CRESUD INC
Form 6-K
November 29, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15b-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2010

CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA

FINANCIERA Y AGROPECUARIA

(Exact name of Registrant as specified in its charter)

CRESUD INC.

(Translation of registrant s name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Moreno 877, 23rd Floor, (C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F T Form 40-F ______

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

Yes ______ No T

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

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the nine-month period ended on September 30, 2010 and on September 30, 2009 filed by the Company with the *Bolsa de Comercio de Buenos* Aires and with the *Comisión Nacional de Valores.*

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria,

Financiera y Agropecuaria

Free Translation of the Unaudited Financial Statements

Corresponding to the three-month periods

ended September 30, 2010 and 2009

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Comercial, Inmobiliaria, Financiera y Agropecuaria

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Free Translation of the Unaudited

Consolidated Financial Statements

corresponding to the three-month periods

ended September 30, 2010 and 2009

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria

Fiscal year No. 76 started on July 1, 2010

Unaudited Financial Statements for the period ended September 30, 2010

In comparative format with previous fiscal year (Note 1- Consolidated Statements)

(in thousands of pesos)

Legal Address:	Moreno 877, 23 Floor Ciudad Autónoma de Buenos Aires
Principal Activity:	Agriculture, livestock and real-estate

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Free translation from the original prepared in spanish

for publication in Argentina

Of the by-laws:	February 19th, 1937
Of the latest amendment:	July 28th, 2008
Duration of the Company:	June 6th, 2082

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

CAPITAL STATUS (Note 3 of basic financial statements)

SHARES

Type of stock	Authorized to be offered publicly	Subscribed	Paid-in
Ordinary certified shares of Ps. 1 face value and 1 vote each	501,560,508	501,560,508	501,560,508

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Unaudited Consolidated Balance Sheet as of September 30, 2010 and 2009 and June 30, 2010

(in thousands of pesos)

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

	September 30, 2010 (Notes 1 and 2)	June 30, 2010 (Notes 1 and 2)	September 30, 2009 (Notes 1 and 2)
ASSETS			
Current Assets			
Cash and banks (Note 4.a.)	95,711	80,919	95,263
Investments (Note 4.b.)	539,908	278,968	325,687
Trade accounts receivable, net (Note 4.c.)	265,177	441,065	269,445
Other receivables (Note 4.d.)	195,696	251,908	246,225
Inventories (Note 4.e.)	447,728	400,521	133,815
Total Current Assets	1,544,220	1,453,381	1,070,435
Non-Current Assets			
Trade accounts receivable (Note 4.c.)	16,774	42,123	18,361
Other receivables (Note 4.d.)	319,674	248,315	212,508
Inventories (Note 4.e.)	202,490	204,218	268,952
Investments on controlled and related companies (Note 4.b.)	2,044,240	1,881,135	1,563,716
Other investments (Note 4.b.)	1,257	18,935	8,974
Property and Equipment, net (Note 4.f.)	3,315,952	3,290,221	3,287,352
Intangible assets, net (Note 4.g.)	75,342	88,585	53,505
Subtotal Non-Current Assets	5,975,729	5,773,532	5,413,368
Goodwill, net (Note 4.h.)	(384,157)	(389,025)	(414,513)
Total Non-Current Assets	5,591,572	5,384,507	4,998,855
Total Assets	7,135,792	6,837,888	6,069,290
LIABILITIES			
Current Liabilities			
Trade accounts payable (Note 4.i.)	271,882	403,743	313,600
Mortgages payable (Note 4.j.)			
Short-term debt (Note 4.k.)	681,973	1,059,736	583,167
Salaries and social security payable (Note 4.l.)	43,142	61,484	37,521
Taxes payable (Note 4.m.)	78,791	108,558	145,834
Advances from customers (Note 4.n.)	226,586	216,464	116,507
Other liabilities (Note 4.o.)	58,674	73,253	54,517
Provisions for lawsuits and contingencies (Note 4.p.)	1,347	5,479	2,434

Total Current Liabilities	1,362,395	1,928,717	1,253,580
Non-Current Liabilities			
Trade accounts payable (Note 4.i.)	24,458	23,368	79,810
Mortgages payable (Note 4.j.)			985
Advances from customers (Note 4.n.)	89,112	90,393	162,095
Long-term debt (Note 4.k.)	1,594,135	853,166	878,519
Taxes payable (Note 4.m.)	292,019	273,963	211,702
Other liabilities (Note 4.o.)	75,661	65,372	82,231
Provisions for lawsuits and contingencies (Note 4.p.)	9,620	9,708	8,455
Total Non-Current Liabilities	2,085,005	1,315,970	1,423,797
Total Liabilities	3,447,400	3,244,687	2,677,377
Minority interest	1,644,254	1,625,008	1,491,629
SHAREHOLDERS EQUITY	2,044,138	1,968,193	1,900,284
Total Liabilities and Shareholders Equity	7,135,792	6,837,888	6,069,290

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

Alejandro G. Elsztain

Vicepresident II

acting as President

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Unaudited Consolidated Statements of Income

Corresponding to the three-month periods beginning on July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Agricultural production income (Note 5)	35,143	13,206
Cost of agricultural production (Note 5)	(35,345)	(22,388)
Production loss - Agricultural	(202)	(9,182)
Sales - crops, beef cattle, milk and others (Note 5)	90,580	62,631
Sales of farm (Note 5)	71,096	
Cost of sales - crops, beef cattle, milk and others (Note 5)	(80,770)	(56,734)
Cost of sales of farms (Note 5)	(21,652)	
Sales profit - Agricultural business	59,254	5,897
Sales and development of properties (Note 5)	10,979	36,339
Income from lease and service of offices, shopping centers, hotels, consumer financing and others (Note 5)	296,298	230,711
Cost of sales and development of properties (Note 5)	(5,972)	(14,887)
Cost of lease and service offices, shopping centers, hotels, consumer financing and others (Note 5)	(100,925)	(97,211)
Sales profit - Real estate business	200,380	154,952
Gross profit (loss) - Agricultural business	59,052	(3,285)
Gross profit - Real estate business	200,380	154,952
Gross profit	259,432	151,667
Selling expenses	(46,178)	(50,922)
Administrative expenses	(60,206)	(47,212)
Gain from recognition of inventories at net realizable value	13,453	10,946
Unrealized gain (Note 4.q.)	11,935	2,287
Net gain from retained interest in consumer finance trusts	5,213	23,509
Operating gain	183,649	90,275
Amortization of goodwill	9,599	10,127
Financial results		

Generated by assets:		
Exchange gains	10,277	7,418
Interest income (Note 4.r.)	8,580	1,511
Other unrealized (loss) gain (Note 4.r.)	(18,055)	7,995
Subtotal	802	16,924
Generated by liabilities:		
Exchange loss	(12,710)	(12,424)
Loans and convertible notes	(63,220)	(44,440)
Other unrealized gain (loss) (Note 4.r.)	779	(2,508)
Subtotal	(75,151)	(59,372)
Financial results, net	(74,349)	(42,448)
Gain on participation in equity investees	15,233	93,576
Other income and expenses, net (Note 4.s.)	(5,236)	(6,098)
Management fee	(5,761)	(6,803)
Net income before income tax and minority interest	123,135	138,629
Income tax and minimum presumed income tax	(23,946)	(15,376)
Minority interest	(47,339)	(61,426)
Net income for the period	51,850	61,827
Earnings per share :		
Basic net gain per share (Note 9 to the basic financial statements)	0.10	0.13
Diluted net gain per share (Note 9 to the basic financial statements)	0.09	0.12

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

Alejandro G. Elsztain

Vicepresident II

acting as President

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Unaudited Consolidated Statements of Cash Flows

Corresponding to the three-month periods beginning on July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	175,653	211,676
Cash and cash equivalents at the end of the period	503,338	198,340
Increase (decrease) net in cash and cash equivalents	327,685	(13,336)
Causes of changes in cash and cash equivalents		
Operating activities		
Income for the period	51,850	61,827
Income tax	23,946	15,376
Adjustments made to reach net cash flow from operating activities		
Gain on equity investees	(15,233)	(93,576)
Minority interest	47,339	61,426
Increase in allowances and provisions	25,272	16,861
Depreciation and amortization	44,978	44,525
Unrealized gain on Inventories	(11,935)	(2,287)
Financial results	45,879	(18,610)
(Gain) loss from sales of fixed assets and undeveloped parcels of land	(3,941)	1,491
Adjustment valuation to net realizable value in other assets	(13,453)	(10,946)
Amortization of goodwill	(9,599)	(10,127)
Changes in operating assets and liabilities		
(Increase) decrease in current investments	(47,529)	18,014
(Increase) decrease in trade accounts receivable, leases and services	(62,672)	22,156
(Increase) decrease in other receivables	(91,523)	40,147
(Increase) decrease in inventories	(21,563)	10,205
Increase in intangible assets	(1,117)	(612)
Decrease in social security payables, taxes payable and advances from customers	(28,970)	(5,439)
Increase (decrease) in trade accounts payable	39,578	(50,083)
Dividends collected	2,116	117
Increase (decrease) in accrued interest	39,183	(2,930)
Increase (decrease) in other liabilities	18,907	(59,689)
Cash flows provided by operating activities	31,513	37,846
Investing activities		
Decrease in non-current investments	384	
Increase in interest on equity investees (except IRSA)	(42,468)	(56,189)
Acquisition and upgrading of fixed assets	(25,669)	(31,678)

Trade receivables of fixed assets collected	2,652	2,429
Gain on the sales of fixed assets	17,918	
Income for the acquisition of equity investees, net of cash disposed	67,477	
Payment for subsidiary acquired, net of cash acquired	(9,969)	
(Sale) purchase of undeveloped parcels of lands and other non-current investments	(34,932)	5,467
Collection (increase) of loans granted	41	(1,326)
Collection of receivables of Subsidiaries, related companies Law No. 19,550 Section 33 and related parties	15,362	
Advances for purchase of Arcos del Gourmet S.A. shares	(29,438)	
Payment of financed purchase	(3,950)	
Cash flows applied to investing activities	(42,592)	(81,297)

Alejandro G. Elsztain

Vicepresident II

acting as President

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Unaudited Consolidated Statements of Cash Flows (continued)

Corresponding to the three-month periods beginning on July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Financing activities		
Issuance of non-convertible notes	712,373	49,469
Increase in loans	113,874	20,074
Decrease in loans	(430,850)	(45,891)
Decrease in mortgages payable	(25,366)	
Payment of financial interest	(31,741)	
Acquisition of minority interest		6,463
Contributions from minority shareholders	474	
Cash flows provided by financing activities	338,764	30,115
Net increase (decrease) in cash and cash equivalents	327,685	(13,336)

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

	September 30, 2010	September 30, 2009
Items not involving changes in cash and cash equivalents		
Inventory transferred to property and equipment	290	244
Increase in non-current investments through an increase in long-term debts		34,243
Increase in fixed assets through an increase in trade accounts payable	5,352	174
Increase in non-current investments by transitory conversion differences	24,817	26,447
Financial costs capitalized in fixed assets		1,963
Undeveloped parcels of land transferred to inventory	3,030	
Increase in fixed assets through an increase in long term debts	53,896	
Increase in Inventories through a decrease in fixed assets		8,644
Issuance of certificates of participation	18,786	4,580
Decrease in inventories through a decrease in advances from customer	1,920	
Increase in related parties interest through a decrease in other receivables	36,036	8,838
Increase in non-current investments through an increase in other liabilities	6,053	
Complementary information		
Interest paid	44,005	41,341
Income tax paid	6,857	4,026

Alejandro G. Elsztain

Vicepresident II

acting as President

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Cash Flows (continued)

Corresponding to the three-month periods beginning on July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Acquisition of subsidiaries companies		
Other receivables	(36,036)	
Investments	17,952	
Acquired assets that do not affect cash, net value	(18,084)	
Minority interest	31,369	
Goodwill generated by the purchase	(3,316)	
Purchase value of subsidiaries companies, net of cash acquired	9,969	

	September 30, 2010	September 30, 2009
Sale of Subsidiaries		
Receivables, leases and services	278,805	
Other receivables	29,108	
Investment	143,646	
Fixed assets	2,829	
Financial loans	(91,173)	
Trade account payables	(204,255)	
Salaries and social security payable	(11,221)	
Tax payables	(14,654)	
Other debts	(62)	
Net value of sale assets not affecting cash	133,023	
Advance funds	(21,252)	
Impairment and sale of investment	(12,119)	
Remaining investment	(32,175)	
Income from sale of companies, net of funds transferred	67,477	

Alejandro G. Elsztain

Vicepresident II

acting as President

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements

For the fiscal years beginning on July 1, 2010 and 2009

and ended June 30, 2010 and 2009

(in thousands of pesos)

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

NOTE 1: BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Basis of consolidation

The company consolidated on a line by line basis the Balance Sheet as of September 30, 2010 and 2009 and the Statements of Income and the Statements of Cash Flows for the periods ended as of September 30, 2010 and 2009 with the financial statements of subsidiaries, following procedures established by Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), aproved by Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires and Comisión Nacional de Valores.

Significant transactions and balances with subsidiaries have been eliminated from the consolidation.

During the semester ended December 31, 2008, Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries (Cresud , or the Entity or the Company) acquired directly and indirectly 68,712,008 additional shares of IRSA Inversiones y Representaciones Sociedad Anónima (IRSA). Thus, the Company s direct and indirect interest in IRSA through its affiliates amounted to 54.01%, therefore, from October 1, 2008, the Company began to consolidate the financial statements of IRSA in accordance with Technical Resolution No. 21.

The financial statements as of September 30, 2010 and 2009 of the subsidiary companies Northagro S.A. (Northagro), Futuros y Opciones.Com S.A. (FyO.Com), Agrotech S.A. (Agrotech), Pluriagro S.A. (Pluriagro), FyO Trading S.A. (FyO Trading), Agrology S.A. and IRSA have been used in order to determine line by line consolidation.

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

On September 13, 2010, APSA sold its 80% interest in Tarshop S.A. Consequently, the unaudited consolidated balance sheet as of this closing does not include Tarshop and the unaudited statements of income and the unaudited statement of cash flows include such company only for the two-month period when Alto Palermo S.A. (APSA) held control over it. Therefore, the compatibility of consolidated financial statements is affected.

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(in thousands of pesos)

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

NOTE 1: (Continued)

Relevant totals from the Company s consolidated financial statements assuming that the sale of share of Tarshop S.A. had taken place on June 30, 2010 and September 30, 2009 disclosed comparatively are shown in the following chart:

Balance Sheet as of June 30, 2010

Item	Published Financial Statement as of June 30, 2010 (in pesos)	Tarshop SA as of June 30, 2010 (in pesos)	Financial Statements in the event of sale as of June 30, 2010 (in pesos)
Currents assets	1,453,381	(268,982)	1,184,400
Non-current assets	5,384,507	28,881	5,413,388
Total assets	**6,837,888**	**(240,101)**	**6,597,788**
Current liabilities	(1,928,717)	242,802	(1,685,915)
Non-current liabilities	(1,315,970)	(2,701)	(1,318,672)
Total liabilities	**(3,244,687)**	**240,101**	**(3,004,587)**
Minority Interest	(1,625,008)		(1,625,008)
Shareholders Equity	**(1,968,193)**		**(1,968,193)**

Balance Sheet as of September 30, 2009

Item	Published Financial Statement as of September 30, 2009 (in pesos)	Tarshop SA as of September 30, 2009 (in pesos)	Financial Statements in the event of sale as of September 30, 2009 (in pesos)
Currents assets	1,070,435	(208,522)	861,913
Non-current assets	4,998,855	1,537	5,000,392
Total assets	**6,069,290**	**(206,985)**	**5,862,305**
Current liabilities	(1,253,580)	182,255	(1,071,325)
Non-current liabilities	(1,423,797)	23,290	(1,400,507)
Total liabilities	**(2,677,377)**	**205,545**	**(2,471,832)**
Minority Interest	(1,491,629)	1,440	(1,490,189)
Shareholders Equity	**(1,900,284)**		**(1,900,284)**

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (continued)

(in thousands of pesos)

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

NOTE 1: (Continued)

Statement of income as of September 30, 2009

Item	Published Financial Statement as of September 30, 2009 (in pesos)	Tarshop SA as of September 30, 2009 (in pesos)	Financial Statements in the event of sale as of September 30, 2009 (in pesos)
Production loss Agricultural	(9,182)		
Sale profit Agricultural Business	5,897		
Sale profit Real State Business	154,952	(14,617)	**140,335**
Gross profit	**151,667**	**(14,617)**	**140,335**
Operating gain	90,275	(4,550)	85,725
Net income for the period	**61,827**		**61,827**

Statement of cash flows as of September 30, 2009

Item	Published Financial Statement as of September 30, 2009 (in pesos)	Tarshop SA as of September 30, 2009 (in pesos)	Financial Statements in the event of sale as of September 30, 2009 (in pesos)
Net cash provided by (used in) operating activities	37,846	(20,123)	17,723
Net cash provided by (used in) investing activities	(81,297)	(22,765)	(104,062)
Net cash provided by (used in) financing activities	30,115	42,187	72,302

b) Comparative information

Certain reclassifications have been made on the Financial Statements as of June 30, 2010 and September 30, 2009 and originally issued for the purpose of your presentation with comparative figures as of September 30, 2010.

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Notes to the Unaudited Consolidated Financial Statements (continued)

(in thousands of pesos)

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

NOTE 2: CORPORATE CONTROL

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

Company	**Consolidated direct and indirect percentage of voting shares owned**
IRSA	57.49(1)
FyO.Com	65.85
Agrology S.A.	100.00
FyO Trading	67.09(2)
Agrotech S.A.	100.00(3)
Pluriagro S.A.	100.00(3)
Northagro S.A.	100.00(3)

(1) Includes interests of 6.89% of Agrology S.A.
(2) Includes interests of 63.46% of FyO.Com
(3) Includes interests of 3% of Agrology S.A.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the Subsidiaries mentioned in Note 2 have been prepared based on accounting principles consistent with those followed by the Company for the preparation of its financial statements, as detailed in Note 2 of the basic financial statements.

High relevant valuation and disclosure criteria applied in preparing the financial statements of consolidated companies and not explained in the valuation criteria note of the holding company are as follows:

a) Inventories

Real Estate Business

A property is classified as inventories upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business over the next several years.

Properties classified as inventories have been valued at acquisition or construction cost restated as mentioned in Note 1.b. to the basic financial statements or estimated market value, whichever is lower. Costs include land and land improvements, direct construction costs, construction overhead costs, financial costs and real estate taxes.

Inventories on which advance payments that establish price have been received, and the operation s contract terms and conditions assure that the sale will be effectively accomplished and that the income will be realized, are valued at net realizable value. Profits arising from such valuation are shown in the Gain from valuation of assets at net realizable value caption of the Statements of Income.

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements (continued)

(in thousands of pesos)

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

NOTE 3: (continued)

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.

The amount recorded in inventories, net of allowances set up, does not exceed their estimated recoverable value at the end of the period/year.

Property units to receive:

IRSA has rights to receive certain property units to be built. The units have been valued according to the accounting measuring standards corresponding to inventories receivables (the price established in the deed or net realizable value, as applicable) and there have been disclosed under Inventories .

b) Current investments

Real Estate Business

As of June 30, 2010, current investments included retained interests in securitized receivables pursuant to the securitization programs of Tarshop S.A. and Metroshop S.A. with a realization term not exceeding twelve months, which have been accounted for under the equity method, net of the corresponding allowances for impairment.

As of the date of issuance of these financial statements, this includes participation certificates in the framework of the program for the securitization of receivables arising from the credit card transactions conducted by Metroshop S.A. (a company proportionally controlled by APSA) maturing within a term of up to 12 months and measured by application of the equity method.

c) Non-current investments

Real Estate Business

Investments in debt securities:

Investments in debt securities were valued based on the best estimate of the discounted amount receivable, applying the corresponding internal rate of return estimated at the time of incorporation to assets, as IRSA will hold them to maturity.

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements (continued)

(in thousands of pesos)

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

NOTE 3: (continued)

Investments on controlled and related companies and other non-current investment

As of June 30, 2010, included retained interests in securitized receivables of Tarshop S.A., which have been accounted for under the equity method, net of the corresponding allowances for impairment, if applicable. In addition, the interests held in entities over which the Company does not exert control, joint control or significant influence have been measured for accounting purposes at cost plus any declared dividends.

Given the sale of 80% of Tarshop S.A. s shares described in Note 8 B.2.b, as of the date of issuance of these financial statements, APSA maintains a 20% investment in Tarshop S.A. which has been recognized by application of the equity method on account of the economic group being able to exercise significant influence on its decisions and of the economic group s intention to maintain it as a long-term investment.

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

The Financial Statements of Banco Hipotecario S.A. and Banco de Credito y Securitización S.A. are prepared in accordance with the Central Bank of the Argentine Republic (BCRA) standards. For the purpose of the valuation of the investment in IRSA, adjustments necessary to adequate the financial statements to the professional accounting standards have been considered.

In accordance with the regulations of the BCRA, there are certain restrictions on the distribution of profits by Banco Hipotecario S.A. to IRSA.

Tyrus S.A. and Torodur S. A.:

Uruguay-based Tyrus S.A. and Torodur S.A. have been classified as not integrated into the IRSA s operations in relation to its subsidiaries whose operations are carried out fully abroad. IRSA does not control foreign operations, which are conducted with a significant degree of autonomy respect to the IRSA s own operations. Besides, such operations are mainly financed with funds originating in its own transactions or with local loans.

The Tyrus s and Torodur s assets and liabilities were converted into Pesos at the exchange rate in force at the close of the fiscal period/year. The Statement of Income accounts have been converted into Pesos at the exchange rates in force at the time of each transaction. Foreign exchange gains/losses arising from the conversion have been charged to the Shareholders equity caption in the line Translation Differences .

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Notes to the Unaudited Consolidated Financial Statements (continued)

(in thousands of pesos)

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NOTE 3: (continued)

Undeveloped parcels of lands:

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 restated as mentioned in Note 1.b. to the basic financial statements or market value, whichever is lower.

Land and land improvements are transferred to inventories or fixed assets when construction commences or their trade is decided.

The values thus obtained, do not exceed their respective estimated recoverable values at the end of the period/year.

d) Business combinations

Real Estate Business

Significant entities on net asset acquired by the Company were recorded in line with the purchased method set forth in Technical Resolution No. 18. and Technical Resolution No. 21. All assets and liabilities acquired to third independent parties were adjusted to show their fair value. IRSA identified the assets and liabilities acquired including intangible assets such as: lease agreements acquired for prices and terms that are either higher or lower than in the market; costs of executing and delivering the lease agreements in force (costs that IRSA avoids incurring as a result of acquiring effective lease agreements); the value of acquired brands, the value of any deposits associated to the investment and the intangible value inherent in customer relations.

The process of identification and the determination of the purchased price paid is a matter that requires complex judgments and significant estimates.

IRSA uses the information contained in valuations estimated by independent appraisers as primary base for assigning the price paid for the land, the building and the shopping centers. The amounts assigned to all the other assets and liabilities are based on independent valuations or on the IRSA´s own analysis on comparable assets and liabilities. The current value of tangible assets acquired considers the property value as if it was empty.

If the price paid is larger than the value of tangible and intangible assets and liabilities as identified, the excess is considered to be goodwill.

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Notes to the Unaudited Consolidated Financial Statements (continued)

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NOTE 3: (continued)

e) Property and equipment, net

Real Estate Business

Fixed assets comprise primarily of rental properties and other properties and equipment held for use by IRSA.

Fixed assets value, net of allowances set up, does not exceed estimated recoverable value at the end of the period/year.

Rental properties

Rental properties are carried at acquisition and/or construction cost, restated as mentioned in Note 1.b. to the basic financial statements, less accumulated depreciation and allowance for impairment at the end of the period/year. IRSA capitalizes the financial accrued costs associated with long-term construction projects.

Accumulated depreciation had been computed under the straight-line method over the estimated useful lives of each asset, applying annual rates in order to extinguish their values at the end of its useful life.

IRSA has allowances for impairment of certain rental properties.

Significant renewals and improvements, which improve or extend the useful life of the asset are capitalized and depreciated over its estimated remaining useful life. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation of the assets are eliminated from the accounts and the resulting gain or loss is disclosed in the Statement of Income.

Other properties and equipment

Other properties and equipment properties are carried at cost, restated as mentioned in Note 1.b. to the basic financial statements, less accumulated depreciation at the end of the period/year. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets.

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NOTE 3: (continued)

Assets	**Estimated useful life (years) on contract basis**
Leasehold improvements	According to the duration of the lease
Furniture and fixtures	10
Vehicles	5
Machinery and equipment	10
Computer equipment	3

The cost of maintenance and repairs is charged to expense as incurred.

The cost of significant renewals and improvements are added to the carrying amount of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

f) Intangible assets

Real Estate Business

Intangible assets are carried at restated cost as mentioned in Note 1.b. to the basic financial statements, less accumulated amortization and corresponding allowances for impairment in value, if it applicable. Included in the Intangible assets caption are the following:

Concession

Intangible assets include Arcos del Gourmet S.A.´s concession right, which is amortized over the concession life. (see Note 8.B.2.d.).

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating expenses

Those expenses were amortized by the straight-line method in 3 years, beginning as from the date of opening.

The value of the intangible assets does not exceed their estimated recoverable value at the end of the period/year.

Non-Compete Agreement

These expenses were amortized by the straight-line method in 28 months period starting upon December 1st, 2009.

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NOTE 3: (continued)

In the framework of the agreement executed with Banco Hipotecario S.A. for the sale of Tarshop S.A. s shares, APSA has signed a non-compete agreement in favor of BHSA and has thus considered this intangible asset to be non-recoverable.

g) Goodwill, net

Real Estate Business

Amortizations were calculated through the straight line method on the basis of an estimated useful life considering the weighted average of the remaining useful life of the assets acquired.

The residual value of goodwill arising from the acquisition of net assets and shares in companies has been shown in the Goodwill, net caption. Amortizations were classified in the Amortization of goodwill caption of the statement of income. Goodwills related to the acquisition of interests in subsidiaries is included in non-current investments.

Values thus obtained do not exceed the respective estimated recoverable values at the end of the period/year.

h) Customer advances

Real Estate Business

Customer advances represent payments received in connection with the sale and rent of properties and has been valued according to the amount of money received.

i) Allowances

Real Estate Business

Allowance for doubtful accounts: IRSA allows for losses relating to trade receivables, leases and other accounts receivable. The allowance for losses is recognized when, based on current information and events, it is probable that IRSA will be unable to collect all amounts due according to the terms of the agreements. The allowance is determined on a one-by-one basis considering the present value of expected future cash flows.

While Management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the assessments. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations.

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Notes to the Unaudited Consolidated Financial Statements (continued)

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NOTE 3: (continued)

For impairment of assets: IRSA regularly asses its non-current assets for recoverability at the end of every period.

IRSA has estimated the recoverable value of rental properties based on their economic use value, which is determined based on estimated future cash flows discounted. For the rest of the assets (inventories and undeveloped parcels of land) IRSA makes a comparison with market values based on values of comparable properties. If the recoverable value of assets, which had been impaired in prior years, increases, IRSA records the corresponding reversals of impairment loss as required by accounting standards.

For lawsuits: IRSA has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor issues. IRSA 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, IRSA s estimates of the outcomes of these matters and IRSA 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 an effect on IRSA s future results of operations and financial condition or liquidity.

At the date of issuance of these financial statements, IRSA s Management understands that there are no elements to foresee other potential contingencies having a negative impact on these financial statements.

j) Liabilities in kind related to barter transactions

Real Estate Business

Liabilities in kind corresponding to obligations to deliver units to be built are valued considering the cost of the assets received or the cost of construction of the units to deliver plus necessary additional costs to transfer the assets to the creditor, the major. Liabilities in kind have been shown in the Trade accounts payable .

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NOTE 3: (continued)

k) Revenue recognition

Real Estate Business

1) Revenue recognition of IRSA

Sales of properties

IRSA records revenue from the sale of properties when all of the following criteria are met:

The sale has been consummated.

There is sufficient evidence to demonstrate the buyer s ability and commitment to pay for the property.

The Company s receivable is not subject to future subordination.

The Company has transferred the property to the buyer.

IRSA uses the percentage-of-completion method of accounting with respect to sales of development properties under construction. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs according to budgeted costs. IRSA does not commence gain or loss 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 the IRSA s Management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

Revenues from leases

Revenues from leases are recognized on a straight line basis over the life of the related lease contracts.

Hotel operations

IRSA recognizes revenues from its rooms, catering and restaurant facilities as accrued on the close of each business day.

Net operating results from each business unit are disclosed in Note 5.

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NOTE 3: (continued)

2) Revenue recognition of Alto Palermo S.A. (APSA)

Revenues for admission rights and rental of stores and stands

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 revenues (the Percentage Rent) (which generally ranges between 4% and 10% of tenant s gross revenues).

Furthermore, pursuant to the rent escalation clause in most leases, the tenant s Base Rent generally increases between 7% and 12% each year during the term of the lease. Minimum rental income is recognized following on the accrued criteria.

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

Generally, APSA 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 after the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

Additionally, APSA charges its tenants monthly administration fees related 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 fees are prorated among the tenants according to their leases which vary 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 or upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized in earnings using the straight-line method over the life of the respective lease agreements.

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Notes to the Unaudited Consolidated Financial Statements (continued)

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NOTE 3: (continued)

Credit card operations Consumer Financing

Revenues derived from credit card transactions consist of commissions and financing income, charges to clients for life and disability insurance and for statements of account, among other. Commissions are recognized at the time the merchants transactions are processed, while the rest financial income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrued method during the period whether collection has or has not been made.

Lease agent operations

Fibesa S.A., company in which APSA has an interest of 99,99996%, acts as the leasing agent for APSA bringing together the Company and potential lessees for the retail space available in certain of APSA s shopping centers. Fibesa S.A. s revenues are derived primarily from collected commissions calculated as a percentage of the final rental income value and admission s rights. Revenues are recognized at the time that the transaction is successfully concluded.

NOTE 4: Details of consolidated balance sheet and consolidated statement of income accounts

As of September 30, 2010 and 2009, and as of June 30, 2010 the principal items of the financial statements are as follows:

a. Cash and banks

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Cash	2,459	5,005	3,665
Foreign currency	80	77	1,261
Banks in local currency	69,505	64,435	19,912
Banks in foreign currency	20,335	5,458	66,487
Checks to be deposited	3,332	5,944	3,938
	95,711	80,919	95,263

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Notes to the Unaudited Consolidated Financial Statements (continued)

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NOTE 4: (continued)

b. Investments
The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Investments			
Mutual Funds (2)	523,331	153,699	142,525
Time deposits			
Government Bonds, Bonds and Notes (1)			
- Pre 2009 bonds			
- Pro 2012 bonds			
- Participation trust certificates		2,846	10,467
- Certificates of participation - Tarshop Trust	4,550	124,671	182,442
- Allowance for impairment of investments		(7,423)	(11,444)
- Global 2010 bonds	162	132	133
- Mortgage Bonds	480	918	1,511
Public shares (1)	11,369	4,075	
Others investments (1)	16	50	53
	539,908	278,968	325,687

(1) Not considered as cash equivalents in Cash Flow Statements.
(2) As of September 30, 2010 and June 30, 2010 includes Ps. 115,704 and Ps. 58,965 respectively, related to mutual funds not considered as cash equivalents in Cash Flow Statement.

Non-current

Investments on controlled and related companies

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

	September 30, 2010	June 30, 2010	September 30, 2009
Agro-Uranga S.A.			
Shares	10,706	10,191	8,682
Higher property value	11,179	11,179	11,179
	21,885	21,370	19,861
Cactus Argentina S.A. (Cactus)			
Shares		2,071	18,553
Goodwill	4,978	4,978	4,015
Allowance for impairment of Cactus goodwill	(4,978)	(4,978)	
		2,071	22,568
Exportaciones Agroindustriales Argentinas S.A.			
Shares		5	99
		5	99

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
BrasilAgro Companhia Brasileira de Propriedades Agrícolas (BrasilAgro)			
Shares	313,616	290,832	245,759
Higher values (1)	6,887	6,887	6,887
Goodwill	6,965	6,965	3,841
Negative Goodwill	(13,240)	(14,765)	(18,035)
	314,228	289,919	238,452
Banco Hipotecario			
Shares	850,693	791,632	647,224
Higher values (2)	9,883	10,570	12,370
Goodwill	10,914	13,278	20,824
	871,490	815,480	680,418
Banco Crédito y Securitización S.A.			
Shares	6,094	5,996	5,611
	6,094	5,996	5,611
Manibil S.A.			
Shares	27,093	27,228	26,176
Goodwill	10	10	10
	27,103	27,238	26,186
Hersha Hospitality Trust			
Shares	211,557	204,553	60,003
	211,557	204,553	60,003

(1) Corresponds to Ps. 10,596 of higher value property and equipment and Ps. (3,709) of higher tax effect value.

(2) Corresponds to Ps. 258 of higher value intangible assets, Ps. 20,367 of lower value trade account payables and (Ps.15,629) of higher value trade account receivable which belongs to the business combinations of Cresud and Agrology S.A., and Ps. 4,887 of IRSA.

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
Tarshop S.A.			
Shares	33,492		
Higher values (6)	355		
	33,847		
Advances for shares purchases	53,361	23,735	6,277
	53,361	23,735	6,277
Undeveloped parcels of land:			
- Santa Maria del Plata	222,372	204,420	204,097
- Puerto Retiro (1)	66,486	66,551	66,409
- Plot of Land Berutti (2)	54,287	54,237	14,491
- Plot of Land Caballito	40,823	40,630	40,626
- Patio Olmos (3)	33,218	33,218	33,218
- Pereiraola			24,157
- Torres de Rosario plot of land	13,975	14,230	19,048
- Coto Air Space (5)	14,672	14,672	14,770
- Zetol Plot of Land (4)	14,469	14,348	1,774
- Canteras Natal Crespo	6,479	6,465	6,466
- Pilar	4,066	4,066	4,066
- Torres Jardin IV		3,038	3,038
- Vista al Muelle Plot of Land (4)	9,900	8,292	52,794
- Other undeveloped parcels on land	23,928	26,601	19,287
	504,675	490,768	504,241
	2,044,240	1,881,135	1,563,716

	September 30, 2010	June 30, 2010	September 30, 2009
Other Investments			

The breakdown for this item is as follow:

Certificates of participation - Tarshop S.A. Trust		18,458	9,413
Allowance for impairment of investments		(1,165)	(645)
MAT	90	90	90
Coprolán	21	21	21
Other investments	1,146	1,531	95
	1,257	18,935	8,974

(1) Note 7 B.1.a. to the consolidated financial statements.
(2) Note 9.B.2.c. to the consolidated financial statements.
(3) Note 9.B.2.a. to the consolidated financial statements.
(4) Note 8.B.1.e. to the consolidated financial statements.
(5) Note 9.B.2.d. to the consolidated financial statements.
(6) Corresponds only to the higher value of intangible assets

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NOTE 4: (continued)

c. Trade accounts receivable

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Debtors from consumer financing	44,975	245,538	93,661
Leases, services and real estate receivables	74,995	76,565	82,820
Checks to be deposited	65,858	67,920	69,666
Debtors from expenses and collective promotion fund	21,231	19,917	31,376
Leases, services and real estate receivables under legal proceedings	43,432	42,117	38,150
Trade accounts receivable agricultural business	61,837	73,399	46,951
Trade accounts receivable real estate agricultural business	3,920	3,162	
Debtors from hotel activities	13,469	11,186	10,172
Documents receivable	4,054	4,207	8,797
Debtors from consumer financing collection agents	2,351	4,532	2,098
Credit cards receivable	402	877	1,375
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (note 4.t.)	8,083	6,500	4,811
Less:			
Allowance for doubtful accounts	(79,430)	(114,855)	(120,432)
	265,177	441,065	269,445
Non-current			
Debtors from consumer financing		25,824	13,842
Leases, services and real estate receivables	16,774	15,553	6,454
Documents receivable		399	
Trade accounts receivable real estate agricultural business		1,597	
Less:			
Allowance for doubtful accounts		(1,250)	(1,935)
	16,774	42,123	18,361

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NOTE 4: (continued)

d. Other receivables

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Call Option Metropolitan 885 Third Ave. LLC		48,461	45,909
Receivables from the sale of shares (1)		35,772	34,971
VAT receivables, net	65,930	50,994	44,719
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.t.)	14,137	10,876	10,273
Prepaid expenses	42,510	41,003	26,979
Income tax advances and tax credit (net of provision for income tax)	8,538	9,992	17,940
Guarantee deposits re. securitization programs	692	5,427	6,565
Loans granted	1,158	859	7,693
Guarantee of defaulted credits			3,883
Gross sales tax credit and others	10,748	9,013	4,077
Receivable for services of consumer financing		4,880	2,847
Guarantee deposits	3,160	2,611	2,369
Pre-paid insurance		79	81
Minimum presumed income tax	473	1,056	7,438
Premiums collected	154		212
Financial operations to liquidate	770	512	
Other tax credits	132	745	202
Prepaid leases	28,907	4,823	15,176
Expenses to be recovered	28	235	4,633
Receivables from stock holders in related companies	1,371		
Others	16,988	24,570	10,258
	195,696	251,908	246,225

(1) In June 2007, IRSA sold 10% of the shareholding in Solares Santa María S.A. for US$ 10.6 million (on that such date IRSA collected US$ 1.5 million of such amount). The balance will become due in December 2010 and it is supported by a pledge in favor of IRSA.

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
Non-current			
Deferred tax	38,203	66,245	60,959
Minimum presumed income tax	93,144	97,025	57,715
VAT receivables, net	59,237	65,088	63,051
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (note 4.t.)	14,102	15,010	23,189
Prepaid expenses	2,094	2,609	3,684
Mortgages receivables under legal proceeding	2,208	2,208	
Allowance for doubtful accounts	(2,208)	(2,208)	
Gross sales tax credit and others	1,506	935	2,067
Guarantee deposits re. securitization programs			78
Loans granted	96	195	
Tax on bank account operations	139	92	
Income tax advances and tax credit (net of provision for income tax)	1,643		
Escrow Fidelity National Title	59,400		
Call Option Metropolitan 885 Third Ave. LLC	49,322		
Others	788	1,116	1,765
	319,674	248,315	212,508

e. Inventories

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2009	September 30, 2009
Current			
Agricultural business			
Crops	35,024	51,660	21,513
Materials and others	68,115	37,619	47,078
Beef cattle	21,774	16,053	21,753
Unharvested crops	21,564	26,807	12,966
Seeds and fodder	2,356	3,664	2,111

Real estate business			
Credit from barter transaction of Terreno Caballito (Koad)	28,031	27,115	19,758
Abril	1,675	1,839	2,112
Inventories (hotel business)	3,210	3,141	2,660
El Encuentro	5,487	5,777	2,141
Horizons	245,718	211,397	
Credit from barter transaction of Terreno Rosario	9,828	3,379	
Other inventories	1,448	2,841	1,222
San Martin de Tours	433	433	433
Torres Jardin	3,065	68	68
Torres Rosario		8,728	
	447,728	400,521	133,815

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
Non-Current			
Agricultural Business			
Beef cattle	140,739	141,602	72,174
Real estate business			
Horizons			131,315
Credit from barter transaction of Terreno Caballito (Cyrsa) (Note 4.t)	25,155	25,155	23,138
Credit from barter of transaction of Terreno Caballito (Koad)	7,227	6,991	15,080
Credit from barter transaction of Terreno Rosario	7,742	7,742	11,121
Credit from barter transaction of Terreno Benavidez			9,611
El Encuentro	5,045	6,222	
Caballito land	6,830	6,794	4,429
Pereiraola lots	8,200	8,200	
Abril			824
Cruceros Buildings			6
San Martin de Tours			4
Other inventories	1,552	1,512	1,250
	202,490	204,218	268,952

f. Property and equipment, net

The breakdown for this item is as follows:

	September 30, 2010	June 30, 2010	September 30, 2009
Agricultural business	454,137	464,164	441,648
Real estate business			
Shopping Center	1,547,557	1,505,363	1,603,485
Office buildings	974,618	979,778	988,109
Hotels	203,353	204,721	213,912
Other fixed assets	136,287	136,195	40,198
	3,315,952	3,290,221	3,287,352

g. Intangible assets, net

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Concession rights	21,136	41,483	21,888
Saving expenses of contracts in acquired leases	9,984	10,625	13,108
Pre-operating expenses	23,924	24,040	15,400
Tarshop s customers		2,610	2,829
Non-compete agreement		9,131	
Trademarks	361	646	280
Arcos del Gourmet S.A. grant	19,891		
Others	46	50	
	75,342	88,585	53,505

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NOTE 4: (continued)

h. Goodwill, net

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Goodwill			
IRSA	40,108	13,040	41,529
APSA	18,888	10,866	20,313
Torre BankBoston	5,638	5,033	5,846
Della Paolera 265 and Museo Renault	3,073	2,755	3,235
Fibesa S.A.		47	1,882
Conil S.A.	507	506	
Negative goodwill			
IRSA	(352,566)	(360,477)	(391,511)
APSA	(42,579)	(25,635)	(45,585)
Palermo Invest S.A.	(43,113)	(24,503)	(41,816)
Empalme S.A.I.C.F.A, y G.	(8,291)	(4,757)	(8,926)
Mendoza Plaza Shopping S.A.	(5,579)	(5,002)	(5,905)
Emprendimiento Recoleta S.A.	(243)	(90)	(318)
Tarshop S.A.		(808)	6,743
	(384,157)	(389,025)	(414,513)

i. Trade accounts payable

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Suppliers	101,896	224,236	171,021
Provisions for inputs and other expenses	87,304	99,593	101,862
Debt related to purchase of farms	26,062	25,181	36,363
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.t.)	3,986	2,815	3,153

Liabilities in kind Horizons	49,438	46,451	
Provisions for harvest expenses	725	3,284	164
Others	2,471	2,183	1,037
	271,882	403,743	313,600
Non-Current			
Suppliers	10,022	11,210	10,677
Liabilities in kind Horizons			46,451
Debt related to purchase of farms			22,682
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.t.)	14,436	12,158	
	24,458	23,368	79,810

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NOTE 4: (continued)

j. Mortgage payable

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Non-Current			
Mortgage payable Bariloche plots of land			985
			985

k. Short-term and long-term debts

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Bank loans	244,410	253,990	293,619
Bank Overdrafts	295,915	609,075	135,671
Short-term debt		23,019	
Foreign financial entities	5,578	4,921	1,297
Seller financing	8,262	15,920	59,546
Non-convertible Notes IRSA 2017 (1)	5,680	15,393	5,486
Non-convertible Notes Class I			15,468
Non-convertible Notes Class II		35,324	34,245
Non-convertible Notes Class III	768		
Non-convertible Notes Class IV	754		
Non-convertible Notes IRSA 2020	12,572		
Non-convertible Notes APSA US$ 120 M.	8,210	2,702	7,831
Convertible Notes APSA 2014 US$ 50 M. (Note 4.t.)	1,227	2,719	1,174
Non-convertible Notes APSA 2011 Ps. 55 M.	44,358	44,165	
Non-convertible Notes APSA 2011 US$ 6 M.	26,068	25,813	
Non-convertible Notes APSA 2012 Ps. 154 M.	28,171	26,695	28,830
	681,973	1,059,736	583,167

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
Non-Current			
Non-convertible Notes Class III	35,532		
Non-convertible Notes Class IV	70,422		
Non-Convertible Notes IRSA 2017 (1)	444,791	440,670	428,045
Convertible Notes APSA US$ 120 M.	264,254	261,663	254,333
Bank loans	53,157	52,767	77,488
Non-Convertible Notes IRSA 2020	574,925		
Convertible Notes APSA 2014 US$ 50 M. (Note 4.t.)	61,237	60,782	59,399
Non-convertible Notes APSA 2012 154 M.	25,067	24,848	50,607
Seller financing	64,750	12,436	8,647
	1,594,135	853,166	878,519

l. Salaries and social security payable

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Provisions for vacation and annual bonus	22,137	47,967	22,110
Social security taxes payable	18,212	11,994	12,857
Salaries payable	423	1,019	529
Others	2,370	504	2,025
	43,142	61,484	37,521

m. Taxes payable

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
VAT payable, net	8,068	17,308	46,374
Tax payment facilities plan for VAT		13,235	37,428
Minimum presumed income tax	8,273	14,127	15,296
Income tax provision, net	36,354	38,213	6,070
Tax on shareholders personal assets	6,199	4,360	5,822
Provisions Gross sales tax payable	6,359	4,729	4,350
ABL moratorium	142	815	
Minimum presumed income tax moratorium			883
Tax payment facilities plan for income tax	1,609	1,559	13,083
Tax payment facilities plan for minimum presumed income tax			482
Tax withholdings	5,200	12,482	9,296
Property tax payable	1	82	212
Gross revenue tax moratorium	1,279	485	458
Others	5,307	1,163	6,080
	78,791	108,558	145,834

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NOTE 4: (continued)

	September 30, 2010	June 30, 2010	September 30, 2009
Non-current			
Deferred income tax	242,088	248,722	179,736
Income tax	20,858		1,492
Income tax payable moratorium	16,374	19,145	20,333
Tax on shareholders personal assets moratorium	2,315	2,392	2,620
Gross sales tax payable			1,138
Gross revenue tax moratorium	1,628	1,320	2,234
Tax moratorium ABL		2,372	
Minimum presumed income tax	8,756	12	4,149
	292,019	273,963	211,702

n. Advances from customers

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Admission rights	52,434	51,194	47,234
Advanced payments from customers	148,461	141,375	47,439
Leases and service advances (1)	25,691	23,895	21,834
	226,586	216,464	116,507
Non-current			
Admission rights	59,199	59,469	61,463
Advanced payments from customers			64,419
Leases and service advances (1)	29,913	30,924	36,213
	89,112	90,393	162,095

(1) See note 12.B.2.a to the consolidated financial statements.

(a) Includes balances owed to NAI INTERNATIONAL II. INC., due to the financing agreement enclosed by Empalme S.A.I.C.F.A. y G.

(b) As of September 30, 2010 and June 30, 2010 includes advances of Ps.8,882 and Ps. 9,501 respectively, received from Wall - Mart Argentina S.R.L. in the context of a rent contract entered into with Panamerican Mall S.A. (APSA s Subsidiary), for a 30 years term.

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NOTE 4: (continued)

o. Other liabilities

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Lower value of acquired contracts	378	1,929	14,544
Payables to Nationals Park Administration	2,608	2,589	10,175
Debt to purchase of investments			4,658
Guarantee deposits	6,440	5,243	4,739
Additional capital contribution payable			2,298
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.t.)	26,987	26,117	5,826
Loans with shareholders of related parties			2,265
Premiums collected	4,001	595	362
Debt to former minority shareholder of Tarshop S.A.	3,556	3,529	
Management agreement provision (Note 4.t.)	8,028	7,267	586
Operations to liquidate	319	178	
Contributed leasehold improvements to be accrued and unrealized gains	451	516	524
Advance from sale of Tarshop S.A. s shares (Note 4.t)		21,070	
Loan with FyO.Com s minority shareholder	47	134	134
Others	5,859	4,086	8,406
	58,674	73,253	54,517

	September 30, 2010	June 30, 2010	September 30, 2009
Non-current			
Loans with shareholders of related parties	20,564	19,989	63,315
Contributed leasehold improvements to be accrued and unrealized gains	9,396	9,687	10,073
Guarantee deposits	2,667	4,073	4,711
Debt to the former minority shareholders of Tarshop S.A.	2,531	3,322	
Debts for the purchase of investments			
Hersha s Option payable	18,814	16,693	
Additional capital contribution payable	5,940	5,897	
Advance for concession of rights	3,222	3,166	
Lowest value of acquired contracts			378

Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.t.)	4,125	20	20
Interest in Subsidiaries, related companies Law No. 19,550 Section 33 and related parties	624		
Others	7,778	2,525	3,734
	75,661	65,372	82,231

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NOTE 4: (continued)

p. Provisions for lawsuits and contingencies

The breakdown for this item is as follow:

	September 30, 2010	June 30, 2010	September 30, 2009
Current			
Lawsuits and contingencies	1,347	5,479	2,434
	1,347	5,479	2,434
Non-current			
Lawsuits and contingencies	9,620	9,708	8,455
	9,620	9,708	8,455

q. Unrealized gain

The breakdown for this item is as follow:

	September 30, 2010	September 30, 2009
Unrealized gain on inventories - Beef cattle	16,127	28
Unrealized (loss) gain on inventories - Crops, raw materials and MAT	(4,192)	2,259
Total unrealized gain	11,935	2,287

r. Financial results, net

The breakdown for this item is as follow:

	September 30, 2010	September 30, 2009
Generated by assets		
Income interest		
Income interest	5,173	3,171
Interest for asset discount	3,407	(1,660)
Sub-total	8,580	1,511
Other Unrealized gain (loss)		
Conversion differences	551	683
Gain on hedging operations	324	2.808
Tax on bank account operations	(2.059)	(1.731)
(Loss) gain on financial operations	(320)	6.230
Others	(16.551)	5
Sub-total	(18.055)	7.995
Generated by Liabilities		
Other Unrealized gain (loss)		
Others	779	(2.508)
Sub-total	779	(2.508)

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NOTE 4: (continued)

s. Other income and expenses, net
The breakdown for this item is as follow:

	September 30, 2010	September 30, 2009
Other incomes:		
Recovery of allowances	9	73
Lawsuits and contingencies	97	28
Management fee	139	
Others	453	569
Sub-total Other Income	698	670
Other Expenses:		
Tax on shareholders personal assets	(3.436)	(3.439)
Lawsuits and contingencies	(388)	
Unrecoverable VAT receivable	(445)	(130)
Donations	(1.539)	(1.532)
Loss on the sale of other fixed assets	(21)	
Others	(105)	(1.667)
Sub-total Other Expenses	(5.934)	(6.768)
Total Other income and expenses, net	(5.236)	(6.098)

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NOTE 4: (continued)

t. Subsidiaries related companies Law No. 19,550 Section 33 and others related parties:
Balances as of September 30, 2010, compared to the balances as of June 30, 2010 and September 30, 2009, held with related companies, persons and shareholders are as follows:

As of September 30, 2010

	Current Trade accounts receivable	Current Other receivables	Non current Other receivables	Inventories Receivable caballito plot of/and barter	Current Trade accounts payable	Non-current Trade accounts payable	Short term debt	Long term debt	Current Other liabilities	Non-current Other liabilities
Agro Uranga S.A. (2)									(101)	
Banco Hipotecario S.A. (2)	217				(12)					
Baicom Networks S.A. (2)		7	387							
BrasilAgro (2)	256									
Cactus (2)	623	14			(226)					
Canteras Natal Crespo S.A. (4)	332	35								
Consorcio Dock del Plata S.A. (3)	693	161			(113)				(3)	
Consorcio Libertador S.A. (3)		69			(157)				(4)	
Consorcio Torre Boston S.A. (3)	1,533	710			(1,158)					
Consultores Asset Management S.A. (3)	929	19			(7)				(8,028)	
Cresca S.A. (4)	267	6,392								
Cyrsa S.A. (4)	1,671			25,155	(1,006)					
Directors (3)	2	360			(36)				(25,755)	(4,125)
Elsztain Managing Partners Lim (3)									(35)	
Estudio Zang, Bergel & Viñes (3)		29			(1,110)					

Fundación IRSA (3)	43	1							(1,073)	
Inversiones Financieras del Sur S.A. (5)		298								
IRSA Developments LP (3)									(8)	
IRSA Real Estate Strategies LP (3)									(8)	
Hersha Hospitality Trust (2)		2,102								
Metroshop S.A. (1)		350				(14,436)				
Museo de los niños S.A. (3)	929				(5)					
Military S.A.		9								
Parque Arauco S.A. (3)							(1,225)	(31,271)		
Credits to employees (3)	111	2,875			(150)					
Puerto Retiro S.A. (2)	60	31			(6)					
Tarshop S.A. (3)	417	675	13,715							
Total	8,083	14,137	14,102	25,155	(3,986)	(14,436)	(1,225)	(31,271)	(35,015)	(4,125)

(1) Direct or indirect Subsidiary
(2) Related companies
(3) Related parties
(4) Direct or Indirect common control
(5) Shareholder

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NOTE 4: (continued)

As of June 30, 2010

	Current Trade accounts receivable	Current Other receivables	Non current Other receivables	Inventories Receivable caballito plot of/and barter	Current Trade accounts payable	Non-current Trade accounts payable	Short term debt	Long term debt	Current Other liabilities	Non-current Other liabilities
Agro Uranga S.A. (2)	7	39			(36)					
Banco Hipotecario S.A. (2)	354				(168)				(21,070)	
Baicom Networks S.A. (2)		1	323							
BrasilAgro (2)					(8)					
Cactus (2)	304				(632)					
Canteras Natal Crespo S.A. (4)	318	50								
Consorcio Dock del Plata S.A. (3)	883	2			(10)				(3)	
Consorcio Libertador S.A. (3)		20			(66)				(4)	
Consorcio Torre Boston S.A. (3)	595	205								
Consultores Asset Management S.A. (3)	918	29			(7)				(7,267)	
Cresca S.A. (4)	182	5,219								
Cyrsa S.A. (4)	1,669	8		25,155	(1,006)					
Directors (3)	2	169			(36)				(24,994)	(20)
Estudio Zang, Bergel & Viñes (3)		22			(708)					
Fundación IRSA (3)	41	5							(1,073)	
Inversiones Financieras del Sur S.A. (5)		95								
Hersha Hospitality Trust (2)		2,087								
Metroshop S.A. (1)			14,687			(12,158)				
Museo de los niños S.A. (3)	1,111				(5)					

Parque Arauco S.A. (3)							(2,716)	(60,822)		
Credits to employees (3)	57	2,894			(128)					
Puerto Retiro S.A. (2)	59	31			(5)					
IRSA Developments LP (3)									(8)	
IRSA Real Estate Strategies LP (3)									(8)	
Elsztain Managing Partners Lim (3)									(27)	
Total	6,500	10,876	15,010	25,155	(2,815)	(12,158)	(2,716)	(60,822)	(54,454)	(20)

(1) Direct or indirect Subsidiary
(2) Related companies
(3) Related parties
(4) Direct or Indirect common control
(5) Shareholder

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NOTE 4: (continued)

As of September 30, 2009

	Current Trade accounts receivable	Current Other receivables	Non current Other receivables	Inventories Credit form barter transaction of Terreno Caballito	Current Trade accounts payable	Short term debt	Long term debt	Current Other liabilities	Non-current Other liabilities
Agro Uranga S.A. (2)					(246)				
Banco Hipotecario S.A. (2)	131								
BrasilAgro (2)	17								
Cactus (2)	21	11			(722)				
Canteras Natal Crespo S.A. (4)	208	939							
Consorcio Dock del Plata S.A. (3)	514	50							
Consorcio Libertador S.A. (3)	452	17			(90)				
Consultores Asset Management S.A. (3)	701	3			(10)				
Cresca S.A. (4)		2,013							
Cyrsa S.A. (4)	1,615	19		23,138	(983)				
Directors (3)		4,747						(4,751)	(20)
Estudio Zang, Bergel & Viñes (3)		29			(1,058)			(3)	
Fundación IRSA (3)	25	2						(1,072)	
Metroshop S.A. (1)		2,265	23,185						
Metroshop 885 Third Avenue LLC (3)	67								
Museo de los niños S.A. (3)	914				(5)				
Parque Arauco S.A. (3)						(2,716)	(60,822)		
Credits to employees (3)	6	156	4		(26)				
Puerto Retiro S.A. (2)	39	13							
Rummaala (2)	101	1			(13)				
Vanker Hills S.A. (2)		8							
Total	4,811	10,273	23,189	23,138	(3,153)	(2,716)	(60,822)	(5,826)	(20)

(1) Direct or indirect Subsidiary
(2) Related companies
(3) Related parties
(4) Direct or Indirect common control
(5) Shareholder

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NOTE 4: (continued)

The results for the fiscal years ended September 30, 2010 and 2009, held with related companies, persons and shareholders are as follows:

As of September 30, 2010

	Gain from leases	Beef cattle expenses	Fees	Interest Gain (loss)	Other income and expenses and current personal asset s tax	Administration services	Sales and fees for shared services	Donations
Shareholders In general (5)					(83)			
Agro Uranga S.A. (2)					14			
Cactus (2)		(928)			10	26		
Canteras Natal Crespo S.A. (4)							12	
Consorcio Torre Boston (3)							80	
Consorcio Libertador S.A. (3)	3						31	
Consorcio Dock del Plata S.A. (3)							39	
Consultores Asset Management S.A. (3)			(1,250)					
Cresca S.A. (4)						116		
Cyrsa S.A. (4)	1							
Directors (3)			(11,576)					
Estudio Zang, Bergel & Viñes (3)			(2,886)					
Fundación IRSA (3)								(496)
Parque Arauco S.A. (3)				(1,978)				
Credits to employees (3)				34				
Tarshop S.A	686			80			121	
Total	690	(928)	(15,712)	(1,864)	(59)	142	283	(496)

(1) Direct or indirect Subsidiary
(2) Related companies
(3) Related parties
(4) Direct or Indirect common control
(5) Shareholder

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NOTE 4: (continued)

As of September 30, 2009

	Gain from leases	Beef cattle expenses	Fees	Interest Gain/ (loss)	Other income and expenses and current tax on shareholders personal assets	Administration services	Salaries and wages	Sales and fees for shared services	Donations
Shareholders in general (5)					(116)				
Agro Uranga S.A. (2)					7				
Cactus (2)		(851)		9	7	42			
Canteras Natal Crespo S.A. (4)				25				12	
Consorcio Libertador S.A. (3)	3							6	
Consultores Asset Management S.A. (3)			(6,803)						
Cyrsa S.A. (4)	39								
Directors (3)			(3,041)	(2)			(132)		
Estudio Zang, Bergel & Viñes (3)			(818)						
Fundación IRSA (3)									645
Inversiones Financieras del Sur S.A. (5)				151					
Credits to employees (3)				35					
Total	42	(851)	(10,662)	218	(102)	42	(132)	18	645

(1) Direct and indirect Subsidiary
(2) Related companies
(3) Related parties
(4) Direct or Indirect common control
(5) Shareholder

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NOTE 5: SEGMENT REPORTING

As of September 30, 2010 :

Agricultural											Real estate				
Crops		Beef cattle	Milk	Feed lot	Sale of farms	Others	Non Operating	Subtotal Agricultural business	Development and sale of properties	Office and others	Shopping Centers	Hotel operations	Consumer financing	Financial operations and others	Sub r es bus
l	International														
95	2,789	2,758	9,301					35,143							
02)	(3,369)	(5,701)	(6,773)					(35,345)							
93	(580)	(2,943)	2,528					(202)							
82	4,379	15,192	8,272		71,096	13,655		161,676	10,979	40,551	149,342	48,565	57,840		3
48)	(4,225)	(15,348)	(8,272)		(21,652)	(10,377)		(102,422)	(5,972)	(8,629)	(42,616)	(30,265)	(19,415)		(1
34	154	(156)			49,444	3,278		59,254	5,007	31,922	106,726	18,300	38,425		2
27	(426)	(3,099)	2,528		49,444	3,278		59,052	5,007	31,922	106,726	18,300	38,425		2
81)	(411)	(551)	(222)			(1,955)		(11,520)	(696)	(971)	(8,575)	(5,128)	(19,288)		(
30)	(1,200)	(2,595)	(350)		(2,163)	(778)		(10,616)	(9,672)	(9,783)	(15,183)	(9,673)	(5,279)		(
									13,453						
63)	20	16,127				(149)		11,935							
													5,213		

47)	(2,017)	9,882	1,956		47,281	396		48,851	8,092	21,168	82,968	3,499	19,071		1
32	490,267	263,573	46,467	617	3,920	17,458	279,746	1,466,580	731,114	1,135,980	1,931,219	236,368	17,485	1,617,046	5,6
73	26,526	356	1,072	223		5,824	757,031	833,805	363,954	586,705	1,183,994	232,830	28,523	217,589	2,6
20	314,228	178	3,386					336,112	27,103				33,847	1,089,142	1,1
58	2,433	4,506	201			138	680	9,816	14	356	14,760	2,040	90		
25	117	429	174			58	191	2,194	97	7,485	30,878	3,764	560		

(1) The balance corresponds to equity interest in BrasilAgro, Agro Uranga S.A., Banco Hipotecario S.A., Banco Crédito and Securitización S.A., Manibil S.A., Tarshop S.A. and Hersha Hospitality Trust.

(2) The balance corresponds to equity interest in Cactus; Exportaciones Agroindustriales S. A., included in other debts.

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NOTE 5: (continued)

As of September 30, 2009 :

Agricultural												Real estate			
Crops		Beef cattle	Milk	Feed lot	Others	Sale of Farms	Non Operating (1)	Subtotal Agricultural business	Development and sale of properties	Office and other	Shopping Centers	Hotel operations	Consumer financing	Financial operations and others	Su…
	Foreign														
23	1,134	1,555	5,294					13,206							
31)	(1,567)	(6,574)	(5,416)					(22,388)							
08)	(433)	(5,019)	(122)					(9,182)							
41	2,218	6,035	4,693		14,344			62,631	36,339	41,182	117,062	29,233	43,234		2
50)	(1,711)	(5,669)	(4,693)		(11,611)			(56,734)	(14,887)	(8,700)	(38,122)	(22,649)	(27,740)		(1
91	507	366			2,733			5,897	21,452	32,482	78,940	6,584	15,494		1
17)	74	(4,653)	(122)		2,733			(3,285)	21,452	32,482	78,940	6,584	15,494		1
01)	(440)	(366)	(94)		(457)			(7,058)	(1,938)	(2,707)	(7,586)	(3,402)	(28,231)		
54)	(1,135)	(3,390)	(598)		(465)			(11,642)	(6,148)	(7,761)	(9,753)	(6,447)	(5,165)	(296)	
									10,946						
67	(13)	28			(95)			2,287							
													23,509		

05)	(1,514)	(8,381)	(814)		1,716			(19,698)	24,312	22,014	61,601	(3,265)	5,607	(296)	1
07	278,729	194,153	46,477	22,576	7,880	7,382	121,642	1,114,646	552,732	1,030,511	1,860,496	238,076	127,475	1,145,354	4,9
37	93,133	1,873	642	716	6,089		347,950	459,790	289,672	360,801	995,973	202,587	233,456	135,098	2,2
64	238,452		2,697	22,568	0		99	280,980	26,186					746,032	7
53	3,778	3,777	187		201		1	13,497			258,999		3,635		2
61	72	470	170		140		381	2,094	174	6,182	29,939	4,368	1,768		

(1) The balance corresponds to equity interest in BrasilAgro, Cactus, Agro Uranga S.A., Exportaciones Agroindustriales Argentinas S.A., Banco Hipotecario S.A., Banco Crédito and Securitización S.A. Manibil S.A. and Hersha Hospitality Trust.

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NOTE 6: LAWSUITS AND CLAIMS IN COURSE

A. Agricultural Business

1. Ongoing litigation with the city of Villa Mercedes.

The Misdemeanours Court Judge to the city of Villa Mercedes issued resolution No. 2980/08 about the situation of Cactus in such city, determining that the Company had a 36-month term to stop operating and transferring the establishment located on the Provincial Route 2B.

In such 36-month period, the Company shall not host over 18,500 head of cattle.

Such brief was appealed by Cactus before the Municipality, which was negatively answered on April 7, 2009, by means of Decree No. 0662/09, thus ratifying the Misdemeanour Court Judge s ruling. Under the administrative justice of the city of Villa Mercedes, Cactus would have until April 7, 2012 to conclude its operations and transfer the establishment.

Cactus has filed appeals with the High Court of Justice of the Province of San Luis, objecting the lawfulness of the rulings entered by the Misdemeanours Court Judge of Villa Mercedes. The appeals are pending and the High Court has not ruled on them.

The Company s legal advisors are optimistic about the possibilities of reversing the Misdemeanours Court Judge s ruling.

Irrespective of the above, Cactus is carrying out a plan to improve its relationship with the community of Villa Mercedes, seeking to strengthen the company s position as a valuable member in the social and economic activity in the region, whose purpose is that the scheduled moving be reconsidered by municipal authorities.

B. Real Estate Business

1. Provision for unexpired claims against Llao Llao Holding S.A.

The Llao Llao Holding S.A. (LLH) Company (in liquidation process following the merger with and into the Company), predecessor of Llao Llao Resorts S.A. (LLR) as operator of the Llao Llao Hotel, was sued in 1997 by the National Parks Administration seeking collection of the unpaid

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NOTE 6: (continued)

balance of the additional sale price, in Argentine External Debt Bond (EDB) amounting to US$ 2.9 million. A ruling of the court of original jurisdiction sustained the claim. That ruling was appealed and the Court of Appeals confirmed the judgment of the court of original jurisdiction, demanding payment from the company of US$ 3.8 million, plus interest accrued through payment, punitive interest and attorney s fees. In March 2004, LLH paid Ps. 9,156 in cash and EDB.

The plaintiff requested the court of original jurisdiction to initiate an incidental procedure for execution of sentence by performing a settlement through the Ministry of Economy, the procedure has been questioned by LLR. In view of the fact that the information provided was not sufficient to evaluate the amount settled by the Ministry of Economy, it was requested that the execution be suspended until there is a sentence on the complaint recourse filed to the National Supreme Court for the denial of the extraordinary recourse soliciting that the debt be converted to pesos.

In July 2008, the Court of Appeals notified LLR that by means of a resolution dated June 18, 2008 it had confirmed the settlement approved by the court of original jurisdiction.

On March 17, 2009, the National Supreme Court admitted the incidental procedure and decided to suspend the enforcement of the judgment in so far as the extraordinary appeal lodged by LLR is not resolved.

On February 23, 2010, the Supreme Court of Justice dismissed the action, which rendered the judgment final and compelled LLR to pay the amount calculated by the State. On April, 2010 LLR paid Ps. 13,122 in cash and bonds.

After LLR s filing was duly notified to the plaintiff, the latter in turn stated that the amounts deposited were in line with the settlement that, having taken place on June 30, 2007, was eventually approved in the framework of these proceedings on December 5, 2007. As a result, the Argentine Agency of National Parks argued that the interest accrued until actual payment were to be adjusted by application of the Argentine Central Bank s borrowing interest rate. As estimated by the Argentine Agency of National Parks, the outstanding balance, to be deposited by LLR would amount to US$ 659.

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NOTE 6: (continued)

On June 10, 2010, LLR was notified of the newly-performed settlement: LLR filed an objection against it in due time and manner. On June 17, 2010, the court ordered that the plaintiff was to be served notice of the objection.

On August 6, 2010, the plaintiff filed a response to the most recent service of process. On September 10, 2010, the trial court judge resolved that the amount deposited by Llao Llao Resorts S.A. is not sufficient to cover the amount of the payment order. An appeal against this resolution was filed on behalf of Llao Llao Resorts S.A. alleging that there has been a material error incurred by the trial court.

In addition, on September 22nd, 2010, the judge calculated that the fees payable to the auctioneer who took part in the proceedings amount to Ps. 1.8 million. As soon as Llao Llao Resorts S.A. is officially notified of the fees as calculated by the court, it is going to lodge an appeal against them for considering them excessively high.

Based on the information provided by the legal advisors litigating these proceedings, LLR has booked Ps. 2,608 under Other current liabilities Payables to National Parks Administration , that is, the amount in Pesos equivalent to the interest claimed by the plaintiff.

NOTE 7: RESTRICTED ASSETS

A. Agricultural Business

Mortgages on plots of land in the Republic of Bolivia

Due to the purchase of farms in the Republic of Bolivia, a mortgage was established on such properties as mentioned in Note 9.A.1. As of the date of these financial statements, the mortgage on the Las Londras farm amounts to US$ 2.5 million, effective through November 11, 2010; the mortgage on the San Cayetano and San Rafael farms amount to US$ 2.0 million, effective through November 11, 2010 and the mortgage on the La Fon Fon farm amounts to US$ 1.9 million, effective through November 11, 2010.

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NOTE 7: (continued)

B. Real Estate Business

1. IRSA

a. Puerto Retiro S.A.

On April 18, 2000, Puerto Retiro S.A (indirect subsidiary of IRSA) was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to Puerto Retiro S.A. At the request of plaintiff, the bankruptcy court granted an order restraining the ability of Puerto Retiro S.A. to sell or dispose in any manner the acquired real estate property from Tandanor S.A. in June 1993.

Indarsa had acquired 90% of the capital stock of Tandanor S.A. to a formerly estate owned company privatized in 1991, engaged in the shipyard industry.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro S.A.

The evidence steps of the legal procedures have been completed. Puerto Retiro S.A. appealed the precautionary measure, being the same confirmed by the Court on December 14, 2000. The parties have submitted their claims in due time. The file was passed for the judge to issue a pronouncement, the judge issued a decree adjourning the summoning of decisions to pronouncement in the understanding that there exists pre-judgment in respect of the penal cause filed against ex-officers of the Ministry of Defense and ex-directors of the Company. Consequently, the matter will not be solved until there is final judgment in penal jurisdiction.

The Management and legal advisors of Puerto Retiro S.A. estimate that there are legal and technical issues sufficient to consider that the request for bankruptcy will be denied by the court. However, taking the circumstances into account and the progress of the legal action, this position cannot be considered final.

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NOTE 7: (continued)

b. Mortgage guaranteed loan Hoteles Argentinos S.A.

In March 2005, Credit Suisse First Boston (CSFB) acquired the debt for US$ 11.1 million of Hoteles Argentinos S.A. (HASA), which had been in non-compliance since January 2002. In April 2006 HASA made a payment reducing the capital amount payable to US$ 6.0 million. The balance accrued interests at a LIBO rate 6 months plus 7.0%, being the last of US$ 5.07 due in March 2010.

Jointly, IRSA subscripted a credit default swap for 80% of the restructured debt value in order to protect CSFB in case of non-compliance with HASA s obligations. As compensation, IRSA will receive a payment of a coupon on a periodical basis. In addition, to support the obligations assumed, IRSA deposited as guarantee the amount of US$ 1.2 million.

With the last installment of the loan received having been repaid on March 15, 2010, CSFB reimbursed the deposit to IRSA. In connection with this matter, HASA borrowed funds from Standard Bank Argentina again, in the amount of Ps. 19,000, which will accrue interest at a fixed nominal 16.25% interest rate per annum, payable on a quarterly basis and with principal becoming due on March 15, 2011.

As a security interest for this transaction, IRSA entered into a put option agreement with Standard Bank whereby the Bank receives the right to sell to IRSA, which in turn agrees to purchase, 80% of the credit rights arising from the loan in the event of HASA s default.

c. IRSA and its subsidiaries has mortgaged on the following properties:

Property	Book value as of September 30, 2010
República Building	218,602
Terreno Caballito	36,938
Terreno Bariloche	21,900
Terreno Zetol	14,469
Suipacha 652	10,823
Terreno Vista al Muelle	9,900
Terreno Caballito	6,830

d. IRSA maintains a pledge over CYRSA s shares

e. To guarantee due compliance with all the covenants assumed by Liveck S.A., and the minority shareholder of Zetol S.A. s and Vista al Muelle S.A. s pursuant to the stock purchase agreement for Vista al Muelle S.A. s shares executed on June 11, 2009 and the Addendums to the

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NOTE 7: (continued)

Agreement, as well as payment of any possible damages and associated expenses, the parties have reciprocally tendered a security interest consisting in a possessory pledge over the shares in Vista al Muelle S.A. and Zetol S.A.

f. IRSA has raised a mortgage over the property designated as Suipacha 652 to secure compliance with its obligation to erect a building and to convey the units to be constructed in the building as this obligation represents the balance outstanding for the acquisition of a plot of land in Av. Del Libertador 1755.

g. In May 2008, IRSA bought a 49% shareholding in Manibil S.A. from Land Group S.A.. Manibil S.A. had been created to transact business in real estate and construction and to carry out financial transactions and made contributions proportional to its shareholder possession for Ps. 23.9 million. By virtue of the contracts signed, IRSA agreed not to transfer its shares or any rights related thereto for a term of three years.

h. IRSA carries a mortgage on the property designated as Edificio República in connection with the loan granted by Banco Macro for the acquisition of said property.

2. APSA

a. The Property and equipment account included the multiplex cinema building in the Córdoba Shopping Villa Cabrera, which is encumbered by an antichresis to secure the financial payable carried by Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1st , 2009) had with NAI INTERNATIONAL ll Inc..

b. The accounts receivable guarantee deposits resecuritization programs included the contingency and expenses funds of financial trust as credit protection for investors that as of June 30, 2010 amounted to Ps. 4,749. They were restricted availability credits until settlement in accordance with the respective prospectus.

c. As of September 30, 2010 under other current receivables, APSA has deposits that are restricted under due to different court attachments.

d. As regards the case Alto Palermo S.A. with Dirección General Impositiva in re: Appeal , Case file No. 25.030-I, currently heard by Room A, Office of the 3rd Nomination, the property located at Av. Olegario Andrade 367, Caballito, Buenos Aires City has been encumbered, and its value as of September 30, 2010 amounts to Ps. 36,938 (disclosed in other Non-current investments- Undeveloped parcels of land).

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NOTE 7: (continued)

e. Other current investments account, as of June 30, 2010 included BONTE 2006 bonds for Ps. 34; which were deposited as rental guarantee.

f. As of June 30, 2010, Tarshop S.A. had granted a pledge over Certificates of Participation related to the Fideicomisos Financieros Tarjeta Shopping, (CP) according to the following detail:

- To Standard Bank Argentina S.A., CP Al Standard Bank Argentina S.A., CP related to the Fideicomisos Financieros Tarjeta Shopping Series XLI, XLIV, XLVII, LVII and LIX (loan of Ps. 15,371).

- To Banco Itaú Buen Ayre S.A., CP related to the Fideicomisos Financieros Tarjeta Shopping Series XXXIX and XL (loan of Ps. 3,724).

- To Banco Supervielle S.A., CP related to the Fideicomisos Financieros Tarjeta Shopping Series XXXII, XXXVIII y L, (loan of Ps. 7).

- To Banco Hipotecario S.A., CP related to Fideicomisos Financieros Tarjeta Shopping Series XLVII, XLIX y LVI, (loan of Ps. 20,149).

g. As regards the case styled Case File N° 88.390/03 with María del Socorro Pedano; for Tres Ce S.A. o Alto Palermo S.A. (APSA), the building located at Av. Virrey Toledo 702, Salta, has been encumbered for an amount of Ps. 180 (disclosed in Property and equipment).

h. Guarantee Tarshop S.A.: On May 13, 2009, the Board of Directors of Alto Palermo S.A. resolved to approve that APSA stands as surety before Banco Itaú for the payment of emerging obligations for Tarshop S.A. as regards the organization of a new financial trust with such bank for up to a maximum amount equivalent to 10% of the face value of VDG s (trust debt securities) subscribed by Banco Itaú. The total maximum amount of this surety stands at Ps. 5,000 and extends through the actual settlement of VDF s. Likewise, it was resolved that APSA assumes the obligation to act as Substitute Manager in the eventual case that Tarshop were removed from its function as Manager under the trust agreement.

On September 30, 2010, the last payment of the VDF s issued by the Financial Trust was made. At present, such Financial Trust is in the process of liquidation.

i. As regards the barter commitment described in Note 9.B.2.d.), the delivery and title deed of Air Space Coto is compromised.

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NOTE 7: (continued)

j. As of June 30, 2010, Tarshop S.A. has granted cash as guarantee for leases, related to the stores where its branches operate, which are included in other receivables and prepaid expenses for an amount of Ps. 217.

NOTE 8: ACQUISITION, CONSTITUTION AND RESTRUCTURING OF COMPANIES

A. Agricultural Business

Expanding business into the Republic of Paraguay

Under the framework of a series of transactions that constitute for Cresud a new expansion of the agricultural and livestock businesses in South America, on September 3, 2008, the Company executed jointly with Carlos Casado S.A., an Argentine company owning large stretches of land in southern

Paraguay, a framework agreement by which it was decided to generate synergy between both companies to do business on the real estate, agricultural and livestock, and forestry markets, as well as series of related agreements aiming at formalizing the productive coalition between both companies.

Within such context, Cresud participates together with Carlos Casado (with a 50% interest each) in Cresca S.A. a stock company organized under the law of the Republic of Paraguay, under which Cresud will assume the capacity of advisor under an advisory agreement, for the agricultural, livestock and forestry exploitation of an important rural area in Paraguay and possibly of up to 100,000 hectares also located in Paraguay, which are derived from the purchase option granted by Carlos Casado to Cresca S.A. It should be mentioned that this option was exercised on September 3rd, 2008.

The advisory agreement shall be valid for 10 year terms as from the date the framework agreement is executed and will automatically renewed for two additional 10-year period as from maturity date of the original period, in turn being able to be renewed after the expiration of the additional period.

Cresud has additionally executed a pre-purchase agreement as committed to acquire for a 50% interest in 41,931 hectares in Paraguay, owned by Carlos Casado S.A. for a total and agreed-upon amount of US$ 5.2 million in turn, to be contributed in kind to the Company aiming at developing the agricultural and forestry business in the neighboring country.

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NOTE 8: (continued)

On January 23, 2009, Agrology S.A. directly and indirectly controlled by 99.99% by Cresud made a contribution in kind to the Paraguayan company, Cresca S.A.. Such contribution is made up of undivided 50% of five plots of land with whatever they have on, located in Mariscal José Félix Estigarribia, Dept. of Boquerón, Chaco Paraguayo, Republic of Paraguay, for 41,931 hectares, acquired from the Company Carlos Casado S.A..

Consequently, together with Carlos Casado S.A. s contribution, the total contribution to Cresca S.A. stands at US$ 10.5 million.

On February 3, 2009, the previously called general shareholders meetings were held at Cresca S.A. headquarters, whose agenda included among other matters, the capital increase and the issuance of shares of such company as well as the ratification of those agreements that are among the transactions that together with Carlos Casado S.A. had been planned and that at present Cresud will develop through its affiliate, Agrology S.A.

Likewise, on that date, the amount of US$ 5.1 million was paid for the balance of the price originated by the capital contribution made by Carlos Casado S.A. to Cresca S.A. on behalf of Agrology S.A. and which resulted from the in-kind contribution of five plots of land located in The Republic of Paraguay, as it was mentioned opportunately.

On March 19, 2010 and in connection with the option already exercised related to the Option Property, Cresca S.A. required from Carlos Casado S.A. that 3,614 hectares (out of which 1,807 hectares belonging to Agrology S.A.) be transferred to it. This area will be confirmed when measured before executing the title deed.

As agreed in the Option Agreement, Cresca S.A. will pay Carlos Casado S.A. US$ 350 per hectare or US$ 1.3 million 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.

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NOTE 8: (continued)

B. Real Estate Business

1. IRSA

a. Constitution of CYRSA Horizons Project

In January 2007, IRSA acquired two adjacent plots of land adjacent located in Vicente López, Province of Buenos Aires (one of them through the acquisition of the total share of Rummaala S.A, actually merged with CYRSA). The purchase price was US$ 36.2 million, from which US$ 30.3 million will be canceled by handing over certain units of the building to be constructed. As security for compliance, Rummaala S.A. shares were pledged and the Building located in Suipacha 652 (owned property) was mortgaged.

In April, 2007, IRSA constituted CYRSA S.A. (CYRSA), and in August 2007, CYRELA was incorporated with the ownership of 50% of CYRSA capital stock. IRSA contributed with the plots of land and the liability in kind related in the amount of Ps. 21,495 and CYRELA contributed Ps. 21,495 in cash.

Then, a major real estate development known as Horizons was launched on the two plots of land mentioned.

From May 2008, CYRSA continued the marketing process of the building units to be constructed by executing the agreements to purchase reaching to date 100% of units to be marketed and received advances, which are disclosed in Customer advances .

The purchase-sale price set forth in these preliminary sales contracts are made of a fixed and determined portion and another portion to be determined in line with the future construction expenses.

The buyer can choose from the following purchase plans:

- The balance is cancelled in installments and is fully paid at the time of transfer and signature of deeds.

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- Partial cancellation will be on installments payable up to the time of transfer/signatures of deeds, the remaining balance to be financed during 90 months term with units having mortgaged guarantees.

Through preliminary sales agreements, CYRSA has committed to transfer the functional units before February 2011 to the latest.

As of September 30, 2010, the percentage of completion of the Horizons project was 86.98% considering the cost incurred in relation to the total estimated project costs.

b. Acquisition of shares in Hersha Hospitality Trust (Hersha)

On August 4, 2009, IRSA, through 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, IRSA s Chairman and CEO, Mr. Eduardo S. Elsztain, has been appointed to Hersha s Board of Trustees.

In January 2010 and March 2010, REIG purchased 8,653,917 additional shares of Hersha s common stock for an aggregate purchase price of US$ 30.8 million. (4,789,917 for US$ 3.00 per share and 3,864,000 for US$ 4.25 per share).

As of September 30, 2010 IRSA s interest in Hersha represents 10.85%. 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 14.34%. IRSA accounts for its investment in Hersha at cost while the call option has been accounted for at its fair value.

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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 77 hotels throughout the United States of America totaling approximately 9,951 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.

c. Acquisition of Metropolitan 885 Third Ave. LLC (Metropolitan)

In July 2008, IRSA (through its subsidiaries) acquired a 30% interest in Metropolitan 885, a Delaware-based limited liability company, which main asset is a rental office building in New York City known as the Lipstick Building and debt related to that asset. The transaction included the acquisition of (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 shareholding. The total price paid was US$ 22.6 million.

During 2009 and in the context of the financial crisis and shrinkage of the real estate market in New York, Metropolitan incurred significant losses, which resulted in negative equity mainly due to an impairment recognized in connection with the building. Since IRSA s share in Metropolitan s losses exceeded its equity interest; IRSA recognized a zero value on its investment although a liability of US$ 1.5 million was booked representing it s maximum commitment to fund Metropolitan s operations.

In addition, the put right has been adjusted to its value of US$ 12.5 million as of September 30, 2010 and is included in Other receivables Non-Current .

To facilitate discussions in the framework of a debt renegotiation that Metropolitan 885 Third Ave. LLC aspires to obtain from Royal Bank of Canada, on August 4, 2010, IRSA entered into an Escrow Agreement with agent Fidelity National Title, Insurance Company, and transferred US$ 15 million as a non-mandatory, good-faith deposit for the sole purpose of allowing discussions between the parties to move forward. IRSA has reserved the right to extend the term of the agreement for an indefinite period at its sole criterion.

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NOTE 8: (continued)

d. Acquisition of shares in Banco Hipotecario S.A.

In fiscal year ended as of June 30, 2009, IRSA (through its subsidiaries) acquired, in arm s length conditions, from Dolphin Fund PLC and from Inversiones Financieras del Sur S.A., the equivalent of 143,627,987 shares of Banco Hipotecario S.A. (BHSA) in exchange for Ps. 107.6 million of which 78.8 million were paid in July, 2009. The transaction was recognized by the acquisition method (see Note 2.j.2. to the Unaudited Basic Financial Statements) generating a gain of Ps. 133.0 million, each year. As a result of these acquisitions, as of June 30, 2009 IRSA had a 21.34% interest in BHSA s capital stock (excluding treasury shares).

During the year ended June 30, 2010, IRSA (through its subsidiaries) acquired the equivalent of 100,417,816 shares of BHSA for an amount of Ps. 118.7 million of which Ps. 112.6 million were paid as of June 30, 2010 and the balance was paid during this present period. The transaction was recorded by application of the acquisition method (See Note 2.j.2. to the Unaudited Basic Financial Statements), a gain in the year of Ps. 70.4 million. As result of this transaction, as of June 30, 2010, the Company s ownership interest in BHSA was 28.03% (without considering treasury shares).

During the present period, IRSA exercised its preemptive rights and took part in the offer mentioned in Note 12.B.1 acquiring 26,197,564 Class D shares totaling Ps. 36.2 million.

After the above mentioned purchases, as of September 30, 2010, IRSA s ownership interest in BHSA increased from the 28.03% to 29.78% of BHSA S capital stock (without considering treasury shares).

On July 26, 2010, in the framework of an offer launched by BHSA s Board of Directors for the sale to existing shareholders of 36.0 million of its treasury Class D shares in portfolio, Banco Hipotecario sold approximately 26.9 million of said shares.

Exercising its preemptive right, IRSA took part in the offer and acquired 4,352,243 Class D shares totaling Ps. 6.0 million. As a result of this transaction, as of the date of issuance of these Financial Statements, IRSA s ownership interest in BHSA increased from the 5% as of the end of the fiscal year, to 5.29% (excluding the treasury shares in portfolio).

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By virtue of the provisions arising from the Bank s by-laws, the shares acquired do not entitle holders to vote or to collect dividends and/or any other distributions.

e. Acquisition of companies in the Oriental Republic of Uruguay

During the fiscal year ended June 30, 2009, IRSA (through Tyrus) acquired by a minimum payment a 100% stake in Liveck S.A. (Liveck), a company organized under the laws of the Oriental Republic of Uruguay. Later, IRSA sold 50% of its stake in Liveck to Cyrela Brazil Realty S.A. for a price of US$ 1.3 million.

In June, 2009 Liveck acquired, a 90% interest over the shares of the companies Zetol S.A (Zetol) and Vista al Muelle S.A. (Vista al Muelle), both property owners in Uruguay s Canelones Department. The remaining 10% ownership interest in the capital stock of both companies is held by Banzey S.A. (Banzey).

IRSA and its shareholders intend to develop an urban project that will consist in the construction of apartment buildings to be subsequently sold. The project has already been conferred the Urban Feasibility status by Canelones Mayor s Office and its Legislative Council.

The total price for the purchase of Zetol was US$ 7.0 million, of which US$ 2.0 million were paid, the balance will be paid in 5 installments of US$ 1.0 million each with an annual 3.5% compensatory interest calculated on the total outstanding amount tied to the consummation of the release to the market of the real estate projects or within a maximum term of 93 months counted as from the date of acquisition of IRSA. The sellers of the shares of Zetol may choose to receive, in lieu of the amounts outstanding in cash (capital plus interest) the ownership rights to the units to be built in the real estate owned by Zetol representative of 12% of the total marketable square meters to built.

The total price for the purchase and sale of all the shares in Vista al Muelle amounted to US$ 0.83 million, and accrued an annual 8% interest on the total outstanding amount. As of September 10, 2010 this operation was completely paid.

To guarantee compliance with the duties agreed by Liveck in the above transactions, Ritelco S.A. has tendered a surety bond guaranteeing payment of 45% of the outstanding balance, interest thereon and the option rights of the sellers.

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NOTE 8: (continued)

In the framework of the agreement for the purchase and sale of Zetol and Vista al Muelle and their respective addenda, Liveck has agreed to buy the shares held by Banzey (or by Ernesto Kimelman or by a company owned by Ernesto Kimelman, as applicable), of Vista al Muelle and Zetol and the latter have agreed to sell them, in exchange for the amount of US Dollars or Uruguayan Pesos, as the case may be, that Banzey (or by Ernesto Kimelman or by a company owned by Ernesto Kimelman, as applicable), would have actually contributed to Zetol and Vista al Muelle until the execution of said purchase and sale.

Both parties have agreed that all the obligations mentioned above shall be rendered ineffectual if the parties entered into a shareholder agreement no later than September 1st, 2010. If no such shareholder agreement is signed, this sale shall be executed and delivered on December 13, 2010.

In December 2009, Vista al Muelle acquired other properties totaling US$ 1.9 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).

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.

f. Tender Offer for the acquisition of Telecom Argentina

In the course of the fiscal year, IRSA (through Torodur S.A.) took part, 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, a company that indirectly holds the majority shareholding in Telecom Argentina. To that end, on June 4, 2010, the Company submitted a binding offer and a letter of credit for US$ 50,0 million for the benefit of Grupo Telecom Italia.

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NOTE 8: (continued)

To guarantee performance of the reimbursement obligations under the above-mentioned letter of credit, a pledge was raised over the Company s shares in Hersha and approximately US$ 43.5 million in negotiable obligations issued by Alto Palermo and acquired by the Company.

In late July 2010, Grupo Telecom Italia decided not to continue with the process to sell Telecom Argentina and concluded it. Therefore, the pledges raised to secure performance under the letter of credit as described above were lifted.

g. Merger and spin-off/merger between IRSA and Patagonian Investment S.A.; and spin-off/merger with Palermo Invest S.A. and Inversora Bolívar S.A. (IBOSA)

IRSA s shareholders meeting held on November 27, 2009 approved, amongst other decisions, the corporate reorganization consisting in the merger by absorption of Patagonian Investment S.A. into the Company, and the spin-off of Palermo Invest S.A. to be subsequently merged with Inversora Bolívar S.A. as well as all the documentation concerning these transactions. Afterwards, on January 22, 2010, a public deed was drawn to formalize the Final Merger Agreement (the Merger Agreement) in due time filed with the oversight authorities.

h. Option to acquire an interest in APSA

In January, 2010, Parque Arauco S.A. accepted the bid submitted by IRSA, and acquired, through a purchase option, the 29.55% interest in APSA and the held of nominal value of US$ 15.5 million of APSA s Convertible Note 2014 .

The acceptance of the bid grants IRSA the right to exercise the purchase option mentioned above until August 31, 2010, which term may be extended until November 30, 2010 subject to compliance with certain conditions.

The strike price has been fixed at the total and final amount of US$ 126 million. IRSA transferred US$ 6 million to Parque Arauco S.A., non refundable, as payment in exchange for the option, to be computed towards cancellation of the final price.

On September 21, 2010 IRSA s Board of Directors decided to exercise the option, which was materialized after the closing date of these Financial Statements.

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NOTE 8: (continued)

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

In June 2010, IRSA closed the sale and transfer of Pereiraola shares for US$ 11.8 million, for which it has collected US$ 1.94 million. The balance shall be paid through a transfer to the name of IRSA of the higher of 6% of the marketable lots, or 39,601 square meters in the gated neighborhood that the buyer has agreed to develop in the property owned by Pereiraola, equivalent to US$ 2.1 million and 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 installment falling due in December 2010. As of September 30, 2010 the buyer had effected advanced payments on the first installment for US$ 1.05 million.

j. Acquisition of Torodur S.A.

In May 2010 IRSA acquired a 100% stake in Torodur S.A. s capital stock for US$ 0.01 million. Later on, IRSA transferred a 2% ownership interest to CAM Communications LP, at cost.

k. Acquisition of Unicity S.A.

On September 1st, 2010, and through E-Commerce Latina S.A. (subsidiary of IRSA) acquired a 100% stake in Unicity for US$ 2.53 million. Unicity s main asset consists in 31,491,932 shares representative of 10% of the capital stock of Solares de Santa María S.A. and for which it carries a liability to IRSA on the purchase price balance, which as of the date hereof is US$ 9.1 million. On September 28, the debt was capitalized and IRSA received 36,036,000 shares representing 88.61% of Unicity, being held by E-Commcerce the remaining 11.39%

2. APSA

a. Capital increase and capital contributions to Tarshop S.A.

On October 30, 2009, Tarshop S. A., capitalized irrevocable contributions made by APSA, thus APSA s participation amounted to 98.5878%.

During January 2010, APSA acquired the minority interest (1.4122%) property of the minority shareholder for US$ 0.54 million, reaching the 100% of share interest.

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NOTE 8: (continued)

b. Agreement to sell the equity interest in Tarshop S.A.

On December 22, 2009, APSA reported the approval by its Board of Directors of the sale assignment and transfer of the 80% of the equity interest in Tarshop S.A. to Banco Hipotecario S.A. Such interest represents 80% of the capital stock issued and outstanding, this is 107,037,152 registered, nonendorsable shares of common stock with a face value of Ps. 1 and entitled to 1 vote each.

In this line of thought, on December 29, 2009, contractual documents related to the transaction were executed, which was subject to the approval by the Argentine Central Bank granted on August 30, 2010. Consequently, on September 13, 2010, the respective memorandum of closure was executed. The total price paid for the purchase of shares stood at US$ 26.8 million. Under this transaction, APSA granted Banco Hipotecario S.A. a two-year security agreement over APSA Class III Notes, issued on November 13, 2009, for a face value of Ps. 5 million, which will work as guarantee upon any price adjustment that may result in favor of Banco Hipotecario S.A. as provided by the purchase agreement.

In compliance with the conditions defined in the agreement in question, APSA committed itself to not competing for 5 years in the credit card and/or consumer loan business in which Tarshop S.A. has a presence.

Additionally, under this transaction, receivables and payables between APSA and Tarshop S.A. have been compensated.

c. Merger between Shopping Alto Palermo S.A. (SAPSA), Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G.

SAPSA s Extraordinary and Unanimous Shareholders Meeting held on February 16, 2009, resolved the merger of such company with Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G.

As from July 1st, 2009 SAPSA merged into APSA.

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NOTE 8: (continued)

d. Acquisition of shares of Arcos del Gourmet S.A.

On November 27, 2009, Alto Palermo S.A. (APSA) acquired 7,916,488 shares of common stock with a face value of Ps. 1 each, entitled to 1 vote per share, representing 80% of the capital stock establishing the price for the shares representing 40% of the company s capital stock and votes at US$ 4.3 million and for the remaining 40% at a fixed price of US$ 0.84 million and a variable price equivalent to 20% of the investment required to develop the project until investing US$ 6.9 million.

The remaining unpaid balance as of the date of these unaudited financial statements is made up as follows: (i) one US$ 1 million installment, falling due on November 27, 2011 disclosed in Long-term debt and (ii) 20% of the investment required to carry out the project that will be paid off upon the possible increase of the capital required to develop the project, up to the amount of US$ 6.9 million disclosed in Short-term debt .

A Consultative Opinion request was filed with the Argentine Competition Defense Commission, still pending resolution, seeking to issue an opinion on the obligation or lack thereof to notify the sale.

On February 17, 2010, Arcos del Gourmet S.A. held a shareholders meeting that approved a capital increase of US$ 2.7 million, equivalent to Ps. 10.4 million. Consequently, 3,515,596 registered nonendorsable shares of common stock will be issued, with a face value of Ps. 1 and entitled to one vote per share, with a subscription price of Ps. 2.9622 per share, of which Ps. 1 is the face value and Ps. 1.9622 is additional paid-in capital, of which APSA is entitled to 80% thereof.

On May 7, 2010, two share subscription agreements were executed establishing that such amount will be paid in as follows: (i) capitalizing of loans for Ps. 5.6 million, (ii) capitalizing receivables from APSA for Ps. 0.9 million, (iii) capitalizing irrevocable contributions for Ps. 2.5 million and (v) the amount of Ps. 1.4 million will be paid up in cash within three working days as from executing the agreements. On July 14, 2010, shares pending subscription were subscribed for a total price of Ps. 0,256, an amount that has been fully paid in. Thus, to date, total capital increase resolved by the Shareholders Meeting of February 17, 2010, has been fully subscribed and paid in.

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NOTE 8: (continued)

On June 25, 2010, Alto Palermo S.A. (purchaser) and Eduardo Giana, Pablo Bossi, Patricio Tobal and Abuam S.A. (sellers) subscribed an agreement for the option to purchase shares of Arcos del Gourmet S.A., for the total number of shares owned by them, which represent at least 17.54% of capital stock and votes of Arcos del Gourmet S.A. The term to exercise the option expires on April 30, 2011. The option was subject to the condition that the grantor of the Use Concession Agreement calls a bidding process whose purpose will be the sale of the real estate properties involved, assumption under which Arcos del Gourmet S.A. holds the preemptive right. The price of the shares owned by the sellers was established at US$ 1.4 million. The option price is US$ 0.4 million, out of which Ps. 0.3 million has been paid as of September 30, 2010. The balance, which matures on October 30, 2010 had already been canceled. In the event, APSA exercised the option, its price will be considered towards the share price.

e. Merger between Comercializadora Los Altos S. A. and Fibesa S. A.

The Special and Unanimous Shareholders Meeting of Fibesa S.A. held on September 30, 2009, resolved the merger into Comercializadora Los Altos S.A. as from July 1, 2009. Thus, a capital increase of Ps. 1,686 in Fibesa s capital stock was generated.

Subsequently, on January 21, 2010, the Definitive Merger Agreement has been notarized into a public deed and filed with the enforcement agencies in due course. Finally, on August 23, 2010, IGJ (Argentine regulatory agency of business associations) approved the merger.

f. Acquisition of a commercial center goodwill

On December 28, 2007, APSA signed an agreement for Partial transfer of goodwill with INCSA for acquiring one of the parts of the net assets established by a Commercial Center where Soleil Factory currently develops activities. The transaction was being subject to certain conditions of precedent fulfillment. The total price of the operation is US$ 20.7 million of which US$ 7.1 million were paid at the time the preliminary purchase contract was entered into. Such disbursement was recorded as an Advance for the purchase of fixed assets.

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Once the definitive signature of the net assets transference has taken place, on July 1st, 2010, the remaining amount of US$ 13.6 million will accrue 5% annual interest plus VAT. The interest will be paid in seven annual and consecutive installments, the first due on July 1st, 2011. The capital will be canceled upon paying the last interest installment or upon granting the title deed, whichever later.

On July 1, 2010, Alto Palermo S. A. (APSA) and INCSA executed the definitive instrument for the partial transfer of the goodwill and memorandum of closure by which INCSA transferred the goodwill of the commercial center known as Soleil Factory ; becoming operational on such date. The goodwill mainly includes a building, real properties, agreements, titles to the brand names and rights to build certain number of square meters. Possession thereof was handed over upon execution. Considering the goodwill value structure, the Company has booked in as fixed assets until the process to allocate the price paid for the assets and liabilities acquired is completed. Guidelines provide that INCSA does not transfer APSA its receivables or its payables originated before executing the agreement. Within 30 working days as from registering the co-ownership and administration regulations with the Argentine Real Property Registry, INCSA will grant APSA the title deed. It should be noted that the goodwill and the building related to the hypermarket transaction located on the same premises are excluded from the transaction.

The transaction was filed with the Argentine Competition Defense Commission that, thus far, has not ruled.

Furthermore, APSA signed an offering letter for acquiring, building and running a commercial centre in a real estate owned by INCSA located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction is subject to certain conditions, one of these being that APSA partially acquires from INCSA the net assets established by the commercial center that develops activities in Soleil Factory . The price of this transaction is US$ 1.3 million, of which US$ 0.05 million were paid on January 2, 2008. Such disbursement was recorded as Suppliers advances.

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This transaction was subject to certain conditions precedent, among which APSA should acquire from INCSA the goodwill constituted by the commercial center operating in Soleil Factory. Having complied with such condition, on July 1, 2010, APSA shall start the works i) 12 months after complying with such conditions, or ii) on May 2, 2011, whichever earlier. However, before starting with the works, INCSA should have: i) granted the title deeds to APSA s future units to APSA, and ii) transferred to APSA the rights to the registered architectural project and the effective permits and authorizations to be carried out in APSA s future units.

g. Merger between APSA and Shopping Alto Palermo S.A.:

On November 27, 2009, it was held APSA s shareholders meeting that approved, among others, the corporate reorganization consisting in APSA s merger with Shopping Alto Palermo S.A. as from July 1, 2009, APSA being the absorbing or merging company and Shopping Alto Palermo S.A. the absorbed and merged company, with the ensuing dissolution without liquidation of Shopping Alto Palermo S.A.

Subsequently, on January 21, 2010, the Definitive Merger Agreement has been notarized into a public deed and filed with the enforcement agencies in due course.

h. Purchase-Sale of Fibesa S.A. (Fibesa) s shares:

On August 3, 2009, a share transfer agreement was executed by which APSA sold to Shopping Alto Palermo S.A. 49,999 Fibesa S.A. s shares, with a face value of Ps. 0.00000001 each and entitled to 5 votes per share, representing 4.9999% of the Fibesa s capital stock.

On August 3, 2009, a share transfer agreement was executed by which Ritelco S.A. sold to Shopping Alto Palermo S.A. one Fibesa S.A. s share, with a face value of Ps. 0.00000001 each and entitled to 5 votes per share, representing 0.0001% of the Fibesa s capital stock.

Due to the previously mentioned agreements, APSA owns 95% of that company s capital stock and Shopping Alto Palermo S.A. owned the remaining 5%. Afterwards, due to the merger between APSA and Shopping Alto Palermo S.A., as mentioned in subsection f) of this note, APSA is the owner of 99.99996% of the Fibesa s shares.

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NOTE 8: (continued)

i. Panamerican Mall S.A.

Panamerican Mall S.A., a company organized in November 2006 between APSA and Centro Comercial Panamericano S.A., with 80% and 20% interests, respectively, has developed a commercial venture in the Saavedra neighbourhood in Buenos Aires City.

During May 2009, the shopping mall Dot Baires and the hypermarket were opened while multiplex cinema opened in early July 2009. The office building is still at the construction stage. The project is being carried out by Constructora San José Argentina S.A., a company related to Centro Comercial Panamericano S.A.

j. Purchase-Sale of Conil S.A. s shares

On October 21, 2009, it was executed the share purchase agreement by which APSA and Fibesa S.A. acquired 95% and 5% of the 50% of Conil S.A. s shares, respectively. The agreed price amounted to US$ 0.29 million which was completely cancelled at previous year end.

As a result of the previously mentioned agreement, APSA becomes the owner of 97.5% of such company s shares, while Fibesa S.A. owns the remaining 2.5%.

k. Acquisition of Metroshop S.A. s shares

On May 21, 2010, Alto Palermo S. A. (APSA) and Tarshop S.A. executed an agreement to formalize the transfer of shares by which Tarshop S.A. has sold APSA 18,400,000 registered nonendorsable shares of common stock with a face value of Ps. 1 each and entitled to 1 vote per Class A share representing 50% of Metroshop S.A. s capital stock. The transaction price was set at Ps. 0.001 for the total shares.

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NOTE 9: PURCHASE, SALES AND BARTER OF PROPERTIES

A. Agricultural Business

1. Acquisitions of land in the Republic of Bolivia

a. On July 28, 2008, the Company acquired Las Londras farm, a 4,566 hectare property located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$ 11.4 million, of which US$ 1.1 million was paid, US$ 3.8 million on January 22, 2009 date in which the contracts protocol was signed and US$ 4.0 million on November 9, 2009. The remainder balance will be paid without interests in November, 2010. For the outstanding balance of such real estate property, a mortgage was established in favor of the sellers effective through the last payment date.

b. On July 28, 2008, the Company acquired San Cayetano and San Rafael farms, a 883 hectare and a 2,969 hectare properties located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$ 8.9 million out of which US$ 0.9 million was paid, US$ 2.9 million in November 19, 2008 date in which the contracts protocol was signed and US$ 3.1 million in November 9, 2009. The remainder balance will be paid without interests in November, 2010. For the outstanding balance of such real estate property, a mortgage was established in favor of the sellers effective through the last payment date.

c. On July 28, 2008, the Company acquired La Fon Fon farm, a 3,748 hectare property located in the Province of Obispo Santiesteban, Bolivia for an aggregate purchase price of US$ 8.6 million out of which US$ 1.4 million was paid, US$ 2.3 million in November 19, 2008 date in which the contracts protocol was signed and US$ 3.0 million in November 9, 2009. The remainder balance will be paid without interests in November 2010. For the outstanding balance of such real estate property, a mortgage was established in favor of the sellers effective through the last payment date.

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NOTE 9: (continued)

B. Real Estate Business

1. IRSA

Acquisition of Catalinas Norte plots of land

On December 2009 IRSA acquired by public sale a plot of land of 3,649 square meters and located in the area known as Catalinas Norte in the Autonomous City of Buenos Aires.

The total amount payed was Ps. 95.0 million, of which: Ps. 19.0 million was paid together with the sing to the preliminary agreement and the outstanding balance of Ps. 76.0 million was paid at the time of executing and delivering the corresponding title deed, which took place during May, 2010.

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

On August 26, 2010, IRSA and some American partners entered into a conditional purchase and sale agreement to acquire the property located at 183 Madison Avenue, New York, NY. The investment vehicle is a US-based company, Rigby 183 LLC, which, as soon as the transaction is consummated, will be controlling a 19-story building at 183 Madison Avenue, New York, NY, that spans 22,893 square meters of net leasable area. The price offered was US$ 75.2 million.

The property is located in a Manhattan area known as Midtown South that also hosts other famous and prominent venues such as the Empire State Building, Macy s Herald Square and the Madison Square Garden and boasts one the most significant office and retail markets in addition to excellent commuting alternatives, restaurants, shops and entertainment options.

On August 30, 2010, IRSA transferred US$ 7.3 million, in order to have that amount, together with the amount to be contributed by its partners at Rigby 183 LLC, held in a deposit in the name of the seller, for the agreement signed.

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It must be clarified that the transaction has not yet been consummated and that it is subject to certain conditions. Given that the seller is going through bankruptcy proceedings, the requisite court approvals for considering the transaction to have been consummated are still pending. Additionally, Rigby 183 LLC has reserved the right to equal any competitive bid for acquiring the property that may be placed in the framework of the reorganization proceedings against the seller. If this were consummated, the Company would be holding a 49% stake in Rigby 183 LLC s capital stock.

2. APSA

a. Acquisition of the building known as Ex- Escuela Gobernador Vicente de Olmos (City of Córdoba)

In November 20, 2006, APSA acquired through a public bidding the building known as Ex Escuela Gobernador Vicente de Olmos, located in the city of Córdoba for the amount of Ps. 32,522.

The building is under a concession agreement, effective for 40 years, falling due in February 2032, which grants the concession holder the commercial exploitation of the property. Such agreement provides for paying a staggered fee in favor of the concession principal which shall be increased by Ps. 2.5 every 47 months. As of the issuance date of these financial statements, the concession is at the 223 month, with a current monthly fee of Ps. 12.6 while the next increase is scheduled for the 234 month.

On September 25, 2007, the transfer deed of the property was signed with the Government of the Province of Córdoba and the transference of the respective concession contract. This transaction is recorded as Non-current investments.

b. Barter with Condominios del Alto S.A.

On October 11, 2007, APSA subscribed with Condominios del Alto S.A. a barter contract in connection with an own plot of land (plot 2 G), located in the City of Rosario, Province of Santa Fe.

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NOTE 9: (continued)

As partial consideration for such exchange contract, Condominios del Alto S.A. agreed to transfer the full property, possession and dominium in favor of APSA of the following future properties: (i) fifteen (15) Functional Housing Units (apartments), with an own constructed surface of 1,504.45 square meters, which represent and will further represent jointly 14.85% of the own covered square meters of housing (apartments) of the building that Condominios del Alto S.A. will build in Plot G, and (ii) fifteen (15) Garages, which represent and will further represent jointly 15% of the own covered square meters of garage in the same building.

On March 17, 2010, APSA and Condominios del Alto S.A. subscribed a supplementary deed specifically determining the units committed for bartering that will be transferred to APSA and the ownership title to 15 parking spaces.

The parties have determined that the value of each undertaking is of US$ 1.1 million.

As a complementary consideration in favor of APSA, Condominios del Alto S.A. paid APSA US$ 0.015 million and constituted certain guarantees in favor of it.

APSA also granted Condominios del Alto S.A. an acquisition option through barter of plot 2 H. On November 27, 2008, the title deed for the plot of land 2 H was executed for US$ 2.3 million, a value that the parties have determined for each of their considerations.

As partial consideration for the above-mentioned barter, Condominios del Alto S.A. agreed to transfer the full property, possession and ownership in favor of APSA of the following future building: (i) forty two (42) Functional Housing Units (apartments), which represent and will further represent jointly 22% of the own covered square meters of housing (apartments) of the building that Condominios del Alto S.A. will construct in Plot H; and (ii) forty seven (47) garages, which represent and will further represent jointly 22% of the own covered square meters of garage units in the same building.

c. Beruti plot of land

On June 24, 2008, APSA acquired from Dowler Company S.A. a plot of land located at Beruti 3351/3359, between Bulnes street and Coronel Díaz avenue in Buenos Aires City.

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NOTE 9: (continued)

The transaction was executed for a total price of US$ 17.8 million, which were completely cancelled. Such plot of land is disclosed in Non-current investments - Undeveloped parcels of land.

On October 13, 2010, TGLT S.A. and APSA subscribed an agreement of purchase with a condition precedent by which APSA sells a plot of land located on Beruti 3351/59. The transaction was agreed upon at US$ 18.8 million. TGLT plans to construct a department building with residential and commercial parking. In consideration, TGLT S.A. commits to transferring APSA: (i) a number to be determined of departments representing altogether 17.33% of proprietary square meters that may be sellable in departments in the building to be constructed; (ii) a number to be determined of complementary/functional parking units representing altogether 15.82% of square meters in parking in the same building; (iii) all units earmarked for commercial parking and the amount of US$ 10.7 million payable upon granting the title deed.

On October 29, 2010, TGLT S.A. completed the initial public offering of its shares on the Buenos Aires Stock Exchange, thus complying with the condition to which the operation was subject.

On November 5, 2010 TGLT S.A. advanced payment of US$ 10.7 million by means of a transfer to an APSA account, while it remains to be executed the title deed to the plot of land mentioned above which should be carried out within 30 days as from complying with the condition mentioned in the preceding paragraph.

d. Barter with CYRSA S.A.

On September 24, 1997, APSA and COTO Centro Integral de Comercialización S.A. (COTO) granted a title deed by which APSA, which then operated under the name of Sociedad Anónima Mercado de Abasto Proveedor (SAMAP), acquired the rights to receive the parking spaces and the rights to increase the height of the building located between the Agüero, Lavalle, Guardia Vieja and Gallo streets, in the Abasto neighborhood.

On July 31, 2008, a conditioned barter commitment was executed by which APSA would transfer CYRSA S.A. (CYRSA) 112 parking spaces and the rights to increase the height of the property to build a two tower buildings on the previously mentioned property, upon compliance with certain conditions.

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NOTE 9: (continued)

In consideration, CYRSA would give APSA an amount to be determined in the future of units in the building that would be built equivalent to 25% of square meters, which as a whole will be total not less than the amount of 4,053.50 proprietary square meters to be built. Likewise, if any, CYRSA would deliver APSA a number of storing units equivalent to 25% of storing units in the future building.

Additionally and in the case of the conditions which the transaction is subject to are considered to have been met, CYRSA would pay APSA the amount of US$ 0.1 million and would carry out the works at the parking spaces that APSA would receive from COTO.

In order for the barter to be effective, is condition the fulfillment of certain provisions essential by COTO.

Possession of the above mentioned assets will be simultaneously granted upon executing the title deed, which will be carried out within 30 running days as from the date on which APSA notifies CYRSA that conditions precedent.

The total amount of the transaction between CYRSA and APSA total US$ 5.9 million.

Such investment is included in Non Current Investment Land Reserves

e. Plot of land Paraná:

On June 30, 2009, APSA subscribed a Letter of Intent . This Letter of Intent states its intention to acquire a plot of land of about 10,022 square meters located in Paraná, Province of Entre Ríos, to be used to build, develop and exploit a shopping center or mall.

On August 12, 2010, the agreement of purchase was executed. The purchase price stood at US$ 0.5 million to be paid as follows:

i) US$ 0.05 million was settled as prepayment on July 14, 2009,

ii) US$ 0.1 million was settled upon executing such agreement, and

iii) US$ 0.35 million will be paid upon executing the title deed.

Advances are included in Property and Equipment, net.

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NOTE 9: (continued)

The title deed, at the same time of surrendering ownership, will be executed within 60 days running as from: i) the date on which APSA obtains the municipal clearance, or ii) the date on which the seller obtain the lot subdivision, whichever later.

APSA will be the only party in charge of carrying out administrative formalities before the Municipality and/or other agency to obtain the municipal clearance for using the shopping mall. It will bear all costs and expenses related to obtaining the municipal clearance.

f. Plot of land Guaymallén

On March 26, 2010, APSA executed an agreement of purchase without possession by which the Company sells a building located in the district of Guaymallén, Province of Mendoza. The total agreed-upon price stood at US$ 0.3 million, out of which US$ 0.2 million was collected as prepayment while the remaining balance was settled together with the execution of the title deed on June 24, 2010.

g. Plot of land Rosario

On April 14, 2010, APSA subscribed an irrevocable offer subject to compliance with a condition precedent (passing the amendment to Ordinance 8080), by which it sells the lot designated as 2 A of the building located in the District of Rosario, City of Rosario, Province of Santa Fe, facing the streets Thedy, Junín and Caseros avenue. The transaction price was fixed at US$ 4.2 million, out of which US$ 1.05 million was collected. The remaining balance of the price will be settled upon executing the title deed.

On May 3, 2010, Alto Palermo S. A. (APSA) subscribed an irrevocable offer to sell the lot designated as 2 E of the building located in the District of Rosario, City of Rosario, Province of Santa Fe, facing the street Rotonda Ingeniero G. Venesia and Caseros Avenue. On September 29, 2010, the title deed was executed.

The transaction price stood at US$ 1.4 million, payable as follows: US$ 0.35 million on May 3, 2010; US$ 0.35 million upon executing the title deed and US$ 0.73 million on May 30, 2011, plus interest at 14% to be accrued as from the date the title deed is executed.

The lots subject to these transactions have been recorded under inventories.

To secure the outstanding price amount, the building will be mortgaged.

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NOTE 10: GRANTED GUARANTEES OF FYO.COM

By means of brokerage of agreement with guarantee, FyO.Com assumes before the purchaser the obligation to comply with the agreement in the event the seller did not deliver the merchandise. This compliance is implemented by returning the amounts agreed upon by such transaction that may be pending delivery, as well as the price difference that may arise between the price at which the agreement was executed and the price of the merchandise on the date the agreement is cancelled.

As of September 30, 2010 and June 30, 2010, the balance of brokerage transactions carried out by means of such agreement with guarantee, which was pending delivery, within the established contractual terms, amounted to Ps. 10,368 and Ps. 9,498 respectively.

As of September 30, 2010 and June 30, 2010, there are no agreements that failed to be complied with for which FyO.Com may have been claimed in its capacity of guarantor.

NOTE 11: CONVERTIBLE AND NON CONVERTIBLE NOTES PROGRAM

A. Real Estate Business

1. IRSA

a. Convertible Notes Due date 2017

In February 2007, IRSA issued non-convertible Notes (Non convertible notes-2017) for US$ 150 million to become due in February 2017 under the framework of the Global Program for Issuing Non convertible notes (the Program) in a nominal value of up to US$ 200 million authorized by the National Securities Commission. Non convertible notes-2017 accrues 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 contains customary covenants including restrictions to pay dividends in accordance with certain limits.

On February 25, 2010, the IRSA s Board of Directors approved the extension of the maximum nominal value of the program 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.

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Within this framework, on July 20, 2010, IRSA issued non-convertible notes for a nominal value of US$ 150 million (Non-convertible Notes Class II) maturing on July 20, 2020. The issuance price was 97.838% of 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.

On November 2, 2010, the 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.

2. APSA

b. Issuance of non-convertible notes

On July 19, 2002, APSA issued Series I of Convertible Notes (ONC) for up to US$ 50 million with a face value of Ps. 0.1 each. That series was fully subscribed and paid-up.

This issuance was resolved at the Ordinary and Extraordinary Meeting of Shareholders held on December 4, 2001, approved by the National Securities Commission Resolution No. 14,196 dated March 15, 2002 and authorized to list for trading on the Buenos Aires Stock Exchange on July 8, 2002.

The main issue terms and conditions of the Convertible Notes are as follows:

- Issue currency: US dollars.

- Due date: On July 19, 2014,

- Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.

- Payment currency: US dollars or its equivalent in pesos.

- Conversion right: the convertible notes can be converted at any time at the option of each holder into ordinary shares at a conversion price equivalent to the higher of the result from dividing the nominal value of the Company s shares (Ps. 0.1) by the exchange rate and US$ 0.0324, which means that each note is potentially exchangeable for 30.864 shares of Ps. 0.1 par value each.

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NOTE 11: (continued)

- Right to collect dividends: the shares underlying the conversion of the convertible notes will be entitled to the same right to collect any dividends to be declared after the conversion as the shares outstanding at the time of the conversion.

As of September 30, 2010, the holders of Convertible Notes into APSA ordinary shares, have exercised their right to convert them for a total amount of US$ 2.8 million, leading to the issuing of ordinary shares of Ps. 0.1 face value each.

As of September 30, 2010 Convertible Notes amounted to US$ 47.2 million.

On July 19, 2010, Alto Palermo S.A. settled the interest installment related to the Notes convertible into shares of US$ 50 million, falling due in July 2014, for US$ 2.4 million.

On October 7, 2010, the holders of Notes convertible into APSA s shares exercised the conversion right, issuing 477,544,197 shares of common stock, with a face value of Ps. 0.1 each and retiring Notes for a face value for US$ 15.5 million. As from the conversion, the number of Company s shares goes from 782,064,214 to 1,259,608,411.

b. Issuance of non-convertibles notes

On May 11, 2007, APSA issued two series of notes for a total amount of US$ 170 million.

Series I corresponds to the issuance of US$ 120 million becoming due on May 11, 2017, which accrue interest at a fixed rate of 7.875% paid semi-annually on May 11 and November 11 of each year as from November 11, 2007.

Series II corresponds to the issuance of Ps. 154,020 (equivalent to US$ 50 million). Principal will be settled in seven, equal and consecutive semi- annual installments as from June 11, 2009, and accrues interest at 11% per annum, maturing on June 11, and December 11 of each year as from December 11, 2007.

As of September 30, 2010 total Series I and Series II Notes repurchased by APSA amount to US$ 5.0 million and US$ 4.8 million, respectively. Such notes had been valued at face value and are disclosed netting the current and non-current capital and interest owed.

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As of September 30, 2010, IRSA holds Series I Notes for US$ 39.6 million in nominal value and Series II Notes for Ps. 33.2 million in nominal value. On October 12, 2010 IRSA sold its Non-Covertible Notes Serie I. Additionally, Cresud holds Series I Notes for US$ 5.0 million in nominal value.

These issuances correspond to Classes 1 and 2 within the Global Program for Issuing Negotiable Obligations, having a face value of up to US$ 200 million authorized by the National Securities Commission Resolution No. 15,614 dated April 19, 2007.

The APSA s Shareholders Meeting held on October 29, 2009 approved the increase in the amount of the Global Program for the Issuance of Notes in place up to US$ 200 million. It also approved the creation of the Global Program for the issuance of securities representing short-term debt (VCP) in the form of simple notes not convertible into shares, denominated in pesos, US dollars or any other currency with unsecured, special, floating and/or any other guarantee, including third party guarantee, either subordinated or not, for a maximum outstanding amount at any time that may not exceed the equivalent in Ps. of US$ 50 million.

Under such Global Issuance Program of Notes, on November 10, 2009, the placement of the Second Series of Notes for a total value 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 plus a 3% margin payable on a quarterly basis.

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

As of September 30, 2010 Emprendimiento Recoleta S.A. holds Series III Notes for Fv. Ps. 12 million.

c. Issuance of securities representing short-term debt of Tarshop S.A.

During the current fiscal year ended as of June 30, 2010, Tarshop S.A. requested the National Securities Commission (CNV) to authorize the Global Program for the Issuance of Securities Representing Short-Term Debt (Program), for a maximum outstanding amount that may not exceed US$ 25 million, or equivalent amount in other currencies.

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NOTE 11: (continued)

On December 28, 2009, the Extraordinary General Shareholders Meeting of Tarshop S.A. approved the creation of the Program and its terms and conditions.

As of June 30, 2010, Class I was placed for a total nominal value of Ps. 22,720 and Class II for a total nominal value of Ps. 40,000. Class I and II VCPs accrue interest from the issuance date at a nominal annual rate equal to the BADLAR, plus cap-margin of 400 basic points.

Net funds resulting from placing Class I and II were earmarked for paying in working capital in Argentina in accordance with the corporate objective of Tarshop S.A.

NOTE 12: **SIGNIFICANT EVENTS**

A. Agricultural Business

1. Loan inventories

On August 6, 2008, Agrology S.A. executed a securities loan agreement with Inversiones Financieras del Sur S.A. (IFISA) by which 1,275,022 Global Depository Shares (GRDs) were granted, represented by GRDs representative of 10 shares of common shares with a face value of Ps. 1 per share of IRSA., Inversiones y Representaciones Sociedad Anónima (IRSA).

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

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

As of the closing date of these financial statements, Inversiones Financieras del Sur S.A. returned 21,080 Global Depositary Shares (GDR s) to Agrology S.A., represented by Global Depositary Receipts (GDR´s) representative of 10 shares of common stock of Ps. 1 per share.

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NOTE 12: (continued)

On July 30, 2009, Agrology S.A. made an offer to IFISA to extend the agreed-upon due date of the loan inventories for 360 days, modifying the amount of GDRS of IRSA investments and Representaciones Sociedad Anónima granted in loan from 1,275,022 to 1,253,942 million which are free of encumbrances and are freely available to Agrology S.A.

On July 25, 2010, Agrology S.A. made an offer that was accepted by IFISA to extend for 360 days the term agreed upon in the previously-mentioned loan of IRSA s 1,253,942 GDR s on loan.

On September 8, 2010, Agrology S.A. executed a new agreement with IFISA by which IRSA S 800,000 GDR s are granted under the same conditions as above.

B. Real Estate Business

1. IRSA

a. Investment in Banco Hipotecario S.A.

Compensation of the National Government to financial entities as a result of the asymmetric pesification

The National Government, through Decree 905, provided for the issuance of National Government Compensating Bonds , to compensate financial entities for the adverse equity effects generated due to the conversion into pesos, under various exchange ratios, of the credits and obligations denominated in foreign currency as established by Law 25,561, Decree 214 and addenda and entitled the BCRA to determine the pertinent rules.

After a series of presentations Banco Hipotecario S.A. submitted the final presentation, in September 2002 and October 2005, the Central Bank of Argentina credited US$ 344,050 and US$ 16,761 in BODEN 2012, respectively, for compensation.

In the period beginning in September 2005 and ended in January 2006, subscriptions were made for BODEN 2012 hedging bonds equivalent to US$ 773,533. A supplementary subscription of hedging bonds and detached coupons took place on June 26, 2009, subscribing an original par value of US$ 59,294 in exchange for a payment in cash of Ps. 211,947 as subscription price. In addition, US$ 40,207 were received as matured coupons.

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Exposure to the non-financial public sector

As of September 30, 2010, Banco Hipotecario S.A. has assets with the non-financial public sector for Ps. 1,561,157 booked in its financial statements.

The exposure of Banco Hipotecario S.A. to the Public Sector originated in compensations granted by the National Government as a result of year 2002 crisis, principally related to the asymmetric pesification of assets and liabilities, through Communication A 4546 of July 9, 2006, regarding the assistance to the Public Sector, it was established that as from July 1, 2007, such limit was 35% (average measured) of total Assets of the last day of the previous month.

As of September 30, 2010 and 2009 the assistance to the Public Sector reaches 13.0% and 21.4% from total Assets, respectively.

Banco Hipotecario S.A. s Treasury Shares

In the course of fiscal year 2009 and with the Total Return Swap dated January 29, 2004 having expired, Banco Hipotecario S.A. received treasury shares Class D totaling 71.1 million.

On April 30, 2010, the Extraordinary General Shareholders Meeting of the Banco Hipotecario S.A. resolved to delegate upon the Board of Directors of the bank the decision to pay with the treasury shares in portfolio the DAA or StAR coupons resulting from the debt restructuring as advisable based on the contractually agreed valuation methods and their actual market value after allowing the shareholders to exercise their preemptive rights on an equal footing.

On June 16, 2010, the Board of Directors of Banco Hipotecario offered to sell 36 million of its treasury Class D shares to its existing shareholders. On July 26, 2010, in the framework of the offering, the Bank sold approximately 26.9 million of its treasury Class D shares. On August 3, 2010, the Bank applied the proceeds from the offering and the remaining Class D shares to the cancellation of the StAR coupons maturing on that date.

The Company s Banco Hipotecario treasury shares still in its portfolio amount to 37.4 million and entail an increase in the Company s ownership interest. As considered for valuation purposes, they have risen from 29.78% to 30.54%.

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b. Transactions pending solution by the Argentine Antitrust Commission (CNDC)

On November 20, 2009, after the sale of the building Edificio Costeros (Dock II), IRSA applied to the CNDC for a consultative opinion on whether IRSA had to notify that transaction or not. The CNDC found that there was an obligation to notify the same, but IRSA appealed that decision. As of the date of issuance of these financial statements, the CNDC had not yet handed down a resolution.

In addition, as regards the acquisition of Torre Bank Boston, on August 30, 2007 IRSA applied to the CNDC for a consultative opinion as to whether IRSA had to notify the transaction. On November 22, 2007 the CNDC stated that there was indeed a duty to notify the transaction. IRSA filed an appeal against this decision. The resolution from the matter in court was favorable to the CNDC. As of the date of issuance of these financial statements, IRSA is in process of notificating the operation.

In May 2008 IRSA applied to the CNDC for a consultative opinion concerning to the obligation of notifying the acquisition of Edificio República. The CNDC decided that such notification was required and therefore, in February 2010 IRSA has presented the required documentation notifying the operation. On November 3, 2010, the CNDC authorized the operation.

2. APSA

a) Financing and occupation agreement with NAI INTERNATIONAL II, INC.

On August 12, 1996 Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1st, 2009) executed an agreement with NAI INTERNATIONAL II, INC. (subsequently transferred to NAI INTERNACIONAL II, INC. Branch Argentina) by means of which the latter granted a loan for an original principal of up to US$ 8.2 million for the construction of a multiplex cinema and part of the parking lot located in the premises of Córdoba Shopping, which are disclosed in Property and Equipment, net.

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According to the agreement of occupation related to the loan contract, the amounts due are set off against payments generated by the occupation held by NAI INTERNATIONAL II, INC. of the building and the area known as cinema. The agreement provides that if after October 2027, there still is an unpaid balance of the loan plus respective interest thereon, the agreement will be extended for a final term established as the shorter of the term required to fully repay the unpaid loan amount, or ten years.

If once the last term has elapsed and there still is an unpaid balance, APSA will be released from any and all obligation to pay the outstanding debt.

On July 1st, 2002 a new amendment to the agreement was established, whose most important resolutions are as follows:

The outstanding debt was de-dollarized (Ps. 1 = US$ 1)

An antichresis right was created and it was established that all obligations assumed by Empalme S.A.I.C.F.A. y G. under the agreement by which the normal use and operation of the cinema center is warranted to NAI INTERNATIONAL II, INC., including those obligations involving restrictions on the use or title to property by Empalme S.A.I.C.F.A. y G. or third parties, shall be comprised in the previously mentioned real right.

Principal owed as of September 30, 2010 and interest accrued unpaid through that date, due to the original loan agreement and respective amendments are disclosed under Customers advances - Lease advances together with other advances not included in this agreement.

b) Neuquén Project

The main asset of Shopping Neuquén S.A., controlled by APSA, is a plot of land of 50,000 square meters approximately, in which a mixed use center would be built. The project includes the building of a shopping center, cinemas, a hypermarket, apartments, private hospital and other compatible purposes.

On December 13, 2006, Shopping Neuquén S.A. entered into an agreement with the Municipality and with the Province of Neuquén by which, mainly, the terms to carry out the commercial and residential venture were rescheduled and authorized Shopping Neuquén S.A. to transfer to third parties the title to the plots of land into which the property is divided, provided that it is not that one on which the shopping center will be built.

Cresud Sociedad Anónima,

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Notes to the Unaudited Consolidated Financial Statements (continued)

(in thousands of pesos)

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NOTE 12: (continued)

On June 12, 2009, Shoppping Neuquén S.A. and the Municipality of Neuquén executed a new agreement by which Shoppping Neuquén S.A. committed itself to presenting a new road project and to making those amendments that may be necessary to the general project. On October 19, 2009, the respective amendments to the previously mentioned projects were filed. Subsequently, the Municipality of Neuquén made some remarks to them, which were duly replied. On January 18, 2010, the Municipality of Neuquén requested changes to the plans filed, granting a 30-day term to be filed. Finally Shopping Neuquén S.A. was notified about the registration of the project, so on April 8, 2010 the term of 90 running days to commence the shared works has started. Shopping Neuquén S.A. submitted the working plans related to the first stage of the work (contemplating the construction of the shopping mall and the hypermarket), it obtained the authorizations to start such works and on July 5, 2010 and within the previously mentioned 90 day term, construction began.

The first work stage mentioned should be completed at a maximum 22 month terms starting upon beginning construction. In the case of failing to comply the conditions established in the agreement, the Municipality of Neuquén is entitled to terminate the agreement and carry out the actions that may be considered necessary for such respect, among them, to request the return of the Company´s plots acquired to the Municipality of Neuquén.

On November 8, 2010, Shopping Neuquén S.A. was served notice of a resolution issued from the trial styled Shopping Neuquén S.A. vs. Municipalidad de Neuquén in re: Administrative Procedural Action lodged at the High Court of Justice of Neuquén, by which certain pending fees to be borne by Shopping Neuquén were established. Such resolution is not firm and Shopping Neuquén S.A. is currently evaluating the procedural recourse to be filed.

c) Contributed leasehold improvements- Other liabilities

In March 1996 Village Cinema S.A. inaugurated ten multiplex system cinema theatres, with an approximate surface of 4,100 square meters. This improvement of the building of Mendoza Plaza Shopping S.A. was capitalized with a balancing entry as a fixed asset, recognizing the depreciation charges and the profits over a 50-year period. The lease is for a time limit of 10 years to be renewed every four equivalent and consecutive periods, at the option of Village Cinema S.A.

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NOTE 12: (continued)

At the end of period/year the amount was pending of accrual and it was disclosed under Other liabilities Contributed leasehold improvements

d) Agreement with the former minority shareholder of Tarshop S.A.

During January 2010, APSA executed an agreement with Mr. León Halac (LH), by which the latter assumed the obligation to abstain during 28 running months from performing any role or developing and participating in any manner whatsoever in any new credit card companies other than those existing on the market, or in the regions in which at present Tarjeta Shopping is developed. Such agreement also contemplates the impossibility by the same period of time that LH participates in developing, under any method, shopping malls of over 20,000 square meters within the territory of Buenos Aires City, Argentine Republic. APSA, shall pay in consideration of the obligations assumed by the other party a total and definitive price of US$ 2.2 million payable: (1) A down payment of US$ 0.8 million upon executing the agreement and (2) the balance of the price of US$ 1.4 million in 28 monthly consecutive installments, accruing no interest of US$ 0.05 million each, to which income tax withholdings will be added. In all cases, income tax withholdings should also be added.

NOTE 13: SALES OF BUILDINGS

Real Estate Business

During the three-month period ended September 30, 2009, IRSA conducted several transactions for the sale of some office rental properties that made up its portfolio, representative of a gross leasable area of 2,751 for a total of Ps. 33.5 million. The gross income generated by these transactions amounted to Ps. 23.8 million.

During the three-month period ended September 30, 2010, there was no sale of office property.

NOTE 14: CAPITALIZATION PROGRAM FOR EXECUTIVE MANAGEMENT

As of September 30, 2010 Cresud and IRSA had made contributions to the capitalization program for executive management that amount Ps. 4,297.

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Notes to the Unaudited Consolidated Financial Statements (continued)

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NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS

Real Estate Business

Futures contracts Ritelco S.A.

In the course of the period, Ritelco S. A. conducted certain shorting and covering transactions involving futures. According to the Company s risk management policies, these deals are used for speculative purposes.

In connection with the futures transactions that took place during de fiscal year, the Company booked realized gains for US$ 26 (equivalent to Ps. 103) in the Other holding results line of its Income statement.

As of September 30, 2010, Ritelco S. A. carries neither derivatives contracts nor guarantees associated thereto.

NOTE 16: SUBSEQUENT EVENTS

Real Estate Business

1. IRSA

a. Option to acquire an ownership interest in Alto Palermo S.A. (APSA).

On October 15, 2010 the exercise of the option discussed in Note 8.1.h. was consummated through payment of the price balance. As a result, IRSA became the holder of 94.89% of APSA s capital stock.

b. Sale of Alto Palermo Notes

On October 12, 2010 IRSA sold Alto Palermo s Series I Notes for a nominal value of US$ 39.6 million that it had acquired in fiscal year 2009 for US$ 38.1 million.

c. Acquisition of shares of Hersha

On October 22, 2010 and through REIG, IRSA acquired 2,952,625 ordinary shares in Hersha Hospitality Trust (Hersha) at a price of US$ 5.80 per share, totaling US$ 17.1 million. Following this acquisition, IRSA s ownership interest in Hersha amounts to 10.7% of Hersha s outstanding capital. Besides, if the purchase option mentioned in Note 8.B.1.b. were exercised and Hersha failed to issue new shares in favor of third parties, IRSA s ownership interest in Hersha would amount to 13.63%.

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NOTE 16: (continued)

2. APSA

a. Acquisition of shares of TGLT S.A.

On November 4, 2010, APSA acquired 5,214,662 registered, nonendorsable shares of common stock, entitled to one vote per shares, issued by the company TGLT S.A. for a total amount equivalent to Ps. 47.1 million under the initial public offering of the latter.

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Cresud Sociedad Anónima,

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Unaudited Basic Financial Statements

Corresponding to the three-month periods

ended September 30, 2010 and 2009

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Cresud Sociedad Anónima,

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Unaudited Balance Sheet as of September 30, 2010 and 2009 and June 30, 2010

(in thousands of pesos)

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

	September 30, 2010 (Notes 1 and 2)	June 30, 2010 (Notes 1 and 2)	September 30, 2009 (Notes 1 and 2)
ASSETS			
Current Assets			
Cash and banks (Note 8 a.)	21,102	3,810	5,192
Investments (Note 8 b.)	75,099	24,631	5,282
Trade accounts receivable, net (Note 8 c.)	83,717	85,492	39,246
Other receivables (Note 8 d.)	116,655	61,916	65,771
Inventories (Note 8 e.)	127,688	100,454	83,562
Total Current Assets	424,261	276,303	199,053
Non-Current Assets			
Other receivables (Note 8 d.)	65,477	60,214	30,654
Inventories (Note 8 e.)	140,739	141,602	72,174
Investments on equity investees (Note 8 b.)	1,780,064	1,800,764	1,595,643
Other investments (Note 8 b.)	85,248	82,042	72,721
Property and equipment, net (Schedule A)	315,212	289,991	283,855
Intangible assets, net (Schedule B)	22,131	1,071	1,298
Total Non-Current Assets	2,408,871	2,375,684	2,056,345
Total Assets	2,833,132	2,651,987	2,255,398

	September 30, 2010 (Notes 1 and 2)	June 30, 2010 (Notes 1 and 2)	September 30, 2009 (Notes 1 and 2)
LIABILITIES			
Current Liabilities			
Trade accounts payable (Note 8 f.)	76,156	83,126	54,277
Short-term debt (Note 8 g.)	406,275	449,311	226,271
Salaries and social security payable (Note 8 h.)	17,237	23,330	5,033
Taxes payable (Note 8 i.)	9,179	4,659	4,758
Other liabilities (Note 8 j.)	77,121	42,612	2,294
Total Current Liabilities	585,968	603,038	292,633
Non-Current Liabilities			

Long-term debt (Note 8.g.)	105,954		
Taxes payable (Note 8 i.)	91,383	75,822	60,710
Other liabilities (Note 8 j.)	4,018	3,166	
Provisions (Schedule E)	1,671	1,768	1,771
Total Non-Current Liabilities	203,026	80,756	62,481
Total Liabilities	788,994	683,794	355,114
SHAREHOLDERS EQUITY	2,044,138	1,968,193	1,900,284
Total Liabilities and Shareholders Equity	2,833,132	2,651,987	2,255,398

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

Alejandro G. Elsztain

Vicepresident II

acting as President

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Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Statement of Income

Corresponding to the three-month periods beginning as from July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Production income:		
Crops	20,295	4,236
Beef cattle	2,758	1,555
Milk	9,301	5,294
Total production income	**32,354**	**11,085**
Cost of production (Schedule F.2)		
Crops	(19,575)	(6,201)
Beef cattle	(5,701)	(6,574)
Milk	(6,773)	(5,416)
Total cost of production	**(32,049)**	**(18,191)**
Production gain (loss)	**305**	**(7,106)**
Sales		
Crops	49,082	33,547
Beef cattle	15,192	6,035
Milk	8,272	4,693
Establishments	71,096	
Other	4,237	1,893
Total sales	**147,879**	**46,168**
Cost of sales		
Crops (Schedule F.1)	(42,548)	(31,352)
Beef cattle (Schedule F.1)	(15,348)	(5,669)
Milk (Schedule F.1)	(8,272)	(4,693)
Establishments	(21,652)	
Other (Schedule F.1)	(1,938)	(403)
Total cost of sales	**(89,758)**	**(42,117)**
Sales profit	**58,121**	**4,051**
Gross (loss) profit	**58,426**	**(3,055)**

Selling expenses (Schedule H)	(10,588)	(5,408)
Administrative expenses (Schedule H)	(8,998)	(9,834)
Unrealized gain on inventories-beef cattle (Schedules F.1 and F.2)	16,127	28
Unrealized (loss) gain on inventories-crops, raw materials and MAT	(4,153)	2,020
Operating gain (loss)	**50,814**	**(16,249)**
Financial results:		
Generated by assets:		
Exchange gains	449	2,459
Interest income (Note 8.k)	4,255	4,426
Other unrealized gain (Note 8.k)	484	5,121
	5,188	12,006
Generated by liabilities:		
Exchange gains	279	(1,092)
Interest income (Note 8.k)	(11,594)	(7,682)
Other unrealized loss	(1,250)	(153)
	(12,565)	(8,927)
Other income and expenses, net:		
Shareholders Personal asset tax	(2,200)	(2,032)
Others	520	515
	(1,680)	(1,517)
Gain on equity investees (Note 8 l.)	30,595	75,613
Management agreement fees (Note 5)	(5,761)	(6,803)
Net income before income tax	**66,591**	**54,123**
Income tax (Note 6)	(14,741)	7,704
Net income for the period	**51,850**	**61,827**
Earnings per share:		
Basic (Note 9)	0.10	0.13
Diluted (Note 9)	0.09	0.12

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

Alejandro G. Elsztain
Vicepresident II

acting as President

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Cresud Sociedad Anónima,

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Unaudited Statement of Changes in Shareholders Equity

Corresponding to the three-month periods beginning as from July 1, 2010 and 2009

and ended September 30, 2010 and 2009 (Notes 1 and 2)

(in thousands of pesos)

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

	Shareholders contributions						**Retained earnings**				
	Capital (Note 3)		**Inflation adjustment**								
Items	**Common stock**	**Treasury stock**	**Common stock**	**Treasury Stock**	**Paid-in capital (1)**	**Subtotal**	**Legal Reserve**	**New Projects Reserve**	**Retained earnings**	**Translation differences**	**Total as of September 30, 2010**
Balances as of June 30, 2009	471,539	30,000	156,276	9,942	879,218	1,546,975	16,792	85,543	126,893	36,681	1,812,884
Transitory conversion differences for the period										25,573	25,573
Net income for the period									61,827		61,827
Balances as of September 30, 2009	471,539	30,000	156,276	9,942	879,218	1,546,975	16,792	85,543	188,720	62,254	1,900,284
Balances as of June 30, 2010	496,560	5,001	164,561	1,657	879,331	1,547,110	23,023	143,928	187,683	66,449	1,968,193
Transitory conversion differences for the period										24,095	24,095
Net income for the period									51,850		51,850
Balances as of September 30, 2010	496,560	5,001	164,561	1,657	879,331	1,547,110	23,023	143,928	239,533	90,544	2,044,138

(1) See notes 2.q. and 16.

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

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Vicepresident II

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Cresud Sociedad Anónima,

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Unaudited Statement of Cash Flow

Corresponding to the three-month periods beginning as from July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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

	September 30, 2010	September 30, 2009
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the fiscal year	18,364	15,991
Cash and cash equivalents at the end of the period	37,126	7,609
Net Increase (decrease) in cash	18,762	(8,382)
Causes of changes in cash and cash equivalents		
Operating activities		
Net Income for the period	51,850	61,827
Income tax	14,741	(7,704)
Accrued interest during the period	9,319	1,782
Adjustments made to reach net cash flows from operating activities		
Gain on equity investees	(30,595)	(75,613)
Increase in allowances and provisions	12,263	(251)
Depreciations of Property and Equipment	1,761	1,478
Depreciations of Intangible Assets	188	
Unrealized loss on Inventories	(11,974)	(2,048)
Financial results, net	(2,587)	(5,401)
Gain on the sale of fixed assets	(3,920)	
Changes in operating assets and liabilities		
(increase) decrease in current investments	(46,503)	5,398
Decrease in trade accounts receivable	7,312	7,528
(Increase) decrease in other receivables	(51,193)	6,368
(Increase) decrease in inventories	(281)	11,003
Decrease in social security payable and taxes payable	(1,270)	(1,297)
Decrease in trade accounts payable	(18,278)	(6,367)
Increase in other debts	24,050	450
Dividends collected	141	117
Cash flows applied to operating activities	(44,976)	(2,730)
Investing activities		
Increase in interest on equity method investees (except IRSA)	(2,777)	(35,412)
Acquisition and upgrading of fixed assets	(6,930)	(4,325)
Sale of fixed assets	17,855	
Incorporated cash by merger	579	1,161
Cash flows provided by (applied to) investing activities	8,727	(38,576)

Financing activities		
Increase in financial loans	113,208	10,065
Decrease in financial loans	(163,121)	(26,610)
Issuance of Non-convertible Notes (Note 20)	104,924	49,469
Cash flows provided by financing activities	55,011	32,924
Net increase (decrease) in cash and cash equivalents	18,762	(8,382)

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

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Cresud Sociedad Anónima,

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Unaudited Statement of Cash Flow (Continued)

Corresponding to the three-month periods beginning as from July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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	September 30, 2010	September 30, 2009
Operations not involving changes in cash and cash equivalents		
Inventories transferred to property and equipment	290	244
Increase in related companies interest by a decrease in trade account receivables	(3,541)	
Increase in related companies interest by an increase in other current liabilities	926	
(Increase) Decrease in non-current investments by transitory conversion differences	(24,095)	25,573
Increase in non-current investments through a decrease in other receivables		6,593

	September 30, 2010	September 30, 2009
Complementary information		
Interest paid	4,858	5,604
Income tax paid	1,702	2,861

	September 30, 2010	September 30, 2009
Balances incorporated by merger (Note 14)		
- Trade account receivables	9,134	1,632
- Other receivables	9,431	1,360
- Inventories	14,408	3,214
- Property and equipment	37,622	5,835
- Intangible assets	1,511	
- Non-current Investments	(63,631)	(10,777)
- Trade account payables	(7,132)	(408)
- Salaries and social security payable	(111)	(37)
- Tax payables	(408)	(523)
- Provisions	(258)	(1,457)
- Loans	(1,145)	
Incorporated cash	(579)	1,161

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Notes to the Unaudited Financial Statements

Corresponding to the three-month periods beginning as from July 1, 2010 and 2009

and ended September 30, 2010 and 2009

(in thousands of pesos)

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NOTE 1: ACCOUNTING STANDARDS

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

a. Presentation standards

These financial statements are stated in Argentine Pesos (Ps.) and have been prepared in accordance with the disclosure and valuation accounting standards contained in the Technical Resolutions issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), as approved, with resolutions issued by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (CPCECABA) and the Comisión Nacional de Valores (CNV).

b. The effects of inflation

The financial statements have been prepared in constant currency units recognizing the effects of inflation up to August 31, 1995. As from this date and under professional accounting standards and as required by the enforcement agency, financial statements as of December 31, 2001 were no longer restated. As from January 1st, 2002 and under professional accounting standards, effects for inflation restarted to be recognized considering that accounting measurements restated for the change in the currency purchasing power until August 31, 1995, as those whose original date fell between such date and December 31, 2001, were stated in pesos as of such last date.

On March 25, 2003, the Federal Executive issued Decree No. 664, which established that the financial statements for year ended after such date should be stated in nominal currency. Consequently, in conformity with Resolution No. 441/03 issued by the CNV, the Company discontinued the restatement of financial statements as from March 1, 2003. Such method does not agree with current professional accounting standards, which require that financial statements should be restated until September 30, 2003. However, given the little significance of inflation rates from March through September 2003, this departure has not generated a significant effect on the financial statements taken as a whole.

The rate used for restatement of items until February 28, 2003 was the domestic whole revenue price index published by the National Institute of Statistics and Census.

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NOTE 1: (Continued)

c. Comparative Information

Amounts as of June 30, 2010 and September 30, 2009, which are disclosed in these financial statements for comparative purposes have been taken from the financial statements as of such dates.

These financial statements have been prepared giving effect to the spin-off merger mentioned in Note 14.2; consequently, the stand-alone financial statements as of September 30, 2010 are not comparable with those issued as of June 30, 2010 and September 30, 2009.

d. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at that date and the reported amounts of revenues and expenses during the period.

Estimates are used when accounting for the allowance for doubtful accounts, depreciations and amortizations, income taxes, deferred liabilities, translation differences, provisions for lawsuits and contingencies, accrual for expenses and assets recoverable value and classification of the current and non-current assets and the current value of the assets and liabilities acquired in business combinations. Actual results could differ from these estimates.

e. Adoption of the International Financial Reporting Standards

The National Securities Commission, through the Resolution 562, has mandated that the Technical Resolution No. 26 of the FACPCE is to be applied by the companies admitted to the public offering system under Law No. 17,811 in connection with either their capital stock and/or negotiable obligations, and/or by the companies that have applied for admission to the public offering system. FACPCE s Technical Resolution No. 26 adopts the International Financial Reporting Standards issued by the International Accounting Standards Board. The Company shall apply the IFRS as from the fiscal year beginning on July 1st, 2012. On April 29, 2010, the Company´s Board of Director has approved the specific implementation plan to the application of IFRS.

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NOTE 2: MORE RELEVANT ACCOUNTING POLICIES

a. Cash and banks

Cash on hand has been valued at face value.

b. Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currency have been valued at the exchange rates prevailing at the end of the period/ fiscal year.

c. Temporary investments

The units of ownership of mutual funds, the mortgage certificates and bonds were valued at quotation value net of sales expenses as of the end of the period. Therefore, interests to collect corresponding to non-convertible notes of IRSA and APSA which are measured according to the mentioned in Note 2.k. are included. Temporary investments do not exceed their recoverable value at the date of the financial statements.

d. Trade accounts receivable and payable

Trade accounts receivable and payable have been valued at nominal value. Values obtained by this do not differ significantly from those that had been valued at their cash price estimated at the time of the transaction, plus interest and implied financial components accrued on the basis of the internal rate of return determined at such time.

e. Credits and short-term debts

Credits and short-term debts have been valued at nominal value plus accrued interest at the end of the period/fiscal year. Values obtained by this do not differ significantly from those obtained from the sum of money delivered and/or received, respectively, net of transaction costs, plus financial results accrued at the internal rate of return determined at the moment of the initial measurement.

f. Derivates financial instruments

Forwards relate to cereal commitments deliverable and receivable at a previously agreed price and to purchase and sale of US dollars and receivable.

Premiums collected or paid correspond to options bought or written, respectively, and are included in Other debts and Other receivables, respectively, until its due date.

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NOTE 2: (Continued)

The assets and liabilities originated in derivatives instruments have been valued at their market value at the date of the financial statements.

Differences generated by the application of the above mentioned valuation criteria to assets and liabilities and derivative instruments corresponding to crops have been recognized under net income of the period under Unrealized gain on inventories Crops, raw materials and MAT .

Results of purchases and sales of forward transactions with US dollars operations are included under the Financial Results.

g. Other receivables and liabilities

Other current receivables (except VAT receivables) have been valued at face value plus the financial results accrued at the end of the corresponding period/fiscal year. The figures thus obtained are not significantly different from those that would have been obtained if valued on the basis of the best possible estimate of the amounts receivable and payable, respectively, discounted by application of a rate that reflects the time value of money and the specific risks inherent in the transaction estimated at the time of recognizing the item in assets and liabilities, respectively.

The VAT receivables have been valued based on the best possible estimate of the discounted amount using a rate that reflects the time value of money and the specific risks inherent in the transaction estimated as of the date of these financial statements.

h. Balances corresponding to financial transactions and receivables and payables with related parties

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

i. Inventories

1) Biological Assets (under development): Unharvested crops and Cattle: have been measured at replacement cost of goods and services needed to obtain a similar asset, which does not exceed the net realization value as of each period/fiscal year-end.

Include:

Unharvested crops

Calves

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NOTE 2: (Continued)

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

Include:

Dairy cattle

Breeding cows

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

Include:

Steers and heifers

Cattle round-up and mares

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

Include

Harvested crops

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

Include:

- Seeds
- Agrochemicals
- Semen Cattle raising and dairy
- Food and by-products
- Packs and bundles
- Poles
- Bags and blankets
- Silos raw materials

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NOTE 2: (Continued)

6) The remaining inventories were valued at their replacement cost.

The carrying values of inventories, which are determined as discussed above, do not exceed their estimated recoverable values as of each period/fiscal year-end.

j. Long term investments in other companies

1. Investments in equity investees

The investments in subsidiaries and affiliates in which the Company has control or significant influence have been accounted under the equity method, as required by Technical Resolution No. 21 of the FACPCE approved by CNV.

The accounting standards used by the subsidiaries to prepare their financial statements are the same as those used by the Company.

The values thus obtained, do not exceed their respective estimated recoverable values at the end of the period/fiscal year.

Interests in subsidiaries and affiliates as of September 30, 2010 are as follows:

Subsidiaries and affiliates	% Equity interest
Agrology S.A. (Nota 13.1.b)	100.00
FyO.Com (1)	65.85
Cactus (Nota 13.2.a)	48.00
Agro Uranga S.A.	35.72
IRSA (Nota 13.2.b)	50.60
BrasilAgro (Nota 13.1.a)	23.24
FyO Trading	3.63
Exportaciones Agroindustriales Argentinas S.A. (EAASA)	0.44
Agrotech S.A. (Nota 13.2.e)	97.00
Pluriagro S.A. (Nota 13.2.e)	97.00
Northagro S.A. (Nota 13.2.e)	97.00

(1) It s the owner of the 96.37% of the FyO Trading shares.

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NOTE 2: (Continued)

2. Acquisitions of equity interests in companies

The significant acquisitions of companies are booked according to the acquisition method as established by Technical Resolution No. 18 and Technical Resolution No. 21. This implies identifying and determining the current values of assets and liabilities acquired, a process requiring complex judgments and significant estimations.

3. Goodwill

- Goodwill

The goodwill represents the excess acquisition cost above the market value of net assets from those subsidiaries acquired at the equity percentage.

The residual value of the goodwill generated by acquiring interests in the companies has been disclosed in the Investments on controlled and related companies account (Schedule C).

Upon defining the useful life, the following factors have been considered: (i) nature and expected life of acquired businesses; (ii) stability and expected life of the respective industry branch; (iii) effects that the obsolescence of products, changes in demand and other economic factors may have on the acquired business; (iv) feasibility of maintaining the required disbursement value to obtain future economic benefits from the acquired business and (v) the control period over the acquired business and legal or contractual provisions that may affect its useful life.

Based on these factors, the Company has estimated that it is not possible to estimate the specific useful life for the goodwill generated by applying the acquisition method provided by Technical Resolution No. 18, and it has therefore determined that they shall have an undefined useful life.

The values thus obtained, do not exceed their respective estimated recoverable values at the end of the period/fiscal year.

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NOTE 2: (Continued)

- Negative goodwill

The negative goodwill represents the excess market value of net assets from those subsidiaries acquired at the equity percentage above the acquisition cost. Negative goodwill has been restated following the guidelines mentioned in Note 1.b. to the financial statements and amortization has been calculated by the straight-line method based on estimated useful life, considering the weighted-average of the reaming useful life of identifiable assets acquired subject to depreciation.

The useful lives of negative goodwill generated by IRSA acquisition was established between 20 to 30 years. The useful life for the negative goodwill generated by the acquisition of an interest in BrasilAgro was established at 5 years.

Amortizations have been classified in the account Gain on equity investees in the Statement of Income.

The residual value of the goodwill generated by acquiring interests in the companies has been disclosed in the Investments on controlled and related companies account (Schedule C).

k. Other investments

- Investments in debt securities

IRSA and APSA s non-convertible notes were valued based on the best estimate of the discounted amount receivable, applying the corresponding internal rate of return estimated at the time of incorporation to assets, as the Company intends to hold them to maturity.

l. Property and Equipment

Property and equipment were valued at its acquisition cost, restated as mentioned in Note 1.b., less accumulated depreciation.

Depreciations have been calculated by the straight-line method based on the estimated useful lives of each asset, applying annual rates sufficient to extinguish their values at the end of its useful life.

The tree plantations (wood) comprising this account has been valued at cost less respective accumulated depreciation as the Company has no intention to sell it, but use it in the production process.

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Its cost was calculated according to a Report on forestry mass increase carried out by a forestry engineer at the request of the preceding shareholders of ANTA incorporated by merge as mentioned in Note 14.2.

Depreciation for the fiscal year was calculated based on the remaining concession term.

The value of these assets does not exceed its economic use value as of period/fiscal year-end.

m. Intangible assets

Pre-operating expenses resulted from developing new activities in Bolivia and Paraguay. Such expenses were valued at acquisition cost less the respective accumulated amortization, as disclosed in Schedule B.

Amortizations were calculated through the straight-line method on the basis of an estimated useful life of five years.

Amortizations were classified in Gain on equity investees in the statement of income.

The company, through the merger into ANTA mentioned in Note 14.2. among other goods and rights, has the concession planning and execution of an integral development project including: biological, economical and social issues on several real estates located in the department of Anta, province of Salta. The company is also duty authorized to perform a significant agricultural, cattle farming and forestry project which was awarded under Resolution No. 190/99 and Bidding No. 58/98 of the Ministry of Production and Employment.

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

The amortization of the concession right of ANTA is calculated according to its duration, whose remaining time is 29 years.

Among other obligations ANTA has to invest Ps. 16,000 in agriculture, cattle farming, hydraulic resources, continuing education, forestry development, forest planting, fauna, natural reserve and eco-tourism.

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On July 2, 2008, a memorandum of understanding was executed by which the concession agreement mentioned in Note 22 was renegotiated.

The value of these assets does not exceed their estimated recoverable value at the end of the period/fiscal year.

n. Provisions

- Allowance for doubtful accounts: this allowance was booked on the basis of a case-by-case analysis of the receivables portfolio recoverability.

- Provision for lawsuits and contingencies: it was booked to cover possible labor and commercial contingencies and other risks that could generate obligations for the Company. The Company s external legal counsel s opinion was taken into account to estimate the amounts and possibility of occurrence. In addition, the insurance purchased by the Company has also been taken into account.

The evolution of provisions during the period/fiscal year is detailed in Schedule E.

At the date of issuance of these financial statements, the Company s Management understands that there are no elements to foresee other potential contingencies having a negative impact in these financial statements.

o. Shareholders equity

Amounts of shareholders equity accounts have been restated following the guidelines detailed in Note 1.b.

The Capital Stock account has been stated at historical nominal value. The difference between the value restated in constant pesos and the historical nominal value has been disclosed in the account inflation adjustment to capital stock in the shareholders equity.

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NOTE 2: (Continued)

p. 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 purchased 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 (Note 19).

q. Paid-in capital

- Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: 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 caption 9 second part of Technical Resolution No. 17 of the FACPCE and Resolution CD No. 243/01 of the CPCECABA.

- Options issued: the value of options issued by the Company, which was determined as provided in Note 16, has been allocated to the account Paid-in Capital.

r. Conversion of financial statements of companies located abroad

- Not integrated companies

Assets and liabilities of the companies located abroad were converted to Argentine pesos using the exchange rate effective as of the period/year-end. Income statement accounts have been converted by using the average exchange rate for the period. Exchange differences have been appropriated to the shareholders equity in the Translation differences account.

BrasilAgro and the indirect interests in companies located in Bolivia and Paraguay are considered to be not integrated.

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The foreign companies previously mentioned have been classified as not integrated to the Company s operations because they are engaged in agricultural exploitation, developing its operations entirely carried out abroad, with a considerable degree of autonomy from the Company.

Likewise, the conversion difference resulting from our indirect interest in foreign companies through our subsidiary IRSA is included.

- Integrated companies

Assets and liabilities denominated in foreign-currency at the closing date of the company located abroad were converted into Argentine pesos using the exchange rate prevailing as of the period/year-end. Assets and liabilities denominated in foreign currency prior-year end of the company located abroad were converted into Argentine pesos using the respective historical exchange rates. Income statement accounts have been converted by using the average exchange rate for the period. Translation differences have been allocated to the Gain on equity investees from the Statements of Income.

The indirect interest in the company located in Uruguay is considered to be integrated.

The foreign company previously mentioned has been qualified as integrated with the Company transactions because it conducts its operations with a considerable degree of dependence and they are financed by funds from the Company.

s. Results for the period

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

Grain, cattle and milk production cost is calculated to reflect production income is reflected in Schedule F.2.

The sales revenues are booked when the products are liquidated by the customers.

Cost of sales is determined considering the NRV of products in the month in which they are sold.

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

Unrealized gain (loss) on inventories Beef Cattle is disclosed in a line of the Statements of Income and Schedules F.1 and F.2.

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

The charges for consumption of assets were determined based on the values of such assets. The rest of the results for the period is disclosed at incurred cost.

Financial results, segregated into that generated by assets and by liabilities, are disclosed in the Statements of Income.

t. Income tax

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

In order to determine deferred assets and liabilities the tax rate expected to be in effect at the temporary of reversal or use has been applied on the temporary differences identified and tax loss carryforwards, considering the laws enacted as of the date of issuance of these financial statements (35%) (Note 6).

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

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u. Minimum presumed income tax

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

However, if the minimum presumed income tax exceeds the income tax in any fiscal year, such excess may be computed as payment on account of the income tax that may be payable in any of the following 10 (ten) fiscal years.

The Company has recognized the minimum presumed income tax accrued in the period and paid in previous years as a credit, because it considers that it may be computed as payment on account of income tax in future periods.

v. Issuance of debt expenses

Expenses incurred in connection with the issuance of debt are amortized over the life of the related issuances. In the case of redemption or conversion of these notes, the related expenses are amortized using the accelerated amortization method.

Amortizations have been recorded under Financial results, net in the Statements of Income as a greater financing expense

NOTE 3: COMMON AND TREASURY STOCK

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

	Authorized Face value	Subscribed Face value	Paid-in Face value
Common and treasury stock as of June 30, 2008	501,531,865	501,531,865	501,531,865
Exercise of Options (Note 16) - Fiscal Year 2009	6,745	6,745	6,745
Exercise of Options (Note 16) - Fiscal Year 2010	21,898	21,898	21,898