

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

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Cash	62,176	25,360	59,966
Foreign currency (Schedule G)	88,810	74,354	293,009
Local currency checking account	244,211	1,728,632	162,493
Foreign currency checking account (Schedule G)	141,728	3,854,669	9,055,590
Local currency saving account	25,838	17,505	9,897
Foreign currency saving account (Schedule G)	28,395	8,026,165	16,610,427
Checks to be deposited	96,902	80,587	386,961
	<u>688,060</u>	<u>13,807,272</u>	<u>26,578,343</u>

b. Investments and Goodwill

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Investment			
Investment (Schedule C and G)	5,620,834	59,425,172	1,639,729
	<u>5,620,834</u>	<u>59,425,172</u>	<u>1,639,729</u>
Investment			
Investment on controlled and related companies (Schedule C)	311,662,439	306,089,140	305,920,570
	<u>311,662,439</u>	<u>306,089,140</u>	<u>305,920,570</u>
Other investments			

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Other investments (Schedule C and G)	100,520,337	105,508,513	134,949,064
	<u>100,520,337</u>	<u>105,508,513</u>	<u>134,949,064</u>
Goodwill			
Goodwill (Schedule C)	(6,674,377)	(30,430,822)	(36,326,481)
	<u>(6,674,377)</u>	<u>(30,430,822)</u>	<u>(36,326,481)</u>

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Notes to the Unaudited Financial Statements (Continued)

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

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Accounts receivable in local currency	6,713,974	7,099,969	5,207,564
Less:			
Allowance for doubtful accounts (Schedule E)	(356,214)	(356,214)	(348,535)
Accounts receivable in foreign currency (Schedule G)	2,785,651	948,593	955,988
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.	210,904	30,814	29,195
Futuros y Opciones.Com S.A.	371,219	897,389	424,147
Cactus Argentina S.A.	18,844	785,849	30,261
	<u>9,744,378</u>	<u>9,406,400</u>	<u>6,298,620</u>

d. Other receivables

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Prepaid leases	125,787	6,512,492	30,727
Income tax credit and advances (net of accrual)	2,563,793		
Guarantee deposits and premiums (Schedule G)	1,165,756	2,675,032	232,112
Secured by mortgage (Schedule G)	4,678,880	8,217,166	1,055,695
Prepaid expenses	415,453	2,045,319	1,102,780
Tax prepayments (net of accruals)	2,005,670	1,063,379	3,491,577
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	350,479	332,209	1,354,328
Futuros y Opciones.Com S.A.	23,603	23,603	23,603

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Agro-Uranga S.A.	281,226	39,993	234,279
Credits to employees	45,965	29,397	15,362
Others	237,028	415,208	305,304
	<u>11,893,640</u>	<u>21,353,798</u>	<u>7,845,767</u>
Non-current			
Secured by mortgage (Schedule G)	8,539,119		
Value Added Tax	6,233,570	6,328,177	5,180,327
Tax on Minimum Presumed Income			99,148
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.	750,660		
Prepaid leases		75,915	
	<u>15,523,349</u>	<u>6,404,092</u>	<u>5,279,475</u>

(1) Income tax credit and advances net of accrual, amounting as of December 31, 2005 Ps 5,613,228.

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Notes to the Unaudited Financial Statements (Continued)

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

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Livestock	11,636,928	13,099,574	16,877,063
Crops	5,508,135	24,930,778	4,803,409
Unharvested crops	20,571,503	826,336	20,090,681
Seeds and fodder	251,658	319,169	166,898
Materials and others	3,823,638	4,024,658	3,024,911
Advances to suppliers	1,067,772	446,701	321,747
	<u>42,859,634</u>	<u>43,647,216</u>	<u>45,284,709</u>
Non-Current			
Livestock	54,866,387	48,743,639	46,102,732
	<u>54,866,387</u>	<u>48,743,639</u>	<u>46,102,732</u>

f. Trade accounts payable

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Suppliers in local currency	5,608,676	3,292,862	4,071,023
Suppliers in foreign currency (Schedule G Note 11) (1)	12,175,485	6,580,931	2,709,862
Interest to be accrued (2) (Schedule G)	(419,384)		
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversora Bolívar S.A.	6,710	5,445	6,341

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Alto Palermo S.A.	124,044	193,053	44,233
IRSA Inversiones y Representaciones S.A.	140,769	43,822	116,259
Cactus Argentina S.A.	122,086		530,217
Estudio Zang, Bergel & Viñes	73,201	21,092	23,486
Fundación IRSA	1,900,000	1,900,000	1,177,988
Directors			43,543
Agro-Uranga S.A.	259		
Accrual for other expenses (Schedule G)	6,924,288	4,906,044	2,631,011
Accrual for cereal expenses	190,401	50,461	295,130
	<u>26,846,535</u>	<u>16,993,710</u>	<u>11,649,093</u>

-
- (1) Includes as of December 31, 2005 US\$ 2,500,000 for the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage.
- (2) Corresponds to the liability mentioned in (1).

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Notes to the Unaudited Financial Statements (Continued)

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

	December 31, 2005	June 30, 2005 Pesos	December 31, 2004 Pesos
Current			
Local financial loans (Note 16)	17,277,515	10,315,556	37,220,355
Convertible Bonds 2007 Interest payable (Schedule G)	604,553	476,343	592,928
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	541,481	706,891	792,845
Directors	1,041	992	252
	<u>18,424,590</u>	<u>11,499,782</u>	<u>38,606,380</u>
Non-Current			
Convertible Bonds 2007 (Schedule G)	59,141,000	45,815,657	53,363,537
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	52,970,984	69,934,463	71,356,061
Directors	101,875	98,100	22,640
Convertible Bonds 2007 expenses	(838,944)	(1,154,667)	(1,456,461)
	<u>111,374,915</u>	<u>114,693,553</u>	<u>123,285,777</u>

h. Salaries and social security payable

	December 31, 2005	June 30, 2005 Pesos	December 31, 2004 Pesos
Current			
Accrual for vacation and statutory annual bonus	668,629	1,288,720	594,686
Social security taxes payable	202,735	185,771	161,927
Salaries payable	7,406	79,095	1,263
Health care payable	5,880	5,129	1,891
Others	7,434	5,932	5,938
	<u>892,084</u>	<u>1,564,647</u>	<u>765,705</u>



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Notes to the Unaudited Financial Statements (Continued)

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

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Accrual for income tax		24,772,007	2,617,633
Advances to Income tax		(5,148,500)	
Tax on Minimum Presumed Income (Note 2.p.)			99,147
Property tax payable	152,488	80,510	80,613
Taxes withheld for income tax	311,315	95,772	47,534
Gross sale tax credit			(196,384)
Gross sale tax payable	195,203	204,677	128,575
Taxes withheld-Value Added Tax	3,472	36,248	
Others	890,191	682	1,594,993
	<u>1,552,669</u>	<u>20,041,396</u>	<u>4,372,111</u>
Non-Current			
Deferred tax	44,117,008	37,987,388	27,491,943
	<u>44,117,008</u>	<u>37,987,388</u>	<u>27,491,943</u>

j. Other debts

	December 31, 2005	June 30, 2005	December 31, 2004
	Pesos	Pesos	Pesos
Current			
Security transactions payable (Schedule G)		4,180,593	
Advances from customers (Schedule G)		2,055,200	4,204,906
Management fees accrual (Note 5)	2,653,994	8,239,263	1,059,305
Advance Costumers			4,513,494

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

Inversiones Ganaderas S.A.	1,605,463	1,747,984
Directors	18,080	3,393
Cactus		205,730
Others	20,299	125,916
	2,692,373	16,104,211
	2,692,373	16,104,211

Non-current

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

Inversiones Ganaderas S.A.	14,911	480,640
	14,911	480,640
	14,911	480,640

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Notes to the Unaudited Financial Statements (Continued)

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

Based on their estimated collection term	Current and non-current								
	Investment			Trade accounts receivable			Other receivables		
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
3 rd quarter 2005/2004 financial period						6,298,620			2,441,856
4 th quarter 2005/2004 financial period			1,499,204						597,727
1 st quarter 2006/2005 financial period					9,406,400			9,516,252	
2 nd quarter 2006/2005 financial period		1,078,320						781,889	
3 rd quarter 2006/2005 financial period				9,744,378			5,971,419	4,108,583	
4 th quarter 2006/2005 financial period	999,287						416,180		99,148
1 st quarter 2007/2006 financial period							2,456,348		
2 nd quarter 2007/2006 financial period							2,659,928		
3 rd quarter 2007/2006 financial period							420,363		
4 th quarter 2007/2006 financial period									
1 st quarter 2008/2007 financial period							2,134,780		
2 nd quarter 2008/2007 financial period	99,928,688	105,487,796	134,928,347						
3 rd quarter 2008/2007 financial period							420,364		
1 st quarter 2009/2008 financial period							2,134,780		
1 st quarter 2010/2009 financial period							1,714,416		
1 st quarter 2011/2010 financial period							1,714,416		
Overdue									
With no stated current term	4,621,547	58,346,852	140,525				389,765	6,947,074	4,836,184
With no stated non-current term	591,649	20,717	20,717				6,984,230	6,404,092	5,180,327
Total	106,141,171	164,933,685	136,588,793	9,744,378	9,406,400	6,298,620	27,416,989	27,757,890	13,125,242

b) Assets classified according to their interest rate

Interest rate that	Current and non-current								
	investment			Trade accounts receivable			Other receivables		
	June 30,								

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<u>they accrue</u>	<u>December 31,</u> <u>2005</u>	<u>2005</u>	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2005</u>	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2005</u>	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
At fixed interest rate	99,928,688	105,487,796	134,928,347				12,960,190	8,197,487	1,342,403
At variable interest rate	4,621,547	58,346,852	140,525				1,085,340	2,314,696	153,498
Non-interest bearing	1,590,936	1,099,037	1,519,921	9,744,378	9,406,400	6,298,620	13,371,459	17,245,707	11,629,341
Total	106,141,171	164,933,685	136,588,793	9,744,378	9,406,400	6,298,620	27,416,989	27,757,890	13,125,242

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Notes to the Unaudited Financial Statements (Continued)

NOTE 9: (Continued)

Liabilities based on their estimated payment term :

Based on their estimated payment term	Trade accounts payable		Loans		Salaries and social security payable				
	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004	December 31, 2005	June 30, 2005	December 31, 2004
3 rd quarter 2005/2004			11,649,093			22,353,572			444,433
4 th quarter 2005/2004						1,386,025			
1 st quarter 2006/2005		12,685,710			10,315,556	14,866,783		1,564,647	321,272
2 nd quarter 2006/2005		4,308,000			1,184,226				
3 rd quarter 2006/2005	19,569,035			1,147,075			596,188		
4 th quarter 2006/2005							295,896		
1 st quarter 2007/2006	7,277,500								
2 nd quarter 2007/2006									
2 nd quarter 2008/2007				111,374,915	114,693,553				