CRESUD INC
Form 6-K
June 03, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of June, 2013

Cresud Sociedad Anónima, Comercial, Inmobiliaria,
Financiera y Agropecuaria
(Exact name of Registrant as specified in its charter)

Cresud Inc.
(Translation of registrant´s name into English)

Republic of Argentina
(Jurisdiction of incorporation or organization)

Moreno 877
(C1091AAQ)
Buenos Aires, Argentina
(Address of principal executive offices)

Form 20-F x Form 40-F o

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

Yes o No x

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2013 and for the nine-month periods ended March 31, 2013 and 2012

## Legal Information

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

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

CAPITAL STATUS

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

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position
as of March 31, 2013, June 30, 2012 and July 1, 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | Note | March 31, 2013 | June 30, 2012 | July 1, 2011 |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Investment properties | 10 | 4,177,348 | 3,463,941 | 3,553,647 |
| Property, plant and equipment | 11 | 1,895,329 | 1,872,920 | 1,976,970 |
| Trading properties | 12 | 189,708 | 170,472 | 158,019 |
| Intangible assets | 13 | 123,211 | 75,077 | 80,457 |
| Biological assets | 14 | 299,166 | 278,208 | 325,864 |
| Investments in associates and joint ventures | 8, 9 | 1,484,146 | 1,500,560 | 1,438,855 |
| Deferred income tax assets | 24 | 133,840 | 80,674 | 23,914 |
| Restricted assets | 4, 23 | 44,442 | - | - |
| Trade and other receivables | 16 | 466,058 | 454,061 | 360,641 |
| Investment in financial assets | 17 | 618,291 | 626,683 | 426,152 |
| Derivative financial instruments | 18 | 25,116 | 18,434 | 60,442 |
| Total Non-Current Assets | | 9,456,655 | 8,541,030 | 8,404,961 |
| Current Assets | | | | |
| Trading properties | 12 | 11,206 | 10,529 | 28,443 |
| Biological assets | 14 | 393,392 | 85,251 | 107,239 |
| Inventories | 15 | 172,818 | 253,447 | 371,268 |
| Restricted assets | 4 | 1,136 | - | - |
| Trade and other receivables | 16 | 964,913 | 888,064 | 755,542 |
| Investment in financial assets | 17 | 483,281 | 72,069 | 62,465 |
| Derivative financial instruments | 18 | 39,249 | 2,578 | 18,966 |

| | | | | |
|---|---|---|---|---|
| Cash and cash equivalents | 19 | 640,502 | 471,922 | 694,552 |
| Total Current Assets | | 2,706,497 | 1,783,860 | 2,038,475 |
| TOTAL ASSETS | | 12,163,152 | 10,324,890 | 10,443,436 |
| SHAREHOLDERS EQUITY | | | | |
| Capital and reserves attributable to equity holders of the parent | | | | |
| Share capital | | 496,562 | 496,562 | 496,562 |
| Treasury stock | | 5,001 | 5,001 | 5,001 |
| Inflation adjustment of share capital and treasury stock | | 65,425 | 166,218 | 166,218 |
| Share premium | | 773,079 | 773,079 | 773,079 |
| Share warrants | | 106,264 | 106,263 | 106,263 |
| Cumulative translation adjustment | | 12,693 | (81,939) | - |
| Changes in non-controlling interest | | (17,880) | (9,596) | - |
| Equity-settled compensation | | 10,785 | 4,540 | 1,012 |
| Legal reserve | | 46,835 | 42,922 | 32,293 |
| Other reserves | | 337,065 | 389,202 | 320,064 |
| Retained earnings | | 780,504 | 666,611 | 829,207 |
| Equity attributable to equity holders of the parent | | 2,616,333 | 2,558,863 | 2,729,699 |
| Non-controlling interest | | 2,393,296 | 2,132,648 | 2,480,379 |
| TOTAL SHAREHOLDERS EQUITY | | 5,009,629 | 4,691,511 | 5,210,078 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position (Continued)
as of March 31, 2013, June 30, 2012 and July 1, 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | | March 31, 2013 | June 30, 2012 | July 1, 2011 |
|---|---|---|---|---|
| LIABILITIES | | | | |
| Non-Current Liabilities | | | | |
| Trade and other payables | 20 | 206,014 | 168,860 | 155,726 |
| Borrowings | 23 | 3,817,753 | 2,770,087 | 2,056,244 |
| Deferred income tax liabilities | 24 | 544,525 | 630,011 | 769,941 |
| Derivative financial instruments | 18 | 216 | 22,859 | - |
| Payroll and social security liabilities | 21 | 737 | 783 | 635 |
| Provisions | 22 | 56,443 | 22,553 | 14,939 |
| Total Non-Current Liabilities | | 4,625,688 | 3,615,153 | 2,997,485 |
| Current Liabilities | | | | |
| Trade and other payables | 20 | 917,678 | 596,542 | 588,311 |
| Income tax liabilities | | 76,302 | 108,190 | 72,606 |
| Payroll and social security liabilities | 21 | 90,344 | 103,919 | 81,085 |
| Borrowings | 23 | 1,410,298 | 1,187,082 | 1,479,803 |
| Derivative financial instruments | 18 | 18,359 | 18,558 | 8,353 |
| Provisions | 22 | 14,854 | 3,935 | 5,715 |
| Total Current Liabilities | | 2,527,835 | 2,018,226 | 2,235,873 |
| TOTAL LIABILITIES | | 7,153,523 | 5,633,379 | 5,233,358 |
| TOTAL SHAREHOLDERS EQUITY AND LIABILITIES | | 12,163,152 | 10,324,890 | 10,443,436 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain

Vice-President II acting as President

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income
for the nine and three-month periods beginning on July 1, 2012 and 2011
and January 1, 2013 and 2012, respectively and ended March 31, 2013 and 2012
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | | Nine months | | Three months | |
|---|---|---|---|---|---|
| | Note | 2013 | 2012 | 2013 | 2012 |
| Revenues | 26 | 2,349,857 | 2,032,320 | 738,666 | 577,315 |
| Costs | 27 | (2,125,924) | (1,667,977) | (697,796) | (524,703) |
| Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest | | 733,526 | 462,641 | 274,097 | 225,825 |
| Changes in net realizable value of agricultural produce after harvest | | 7,044 | (13,311) | 233 | (2,049) |
| Gross Profit | | 964,503 | 813,673 | 315,200 | 276,388 |
| Gain from disposal of investment properties | | 61,475 | 42,737 | 7,797 | 18,010 |
| Gain from disposal of farmlands | | 53,988 | 27,762 | - | - |
| General and administrative expenses | 28 | (250,741) | (219,649) | (76,024) | (75,198) |
| Selling expenses | 28 | (172,289) | (130,423) | (48,610) | (43,961) |
| Management fees | | (9,388) | (7,458) | (2,637) | (2,846) |
| Other operating results | 30 | 105,686 | (28,826) | 584 | (38,606) |
| Profit from operations | | 753,234 | 497,816 | 196,310 | 133,787 |
| Share of profit / (loss) of associates and joint ventures | 8, 9 | 14,721 | 12,260 | 2,175 | 2,194 |
| Profit from operations before financing and taxation | | 767,955 | 510,076 | 198,485 | 135,981 |
| Finance income | 31 | 365,323 | 174,444 | 181,259 | 88,064 |
| Finance cost | 31 | (845,478) | (549,780) | (297,992) | (135,266) |
| Financial results, net | 31 | (480,155) | (375,336) | (116,733) | (47,202) |
| Profit before income tax | | 287,800 | 134,740 | 81,752 | 88,779 |
| Income tax expense | 24 | (24,606) | (41,581) | 4,724 | (18,941) |
| Profit for the period | | 263,194 | 93,159 | 86,476 | 69,838 |
| | | | | | |
| Attributable to: | | | | | |
| Equity holders of the parent | | 84,491 | 3,117 | 23,731 | 23,828 |

| | | | | |
|---|---|---|---|---|
| Non-controlling interest | 178,703 | 90,042 | 62,745 | 46,010 |
| | | | | |
| Profit per share attributable to equity holders of the parent during the period: | | | | |
| Basic | 0.17 | 0.01 | 0.05 | 0.05 |
| Diluted | 0.15 | 0.01 | 0.04 | 0.04 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income
for the nine and three-month periods beginning on July 1, 2012 and 2011
and January 1, 2013 and 2012, respectively and ended March 31, 2013 and 2012
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | Nine months | | Three months | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Profit for the period | 263,194 | 93,159 | 86,476 | 69,838 |
| Other comprehensive income: | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Currency translation adjustment from subsidiaries, associates and joint ventures | 224,082 | (136,051) | 102,085 | 52,217 |
| Other comprehensive income / (Loss) for the period (i) | 224,082 | (136,051) | 102,085 | 52,217 |
| Total comprehensive income / (Loss) for the period | 487,276 | (42,892) | 188,561 | 122,055 |
| | | | | |
| Attributable to: | | | | |
| Equity holders of the parent | 187,454 | (39,207) | 70,147 | 53,503 |
| Non-controlling interest | 299,822 | (3,685) | 118,414 | 68,552 |

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

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the nine-month periods ended March 31, 2013 and 2012
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | Share Capital | Treasury Stock | Inflation adjustment of Share Capital and Treasury Stock | Share premium | Share warrants | Subtotal | Change in non-controlling interest | Cumulative translation adjustment | Equity-settled compensation | Legal reserve | C re |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at July 1, 2012 | 496,562 | 5,001 | 166,218 | 773,079 | 106,263 | 1,547,123 | (9,596 ) | (81,939 ) | 4,540 | 42,922 | 38 |
| Profit for the period | - | - | - | - | | - | - | - | - | - | - |
| Others comprehensive income for the period | - | - | - | - | | - | - | 102,963 | - | - | - |
| Total comprehensive income for the period | - | - | - | - | | - | - | 102,963 | - | - | - |
| Regular Shareholders Meeting held on 10/31/12: | | | | | | | | | | | |
| - Legal reserve | - | - | - | - | - | - | - | - | - | 3,913 | |
| - Other reserves | - | - | - | - | - | - | - | - | - | - | (5 |
| - Appropriation of retained earnings | - | - | (100,793) | - | - | (100,793 ) | - | - | - | - | - |
| - Cash dividends | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of non-controlling interest | - | - | - | - | - | - | (8,284 ) | - | - | - | - |
| Acquisition of interest in subsidiaries | - | - | - | - | - | - | - | - | - | - | - |
| Equity-settled compensation | - | - | - | - | - | - | - | - | 6,245 | - | - |
| Exercise of warrants | - | - | - | - | 1 | 1 | - | - | - | - | - |
| Reimbursement of expired | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| dividends | | | | | | | | | | | |
| Cumulative translation adjustment for interest held before business combination | - | - | - | - | - | - | - | (8,331 ) | - | - | - |
| Capital contribution of non-controlling interest | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of notes | - | - | - | - | - | - | - | - | - | - | - |
| Capital distribution | - | - | - | - | | - | - | - | - | - | - |
| Balance at March 31, 2013 | 496,562 | 5,001 | 65,425 | 773,079 | 106,264 | 1,446,331 | (17,880) | 12,693 | 10,785 | 46,835 | 33 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the nine-month periods ended March 31, 2013 and 2012
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | Share Capital | Treasury Stock | Inflation adjustment of Share Capital and Treasury Stock | Share premium | Share warrants | Subtotal | Changes in non-controlling interest | Cumulative translation adjustment | Equity-set compensat |
|---|---|---|---|---|---|---|---|---|---|
| Balance at July 1, 2011 | 496,562 | 5,001 | 166,218 | 773,079 | 106,263 | 1,547,123 | - | - | 1,012 |
| Loss (Gain) for the period | - | - | - | - | - | - | - | - | - |
| Others comprehensive loss for the period | - | - | - | - | - | - | - | (42,324) | - |
| Total comprehensive (loss) / income for the period | - | - | - | - | - | - | - | (42,324) | - |
| Acquisition of interest in subsidiaries | - | - | - | - | - | - | (16,840) | - | - |
| Distribution of dividends of subsidiaries | - | - | - | - | - | - | - | - | - |
| Reimbursement expired dividends | - | - | - | - | - | - | - | - | - |
| Equity-settled compensation | - | - | - | - | - | - | - | - | 3,509 |
| Legal Reserve | - | - | - | - | - | - | - | - | - |
| Reserve for new developments | - | - | - | - | - | - | - | - | - |
| Capital contribution of non-controlling interest | - | - | - | - | - | - | - | - | - |
| Balance at March 31, 2012 | 496,562 | 5,001 | 166,218 | 773,079 | 106,263 | 1,547,123 | (16,840) | (42,324) | 4,521 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Cash Flows
for the nine-month periods ended March 31, 2013 and 2012
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

| | Note | March 31, 2013 | March 31, 2012 |
|---|---|---|---|
| Operating activities: | | | |
| Cash generated from operations | 19 | 649,210 | 620,222 |
| Income tax paid | | (193,345) | (133,284) |
| Net cash generated from operating activities | | 455,865 | 486,938 |
| Investing activities: | | | |
| Acquisition of subsidiaries, net of cash acquired | | (117,874) | (6,378) |
| Acquisition of associates and joint ventures | | (32,024) | (157,089) |
| Capital contribution to associates and joint ventures | | (39,925) | - |
| Purchases of investment properties | | (159,010) | (42,709) |
| Proceeds from sale of investment properties | | 93,836 | 52,827 |
| Purchases of property, plant and equipment | | (90,899) | (126,682) |
| Suppliers advances | | (39,554) | (9,130) |
| Proceeds from sale of property, plant and equipment | | 5,703 | - |
| Proceeds from sale of farmlands | | 175,800 | 29,409 |
| Purchases of intangible assets | | (1,184) | (1,363) |
| Purchases of Investment in financial assets | | (629,823) | (78,422) |
| Proceeds from disposals of Investment in financial assets | | 437,662 | - |
| Loans granted to associates and joint ventures | | (19,058) | (30,550) |
| Loans repayments received from associates and joint ventures | | 831 | 12,603 |
| Interest received ……………………………… | | 5,300 | - |
| Dividends received | | 52,662 | 8,767 |
| Net cash used in investing activities | | (357,557) | (348,717) |
| Financing activities: | | | |
| Proceeds from issuance of non-convertible bonds, net of expenses | | 634,597 | 541,904 |
| Payment of non-convertible bonds net | | (223,197) | (82,712) |
| Borrowings | | 662,179 | 425,421 |
| Repayments of borrowings | | (555,537) | (599,252) |
| Borrowings from associates and joint ventures | | 59,147 | - |
| Payments of borrowings from associates and joint ventures | | - | (14,805) |
| Proceeds from warrants | | 1 | - |
| Payment of seller financing | | (17,919) | (84,594) |
| Acquisition of non-controlling interest in subsidiaries | | (36,301) | (144,847) |

| | | | |
|---|---|---|---|
| Payments of purchase of non-controlling interest | | (4,460) | - |
| Dividend paid | | (117,099) | (151,128) |
| Reimbursement of dividends | | - | 6,937 |
| Contributions from non-controlling interest | | 6,092 | 71,453 |
| Capital reduction of subsidiaries | | (39,654) | - |
| Interest paid | | (304,210) | (268,900) |
| Net cash generated from (used in) financing activities | | 63,639 | (300,523) |
| Net increase (decrease) in cash and cash equivalents | | 161,947 | (162,302) |
| Cash and cash equivalents at beginning of period | 19 | 471,922 | 694,552 |
| Foreign exchange gain on cash and cash equivalents | | 6,633 | (19,137) |
| Cash and cash equivalents at end of period | | 640,502 | 513,113 |

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

Cresud S.A.C.I.F. y A.

By: /s/ Alejandro G. Elsztain
Alejandro G. Elsztain
Vice-President II acting as President

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

## 1. General information

### 1.1 The Group's business and general information

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

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

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

As of March 31, 2013, the Group operates in two major lines of business: (i) Agricultural business, (ii) Investment and Development Properties business. See Note 6 of Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011 for a description of the Group's segments.

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

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

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

1. General information (Continued)

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

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

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on May 17, 2013.

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

2.1. Basis of preparation and transition to IFRS

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

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

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

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

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

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

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the annual financial statements of the Group as of June 30, 2012 prepared in accordance with Argentine GAAP in force. The Unaudited Condensed Interim Consolidated Financial Statement as of September 30, 2012, includes an Exhibit ("Exhibit I") which presents additional information as of June 30, 2012 and July 1, 2011 under the IFRS which is considered necessary to understand these Condensed Interim Consolidated Financial Statements. Therefore, these Unaudited Condensed Interim Consolidated Financial Statements should be read together with the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012. Figures corresponding to Statement of Financial Position, Statement of Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flow under the IFRS for the fiscal year ended as of June 30, 2012 for the nine and three month ended as of March 31, 2012, and figures corresponding to Statement of Financial Position as of July 1, 2011 are detailed in Note 2.4 of the following Unaudited Condensed Interim Separate Financial Statements. These Unaudited Condensed Interim Separate Financial Statements are expressed in thousands of Argentine Pesos.

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

The Condensed Interim Consolidated Financial Statements corresponding to the nine-month periods ended as of March 31, 2013 and 2012 have not been audited. The management believes they include all necessary settlements to fairly present the results of each period. Results for the nine-month periods ended as of March 31, 2013 and 2012 do not necessarily reflect proportionally the Group's results for the complete fiscal years.

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

2.2. IFRS optional exemptions

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

Exemption for business combinations

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

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

Exemption for deemed cost

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

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

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

Exemption for cumulative translation/differences

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

Exemption for compound financial instruments

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

Exemption for borrowing costs

IFRS 1 has been amended to permit first-time adopters not to restate borrowing costs capitalized at transition date under previous GAAP. The Group elected to apply the provisions of IAS 23 "Borrowing costs" prospectively from the date of transition.

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

Exemption for assets and liabilities of subsidiaries

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary, associate or joint venture adopting IFRS, the assets and liabilities of the subsidiary, associate or joint venture are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary, associate or joint venture, adjusted to reflect changes for the Group's accounting policies upon consolidation, as applicable. The Group's associates, Tarshop S.A. and Banco Hipotecario S.A., adopted IFRS in the fiscal year ended March 31, 2013. The Group´s joint venture, Cresca, adopted the IFRSs for the fiscal year ended March 31, 2013.

Exemption for share-based payments

IFRS 2 – "Share Based Payments" applies to situations where an entity grants shares or share options to employees or to other parties providing goods and services and requires these payments to be recognized as an expense in the entity's financial statements. A first time adopter is encouraged to apply IFRS 2 retrospectively. However, an entity may elect not to retrospectively apply IFRS 2 to equity instruments (equity settled transactions) granted on or before November 7, 2002. Similarly, while IFRS 1 encourages a first time adopter to apply IFRS 2 to equity instruments that were granted after November 7, 2002 and that vested before the later of (i) the date of transition and (ii) January 1, 2005, an entity may elect not to retrospectively apply IFRS 2 to these equity instruments. However, a first time adopter can only elect to retrospectively apply IFRS 2 to such equity instruments if it had previously disclosed publicly the fair value of those equity instruments, determined at the measurement date.

Based on this exemption, the Group did not apply IFRS 2 to equity instruments granted after November 7, 2002 and vested prior to transition date, i.e. July 1, 2011, as the fair value of those equity instruments had not been publicly disclosed.

The Group has not used other optional exemptions of IFRS 1.

2.3. IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the transition from Argentine GAAP to IFRS:

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

Exception for estimates

IFRS estimates as at July 1, 2011 are consistent with the estimates as at the same date made in conformity with Argentine GAAP. Therefore the estimates made by the Group under previous GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Exception for non-controlling interests

IFRS 1 establishes that an entity must apply the requirements in IFRS 10 "Consolidated financial statements" for accounting for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control prospectively. Under previous GAAP, the Group accounted for acquisitions of non-controlling interests that did not result in change of control as business combinations. Furthermore, under Argentine GAAP, the Group accounted for disposals of non-controlling interests based on its carrying value at the date of disposal, recognizing any difference between the carrying value of the non-controlling interest and the consideration received in the statement of income. The Group did not restate these acquisitions prior to transition date.

IFRS 1 establishes that an entity must apply the requirements in IFRS 10 for accounting for a loss of control over a subsidiary prospectively. Under Argentine GAAP, the Group recognized any non-controlling equity investment retained under the equity method at the date control was lost.

The other compulsory exceptions of IFRS 1 have not been applied, as these are not relevant to the Group.

2.4. Reconciliations of Argentine GAAP to IFRS

In accordance with the requirements of Technical Resolution No. 26 and No. 29 of FACPCE., set out below are the reconciliations of shareholders' equity from Argentine GAAP to IFRS as of June 30, 2012, March 31, 2012 and July 1, 2011, and the reconciliations of income, comprehensive income and cash flows for the year ended as of June 30, 2012 and for the nine-month period ended March 31, 2012. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Group for the financial statements as of and for the year ended June 30, 2013. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the consolidated financial statements prepared under IFRS for the first time as of and for the year ended June 30, 2013 are issued.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

The items and amounts included in the reconciliations could be modified to the extent that, when preparing financial statements as of and for the year ended June 30, 2013, applicable standards are different.

The first reconciliation provides an overview of the impact on equity of the transition at July 1, 2011, at March 31, 2012 and June 30, 2012 (Note 2.4.1). The second reconciliation provides an overview of the impact on income for the nine-month period ended as of March 31, 2012 and for the fiscal year ended as of June 30, 2012 (Note 2.4.2). The third reconciliation provides an overview of the impact on comprehensive income for the nine-month period ended as of March 31, 2012 and for the fiscal year ended as of June 30, 2012 (Note 2.4.3).

2.4.1. Summary of equity

| | | July 1, 2011 | March 31, 2012 | June 30, 2012 |
|---|---|---|---|---|
| Total shareholders' equity under Argentine GAAP attributable to CRESUD | | 2,101,681 | 2,078,351 | 2,063,281 |
| Revenue recognition – "scheduled rent increases" | (a) | 51,991 | 71,857 | 78,479 |
| Revenue recognition – "commissions" | (b) | (35,447) | (42,306) | (44,446) |
| Biological assets and agriculture produce at the point of harvest | (c) | 58,727 | 29,849 | 38,517 |
| Inventories | (d) | (6,745) | (5,095) | (5,378) |
| Trading properties | (e) | (29,315) | (17,542) | (18,946) |
| Pre-operating and organization expenses | (f) | (22,771) | (18,828) | (22,767) |
| Goodwill | (g) | 770,752 | 724,384 | 709,368 |
| Non-current investments – financial assets | (h) | 151,411 | 156,525 | 138,204 |
| Initial direct costs of operating leases | (i) | 698 | 979 | 946 |
| Tenant deposits | (j) | 114 | 259 | 329 |
| Commodity linked debt | (k) | 97 | (118) | 72 |
| Impairment of financial assets | (l) | (2,088) | (1,378) | (519) |
| Present value accounting - tax credits | (m) | 14,644 | 9,136 | 10,931 |
| Investments in associates | (n) | (56,224) | (152,859) | (151,873) |
| Investments in joint ventures | (o) | (16,496) | (11,138) | (11,271) |
| | (p) | - | (12,263) | (46,320) |

| | | | | |
|---|---|---|---|---|
| Acquisition of non-controlling interest | | | | |
| Amortization of borrowing costs capitalized | (r) | 110 | 673 | 384 |
| Settlement of BrasilAgro warrants | (s) | - | - | (2,706) |
| Deferred income tax | (u) | (33,917) | (35,117) | (35,550) |
| Non-controlling interest on adjustments above | (v) | (217,523) | (159,707) | (141,872) |
| Subtotal shareholders' equity under IFRS attributable to CRESUD | | 2,729,699 | 2,615,662 | 2,558,863 |
| Non-controlling interest | | 2,480,379 | 2,308,308 | 2,132,648 |
| Total shareholders' equity under IFRS | | 5,210,078 | 4,923,970 | 4,691,511 |

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

2.4.2. Summary of profit

| Nine months | Three months |
|---|---|