

CRESUD INC
Form 6-K
March 12, 2013

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 March, 2013

Cresud Sociedad Anónima, 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)

Moreno 877

(C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F x Form 40-F o

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

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Financial Statements as of December 31, 2012 and for the six-month periods ended December 31, 2012 and 2011

Legal Information

Denomination: Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria
Fiscal year N°: 80
Legal address: Moreno 877, 23rd floor – Ciudad Autónoma de Buenos Aires, Argentina
Company activity: Real state, agricultural, commercial and financial activities
Date of registration of the By-laws in the Public Registry of Commerce: February 19, 1937
Date of registration of last amendment of the by-laws in the Public Registry of Commerce: July 28, 2008
Expiration of Company charter: June 6, 2082
Common Stock subscribed, issued and paid up: 501,562,730 common shares.

Majority shareholder's: Inversiones Financieras del Sur S.A.
Legal address: Road 8, km 17,500, Zonamérica Building 1, store 106, Montevideo, Uruguay
Parent company Activity: Investment
Capital stock: 189,051,574 common shares

CAPITAL STATUS		
Type of stock	Authorized to be offered publicly (Shares)	Subscribed, Issued and Paid-in (Ps.)
Ordinary certified shares of Ps. 1 face value and 1 vote each	501,562,730	501,562,730

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position as of December 31, 2012 and June 30,
2012 and July 1, 2011

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

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

	Note	December 31, 2012	June 30, 2012	July 1, 2011
ASSETS				
Non-Current Assets				
Investment properties	10	4,137,693	3,463,941	3,553,647
Property, plant and equipment	11	1,845,380	1,872,920	1,976,970
Trading properties	12	184,658	170,472	158,019
Intangible assets	13	121,082	75,077	80,457
Biological assets	14	277,525	278,208	325,864
Investments in associates and joint ventures	8, 9	1,446,591	1,500,560	1,438,855
Deferred income tax assets	24	94,236	80,674	23,914
Trade and other receivables	16	458,743	454,061	360,641
Investment in financial assets	17	562,858	626,683	426,152
Derivative financial instruments	18	20,311	18,434	60,442
Total Non-Current Assets		9,149,077	8,541,030	8,404,961
Current Assets				
Trading properties	12	11,850	10,529	28,443
Biological assets	14	280,724	85,251	107,239
Inventories	15	217,218	253,447	371,268
Trade and other receivables	16	1,021,424	888,064	755,542
Investment in financial assets	17	340,048	72,069	62,465
Derivative financial instruments	18	32,050	2,578	18,966
Cash and cash equivalents	19	524,159	471,922	694,552
Total Current Assets		2,427,473	1,783,860	2,038,475
		11,576,550	10,324,890	10,443,436

TOTAL ASSETS			
SHAREHOLDERS EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	496,562	496,562	496,562
Treasury stock	5,001	5,001	5,001
Inflation adjustment of share capital and treasury stock	65,425	166,218	166,218
Share premium	773,079	773,079	773,079
Share warrants	106,264	106,263	106,263
Cumulative translation adjustment	(33,723)	(81,939)	-
Changes in non-controlling interest	(8,014)	(9,596)	-
Equity-settled compensation	7,703	4,540	1,012
Legal reserve	46,835	42,922	32,293
Other reserves	337,065	389,202	320,064
Retained earnings	756,773	666,611	829,207
Equity attributable to equity holders of the parent	2,552,970	2,558,863	2,729,699
Non-controlling interest	2,291,320	2,132,648	2,480,379
TOTAL SHAREHOLDERS EQUITY	4,844,290	4,691,511	5,210,078

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

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position (Continued)
as of December 31, 2012 and June 30, 2012 and July 1, 2011

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

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

		December 31, 2012	June 30, 2012	July 1, 2011
LIABILITIES				
Non-Current Liabilities				
Trade and other payables	20	192,038	168,860	155,726
Borrowings	23	3,349,346	2,770,087	2,056,244
Deferred income tax liabilities	24	570,112	630,011	769,941
Derivative financial instruments	18	111	22,859	-
Payroll and social security liabilities	21	755	783	635
Provisions	22	37,980	22,553	14,939
Total Non-Current Liabilities		4,150,342	3,615,153	2,997,485
Current Liabilities				
Trade and other payables	20	957,354	596,542	588,311
Income tax liabilities		88,496	108,190	72,606
Payroll and social security liabilities	21	79,377	103,919	81,085
Borrowings	23	1,414,838	1,187,082	1,479,803
Derivative financial instruments	18	28,031	18,558	8,353
Provisions	22	13,822	3,935	5,715
Total Current Liabilities		2,581,918	2,018,226	2,235,873
TOTAL LIABILITIES		6,732,260	5,633,379	5,233,358
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		11,576,550	10,324,890	10,443,436

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

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Income
for the six-month periods ended December 31, 2012 and 2011

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	Six months		Three months	
		2012	2011	2012	2011
Revenues	26	1,611,191	1,455,005	857,959	721,438
Costs	27	(1,428,128)	(1,143,274)	(794,160)	(542,093)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest		459,429	236,816	270,767	110,137
Changes in net realizable value of agricultural produce after harvest		6,811	(11,262)	(6,411)	(15,913)
Gross Profit		649,303	537,285	328,155	273,569
Gain from disposal of investment properties		53,678	24,727	24,210	24,727
Gain from disposal of farmlands		53,988	27,762	53,988	(6,545)
General and administrative expenses	28	(174,717)	(144,451)	(97,842)	(81,843)
Selling expenses	28	(123,679)	(86,462)	(63,252)	(38,343)
Management fees		(6,751)	(4,612)	(6,751)	(4,496)
Other operating results, net	30	105,102	9,780	141,926	(1,697)
Profit from operations		556,924	364,029	380,434	165,372
Share of profit / (loss) of associates and joint ventures	8, 9	12,546	10,066	(3,165)	31,667
Profit from operations before financing and taxation		569,470	374,095	377,269	197,039
Finance income	31	184,064	86,380	94,662	58,992
Finance cost	31	(547,486)	(414,514)	(287,585)	(72,795)
Financial results, net	31	(363,422)	(328,134)	(192,923)	(13,803)
Profit before income tax		206,048	45,961	184,346	183,236
Income tax expense	24	(29,330)	(22,640)	(15,629)	(8,641)
Profit for the period		176,718	23,321	168,717	174,595
Attributable to:		60,760	(20,711)	77,278	74,426

Equity holders of the parent				
Non-controlling interest	115,958	44,032	91,439	100,169
Loss per share attributable to equity holders of the parent during the period:				
Basic	0.12	(0.04)		
Diluted	0.11	-	(1)	

(1) Due to the loss for the period 2011, there is no diluted effect on this result.

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

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income
for the six-month periods ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Six months		Three months	
	2012	2011	2012	2011
Profit for the period	176,718	23,321	168,717	174,595
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment from subsidiaries, associates and joint ventures	121,997	(188,268)	70,963	28,661
Other comprehensive income / (Loss) for the period, net of tax (i)	121,997	(188,268)	70,963	28,661
Total comprehensive income / (Loss) for the period	298,715	(164,947)	239,680	203,256
Attributable to:				
Equity holders of the parent	117,307	(92,710)	111,328	85,470
Non-controlling interest	181,408	(72,237)	128,352	117,786

(i) Components of other comprehensive income have no impact on income tax.

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

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity for the six-month periods
ended December 31, 2012 and 2011

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

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

	Share Capital	Treasury Stock	Inflation adjustment of Share Capital and Treasury Stock	Share premium	Share warrants	Subtotal	Changes in non-controlling interest	Cumulative translation adjustment	Equity -settled compensation	Legal reserve	Other reserves
Balance at July 1, 2011	496,562	5,001	166,218	773,079	106,263	1,547,123	-	-	1,012	32,293	320,000
Loss (Gain) for the period	-	-	-	-	-	-	-	-	-	-	-
Others comprehensive loss for the period	-	-	-	-	-	-	-	(71,999)	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(71,999)	-	-	-
Acquisition of interest in subsidiaries	-	-	-	-	-	-	(16,840)	-	-	-	-
Distribution of dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Reimbursement expired dividends	-	-	-	-	-	-	-	-	-	-	-
Equity-settled compensation	-	-	-	-	-	-	-	-	2,833	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	10,629	-
Reserve for new developments	-	-	-	-	-	-	-	-	-	-	69,100
Capital contribution of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31,	496,562	5,001	166,218	773,079	106,263	1,547,123	(16,840)	(71,999)	3,845	42,922	389,000

2011

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

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity for the six-month periods
ended December 31, 2012 and 2011

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

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

	Share Capital	Treasury Stock	Inflation adjustment of Share Capital and Treasury Stock	Share premium	Share warrants	Subtotal	Change in interest in subsidiaries	Cumulative translation adjustment	Equity-settled compensation	Legal reserve	Other reser
Balance at July 1, 2012	496,562	5,001	166,218	773,079	106,263	1,547,123	(9,596)	(81,939)	4,540	42,922	389,000
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Others comprehensive income for the period	-	-	-	-	-	-	-	56,547	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	56,547	-	-	-
Regular Shareholders Meeting held on 10/31/12:											
- Legal reserve	-	-	-	-	-	-	-	-	-	3,913	-
- Other reserves	-	-	-	-	-	-	-	-	-	-	(52,100)
- Appropriation of retained earnings	-	-	(100,793)	-	-	(100,793)	-	-	-	-	-
- Cash dividends	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	1,582	-	-	-	-
Acquisition of interest in subsidiary (Note 4)	-	-	-	-	-	-	-	-	-	-	-
Equity-settled compensation	-	-	-	-	-	-	-	-	3,163	-	-

Exercise of warrants	-	-	-	-	1	1	-	-	-	-	-
Cumulative translation adjustment for interest held before business combination (Note 4)	-	-	-	-	-	-	-	(8,331)	-	-	-
Reimbursement of expired dividends	-	-	-	-	-	-	-	-	-	-	-
Capital contribution of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2012	496,562	5,001	65,425	773,079	106,264	1,446,331	(8,014)	(33,723)	7,703	46,835	337,400

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

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Cash Flows
for the six-month periods ended December 31, 2012 and 2011

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

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

	Note	December 31, 2012	December 31, 2011
Cash flows from operating activities:			
Cash generated from operations	19	501,747	437,621
Income tax paid		(121,990)	(84,053)
Net cash generated from operating activities		379,757	353,568
Cash flows used in investing activities:			
Acquisition of subsidiaries, net of cash acquired		(117,874)	-
Acquisition of associates and joint ventures		(32,000)	(23,438)
Capital contribution to associates and joint ventures		(22,360)	-
Purchases of investment properties		(89,442)	(32,341)
Proceeds from sale of investment properties		81,731	30,738
Purchases of property, plant and equipment		(78,185)	(106,581)
Suppliers advances		(9,750)	(8,674)
Proceeds from sale of property, plant and equipment		63,052	4,410
Purchases of intangible assets		(881)	(1,234)
Purchases of Investment in financial assets		(176,263)	(3,420)
Proceeds from disposals of Investment in financial assets		95,204	-
Loans granted to associates and joint ventures		(18,376)	(12,814)
Loans repayments received from associates and joint ventures		709	47
Interest received		5,922	-
Dividends received		44,649	5,265
Net cash used in investing activities		(253,864)	(148,042)
Cash flows used in financing activities:			
Proceeds from issuance of non-convertible bonds		142,168	246,912
Payment of non-convertible bonds net		(175,471)	(31,080)
Proceeds from borrowings		597,872	280,107
Repayments of borrowings		(335,695)	(321,321)
Proceeds from borrowings from associates and joint ventures		48,431	-
Payments of borrowings from associates and joint ventures		(186)	-
Proceeds from warrants and options	1	-	-
Payment of seller financing		(4,863)	(77,033)
Acquisition of non-controlling interest in subsidiaries		(6,837)	(145,633)
		(3,584)	-

Payments of purchase of non-controlling interest			
Dividend paid		(109,288)	(149,100)
Reimbursement of dividends		-	6,937
Advances for future capital increase		-	16,451
Contributions from non-controlling interest		4,790	6,299
Capital reduction of subsidiaries		(39,572)	-
Interest paid		(194,968)	(152,798)
Net cash used in financing activities		(77,202)	(320,259)
Net increase (decrease) in cash and cash equivalents		48,691	(114,733)
Cash and cash equivalents at beginning of period	19	471,922	694,552
Foreign exchange gain (loss) on cash and cash equivalents		3,546	(37,032)
Cash and cash equivalents at end of period		524,159	542,787

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

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

1. General information

1.1 The Group's business and general information

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

In 2002, Cresud acquired a 19.85% interest in IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA"), a real estate company related to certain shareholders of Cresud. In 2009, Cresud increased its ownership percentage in IRSA to 55.64% and IRSA became Cresud's principal subsidiary.

Cresud and its subsidiaries are collectively referred to hereinafter as the Group. See Note 1.3 of Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011 for a description of the Group's companies.

As of December 31, 2012, the Group operates in two major lines of business: (i) Agricultural business, (ii) Investment and Development Properties business. See Note 6 of Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011 for a description of the Group's segments.

The Group's Agricultural business operations are comprised of crop production, cattle feeding, raising and fattening, milk production, sugarcane production and brokerage activities. The Group's Agro-industrial business operations are conducted through its subsidiary, Cactus Argentina S.A., and are engaged in cattle feeding services in specialized feedlots primarily for third parties. Feedlots provide accommodation, health care and animal feeding services based on specialized diets. Cactus also uses the feedlot to finish own cattle prior to slaughter in owned slaughtering houses. The Group currently has agricultural operations and investments in Argentina, Brazil, Uruguay, Paraguay and Bolivia.

The business line known as urban property and investments also includes the Group's financial transactions. The Group's Investment and Development Properties business operations are conducted primarily through its subsidiary IRSA and IRSA's principal subsidiary, Alto Palermo S.A. ("APSA"). Through APSA, the Group primarily owns, manages and develops shopping centers across Argentina. APSA has also a 20% stake in a credit card company. Through IRSA, the Group primarily owns, manages and develops a portfolio of office and other rental properties in Buenos Aires, the capital of Argentina. Through IRSA or APSA, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these consolidated financial statements to denote investment, development and/or trading properties activities

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Cresud Sociedad Anónima,

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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

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1. General information (Continued)

In 2009, IRSA entered into the US real estate market, mainly through the acquisition of non-controlling interests in US assets, primarily office properties and hotel investments.

The Group's financial transactions and transactions in other businesses are carried out mainly through its subsidiary IRSA and through APSA, which is IRSA's main subsidiary. IRSA has also a 29.77% interest (without considering treasury shares) in Banco Hipotecario S.A. ("BHSA"). BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the Buenos Aires Stock Exchange. Additionally, APSA holds a participating interest of 20 % in Tarshop S.A. ("Tarshop"), whose main business comprises extending loans and credit cards.

Cresud's and APSA's shares are listed and traded on both the Buenos Aires Stock Exchange ("BASE") and the National Association of Securities Dealers Automated Quotation ("NASDAQ"). IRSA's shares are listed and traded on both the BASE and the New York Stock Exchange ("NYSE").

Cresud is the ultimate parent company and is a corporation incorporated and domiciled in the Republic of Argentina. The address of its registered office is Moreno 877, 23rd Floor, Buenos Aires, Argentina.

These consolidated financial statements have been approved for issue by the Board of Directors on February 18, 2013.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS")

2.1. Basis of preparation and transition to IFRS

The National Securities Commission, ("CNV", as per its Spanish acronym), through General Resolutions No. 562/9 and 576/10, has provided for the application of Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils of Economic Sciences ("F.A.C.P.C.E.", as per its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), for companies subject to the public offering regime ruled by Law 17,811, due to the listing of their shares or corporate notes, and for entities that have applied for authorization to be listed under the mentioned regime.

The Group is required to adopt IFRS as from the fiscal year beginning July 1, 2012, being the current financial statements the first interim financial statements prepared under IFRS. Consequently, The Group's transition date for the adoption of IFRS is July 1, 2011. This transition date has been selected in accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards".

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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

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

2. Basis of Preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

The Unaudited Condensed Interim Consolidated Financial Statements of the Group for the six-month periods ended December 31, 2012 and 2011 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and IAS 1 “First-time Adoption of International Financial Reporting Standards”. The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies that the Group expects to adopt in its annual consolidated financial statements as of June 30, 2013. The accounting policies are based on IFRSs issued by the IASB and the interpretations issued by the IFRS Interpretation Committee that the Group expects to become applicable on such date.

The consolidated financial statements of the Group were prepared in accordance with the Argentine accounting standards (Argentine GAAP) in force, which differ from IFRS in some areas. To prepare these Condensed Interim Consolidated Financial Statements, the Management of the Company has modified certain valuation and presentation accounting policies that were previously applied under Argentine accounting standards in to comply with the IFRS.

Comparative figures and the corresponding as of the transition date (July 1, 2011) have been modified to reflect such adjustments. The notes below include a reconciliation of shareholders’ equity figures of consolidated financial statements prepared in accordance with the Argentine GAPP on the transition date (July 1, 2011), on the adoption date (June 30, 2012) and on the closing date of the comparative period (December 31, 2011) and the statement of income and other comprehensive income figures for the fiscal year ended as of June 30, 2012 and for the six-month period ended as of December 31, 2011, and those presented in accordance with the IFRS in these condensed consolidated interim financial statements, as well as the effects of the adjustments to cash flow.

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the annual financial statements of the Group as of June 30, 2012 prepared in accordance with Argentine GAAP in force. Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statement as of September 30, 2012 and 2011, present additional information as of June 30, 2012 and July 1, 2011 under the IFRS which is considered necessary to understand these condensed interim consolidated financial statements. The Unaudited Condensed Interim Consolidated Financial Statements are presented in Argentine Pesos.

The Condensed Interim Consolidated Financial Statements corresponding to the six-month periods ended as of December 31, 2012 and 2011 have not been audited. The management believes they include all necessary settlements to fairly present the results of each period. Results for the six-month periods ended as of December 31, 2012 and 2011 do not necessarily reflect proportionally the Group’s results for the complete fiscal years.

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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

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

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

The format of the primary financial statements under Argentine GAAP is governed by Technical Resolutions 8 and 9 of the Argentine Federation of Professional Councils of Economic Science (as per its Spanish acronym “FACPCE”) and Resolutions of the CNV. IAS 1 “Presentation of Financial Statements” requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes or on the face of the financial statements, unless another standard specifies otherwise. The transition to IFRS has resulted in the Group changing the format of its statement of income, statement of financial position and statement of cash flows, as well as the disclosure of certain line items not prescribed by Argentine GAAP.

2.2. IFRS optional exemptions

As a general rule, the Group is required to establish its IFRS accounting policies for the year ended as of June 30, 2013 and apply these retrospectively. However, advantage has been taken of certain exemptions afforded by IFRS 1 “First-time adoption of International Financial Reporting Standards” as further described below:

Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3, “Business combinations”, prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

The business combination exemption applies equally to acquisitions of investments in associates or joint ventures. The Group elected not to restate the acquisitions of investments in associates or joint ventures prior to transition date.

Exemption for deemed cost

IFRS 1 allows previous GAAP revaluations to be used as deemed cost under IFRS if those valuations were, at the time of the valuation, equivalent to fair value or depreciated cost adjusted to reflect changes in a price index. The Group elected to measure certain items of property, plant and equipment and investment property at price-adjusted values as at July 1, 2011.

Cresud Sociedad Anónima,
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2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

In addition, IFRS 1 allows the carrying values of the assets and liabilities immediately following a business combination to be deemed cost for any cost-based measurement going forward from the date of the combination. The Group adopted a cost-based policy for all of its assets. As such, the Group used the previous fair values recognized in past business combinations (not restated as per the business combination exemption above) for certain items of investment property and property, plant and equipment (primarily shopping centers, and office buildings) as deemed cost at the date of transition. All depreciation methods were already in compliance with those required by IAS 16, “Property, plant and equipment”.

Exemption for cumulative translation/differences

IFRS 1 allows cumulative translation differences to be reset to zero on the transition date. This provides relief from determining accumulated exchange differences in accordance with IAS 21 “The effects of changes in foreign exchange rates”, from the moment a subsidiary or equity method investee was formed or acquired. The Group chose to reset all cumulative translation/differences to zero on the transition date.

Exemption for compound financial instruments

IFRS 1 provides that if the liability component of a financial instrument is no longer outstanding at the date of transition to IFRS, first-time adopters do not have to separate it from the equity component. The Group elected not to restate convertible debt instruments that were not outstanding at the date of transition.

Exemption for borrowing costs