PEARSON PLC
Form 6-K
February 03, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of February 2014

PEARSON plc
(Exact name of registrant as specified in its charter)

N/A

(Translation of registrant's name into English)

80 Strand
London, England WC2R 0RL
44-20-7010-2000
(Address of principal executive office)

Indicate by check mark whether the Registrant files or will file annual reports
under cover of Form 20-F or Form 40-F:

Form 20-F X 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 X

PEARSON PLC
(the "Company")

Voting Rights and Capital

As at close of business on 31 January 2014, the Company had 819,024,050 ordinary shares of 25p each admitted to trading. Each ordinary share carries the right to one vote at general meetings. The Company does not hold any shares in Treasury.

This figure (819,024,050) may be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

This announcement is made in conformity with the provisions of the Transparency Directive.

PEARSON plc

Date: 03 February 2014

By: /s/ STEPHEN JONES

Stephen Jones
Deputy Secretary

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2007

8.3

0.026

2008

20.0

0.040

2009

60.0

0.121

2010

-

-

2011 (2)

69.0

0.139

2011 (3)

63.8

0.128

(1) Corresponds to per share payments. To calculate the dividend paid per ADS, the payment per share should be multiplied by ten. Amounts in Pesos are presented in historical Pesos as of the respective payment date. See “Exchange Controls”.

(2) Corresponds to dividend paid on January 7, 2011.

(3) Corresponds to dividend paid on November 21,2011.

The shareholders’ meeting dated December 9, 2010 approved the distribution of Ps.69,000,000 as interim dividends for the fiscal year ended June 30, 2011.

Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our shareholders at a general shareholders’ meeting may deem relevant. As a result, we cannot give you any assurance that we will pay any dividends at any time in the future.

On November 13, 2009, the Board of Directors resolved to start the process of ratable attribution and allocation among the our shareholders, of 25,000,000 (twenty-five million) treasury shares of $1 par value each and entitled to one vote per share, issued by us and purchased by us, too, in the midst of the disruptions faced by the domestic and international markets during fiscal year 2008-2009.

On December 29, 2009, the we reported that as a result of the ratable attribution and allocation of treasury shares among our shareholders, the terms and conditions of the outstanding warrants were amended as set forth below:

Number of shares issuable per warrant:

- Before attribution: 0.33333333
- After attribution: 0.35100598

Price of shares issuable upon exercise of warrants:

- Before attribution: US$ 1.6800
- After attribution: US$ 1.5954

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In addition, it also resolved to pay a cash dividend of Ps.60,000,000.- as from December 1, 2009, equivalent to an amount per share of approximately Ps. 0.12 and an amount per ADR of approximately Ps.1.21.

B. Significant Changes

Please see "Recent Developments" section.

Item 9. The offer and listing.

A. Offer and Listing Details

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

Stock Exchanges in which our securities are listed

Our common shares are listed on the Buenos Aires Stock Exchange under the trading symbol "CRES" and on NASDAQ under the trading symbol "CRESY." As of September 30, 2011 our outstanding capital stock consisted of 501,562,534 common shares, Ps.1.00 par value per share ; assuming full exercise of all outstanding warrants our capital stock would be increased to 563,915,285 common shares. As of that date of this Annual Report: (1) we had no other shares of any class or series issued and outstanding and (2) there are no outstanding convertible notes to acquire our shares. Our common shares have one vote per share. All outstanding shares are validly issued, fully paid and non assessable. As of September30, 2011, there were approximately 1,752 holders of our common shares.

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

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

On December 29, 2009, we reported that due to the pro rata allotment of our shares among our shareholders, made on November 23, 2009, the terms and conditions of the outstanding warrants for our common shares, have been modified as follows:

Amount of shares to be issued per warrant:

- Ratio previous to the allotment: 0.33333333;
- Ratio after the allotment (current): 0.35100598.

Warrant exercise price per new share to be issued:

- Price previous to the allotment: US$ 1.6800;
- Current price after the allotment: US$1.5954.

The other terms and conditions of the warrants remain the same.

As of September 30, 2011, 2,359,862 warrants had been exercised, which resulted in, 787,762 shares of common stock being issued. As of September 30, 2011, there were 177,640,138 warrants outstanding.

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

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

The table below shows the high and low daily closing prices of our common shares in Pesos and the quarterly trading volume of our common shares on the Buenos Aires Stock Exchange for the first quarter of 2006 through December 2011. The table also shows the high and low daily closing prices of our ADSs in U.S. dollars and the quarterly trading volume of our ADSs on the NASDAQ for the first quarter of 2006 through December 2011. Each ADS represents ten common shares.

	Buenos Aires Stock Exchange			**NASDAQ**		
	Share	**Price Per Share (Ps.)**		**ADS**	**US$ per ADS**	
	Volume	**High**	**Low**	**Volume**	**High**	**Low**
Fiscal Year 2006						
1st Quarter	3,968,113	4.03	3.19	5,448,497	13.97	11.10
2nd Quarter	4,915,037	3.93	3.10	5,316,532	13.71	10.12
3rd Quarter	4,582,691	4.38	3.22	8,431,362	14.44	10.42
4th Quarter	4,003,720	5.73	3.73	17,830,919	19.45	12.10
Annual	17,469,361	5.73	3.10	37,027,310	19.45	10.12
Fiscal Year 2007						
1st Quarter	1,812,774	4.68	3.90	5,288,618	15.43	12.42
2nd Quarter	1,793,537	5.30	4.35	9,816,001	17.53	14.23
3rd Quarter	3,439,865	6.73	5.06	9,712,198	22.08	16.58
4th Quarter	13,792,055	7.37	6.12	7,522,056	24.28	19.81
Annual	20,838,231	7.37	3.90	32,338,873	24.28	12.42
Fiscal Year 2008						
1st Quarter	3,129,519	6.87	5.43	8,713,926	21.71	16.25
2nd Quarter	4,255,009	7.45	5.43	8,618,274	23.76	17.14
3rd Quarter	11,565,947	5.84	4.53	12,236,895	18.84	13.99
4th Quarter	8,008,908	5.43	4.71	11,790,596	16.98	14.48
Annual	26,959,383	7.45	4.53	41,359,691	23.76	13.99
Fiscal Year 2009						
1st Quarter	3,832,884	4.66	3.25	9,269,938	14.8	10.50
2nd Quarter	4,532,498	3.41	1.73	16,198,697	10.69	4.67
3rd Quarter	1,378,325	3.25	2.40	8,122,339	9.11	6.38
4th Quarter	3,117,046	4.30	2.68	8,690,362	11.03	7.16
Annual	12,890,753	4.66	1.73	42,281,336	14.80	4.67
Fiscal Year 2010						

1st Quarter	2,369,556	5.12	3.41	6,259,694	13.49	8.82
2nd Quarter	1,481,509	5.54	4.65	5,371,047	14.80	12.02
3rd Quarter	3,059,016	6.00	4.42	6,839,050	15.89	11.17
4th Quarter	1,621,468	5.64	4.44	3,741,122	14.50	11.28
Annual	8,531,549	6.00	3.41	22,210,913	15.89	8.82
Fiscal Year 2011						
1st Quarter	2,851,146	6.55	4.85	4.731.907	16.58	12.19
2nd Quarter	3,070,201	7.87	6.85	8.922.026	19.93	16.47
3rd Quarter	1,534,934	7.90	7.00	5.729.814	19.17	16.83
4th Quarter	827,430	7.69	6.45	4.243.179	18.28	14.68
Annual	8,283,711	7.90	4.85	23,626,926	19.93	12.19
June 2011	414,573	7.34	6.45	1,489,878	16.90	14.68
July 2011	172,746	7.03	6.45	1,078,322	16.68	15.19
August 2011	440,162	6.50	5.80	1,997,159	15.30	13.50
September 2011	199,727	6.40	5.30	1,961,918	14.35	10.82
October 2011	241,135	5.95	4.68	1,870,824	12.32	10.27
November 2011	187,948	5.75	5.00	1,725,339	12.21	10.68
As of December 6, 2011	26,136	5.35	5.15	430,698	11.54	11.00

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Source: Bloomberg

B. Plan of Distribution

This item is not applicable.

C. Markets

Argentine Securities Markets

Comisión Nacional de Valores

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

In order to offer securities to the public in Argentina, an issuer must meet certain requirements of the *Comisión Nacional de Valores* regarding assets, operating history, management and other matters, and only securities for which an application for a public offering has been approved by the *Comisión Nacional de Valores* may be listed on the Buenos Aires Stock Exchange. This approval does not imply any kind of certification or assurance related to the merits or the quality of the securities, or the issuer's solvency. Issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements, as well as various other periodic reports, with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange.

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Securities Exchanges in Argentina

There are 12 securities exchanges in Argentina. The principal exchange for the Argentine securities market is the Buenos Aires Stock Exchange, which handles approximately 99% of all equity trading in the country.

Buenos Aires Stock Exchange

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

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

MERVAL

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

Over the Counter Market

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

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

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

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

Securities Central Depositary

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

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

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

Information regarding the Buenos Aires Stock Exchange

	As of June 30,	
	2010	**2011**
Market capitalization (Ps.billion)	1,607.88	1,593.19
Average daily trading volume (Ps.million)	45.59	52.83
Number of listed companies	105	106

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

As of June 30, 2011, approximately 106 companies had equity securities listed on the Buenos Aires Stock Exchange. As of June 30, 2011, approximately 8.44% of the total market capitalization of the Buenos Aires Stock Exchange was represented by the securities of the ten largest national companies.

The Argentine securities markets are substantially more volatile than the securities markets in the United States and certain other developed countries. The MERVAL experienced a 34% increase in 2006, a 2.93% increase in 2007, a 0.59% increase in 2008, a 102.98 % increase in 2009, a 47.77 % increase in 2010 and a 4.62% decrease in the first six months of 2011. In order to control price volatility, the MERVAL operates a system pursuant to which the negotiation of a particular stock or debt security is suspended for a 15 minute period when the price of the security registers a variation on its price between 10% and 15% and between 15% and 20%. Any additional 5% variation on the price of the security after that results in additional 10 minute successive suspension periods.

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Nasdaq Stock Market

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

D. Selling Shareholders

This section is not applicable.

E. Dilution

This section is not applicable.

F. Expenses of the Issue

This section is not applicable.

Item 10. Additional information

A. Share Capital

This section is not applicable.

B. Memorandum and Articles of Association

Our Corporate Purpose

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

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

- Commercial activities with respect to cattle and products pertaining to farming and animal husbandry;
- Real estate activities with respect to urban and rural properties;
- Financial activities, except for those regulated by Law No. 21,526 of financial entities;
- Farming and animal husbandry activities, for properties owned by us or by third parties; and
- Agency and advice activities for which there is not required a specific qualifying title.

Limited Liability

Shareholders’ liability for losses is limited to their equity interes in us. Notwithstanding the foregoing, under the Argentine Corporation Law No. 19,550, shareholders who voted in favor of a resolution that is subsequently declared

void by a court as contrary to Argentine law or a company's by-laws (or regulation, if any) my be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. In addition, a shareholder who votes on a business transaction in which the shareholder's interest conflicts with that of the company may be liable for damages under the Argentine companies' law, but only if the transaction would not have been validly approved without such shareholder's vote.

Capitalization

We may increase our share capital upon authorization by our shareholders at an ordinary shareholders' meeting. Capital increases must be registered with the public registry of commerce referred to as the *Registro Publico de Comercio*, and published in the Boletín Oficial. Capital reductions may be voluntary or mandatory and must be approved by the shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*). Reductions in capital are mandatory when losses have depleted reserves and exceed 50% of capital. At September 30, 2011 our share capital consisted of 501,562,534 common shares.

Our bylaws provide that preferred stock may be issued when authorized by the shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*) and in accordance with applicable regulations. Such preferred stock may have a fixed cumulative dividend, with or without additional participation in our profits, resolved by the shareholders' meetings. We currently do not have outstanding preferred stock.

Preemptive Rights and Increases of Share Capital

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

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

- the issuance is expressly included in the list of matters to be addressed at the shareholders' meeting; and
- the shares to be issued are to be paid in-kind or in exchange for payment under pre-existing obligations.

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

Shareholders' Meetings and Voting Rights

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

In general, the following matters can be considered only at an extraordinary shareholders' meeting (*asamblea extraordinaria*):

- matters that may not be approved at an ordinary shareholders' meeting;
- the amendment of our bylaws;
- reductions in our share capital;
- redemption, reimbursement and amortization of our shares;
- mergers, and other corporate changes, including dissolution and winding-up;
- limitations or suspensions to preemptive rights to the subscription of the new shares; and
- issuance of debentures, convertible negotiable obligations and bonds that not qualify as notes (obligaciones negociables).

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

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

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

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

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

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

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

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Dividends and Liquidation Rights

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

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

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

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

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

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

- In the event of liquidation, dissolution or winding-up of our company, our assets are
- to be applied to satisfy its liabilities; and
- to be proportionally distributed among holders of preferred stock in accordance with the terms of the preferred stock. If any surplus remains, our shareholders are entitled to receive and share proportionally in all net assets available for distribution to our shareholders, subject to the order of preference established by our bylaws.

Approval of Financial Statements

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

Right of Dissenting Shareholders to Exercise Their Appraisal Right

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

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

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Ownership Restrictions

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

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

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

Tender Offers

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

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

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

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

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

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

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

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

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

- to cancel such shares and only after a decision to reduce our capital stock (with shareholder approval at an extraordinary shareholders' meeting (asamblea extraordinaria);

- to avoid significant damage to our company under exceptional circumstances, and then only using retained earnings or free reserves that have been fully paid, which action must be ratified at the following ordinary shareholders' meeting; or

- in the case of the acquisition by a third-party of our common shares.

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

- the shares to be acquired shall be fully paid,

- there shall be a board of directors' resolution containing a report of our supervisory committee or audit committee. Our board of director's resolution must provide the purpose of the acquisition, the maximum amount to be invested, the maximum number of shares or the maximum percentage of capital that may be acquired and the maximum price to be paid for our shares. Our board of directors must give complete and detailed information to both shareholders and investors,

- the purchase shall be carried out with net profits or with free or optional reserves, and we must prove to the Comisión Nacional de Valores that we have the necessary liquidity and that the acquisition will not affect our solvency,

- under no circumstances may the shares acquired by our company, including those that may have been acquired before and held by us as treasury stock, be more than 10% of our capital stock or such lower percentage established by the Comisión Nacional de Valores after taking into account the trading volume of our shares.

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

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

- in the case of acquisitions in the open market, the amount of shares purchased daily cannot exceed 25% of the mean daily traded volume of our shares during the previous 90 days.

- in either case, the Comisión Nacional de Valores can require that the acquisition be carried out through a public offering if the shares to be purchased represent a significant percentage in relation to the mean traded volume.

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

- approved by a resolution of the board of directors with a report of its supervisory committee,

- notice must be given to the Comisión Nacional de Valores and the Buenos Aires Stock Exchange, and notice must be published in the Boletín of the Buenos Aires Stock Exchange or in a widely circulated newspaper in Argentina,

- be carried out with net profits or free reserves from the last financial statements and approved by the board of directors,

- the board of directors has to prove to the Comisión Nacional de Valores, that the company has the necessary liquidity and that the acquisition does not affect its solvency,

- all shares acquired by the company, including those that may have been acquired before and held by it as treasury stock, may not exceed 10% of its capital stock.

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

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

Registrations and Transfers

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

Amendment to the by-laws.

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

the provisions of section 65 of Executive Branch Decree 677/01.

C. Material Contracts

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

D. Exchange controls

Foreign Currency Regulation

All transactions involving the purchase of foreign currency must be settled through the single free exchange market (M*ercado Único Libre de Cambios,* or "MULC") where the Central Bank supervises the purchase and sale of foreign currency. Under Executive Branch Decree No. 260/2002, the Argentine government set up an exchange market through which all foreign currency exchange transactions are made. Such transactions are subject to the regulations and requirements imposed by the Central Bank. Under Communication "A" 3471, as amended, the Central Bank established certain restrictions and requirements applicable to foreign currency exchange transactions. If such restrictions and requirements are not met, criminal penalties shall be applied.

Outflow and Inflow of Capital

*Inflow of capital.*Under Argentine Foreign Investment Law No. 21,382, as amended, and the wording restated under Executive Branch Decree No. 1853/1993, the purchase of stock of an Argentine company by an individual or legal entity domiciled abroad or by an Argentine "foreign capital" company (as defined under the Foreign Investment Law) represents a foreign investment.

Under Executive Branch Decree No. 616/2005, as amended, the Argentine government imposed certain restrictions on the inflow and outflow of foreign currency into and from the Argentine exchange market, including that inflowing new indebtedness and debt renewals by persons domiciled abroad must be agreed and cancelled within periods not shorter than 365 calendar days, irrespective of the method of payment. Additionally, such debt may not be prepaid before the lapse of such period. Such restrictions do not apply to (i) foreign trade financing, or (ii) primary public offering of equity or debt instruments issued under the public offering procedure and listed on self-regulated markets.

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A registered, non-transferable and non-interest bearing deposit must be kept in Argentina for a period of 365 calendar days, in an amount equal to 30% of any inflow of funds into the domestic exchange market arising from (i) foreign debt (excluding foreign trade); and (ii) purchase of interests in Argentine companies that are not listed on self-regulated markets, except for direct investments and other transactions that may result in the inflow of foreign currency, or in indebtedness of a resident towards a nonresident. However, primary debt offerings by means of public offerings which are listed on a self-regulated market are exempted from such requirements.

Communication "A" 4901, dated February 5, 2009, exempts from the obligation to keep such mandatory deposit in the case of inflows into the exchange market made by nonresidents, when the Pesos resulting from the settlement of the foreign currency are applied within the following ten business days to any of the purposes set forth by the classification of current transactions in international accounts, namely: a) discharge of advance payments or liabilities for income and personal asset taxes payable by individuals who are regarded as residents from a tax standpoint; b) payment by nonresidents of contributions to the social security system or payments to employee-owned or prepaid healthcare systems; c) payment of other taxes which, given their nature, are borne by nonresidents in their capacity as taxpayers, and always provided that such payment does not entitle the nonresident to claims vis-à-vis the tax authorities or third parties; and d) other rates and services supplied by residents. In addition, such exemption on mandatory deposits, subject to certain additional requirements, is also applicable to funds remitted from abroad by nonresident companies on behalf of employees from international corporate groups who are temporarily abroad, to local companies responsible for the settlement of taxes and for making the relevant payments.

Outflow of capital, including the availability of cash or cash equivalents.

Exchange Transactions Inquiry Program.

On October 28, 2011, the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos, "AFIP") established an Exchange Transactions Inquiry Program ("Inquiry Program") through which the entities authorized by the Central Bank to deal in foreign exchange must inquire and register through an IT system the total peso amount of each exchange transaction at the moment it is closed.

All foreign exchange sale transactions, whether involving foreign currency or banknotes, irrespective of their purpose or allocation, are subject to this inquiry and registration system, which determines whether transactions are "Validated" or "Inconsistent".

In the case of sales of foreign exchange (foreign currency or banknotes) for the formation of off-shore assets by residents without the obligation of subsequently allocating it to specific purpose, entities authorized to deal in foreign exchange may only allow transactions through the MULC by those clients who have obtained the validation and who comply with the rest of the requirements set forth in the applicable foreign exchange regulations. The following are exempted from the Inquiry Program, among others: a) international agencies and institutions that act as official export credit agencies, diplomatic and consular offices, bilateral agencies established under International Treaties; and b) local governments.

Sales of foreign exchange other than for the formation of off-shore assets by residents without a specific purpose are also exempted from the Inquiry Program.

Other regulations applicable to outflow of capital

Purchase of foreign currency for the formation of off-shore assets for their subsequent allocation to specific purposes

• Individuals and legal entities domiciled in Argentina are authorized to purchase foreign currency without any limitation for the purpose of making direct investments abroad involving the production of non-financial goods and services, always provided that certain conditions are met (Communication “A” 5236, item 4.1).

• Individuals who are Argentine residents, legal entities organized in Argentina and trusts set up with contributions from the national public sector are authorized to purchase up to US$ 2,000,000 per month and to transfer those funds abroad (for the following purposes: real estate investments abroad, loans to nonresidents, contributions by residents of direct investments abroad, off-shore portfolio investments by individuals, other off-shore investments by residents, off-shore portfolio investments by legal entities, purchase of foreign banknotes to be held in Argentina and purchases of traveler checks, and donations) always provided that the following requirements (Communication 2A” 5236, item 4.1) are met:

A. The entities authorized to deal in foreign exchange previously inquire and register the transaction through the Inquiry program and the transaction is “Validated”.

B. The foreign currency purchased is not allocated to the purchase in the over-the-counter market of securities issued by residents or representing them, or issued by nonresidents and traded in Argentina. The previous consent is required when such allocation is effected by settling the purchase within twenty (20) business days following the date of access to the MULC.

C. Annual purchases in excess of US$ 250,000:

A. Individuals: the broker entity must verify that the funds applied to the amounts purchased do not exceed the sum of:

i. the assets reported as investments in local financial assets and cash holdings in local currency as reflected in the most recent personal asset return that has become due;

ii. the proceeds from the realization in Argentina, in local currency, of the actual recordable assets and foreign banknotes consistent with the tax return and income for the period;

iii. income accrued during the calendar year that has been subject to income tax withholdings,

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iv. gains accrued during the year from financial assets not subject to income tax; and

v. inheritance amounts received during the year.

B. Legal Entities: the broker entity must verify that the sum of the funds allocated to foreign currency purchases for these purposes does not exceed:

i. The amount of the accounting shareholders' equity as of the closing of the last fiscal year previously ended,

ii. less investments made as of such date in off-shore assets, local deposits in foreign currency, interests in other local companies, distributions of profits and dividends approved before the balance sheet's closing date,

iii. plus income accrued after the fiscal year's closing date and sales in the local market of foreign banknotes.

Purchase of foreign currency for the formation of off-shore assets for subsequent allocation to specific purposes

1. The US$ 2,000,000 monthly limit for making transfers abroad may also be exceeded to the extent that:

A. The proceeds and income derived therefrom are allocated within thirty (30) calendar days as from the date of access to the MULC to the payment of:

a. principal and interest payments of foreign financial indebtedness;

b. debts for Argentine imports of goods;

c. profits and dividends;

d. Argentine direct investments abroad.

B. The maximum amount of off-shore assets that may be held is as follows:

a. imports of goods: no limit;

b. repayment of financial indebtedness: principal and interest payments to be made abroad that fall due over the next 365 days;

c. profits and dividends: the higher of

- the amount paid under this item to nonresidents and ADRs during the previous year, or

- the cumulative outstanding amount of income recorded in fiscal years for which audited closed annual or quarterly financial statements are available, that should be allocated to payments to nonresidents and ADRs.

d. Argentine direct investments abroad: the U.S. dollar equivalent to 30% of the Shareholders' Equity after deducting the book value of equity interests in Argentine and foreign companies and other off-shore portfolio

investments, as reflected in the most recent annual financial statements.

C. The funds used for accessing the exchange market for forming off-shore assets to be allocated to the payment of profits and dividends and direct investments abroad must not have as funding sources foreign financial indebtedness.

2. Sales of foreign exchange to nonresidents (tourism and travel) are subject to the Central Bank's previous consent, unless the following conditions are met:

A. evidence is given that a smaller amount of foreign currency than the one intended to be purchased previously entered through the MULC during the nonresident's period of stay in Argentina;

B. the original foreign exchange certificate through which the foreign currency entered is produced;

C. an equivalent to US$ 5,000 per client and per period of stay in Argentina is not exceeded.

Payment of principal for foreign financial indebtedness

Access to the exchange market is allowed for payments of principal amounts due, with the exception of the financial institutions subject to rediscounts granted by the Central Bank and which have restructured their debt with foreign creditors (Executive Branch Decree No. 739/2003 and Communication "A" 3940 of the Central Bank).

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Payment of profits and dividends abroad

As of January 8, 2003, Argentine companies may transfer abroad profits and dividends related to closed financial statements certified by independent accountants without being required to obtain the prior authorization of the Central Bank (Communication "A" 3859, Item 3 d.).

Direct Investment Reporting System

Direct Investments made in Argentina by nonresidents

Under Communication "A" 4237, the Central Bank established a reporting system in connection with direct investments and real estate investments made by nonresidents in Argentina and by residents abroad.

Nonresidents must comply with the above mentioned reporting system if the amount of the investment in Argentina reaches or exceeds US$ 500,000 million. If no such amount is reached, the reporting system is optional.

Direct investments made outside Argentina by Argentine residents

Argentine residents are required to meet the reporting system set forth in Communication "A" 4237 every year if the value of their investments abroad reaches or exceeds US$1.0 million, and every semester if it reaches or exceeds US$ 5.0 million. If the value of such investments abroad does not reach US$1.0 million, compliance with the reporting system is optional.

Foreign indebtedness and portfolio investments

The following sets out some of the current regulations imposed by the Central Bank with respect to registration, disbursement, payment of principal and interest and prepayments, among other measures:

- *Reporting system.* The Central Bank must be informed by a debtor of any foreign indebtedness it incurs and must validate it in accordance with Communication "A" 3602 in order to enable such debtor to purchase foreign currency in the local foreign exchange market for the purpose of making the principal and interest payments under such foreign indebtedness.

- *Disbursements*. Proceeds received from foreign indebtedness must be settled in the Argentine foreign exchange market within 365 days of the date of disbursement of the funds. The free disposition of these funds is currently subject to certain restrictions pursuant to Executive Branch Decree No. 616/2005.

- *Interest Payments*. Foreign currency necessary to pay interest on foreign indebtedness can be purchased:

- a. up to 15 days in advance of the relevant payment date;

- b. to pay interest accrued within the current interest period; or

- c. to pay interest accrued during the period between the date of disbursement of the funds and the date of settlement of the foreign currency in the MULC; provided that the amount of foreign currency so purchased through the MULC is equal to the amount resulting from the difference between the interest accrued on the relevant foreign indebtedness and the earnings derived from the placement of the funds abroad, proof of which must be presented to

the Central Bank by the debtor.

- *Principal Repayments.* Foreign currency necessary to pay principal on foreign indebtedness owed by the private non-financial sector may be acquired:

- a. within 30 calendar days prior to the stated maturity of the applicable obligation; *provided* that the funds disbursed under such obligation have remained in Argentina for at least 365 days; or

- b. with the anticipation required from an operating standpoint in order to pay to the creditor at maturity, in case of principal installments the payment of which depends on the satisfaction of specific conditions expressly contemplated in foreign refinancing agreements executed and implemented with foreign creditors as from February 11, 2002, the date the MULC became effective.

- *Principal Prepayments.* The foreign currency required to prepay principal on foreign indebtedness may be acquired to make partial or full payments more than 30 days prior to the stated maturity of the relevant obligation, provided that (x) the funds disbursed under the debt facility have remained in Argentina for at least 365 days; (y) the amount in foreign currency to be prepaid does not exceed the current value of the portion of the debt being prepaid or the prepayment shall be fully offset with new external financing, the present value of which shall not exceed the value of the debt being prepaid and (z) if the prepayment is made as part of a restructuring process with foreign creditors, the terms and conditions of the new financing and the corresponding prepayment must not result in an increase in the present value of the debt being refinanced.

For further details regarding the exchange regulations applicable in Argentina, investors should consult their professional advisers and read the full text of Executive Branch Decree 616/2005, Resolution No. 365/2005 of the Ministry of Economy and Production and Criminal Exchange Law No. 19,359, as well as the relevant regulations and supplementary provisions. Interested parties may consult such regulations through the website of the Ministry of Economy and Public Finance (http://www.infoleg.gob.ar) or the Central Bank (http://www.bcra.gob.ar).

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Money Laundering

Argentine Law No. 25,246, as amended, categorizes money laundering as a crime, which is defined as the exchange, transfer, management, sale or any other use of money or other assets obtained through a crime, by a person who did not take part in such original crime, with the potential result that such original assets (or new assets resulting from such original assets) have the appearance of having been obtained through legitimate means, provided that the aggregate value of the assets involved exceeded in the aggregate (through one or more related transactions) $50,000.

The money laundering legal framework in Argentina also assigns information and control duties to certain private sector entities, such as banks, agents, stock exchanges, insurance companies, according to the regulations of the Financial Information Unit, and for financial entities, the Central Bank. These regulations apply to many Argentine companies, including us. These obligations consist mainly of maintaining internal policies and procedures aimed at money laundering prevention and financing of terrorism, especially through the application of the policy “know your client”.

On May 8, 2005, the CNV enacted Resolution No. 554 which establishes that broker-dealers and other intermediaries that are subject to its supervision can only take part in securities transactions if they are ordered or executed by parties that are registered or domiciled in jurisdictions that are not included in the list of tax heavens included in Executive Branch Decree No 1344/98. Furthermore, the Resolution provides that securities transactions made by parties registered or domiciled in jurisdictions that are not included in such list, but that act as intermediaries of securities’ markets under the supervision of an agency similar to the CNV, are allowed only if such agency has signed a memorandum of mutual understanding with the CNV. Regarding the listed companies under the supervision of the CNV, the Resolution No. 554 states that they shall identify any entity or individual (whether or not a shareholder at that time), that makes a capital contribution or a significant loan, and comply with the same obligations established in the previous paragraph for the brokers-dealers and other intermediaries.

In connection with Resolution No. 554, the Central Bank issued Comunicación “A” 4940, as amended, which rules that non-residents of Argentina must obtain the prior approval of the Central Bank in order to purchase foreign currency in the exchange market to repatriate investments when the beneficiary of such repatriation is an individual or an entity registered or domiciled in a jurisdiction listed as a tax heaven in Executive Branch Decree No 1344/98.

E. Taxation

United States Taxation

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

- a bank;
- a dealer in securities or currencies;
- a financial institution;

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

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

If you are considering the purchase, ownership or disposition of COMMON shares or ADSS you should consult your own tax advisor concerning the United States federal income tax consequences to you as well as any consequences arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of common shares or ADSs that is for United States federal income tax purposes:

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- an individual citizen or resident of the United States;

- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

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

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

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

ADSs

In general, for United States federal income tax purposes, U.S. Holders of ADSs will be treated as the owners of the underlying common shares that are represented by the ADSs. Accordingly, deposits or withdrawals of our common shares by U.S. Holders for ADSs will not be subject to United States federal income tax.

Distributions on Common Shares or ADSs

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

With respect to non-corporate United States investors, certain dividends received before January 1, 2013 from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NASDAQ), but not our common shares, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our common shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met.

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

Subject to certain significant conditions and limitations, Argentine tax withheld from dividends, if any, may be treated as foreign income tax eligible for credit or deduction against your United States federal income tax liability. For purposes of the foreign tax credit, dividends paid on the common shares or ADSs will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if you have held ADSs or common shares for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADSs or common shares. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

To the extent that the amount of any distribution (including amounts withheld to reflect Argentine withholding taxes, if any) exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or common shares, and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Taxation of Capital Gains

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

Passive Foreign Investment Company Rules

Based on the current composition of our income and the valuation of our assets, including goodwill, we do not believe we were a passive foreign investment company (“PFIC”) for United States federal income tax purposes for the taxable year ending June 30, 2011, and we do not currently expect to become a PFIC, although there can be no assurance in this regard. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may be a PFIC in the current or any future taxable year due to changes in our asset or income composition or if our projections are not accurate. The volatility and instability of Argentina’s economic and financial system may substantially affect the composition of our income and assets. In addition, this determination is based on the interpretation of certain U.S. Treasury regulations relating to rental income, which regulations are potentially subject to differing interpretation.

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

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

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

If we are a PFIC for any taxable year during which you hold our common shares or ADSs and any of our non-United States subsidiaries is also a PFIC, a U.S. Holder would be treated as owning a proportionate amount (by value) of the common shares of the lower tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us before January 1, 2013, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method provided that such stock is regularly traded on a qualified exchange. Under current law, the mark-to-market election is only available for stock traded on certain designated United States exchanges and foreign exchanges which meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange under applicable United States Treasury regulations. Consequently, the mark-to-market election may be available to you with respect to the ADSs because the ADSs are listed on the NASDAQ, which constitutes a qualified exchange under the regulations, although there can be no assurance that the ADSs will be regularly traded. You should note that only the ADSs and not the common shares are listed on the NASDAQ. The common shares are listed on the Buenos Aires Stock Exchange. Consequently, the Buenos Aires Stock Exchange would also need to meet the trading, listing, financial disclosure and other requirements of the United States Treasury regulations. The ADSs or common shares would also need to be regularly traded on such exchanges in order for the ADSs or common shares to be potentially eligible for the mark-to-market election.

If we are a PFIC in any taxable year in which you hold our common shares or ADSs, but you do not make a mark-to-market election until a subsequent taxable year, you will be subject to special rules in the taxable year of the

election. You should consult your own tax advisors regarding the application of the mark-to-market election in your particular situation.

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

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

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

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

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

Argentine Personal Assets Taxes

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

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Information Reporting and Backup Withholding

In general, information reporting requirements will apply to distributions on common shares or ADSs and to the proceeds of sale of a common share or ADS paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a correct taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

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

Argentine Taxation

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

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

Taxation of Dividends

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

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

Taxation of Capital Gains

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

unclear.

Resident individuals

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

Foreign beneficiaries

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

Local entities

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

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

Value Added Tax

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

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Personal Assets Tax

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

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

Our shareholders approved the absorption of personal asset tax by us for the years 2002 to 2010. There can be no assurance that in the future this tax will be absorbed by us.

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

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

Gross Income Tax

The gross income tax is a local tax; therefore, the rules of the relevant provincial jurisdiction should be considered, which may levy this tax on the purchase and sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs, and/or the collection of dividends at an average rate of 3%, unless an exemption is applicable. In the particular case of the City of Buenos Aires, any transaction involving common shares and/or the collection of dividends and revaluations is exempt from this tax.

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

Stamp Tax

The stamp tax is a local tax that is generally levied on the instrumentation of onerous acts executed within a certain provincial jurisdiction or outside a certain provincial jurisdiction but with effects in such jurisdiction; therefor, the rules of the relevant provincial jurisdiction should be considered for the issuance of instruments which implement onerous transactions (including issuance, subscription, placement and transfer) involving the common share rights, ADS rights, common shares or ADSs, executed in those jurisdictions, or with effects in those jurisdictions.

Notwithstanding, for the City of Buenos Aires, any instrument related to the transfer of shares which public offering is authorized by Comision Nacional de Valores is exempt from this tax.

Tax on Credits and Debits in Bank Accounts

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

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

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

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

Court and Other Taxes

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

Argentina imposes neither an estate nor gift tax on a decedent, donor, legatee or donee. Notwithstanding the foregoing, Law No. 14.044 of Buenos Aires Province, issued on September 23, 2209 and published in the Official Gazette on October 16, 2009, imposes an estate and gift tax on a legatee or donee domiciled in Buenos Aires Province or over rights and goods located in this jurisdiction. This tax will be applicable since January 1, 2010 and has not been regulated by any fiscal authority yet.

No Argentine tax is imposed on the deposit or withdrawal of common shares in exchange for ADSs. Other than the taxes discussed above, no other Argentine taxes are applicable to an investment in common shares or ADSs. At present, there is no national tax specifically applicable to the transfer of securities.

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Tax Treaties

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

F. Dividends and Paying Agents

This section is not applicable

G. Statement by Experts

This section is not applicable.

H. Documents on Display

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

I. Subsidiary Information

This section is not applicable.

Item 11. Quantitative and qualitative disclosures about market risk

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

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

Interest Rate Risk

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

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

As of June 30, 2011 we had current investments of Ps. 575 million. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift change in the interest rate curve would not have a significant impact on the value of our investment portfolio.

Foreign Exchange Risk

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

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

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

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	As of June 30, 2011					
	Expected contractual maturity date					
	Less than a year (13)	1-2 years	2-3 years	3-4 years	More than 4 years	Total
	(Ps. million equivalent) (1)(2)					
Fixed rate debt :						
Principal payment (3)	56.1	18.3	—	—	—	74.5
Principal payment (4)	36.5	107.4	—	—	—	143.9
Principal payment (5)	28.9	12.1	—	—	—	41.0
Principal payment (6)	151.4	—	—	—	—	151.4
Floating rate debt:						
Principal Payment (7)	36.7	—	—	—	—	36.7
Principal Payment (8)	36.6	71.3	—	—	—	107.8
Principal Payment (9)	0.0	8.5	—	—	—	8.6
Bank Loans (10)	285.5	—	—	—	—	285.5
Bank Loans (11)	177.4	51.0	—	—	—	228.4
Bank Loans (12)	8.0	—	—	40.4	64.9	113.3

(1) Dollar-denominated loans were converted to Pesos at an exchange rate of Ps.4.11 per U.S. Dollar.

(2) Real-denominated loans were converted to Pesos at an exchange rate of Ps. 2,51 per Brazilian Real.
(3) Corresponds to the Cresud note Class IV, denominated in U.S. Dollars.
(4) Corresponds to the Cresud note Class VI, denominated in U.S. Dollars.
(5) Real denominated loan for property purchase.
(6) Peso-denominated debt for property purchase
(7) Corresponds to the Cresud note Class III, denominated in Argentine Pesos.
(8) Corresponds to the Cresud note Class V, denominated in Argentine Pesos.
(9) Corresponds to the Cresud note Class VII, denominated in Argentine Pesos.
(10) Peso-denominated bank loan.

(11) Dollar-denominated bank loan.

(12) Real-denominated bank loan.

(13) Includes accrued interest.

Sensitivity to Exchange Rates and Interest Rates

We estimate, based on the composition of our balance sheet as of June 30, 2011, that every variation in the exchange rate of Ps.0.10 against the U.S. dollars, plus or minus, would result in a variation of approximately Ps. 49.5 million of our consolidated financial indebtedness.

We estimate, based on the composition of our balance sheet as of June 30, 2011, that every variation in the interest rate of 100 basis points, plus or minus, to our current floating-rate consolidated debt denominated in Pesos would result in a variation of approximately Ps. 42.8 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness, on the other hand, every variation in the interest rate of 100 basis points, plus or minus, to our current floating-rate consolidated debt denominated in Dollars would result in a variation of approximately US$ 5.6 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness.

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

Commodity Price Risk and Derivative Financial Instruments

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

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

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

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Futures and Options

As of June 30, 2011 we had arranged futures and options on the Futures Market and SWAP operations as follows:

Crops/SWAP	Tons	Margins	Premium paid or (collected)	Premium at fair value	Gain (loss) for valuation at year-end at fair value
Futures					
Purchase					
Rice	720	-	-	-	125
Sell					
Corn	1,000	32	-	-	92
Soybean	10,800	601	-	-	129
Options					
Sell Put					
Corn	27,940	-	(723)	(672)	51
Purchase Put					
Corn	29,591	-	2,303	2,919	616
Swap					
Interest rate	-	-	-	-	(a) 1,867
Total	70,051	633	1,580	2,247	2,880

(a)Corresponds to: an interest rate swap for a notional amount of Ps. 106.9 million structured as follows: (i) Ps. 30 million entered into with Standard Bank due on December 10, 2012 whereby we agreed to pay a fixed rate of 14% and the counterparty the Badlar variable rate; (ii) Ps. 20 million entered into with Standard Bank due on December 10, 2012 whereby we agreed to pay a fixed rate of 14.1% and the counterparty the Badlar variable rate; (iii) Ps. 30 million entered into with Banco Santander Río due on December 10, 2012 whereby we agree to pay a fixed rate of 14.25% and the counterparty the Badlar variable rate and (iv) Ps. 26.9 million entered into with Banco Itaú due on December 10, 2012 whereby we agreed to pay a fixed rate of 14.45% and the counterparty the Badlar variable rate.

The deposits/costs on open futures and options as of June 30, 2011, were Ps.0.6 million, and futures generated an unrealized profit of Ps.0.3 million. The premiums paid/collected for open options as of June 30, 2011, were Ps.1.6 million; the market value of such options was of Ps. 2.2 million. The options resulted in an unrealized profit of Ps.0.7 million. The total unrealized profit on open futures, swaps and options was Ps.2.9 million as of June 30, 2011.

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

We combine our options operations with our futures operations, only as a means of reducing the exposure towards the decrease of the prices of our products, as being a producer means that the price is uncertain until the time our products

are harvested and sold.

In its capacity as broker under secured agreements, Futuros y Opciones.Com S.A. assumes before the purchaser the obligation to perform the contract in the event the seller fails to deliver the goods. Such performance is implemented by returning any undelivered amounts agreed under the transaction as well as any price differences that may arise between the price for which the contract was closed and the price of the goods as of the date of its termination.

As of June 30, 2011, the balance of brokerage transactions carried out under secured agreements that were pending delivery within the agreed contractual terms, amounted to Ps.20,469.

As of June 30, 2011, there are no unfulfilled contracts in which futures and Opciones.Com SA has been claimed in its capacity as guarantor.

Quantitative and qualitative disclosures about our subsidiary IRSA's market risk

Interest Rate Risk

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

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

As of June 30, 2011 we had current investments of Ps.210.2 million. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift change in the interest rate curve would not have a significant impact on the value of our investment portfolio.

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We are also exposed to changes in interest rates primarily as a result of our borrowing activities, which include short-term borrowings, and other floating-rate long-term debt used to maintain liquidity and fund our business operations.

Foreign Exchange Risk

Foreign currency exchange rate fluctuations could impact our cash flow in Pesos, since some of our products and inputs are payable in U.S. Dollars.

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

	As of June 30, 2011						
	Expected contractual maturity date						
	Less than a year	**1-2 years**	**2-3 years**	**3-4 years**	**More than 4 years**	**Total**	**Market Value (10)**
	(US$ million equivalent) (1) (9)						
Fixed rate debt (US$):							
Principal payment and accrued interest (2)	5.24	—	—	—	—	150	155.62
Average interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Principal payment and accrued interest (3)	7.71	—	—	—	—	150	176.84
Average interest rate	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Principal payment and accrued interest (4)	14.12	—	—	—	—	—	14.12
Average interest rate	12%	12%	12%	12%	12%	12%	
Principal payment and accrued interest (5)	1.43	—	—	—	31.76	—	
Average interest rate	10%	10%	10%	10%	10%	—	
Principal payment and accrued interest (6)	1.3	—	—	—	—	120	117.75
Average interest rate	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	
Floating rate debt (Pesos):							
Principal payment (7)	108.38	—	—	—	—	—	108.38
Average interest rate	—	—	—	—	—	—	
Principal payment (7)	13.46	—	—	—	—	—	13.46
Average interest rate	—	—	—	—	—	—	
Principal payment (8)	10.08	—	—	—	—	—	10.08
Average interest rate	11.00%	—	—	—	—	—	

(1) Peso-denominated loans were converted to Dollars at an exchange rate of Ps.4.11 per U.S. Dollar.
(2) Corresponds to the IRSA note due 2017.
(3) Corresponds to the IRSA note due 2017.

(4) Dollar-denominated bank loan.
(5) Corresponds to APSA convertible notes.
(6) Corresponds to the series I note due 2017. Debt issuance cost not included.
(7) Corresponds to short term bank loans.
(8) Corresponds to the series II note due 2012.
(9) Seller financing not included.
(10) Includes accrued interest.

Sensitivity to Exchange Rates and Interest rates

We are also exposed to changes in interest rates primarily as a result of our borrowing activities, which include short-term borrowings, and other floating-rate long-term debt used to maintain liquidity and fund our business operations.

As of the date of this annual report, we have short term floating rate debt and an upward shift of 100 Bps in the general interest rate level would imply an increase of US$1.1 in our interest expense. In addition, an upward shift of 100 Bps in the general interest rate level would imply an increase of US$0.1 in Alto Palermo's interest expense from short term floating debt and an increase of US$0.15 in Alto Palermo's interest expense from its floating rate note.

On the other hand, our outstanding fixed rate indebtedness is represented mainly by our notes due 2017 and 2020 which accrues interest at a fixed rate of 8.5% per year and 11.5% per year, respectively. As of June 30, 2011, the fair market value in Pesos equivalent of the 2017 notes was Ps.639.6 million and fair market value in Pesos equivalent of the 2020 notes was Ps. 726.8 million (includes accrued interest). As a measure of sensitivity, an upward shift of 100 Bps in the general interest rate level would imply a decrease of 3.9% in 2017 notes fair market value and a decrese of 5.1% in 2020 notes fair market value.

In addition, Alto Palermo's Series I fair market value tends to drop 4.2% and Series II 0.5% per 100 Bps of increase in interest rate levels.

A change of 1% in Ps. / US$ exchange rate would imply a Ps.12.3 million change in the Peso equivalent of our debt face value and increases our interest expenses in Ps.1.2 million annually. In addition, a change of 1% in Ps. / US$ exchange rate would imply a ps.4.9 million change in the Peso equivalent of Alto Palermo's debt face value and increases their interest expenses in ps.0.4 million annually.year. As of June 30, 2010, the fair market value in Pesos equivalent of these notes was Ps.571.8 million (includes accrued interest). As a measure of sensitivity, an upward shift of 100 Bps in the general interest rate level would imply a decrease of 4.4% in its fair market value. In addition, Alto Palermo's Series I fair market value tends to drop 4.7% and Series II 0.7% per 100 Bps of increase in interest rate levels.

Besides, a change of 1% in Ps. / US$ exchange rate would imply a Ps.5.9 million change in the Peso equivalent of our debt face value and would increase our interest expenses in Ps.0.5 million annually. In addition, a change of 1% in Ps. / US$ exchange rate would imply a Ps.4.7 million change in the Peso equivalent of Alto Palermo's debt face value and would increase its interest expense in Ps.0.4 million annually.

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We are also exposed to changes in interest rates as a result of Tarshop´s retained interests in securitized credit receivables, whose fair value depends, among other factors, on the TDFs interest rate. Under securitization programs, TDFs pay the variable interest rate published by the Argentine Central Bank, known as “BADLAR”, plus a fixed rate spread. This spread level is set according to the general market conditions at the time of issuance.

Both TDFs “A” and “B” have different cap floor settings in order to mitigate interest rate exposure. Regarding to the fair value calculation, revolving series have less interest rate risk than non revolving series.

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

Item 12. Description of securities other than equity securities

A. Debt Secuirities

This item is not applicable

B. Warrants and Rights

This item is not applicable

C. Other Securities

This item is not applicable

D. American Depositary Shares

The Bank of New York Mellon, as depositary for the ADSs (the “Depositary”) collects its fees for delivery directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal. The Depositary also collects taxes and governmental charges from the holders of ADSs. The Depositary collects these fees and charges by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees (after attempting by reasonable means to notify the holder prior to such sale).

The Depositary has agreed to reimburse or pay on our behalf, certain reasonable expenses related to our ADS program and incurred by us in connection with the program (such as NASDAQ listing fees, legal and accounting fees incurred with preparation of Form 20-F and ongoing SEC compliance and listing requirements, distribution of proxy materials, investor relations expenses, etc). The Depositary has covered all such expenses incurred by us during 2011 for an amount of US$340,750.

The amounts the Depositary reimbursed or paid are not perforce related to the fees collected by the depositary from ADS holders.

The following charges shall be incurred by any party depositing or withdrawing shares or by any party surrendering receipts or to whom receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock

split declared by us or an exchange of stock regarding the receipts or deposited securities or distribution, whichever applicable: (1) taxes and other governmental charges, (2) such registration fees as from time to time be in effect for the registration of transfers of shares generally on our share register and applicable to transfers of shares to the name of the Depository or its nominee or the custodian or its nominee on the making of deposits or withdrawals, (3) such cable, telex and fax transmission expense, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency, (5) a fee of not in excess of US$5.00, per 100 ADS (or portion) for the execution and delivery of receipts under certain sections of the depositary agreement, (6) a fee not in excess of US$0.20 per ADS (or portion) for any cash distribution.

Part II

Item 13. Defaults, dividend arrearages and delinquencies

This section is not applicable.

Item 14. Material modifications to the rights of security holders and use of proceeds

A. This section is not applicable.

B. This section is not applicable.

C. This section is not applicable.

D. This section is not applicable.

E. This section is not applicable.

Item 15. Controls and procedures

A. Disclosure, Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 20-F, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2011. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of fiscal year 2011.

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B. Management's Annual Report on Internal Control over Financial Reporting.

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

Management assessed the effectiveness of the our internal control over financial reporting as of June 30, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control–Integrated Framework. Based on this assessment and the criteria set forth in Internal Control–Integrated Framework, management concluded that, as of the end of fiscal year 2011, our internal control over the financial reporting was effective. However, the management has excluded Brasilagro and Cactus from its assessment of internal control over financial reporting as of June 30, 2011 because those were acquired by us in purchases business combinations during the fiscal year 2011. Brasilagro and Cactus are subsidiaries whose total assets and total revenues represent 22.6% and 6.0%, respectively, of our consolidated financial statement amounts as of and for the year ended June 30, 2011.

C. Attestation Report of the Registered Public Accounting Firm.

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

D. Changes in Internal Control over Financial Reporting.

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

Item 16.

A. Audit Committee Financial Expert

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

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

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

B. Code of Ethics

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

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

C. Principal Accountant Fees and Services

Audit Fees

During fiscal years ended June 30, 2011 and 2010, we were billed a total amount of Ps. 5.62 million and Ps. 6.03 million respectively, for professional services rendered by our principal accountants for the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements.

Audit-Related Fees

During the fiscal year ended June 30, 2011, we were not billed for Audit-related fees for professional services rendered by our principal accountants for other services related to the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements. And during the fiscal year ended June 30, 2010 we were billed a total amount of Ps.0.01 million for professional services rendered by our principal accountants for other services related to the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements.

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Tax Fees

During the fiscal year ended June 30, 2011 we were billed a total amount of Ps.0.02 million for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning. And during the fiscal year ended June 30, 2010, we were not billed for other fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All Other Fees

During fiscal year ended June 30, 2011 and 2010, we were billed a total amount of Ps.1.0 million and Ps. 0.34 million, respectively, for other fees for professional services rendered by our principal accountants including fees mainly related to special assignments and courses.

Audit Committee Pre-Approval Policies and Procedures

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

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

- Require any additional and complementary documentation related to this analysis;

- Verify the independence of the external auditors;

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

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

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

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

- Propose adjustments (if necessary) to such working plan;

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

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

D. Exemption from the Listing Standards for Audit Committees

This section is not applicable.

E. Purchasers of Equity Securities by the Issuer and Affiliated Purchasers

Issuer Purchases of Equity Securities

On August 26, 2008, our Board of Directors decided to establish the terms of the share repurchase plan under the provisions of Section 68 of Law 17,811 (added by Executive Branch Decree number 677/2001) and the Rules of the *Comisión Nacional de Valores*, in order to help reduce the decline and fluctuations of quotation prices and strengthen its shares in the market. There have been signs of distortion in the price of shares when considering our financial strength based on the quality of its assets, including the lands of great productive value and appreciation potential, and the productive business developed by us in Argentina and other Latin American countries.

During fiscal year 2009, purchases of own shares amounted to 30,000,000 common shares, for which we paid US$ 21.0 million and Ps.1.7 million, thus fulfilling the terms and conditions of the share repurchase plan. As a result, by the end of Fiscal Year 2009 our investment in our own shares amounted to 5.98% of total capital stock.

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Period	Total Number of Shares Purchased	Average Price Paid per Share (Ps.)	Total Number of Shares Purchased as Part of the Publicly Announced Plan	Maximum Number of Shares that may be yet in Purchased under the plan
08/29/08 – 08/31/08	31,000	3.38	31,000	9,969,000
09/01/08 – 09/30/08	2,122,886	3.36	2,153,886	7,846,114
10/01/08 – 10/31/08	9,650,493	2.03	11,804,379	18,195,621
11/01/08 – 11/30/08	5,756,140	2.02	17,560,519	12,439,481
12/01/08 – 12/31/08	4,382,783	2.63	21,943,302	8,056,698
01/01/09 – 01/31/09	2,047,461	2.94	23,990,763	6,009,237
02/01/09 – 02/28/09	2,173,860	2.70	26,164,623	3,835,377
03/01/09 – 03/31/09	563,692	2.61	26,728,315	3,271,685
04/01/09 – 04/30/09	428,052	2.91	27,156,367	2,843,633
05/01/09 – 05/31/09	2,843,633	3.45	30,000,000	-
Total	**30,000,000**			

On November 13, 2009, our Board of Directors, in accordance with the resolutions of the Shareholders' Meeting dated October 29, 2009, decided to initiate the process of distribution among the shareholders, on a pro rata basis, of 25,000,000 of our own ordinary shares, acquired by us during the fiscal period 2008-2009. The allotment of shares was calculated over the outstanding capital stock up to October 29, 2009 of Ps-471,538,610 (0.05301792784 shares per ADR). The treasury shares were duly distributed and allotted. As a result of the calculation of the allotment, the fractions were settled in cash. 754 shares were not distributed, which are held as treasury shares.

As a result, as of June 30, 2011 our investment in own shares amounted to 1.0% of our total capital stock.

F. Change in Registrant's Certifying Accountant

This section is not applicable.

G. Corporate Governance.

Compliance with NASDAQ listing standards on corporate governance

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

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

Pursuant to NASDAQ Rule 5615(a)(3), NASDAQ -listed non-US companies that are categorized as "Foreign Private Issuers" and may follow home country corporate governance practice in lieu of the requirements of Rule 5615(a)(3), provided that the foreign private issuer complies with certain mandatory sections of Rule 5615(a)(3), discloses each requirement of Rule 5615(a)(3)that it does not follow and describes the home country practice followed in lieu of such requirement.

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NASDAQ Standards for US companies	CRESUD'S CORPORATE PRACTICES
Rule 5250(d) - Distribution of Annual and Interim Reports.	In lieu of the requirements of Rule **5250(d)**, we follow Argentine law, which requires that companies issue publicly a Spanish language annual report, including annual Audited Consolidated Financial Statements prepared in accordance with generally accepted accounting principles in Argentina, by filing such annual report with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange, within 70 calendar days following the close of our fiscal year. Interim reports must be filed with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange within 42 calendar days following the close of each fiscal quarter. The Buenos Aires Stock Exchange publishes the annual reports and interim reports in the Buenos Aires Stock Market Bulletin and makes the bulletin available for inspection at its offices. In addition, we provide our shareholders annual and interim financial reports upon request. English language translations of our annual reports and interim reports are filed with the SEC on Form 20-F and Form 6K, respectively. We also send the English language translation of our annual report and quarterly press releases related to the interim financial and operating results to the *Comisión Nacional de Valores* which posts them on its website. Furthermore, under the terms of the Deposit Agreement, dated as of March 18, 1997, among us, The Bank of New York, as depositary, and owners of ADSs issued thereunder, we are required to furnish The Bank of New York with, among other things, English language translations of our annual reports. Annual reports are available for inspection by ADR holders at the offices of The Bank of New York located at, 101 Barclay Street, 22nd Floor, New York, New York. Finally, Argentine law requires that 20 calendar days before the date of a shareholders' meeting, the board of directors must provide to our shareholders, at our executive office or through electronic means, all information relevant to the shareholders' meeting, including copies of any documents to be considered by the shareholders (which includes the annual report).
Rule 5605(b)(1) - Majority of Independent Directors.	In lieu of the requirements of Rule 5605(b)(1),, we follow Argentine law which does not require that a majority of the board of directors be comprised of independent directors. Argentine law instead requires that public companies in Argentina must have a sufficient number of independent directors to be able to form an audit committee of at least three members, the majority of which must be independent pursuant to the criteria established by the *Comisión Nacional de Valores*.

Rule 5605(b)(2) - Executive Sessions of the Board of Directors.	In lieu of the requirements of Rule 5605(b)(2), we follow Argentine law which does not require independent directors to hold regularly scheduled meetings at which only such independent directors are present (i.e., executive sessions). Our board of directors as a whole is responsible for monitoring our affairs. In addition, under Argentine law, the board of directors may approve the delegation of specific responsibilities to designated directors or non-director managers. Also, it is mandatory for public companies to form a supervisory committee (composed of "syndics") which is responsible for monitoring our legal compliance under Argentine law and compliance with our by-laws. Finally, our audit committee has regularly scheduled meetings and, as such, such meetings will serve a substantially similar purpose as executive sessions.
Rule 5605(d)(B) - Compensation of Officers.	In lieu of the requirements of Rule 5605(d)(B), we follow Argentine law which does not require companies to form a compensation committee comprised solely of independent directors. For the determination of the compensation of the chief executive officer and all other executive officers no decision of a majority of independent directors or a compensation committee comprised solely of independent directors is required under Argentine law. Under Argentine law, the board of directors is the corporate body responsible for determining the compensation of the chief executive officer and all other executive officers, so long as they are not directors. In addition, under Argentine law, the audit committee shall give its opinion about the reasonableness of management's proposals on fees and option plans for our directors or managers.
Rule 5605(e) - Nomination of Directors.	In lieu of the requirements of Rule 5605(e), we follow Argentine law which requires that directors be nominated directly by the shareholders at the shareholders' meeting and that they be selected and recommended by the shareholders themselves. Under Argentine law, it is the responsibility of the ordinary shareholders' meeting to appoint and remove directors and to set their compensation.
Rule 5605(c)(1) - Audit Committee Charter.	In lieu of the requirements of Rule 5605(c)(1), we follow Argentine law which requires that audit committees have a charter but does not require that companies certify as to the adoption of the charter nor does it require an annual review and assessment thereof. Argentine law instead requires that companies prepare a proposed plan or course of action with respect to those matters which are the responsibility of our audit committee. Such plan or course of action could, at the discretion of our audit committee, include a review and assessment of the audit committee charter. We believe that we are in compliance with the requirements for

audit committee charters provided for in the Sarbanes Oxley Act.

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NASDAQ Standards for US companies	CRESUD'S CORPORATE PRACTICES
Rule 5605(c)(2) - Audit Committee Composition.	Argentine law does not require that companies have an audit committee comprised solely of independent directors and it is equally not customary business practice in Argentina to have such a committee. Argentine law instead requires that companies establish an audit committee with at least three members comprised of a majority of independent directors as defined by Argentine law. Nonetheless, although not required by Argentine law, hawse have a three member audit committee comprised of entirely independent directors in accordance with Rule 10(A)-3(b)(1) of the General rules and regulations promulgated under the Securities Exchange Act of 1934, as independence is defined in Rule 10(A)-3(b)(1). Further, Argentine law does not require companies to identify or designate a financial expert. As such, Although all the members of the audit committee have large corporate experience, as of the date of this annual report, the Board of Directors have not named designated a financial expert in accordance with the relevant SEC ruleson the audit committee. Although it is noted that all members of the audit committee have had significant corporate experience. In addition, hawse have a supervisory committee ("comisión fiscalizadora") composed of three 'syndics' which are in charge of monitoring the legality, under Argentine law, of the actions of our board of directors and the conformity of such actions with our by-laws.
Rule 5620(c) - Quorum.	In lieu of the requirements of Rule 4350(f), we follow Argentine law and our bylaws, which distinguish between ordinary meetings and extraordinary meetings and require, in connection with ordinary meetings, that a quorum consist of a majority of stocks entitled to vote. If no quorum is present at the first meeting, a second meeting may be called, in which the shareholders present, regardless of their number, constitute a quorum. Resolutions may be adopted by an absolute majority of the votes present. Argentine law, and our bylaws, requires in connection with extraordinary meetings, that a quorum consist of 60% of the stock entitled to vote. However, if such quorum is not present at the first meeting, our bylaws provide that a second meeting may be called and may be held with the number of shareholders present. In both ordinary and extraordinary meetings, decisions are adopted by an absolute majority of votes present at the meeting, except for certain fundamental matters (such as mergers and spin-offs (when we are not the surviving entity and the surviving entity is not listed on any stock exchange), anticipated liquidation, change in its domicile outside of Argentina, total or partial recapitalization of its statutory capital following a loss, any transformation in our corporate legal form or a substantial change in our corporate purpose, or the issue of bonds) which require an approval by vote of the majority of all the stock entitled to vote (all stock being

	entitled to only one vote.
Rule 5620(b) -- Solicitation of Proxies.	In lieu of the requirements of Rule 5620(b), we follow Argentine law which requires that notices of shareholders' meetings be published, for five consecutive days, in the Official Gazette and in a widely published newspaper in Argentina no earlier than 45 calendar days prior to the meeting and at least 20 calendar days prior to such meeting. In order to attend a meeting and be listed on the meeting registry, shareholders are required to submit evidence of their book-entry share account held at Caja de Valores up to three business days prior to the scheduled meeting date. If entitled to attend the meeting, a shareholder may be represented by proxy (properly executed and delivered with a certified signature) granted to any other person, with the exception of a director, syndic, member of the Comisión fiscalizadora, manager or employee of the issuer, which are prohibited by Argentine law from acting as proxies. In addition, our ADS holders receive, prior to the shareholders' meeting, a notice listing the matters on the agenda, a copy of the annual report and a voting card.
Rule 5630(s) -- Conflicts of Interest	In lieu of the requirements of Rule 5630(a), we follow Argentine law which requires that related party transactions be approved by the audit committee when the transaction exceeds one percent (1%) of the corporation's net worth, measured pursuant to the last audited balance sheet, so long as the relevant transaction exceeds the equivalent of three hundred thousand Argentine Pesos (Ps. 300,000). Directors can contract with the corporation only on an arm's length basis. If the contract is not in accordance with prevailing market terms, such transaction must be pre-approved by the board of directors (excluding the interested director). In addition, under Argentine law, a shareholder is required to abstain from voting on a business transaction in which its interests may be in conflict with the interests of the company. In the event such shareholder votes on such business transaction and such business transaction would not have been approved without such shareholder's vote, such shareholder may be liable to the company for damages and the resolution may be declared void.

Part III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

Reference is made to pages F-1 through F-256.

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

Item 19. Exhibits

Exhibit No.	**Description of Exhibit**
1.1*	By-laws (*Estatutos)* of the registrant, which serve as the registrant's articles of incorporation and by-laws, and an English translation thereof.
1.2****	English translation of the amendment to the bylaws.
2.1	Indenture dated September 7, 2011, among us, as issuer, the Bank of New York Mellon, as trustee, co-registrar, principal paying agent and transfer agent, Banco Santander Rio, S.A., as registrar, paying agent, transfer agent and representative of the trustee in Argentina, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying and Transfer Agent, for the issuance of the U.S.$ 60,000,000, 7.50% Fourth Series, Class VIII Senior Notes Due 2014.
4.1*	Consulting Agreement among Cresud S.A.C.I.F. y A. and Dolphin Fund Management S.A. dated October 25, 1994.
4.2**	Agreement for the exchange of Corporate Service between we, IRSA and Alto Palermo, dated June 30, 2004.
4.3****	English translation of the Amendment to the Agreement for the exchange of Corporate Service among, IRSA and Alto Palermo and us, dated August 23, 2007.
4.4*****	English translation of the Third Agreement for the Implementation of the Amendment to the Corporate Services Master Agreement, dated November 27, 2009.
4.5	Amendment to the Agreement for the exchange of Corporate Service between we, IRSA and Alto Palermo, dated March 12, 2010.
8.1	List of Subsidiaries.
11.1***	Code of Ethics of we.
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer.
13.1	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
13.2	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer .

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

** Incorporated herein by reference to the report statement on Form 6-K (File No. 333-06548) filed with the SEC on July 1, 2004.
*** Incorporated herein by reference to the registrant's report on Form 6-K (File No. 333-06548) filed with the SEC on August 1, 2005.

**** Incorporated herein by reference to the annual report on Form 20-F (File No. 333-06548) filed with the SEC on December 27, 2007.
***** Incorporated herein reference to the annual report on Form 20-F (File No. 333-06548) filed with the SEC on December 30, 2010.

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SIGNATURES

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

CRESUD SOCIEDAD ANÓNIMA COMERCIAL INMOBILIARIA FINANCIERA Y AGROPECUARIA

/s/ Alejandro G. Elsztain

Alejandro G. Elsztain

Chief Executive Officer

Date: December 28, 2011

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Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders´ equity and of cash flows present fairly, in all material respects, the financial position of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its subsidiaries at June 30, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2011 in conformity with accounting principles generally accepted in Argentina. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Accounting principles generally accepted in Argentina vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 28 to the consolidated financial statements.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

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

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

As described in "Management's Annual Report on Internal Control over Financial Reporting", management has excluded Brasilagro and Cactus from its assessment of internal control over financial reporting as of June 30, 2011 because those entities were acquired by the Company in purchases business combinations during fiscal year 2011. Brasilagro and Cactus are subsidiaries whose total assets and total revenues represent 22.6% and 6.0%, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2011.

PRICE WATERHOUSE & Co. S.R.L.

By /s/ Norberto Fabián Montero (Partner)

Norberto Fabián Montero

Buenos Aires, Argentina

December 28, 2011

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Balance Sheets

as of June 30, 2011 and 2010

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011		2010
ASSETS				
Current Assets				
Cash and banks (Notes 4.a) and 29.f	Ps.	193,949	Ps.	80,919
Investments (Notes 4.b), 7, and 29.f))		575,061		278,968
Trade accounts receivable, net (Notes 4.c), 7 and 29.f))		452,771		441,065
Other receivables (Notes 4.d), 7 and 29.f))		291,846		251,908
Inventories (Note 4.e))		751,961		400,521
		2,265,588		1,453,381
Non-Current Assets				
Trade accounts receivables, net (Notes 4.c) and 7)		32,699		42,123
Other receivables (Notes 4.d), 7 and 29.f))		326,625		248,315
Inventories (Note 4.e))		357,607		204,218
Investments (Notes 4.b), 7 and 29.f))		2,078,901		1,900,070
Property and equipment, net (Note 29.a))		5,333,109		3,290,221
Intangible assets, net (Note 29.b))		79,945		88,585
		8,208,886		5,773,532
Negative goodwill, net (Note 4.f))		(741,056)		(389,025)
		7,467,830		5,384,507
Total assets	Ps.	9,733,418	Ps.	6,837,888
LIABILITIES				
Current Liabilities				
Trade accounts payable (Notes 4.g), 7 and 29.f))	Ps.	473,229	Ps.	403,743
Short-term debt (Notes 4.h), 7 and 29.f))		1,316,232		1,059,736
Salaries and social security payable (Note 4.i))		82,877		61,484
Taxes payable (Note 4.j))		135,804		108,558
Advances from customers (Notes 4.k) and 7)		269,555		216,464
Other liabilities (Notes 4.l) and 7)		81,880		75,842
Provisions for lawsuits and contingencies (Note 29.c))		4,615		2,890
		2,364,192		1,928,717
Non-Current Liabilities				
Trade accounts payable (Notes 4.g), 7 and 29.f))		12,145		23,368
Advances from customers (Notes 4.k) and 7)		94,244		90,393

Long-term debt (Notes 4.h), 7 and 29.f))		2,086,305		853,166
Salaries and social security payable (Note 4.i))		635		-
Taxes payable (Note 4.j))		579,336		273,963
Other liabilities (Notes 4.l) and 7)		21,624		65,372
Provision for lawsuits and contingencies (Note 29.c))		14,952		9,708
		2,809,241		1,315,970
Total liabilities		5,173,433		3,244,687
Minority interest		2,346,448		1,625,008
SHAREHOLDERS' EQUITY		2,213,537		1,968,193
Total liabilities and shareholders' equity	Ps.	9,733,418	Ps.	6,837,888

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Income

for the years ended June 30, 2011, 2010 and 2009

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011		**2010**		**2009**
Agricultural production income (Note 10)	Ps.	406,481	Ps.	217,721	Ps.	172,512
Cost of agricultural production (Notes 10 and 29.e))		(280,078)		(201,957)		(210,443)
Subtotal - Gross Income (loss) from agricultural production		**126,403**		**15,764**		**(37,931)**
Sales – crops, beef cattle, milk, and others (Note 10)	Ps.	480,347	Ps.	308,837	Ps.	237,424
Sales of farmland (Note 10)		84,507		18,557		1,959
Cost of sales – crops, beef cattle, milk and others (Notes 10 and 29.d))		(433,300)		(284,828)		(204,732)
Cost of farmland sales (Note 10 and 29.d))		(29,906)		(4,825)		(94)
Subtotal - Gross income from sales – Agricultural business		**101,648**		**37,741**		**34,557**
Sales of slaughtering and feed lot (Note 10)	Ps.	127,086	Ps.	-	Ps.	-
Cost of slaughtering and feed lot (Note 10)		(123,271)		-		-
Subtotal - Sales profit – Slaughtering and feed lot business		**3,815**		**-**		**-**
Sales and development of properties (Note 10)	Ps.	341,074	Ps.	225,567	Ps.	278,107
Income from lease and service of offices, shopping centers, hotels, consumer financing and others (Note 10)		1,100,813		1,111,673		737,173
Cost of sales and development of properties (Note 10 and 29.d))		(252,894)		(99,893)		(170,529)
Cost of lease and service offices, shopping centers, hotels, consumer financing and others (Note 10 and 29.d))		(366,845)		(402,631)		(265,394)
Subtotal - Gross income from sales – Real Estate business		**822,148**		**834,716**		**579,357**
Gross profit (loss) – Agricultural business		228,051		53,505		(3,374)
Gross profit - Slaughtering and Feed lot Business		3,815		-		-
Gross profit – Real Estate business		822,148		834,716		579,357
Total - Gross profit		**1,054,014**		**888,221**		**575,983**
Selling expenses (Notes 10 and 29.g))		(176,207)		(219,454)		(212,482)
Administrative expenses (Notes 10 and 29.g))		(256,016)		(239,678)		(134,664)
Gain from recognition of inventories at net realizable value (Note 10)		45,442		33,831		9,237

Unrealized gain (loss) on inventories (Notes 4.m) and 10)		55,188		86,580		(408)
Net gain (loss) from retained interest in securitized receivables of Tarjeta Shopping (Note 10)		4,707		37,470		(22,263)
Operating income		**727,128**		**586,970**		**215,403**
Amortization of negative goodwill		65,954		43,721		32,344
Financial results generated by assets		27,741		39,396		173,531
Financial results generated by liabilities		(396,733)		(240,738)		(128,875)
Total financial results, net (Note 4.o))		**(368,992)**		**(201,342)**		**44,656**
Gain on equity investees		129,360		127,105		49,194
Other income and expenses, net (Note 4.n))		(22,817)		(19,651)		(16,448)
Management fee		(23,618)		(20,601)		(13,641)
Income before income tax and minority interest		**507,015**		**516,202**		**311,508**
Income tax and minimum presumed income tax (note 11)		(125,443)		(145,952)		(92,682)
Minority interest		(169,007)		(184,844)		(94,210)
Net income for the year	**Ps.**	**212,565**	**Ps.**	**185,406**	**Ps.**	**124,616**
Earnings per share (Notes 3.ac) and 12):						
Basic net income per common share	Ps.	0.43	Ps.	0.38	Ps.	0.26
Diluted net income per common share		0.38		0.34		0.23

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

for the years ended June 30, 2011, 2010 and 2009

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

	Shareholders' contributions						Retained earnings			
Items	**Common stock (Note 5)**	**Treasury Stock**	**Inflation adjustment of common stock and treasury stock**	**Paid-in-capital**	**Total**	**Non-capitalized contributions**	**Legal reserve**	**Reserve for new developments**	**Retained earnings**	**Translatio**
Balances as of June 30, 2008	Ps. 501,532	Ps. -	Ps. 166,218	Ps. 879,188	Ps. 1,546,938	Ps. -	Ps. 15,645	Ps. 158,744	Ps. 22,948	Ps.
Exercise of warrants	7	-	-	30	37	-	-	-	-	
Transfer to retained earnings	-	-	-	-	-	-	-	(73,201)	73,201	
Purchase of treasury stock	(30,000)	30,000	-	-	-	-	-	-	(73,201)	
Appropriation of retained earnings resolved by Shareholders´ Meeting held on October 31, 2008										
- Legal reserve	-	-	-	-	-	-	1,147	-	(1,147)	
- Cash dividends (Ps. 0.04 per share)	-	-	-	-	-	-	-	-	(20,000)	
- Treasury stock dividends.	-	-	-	-	-	-	-	-	476	
Translation differences	-	-	-	-	-	-	-	-	-	
Net income for the year	-	-	-	-	-	-	-	-	124,616	
Balances as of June 30, 2009	Ps. 471,539	Ps. 30,000	Ps. 166,218	Ps. 879,218	Ps. 1,546,975	Ps. -	Ps. 16,792	Ps. 85,543	Ps. 126,893	Ps.

Exercise of warrants	22	-	-	113	135	-	-	-	-
Appropriation of retained earnings resolved by Shareholders´ Meeting held on October 29, 2009									
- Legal reserve	-	-	-	-	-	-	6,231	-	(6,231)
- Cash dividends (Ps. 0.12 per share)	-	-	-	-	-	-	-	-	(60,000)
- Attribution of treasury stock	24,999	(24,999)	-	-	-	-	-	-	-
- Reserve for new developments	-	-	-	-	-	-	-	58,385	(58,385)
Translation differences	-	-	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-	-	-	185,406
Balances as of June 30, 2010	Ps. 496,560	Ps. 5,001	Ps. 166,218	Ps. 879,331	Ps. 1,547,110	Ps. -	Ps. 23,023	Ps. 143,928	Ps. 187,683
Exercise of warrants	2	-	-	11	13	-	-	-	-
Non-capitalized contributions	-	-	-	-	-	1,012	-	-	-
Appropriation of retained earnings resolved by Shareholders´ Meeting held on October 29, 2010									
- Legal reserve	-	-	-	-	-	-	9,270	-	(9,270)
- Reserve for new developments	-	-	-	-	-	-	-	176,136	(176,136)
Shareholders´ meeting held on April 12, 2011									
- Cash dividends (Ps. 0.14 per share	-	-	-	-	-	-	-	(69,000)	-
The Board of Directors´ Meeting held on March 11, 2011									
- Reallocation of the dividend as dividend	-	-	-	-	-	-	-	69,000	(69,000)

advances for the current year (1)										
Translation differences	-	-	-	-	-	-	-	-	-	1
Net income for the year	-	-	-	-	-	-	-	-	212,565	
Balances as of June 30, 2011	Ps. 496,562	Ps. 5,001	Ps. 166,218	Ps. 879,342	Ps. 1,547,123	Ps. 1,012	Ps. 32,293	Ps. 320,064	Ps. 145,842	Ps. 1

(1) On December 9, 2010, the Shareholders' Meeting approved the declaration of dividends for Ps. 69 million. However, another Shareholders' Meeting held on April 12, 2011, replaced that declaration for a revised one which declared Ps. 69 million of dividends to be paid in advance.

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2011, 2010 and 2009

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

	2011	2010	2009
Cash flows from operating activities:			
Net income for the year	Ps. 212,565	Ps. 185,406	Ps. 124,616
Adjustments to reconcile net income to net cash flows from operating activities:			
Income tax and minimum presumed income tax	125,443	145,952	92,682
Accrued interest	247,226	168,443	113,066
Depreciation and amortization	190,672	179,711	119,939
Minority interest	169,007	184,844	94,210
Gain on equity investees	(129,360)	(127,105)	(49,194)
Unrealized (gain) loss on inventories	(55,188)	(86,580)	408
(Gain) loss on the sale of fixed assets	33,197	(21,694)	231
Accrued expenses and allowance for doubtful accounts	64,486	87,053	102,230
Financial results	106,541	1,568	164,522
Gain from recognition of inventories at net realizable value	(45,442)	(33,831)	(9,237)
Amortization of negative goodwill	(65,954)	(43,721)	(32,344)
Result from barter of inventories	-	-	(2,867)
Net gain from repurchases of non-convertible notes	-	-	(176,566)
Right to exercise the put option	-	-	(44,877)
Changes in operating assets and liabilities:			
Increase in trade accounts receivable, leases and services	(156,883)	(143,336)	(122,966)
Increase in other receivables	(46,251)	(47,753)	(158,150)
(Increase) decrease in inventories	(58,549)	(36,908)	92,991
Increase in intangible assets	(3,117)	(2,391)	(12,612)
Increase in trade accounts payable	8,963	25,105	51,101
(Decrease) increase in salaries and social security payable, taxes payable and advances from customers	(62,647)	(93,540)	53,742
Increase (Decrease) in other liabilities	18,528	(6,250)	(38,263)
Net cash provided by operating activities	**553,237**	**334,973**	**362,662**
Cash flows from investing activities:			
Decrease (increase) in investments	77,663	(4,526)	47,884
Collection from sale undeveloped plot of land	-	11,023	-
Dividends collected	14,116	6,486	3,240
Net proceeds from the sale of other property and equipment	-	5,328	1,217
Acquisition of undeveloped parcels of lands	(261)	(11,930)	(8,860)

Loans granted to third parties	(10,403)	438	(9,755)
Acquisition of farms and other property and equipment	(169,691)	(199,674)	(308,328)
Payment / collection for subsidiary acquired / sold net of cash acquiered / paid	(346,599)	(8,316)	171,481
Increase in equity investee and other investments	(354,539)	(338,287)	(222,345)
Advances for purchase of shares	(1,798)	(23,735)	-
Advances received from the sale of interest in Tarshop S.A.	-	19,951	-
Payment for acquisition for Tarshop´s Minority interest	-	(1,574)	-
Payment for non-compete agreement with the former minority shareholder of Trashop	-	(5,615)	-
Net cash used in investing activities	**(791,512)**	**(550,431)**	**(325,466)**

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2011, 2010 and 2009

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

Cash flows from financing activities:	**2011**	**2010**	**2009**
Cash from minority shareholder´s capital contributions to subsidiaries	808	46,220	34,652
Proceeds from warrants and options	13	135	37
Dividends paid	(69,000)	(60,000)	(20,000)
Dividends paid by subsidiaries to minority shareholders	(121,406)	(37,262)	(23,065)
Increase in loans	357,644	697,559	224,401
Decrease in short-term debt and long term debt	(250,721)	(321,498)	(210,586)
Interest paid	(186,757)	(167,364)	(114,250)
Repurchase of treasury stock	-	-	(73,201)
Cash paid for repurchase of non-convertible notes	(163,330)	(12,000)	(140,509)
Issuance of non-convertible notes	965,453	129,204	-
Decrease in mortgages payable	-	(1,930)	(1,791)
Payment of seller financing	(31,539)	(93,629)	(22,294)
Payment of non-convertible notes	(35,251)	-	-
Proceeds from sale of Negotiable Obligations, net of expenses	302,252	-	-
Net cash provided by (used in) financing activities	**768,166**	**179,435**	**(346,606)**
Net increase (decrease) in cash and cash equivalents	529,891	(36,023)	(309,410)
Cash and cash equivalents as of the beginning of the year	175,653	211,676	521,086
Cash and cash equivalents as of year-end	Ps. 705,544	Ps. 175,653	Ps.211,676

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2011, 2010 and 2009 (continued)

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011		2010		2009
Supplemental cash flow information:						
Cash paid during the year for:						
Income tax	Ps.	82,231	Ps.	45,073	Ps.	58,949
Non-cash investing and financing activities:						
Inventory transferred to property and equipment	Ps.	10,925	Ps.	3,242	Ps.	2,217
Increase in minority interest through a decrease in other liabilities	Ps.	20,557	Ps.	14,512	Ps.	84,160
Increase in inventory through an increase in trade accounts payable	Ps.		Ps.	-	Ps.	365
Increase in property and equipment through an increase in trade accounts payable	Ps.	28,895	Ps.	4,996	Ps.	102,657
Increase in non-current investments by translation	Ps.	107,643	Ps.	33,885	Ps.	31,409
Financial costs capitalized in property and equipment	Ps.	-	Ps.	5,331	Ps.	86,962
Undeveloped parcels of land transferred to inventory	Ps.	67,180	Ps.	15,989	Ps.	5,305
Financial costs capitalized in inventory	Ps.	-	Ps.	1,932	Ps.	7,087
Increase in undeveloped parcels of land through an increase in trade accounts payable	Ps.	-	Ps.	-	Ps.	150
Decrease in trade accounts payable through a decrease in undeveloped parcels of land	Ps.	-	Ps.	-	Ps.	5,445
Increase in goodwill through a decrease in minority interest	Ps.	-	Ps.	-	Ps.	7,410
Decrease in current investments through an increase in other receivables	Ps.	-	Ps.	8,402	Ps.	24,541
Increase in current investments through an increase in other liabilities	Ps.	-	Ps.	-	Ps.	2,739
Increase in intangibles assets through a decrease in minority interest	Ps.	-	Ps.	-	Ps.	1,137
Decrease in advances from customers through a decrease in inventory	Ps.	-	Ps.	-	Ps.	26,883
Increase in inventory through a decrease in property and equipment	Ps.	2,947	Ps.	43,984	Ps.	78,870
Issuance of certificates of participation	Ps.	-	Ps.	8,646	Ps.	20,608
Decrease in undeveloped parcels of land through an increase in other receivables	Ps.	-	Ps.	6,359	Ps.	279

Increase in non-current investments through a decrease in other receivables	Ps.	70,620	Ps.	8,838	Ps.	-
Increase in non-current investments through a decrease in inventories	Ps.	-	Ps.	1,076	Ps.	-
Increase in inventories through an increase in advances from customer	Ps.	-	Ps.	3,310	Ps.	-
Increase in intangibles assets through an increase in other liabilities	Ps.	-	Ps.	7,545	Ps.	-
Increase in non-current investments through an increase in other liabilities	Ps.	-	Ps.	13,209	Ps.	-
Increase in minority interest through a decrease in short term debt	Ps.	-	Ps.	1,310	Ps.	-
Decrease in undeveloped parcels of land through an increase in other trade accounts receivables, net	Ps.	-	Ps.	26,342	Ps.	-
Decrease in inventories through a decrease in customer advances	Ps.	1,920	Ps.	-	Ps.	-
Decrease in financial debts through an increase in shareholders´equity	Ps.	61,240	Ps.	-	Ps.	-
Increase in fixed assets through an increase in loans	Ps.	47,471	Ps.	-	Ps.	-
Increase in investments through an increase in other payables	Ps.	16,004	Ps.	-	Ps.	-
Increase in inventories through a decrease in investments	Ps.	14,451	Ps.	-	Ps.	-
Decrease in fixed assets through a decrease in trade accounts payable	Ps.	1,375	Ps.	-	Ps.	-

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows

for the years ended June 30, 2011, 2010 and 2009 (continued)

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011 (1)		**2010**		**2009**
Acquisition/Sale of subsidiaries companies						
Cash and cash equivalents acquired	Ps.	361,384	Ps.	13	Ps.	230,472
Fair value non-cash asset acquired	Ps.	2,269,876	Ps.	33,869	Ps.	4,645,695
Fair value liability assumed	Ps.	(557,266)	Ps.	(8,126)	Ps.	(2,781,143)
Net assets acquired /sold	**Ps.**	**2,073,994**	**Ps.**	**25,756**	**Ps.**	**2,095,024**
Minority interest	Ps.	(550,432)	Ps.	(897)	Ps.	(852,615)
Equity method previous to the acquisition	Ps.	(384,679)	Ps.	-	Ps.	(715,398)
Goodwill (negative goodwill)	Ps.	(411,248)	Ps.	506	Ps.	(468,020)
Result of sale	Ps.	15,327	Ps.	-	Ps.	-
Remaining investment	Ps.	28,967	Ps.	-	Ps.	-
Purchase / Sale price	**Ps.**	**771.929**	**Ps.**	**25,365**	**Ps.**	**58,991**
Cash and cash equivalents acquired	Ps.	(361,384)	Ps.	(13)	Ps.	(230,472)
Sellers financing	Ps.	(33,403)	Ps.	(14,782)	Ps.	-
Advanced payments	Ps.	(30,543)	Ps.	(2,254)	Ps.	-
Net cash received/ (paid)	**Ps.**	**346,599**	**Ps.**	**8,316**	**Ps.**	**(171,481)**

(1)Correspond to the acquisition of Brasil Agro, Cactus, Soleil, Metroshop and Torodur and the disposal of Tarshop.

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

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

1. Description of business

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

In addition, the Company through its subsidiary IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA"), a real estate company, is involved in the real estate business primarily comprising: (i) the acquisition and development of residential properties primarily for sale and the acquisition of undeveloped land reserves either for future development or sale, (ii) the acquisition, development and operation of office and other non-shopping center properties primarily for rental purposes, (iii) the acquisition, development and operation of shopping center properties, (iv) the acquisition and operation of luxury hotels, (v) the origination of consumer loans and credit card receivables and securitization activities and (vi) other non-core activities. IRSA is the only Argentine real estate company whose shares are listed and traded on both the Buenos Aires Stock Exchange (“BASE”) and the New York Stock Exchange (“NYSE”).

2. Preparation of financial statements

a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles used in Argentina, as set forth by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* ("FACPCE") and as implemented, adapted, amended, revised and/or supplemented by the *Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* ("CPCECABA") (collectively Argentine GAAP). In addition, the Company must comply with the regulations of the *Comisión Nacional de Valores* ("CNV"), the National Securities Commission in Argentina, which differ in certain significant respects from generally accepted accounting principles in the United States of America ("US GAAP"). Such differences involve methods of measuring the amounts shown in the consolidated financial statements as well as additional disclosures required by US GAAP and Regulation S-X of the Securities and Exchange Commission ("SEC"). A description of the significant differences between Argentine GAAP and US GAAP as they relate to the Company are set forth in Note 29 to these consolidated financial statements.

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

b) Basis of consolidation

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

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

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2. Preparation of financial statements (continued)

b) Basis of consolidation (continued)

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

Effective October 1, 2008, the Company started consolidating the accounts of IRSA after a series of acquisitions, which increased the Company's ownership interest in IRSA to 54.01%. Accordingly, the consolidated statement of income for the year ended June 30, 2009 includes (i) the results of IRSA as an equity investee from July 1, 2008 through September 30, 2008; and (ii) the results of operations of IRSA consolidated into those of the Company for nine months from October 1, 2008 through June 30, 2009.

On December 23, 2010, the Company contributed capital into Cactus and increased its ownership interest from 48% to 80%. As a result, the Company obtained control of Cactus and began consolidating its accounts as from that date. Therefore, the consolidated statement of income of the Company for the year ended June 30, 2011 includes the share of profit or loss from under the equity method Cactus for the period July 1, 2010 through December 22, 2010, and the consolidated profit or loss of Cactus for the period from December 23, 2010 through June 30, 2011

On December 23, 2010, the Company and Tarpon entered into an addendum to the Share Purchase Agreement dated April 28, 2010, pursuant to which the Company acquired from Tarpon 9.6 million additional shares and warrants of BrasilAgro for aproximately US$ 78 million, representing 16.40% of the outstanding stock. After the transaction, the Company owned 35.75% of BrasilAgro's outstanding stock and 130,351 warrants as of June 30, 2011.

Considering the increase in ownership interest together with the potential voting rights under the warrants and the Company's rights under the Shareholders' Agreement, the Company should have started consolidating Brasilagro as of the date of this acquisition for accounting purposes under Argentine GAAP.

However, when preparing the quarterly financial statements ended December 31, 2010, the Company took notice that Brasilagro was going to pursue a capital raising transaction and the Company´s interest would be diluted as a result. Therefore, the Company determined that the conditions for consolidating Brasilagro´s accounts were temporary as of that date and as a result, consolidation was not appropriate as of the date of acquisition.

Under Argentine GAAP, the assessment of the conditions for consolidation is made at each quarter-end. Due to recent market conditions, Brasilagro subsequently decided not to complete the capital raising transaction in theshort-term. The Company then determined that the conditions for consolidation for accounting purposes were triggered as of year-end.

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

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2. Preparation of financial statements (continued)

b) Basis of consolidation (continued)

Subsidiaries (ii)	Percentage of capital stockowned as of June 30, (i)		
	2011	**2010**	**2009**
IRSA	57.70%	57.49%	55.64%
Inversiones Ganaderas S.A. (“IGSA”)	-	100.00%	99.99%
Futuros y Opciones.Com S.A (FyO.com)	65.85%	64.30%	66.20%
Agropecuaria Anta S.A. (ex Agropecuaria Cervera S.A.)	-	100.00%	99.99%
Agrology S.A.	100.00%	100.00%	99.99%
Cactus	80.00%	48.00%	48,00%
BrasilAgro-Companhía Brasileira de Propiedades Agrícolas (“BrasilAgro”)	35.75%.	23.24%	19.14%
Agrotech S.A. (“Agrotech”)	100.00%	-	-
Pluriagro S.A. (“Pluriagro”)	100.00%	-	-
Northagro S.A. (“ Northagro”)	100.00%	-	-

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

(ii) Indirect ownership subsidiaries are excluded.

The Company follows RT No. 21 in accounting for jointly controlled entities. RT No. 21 requires proportionate consolidation where effective joint control is exercised. Accordingly, these financial consolidated statements reflect the Company’s pro-rata equity interest in the jointly controlled entities on a line-by-line basis.

A description of the investments in which Cresud exercises effective joint control, with their respective percentage of indirect capital stock owned, is presented as follows:

c) Proportionate consolidation

Investment	Percentage of capital stock owned as of June 30, 2011	2010	2009
Cresca S.A.	50%	50%	50%
Liveck S.A.	-	50%	50%
Canteras Natal Crespo S.A.	50%	50%	50%
Cyrsa S.A.	50%	50%	50%
Metroshop S.A. (1)	-	50%	50%
Puerto Retiro S.A.	50%	50%	50%
Rummaala S.A.	-	-	50%
Baicom Networks S.A.	50%	50%	-
Quality Invest S.A.	50%	-	-

(1) On January 13, 2011, the Company acquired the remaining 50% of the capital stock of Metroshop.

d) Presentation of financial statements in constant Argentine Pesos

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

However, as a result of the inflationary environment in Argentina in 2002, the CPCECABA approved on

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2. Preparation of financial statements (continued)

d) Presentation of financial statements in constant Argentine Pesos (continued)

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

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

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

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

e) Functional currency and reporting currency

The company´s functional and reporting currency is the Argentine Peso. Solely for the convenience of the reader certain amounts to the consolidated financial statements are expressed in Argentine Pesos, Brazilian Reais or US Dollars in the notes to these Consolidated Financial Statements. Translations should not be construed as a representation that the amounts shown could have been, or could be, converted into U.S. Dollars or Brazilian Reais, as applicable, at that or any other rate.

f) Acquisitions and development of businesses

The following is a description of the most significant acquisitions and development of businesses for the years ended June 30, 2011, 2010 and 2009 divided between the agricultural and real estate businesses:

Year ended June 30, 2011

A. Agriculture Business

Acquisition of additional interest and warrants of BrasilAgro

On October 20 and December 23, 2010, the Company executed with Tarpon an addendum to the Share Purchase Agreement of April 28, 2010, under which the Company either directly or indirectly acquired 9,581,750 shares of common stock of BrasilAgro, representing 16.40% of the outstanding stock and 64,000 warrants from the First Issue and 64,000 warrants from the Second Issue. Consequently, Cresud paid Rs. 25.2 million on October 20, 2010, Rs. 50.8 million on December 23, 2010, Rs. 52.5 million on April 27, 2011. When the price agreed was paid, the pledge constituted on 3,864,086 shares and 37,325 warrants from BrasilAgro's first issue released.

Therefore, as of June 30, 2011, Cresud was a direct holder of 20,883,916 shares of Brasilagro equivalent to 35.75% of its capital stock.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

Likewise, due to the transaction, Cresud owns directly and indirectly 168,902 BrasilAgro's First Issuance Warrants and 168,902 BrasilAgro's Second Issuance Warrants.

As of June 30, 2011 the Company registered an asset for Ps. 27,199 for the acquisition of these warrants.

In relation to this, and following the guidelines of Technical Resolution No. 21 of the F.A.C.P.C.E, the company has consolidated its financial statements with BrasilAgro's financial statements as of June 30, 2011, as stated in Note 2.b).

Acquisition of farmland in Bolivia

On June 8, 2011, the Company acquired "4 Vientos" farm, an approximately 2,660 hectares property, located in provincial Obispo Santiesteban del Departamento de Santa Cruz, Bolivia, suitable for sugarcane cultivation for US$ 8.4 million. The Company paid US$2 million at the signing date of the contract and the balance will be paid in four installments through October 2012.

In addition, the Company acquired "La Primavera" farm, an approximately 2,340 hectares property located in provincia de Sara, Cantón Palometas, Bolivia, devoted to soybean cultivation. The total price was US$ 5 million, of which US$ 1.7 million was paid on the signing date of the contract and the balance will be paid in four half-yearly consecutive installments through June 2013.

Acquisition of farmland in Mendoza

On March 2, 2011, the Company acquired, with Zander Express S.A., a rural property composed by thirteen plots of land located in the district of Perdriel, department of Luján de Cuyo, in the province of Mendoza. Following this acquisition, Cresud holds an undivided interest of 40% on each and every real estate asset whereas Zander Express S.A. holds the remaining 60%. The total price agreed upon for this transaction is US$ 4.0 million; as a result, Cresud has paid the amount of US$ 1.6 million which had already been paid before execution of the conveyance deed.

Investment in Cactus

On December 23, 2010, the Company made a capital contribution of Ps. 16 million to Cactus. Thus, our direct interest increased to 80%. On that same date, Cactus's Shareholders Meeting approved the capitalization of this contribution as follows: capital increase of Ps. 6.9 million with an additional paid-in capital of Ps. 9.1 million.

Investment in FyO.Com

On September 30, 2010, the Ordinary Shareholders Meeting of FyO.Com decided to approve a capital increase for up to Ps. 5,925, related to issuing 538,613 registered, non-endorsable shares of common stock with a face value of Ps. 1, plus an additional paid-in capital for Ps. 5,386. In such sense, the Company subscribed shares for Ps. 4,467, of which Ps. 3,541 was made by the conversion of debt into equity and the difference for Ps. 926 was paid in cash. As a result of the transaction the Company´s interest amounted to 65.85% since September 30, 2010 and remains unchanged at the end of this year.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

Northagro S.A., Agrotech S.A. and Pluriagro S.A.

As per Bolivian law, entities must legally have a minimum of three shareholders. To comply with this requirement, in September 2010, the Company formed three subsidiaries, namely Northagro S.A., Agrotech S.A. and Pluriagro S.A. These entities were formed with nominal capital contributions, and their only assets are an interest in some of the Bolivian subsidiaries of the Company.

B. Real Estate Business

Acquisition of Unicity S.A

On September 1, 2010, IRSA acquired 100% of Unicity for US$ 2.5 million in cash and the forgiveness of the debt Unicity had with the IRSA for US$ 9.1 million. Unicity is a holding company whose only asset is a 10% interest in Solares de Santa Maria SA ("Solares"), which in turn has only one asset being an undeveloped parcel of land. The IRSA was the owner of the remaining interest in Solares. As a result, the Company has the 100% interest in the land as of June 30, 2011.

Purchase of Banco de Crédito & Securitización (“BACS”) shares

On March 10, 2011, IRSA signed an stock purchase agreement with International Finance Corporation (IFC) for a total of 796,875 common shares, which represents a 1.28% of BACS capital stock in an aggregate amount of US$ 0.32 million, US$ 0.06 million of which were paid upon execution of the agreement, and the balance of US$ 0.26 million (supported by respective promissory notes) are to be repaid at the time of closing of the transaction, that is within 12 business days as from approval of the transaction by the BCRA, which is still pending.

Acquisition of shares of Banco Hipotecario S.A.

During the last fiscal years and in the current fiscal year, the Company has been conducting various purchase and sale transactions of BHSA shares, as a result of which, as of June 30, 2011, the Company´s ownership interest in BHSA is 29.77% of BHSA´s capital stock (without considering treasury shares). (See Note 20).

Caballito plot of land (TGLT S.A.)

On June 29, 2011, IRSA and TGLT entered into an agreement to barter a plot of land located in the neighborhood of Caballito in the city of Buenos Aires for future units to be constructed by TGLT on the land. The transaction was agreed upon at US$ 12.8 million. TGLT plans to construct an apartment building with residential offices and parking space. In consideration, TGLT paid US$ 0.2 million in cash and may transfer IRSA: (i) a number of apartments to be determined, which represents in all 23.10% of the square meters of the saleable houses; (ii) a number to be determined of complementary units (garages), which represents in all 21.10% of the square meters of the garages; and (iii) in case TGLT builds complementary storage rooms, a number to be determined, which represents 21.10% of the quare meters of the storage rooms; of the future real estate that shall form part of the s project.

TGLT is committed to build, finish and obtain authorization for the three buildings that shall make up the building project, within 36 to 48 months, To secure performance of obligations assumed by TGLT under the deed of sale, a mortgage was granted in favor of the Company.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

Purchase and sale of APSA´s Notes

On October 12, 2010, the Company sold APSA's Series I negotiable obligations through the secondary market for a nominal value of US$ 39.6 million that it had been acquired in the course of fiscal 2009. The total amount collected from the transaction was US$ 38.1 million. The difference has been treated as an implicit financial cost of the transaction, which shall accrue and be amortized against income over the term of the notes.

Acquisition of Hersha Hospitality Trust ("Hersha")

In October 2010, REIG purchased 2,952,625 additional shares of Hersha's common stock for an aggregate purchase price of US$ 17.1 million.

During December 2010, March and June 2011, IRSA through its subsidiaries sold 1,500,000, 738,800 and 303,579 common shares, respectively, in Hersha for a total of US$ 16.1 million, which resulted in approximately US$ 11.5 million gain.

As of June 30, 2011 IRSA´s direct and indirect interest in Hersha represents 9.18%. On the other hand, upon exercise of the call option and assuming any Company´s interest is not diluted due to newly issued shares, IRSA´s interest in Hersha would be 12.13%. IRSA accounts for its investment in Hersha at cost while the call option has been accounted for at its fair value.

Acquisition of Lipstick building, New York

In July 2008, the Company (through its subsidiaries) acquired a 30% interest in “Metropolitan 885 Third Avenue LLC” (“Metropolitan”), a Delaware-based limited liability company and ultimate parent company of Metropolitan 885 Third Avenue Leasehold LLC (“Metropolitan Leasehold”). The main asset of Metropolitan Leasehold is a rental office building in New York City known as the “Lipstick Building” and the debt related to that asset. The framework included the following: (i) a put right exercisable until July 2011 to sell a 50% of the interest acquired at the same value paid plus interest at 4.5% per annum and (ii) a right of first offer to acquire a 60% portion of the 5% interest of the certain shareholders. The total price paid was US$ 22.6 million.

During 2009 in the context of the financial crisis Metropolitan incurred in significant losses due to impairment recognized in connection with the building. Since the Company’s share in Metropolitan’s losses exceeded its equity interest; the Company recognized a zero value on its investment although a liability of US$ 1.5 million which represented the Company’s maximum commitment to fund Metropolitan’s operations.

On November 16, 2010, Metropolitan 885 Third Avenue Leasehold LLC presented a plan of reorganization. The plan provides among other things the liquidation of Metropolitan and the issuance of new membership interest of Metropolitan Leasehold, the reorganized debtor, in favor of New Lipstick LLC, (the “New Metropolitan Leasehold Holding Company”).

In December 2010, the negotiations geared towards restructuring the amounts of the mortgage granted by the Royal Bank of Canada came to a successful conclusion. The debt was reduced from US$ 210.0 million to US$ 130.0 million (excluding accrued interest) at a Libor plus 400 basic points rate, which may not exceed a maximum rate of 6.25% and with a maturity date fixed at seven years. The junior indebtedness to Goldman, Sachs & Co.,

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

which had amounted to US$ 45.0 million (excluding accrued interest), was cancelled through a US$ 2.25 million payment.

Metropolitan Leasehold will maintain the existing ground leases in the same terms and conditions in which they had been initially agreed upon, for a remaining 66 years' term. The final consent to this restructuring has already been tendered by all the parties concerned and the closing was consummated on December 30, 2010, as that is when the company New Lipstick LLC ("New Lipstick"), the New Metropolitan Leasehold Holding Company, made a US$ 15.0 million principal payment as downpayment of the newly restructured mortgage debt, thus reducing it from US$ 130.0 million to US$ 115.0 million.

As a consequence of said reorganization, the Company has indirectly – through New Lipstick – increased its equity interest in the Lipstick Building to 49%. This increase originated in a US$ 15.3 million capital contribution and in the fact that the put option for 50% of the shareholding initially acquired in Metropolitan, which had amounted to approximately US$ 11.3 million plus accrued interest, has been rendered ineffectual. Besides, the above-mentioned commitment, for US$ 1.5 million, ceased to be in effect.

Purchase of shares of TGLT S.A.

On November 4, 2010, APSA acquired 5,214,662 shares of common stock of TGLT S.A. ("TGLT") following its initial public offering for Ps. 47.1 million in cash.

APSA acquired additional shares of TGLT amounting to 42,810, 98,000 and 876,474 common shares between December 2010 and April 2011. APSA invested a total of Ps. 56.3 million to acquire the shares. Additionally, in December 2010, the Company acquired 9,598 non endorsable, registered, common shares, with right to one vote each and representative of 0.01% of TGLT S.A.'s capital stock. The total price paid was Ps. 0.1 million. As of June 30, 2011, the Company has an 8.87% interest in TGLT.

Acquisition of facilities located in San Martín

On March 31, 2011, IRSA, through its 50% interest in a jointly controlled entity, Quality Invest S.A. ("Quality"), purchased the industrial plant owned by Nobleza Piccardo SAIC ("Nobleza"), a major tobacco company in Argentina. The industrial plant is located in San Martin, Province of Buenos Aires, and is suitable for redevelopment into multiple uses. The Company executed the deeds of title on May 31, 2011.

The purchase price was US$ 33.0 million, of which US$ 9.9 million was already paid and the balance will be paid as from May 31, 2012 in three equal and consecutive annual installments plus interest at 7.5% per annum. The assets have been mortgaged securing the debt.

Nobleza sold the plant as part of its plan of relocating its operations. As part of the agreement, Nobleza requested the plant to be leased back to it for a maximum period of three years thus allowing it enough time to gradually moving its operations to the new site.

On April 11, 2011, Quality requested the *Comisión Nacional de defensa de la Competencia*("CNDC"), the National Commission of Competition in Argentina, to issue an advisory opinion on the obligation to notify the operation or not. The CNDC stated that there was an obligation to notify the situation, but the Company filed an appeal against this decision.

As of the date these financial statements are issued, the resolution of the appeal is pending.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

Acquisition of Metroshop´s shares

On January 13, 2011, APSA purchased 18,400,000 registered, non-endorsable shares of common stock with a face value of Ps. 1 each and entitled to one vote per Class B share, representing 50% of Metroshop's common capital stock. As of June 30, 2011 the Company has 100% of Metroshop´s common capital stock. See the section Disposals for details on the disposal of main assets of Metroshop.

Acquisition of Soleil Factory shopping center business

On July 1, 2010, APSA and INCSA executed the definitive agreement pursuant to which the business comprising of a building and other fixed assets was transferred to APSA. The transaction excluded any receivable or payable arising out of INCSA business prior to the transaction and also excluded a building, which currently is being operated as a hypermarket within the same premises. INCSA transferred the deed of title to the Company on August 3, 2011. The transaction was filed with the CNDC, which authorized on April 12, 2011. This acquisition was accounted for using the purchase method of accounting.

Furthermore, on December 28, 2007, APSA and INCSA had signed a letter of intent to acquire, build and manage a commercial center in a plot of land owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction was dependent on the acquisition of the Soleil Factory business. Upon completion of the acquisition of the Soleil Factory on July 1, 2010, APSA was obligated to commence the works on May 2, 2011. However, INCSA must comply with certain obligations prior to the commencement of the works, such as (i) delivery of the title deed of the plot of land and (ii) transfer of rights and permits on the architectural project to APSA. As of the date of theses Financial Statements, these obligations have not been fulfilled and works have not commenced.

On August 3, 2011, INCSA granted APSA the conveyance for the property, and APSA paid the US$ 1 million which was agreed to be paid on that date. At the same time, APSA granted a first-grade mortgage on the property to secure payment of the balance (US$ 12.6 million) plus interest.

Acquisition of a building located at 183 Madison Avenue, New York, NY

On August 26, 2010, IRSA together with some U.S. partners, executed an acquisition of a real estate property located at 183 Madison Avenue, New York, NY, through Rigby 183 LLC ("Rigby 183").

The building is located in a Manhattan area known as "Midtown South", at the intersection of Madison Avenue and 34th Street.

The transaction was closed on December 15, 2010 and the price paid by Rigby 183 was US$ 85.1 million, such payment has been structured through a financing of US$ 40.0 million obtained by Rigby 183 and the amount of US$ 45.1 million paid in cash. Moreover, Rigby 183 has obtained and additional financing of US$ 10.0 million, in order to perform refurbishments and improvements on the building, which is being disbursed according to the works progress.

As of the date of the acquisition, IRSA had a 57% of indirect interest in Rigby 183 through two wholly-owned subsidiaries and made capital contributions for a total of US$ 27.3 million.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

Also, IRSA exercised joint control over Rigby 183 due to a mayor decision agreement between partners.

On March 31, 2011, the Company sold 8% of its interest in Rigby 183, owned by Real Estate Strategies LLC (“RES”), a company indirectly controlled through Tyrus, in the amount of US$ 3.8 million. As a result, the Company has a 49% interest in Rigby 183 through IMadison LLC (“IMadison”), as of June 30, 2011.

There are several landmark buildings in the area, such as the Empire State Building, Macy´s Herald Square and Madison Square Garden. This commercial property will be used for rentals of office space and retail stores in the lowest of its 18 stories. Its net leasable area is approximately 22,000 square meters.

Barter agreement with TGLT S.A.

On October 13, 2010, APSA and TGLT, a real estate developer in Argentina, entered into an agreement to barter a plot of land located in Beruti 3351/59 in the city of Buenos Aires for monetary consideration and future units to be constructed by TGLT on the land. The transaction was subject to certain precedent conditions including the completion by TGLT of its initial public offering. The transaction was agreed upon at US$ 18.8 million. TGLT plans to construct an apartment building with residential and commercial parking space. In consideration, TGLT may transfer APSA (i) a number of apartments to be determined representing 17.33% of the saleable square meters occupied by apartment units of the future building; (ii) a number of parking spaces to be determined representing 15.82% of the saleable square meters occupied by parking space of the future building; (iii) all spaces reserved for commercial parking in the future building and (iv) the amount of US$ 10.7 million payable upon delivering the deeds of title on the land. TGLT completed its initial public offering in the Buenos Aires Stock Exchange on October 29, 2010. Therefore; the precedent condition for the transaction was fulfilled on that date. TGLT paid the US$ 10.7 million on November 5, 2010. On December 16, 2010, it was executed the title deed to the Beruti plot of land.

To secure performance of obligations assumed by TGLT S.A. under the deed of sale, a mortgage was granted in favor of APSA.

On June 9, 2011, the Administrative and Tax Contentious Law Court No. 9 of the City of Buenos Aires issued a precautionary measure in the lawsuit “Asociación Amigos Alto Palermo vs. the Government of the City of Buenos Aires for Amparo”, which ruled the suspension of the works. (See Note 28).

Acquisition of Nuevo Puerto Santa Fe S.A.´s shares

On June 15, 2011, APSA acquired from Boldt S.A. and Inverama S.L., two unrelated companies, 50% interest in the capital stock of NPSF (33.34% direct and 16.66% through Torodur S.A.), a company who acts as a lessee of a property built and operated as a shopping center in the port of the city of Santa Fe, Province of Santa Fe.

APSA made a down payment of US$ 0.377 million and will settle the remaining balance in 24 monthly non-interest bearing installments with the last installment due on February 2013.

The acquisition was contingent upon the approvals by the Ente Regulador del Puerto de Santa Fe (Regulatory Entity of the Port of Santa Fe) and the Caja de Asistencia Social Lotería de Santa Fe which were obtained subsequent to year-end, on August 18, 2011. As of June 30,

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

2011, the payments were recognized under Non-current Investments included in the line item “Advance payments for the acquisition of shares”.

Shopping Neuquén project

On July 5, 2010 APSA commenced the development of the shopping mall and the hypermarket.

Additionally, on November 8, 2010, Shopping Neuquén S.A. was served notice of a court resolution establishing the amount of legal costs and fees to be paid by Shopping Neuquén S.A. related to prior litigation with the Municipality. As of the date of these financial statement, this resolution is not firm and Shopping Neuquén S.A. is currently evaluating its courses of action.

On April 15, 2011, Shopping Neuquén S.A. entered into an agreement with Gensar S.A. ("Gensar"), an unrelated third party developer, pursuant to which Gensar acquired the right to purchase one plot of land of the project adjacent to the place where the shopping center is being developed. Gensar committed to construct and operate a hypermarket. APSA transferred possession of the land in April 2011. On September 16, 2011, the public deed for the property of the mentioned lot was granted in favor of Gensar S.A., whose record is pending before the corresponding Real Estate Registry.

Paraná plot of land

On August 12, 2010, APSA acquired a 10,022 square meter property in the City of Paraná, Province of Entre Ríos, Argentina for US$ 0.5 million. APSA paid US$ 0.15 million and the remaining balance of US$ 0.35 million will be paid at the time the title is obtained.

According to the agreement, the deeds of title will be transferred within 60 days as from the date on which (i) APSA obtains the required municipal permits, or (ii) the seller obtains the lot subdivision, whichever occurs later. None of these conditions have occurred as of the date of these financial statements. On March 18, 2011, the Municipality of Parana granted a preclearance to construct a shopping mall on the premises, although definitive permits are still pending.

Acquisition of real estate assets in Uruguay

On December 17, 2010, IRSA and Cyrela signed a stock purchase agreement whereby a 50% interest in Liveck's capital stock was reacquired from Cyrela for US$ 2.7 million. This amount is equivalent to the contributions made in Liveck by Cyrela. Therefore, IRSA´s interest in Liveck amounted to 100% (through Tyrus).

As part of the agreement, IRSA agreed to hold Cyrela harmless in the event of claims asserted by Zetol's sellers. Besides, if within a term of 24 months as from the date of the agreement Cyrela were not released from the guarantee tendered in favor of the above-mentioned sellers, IRSA will be obliged to post a new guarantee in favor of Cyrela, equivalent to 45% of the price balance, interest thereon and the option rights to which Zetol's sellers are entitled.

Year ended June 30, 2010

A. Agriculture business

Expanding business into the Republic of Paraguay

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f) Acquisitions and development of businesses (continued)

Under the Option Agreement described in Note 2.f) below, on March 19, 2010, Cresca purchased from Casado 3,614 hectares for US$ 1.3 million payable as follows: US$ 0.3 million paid on March 23, 2010; US$ 0.5 million were paid on December 1, 2010 and US$ 0.5 million, on March 1, 2011.

Finally, on June 29, 2010, the title deed was executed for 3,646 hectares.

As agreed in the Option Agreement, Cresca S.A. paid Carlos Casado S.A. US$ 350 per hectare; the last payment was made on March 4, 2011.

Purchase of shares of IRSA

During the year ended June 30, 2010, the Company acquired 10,667,870 additional shares of IRSA for US$ 7.1 million, increasing the direct interest to 57.49% as of June 30, 2010.

Purchase of shares of BrasilAgro

During the year ended June 30, 2010, the Company acquired 2,395,400 additional shares of BrasilAgro for US$ 15.2 million, increasing its equity interest to 23.24%.

Acquisition of additional interest BrasilAgro

On April 28, 2010, the Company entered into an agreement (the ¨Agreement") with Tarpon (Founding Partner of BrasilAgro), to acquire BrasilAgro´s shares and warrants (9,581,750 shares and 64,000 first issue warrants and 64,000 second issue warrants) for a total purchase price of Brazilian Reais 131.4 million. The Agreement was subject to certain closing conditions including but not limited to implementation of an ADR program by BrasilAgro. These closing conditions were consummated. The Company has granted a first degree pledge on certain amount of shares and warrants the Company has in BrasilAgro to secure the transaction.

Once the transaction is consummated, Tarpon will no longer be a shareholder in BrasilAgro. Notwithstanding this transaction, Mr. Elie Horn and Cape Town LLC have expressed their intentions to remain as shareholders of BrasilAgro.

Concession of rights and pledge to sell shares

During last quarter of year 2010, an agreement was executed by which the Company assigned all equity and political rights related to 2,276,534 shares of BrasilAgro to a non related third party for two years. The agreement also provides a promise to sell, under which the assignee may at any time request the sale of BM&FBOVESPA's shares or the transfer of shares on its behalf.

In consideration for granting such rights, the Company was paid a fixed value of US$ 0.8 million and additionally, in the event the assignee requested the sale or transfer of share, it should paid US$ 7.15 per share sold or transferred.

B. Real Estate Business

Acquisition of Hersha Hospitality Trust ("Hersha")

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

On August 4, 2009, the Company, through its indirect subsidiary Real Estate Investment Group L.P. (REIG) acquired 5.7 million shares (representing approximately 10.4% of Hersha's common stock), and a call option that matures on August 4, 2014 to purchase an additional 5.7 million shares at an exercise price of US$ 3.00 per share. Under the agreement, if starting on August 4, 2011 the quoted market price of Hersha's share were to exceed US$ 5.00 per share during 20 consecutive trading sessions, Hersha may settle the call option by issuing and delivering a variable amount of shares to be determined in accordance with certain market values.

The total purchase price paid was US$ 14.3 million. As part of the agreement, the Company's Chairman and CEO Mr. Eduardo S. Elsztain, has been appointed to Hersha's Board of Trustees.

In January, March and October 2010, the Company through its subsidiaries purchased 11,606,542 additional shares of Hersha's common stock, for an aggregate purchase price of US$ 47.9 million (4,789,917 shares at US$ 3.00 per share; 3,864,000 at US$ 4.25 per share and 2,952,625 at US$5.80 per share, respectively).

During quarters ended on December 2010, March and June 2011, the Company through its subsidiaries sold 1,500,000; 738,800 and 303,579 common shares in Hersha, respectively, for a total of US$ 16.1 million, which resulted in approximately US$ 11.5 million gain.

As of June 30, 2011 the Company´s direct and indirect interest in Hersha amounts to 9.18%. If the call option was exercised and the Company´s interest was not diluted due to newly issued shares, the Company´s interest in Hersha would be 12.13%. The Company accounts for its investment in Hersha at cost while the call option has been accounted for at its fair value.

Hersha is a Real Estate Investment Trust (REIT) listed in the New York Stock Exchange (NYSE) under the "HT" symbol that holds majority interests in 78 hotels throughout the United States of America totaling approximately

10,443 rooms. These hotels are rated as “select service” and “upscale hotels” and they are mainly located in the Northeast coast of the US, including New York, New Jersey, Boston, Washington D.C. and Philadelphia, whilst a few are located in northern California and some others in Arizona. These properties are operated under franchises that are leaders and enjoy widespread recognition in their markets, such as Marriot International, Intercontinental Hotel Group, Starwood Hotels, Hilton Hotels Corporation, Global Hyatt Corporation and Choice Hotels International.

In May 2010, the Company acquired a 100% stake in Torodur S.A.’s capital stock for US$ 0.01 million. Later on, the Company transferred a 2% ownership interest to CAM Communications LP (Bermudas) and CAM Communications LP (Delaware), equally, at cost.

In June 2011, the Company concluded the sale and transfer of shares of Torodur S.A, for US$ 0.002 million to APSA. As a consequence, as of June 30, 2011 the Company does not have any direct holding in Torodur S.A.

On the same date, CAM Communications LP (Bermudas) and CAM Communications LP (Delaware) sold to APSA their holding in Torodur S.A.

Acquisition of Torodur S.A.

In May 2010, the Company acquired a 100% stake in Torodur S.A.’s capital stock for US$ 0.01 million. Later on, the Company transferred a 2% ownership interest to CAM Communications LP (Bermudas) and CAM Communications LP (Delaware), equally, at cost.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

In June 2011, the Company concluded the sale and transfer of shares of Torodur S.A, for US$ 0.002 million to APSA. As a consequence, as of June 30, 2011 the Company does not have any direct holding in Torodur S.A.

On the same date, CAM Communications LP (Bermudas) and CAM Communications LP (Delaware) sold to APSA their holding in Torodur S.A.

On June 15, 2011, Torodur S.A. acquired 16.66% of Nuevo Puerto Santa Fe S.A.'s shares for US$ 1.5 million.

Acquisition of Tarshop´s shares

On October 30, 2009 Tarshop capitalized capital contributions made by APSA increasing the Company's interest in Tarshop from 93.439% to 98.5878%.

Subsequently January 2010, APSA acquired the remaining minority interest in Tarshop for US$ 0.54 million, reaching the 100% of the shareholding interest in Tarshop as of June 30, 2010.

Non-Compete Agreement with the former minority shareholder of Tarshop S.A.

In January 2010, APSA entered into a non-compete agreement with Mr. León Halac, the minority shareholder of Tarshop pursuant to which Mr. Halac may not conduct in or be related to any business associated with credit card companies other than those currently operating in the business regions where Tarshop operates for a 28 month-period. Additionally, under the agreement, Mr. Halac may not participate in developing any shopping mall of more than 20,000 square meters in the City of Buenos Aires. Alto Palermo S.A. agreed on a price of US$ 2.2 million, of which US$ 0.8 million was payable at execution date and the remaining US$ 1.4 million payable in 28 consecutive monthly installments through the termination date of the agreement on April 30, 2013.

Acquisition of Catalinas Norte plot of land

In December 2009 the Company acquired through a public auction an undeveloped plot of land of 3,649 square meters located in the area known as Catalinas Norte in the City of Buenos Aires for a total purchase price of Ps. 95.0 million fully paid as of June 30, 2010.

Acquisition of additional shares of Alto Palermo S.A.

In January 2010, the Company entered into a purchase option for the acquisition of the 29.55% minority interest in Alto Palermo held by Parque Arauco S.A. (PASA) together with PASA's interest in the Series I Convertible Notes issued by Alto Palermo, for a nominal value of US$ 15.5 million.

The purchase option originally expired on August 31, 2010 and had been set at US$ 126.0 million. As a security for the option, the Company paid a non-refundable amount of US$ 6.0 million to PASA as of June 30, 2010.

The Company's Board of Directors resolved to exercise the option on October 15, 2010 cancelling the outstanding amount of US$ 120.0 million and thus increasing the Company's interest in Alto Palermo to 94.89% as of the date of issuance of these financial statements.

Acquisition of shares of Banco Hipotecario S.A. (BHSA)

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

IRSA acquired 100,417,816 additional shares of BHSA for Ps. 118.7 million of which Ps. 112.6 million were paid in cash as of June 30, 2010. The transaction generated a gain of Ps. 70.4 million.

As of June 30, 2011 and 2010, IRSA holds a 29.77% and 28.03% in BHSA (without considering treasury shares), respectively.

Tender Offer for the acquisition of Telecom Argentina

The Company participated together with other bidders, in a tender offer procedure for the acquisition of the 50% stake held by Telecom Italia SpA. and Telecom Italia International N.V. (Grupo Telecom Italia) in Sofora Telecomunicaciones S.A. (“Sofora”) and of a purchase option for the remaining 50% stake held by Sofora. Sofora indirectly holds the majority shareholding in Telecom Argentina, one of the major telecommunications carriers in Argentina. To that end, on June 4, 2010, the Company submitted an offer and a letter of credit for US$ 50.0 million for the benefit of Grupo Telecom Italia. The Company had guaranteed the offer through a pledge over the Company´s shares in Hersha and approximately US$ 43.5 million in APSA´s Negotiable Obligations. In later July 2010, Grupo Telecom Italia decided not to proceed with the sale of Sofora and the transaction was aborted. Any pledge was lifted.

Acquisition of real estate assets in Uruguay

In December 2009, the Company acquired from an unrelated party a parcel of land for US$ 2.7 million, of which US$ 0.3 million has been paid with the remaining balance to be settled through the delivery of housing units and/or storefronts to be constructed on the site equivalent to about 8% of the commercial value of the units of Sector B.

In February 2010, the Company acquired parcels of land for US$ 1.0 million, of which US$ 0.15 million has been paid with the balance to be settled in 3 consecutive and equal installments maturing on December 31, 2011, June 30, 2013 and December 31, 2014. Outstanding balances accrue interest at an annual fixed rate of 3%, payable quarterly and in arrears as from December 31, 2009.

Acquisition of shares of Arcos del Gourmet S.A.

On November 27, 2009, APSA acquired 80 % of the share capital of Arcos for a purchase price determined as follows: (i) a fixed price of US$ 4.3 million for 40% of the stock and (ii) a fixed price of US$ 0.84 million plus a determinable price equivalent to 20% of the investment required to develop the project up to maximum of US$ 6.9 million for the other 40% of the stock. As of June 30, 2011, APSA paid US$ 4.4 million. The remaining unpaid balance is comprised of the following: (i) US$ 1 million due on November 27, 2011 and (ii) 10% of any increase in Arcos del Gourmet S.A.'s common stock.

On June 25, 2010, APSA and certain of the minority shareholders entered into an option agreement to acquire the 17.54% minority interest in Arcos for an aggregate price of US$ 1.4 million. The option price paid was US$ 0.4 million. The option was subject to certain conditions including but not limited to that ONABE launches a bidding process for the sale of the concessioned assets over which APSA had a preemptive right. The option expired on April 30, 2011 upon the conditions not being fulfilled. The Company charged the cost of the option to income under "Other income (expenses), net".

Purchase of Conil S.A.´s shares

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

On October 21, 2009, the Company acquired a 50% interest in Conil for US$ 0.3 million, fullypaid as of June 30, 2010.

The main asset of Conil is a 2,471 square meter undeveloped parcel of land located in Avellaneda, Province of Buenos Aires.

Panamerican Mall S.A. (PAMSA)

PAMSA, a company organized in November 2006 between APSA and Centro Comercial Panamericano S.A. (CCP), with 80% and 20% interests, respectively, has developed a commercial venture comprising a shopping center, a hypermarket and an office building in the Saavedra neighborhood in the City of Buenos Aires City. During May 2009, “Dot Baires” and the hypermarket were opened while multiplex cinema was opened in early July. The office building is at the completion stage. Construction is being carried out by Constructora San José Argentina S.A., a company related to CCP.

Dot Baires Shopping has 4 levels and 3 basements, a covered area of 173,000 square meters, out of which 49,731 are square meters of gross leasable area and includes 153 stores, a hypermarket, a 10 theater multiplex cinemas and parking space for 2,200 automobiles.

Total contributions to this project made by the shareholders amounted to Ps. 557.0 million and Ps. 532.4 million as of June 30, 2010 and 2009, respectively.

Year ended June 30, 2009

A. Agriculture business

Purchase of shares of BrasilAgro

The Company acquired 2,776,000 additional shares of BrasilAgro for Ps. 25.5 million in cash, increasing its equity interest from 14.39% to 19.14% as of June 30, 2009.

International expansion into Bolivia and Uruguay

As part of the Company´s business plans, the Company started its international expansion into Bolivia and Uruguay in order to replicate its Agriculture business in those countries.

Accordingly, the Company, formed several wholly owned entities in Bolivia and acquired one entity in Uruguay. These entities in Bolivia started acquiring land for agricultural exploitation.

In October 2008, the Company acquired Helmir S.A., a Shell Company located in Uruguay for the minimis consideration whose corporate purpose is broad.

Acquisitions of farmland in Bolivia

On July 28, 2008, the Company acquired several properties in Bolivia as further described below:

The Company acquired "Las Londras" farm, a 4,566 hectare property located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$ 11.4 million of which US$ 8.9 million was paid in cash. The outstanding balance

was paid on February 15, 2011.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

The Company acquired "San Cayetano" and "San Rafael" farms, 883 hectares and a 2,969 hectares properties, respectively, located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$ 8.8 million of which US$ 6.9 million was paid in cash. The outstanding balance was paid on November, 2010.

The Company acquired "La Fon Fon" farm, a 3,748 hectare property located in the Province of Obispo Santiesteban, Bolivia for an aggregate purchase price of US$ 8.6 million of which US$ 6.7 million was paid in cash. The outstanding balance was paid on November, 2010.

Expanding business into the Republic of Paraguay

The Company initiated an international expansion in the agriculture and livestock businesses in South America. In this context, in September 2008, the Company entered into an agreement with Carlos Casado S.A. (“Casado”) to jointly conduct business in Paraguay. Casado is an unrelated Argentine company conducting business in Southern Paraguay.

The Company and Casado formed Cresca S.A. ("Cresca"), a company incorporated under the laws of Paraguay, where each party holds a 50% interest. In turn, the Company entered into a 10-year Advisory Agreement with Cresca (the "Agreement") under which the Company advises Cresca on its agricultural, livestock and forestry business in Paraguay. Eventually, the agreement can be extended to cover up to 100,000 hectares of land in Paraguay to be purchased pursuant to an option granted by Carlos Casado to Cresca.

The Agreement can be automatically renewed for two additional 10-year periods at the end of the original term and subsequently renewed thereafter.

The Company acquired from Casado a 50% undivided interest in 41,931 hectares of land in Southern Paraguay for total consideration of US$ 5.2 million. Immediately following the acquisition, the Company contributed the property to Cresca in exchange for its ownership interest. Casado, in turn, contributed the remaining 50% undivided interest in the property. The Company's aggregate contributions to Cresca amounted to US$ 5.2 million derived from the in kind contribution of the property.

Investment in Cactus Argentina S.A.

This amount was fully paid as of June 30, 2010.

B. Real Estate Business

Purchase of shares of IRSA

The Company acquired 78,181,444 additional shares of IRSA amounting to US$ 47.4 million, increasing its direct interest to 55.64% as of June 30, 2009.

Acquisition of Metropolitan

In July 2008, IRSA International LLC, a wholly-owned subsidiary of IRSA (through Tyrus S.A.), acquired a 30% equity interest in Metropolitan 885 Third Avenue LLC ("Metropolitan"), a limited liability company incorporated under the laws of New York, United States of America, whose net asset comprised of a building known as the Lipstick Building in Manhattan and associated debt. The purchase price was US$ 22.6 million in cash.

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2. Preparation of financial statements (continued)

f) Acquisitions and development of businesses (continued)

The transaction also included (i) a put right exercisable through July 2011 to sell 50% of the interest acquired (ie. 15%) at a price equivalent to the amount paid plus interest at 4.5% per annum; and (ii) a right of first offer for the purchase of 60% of the 5% held by another party (i.e. 3%).

Due to the international credit crisis and real estate business contraction in the United States, Metropolitan recorded impairment charges in connection with the Lipstick Building. IRSA´s share in the loss exceeded the net book value of the investment. Accordingly, IRSA valued the investment at zero as of June 30, 2010 while recognized a liability of US$ 1.5 million related to the maximum amount committed by IRSA to fund Metropolitan operations if required.

Acquisition of shares of Banco Hipotecario

The Company acquired additional shares in BHSA for Ps. 107.6 million, of which Ps. 28.8 million were paid in fiscal year 2009 and the outstanding balance (Ps. 78.8 million) was paid in July 2009. This transaction generated a gain of Ps. 133.0 million for the year ended June 30, 2009.

Acquisition of companies in Uruguay

IRSA acquired a 100% interest in Liveck S.A. (“Liveck”), a shell company located in Uruguay, for “de minimis” consideration.

Simultaneously, Liveck acquired a 90% interest in two companies, Zetol S.A. (Zetol) and Vista al Muelle S.A. (Vista al Muelle), both property owners in the Canelones Department, Uruguay. The remaining 10% interest is held by a third party, Banzey S.A. (Banzey). IRSA intends to develop a residential and commercial complex.

The price for the purchase of Zetol was US$ 7.0 million, of which US$ 2.0 million were paid as of June 30, 2009, while the outstanding balance is to be paid in 5 installments of US$ 1.0 million each plus interest at an annual interest rate of 3.5% within a maximum term of 93 months counted as from the date of acquisition of the Company. Payment of Zetol shares may be settled at the option of the sellers through the transfer of title on the future units to be built on the site representative of 12% of the total marketable square meters.

The price for the purchase of Vista al Muelle was US$ 0.83 million and accrued an annual 8% compensatory interest rate on the outstanding amounts. As of September 10, 2010, it was completely paid.

As collateral for payment, IRSA has tendered a surety bond guaranteeing payment of 45% of the outstanding balance, interest thereon and the option rights of the sellers.

As part of the purchase of Zetol and Vista al Muelle, Liveck and Banzey entered into an agreement pursuant to which IRSA agreed to purchase and the later agreed to sell the 10% interest in the companies on July 11, 2011, provided there is no shareholders agreement signed before July 1, 2011.

In June 2009, IRSA sold 50% of its stake in Liveck to Cyrela for US$ 1.3 million.

In December 2009, Vista al Muelle acquired other properties totaling US$ 2.7 million in exchange for a US$ 0.3 million down payment, with the balance to be cancelled through the delivery of home units and/or stores to be built and equivalent to 12% out of 65.54% of the sum of the prices of all of the units covered by the Launching Price List for Sector B (the parties have already signed a plat of subdivision to this end).

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f) Acquisitions and development of businesses (continued)

In February 2010, it acquired additional real estate for a total of US$ 1.0 million in exchange for a down payment of US$ 0.15 million with the balance to be paid in 3 consecutive and equal installments maturing on December 31, 2011, June 30, 2013 and December 31, 2014 and accruing an annual 3% interest rate on the outstanding balance, payable quarterly and on arrears as from December 31, 2009.

Paraná plot of land

On June 30, 2009, APSA signed a Letter of Intent with an unrelated party to purchase a 10,022 square meter property in the City of Paraná, Province of Entre Rios, Argentina. APSA intends to construct a shopping center on the site. On August 12, 2010, the agreement was closed.

On August 12, 2010, APSA acquired a 10,022 square meter property in the City of Paraná, Province of Entre Ríos, Argentina for US$ 0.5 million. APSA paid US$ 0.15 million and the remaining balance of US$ 0.35 million will be paid at the time the title is obtained.

According to the agreement, the deeds of title will be transferred within 60 days as from the date on which (i) APSA obtains the required municipal permits, or (ii) the seller obtains the lot subdivision, whichever occurs later. None of these conditions have occurred as of the date of these financial statements. On March 18, 2011, the Municipality of Parana granted a preclearance to construct a shopping mall on the premises, although definitive permits are still pending.

Purchase of Anchorena building

On August 7, 2008, the Company signed an agreement by which it acquired functional units number one and two with an area of 2,267.5 square meters and 608.4 square meters respectively, located at Dr. Tomás Manuel de Anchorena street No. 665, 667, 669 and 671, between Tucumán and Zelaya streets. The total agreed-upon price amounts to US$ 2 million which has been paid on January 15, 2009 when the title deed was signed.

On August 7, 2008, the Company signed an agreement by which it acquired the functional unit number three covering a surface area of 988 sq. located in Dr. Tomás Manuel de Anchorena street numbers 665, 667, 669 and 671, between Tucumán and Zelaya streets. The total agreed-upon price amounts to US$ 1.3 million which has been paid on January 15, 2009 when the title deed was signed.

As of June 30, 2009 the total amount paid for the acquired functional units above mentioned was US$ 3.3 million.

Barter transaction with CYRSA S.A.

On July 21, 2008, the Company entered into a barter agreement with Cyrsa S.A. (“Cyrsa”) (a company over which our controlling shareholder, IRSA, has a 50% interest) pursuant to which the Company, subject to certain closing conditions, would surrender to Cyrsa its right toconstruct a building over a preexisting structure (owned by a third party) in exchange for de minimis cash and 25% of the housing units in the future building. The total fair value of the transaction is US$ 5.9 million. On December 17, 2010, the Company and Cyrsa signed an agreement in order to finish the barter commitment.

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f) Acquisitions and development of businesses (continued)

Barter with Condominios del Alto S.A.

On November 27, 2008, APSA granted an unrelated party, Condominios del Alto S.A. ("Condominios"), an acquisition option through a barter agreement pursuant to which APSA bartered a plot of land located in Rosario (plot "24"), Province of Santa Fe for future 42 apartments and 47 parking spaces of the total units to be constructed on the land. Under this agreement, APSA will have a 22% of the total square meters covered by the apartments and garages. The total fair value of the transaction is US$ 2.3 million disclosed in the line item "Torres de Rosario under construction" in Note 4.e). As part of the agreement, Condominios paid APSA US$ 0.03 million and assumed certain obligations. Condominios (i) guaranteed the transaction by the assumption of a first degree mortgage on the land in favor of APSA for US$ 2.3 million; (ii) established a security insurance of which APSA will be assignor of the insured amount of US$ 2.3 million; and (iii) the shareholders of Condominios assumed a personal guarantee of the obligations of Condominios. up to the amount of US$ 1.0 million.

g) Dispositions

Year ended June 30, 2011

A. Agriculture business

Sale of farmland in Bolivia

The Company has agreed the sale of 910 ha. used for agricultural purposes for a total amount of US$ 3.6 million, generating a profit to Ps. 5.1 million. The Company has received US$ 1 million of the total sale price, and the balance shall be collected in five half-yearly and consecutive installments, being the first due in December 2011 and the last one in December 2013.

Sale of “La Juanita” farm

On September 3, 2010, the title deed and conveyance of ownership related to selling the establishment “La Juanita” located in the district of Trenque Lauquen, Province of Buenos Aires, with a surface of 4,302 hectares, was executed. The transaction was upon at US$ 18, 0 million, which had already been collected as of the balance sheet date. The transaction generated a profit to Ps. 49.4 million.

Sale of IRSA´s Non-Convertible Notes

During second quarter of fiscal year 2011, Cresud sold in two transactions on the secondary market, IRSA Class I Non-convertible Notes that it held, which accrue interest at fixed rate and fall due in 2017. As these are Non-convertible Notes issued under Regulation S, US Securities Act, transactions were carried out complying with the requirements established in such regulation.

On November 29, 2010, the Company sold Non-convertible Notes for a face value of US$ 18,000,000 at an average price of 100.04%. As a result from such sale, Cresud received cash for the principal and accrued interest for US$ 18,471,883.

On December 10, 2010, the Company sold Non-convertible Notes for a face value of US$ 15,152,000 at an average price of 100.17%. As a result from such sale, Cresud received cash for the principal and accrued interest for US$ 15,625,791.

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2. Preparation of financial statements (continued)

g) Dispositions (continued)

B. Real Estate Business

Sale of Torres Jardín IV

On October 25, 2010, IRSA executed a preliminary sales agreement whereby it sold the lot that fronts Gurrachaga street, at 220/254/256 Gurruchaga Street, at the intersection with Murillo street in the Autonomous City of Buenos Aires (Torres Jardín IV). The total price of the transaction had been fixed at US$ 2.9 million and the terms of payment were: US$ 0.9 million to be collected upon signing the preliminary sales agreement and the price balance, US$ 2.0 million, to be collected when possession is conveyed and the title deed over the property is executed, which took place in January 2011.

Sale of Rosario plots of land

On April 14, 2010, APSA sold the lot designated as “2A” of a parcel of land located in the District of Rosario, City of Rosario, Province of Santa Fe for US$ 4.2 million collected in full as of June 30, 2011.

On May 3, 2010, APSA sold the lot designated as “2E” for US$ 1.4 million collected in full as of June 30, 2011.

On November 10, 2010, APSA sold the lot designated as “2F” for US$ 1.9 million, of which US$ 1.3 million was collected as of June 30, 2011 with the remaining balance collected on July 6, 2011.

On December 3, 2010, APSA sold the lots designated as “2B”, “2C” and “2D” for US$ 1.5 million each, of which US$ 3 million was collected in full as of June 30, 2011 and US$ 1.3 million (lot”2D”) will be collected upon execution of the deed of title.

Sale of interest stake in Quality

On March 31, 2011, IRSA and Palermo Invest S.A. sold to EFESUL S.A. (“EFESUL”) 50% of the capital stock of Quality. As a result of such sale, Quality became jointly controlled by IRSA and EFESUL.

Sale of Buildings

The Company sold 620 square meters of gross leasable area for Ps. 10.5 million. These sales generated a profit of Ps. 7.3 million.

Negotiation between Metroshop and Tarshop

On January 13, 2011, and as an action subsequent to the purchase of the remaining 50% of Metroshop’s shares by APSA, Metroshop transferred the following assets to Tarshop:

i) Receivables from consumption transactions carried out through December 31, 2010 and that are performing or in default for not more than 60 days (both those in Metroshop S.A.’s own portfolio and those assigned to Fideicomiso Financiero Metroshop S.A. Serie XV).

ii) The contractual position in the credit card issuance agreements whose customers did not have as of December 31, 2010 a default for over 60 days in complying with their obligations.

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2. Preparation of financial statements (continued)

g) Dispositions (continued)

iii) All credit card customers or accounts and consumer loans.

iv) Lease agreements on certain branches and their personal property.

v) Labor agreements for payroll personnel.

Sale of plots of land

On May 18, 2010 APSA sold two plots of land located at Carlos Gardel Street Nos. 3128 and3134 in the City of Buenos Aires for US$ 0.46 million, which was collected in full at year-end. On July 5, 2010 the deed of title was executed.

Sale of APSA´s Notes

On October 12, 2010, the Company sold APSA's Series I negotiable obligations through the secondary market for a nominal value of US$ 39.6 million that it had been acquired in the course of fiscal 2009. The total amount collected from the transaction was US$ 38.1 million.

The difference has been treated as an implicit financial cost of the transaction, which shall accrue and be amortized against income over the term of the notes.

Sale of 80% equity interest in Tarshop

APSA´s Board of Directors approved the sale of a 80% interest in Tarshop to Banco Hipotecario S.A. (“BHSA”) for a sale price of US$ 26.8 million. The transaction was approved by the Banco Central de la República Argentina, and subsequently was closed on September 13, 2010. APSA committed not to compete in the credit card or consumer loan origination business market where Tarshop conducts business for a period of 5 years.

Year ended June 30, 2010

A. Agriculture business

Sales of farms

On June 15, 2010, the Company sold the “TALI SUMAJ” farm (12,701 hectares) located in the Province of Catamarca for US$ 4.8 million generating a profit of US$ 3.2 million.

As discussed in Note 14, the farm is subject to pending litigation. The Company committed to carry out all obligations derived from the possible conviction including court expenses. For such purpose, the Company provided a performance bond to secure its obligations on behalf of the purchaser.

B. Real Estate Business

Sale of ownership interest in Pereiraola S.A.I.C.I.F. y A. (Pereiraola)

In June 2010, the Company sold to an unrelated developer its interest in Pereiraola for US$ 11.8 million, of which US$ 1.94 million was collected as of June 30, 2010. The balance will be collected by receiving (a) the higher of (i) 6%

of the marketable lots, or (ii) 39,601 square meters in a future neighborhood to be constructed by the buyer on the site, valued by the parties at US$ 2.1 million and (b) four consecutive, half-yearly installments of US$ 1.94 million each, plus an annual 14% interest rate on the balances, which interest shall be paid in the same conditions as principal, with the first and second installment falling due in December 2010 and June 2011, respectively.

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2. Preparation of financial statements (continued)

g) Dispositions (continued)

Sale of Buildings

IRSA sold 14,777 square meters of gross leasable area for Ps. 168.3 million in cash. These sales generated a profit of Ps. 115.4 million.

Sale of properties in Guaymallén (Mendoza) and Rosario

On March 26, 2010, APSA sold a building located in the district of Guaymallén, Province of Mendoza for US$ 0.3 million fully collected as of June 30, 2010.

Sale of Rosario plot of land

On April 14, 2010, APSA sold the lot designated as “2A” of a building located in the District of Rosario, City of Rosario, Province of Santa Fe for US$ 4.2 million, of which US$ 1.0 million was collected as of June 30, 2010. The remaining balance will be collected upon executing the title deed. The sale is subject to certain precedent conditions, which have not been fulfilled as of year-end.

On May 3, 2010, APSA sold the lot designated as “2E” for US$ 1.4 million, of which US$ 0.3 million was collected as of June 30, 2010. The outstanding was collected on May 30, 2011.

Year ended June 30, 2009

A. Agriculture business

Land sales out of “El Recreo” and “Los Pozos” farms

On July 24, 2008, the Company sold 1,829 hectares out of the “El Recreo” farm, located in the Province of Catamarca for US$ 0.4 million. The buyer paid US$ 0.1 million in cash and the balance will be collected in two annual consecutive installments of US$ 0.12 million each. The balance accrues interest at LIBOR plus 3% per annum. This transaction generated a gain of US$ 0.3 million.

On April 7, 2009, the Company closed the sale of 1,658 hectares of the “Los Pozos” farm located in the Province of Salta, Argentina, for US$ 0.5 million.

B. Real Estate Business

Sales of Buildings

During fiscal year 2009, the Company sold 20,315 square meters of office building for total consideration of Ps. 201.3 million resulting in a gain of Ps. 119.4 million.

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2. Preparation of financial statements (continued)

h) Use of estimates

The preparation of the Consolidated Financial Statements in conformity with generally accepted accounting principles requires the Company´s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting years. Significant estimates include those required in the accounting for barter transactions, gain from recognition of inventories at net realizable value, provisions for allowances and contingencies, impairment of long-lived assets, depreciation and amortization, current value of assets acquired in business combination and assets acquisition, deferred income assets and asset tax credit. Future results could differ from those estimates and evaluations made at the date of preparation of these Consolidated Financial Statements.

i) Adoption of International Financial Reporting Standards

On March 20, 2009, the FACPCE issued Technical Resolution No. 26 “Adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”)” which requires that companies under the supervision of the Comisión Nacional de Valores to prepare their financial statements in accordance with IFRS as published by the IASB for fiscal periods beginning on or after January 1, 2011, including comparative information for earlier periods. There are Consejos Profesionales or standard setters in each provincial jurisdiction in Argentina, which have the power to adopt, reject or modify a resolution issued by the FACPCE. The jurisdiction where we are located is the Federal District. On April 25, 2009, the CPCECABA approved Resolution No. 26. The CNV issued Resolution No. 562/09, as amended by Resolution 576/10 formally adopting application of Resolution No. 26 to its regulated entities for fiscal years beginning on January 1, 2012. The Company will be required to prepare its consolidated financial statements in accordance with IFRS as issued by the IASB for its fiscal year ended June 30, 2013 and 2012. The Company´s will be required to prepare its consolidates financial statements in accordance with IFRS as issued by the IASB for its fiscal year ended June 30, 2013 and 2012. On April 29, 2010, the Company´s Board of Directors approved a plan for implementing IFRS.

j) Change in accounting policy related to statement of cash flows

The Company classified cash flows from interest paid as operating activities for the year ended June 30, 2010 and 2009. As part of the Company's IFRS implementation efforts, for the fiscal year ended June 30, 2011, the Company changed this accounting policy to treat the cash flows from interest paid as financing activities as permitted also by Argentine GAAP (Technical Resolution No 8). Therefore, the Company retroactively adjusted as of June 30, 2010 and 2009 year as follows:

In addition, under Argentine GAAP, cash outflows for the acquisition of non-controlling interests which do not represent a change in control can be classified either as investing or financing cash flows. In the past, the Company treated these outflows as financing activities. In an effort to align policies within entities of the Group, the Company changed the accounting policy to treat these outflows as investing activities. Therefore, the

Company retroactively adjusted as of June 30, 2010 and 2009 year as follows:

	As of June 30, 2010		**As of June 30, 2009**	
	As Adjusted	**As originally issued**	**As Adjusted**	**As originally issued**
Net cash provided by operating activities	334,973	167,609	362,662	248,412
Net cash used in investing activities	(550,431)	(523,439)	(325,466)	(316,055)
Net cash provided by (used in) financing activities	179,435	319,807	(346,606)	(241,767)

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3. Significant accounting policies

The following is a summary of significant accounting policies followed by the Company in the preparation of these consolidated financial statements. When appropriate, each accounting policy is discussed in the context of the two main businesses of the Company: agricultural and real estate businesses.

a) Revenue recognition

- Agriculture business

The Company primarily derives its revenues from the sale of crops, milk and live beef cattle, feed lot operation (through its equity investee Cactus), and services and leasing of its farms to third parties and brokerage activities and sale of farms.

The Company follows RT No. 22 “Agricultural Activities” which prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activities. Agricultural activity is the management by an enterprise of the biological transformation of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets.

RT No. 22 prescribes, among other things, the accounting treatment for biological assets during its biological transformation. RT No. 22 establishes a hierarchy of measurement for biological assets depending on their stage of development. For a description of the measurement principles applied to the various biological assets within inventories see Note 3.h).

RT No. 22 defines biological transformation as the processes of growth, degeneration, production, and procreation that cause “qualitative or quantitative” changes in a biological asset. Biological assets are defined as living plants and animals. Agricultural produce such as harvested crops, beef, milk and raw materials are the harvested produce of

biological assets. Biological transformation results in the following types of outcomes: asset changes through (i) growth (an increase in quantity or improvement in quality of an animal or plant), (ii) degeneration (a decrease in the quantity or deterioration in quality of an animal or plant), or (iii) procreation (creation of additional living animals or plants).

Under RT No. 22, the, statement of income shows the following line items relating to the agricultural activity:

- Production Income: Production income is recognized when there is a qualitative or quantitative change in biological assets. As it relates to crops, production income is recognized when they are harvested. At the point of harvest and thereafter, harvested crops are measured at net realizable value, therefore, a gain is generally recognized for the difference between the cost recognized and net realizable value. Thus, under RT No. 22, gains are recognized when crops are harvested rather than when they are sold. As it relates to cattle, production income is recognized, for example, when a calf is born or there is a change in weight. Cost of Production: Cost of production consists of costs directly related to the transformation of biological assets and agricultural produce. As it relates to crops, costs are capitalized as incurred. At the point of harvest, costs are recognized in the income statement to match production income. As it relates to cattle, costs are recognized in the income statement as incurred;

- Sales: Revenue from the sale of agriculture produce is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured. Revenue from cattle feeding operations primarily comprised of feeding, animal health and yardage, and revenue from operating leases and brokerage activities are recognized as services are performed. Sales represent the consideration received or receivable for the sale to third parties based generally on the applicable quoted market prices of the respective produce or biological asset in the respective markets at the point of sale. At the point of sale, the produce is measured at net realizable value, which generally reflects the sale price less direct selling costs, using the applicable quoted market price;

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3. Significant accounting policies (continued)

a) Revenue recognition (continued)

- Cost of Sales: Cost of sales consists of certain direct costs related to the sales of agricultural produceother than selling expenses. The cost of sales represents the recognition as an expense of the produce held in inventory valued at net realizable value. Therefore, based on the description in sales and this line item, the amount of sales is generally equal to the cost of sales plus direct selling expenses. Based on this, the Company generally does not recognize any significant additional profit upon selling the inventory beyond the gains or losses recognized within the line item “unrealized gain (loss) on inventories”; Unrealized gain (loss) on inventories: Under RT No. 22, gains or losses that arise from measuring harvested produce and cattle at net realizable value are recognized in the statement of income in the period in which they arise. In addition, this line item generally includes gains or losses from futures and options contracts on agriculture produce. Revenue from the sale of farms is recognized when all of the following criteria are met:

(i) the sale has been consummated;

(ii) the Company has determined that the buyer’s initial and continuing investments are adequate to demonstrate a commitment to pay for the property;

(iii) the Company’s receivable is not subject to future subordination; and

(iv) the Company has transferred to the buyer the risk of ownership, and does not have a continuing involvement in the property.

Under RT No. 22, the exhibits entitled “Cost of Sales” and “Cost of Production” present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the relevant periods. This reconciliation includes (a) the gain or loss arising from changes in fair value less estimated point-of-sale costs; (b) increases due to purchases; (c) decreases attributable to sales and biological assets classified as held for sale; (d) increases due to harvest; and (e) other changes.

- Real Estate Business

The Company through its subsidiary, IRSA, derives its revenues from domestic office and shopping center leases, the development and sale of properties, hotel operations and consumer financing.

Development sale and properties

Revenue from the sale of properties is recognized when all of the following criteria are met:

(i) the sale has been consummated;

(ii) the Company has determined that the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay for the property;

(iii) the Company's receivable is not subject to future subordination; and

(iv) the Company has transferred to the buyer the risk of ownership, and does not have a continuing involvement in the property.

The Company uses the percentage-of-completion method of accounting with respect to sales of development properties under construction affected under fixed-priced contracts. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs applied to the total budget cost. The Company does not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun.

The percentage-of-completion method of accounting requires company's management to prepare budgeted costs (i.e. the estimated costs of completion) in connection with sales of properties and/or units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

Leases and services from office and other buildings

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3. Significant accounting policies

a) Revenue recognition (continued)

Leases with tenants are accounted for as operating leases. Tenants are charged a monthly rent. Rentalincome is recognized on a straight-line basis over the term of the lease and unpaid rents are included in accounts receivable in the accompanying consolidated balance sheets.

The Company also charges its tenants a monthly administration fee relating to the administration and maintenance of the common area and the administration.

Leases and services from shopping center operations

Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent which consists of the higher of (i) a monthly base rent (the “Base Rent”) and (ii) a specified percentage of the tenant’s monthly gross retail sales (the “Percentage Rent”) (which generally ranges between 4% and 10% of tenant’s gross sales). Furthermore, pursuant to the rent escalation clause in most leases, a tenant’s Base Rent generally increases between 7% and 12% each year during the term of the lease. For the years ended June 30, 2011, 2010 and 2009 the majority of the tenants were charged with the Percentage Rent.

Certain lease agreements contain provisions, which provide for rents based on a percentage of sales or based on a percentage of sales volume above a specified threshold. APSA determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, the Company’s lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six months, upon not less than 60 days’ written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

APSA also charges its tenants a monthly administration fee relating to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers' operations. The administration fee is prorated among the tenants according to their leases, which varies from shopping center to shopping center. Administration fees are recognized monthly when earned.

In addition to rent, tenants are generally charged "admission rights", a non-refundable admission fee that tenants may be required to pay upon entering into a lease and upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized using the straight-line method over the life of the respective lease agreements.

APSA also derives revenues for parking lot fees charged to visitors. Parking revenues are recognized as services are performed.

Lease agent operations

The Company, through a subsidiary of IRSA, Fibesa, acts as the leasing agent for APSA bringing together it and its potential lessees for the retail space available in certain of the Company's shopping centers. Fibesa's revenues are derived primarily from success fees paid by tenants calculated as a percentage of the final rental income value for both the lessee and APSA. Revenues related to success fees are recognized at the time that the transaction is successfully concluded. A transaction is considered successfully concluded when both parties have signed the related lease contract.

Consumer Financing

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3. Significant accounting policies (continued)

a) Revenue recognition (continued)

During the fiscal years ended June 30, 2010 and 2009, APSA, through its subsidiary, Tarshop, and its jointly controlled entity, Metroshop, was engaged in the origination of consumer loans and credit card transactions and securitization of corresponding receivables. As part of a plan, APSA sold 80% of Tarshop in September 2010, and acquired the remaining 50% in Metroshop in January 2011. After acquisition of control in Metroshop, APSA sold the receivables portfolio and other assets to Tarshop. Metroshop continues as an entity with only residual activities. APSA continues in the consumer financing business through its 20% interest in Tarshop where it retained significant influence. Revenues from credit card transactions are primarily comprised of (i) merchant discount fees which are recognized when transactional information is received and processed by APSA; (ii) data processing services which consist of processing and printing cardholders statement of accounts, and which are recognized as services are provided; (iii) life and disability insurance charges to cardholders which are recognized on an up-front basis, and (iv) interest income generated by financing and lending activities. Revenues from financing and lending activities are comprised of interest income which is recognized on an accrual basis. After the sale of 80% of Tarshop in September 2010, APSA maintains a 20% interest in the company´s business.

Hotel operations

The Company recognizes revenues from its rooms, catering, and restaurant facilities as earned on the close of each business day.

b) Cash and cash equivalents

For purposes of the Consolidated Statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less, to be cash equivalents. Cash equivalents consist of time deposits and mutual funds with original maturities of three months or less at date of purchase.

c) Trade accounts receivable and payable

Trade accounts receivable and payable are stated at their cash price estimated at the time of the transaction, plus interest and implied financial components accrued on the basis of the internal rate of return determined at such time, provided if they are significant. The Company provides for losses relating to trade accounts receivable. The allowance for losses is based on management's evaluation of various factors, including the credit risk of customers, historical trends and other information. While management uses the information available to make evaluations, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluations. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimation, and the consolidated financial statements reflect that consideration.

Financial receivables and payables have been valued at the amount deposited or collected, respectively, net of transaction costs, plus accrued interest based on the interest rate estimated at the time of the transaction. If, the Company has the intention and ability of selling financial receivables after the year-end, those receivables are valued at their net realizable value.

d) Investments

Current

Current investments included mutual funds, mortgage bonds, government bonds and time deposits. Mutual funds, mortgage bonds and government bonds are carried at market value as of year-end, with unrealized gains and losses reported in earnings. Time deposits are valued at cost plus accrued interest at year- end.

Unrealized gains and losses on these investments are included within "Financial results, net" in the statements of income.

In 2010 Current investments also included retained interests in securitized receivables pursuant to the securitization programs of Tarshop and the retained interest in securitized mortgage receivables, which have been accounted for under the equity method, net of the corresponding allowances for impairment, if applicable.

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3. Significant accounting policies (continued)

d) Investments (continued)

Non-Current

- Agriculture business

Investments in affiliates

Investments in affiliates in which the Company has control or significant influence (generally representing an equity interest between 20% and 50%) have been accounted for under the equity method. Management periodically evaluates the carrying value of its equity investments for impairment. The carrying value of equity investments is considered impaired when an other-than-temporary decrease in the value of the investments has occurred.

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

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

- Real Estate Business

Equity investments

Banco Hipotecario S.A. and Banco de Crédito y Securitización S.A.

During the last fiscal years and in the current fiscal year, IRSA has been conducting different purchase and sale transactions of BHSA shares, as a result of which, as of June 30, 2011, IRSA´s ownership interest in BHSA is 29.77% of BHSA´s capital stock (without considering treasury shares).

In accordance with regulations of the Banco Central de la República Argentina ("BCRA") and also as imposed by the agreements signed by BHSA as a result of its financial debt restructuring process, there are certain restrictions on the distribution of profits by BHSA.

The financial statements of BHSA and BACSA are prepared in accordance with BCRA standards. For the purpose of valuation under the equity method of these investments, IRSA has made adjustments necessary to adequate these Consolidated Financial Statements to Argentine GAAP have been considered.

Metropolitan 885 Third Ave LLC ("Metropolitan")

The Company, through IRSA, holds an indirect 30% equity interest in Metropolitan through IRSA International LLC and Tyrus S.A., wholly owned subsidiaries of the Company. See Note 2.f) for details.

Tarshop S.A.

At June 30, 2011 the Company, through APSA, holds 20% equity interest in Tarshop. See Note 2.g) for details.

Cost investments.

Non-current investments also included investments in shares of other companies where the Company does not have control or significant influence. These investments are valued at cost less any impairment if necessary.

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3. Significant accounting policies (continued)

d) Investments (continued)

Retained interests in securitization programs

In 2010 Non-current investments also included the non-current portion of IRSA's retained interests in securitized receivables (evidenced as "Certificates of Participation" or "CPs") and trust debt securities ("TDFs") pursuant to the securitization programs of credit card and personal loans receivables.

Undeveloped parcels of land

IRSA acquires undeveloped land in order to provide an adequate and well-located supply for its residential and office building operations. IRSA's strategy for land acquisition and development is dictated by specific market conditions where IRSA conducts its operations.

Land held for development and sale and improvements are stated at cost (adjusted for inflation as described in Note 2.d) less allowances for impairment or estimated fair market value, whichever is lower. Land and land improvements are transferred to inventories or fixed assets, as appropriate, when IRSA determines that the properties are to be marketed for sale, when construction commences or the land is leased.

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

During the years ended June 30, 2002 and 2003 IRSA recognized significant impairment. As permitted by Argentine GAAP, due to increases in fair market values, these impairment charges were subsequently reversed during the years

ended June 30, 2004 until 2009. Impairment charges and subsequent reversals are included in the line item "Unrealized gain (loss) on inventories" in the income statement. The balance of allowance for impairment of undeveloped parcels of land amount to nil and Ps. 50 for the years ended June 30, 2011 and 2010, respectively. See Note 3.o) for details on accounting for impairment losses.

e) Business Combinations

Significant acquisitions are accounted for under the purchase method of accounting. Under the purchase method, the purchase price is allocated to tangible and intangible assets and liabilities based on their respective fair values in accordance with the provisions of RT No. 18. In making estimates of fair values, management utilizes a number of various sources.

When Company acquires properties, for fair value estimation purposes, the Company also considers information about each property obtained as a result of pre-acquisition due diligence, marketing and leasing activities. The Company allocates a portion of the purchase price to tangible assets including the fair value of the building on an as-if-vacant basis and to land determined either by real estate tax assessments, third-party appraisals or other relevant data. Generally the Company determines the as-if-vacant value by using a replacement cost method. Also, a portion of the purchase price is allocated to above-market and below-market in-place lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease. The capitalized above-market and below-market lease values are amortized as a reduction of or an addition to rental income over the remaining noncancelable terms of the respective leases. Should a tenant terminate its lease, the unamortized portion of the lease intangibles would be charged or credited to income. A portion of the purchase price is also allocated to the value of leases acquired and management utilizes independent sources or management's determination of the relative fair values of the respective in-place lease values. The Company´s estimates of value are made using methods similar to those used by independent appraisers. Factors considered by management inperforming these analyses include an estimate of carrying costs during the expected lease-up periods, considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand.

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3. Significant accounting policies (continued)

e) Business Combinations (continued)

The Company also estimates costs to execute similar leases including leasing commissions, legal expenses and other related costs. Other intangible assets acquired may include tenant relationships which are valued based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. The Company has not identified any lessee with whom it has developed a type of relationship allowing the recognition of an intangible asset.

f) Negative goodwill and goodwill

Negative goodwill, net represents the net effect of goodwill and negative goodwill arising out of business

combinations.

Negative goodwill

Negative goodwill represents the excess of fair value of net assets acquired over cost. Under Argentine GAAP, when negative goodwill exists, acquired intangible assets are assigned a zero value. Negative goodwill is accounted for as follows: (i) the portion of negative goodwill related to future expected losses is recognized in income in the same periods losses are incurred; (ii) the amount exceeding the interest over the non monetary assets is recognized in income at acquisition date; and (iii) the amount not in excess of the equity interest over the non monetary assets is recognized as negative goodwill and amortized under the straight line method over the weighted average useful lives of the identifiable assets of the acquired, not exceeding 20 years.

Goodwill

Goodwill represents the excess of cost over the fair value of net identifiable assets and is amortized under the straight-line method over the weighted average useful life of the main tangible assets acquired.

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

g) Inventories

- Agriculture business

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

Biological assets which have not attained significant biological growth are measured at cost less any impairment losses. Capitalized expenses for growing biological assets include land preparation expenses and other direct production expenses including but not limited to labor costs, seeds, fertilizers and agrochemicals, vaccines, fuel and others.

The Company distinguishes between consumable and bearer biological assets. “Bearer” biological assets are those assets capable of producing more than one harvest, for example livestock from which milk is produced or breeding cattle. “Consumable” biological assets are those assets that may be harvested as agriculture produce or sold as biological assets, for example livestock intended for the production of meat and/or livestock held for sale.

Bearer biological assets are measured at replacement cost. Consumable biological assets in the form of unharvested crops are measured at cost less any impairment losses. Consumable biological assets in the form livestock held for sale or to be slaughtered for meat production are measured at net realizable value at year-end. Net realizable value is based on the prices relevant in the respective markets less selling costs.

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3. Significant accounting policies (continued)

g) Inventories (continued)

Harvested produce is measured at net realizable value. Net realizable value is represented by year-end quoted prices in the markets in which the Company regularly operates, net of additional selling costs.

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

All other inventories are valued at replacement cost.

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

- Real Estate Business

Inventories are comprised primarily of properties held for development and sale and to a lesser extent other minor inventories from hotel operations. A property is classified as held for sale upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business.

Residential, office and other non-retail properties completed or under construction are stated at acquisition or construction cost (adjusted for inflation as described in Note 2.d)) less allowances for impairment or estimated fair market value, whichever is lower. The Company records impairment losses for certain inventories which have market

values lower than costs. Costs include land and land improvements, direct construction costs, construction overhead cost, financial cost and real estate taxes.

In addition, inventory includes receivables representing the rights to receive certain property units. The units relating to the projects called “Caballito (CYRSA)”, “Caballito (Koad)”, “Benavidez”, “Rosario” and “Dique III” have been valued at acquisition cost.

Inventories on which the Company received down payments that fix the sales price and the terms and conditions of the contract provide reasonable assurance the closing of the transaction and realization of the gain are valued at net realizable value. See “Gain from recognition of inventories at net realizable value” in the Consolidated Statements of Income.

Properties held for sale are classified as current or non-current based on the estimated date of sale and the time at which the related receivable is expected to be collected by the Company.

During the years ended June 30, 2002, 2003 and 2005, the Company recognized significant impairment losses. As permitted by Argentine GAAP, due to increases in fair market values, these impairment charges were subsequently reversed partially during the years ended June 30, 2004 through the current fiscal year. Impairment charges and subsequent reversals are included in the line item "Gain from operations and holdings of real estate assets, net" in the income statement. The balance of allowance for impairment of inventory amount to Ps. 29 and Ps. 157 as of June 30, 2011 and 2010, respectively. See Note 3.o) for details on accounting for impairment losses.

h) Property and equipment

- Agriculture business

Farmlands are valued at cost (adjusted for inflation as described in Note 2.d.), based on the corresponding dates of origin or its cost.

Accumulated depreciation is computed under the straight-line method based on the estimated useful lives of the assets as from the month of the fiscal year of addition.

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3. Significant accounting policies (continued)

h) Property and equipment (continued)

The net carrying value of farmlands does not exceed their recoverable value at the end of the period or the fiscal year.

Tree plantations (wood) have been valued at cost less accumulated depreciation as the Company has no intention to sell it, but use it in the production process.

Depreciation expense has been calculated based on the remaining concession term.

The estimated useful life of alfalfa fields and meadow is between 2 and 8 years and of mass wood is 30 years.

- Real Estate Business

Property and equipment are comprised primarily of rental properties (including office and shopping centers), hotels and other property and equipment held for use by the Company.

Rental properties (including office and shopping centers)

Rental properties are carried at cost (adjusted for inflation as described in Note 2.d)), less accumulated depreciation and allowances for impairment. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Significant renewals and improvements are capitalized and depreciated over their estimated remaining useful lives. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation and allowances for impairment of the assets are removed from the accounts and any profit or loss is recognized. IRSA capitalizes financial costs (interest and foreign exchange differences) on long-term construction projects. Capitalized financial costs amounted to Ps. 25,443 and Ps. 5,331 for the years ended June 30, 2011 and 2010, respectively, mainly in connection with the construction of the Panamerican Mall, Shopping Alto Rosario and Dique IV.

During the years ended June 30, 2002, 2003 and 2005 IRSA recognized significant impairment losses. As permitted by Argentine GAAP, due to increases in fair market values, these impairment charges were subsequently reversed partially during the years ended June 30, 2003 through the current fiscal year. Impairment charges and subsequent reversals are included in the line item "Unrealized gain (loss) on inventories" in the income statement. The balance of allowance for impairment of fixed assets amounts to Ps. 2,507 and Ps. 3,532, as of June 30, 2011 and 2010, respectively.

Other property and equipment (common to agricultural and real estate business)

Other property and equipment are carried at cost (adjusted for inflation as described in Note 2.d)), less accumulated depreciation at the end of the year. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, as specified below:

Asset	Estimated useful life (years)
Buildings (Agriculture business)	50
Properties:	
Office buildings	Between 20 and 45
Shopping centers	Between 16 and 31
Hotels	Between 14 and 24
Other	Between 16 and 50
Leasehold improvements	Lesser of lease term or asset useful life
Facilities	Between 10 and 20
Machinery and equipment	10

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3. Significant accounting policies (continued)

h) Property and equipment (continued)

Asset	Estimated useful life (years)
Vehicles	5
Software	3
Computer equipment	3
Furniture and fixtures	Between 5 and 10
Other	Between 4 and 10

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

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

i) Intangible assets

- Agriculture business

Intangible assets are carried at cost less accumulated amortization.

Preoperating expenses

Represents primarily expenses incurred in the development of the new international businesses in Bolivia and Paraguay. These pre operating expenses are amortized on a straight line basis over five-year periods upon commencement of operations in those countries. The value of these intangible assets does not exceed their estimated recoverable value at year-end.

Concession rights

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

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

- Real Estate Business

Intangible assets are carried at cost restated (as mentioned in Note 2.d)), less accumulated amortization.

Pre-operating and organization expenses

Represents primarily expenses incurred relating to pre-opening activities of certain shopping centers and development projects. These expenses are amortized on a straight-line basis over a three-year period starting upon the opening of the shopping center or the sale of the project.

Trademarks

Represents fees and expenses related to the registration.

Customer relationships

Represent the net present value of the future economic benefits related to the use of acquired customer base. This asset is amortized on a straight-line basis over a twelve year period.

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3. Significant accounting policies (continued)

i) Intangible assets (continued)

Non-compete agreement

This right is valued at acquisition cost and is amortized over the life of the agreement (28 months).

Above and below market leases an In-place leases

See Note 3.f) for details on accounting for these intangibles.

Concession rights

Represent Arcos' concession right, which will be amortized over the life of the concession agreement upon commencement of operations.

j) Foreign currency assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are incorporated into the accounting records of the Company in Argentine Pesos at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies at year-end are then translated into Argentine Pesos at closing exchange rates. Assets and liabilities and income and expenses in foreign currencies generate transaction gains and losses, which are recorded

within “Financial results, net” in the consolidated statements of income.

k) Income tax provision

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

The Company records income taxes using the deferred tax method required by Technical Resolution No. 17 “Overall Considerations for the Preparation of Financial Statements” (“RT 17”). Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recorded or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the fiscal year that includes the enactment date. A valuation allowance is recognized for that component of net deferred tax assets which is more likely than not to be recoverable.

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

l) Minimum presumed income tax (MPIT)

The Company is subject to the MPIT. Pursuant to this tax regime, the Company is required to pay the greater of the income tax or the MPIT. Any excess of the MPIT over the income tax may be carried forward and recognized as a tax credit against future income taxes payable over a 10-year period. The MPIT provision is calculated on an individual entity basis at the statutory asset tax rate of 1% and is based upon the taxable assets of each company as of the end of the year, as defined by Argentine law. In the opinion of management, it is probable that the Company will utilize such asset against future taxable income charges within the next ten years and, as a result, the Company has recognized the accumulated MPIT charge within “Other current and non-current receivables”, as appropriate, in the accompanying consolidated balance sheet. This tax credit has been recorded at its nominal value.

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3. Significant accounting policies (continued)

m) Provisions for allowances and contingencies

The Company provides for losses relating to accounts and mortgage receivables. The Company accrues losses when they are probable of occurring and estimable. When applicable the Company measures impairment on an individual basis, generally for larger balances of non-homogeneous receivables. When individually assessed, losses are accrued based on the differences between the value of collateral, present value of future cash flows or values that are observable in the secondary market and the loan balance. When applicable, an asset-specific allowance is established when the discounted cash flows, collateral value (less disposal costs), or observable market price of the impaired loan is lower than its carrying value. This allowance considers the borrower’s overall financial condition, resources, and payment record, the prospects for support from any financially responsible guarantors and, if appropriate, the realizable value of any collateral.

The Company collectively evaluates for impairment smaller-balance homogeneous loans, including residential mortgage loans. For purposes of a collective evaluation of impairment, mortgage receivables and consumer financing loans are grouped on the basis of similar risk characteristics, taking into account asset type, collateral type, past-due status and other relevant factors. The Company applies allowance factors, which in the judgment of management represent the expected losses over the life of the loans. In determining those factors, the Company considers the following: (i) delinquencies and overall risk ratings, (ii) loss history, (iii) trends in volume and terms of loans, (iv) effects of changes in lending policy, (v) the experience and depth of the borrowers’ management, (vi) national and local economic trends, (vii) concentrations of credit by individual credit size and by class of loans, (viii) quality of loan review system, and (ix) the effect of external factors (e.g., competition and regulatory requirements).

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

At the date of issuance of these Consolidated Financial Statements, the Company's Management understands that there are no elements to determine other potential contingencies that could have a negative impact on these Consolidated Financial Statements.

n) Impairment of long-lived assets

The Company periodically evaluates the carrying value of its long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying value of a long-lived asset is considered impaired by the Company when its value in use or its net realizable value, whichever is greater, is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the greater of the value in use or the net realizable value. Value in use is determined by the expected cash flows from the assets discounted at a rate commensurate with the risk involved. Net realizable value is determined by the selling price of the assets less costs to sell.

Under Argentine GAAP, the impairment loss is recorded in the income statement against a liability account. This liability account is a contra account to fixed assets, undeveloped parcels of land or inventories, which mean that it is presented on the balance sheet as a direct reduction from the book value of these assets to arrive at the carrying value at any particular point in time. The liability account is depreciated over the useful life of the related asset decreasing depreciation expense each period. Under Argentine GAAP, a previously recognized impairment loss should only be reversed when there is a subsequent change in estimates used to compute the value in use or its net realizable value, whichever is greater. In that event, the new carrying amount of the asset should be the lower of its value in use or its net realizable value, whichever is greater, or the net carrying amount the asset would have had if no impairment had been recognized. Both the impairment charge and the impairment reversal are recognized in earnings in the period in which they are incurred.

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3. Significant accounting policies (continued)

n) Impairment of long-lived assets (continued)

o) Translation of non-peso currency amounts

Assets and liabilities of non-Argentine subsidiaries and associates that have a local functional currency are translated to Argentine Pesos at year-end exchange rates. Income and expense items are translated at weighted-average rates of exchange prevailing during the year. Translation adjustments are recorded in shareholders' equity.

p) Vacation expenses

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

q) Derivative financial instruments

As part of its risk management strategy, the Company may use derivative financial instruments. The Company uses derivative financial instruments to manage its exposure to certain risks, including foreign exchange risks. In entering into these contracts, the Company assumes the risk that might arise from the possible inability of counter parties to meet the terms of their contracts. The Company does not expect any losses as a result of counterparty defaults.

The Company follows Technical Resolution No. 18 "Derivative instruments and coverage operations" and carries these derivatives as assets or liabilities at fair market value on the balance sheet. RT No. 18 requires that changes in the

derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. While management believes each of the financial instruments manage various market risks, these instruments are not designated and accounted for as hedges as a result of the extensive record keeping requirements of the provisions. Accordingly, the Company's derivatives are marked to market on a current basis with gains and losses recognized in earnings.

r) Other receivables and liabilities

Certain other receivables and liabilities (value added tax, cash reserves and guarantee deposits) have been measured based on the best estimate of the amount receivable and payable, respectively, discounted at the interest rate that reflect the time-value of money and the estimate specific transactions risks at the time of incorporation to assets and liabilities, respectively. The remaining other receivables and liabilities have been valued at their nominal value plus interest, if any.

s) Liabilities in kind related to barter transactions

Obligations to deliver units to be built are valued at the higher of (i) the cost of construction of the units to deliver plus additional costs to transfer the assets to the creditor, or (ii) the value of the barter agreed by the parties. Liabilities in kind are disclosed in the "Trade accounts payable".

t) Related party balances and other transactions

Receivables and payables with related parties generated by financial transactions and other sundry transactions have been valued in accordance with the terms agreed by the parties.

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3. Significant accounting policies (continued)

u) Customers advances

Customer advances represent payments received in advance in connection with the sale and lease of certain properties and have been valued at the amount collected.

v) Mortgage payables

Mortgage payables includes the debt assumed in the acquisition of Llao Llao Resorts (LLR) (Note 14) and have been valued at the amount collected net of expenses plus accrued interests based on the interest rate estimated at the time of the transaction.

w) Advertising expenses

The Company generally expenses advertising and promotion costs as incurred.

Advertising and promotion expenses were approximately Ps. 12,475 and Ps. 27,769 for the years ended June 30, 2011 and 2010, respectively.

x) Monetary assets and liabilities

Monetary assets and liabilities are disclosed at their face value, plus the accrued interest.

y) Debt issuance costs

Expenses incurred in connection with the issuance of debt are amortized over the term of the debt, applying effective interest method. Debt issuance costs are classified within short-term or long-term debts, as appropriate. In the case of redemption or conversion of these debts, the related expenses are amortized using the accelerated depreciation method. Amortizations of debt issuance costs are included within “Financial results, net” in the accompanying statements of income as a greater financing expense.

z) Paid-in capital

Related Companies Law No. 19,550 Section 33: Increases or decreases of the equity value of investments in IRSA and Cactus generated on the basis of changes in their shareholders´ equity, arising from transactions of shareholders different from the Company and its subsidiaries, were included in this caption as established in captions 9 second part of Technical Resolution 17 of the FACPCE and Resolution CD 243/01 of the CPCECABA.

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

aa) Earnings per share

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

Diluted earnings per share (“diluted EPS”) are computed by dividing the adjusted net income for the year by the weighted-average number of common shares and potential common shares outstanding during the year.

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

potential common shares if their effect is anti-dilutive.

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3. Significant accounting policies (continued)

aa) Earnings per share (continued)

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

ab) Dividends

Dividend policy of IRSA consist in the distribution of an amount up to the highest of a) twenty per cent (20%) of the Revenues of "Offices and other Non-Shopping Center Rental Properties" segment, defined in Segment Information (Note 10), as of June 30 of each year, or b) twenty per cent (20%) of Net income defined in the Consolidated Statements of Income as of June 30 of each year. This policy requires that IRSA must at all times comply with the covenants imposed by its financial obligations.

ac) Employee Benefits

- **Agriculture business**

1.Share-based payments award plan

As further described in Note 18, BrasilAgro issued equity settled share-based payments to certain employees as part of their remuneration package. Equity settled awards are measured at fair value at the date of grant. The Company

measured the fair value using the Black-Scholes method. For equity settled share-based payments, an expense is recognized in the income statement to spread the fair value of the award over the vesting period on a straight-line basis. The Company recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

2.Employee benefits. Profit-sharing in BrasilAgro

Profit-sharing is usually booked as of fiscal year-end, when BrasilAgro can measure them in a reliable way.

4. Details of balance sheet and statement of income accounts:

For case of presentation and when appropriate, balance sheet and income statement accounts are categorized in the context of the two main businesses of the Company: agricultural and real estate businesses.

a) Cash and banks

	As of June 30,			
		2011		**2010**
Bank accounts in local and foreign currency	Ps.	191,663	Ps.	69,893
Collections to be deposited		150		5,944
Cash in local and foreign currency		2,136		5,082
	Ps.	193,949	Ps.	80,919

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

b) Investments

		As of June 30,		
		2011		**2010**
Current				
Mutual funds (vii)	Ps.	337,963	Ps.	153,699
Time Deposits		233,697		-
Government bonds and notes				
- Participation trust certificates (TDF) (v)		-		2,846
- Retained interests in securitized receivables (v)		-		124,671
- Allowance for impairment of CP (v)		-		(7,423)
- Global 2010 bonds		-		132
- Mortgage Bonds issued by BHSA		477		918
Shares of public companies		2,912		4,075
Others investments		12		50
	Ps.	575,061	Ps.	278,968

		As of June 30,		
		2011		**2010**
Non-Current				
Equity investments:				
Agriculture business:				
Agro-Uranga S.A.	Ps.	23,103	Ps.	21,370
Cactus Argentina S.A. (i)		-		2,071
Exportaciones Agroindustriales Argentina S.A.		-		5
BrasilAgro (ii)		27,199		289,919
Real estate business:				
Banco Hipotecario S.A. (iii)		918,449		815,480
Banco Crédito y Securitización S.A.		6,117		5,996
Manibil S.A. (iv)		27,681		27,238
Hersha Hospitality Trust (Cost Investment)		277,248		204,553
Tarshop S.A.		49,779		-
RIGBY 183 LLC		91,136		-
TGLT S.A. (Cost Investment)		56,382		-
New Lipstick		115,946		-
Advances payments for the acquisitions of shares		1,797		23,735

Undeveloped parcels of land (vi):		
- Santa Maria del Plata	222,578	204,420
- Air space Soleil Factory (x)	6,676	-
- Puerto Retiro	66,321	66,551
- Beruti Plot of land	-	54,237
- Caballito Plot of land (viii) (Note 15)	49,699	40,630
- Patio Olmos	33,744	33,218
- Torres de Rosario	-	14,230
- Air space Coto (x	17,594	14,672
- Plot of Land Zetol (Note 15)	32,207	14,348
- Canteras Natal Crespo	6,539	6,465
- Pilar	4,066	4,066
- Torres Jardin IV	-	3,038
- Vista al Muelle Plot of land (Note 15)	21,654	8,292
- Other undeveloped parcels of land	21,304	26,601

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

b) Investments (continued)

	As of June 30,	
	2011	**2010**
Other Investments		
Retained interests in securitized receivables (v)	-	18,458
Allowance for impairment of investments (v)	-	(1,165)
MAT (ix)	90	90
Coprolán	21	21
Other investments	1,571	1,531
Ps.	2,078,901	Ps. 1,900,070

(i) As of June 30, 2010 includes Ps. 4,978 of goodwill and Ps. (4,978) of impairment of goodwill.

(ii) As of June 30, 2011 includes Ps. 27,199 of warrants. As of June 30, 2010 includes Ps. 6,965 of goodwill and Ps. (14,765) of negative goodwill.

(iii) As of June 30, 2011 and 2010 includes Ps. (27,762) of negative goodwill, net and Ps. 13,278 of goodwill, respectively. As of June 30, 2010, includes Ps. 12,195 and Ps. 21,466 as goodwill and negative goodwill, respectively. Represents 446,515,208 shares with a quoted value at closing equivalent to Ps. 2.36 per share as of June 30, 2011 and 420,455,493 shares with a quoted value at closing equivalent to Ps. 1.44 per share as of June 30, 2010.

(iv) As of June 30, 2011 and 2010, includes Ps. 10 of goodwill.

(v) As of June 30, 2010, as part of its credit card and personal loans securitization programs, the Company, through Tarshop, transferred credit card and personal loans receivables to trusts in exchange for cash and certificates representing undivided interests in such receivables. Trusts debt securities represented debt certificates (TDFs) issued by trusts, which were valued at amortized cost. Retained interests in transferred credit card and personal loans receivables represent equity certificates (CPs) issued by trusts, which were

accounted for under the equity method of accounting.

(vi) Shown net of allowances for impairment losses mentioned in Note 3.e).

(vii) As of June 30, 2011 and 2010 includes an amount of Ps. 60,065 and Ps. 58,965, respectively, relates to investment in mutual funds which has not been considered as cash equivalents for purposes of the statement of cash flow. See Note 13 for additional details.

(viii) This asset is restricted in relation to certain tax claims.

(ix) "Mercado a Término de Buenos Aires - Buenos Aires Board of Trade".

(x) Air space is a right to construct.

c) Trade accounts receivable, net

	As of June 30,	
Current	**2011**	**2010**
Consumer financing receivables	Ps. 70,248	Ps. 245,538
Leases and services receivable	78,762	64,603
Checks to be deposited	104,083	67,920
Pass-through expenses receivable (iii)	18,953	19,917
Debtors under legal proceedings (ii)	49,549	42,117
Trade accounts receivable – Agriculture business	192,062	73,740
Receivables from the sale of properties (i)	32,666	19,867
Hotel receivables	9,954	11,186
Receivables with collection agents	4,869	4,532
Related parties (Note 8)	9,189	6,500
Less:		
Allowance for doubtful accounts (Note 30.c))	(117,564)	(114,855)
	Ps. 452,771	Ps. 441,065

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Notes to the Consolidated Financial Statements (continued)

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

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

c) Trade accounts receivable, net (continued)

	As of June 30,			
		2011		**2010**
Non-current				
Consumer financing receivables	Ps.	-	Ps.	25,824
Leases and services receivable		449		998
Receivables from the sale of properties (i)		32,250		16,551
Less:				
Allowance for doubtful accounts (Note 30.c))		-		(1,250)
	Ps.	32,699	Ps.	42,123

(i) Includes fixed-rate mortgage from several borrowers. As of June 30, 2011 and 2010, the amount due from the largest individual borrower were Ps. 14,844 and Ps. 26,537, respectively, at a contractual interest rate of 14% and 14%, respectively.

(ii) Comprised of Ps. 0.9 million and Ps. 1.1 million related to mortgage receivables and Ps. 48.1 and Ps. 40.9 related to leases receivables, as of June 30, 2011 and 2010, respectively.

(iii) Represents receivables for common area maintenance and other operating expenses charged to tenants of shopping centers.

d) Other receivables

	As of June 30,		
		2011	**2010**
Current			
Metropolitan put option	Ps.	-	48,461

Receivables from the sale of shares (i)		-		35,772
Valued Added Tax receivable, net		56,566		50,994
Related parties (Note 8)		29,151		10,876
Prepaid expenses, excluding leases		49,300		41,003
Income tax advances and MPIT credit		15,133		9,992
Trust programs account receivables		-		5,427
Loans granted		644		859
Outstanding tax on sales		10,895		9,013
Receivable for third party services offered in consumer financing stores		-		4,880
Guarantee deposits (ii)		633		2,611
Pre-paid insurance		-		79
MPIT		1,824		1,056
Financial operations to liquidate		14,180		512
Other tax credit		59,323		745
Prepaid leases		11,044		4,823
Premiums collected		2,919		-
VAT withholdings		1,709		-
Transfer VAT debtors		61		-
Withholding income tax..		7,764		-
Financial derivates instruments		1,867		-
VAT export refunds		424		-
Expenses to be recovered		7,707		235
Provision of expenses to be recovered		(92)		-
Others		20,794		24,570
	Ps.	291,846	Ps.	251,908

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Notes to the Consolidated Financial Statements (continued)

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

d) Other receivables (continued)

	As of June 30,	
	2011	**2010**
Non-Current		
Deferred income tax (Note 11)	Ps. 32,452	Ps. 66,245
MPIT	129,958	97,025
VAT credit and prepaid income tax	55,914	65,088
Related parties (Note 8)	29,772	15,010
Prepaid Expenses	3,114	2,609
Mortgages receivables (iii)	2,208	2,208
Allowance for doubtful mortgage receivable (iii) (Note 30.c))	(2,208)	(2,208)
Prepaid gross revenue tax and others	1,067	935
Guarantee deposits	55,975	-
Other tax credits	12,131	-
Others	6,242	1,403
	Ps. 326,625	Ps. 248,315

(i) In June, 2007 IRSA sold 10% of the shareholding in Solares de Santa Maria S.A. for US$ 10.6 million (on such date IRSA collected US$ 1.5 million of such amount). The balance as of June 30, 2010, became due in December, 2010 and it was supported by a pledge in favor of IRSA.

(ii) As of June 30, 2011 and 2010 the balance is related to deposits required as collateral for derivative financial instruments operated by the Company (see Note 6).

(iii) Corresponds to a loan granted to an unaffiliated third party, which is collateralized by a mortgage on certain properties. During fiscal year 2001, this debtor filed for bankruptcy. As a result, IRSA has recognized an allowance for the entire balance based on the opinion of its legal counsel.

e) Inventories

	As of June 30,			
		2011		2010
Current				
Agribusiness				
Crops	Ps.	232,009	Ps.	51,660
Beef Cattle		45,131		16,053
Materials and others		115,140		37,619
Unharvested crops		69,724		26,807
Seeds and fodder		8,009		3,664
Slaughtered stock		5,898		-
Suppliers advances		8,697		-
Real Estate Business				
Credit from barter transaction of Caballito (Koad) (i)		5,860		27,115
Horizons		212,211		211,397
Rosario plot of land		25,607		3,379
Torres de Rosario		9,320		8,728
Abril/Baldovinos		1,145		1,839
El Encuentro (ii)		5,660		5,777
Other inventories		7,550		6,483
	Ps.	751,961	Ps.	400,521

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

e) Inventories (continued)

	As of June 30,			
		2011		**2010**
Non-Current				
Agriculture business				
Beef Cattle	Ps	184,527	Ps	141,602
Unharvested crops		83,227		-
Real Estate Business				
Credit from barter transaction of Caballito (CYRSA)		-		25,155
Credit from barter transaction of Caballito (Koad) (i)		-		6,991
Credit from barter transaction of Caballito (TGLT)		51,999		-
Torres de Rosario under construction		-		7,742
El Encuentro (ii)		1,898		6,222
Caballito plot of land		-		6,794
Beruti		23,309		-
Pereiraola lots		8,200		8,200
Torres Rosario		4,388		-
Other inventories		59		1,512
	Ps.	357,607	Ps.	204,218

(i) Related to a barter transaction with an unrelated real estate developer valued at US$ 7.5 million pursuant to which the Company exchanged an undeveloped parcel of land for the delivery of units in a building to be constructed by the developer. As of June 30, 2011, certain completed units were delivered for which the Company signed preliminary sales agreements. The Company measured these units at net realizable value at year-end and recognized an unrealized gain of Ps. 5,790 and Ps. 4,839 for the year ended June 30, 2011 and 2010, respectively.

(ii) Related to a barter transaction with an unrelated real estate developer valued at US$ 4.0 million pursuant to which the Company exchanged an undeveloped parcel of land for the delivery of residential plots. As of June 30, 2011, the plots were delivered. The Company sold some of the plots and signed preliminary sales agreements on others for which an unrealized gain of Ps. 3,732 and Ps. 1 million was recorded in 2011 and 2010, respectively.

f) Goodwill and negative goodwill

	As of June 30,			
		2011		**2010**
Goodwill				
IRSA	Ps.	14,330	Ps.	13,040
BrasilAgro		6,965		-
Alto Palermo S.A.		12,431		10,865
Torre Bank Boston		4,873		5,033
Della Paolera 265 y Museo Renault		2,620		2,755
Fibesa S.A.		-		47
Soleil Factory		4,978		-
Conil S.A.		344		507
Negative Goodwill				
IRSA	Ps.	(324,774)	Ps.	(360,477)
BrasilAgro		(73,947)		-
Alto Palermo S.A.		(342,604)		(26,443)
Palermo Invest S.A.		(23,498)		(24,503)
Empalme S.A.I.C.F.A. y G.		(2,684)		(4,757)
Mendoza Plaza Shopping S.A.		(2,115)		(5,002)
Emprendimiento Recoleta S.A.		(25)		(90)
Unicity S.A.		(3,601)		-
Soleil Factory		(14,349)		-
	Ps.	(741,056)	Ps.	(389,025)

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

g) Trade accounts payable

		As of June 30, 2011		2010
Current				
Suppliers (i)	Ps.	124,257	Ps.	224,236
Accruals		118,600		102,877
Related parties (Note 8)		10,054		2,815
Debt related to purchase of farms (iii)		180,325		25,181
Liabilities in kind “Horizons”		36,443		46,451
Others.		3,550		2,183
	Ps.	473,229	Ps.	403,743
Non-Current				
Suppliers (ii)	Ps.	47	Ps.	11,210
Related parties (Note 8)		-		12,158
Debt related to purchase of farms		12,098		-
	Ps.	12,145	Ps.	23,368

(i) As of June 30, 2011 and 2010, includes accounts payable to merchants for credit card operations of Ps. 0.6 million and Ps. 124.7 million.

(ii) As of June 30, 2011 and 2010, includes Ps. 36.4 million and Ps. 46.5 million, respectively, balances that reflects the liabilities in kind associated to the acquisition of properties in Vicente López

(iii) As of June 30, 2011 includes Ps. 53.2 million, Ps. 41.5 million and Ps. 52 million related to the debt to purchase of “Alto Taquari”, “Nova Buriti” and “Nova horizontina”, respectively.

h) Short-term and long-term debt

		As of June 30, 2011		2010
Short-term debt:				
Bank loans including accrued interests (i)	Ps.	331,779	Ps.	253,990
Bank overdrafts including accrued interests.		684,215		609,075

Trashop´s VCPs including accrued interest	-	23,019
Bank loans from foreign financial institutions entities	3,473	4,921
Seller financing (iv)	50,191	15,920
IRSA Non-Convertible Notes - interest 2017 (ii)	20,960	15,393
Non-Convertible including acrued interest Notes Class II	-	35,324
Non-convertible including acrued interest Notes Class III (vi)	36,314	-
Non-convertible including acrued interest Notes Class IV (vi)	55,503	-
Non-convertible including acrued interest Notes Class V (vii)	36,177	-
Non-convertible including acrued interest Notes Class VI (vii)	33,427	-
Non-convertible including acrued interest Notes Class VII (vii)	21	-
Non-convertible Notes - IRSA 2020 (v)	30,800	-
APSA Non-Convertible Notes 2011	-	69,978
APSA Convertible Notes - Accrued interest (iii)	3	2,719
APSA Non-Convertible Notes 2012 (iii)	28,879	26,695
APSA Non-Convertible Notes - Accrued interest (iii)	4,490	2,702
	Ps. 1,316,232	Ps. 1,059,736

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

h) Short-term and long-term debt (continued)

	As of June 30,	
	2011	**2010**
Long-term debt:		
Foreign financial entities	Ps. 10,355	Ps. -
Non-convertible Notes Class IV (vi)	18,314	-
Non-convertible Notes Class V (vii)	70,927	-
Non-convertible Notes Class VI (vii)	99,286	-
Non-convertible including accrued Interests Notes Class VII (vii)	8,509	-
IRSA Non-Convertible Notes 2017 (ii)	599,565	440,670
APSA Non-Convertible Notes 2017 (iii)	421,498	261,663
Bank loans (i)	173,527	52,767
Non-convertible Notes - IRSA 2020 (v)	598,116	-
APSA Convertible Notes (iii)	4,640	60,782
APSA Non-Convertible Notes 2012 (iii)	-	24,848
Seller financing (iv)	81,568	12,436
	Ps. 2,086,305	Ps. 853,166

(i) As of June 30, 2011 and 2010 the balance primarily relates to several short-term loans granted by several domestic financial institutions. As of June 30, 2011 and 2010 these loans accrue interest at annual fixed interest rates ranging from 1.75% to 14% and from 3.0% to 15.75%, respectively. As of June 30, 2011 it includes the following loans: (a) Ps. 28,728 as a current balance and Ps. 27,585 as a non-current balance related to debt for purchase República building, (b) Ps. 18,984 correspond to Hoteles Argentinos S.A.'s mortgage loan, (c) Ps. 284,067 related to loans granted by different financial institutions (mainly Ps. 111,181 granted by Banco Provincia, Ps. 53,845 granted by Banco do Nordeste do Brasil, Ps. 50,240 granted by Banco Nación and Ps. 23,653 granted by Banco Ciudad de Buenos Aires). As of June 30, 2010 it includes the following loans: (a) Ps. 28,023 as a current balance and Ps. 52,767 as a non-current balance related to debt for purchase República building (See note 2.f)), (b) Ps. 19,023 correspond to

Hoteles Argentinos S.A.'s mortgage loan, (c) Ps. 206,944 related to loans granted by different financial institutions (mainly Ps. 47,451 granted by Banco Santader Rio, Ps. 40,031 granted by Banco Nación, Ps. 30,726 granted by Banco Provincia, Ps. 21,269 granted by Banco Hipotecario and Ps. 15,545 granted by Banco Supervielle).

(ii) In February 2007, the Company issued non-convertible Notes ("IRSA Non-Convertible Note 2017") for US$ 150 million to become due in February 2017 under the framework of the Global Program for Issuing Non -Convertible Notes in a nominal value of up to US$ 200 authorized by the National Securities Commission. Non-Convertible Notes 2017 accrue an annual fixed interest rate of 8.5%, payable every six months, starting in August, 2007. The principal will be fully paid on maturity. Non-Convertible Notes 2017 contain customary covenants including restrictions to pay dividends in accordance with certain limits. On November 2, 2010, the Company's General Shareholders' Meeting approved a new expansion of the Program in force for up to a further US$ 50 million bringing it to US$ 450 million.

(iii) In May 2007, APSA issued an aggregate amount of US$ 170.0 million of non-convertible notes (APSA Non-Convertible Notes) under the Global Program for up to US$ 200.0 million authorized by the CNV on April 19, 2007. APSA Non-Convertible Notes were issued at par in two series. Out of the total amount, US$ 120.0 million were issued as Series I of APSA Non-Convertible Notes due May 11, 2017 ("Series I") and Ps. 154.0 million (equivalent to US$ 50.0 million) were issued as Series II of APSA Non-Convertible Notes due June 11, 2012 ("Series II"). Series I bear interest at a fixed rate of 7.875% per annum and Series II bear interest at a fixed rate of 11.0% per annum. Series I pay interest in cash semi-annually in arrears on May 11 and November 11 of each year beginning on November 11, 2007. Series II pay interest in cash semi-annually in arrears on June 11and December 11 of each year beginning on December 11, 2007. Principal on the Series I is fully paid at maturity while principal on the Series II is paid semi-annually in seven equal and consecutive installments beginning on June 11, 2009. As of June 30, 2011 total Series I and Series II Notes repurchased by APSA amount to US$ 10.0 million and US$ 1.44 million, respectively. Such notes have been valued at face value and are disclosed netting the current and non-current capital and interest owed. As of June 30, 2011 the Company holds corporate notes Series II in the nominal amount of Ps. 13.3 million. The Ordinary and Extraordinary Meeting of Shareholders held on October 29, 2009 approved the increase in the amount of the Global Issuance Program of Notes in place up US$ 200 million and for a total amount of US$ 400 million. Under such Global Issuance Program of Notes, on November 10, 2009, the placement of the Second Series of Notes for a totalvalue of Ps. 80.7 million, was completed in two series. Series III relates to the issuance of Ps. 55.8 million maturing on May 12, 2011, which accrue interest at variable Badlar rate plus a 3% margin payable on a quarterly basis. Series IV

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

h) Short-term and long-term debt (continued)

relates to the issuance of Ps. 24.9 million (equivalent to US$ 6.6 million) maturing on May 12, 2011, which accrue interest at a fixed 6.75% rate applied to the principal in US dollars, payable on a quarterly basis.

On July 19, 2002, APSA, issued an aggregate amount of US$ 50.0 million of Convertible notes (the "APSA Convertible Notes") in exchange for cash and the settlement of certain liabilities. APSA Convertible Notes accrue interest at a fixed annual interest rate of 10%, are convertible at any time at the option of the holder into common shares of APSA of Ps. 0.10 par value per share and originally matured on July 19, 2006. A meeting of noteholders resolved to extend the maturity date of APSA Convertible Notes through July 19, 2014 although the remaining terms and conditions were left unchanged. As of June 30, 2011 holders of Convertible Notes have exercised their right to convert ordinary shares for a total of US$ 18.3 million. The outstanding balance of APSA Convertible Notes as of June 30, 2011 and 2010 amounts to US$ 31.7 and US$ 47.2 million, respectively, mainly held by IRSA. Accordingly, balances shown reflect amount held by third parties after intercompany eliminations.

(iv) As of June 30, 2011 the balance mainly includes: (a) Ps. 32,912 to the debt from acquisition of Zetol S.A.; (b) Ps. 8,900 related to the debt for purchase of Arcos del Gourmet S.A. shares; (c) Ps. 39,839 related to the seller financing of goodwill of Soleil Factory; and (d) Ps. 47,763 related to the debt for purchase of Predio San Martin. As of June 30, 2010 the balance mainly includes: (a) Ps. 9,201 to the debt from acquisition of Zetol S.A.; (b) Ps. 6,053 related to the debt of Tyrus for purchase of Banco Hipotecario S.A. shares and (c) Ps. 13,102 related to the debt for purchase of Arcos del Gourmet S.A. shares.

(v) On February 25, 2010, the IRSA´s Board of Directors approved the extension of the maximum face value of the Global Program for Issuing Non Convertible notes by an additional US$ 200 million, reaching a total amount of US$ 400 million, as approved by the Ordinary Meeting of Shareholders held on October 29, 2009. Within this framework, on July 20, 2010, IRSA issued non-convertible notes for a face value of US$ 150 million (“Non-convertible Notes Class II”) maturing on July 20, 2020. The issuance price was 97.838% of the par value and they accrue interest at a nominal interest rate of 11.5% per annum, to be paid semi-annually on January 20 and June 20 each year, starting on January 20, 2011. The expenses related to the issuance amounted to Ps. 7.1 million.

(vi) On July 1, 2010, the Board of Directors approved the Price Supplement related to the issuance of Class III and Class IV Non-Convertible Notes, under the Global Program framework. Later, between July 6 and 16, 2010, the Second Series of simple Corporate Bonds (not convertible into shares) was subscribed for a total value of Ps. 105.9 million. The issue was finally carried out on July 21, 2010. Class III Non-Convertible Notes, for a face value of Ps. 35.7 million and falling due 21 months after the issuance date will accrue interest at a variable date (Badlar privada plus 400 basis points). These will be paid on a quarterly basis in arrears while amortization will be made in three consecutive payments 15, 18 and 21 from the issuance date Class IV Non-Convertible Notes, for a face value of US$ 17.8 million and falling due 24 months after the issuance date will accrue interest at fixed annual rate of 7.75%. These will be paid on a quarterly basis in arrears while amortization will be made in four equal and consecutive payments 15, 18, 21 and 24 from the issuance date.

(vii) On February 18, 2011 the Board of Directors approved a Pricing Supplement for the issuance of Class V, VI and VII Non-Convertible notes, under the Program. Later on, between February 22 and March 3, 2011, the Third Series of simple (nonconvertible) Non-Convertible was subscribed. Finally, the Non-Convertible were issued on March 10, 2011. Class V Non-Convertible notes, for a nominal value of Ps. 106.9 million due 21 months after the issue date, shall accrue interest at a variable rate (Badlar plus 375 basis points). Interest will be payable quarterly in arrears whereas the principal will be amortized in three consecutive equal payments on the 15, 18 and 21 months following the issue date. Class VI Non-Convertible notes, for a nominal value of US$ 34.8 million due 24 months after the issue date shall be payable in pesos at the exchange rate prevailing on the payment date. Interest will accrue 7,50% annually, and shall be payable quarterly in arrears while the principal will be amortized in four consecutive and equal payments on the 15, 18, 21 and 24 month following the issue date. Class VII Non-Convertible notes, for a nominal value of US$ 2.1 million due 24 months after the issue date and payable in pesos at the exchange rate prevailing on the payment date. Interest will accrue at a fixed minimum rate of 4% per annum plus a Premium Factor (40% of the appreciation of the soybean during the fiscal year), if applicable. Interest will be payable quarterly in arrears. Principal will be repaid at maturity.

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

i) Salaries and social security payable

		As of June 30, 2011		2010
Current				
Provision for vacation and bonuses	Ps.	67,011	Ps.	47,967
Social security payable		12,827		11,994
Salaries payable		1,369		1,019
Facilities for payment plan social security		209		-
Others		1,461		504
	Ps.	82,877	Ps.	61,484
Non-Current				
Facilities for payment plan social security	Ps.	635	Ps.	-
	Ps.	635	Ps.	-

j) Taxes payable

		As of June 30, 2011		2010
Current				
Income tax, net	Ps.	72,606	Ps.	38,213
Gross revenue tax payable		2,325		4,729
MPIT payable, net		7,636		14,127
VAT payable, net		21,642		17,308
Tax withholdings		17,826		12,482
VAT – Plan of facilities		-		13,235
Income Taxes – Plan of facilities		1,879		1,559
Asset tax payable, net		4,276		4,360
Tax payment facilities - ABL		1,464		815
Gross sales tax payable – plan of facilities		564		485
Others		5,586		1,245
	Ps.	135,804	Ps.	108,558

Non-Current				
Deferred income tax (Note 11)	Ps.	555,901	Ps.	248,722
Facilities plan – Income tax payable		17,386		19,145
Facilities plan – Asset tax		2,086		2,392
Gross revenue tax payable – Plan of facilities		1,672		1,320
Tax payment facilities – ABL		1,927		2,372
Others		364		12
	Ps.	579,336	Ps.	273,963

k) Advances from customers

	As of June 30,			
		2011		**2010**
Current				
Admission rights	Ps.	60,822	Ps.	51,194
Advanced payments from customers		173,712		134,889
Leases and service advances (i)		35,021		30,381
	Ps.	269,555	Ps.	216,464

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Notes to the Consolidated Financial Statements (continued)

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

k) Advances from customers (continued)

		As of June 30,		
		2011		**2010**
Non-Current				
Admission rights	Ps.	66,885	Ps.	59,469
Leases and service advances		27,359		30,924
	Ps.	94,244	Ps.	90,393

l) Other liabilities

		As of June 30,		
		2011		**2010**
Current				
Below market leases	Ps.	-	Ps.	1,929
Payables to Nationals Park Administration		1,100		2,589
Debt to purchase of investments		316		-
Other debts		16,004		-
Guarantee deposits		4,128		5,243
Related parties (Note 8)		45,194		33,384
Premium collected		672		595
Contributed leasehold improvements to be accrued and unrealized gains		332		516
Debt with former minority shareholder of Tarshop S.A		-		3,529
Operations to liquidate		7,681		178
Dividends payable.		5		-
Advanced from sale of Tarshop S.A.´s shares (Note 8)		-		21,070
Loan with FyO.Com´s minority shareholder (Note 8)		-		134
Others.		6,448		6,675
	Ps.	81,880	Ps.	75,842
Non-Current				
Loans with shareholders of related parties	Ps.	252	Ps.	19,989

Contributed leasehold improvements		9,170		9,687
Guarantee deposits		6,207		4,073
Debt to the former minority shareholders of Tarshop S.A.		-		3,322
Hersha´s option payable		-		16,693
Commitment to provide		-		5,897
Below market leases		3,344		3,166
Related parties (Note 8)		20		20
Others.		2,631		2,525
	Ps.	21,624	Ps.	65,372

m) Unrealized gain (loss) on inventories

				As of June 30,		
		2011		**2010**		**2009**
Unrealized gain (loss) on inventories – Beef cattle	Ps.	69,752	Ps.	84,349	Ps.	(845)
Unrealized loss on inventories – Crops, raw, materials and MAT		(15,704)		1,140		(493)
Gain for operations and holding of real estate assets		1,140		1,091		930
	Ps	55,188	Ps.	86,580	Ps.	(408)

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Notes to the Consolidated Financial Statements (continued)

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

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

n) Other income and expenses, net

		As of June 30,				
Other income		**2011**		**2010**		**2009**
Provision for litigation	Ps.	-	Ps.	1,151	Ps.	1,601
Gains on the sale of other fixed assets		35		5		185
Lawsuits and contingencies		87		-		-
Sale of client base and assignment of portfolio		10,019		-		-
Management fee		735		855		-
Others		2,219		1,066		1,242
	Ps.	13,095	Ps.	3,077	Ps.	3,028
Other expenses						
Tax on shareholder´s personal assets	Ps.	(13,269)	Ps.	(12,734)	Ps.	(12,812)
Unrecoverable VAT receivable		(3,347)		(2,937)		(4,200)
Donations		(7,020)		(5,592)		(1,730)
Provision for litigation.		(3,487)		(742)		-
Expenses prior capitalized items (i)		(6,607)		-		-
Others		(2,182)		(723)		(734)
	Ps.	(35,912)	Ps.	(22,728)	Ps.	(19,476)
	Ps.	(22,817)	Ps.	(19,651)	Ps.	(16,448)

(i) Relates mainly to “Caballito” and “Abasto” projects, which were abandoned by the Company

o) Financial results, net

	As of June 30,		
	2011	**2010**	**2009**
Generated by assets:			
Exchange gain	Ps. 25,586	Ps. 6,943	Ps. 99,627
Conversion differences	(4,543)	2,271	6,250
Interest income (loss)	19,006	23,281	(1,100)
	2,850	5,412	22,668
Tax on bank account operations	(10,310)	(5,812)	(4,683)
Holding gain and result of transactions on securities investment	(1,435)	7,693	50,919
Others	(3,413)	(392)	(150)
	Ps. 27,741	Ps. 39,396	Ps. 173,531
Generated by liabilities:			
Gain on hedging operations	Ps. -	Ps. -	Ps. 8,431
Loans and convertible notes	(290,854)	(181,806)	(128,270)
Net gain from repurchase of non-convertible notes	-	-	174,068
Exchange loss	(91,649)	(52,501)	(180,510)
Loans application fees	(7,204)	(3,466)	(379)
Others	(7,026)	(2,965)	(2,215)
	Ps. (396,733)	Ps. (240,738)	Ps. (128,875)

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5. Shareholders' equity

a) Common stock

As of June 30, 2011, the Company had 501,562,534 outstanding shares of common stock, having a par value of Ps. 1 per share. Holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Following is a summary of the activity in the Company's shares during the years presented:

	Common stock				
	Shares issued		**Par value**		**Paid-in-capital**
Balances as of June 30, 2008	501,532	Ps.	501,532	Ps.	879,188
Exercise of old-warrants	7	Ps.	7	Ps.	30
Balances as of June 30, 2009 (i)	501,539	Ps.	501,539	Ps.	879,218
Exercise of warrants	22		22		113
Balances as of June 30, 2010	501,561		501,561		879,331
Exercise of warrants	2		2		11
Balances as of June 30, 2011	501,563		501,563		879,342

(i) During this fiscal year 2009, 2,935,641 ADR's and 643,590 shares of common stock were repurchased.

See Note 25.

In March 2008, the Company issued 180 million shares of common stock with a face value of Ps. 1 each entitled to one vote per share and, for each subscribed share, each shareholder received at no additional cost a warrant entitling the holder to purchase 0.33333333 new shares at a price of US$ 1.68 per each share to be acquired. Thus, the Company issued 180 million warrants entitling the holder to purchase a total of 60 million additional shares. Warrants mature May 22, 2015 and may be exercised between the 17th and the 22nd day of February, May, September and November of any year through 2015. Warrants are listed on the Buenos Aires Stock Exchange under the symbol

“CREW2”and on the Nasdaq under the symbol “CRESW”.

The terms and conditions of outstanding options (warrants) to subscribe the Company’s shares of common stock have been amended due to attributing proprietary treasury shares on a prorate basis among its shareholders, made by the Company on November 23, 2009. The terms that have been modified are the number of shares to be issued for warrants (current is 0.35100598) and the prices to call shares to be issued (current price after assignment US$ 1.5954).The rest of terms and conditions of warrants remain unchanged.

Proceeds from the issuance, net of issuance expenses, amount to Ps. 881.1 million, while the tax effect of issuance expenses amounted to Ps. 9.9 million. Proceeds were allocated to shares and warrants issued based on the fair market value estimated upon subscription. The portion of the proceeds allocated to warrants amounting to Ps. 115.2 million was recorded as additional paid-in capital.

As stated in the section “Allocation of funds” in the capital increase issuance prospectus, the funds brought into the Company were mainly used to organize companies and acquire plots of land for agricultural production in Bolivia and Paraguay, the purchase of shares of our subsidiaries IRSA and BrasilAgro, the acquisition of corporate bonds of our subsidiaries IRSA and APSA, the repurchase of proprietary shares which are treasury stock, the settlement of payables and working capital. It should be considered that the allocation of net funds obtained from the offer has been and may continue occasionally to be influenced by current market conditions and, consequently, in the section "Allocation of funds" in the capital increase issuance prospectus, we have reserved the right to reallocate the whole or a portion of such anticipated uses to other uses that we consider consistent with our strategy.

Funds obtained were assigned to shares and warrants issued based on the current value estimated upon subscription.

During fiscal year 2010, 62,559 options were exercised; consequently, 21,898 shares of common stock were issued for Ps. 135.

In the current fiscal year 5,776 options were exercised; consequently, 2,026 shares of common stock were issued for US$ 3,235.

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Notes to the Consolidated Financial Statements (continued)

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5. Shareholders' equity (continued)

a) Common stock (continued)

As of June 2011, there are 177,640,130 outstanding warrants.

b) Inflation adjustment of common stock

As discussed in Note 2.d), the Company's consolidated financial statements were prepared on the basis of general price-level accounting which reflects changes in the purchasing power of the Argentine peso in the historical financial statements until February 28, 2003. Accordingly, the inflation adjustment related to common stock and treasury was appropriated to an inflation adjustment reserve, which forms part of shareholders' equity. According to Argentine rules and regulations, the balance of the inflation adjustment reserves may be applied only towards the issuance of common stock to shareholders of the Company.

c) Paid-in capital

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

d) Restrictions on distribution of profits (legal reserve)

In accordance with the Argentine Corporations Law and the Company's by-laws, 5% of the net and realized profit for the year calculated in accordance with Argentine GAAP plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital. This legal reserve may be used only to absorb losses.

e) Reserve for new developments

Under Argentine law, companies are allowed to transfer portions of accumulated retained earnings to special reserves. These special reserves may be for general purposes or for specific uses such as new developments. The transfer of accumulated retained earnings to these special reserves is shown in the shareholder´s equity. These reclassifications have no impact on the total shareholders' equity of the Company.

f) Treasury stock

The acquisition cost of treasury stock has been debited from the account "Reserve for new developments" as provided by sec. 220, subsec. 2, Law No. 19,550.

Likewise, the "Common stock account" was debited for the face value of repurchased shares and the "Inflation adjustment of common stock account", for the proportional portion of the adjustment for inflation related to the shares acquired. In turn, the accounts "Treasury stock" and "Inflation adjustment of treasury stock" were respectively credited (See Note 24).

6. Derivative financial instruments

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

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Notes to the Consolidated Financial Statements (continued)

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6. Derivative financial instruments (continued)

As of June 30, 2011 and 2010, the Company had open commodity crop future contracts amounting to US$ 2.4 million and US$ 7.4 million, respectively. As of June 30, 2011 and 2010, these contracts covered a notional amount 12,520 tons and 34,600 tons, respectively, of various crops, including soybean and corn.

Futures contracts are used in combination with put and call option contracts principally to take advantage of market fluctuations, which provide more favorable pricing opportunities. During the year-end June 30, 2011 and 2010, the Company opened several CBOT (Chicago Board of Trade) put and call options to partially hedge the Corn and Soybean exposures. During fiscal year 2011 and 2010 corn puts and calls were opened with a weighted average strike price of US$ 232 and US$ 187 per ton, covering notional amounts of 19,050 tons and 2,540 tons, respectively. Soybean puts and calls were opened with a weighted average strike price of US$ 347 per ton, covering notional amounts of 26,875 tons, during fiscal year 2010. The open options as of June 30, 2011 and 2010 mature at various dates through December 2011 and May 2011, respectively.

The Company recorded gains and losses associated with these commodity–based contracts in “Unrealized gain (loss) on inventories” in the statement of income. Gains and losses were Ps. 23,661 (loss), Ps. 713 (loss) and Ps. 2,780 (gain) for the years ended June 30, 2011, 2010 and 2009, respectively.

During fiscal year 2011, the Company had arranged futures and options on the Futures Market and SWAP operations for a notional amount of Ps. 106.9 million structured as follows: (i) Ps. 30 million entered into with Standard Bank due on December 10, 2012 whereby the Company agrees to pay a fixed rate of 14% and the counterparty the Badlar variable rate; (ii) Ps. 20 million entered into with Standard Bank due on December 10, 2012 whereby the Company agrees to pay a fixed rate of 14.1% and the counterparty the Badlar variable rate; (iii) Ps. 30 million entered into with Banco Santander Río due on December 10, 2012 whereby the Company agrees to pay a fixed rate of 14.25% and the counterparty the Badlar variable rate and (iv) Ps. 26.9 million entered into with Banco Itaú due on December 10, 2012 whereby the Company agrees to pay a fixed rate of 14.45% and the counterparty the Badlar variable rate. During fiscal year 2010, the Company had foreign currency future contracts outstanding to sell US$ 9.8 million and to purchase US$ 2.7 million at an average price of Ps. 4.06 per US$ maturing through December 2010. The Company recognized results from foreign exchange contracts of Ps. 1,522 (gain), Ps. 5,412 (gain), and Ps. 32,104 (gain) for the

years ended June 30, 2011, 2010 and 2009, respectively.

The Company recorded gains and losses associated with these foreign exchange contracts and SWAP operations in "Financial Results, net" in the statements of income.

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

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7. Additional information on assets and liabilities

The breakdown of main assets and liabilities as of June 30, 2011 is as follows:

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term - Current	No fixed term – Non-Current	Past due	Total
Assets									
Investments	Ps. 568,285	Ps. 654	Ps. 654	Ps. 654	Ps. -	Ps. 4,814	Ps. 1,682	Ps. -	Ps. 576,743
Trade accounts receivables, net	303,014	30,623	23,287	9,115	32,699	1,801	-	84,931	485,470
Other receivables	87,610	89,040	13,455	11,605	84,413	89,892	242,212	244	618,471
	Ps. 958,909	**Ps. 120,317**	**Ps. 37,396**	**Ps. 21,374**	**Ps. 117,112**	**Ps. 96,507**	**Ps. 243,894**	**Ps. 85,175**	**Ps. 1,680,684**

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term - Current	No fixed term – Non-Current	Past due	Tot
Liabilities									
Trade accounts payable	Ps. 299,383	Ps. 53,539	Ps. 4,500	Ps. 110,760	Ps. 12,145	Ps. 2,887	Ps. -	Ps. 2,160	Ps. 485
	580,948	129,251	62,818	280,923	2,086,305	262,292	-	-	3,402

Short-term and long-term debt									
Advances from customers	138,466	87,557	23,092	16,556	94,244	3,834	-	50	363
Other liabilities	176,752	96,998	9,809	11,153	46,108	10,035	570,439	429	921
	Ps. 1,195,549	**Ps. 367,345**	**Ps. 100,219**	**Ps. 419,392**	**Ps. 2,238,802**	**Ps. 279,048**	**Ps. 570,439**	**Ps. 2,639**	**Ps. 5,173**

	Accruing interest at a fixed rate		Accruing interest at a variable rate		Not accruing interest		
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Total
Investments	Ps. 10,276	Ps. -	Ps. 543,841	Ps. -	Ps. 20,944	Ps. 1,682	Ps. 576,743
Trade accounts receivable, net	31,112	13,737	2,703	7,731	418,956	11,231	485,470
Other receivables	57,592	66,448	2,972	-	231,282	260,177	618,471
Total assets	**Ps. 98,980**	**Ps. 80,185**	**Ps. 549,516**	**Ps. 7,731**	**Ps. 671,182**	**Ps. 273,090**	**Ps. 1,680,684**
Trade accounts payable	Ps. 381	Ps. -	Ps. 169,785	Ps. 12,098	Ps. 303,063	Ps. 47	Ps. 485,374
Short and long-term debt	732,858	1,980,212	144,528	130,795	438,846	(24,702)	3,402,537
Advances from customers	-	-	300	1,690	269,255	92,554	363,799
Other liabilities	64,564	20,961	6	61,053	240,606	534,533	921,723
Total Liabilities	**Ps. 797,803**	**Ps. 2,001,173**	**Ps. 314,619**	**Ps. 205,636**	**Ps. 1,251,770**	**Ps. 602,432**	**Ps. 5,173,433**

The breakdown of main assets and liabilities as of June 30, 2010 is as follows:

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term	Past due	Total
Assets								
Investments	Ps. 208,164	Ps. 10,411	Ps. 30,628	Ps. 10,620	Ps. 17,292	Ps. 4,127	Ps. 16,661	Ps. 297,903
Trade accounts receivables, net	241,863	46,911	27,549	26,491	42,123	691	97,560	483,188
Other receivables	155,693	8,196	18,059	14,095	6,996	297,089	95	500,223
	Ps. 605,720	Ps. 65,518	Ps. 76,236	Ps. 51,206	Ps. 66,411	Ps. 301,907	Ps. 114,316	Ps. 1,281,314

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7. Additional information on assets and liabilities (continued)

	To mature in 1st Quarter	To mature in 2nd Quarter	To mature in 3rd Quarter	To mature in 4th Quarter	To mature in greater than 1 year	No fixed term	Past due	Total
Liabilities								
Trade accounts payable	Ps. 324,066	Ps. 9,551	Ps. 37,688	Ps. 188	Ps. 416	Ps. 24,060	Ps. 31,142	Ps. 427,111
Short-term and long-term debt	499,031	98,405	29,253	138,092	853,166	294,955	-	1,912,902
Advances from customers	101,064	23,146	77,235	14,201	90,393	421	397	306,857
Other liabilities	118,759	76.874	10,608	5,519	74.674	309,989	1,394	597,817
	Ps. 1,042,920	Ps.207,976	Ps. 154,784	Ps. 158,000	Ps. 1,018,649	Ps. 629,425	Ps. 32,933	Ps. 3,244,687

	Accruing interest at a fixed rate		Accruing interest at a variable rate		Not accruing interest		
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Total
Investments	Ps. -	Ps. -	Ps. 104,811	Ps. -	Ps. 174,157	Ps. 18,935	Ps. 297,903
Trade accounts receivable, net	112,684	13,789	563	154	327,818	28,180	483,188
Other receivables	2,890	32,035	31,896	4,579	217,122	211,701	500,223
Total assets	**Ps. 115,574**	**Ps. 45,824**	**Ps. 137,270**	**Ps. 4,733**	**Ps. 719,097**	**Ps. 258,816**	**Ps. 1,281,314**
Trade accounts payable	Ps. 117,310	Ps. 320	Ps. -	Ps. -	Ps. 286,433	Ps. 23,048	Ps. 427,111
Short and long-term debt	596,266	852,207	127,218	-	336,252	959	1,912,902
Advances from customers	-	2,551	300	-	216,164	87,842	306,857
Other liabilities	37,199	66,970	13,236	65,103	198,339	216,970	597,817

Total Liabilities	**Ps. 750,775**	**Ps. 922,048**	**Ps. 140,754**	**Ps. 65,103**	**Ps. 1,037,188**	**Ps. 328,819**	**Ps. 3,244,687**

8. Balances and transactions with related parties

The balances with related parties as of June 30, 2011 and 2010 are as follows:

	Trade accounts receivable, net		Other receivables				Inventories barter transaction of Caballito	
	Current		Current		Non-Current		Current	
Related Parties	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Cactus Argentina S.A. (1)	Ps. -	Ps. 304	Ps. -	Ps. -	Ps. -	Ps. -	-	-
Agro-Uranga S.A. (1)	96	7	46	39	-	-	-	-
BrasilAgro (1)	-	-	-	-	-	-	-	-
Dolphin Fund PLC (9)	-	-	-	-	-	-	-	-
Advances to employees (7)	77	57	4,044	2,894	-	-	-	-
Directors	14	2	215	169	-	-	-	-
Estudio Zang, Bergel & Viñes (3)	-	-	9	22	-	-	-	-
Fundación IRSA (8)	33	41	1	5	-	-	-	-
Consultores Asset Management S.A. (10)	997	918	29	29	-	-	-	-
Inversiones Financieras del Sur S.A (5)	-	-	3,689	95	-	-	-	-
CYRSA S.A. (4)	1,761	1,669	11	8	-	-	-	25,155
New Lipstick LLC (2)	-	-	960	-	-	-	-	-
Lipstick Management LLC (2)	-	-	448	-	-	-	-	-
Tarshop SA (2)	660	-	13,863	-	-	-	-	-
Quality Invest SA (4)	799	-	241	-	-	-	-	-
TGLT SA (3)	658	-	1,680	-	-	-	51,999	-
Grupo MAEDA SA Agroindustrial (4)	-	-	-	-	18,761	-	-	-

IRSA Developments LP (14)	-	-	7	-	-	-	-	-
Banco Hipotecario S.A. (2)	225	354	-	-	-	-	-	-
Canteras Natal Crespo S.A. (4)	403	318	41	50	-	-	-	-
Consorcio Libertador S.A. (7)	140	-	16	20	-	-	-	-
Consorcio Dock del Plata (7)	-	883	-	2		-	-	-
Cresca S.A. (4)	350	182	528	5,219	10,596	-	-	-
Metroshop S.A. (4)	-	-	-	-	-	14,687	-	-
Museo de los niños (8)	1,781	1,111	-	-	-	-	-	-
Puerto Retiro S.A. (4)	58	59	63	31	-	-	-	-
Hersha Hospitality Trust (14)	-	-	2,690	2,087	-	-	-	-
Baicom Networks S.A. (4)	61	-	6	1	415	323	-	-
Rummaalá S.A. (13)	-	-	-	-	-	-	-	-
Elsztain Managing Partners Lim (11)	-	-	156	-	-	-	-	-
IRSA Real Estate Strategies LP (3)	-	-	64	-	-	-	-	-
Consorcio Torre Boston (7)	1,076	595	344	205	-	-	-	-
Total	**Ps. 9,189**	**Ps. 6,500**	**Ps. 29,151**	**Ps. 10,876**	**Ps. 29,772**	**Ps. 15,010**	**51,999**	**25,155**

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8. Balances and transactions with related parties (continued)

	Trade Accounts Payables			Loans	
	Current		Non-Current	Current	Non-Current
Related Parties	**2011**	**2010**	**2010**	**2010**	**2010**
Cactus Argentina S.A. (1)	Ps. -	Ps. 632	Ps. -	Ps. -	Ps. -
Agro-Uranga S.A. (1)	178	36	-	-	-
BrasilAgro (1)	-	8	-	-	-
Advances to employees (7)	153	128	-	-	-
Directors	-	36	-	-	-
Estudio Zang, Bergel & Viñes (3)	1,241	708	-	-	-
Fundación IRSA (8)	1	-	-	-	-
Consultores Asset Management S.A. (10)	10	7	-	-	-
CYRSA S.A. (4)	1,725	1,006	-	-	-
New Lipstick LLC (2)	-	-	-	-	-
Lipstick Management LLC (2)	-	-	-	-	-
Tarshop SA (2)	5,533	-	-	-	-
Banco Hipotecario S.A. (2)	252	168	-	-	-
Canteras Natal Crespo S.A. (4)	-	-	-	-	-
Consorcio Libertador S.A. (7)	65	66	-	-	-
Consorcio Dock del Plata (7)	-	10	-	-	-
Cresca S.A. (4)	46	-	-	-	-
Metroshop S.A. (4)	-	-	12,158	-	-
Museo de los niños (8)	9	5	-	-	-
Puerto Retiro S.A. (4)	5	5	-	-	-
Hersha Hospitality Trust (14)	-	-	-	-	-
Baicom Networks S.A. (4)	-	-	-	-	-
Rummaalá S.A. (13)	-	-	-	-	-
Parque Arauco (3)	-	-	-	2,716	60,822
Consorcio Torre Boston (7)	836	-	-	-	-
Total	**Ps. 10,054**	**Ps. 2,815**	**Ps. 12,158**	**Ps. 2,716**	**Ps. 60,822**

	Other liabilities			
	Current		Non-Current	
Related Parties	**2011**	**2010**	**2011**	**2010**
CYRSA S.A. (4)	Ps. 43	Ps. -	Ps. -	Ps. -
Quality Invest SA (4)	16	-	-	-
Banco Hipotecario S.A. (2)	-	21,070	-	-
Advances to employees (7)	1,000	-	-	-
Directors	16,004	24,994	20	20
Tarshop SA (2)	17,330	-	-	-
New Lipstick LLC (2)	622	-	-	-
Consultores Asset Management S.A. (10)	7,868	7,267	-	-
Fundación IRSA (8)	1,075	1,073	-	-
Estudio Zang, Bergel & Viñes (3)	308	-	-	-
IRSA Developments LP (14)	4	8	-	-
IRSA Real Estate Strategies LP (14)	8	8	-	-
Elsztain Managing Partners Lim (11)	53	-	-	-
Elsztain Managing Partners Maste	859	27	-	-
Consorcio Libertador S.A. (7)	4	4	-	-
Consorcio Dock del Plata S.A. (7)	-	3	-	-
FYO minority shareholders	-	134	-	-
Total	**Ps. 45,194**	**Ps. 54,588**	**Ps. 20**	**Ps. 20**

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8. Balances and transactions with related parties (continued)

The transactions with related parties as of June 30, 2011, 2010 and 2009 is as follows:

	Income for shared services and expenses			Fees		
Related Parties	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Alto Palermo S.A. (12)	Ps. -Ps.	-Ps.	-Ps.	-Ps.	-Ps.	-
IRSA (1)	-	-	-	-	-	-
Tarjeta Shopping S.A. (12)	85	-	-	-	-	-
Consultores Asset Management S.A. (10)	-	-	-	(23,618)	(20,601)	(13,641)
CYRSA S.A. (4)	-	73	-	**-**	**-**	**-**
Canteras Natal Crespo S.A. (4)	48	48	48	-	-	-
Consorcio Libertador S.A. (7)	123	123	124	-	-	-
Consorcio Dock del Plata S.A. (7)	78	195	**-**	-	**-**	**-**
Estudio Zang, Bergel & Viñes	226	-	-	-	-	-
Directors	-	-	-	(52,862)	(50,198)	
Consorcio Torre Boston (7)	-	54	-	-	-	-
Total	**Ps. 560**	**Ps. 493**	**Ps. 172**	**Ps. (76,480)**	**Ps. (70,799)**	**Ps. (13,641)**

	Rent Expenses			Leases			Legal services		
Related Parties	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Estudio Zang, Bergel & Viñes (3)	Ps. -Ps.	-Ps.	-Ps.	-Ps.	97Ps.	-Ps.	(7,708)Ps.	(4,921)Ps.	(5,532)
Cactus Argentina S.A. (1)	(1,304)	(2,090)	733	-	-	-	-	-	-
CYRSA S.A. (4)	-	-	-	4	24	225	-	-	-
Tarshop S.A.	-	-	-	3,954	-	-	-	-	-
Consultores Asset Management S.A.	-	-	-	99	-	-	-	-	-
Consorcio Libertador S.A. (7)	-	-	-	12	11	9	-	-	-
Advances to employees (7)	-	-	-	-	-	109	-	-	-

Total	**Ps. (1,304)**	**Ps. (2,090)**	**Ps. 733**	**Ps. 4,069**	**Ps. 132**	**Ps. 343**	**Ps. (7,708)**	**Ps. (4,921)**	**Ps. (5,532)**

Related Parties	Interest gain (loss) 2011	2010	2009	Administrative services 2011	2010	2009	Others 2011	2010	2009
Alto Palermo S.A. (12)	Ps. -	Ps. -	Ps. 923	Ps. -	Ps. -	Ps. -	Ps. -	Ps. -	Ps. 243
IRSA (1)	-	-	1	-	-	-	-	-	-
Generals Stockholders	-	-	-	-	-	-	-	-	-
Inversora Bolivar S.A. (2)	-	-	-	-	-	(38)	-	-	(429)
BrasilAgro (1)	-	-	-	-	-	408	-	-	-
Canteras Natal Crespo S.A. (4)	4	100	83	-	-	-	-	-	-
Consorcio Libertador S.A. (7)	-	-	-	-	-	-	-	-	-
Consorcio Dock del Plata SA	-	-	-	-	-	-	-	-	-
CYRSA S.A. (4)	-	-	-	-	-	-	-	-	-
Consorcio Torre Boston	-	-	-	-	-	-	-	-	-
Cactus Argentina S.A. (1)	-	9	907	48	152	171	28	40	336
Consultores Asset Management S.A.	-	-	-	-	-	-	-	-	-
Cresca (4)	33	-	-	686	703	-	-	-	-
Inversiones Financieras del Sur S.A. (5)	2,566	804	1,111	-	-	-	-	-	-
Fundación IRSA (8)	-	-	-	-	-	-	(3,134)	5,592	1,730
Advances to employees (7)	380	95	205	-	-	-	-	-	-
Parque Arauco S.A. (6)	(315)	(8,049)	-	-	-	-	-	-	-
Tarshop S.A.	80	-	-	-	-	-	12,596	-	-
Directors	(4)	(9)	-	-	-	-	-	-	-
Agro-Uranga S.A. (1)	-	-	-	-	-	-	1,567	1,323	340
Total	**Ps. 2,744**	**Ps. (7,050)**	**Ps. 3,230**	**Ps. 734**	**Ps. 855**	**Ps. 541**	**Ps. 11,057**	**Ps. 6,955**	**Ps. 2,220**

(1) Equity investee of Cresud.

(2) Equity investee of IRSA.

(3) Law firm whose partners are directors of Cresud.

(4) Venture of Cresud.

(5) Controlling shareholders of the company.

(6) Minority shareholders of APSA, an indirect subsidiary of Cresud.

(7) Property manager of IRSA´s buildings, a subsidiary of Cresud.

(8) Not for profit organization whose president is a shareholder and director of Cresud.

(9) An open – ended investment fund which is related to the Company's directors.

(10) A Company advisory services whose majority shareholder is a shareholder and Director of Cresud.

(11) A Company whose directors are shareholders of Cresud.

(12) Subsidiary of IRSA, a subsidiary of Cresud.

(13) Merged with Cyrsa.

(14) Investment of IRSA, a subsidiary of Cresud

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9. Sugar Cane Supply Contract between BrasilAgro and ETH Bioenergía (formerly Brenco)

On March 6, 2008, BrasilAgro entered into contracts for the exclusive provision to ETH Bioenergía, whereby ETH Bionenergía is contractually obligated to purchase the full production of two crop cycles of sugar cane comprising six agricultural years with five cuts, with the possibility of extending them for another full agricultural cycle upon prior agreement of the parties. The duration of each cycle may be extended, also upon prior agreement of the parties. One of the contracts involves farming to be implemented by BrasilAgro in an area of approximately 5,718 hectares in Fazanda Araucária, while the second one pertains to an approximate area of 3,669 hectares in Farmland Alto Taquari.

For purposes of these contracts, the price of the sugar cane ton shall be the price fixed based on the total recoverable sugar in the cane, by ton of sugar cane effectively delivered, according to the production mix of the industrial unit involved.

Currently the Company is selling to ETF under this contract at the market price.

10. Segment information

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

As discussed in Note 2.b), during fiscal year 2009 the Company acquired an additional 11.57% equity interest in IRSA and increased its ownership interest to 53.7%. Thus, effective October 1, 2008, the Company started consolidating the accounts of IRSA on a line-by-line basis.

In December 2010, the Company made up a capital contribution to Cactus, increasing its shareholding interest to 80% and gained control over the entity. This entity is primarily involved in agro-industrial and industrial-related activities which require further processes to the cattle primary operations. Cactus owns a slaughter house which processes meat sourced from the Company's own cattle or other third parties as needed. Cattle is fed in Cactus's feedlots prior to being slaughtered and processed.

Upon gaining control of the entity and receiving consolidating information for Cactus, the CODM revised its internal reporting structure and made the following changes:

- The slaughtering and processing of meat and its associated feedlot operations are considered a separate business -although related- and is reviewed separately as such by the CODM. These activities are referred to in the reporting to the CODM as "Slaughtering and Feedlot business";

- The agricultural business of the Company now includes only farming activities or primary activities which do not have any industrial or industrial-related processes;

The "Agriculture business and the Slaughtering and Feedlot business" comprises the Company's Agribusiness activities; and,

- The Real Estate Business remained unchanged.

Each of the Agriculture, Slaughtering and Feedlot, and Real Estate businesses comprises several reportable segments which are described in detail further below. These changes in the current internal reporting structure have been retroactively reflected in the segment information of prior years. However, for the years ended June 30, 2010 and 2009, the Slaughtering and Feedlot business does not include the consolidated accounts of Cactus because the Company did not have control of the entity for those periods. Rather Cactus is reflected as an equity-method investee for those periods and performance measured based on the gain or loss from the equity investee.

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10. Segment information (continued)

Following is a description of the reportable segments within the Agricultural Slaughtering/ Feed Lot and Real Estate businesses of the Company.

A. Agriculture business:

The Company's agricultural operations are conducted through six business segments organized primarily on a product-line basis, with each segment offering a variety of different but interrelated products. The Company's agricultural operations are subject to various risks, including but not limited to market prices for commodities, weather conditions and environmental concerns. One of the cornerstones of the Company is the transformation of farmland through its agricultural activities. Ultimately the Company may sell farmland to profit from land value appreciation opportunities and which, in the judgment of management, are surplus to the Company's primary operations. Gains on the sale of farmland properties are presented in "Sales of farmlands" in the consolidated statements of income.

For all years presented the Company's principal operations were located in Argentina, the country of domicile. For the years ended June 30, 2011 and 2010, the Company's international operations were concentrated in Brazil through its equity investment in BrasilAgro. As discussed above, for the year ended June 30, 2011, the Company continued its business in Brazil while it expanded its international operations to Bolivia and Paraguay.

The Company's business segments within the Agriculture business are as follows:

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

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

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

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

- Farmland Sales Segment consists of gains from the sale of farmland to profit from land value appreciation opportunities as part of the land transformation objectives of the Company;

- Non-Operating Segment includes gains or losses from equity investees and depreciation for corporate assets.

The Company evaluates the performance of its Agriculture business segments based on gross income (loss) from agricultural production plus gross income from sales - including sales of products and farmland- less selling and administrative expenses plus unrealized gains or losses on inventories. The column titled "Sub-Total Agriculture business" represents the addition of the segment gains or losses from the Crops (Domestic and International, as applicable), Beef Cattle, Milk, Feedlot (as applicable), Others and Farmland Sales Segments. Excluded from total segment gains or losses are the gains or losses from the other equity investees of the Company included in the Non-Operating Segment.

Accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intercompany transactions between segments, if any, are eliminated.

B. Slaughtering and Feed lot business

The Company´s slaughtering and feed lot operations are conducted through its subsidiary Cactus. This segment's main business is the production of meat under the so-called "feedlot fattening" method and slaughtering.

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10. Segment information (continued)

The feedlot cattle beef production is processed in Exportaciones Agroindustriales Argentina S.A.'s packing plant for the domestic and foreign markets. Feedlot fattening with a corn-based diet has been growing at a very dynamic pace. The company has gained market reputation thanks to the uniform final product offered by feedlot-finished animals, which provides purchasers with high-quality products and higher yields, succeeding in offering differential sales prices. Cactus continues to receive cattle from farmers that repeat their productive process whereby they breed and re-breed their animals in their own farms and finish them at Cactus.

The accounting policies of the segment are the same as those described in Note 3.

C. Real Estate Business

The Company's real estate operations are conducted through its subsidiary IRSA. The real estate business is further segmented as follows:

- Development and Sale of Properties: this segment includes the operating results of the Company's construction and ultimate sale of residential buildings business.

- Office and Other Non-Shopping Center Rental Properties: this segment includes the operating results of the Company's lease and service revenues of office space and other non-retail building properties from tenants.

- Shopping Centers: this segment includes the operating results of the Company's shopping centers principally comprised of lease and service revenues from tenants.

- Consumer Financing: this segment includes the origination of loans and credit card receivables and related securitization programs carried through Tarshop.

- Hotel Operations: this segment includes the operating results of the Company's hotels principally comprised of room, catering and restaurant revenues.

- Financial Operations and Others: this segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities of the Company. This segment also includes the gains or losses on the equity investees of the Company.

The accounting policies of the segments are the same as those described in Note 3.

Financial information for each segment follows:

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Year ended June 30, 2011:	**Agribusiness Activities**								
Statement of income data	**Agricultural Business**								Slaug
	Crops		Cattle		Others				
	Local	International	Beef	Milk		Farmland sales	Operating (i)	**Agriculture business**	Fe bu
							Non	**Subtotal**	
Agricultural production income	Ps. 259,215	Ps. 69,415	Ps. 46,574	Ps. 31,277	Ps. -	Ps. -	Ps. -	Ps 406,481	
Cost of agricultural production	(190,431)	(40,695)	(24,987)	(23,965)	-	-	-	(280,078)	
(Loss) Gross income from agricultural production	68,784	28,720	21,587	7,312	-	-	-	126,403	
Sales (iii)	270,979	72,030	50,909	28,381	58,048	84,507	-	564,854	
Cost of sales (iv	(241,093)	(64,409)	(58,034)	(28,381)	(41,383)	(29,906)	-	(463,206)	(1
Gross income (loss) from sales	29,886	7,621	(7,125)		16,665	54,601	-	101,648	
Gross (Loss) profit	98,670	36,341	14,462	7,312	16,665	54,601	-	228,051	
Unrealized gain / (loss) on inventories	(17,756)	1,297	69,752	-	217	-	-	53,510	
Selling expenses	(45,837)	(7,054)	(2,461)	(1,405)	(4,717)	-	-	(61,474)	
	(23,837)	(5,250)	(14,192)	(1,739)	(3,273)	(3,542)	-	(51,833)	

Administrative expenses									
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-	
Net gain from retained interest in securitized receivables of consumer financing	-	-	-	-	-	-	-	-	
(Loss) Gain on equity investees	-	-	-	-	-	-	3,328	-	(
Segment (loss) gain	11,240	25,334	67,561	4,168	8,892	51,059	-	168,254	(
Operating Margin **(ii)**	2.1%	17.9%	69.3%	7.0%	15.3%	60.4%	-	17.3%	
Depreciation	(3,680)	(671)	(1,732)	(1,078)	(554)	-	(1,217)	(8,932)	
Balance Sheet Data									
Assets	Ps. 445,977	Ps. 2,016,016	Ps. 317,414	Ps. 66,362	Ps. 36,803	Ps. 18,765	Ps. 543,704	Ps. 3,445,041	

(i) Not included in the segment gain.
(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.
(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.
(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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Year ended June 30, 2010:	**Agribusiness Activities**								
Statement of income data	**Agricultural Business**								S
	Crops		Cattle		Others			**Agriculture business**	
	Local	International	Beef	Milk		Farmland sales	Operating (i) Non	**Subtotal**	
Agricultural production income	Ps. 143,772	Ps. 27,076	Ps. 20,830	Ps. 26,043	Ps. -	Ps. -	Ps. -	Ps. 217,721	Ps.
Cost of agricultural production	(132,301)	(27,423)	(21,850)	(20,383)	-	-	-	(201,957)	
(Loss) Gross income from agricultural production	11,471	(347)	(1,020)	5,660	-	-	-	15,764	
Sales (iii)	164,522	30,129	39,274	24,415	50,497	18,557	-	327,394	
Cost of sales (iv)	(148,077)	(27,552)	(46,682)	(24,415)	(38,102)	(4,825)	-	(289,653)	
Gross income (loss) from sales	16,445	2,577	(7,408)	-	12,395	13,732	-	37,741	

Gross (Loss) profit	27,916	2,230	(8,428)	5,660	12,395	13,732	-	53,505
Unrealized gain / (loss) on inventories	1,515	(268)	84,349	-	(107)	-	-	85,489
Selling expenses	(23,127)	(4,481)	(2,550)	(540)	(3,355)	-	-	(34,053)
Administrative expenses	(19,440)	(7,203)	(12,329)	(2,229)	(1,839)	(1,346)	-	(44,386)
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-
Net gain from retained interest in securitized receivables of consumer financing	-	-	-	-	-	-	-	-
(Loss) Gain on equity investees	-	-	-	-	-	-	(12,105)	-
Segment (loss) gain	(13,136)	(9,722)	61,042	2,891	7,094	12,386	-	60,555
Operating Margin **(ii)**	(4.3%)	(17%)	101.6%	5.7%	14%	66.7%	-	11.1%
Depreciation	(5,044)	-	(1,842)	(687)	(279)	-	(653)	(8,505)
Balance Sheet Data								
Assets	Ps. 381,962	Ps. 442,276	Ps. 265,567	Ps. 51,330	Ps. 19,674	Ps. 3,162	Ps. 162,020	Ps. 1,325,991 Ps

(i) Not included in the segment gain.
(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.
(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.
(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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Year ended June 30, 2009:	**Agribusiness Activities**							
Statement of income data	**Agricultural Business**							S
	Crops		Cattle		Others			
	Local	International	Beef	Milk		Farmland sales	Operating (i)	**Agriculture business**
							Non	**Subtotal**
Agricultural production income	Ps. 118,582	Ps. 15,597	Ps. 18,120	Ps. 20,213	Ps. -	Ps. -	Ps. -	Ps. 172,512 Ps.
Cost of agricultural production	(159,109)	(16,807)	(16,241)	(18,286)	-	-	-	(210,443)
(Loss) Gross income from agricultural production	(40,527)	(1,210)	1,879	1,927	-	-	-	(37,931)
Sales (iii)	147,680	16,783	17,646	19,270	36,045	1,959	-	239,383
Cost of sales (iv)	(130,054)	(14,915)	(16,237)	(19,316)	(24,210)	(94)	-	(204,826)
Gross income (loss) from sales	17,626	1,868	1,409	(46)	11,835	1,865	-	34,557
Gross (Loss) profit	(22,901)	658	3,288	1,881	11,835	1,865	-	(3,374)

Unrealized (loss) / gain on inventories	(691)	(183)	(860)	-	398	-	-	(1,336)
Selling expenses	(18,676)	(2,406)	(1,323)	(328)	(2,474)	-	-	(25,207)
Administrative expenses	(16,938)	(3,018)	(9,036)	(1,620)	(1,349)	(140)	-	(32,101)
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-
Net loss in credit card trust Tarshop	-	-	-	-	-	-	-	-
Gain on equity investees	-	-	-	-	-	-	(38,216)	-
Segment gain (loss)	(59,206)	(4,949)	(7,931)	(67)	8,410	1,725	-	(62,018)
Operating Margin **(ii)**	(22.2%)	(15.3%)	(22.2%)	(0.2%)	23.3%	88.1%	-	(15.1%)
Depreciation	(3,799)	(105)	(1,408)	(615)	(1,066)	-	(835)	(7,828)
Balance Sheet Data								
Assets	Ps. 421,531	Ps. 250,773	Ps. 208,973	Ps. 44,645	Ps. 6,223	Ps. 9,121	Ps. 138,783	Ps.. 1,103,031 Ps

(i) Not included in the segment gain.
(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.
(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.
(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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11. Income tax

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

Income tax expense for the years ended June 30, 2011, 2010 and 2009 consists of the following:

		2011		**2010**		**2009**
Current income tax expense	Ps.	98,986	Ps.	82,743	Ps.	61,718
Deferred income tax expense		26,457		63,209		30,964
Income tax expense	**Ps.**	**125,443**	**Ps.**	**145,952**	**Ps.**	**92,682**

Resolution CD 93/2005 issued by CPCECABA provided for the accounting treatment of differences between the tax basis and book basis of non-monetary items for deferred income tax calculation purposes when companies prepare price-level restated financial statements. This Resolution standard mandates companies to treat these differences as temporary differences but allowed a one-time accommodation to continue treating these differences as permanent at the time of adoption of the standard. As a result, the Company elected to continue treating differences as permanent. The estimated effect as of June 30, 2011 that the adoption of the new criteria would have generated would be a decrease in shareholder's equity of approximately Ps. 149.2 million.

Income tax expense for the years ended June 30, 2011, 2010 and 2009 differed from the amounts computed by applying the Company's statutory income tax rate to pre-tax income as a result of the following:

		2011		**2010**		**2009**
Income tax expense at statutory tax rate on pretax income	Ps.	177,455	Ps.	180,672	Ps.	109,028
Donations		132		10		13
Inflation adjustment		17,830		24,837		22,388

Gain on equity investees		(45,210)		(53,443)		(23,257)
Financial income with tax exemption		-		-		(13,818)
Personal asset tax		2,969		2,945		3,721
Tax loss carryfoward recognized during the year		(15,819)		(41,826)		-
Non-Deductible expenses		4,861		3,003		3,271
Difference in previous tax return		249		-		-
Tax loss carryfowards prescripted		1,263		-		-
Change in valuation allowance		(7,172)		42,499		(244)
Others		(11,115)		(12,745)		(8,420)
Income tax expense	**Ps.**	**125,443**	**Ps.**	**145,952**	**Ps.**	**92,682**

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

11. Income tax (continued)

The tax effects of temporary differences that give rise to the Company's deferred tax assets and liabilities as of June 30, 2011 and 2010 are presented below:

		2011		2010
Foreign currency	Ps.	(1,425)	Ps.	(48)
Tax loss carryforwards		183,403		124,273
Provisions and others		10,727		11,256
Other receivables		13,731		1,767
Property and equipment		(597,733)		(228,876)
Inventories		(95,255)		(58,629)
Prevision of deferred income tax		(33,105)		(60,504)
Short-term and long-term debts		(11,633)		(11,057)
Other liabilities		(13,753)		1,783
Trade accounts receivable		4,116		12,371
Advances from customers		44,536		37,712
Salaries and social security payable		2,244		1,835
Intangible assets		(10,140)		(10,742)
Investments		(19,162)		(3,618)
Net deferred tax liability	**Ps.**	**(523,449)**	**Ps.**	**(182,477)**

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

As of June 30, 2011 and 2010 the Company and its subsidiaries had accumulated income tax loss carryforwards of approximately Ps. 528.0 million and Ps. 355.1 million, which, on an individual entity basis, may be offset against future years' taxable income in accordance with income tax law. Such tax loss carryforwards expire at various dates through 2011 to 2016.

12. Earnings per share

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

	Year ended June 30,		
	2011	**2010**	**2009**
Numerator:			
Net income available to common shareholders.	Ps. 212,565	Ps. 185,406	Ps. 124,616
Net income available to common shareholders plus assumed conversions	Ps. 212,565	Ps. 185,406	Ps. 124,616
Denominator:			
Weighted-average number of shares outstanding	496,560,206	486,545,863	484,929,612
Plus: incremental shares of assumed conversions:			