

CRESUD INC  
Form 6-K  
March 12, 2013

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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REPORT OF FOREIGN ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of March, 2013

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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)

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Republic of Argentina

(Jurisdiction of incorporation or organization)

Moreno 877

(C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

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Form 20-F x Form 40-F o

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

Yes  No

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Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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Legal Information

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

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

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

Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

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

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

Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

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

Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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



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

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

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

Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

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Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

2011

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

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Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

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

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

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Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

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

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



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

### 1. General information

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

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

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

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

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

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

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

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Cresud Sociedad Anónima,  
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)  
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### 1. General information (Continued)

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

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

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

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

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

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

#### 2.1. Basis of preparation and transition to IFRS

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

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

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

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

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

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

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

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

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

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

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

2.2. IFRS optional exemptions

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

Exemption for business combinations

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

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

Exemption for deemed cost

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

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

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

Exemption for cumulative translation/differences

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

Exemption for compound financial instruments

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

Exemption for borrowing costs

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.

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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 associate, Tarshop, adopted IFRS for the year ended December 31, 2012. The Group’s joint venture, Cresca, adopted the IFRSs for the fiscal year ended December 31, 2012.

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:

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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 Company 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, December 31, 2011 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 six-month period ended December 31, 2011. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Company 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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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 December 31, 2011 and June 30, 2012 (Note 2.4.1). The second reconciliation provides an overview of the impact on income for the six-month period ended as of December 31, 2011 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 six-month period ended as of December 31, 2011 and for the fiscal year ended as of June 30, 2012 (Note 2.4.3).

2.4.1. Summary of equity

		July 1, 2011	December 31, 2011	June 30, 2012
Total shareholders’ equity under Argentine GAAP attributable to CRESUD		2,101,681	2,016,761	2,063,281
Revenue recognition – “scheduled rent increases”	(a)	51,991	65,235	78,479
Revenue recognition – “commissions”	(b)	(35,447 )	(39,524 )	(44,446 )
Biological assets and agriculture produce at the point of harvest	(c)	58,727	19,470	38,517
Inventories	(d)	(6,745 )	(6,547 )	(5,378 )
Trading properties	(e)	(29,315 )	(37,307 )	(18,946 )
Pre-operating and organization expenses	(f)	(22,771 )	(20,757 )	(22,767 )
Goodwill	(g)	770,752	750,700	709,368
Non-current investments – financial assets	(h)	151,411	113,671	138,204
Initial direct costs of operating leases	(i)	698	891	946
Tenant deposits	(j)	114	217	329
Commodity linked debt	(k)	97	101	72
Impairment of financial assets	(l)	(2,088 )	(2,325 )	(519 )
Present value accounting - tax credits	(m)	14,644	11,726	10,931
Investments in associates	(n)	(56,224 )	(92,919 )	(151,873 )
Investments in joint ventures	(o)	(16,496 )	(16,191 )	(11,271 )
	(p)	-	(34,984 )	(46,320 )



Acquisition of non-controlling interest				
Amortization of borrowing costs capitalized	(r)	110	681	384
Settlement of BrasilAgro warrants	(s)	-	-	(2,706 )
Deferred income tax	(u)	(33,917 )	(16,879 )	(35,550 )
Non-controlling interest on adjustments above	(v)	(217,523 )	(150,537 )	(141,872 )
Subtotal shareholders' equity under IFRS attributable to CRESUD		2,729,699	2,561,483	2,558,863
Non-controlling interest		2,480,379	2,173,233	2,132,648
Total shareholders' equity under IFRS		5,210,078	4,734,716	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

		Six months 12.31.11	Six months 12.31.11	06.30.12
Profit under Argentine GAAP attributable to CRESUD		46,723	52,157	78,263
Revenue recognition – “scheduled rent increases”	(a)	13,244	6,622	26,488
Revenue recognition – “commissions”	(b)	(4,077 )	(1,386 )	(8,999 )
Biological assets and agriculture produce at the point of harvest	(c)	(38,488 )	(22,269 )	(17,001 )
Inventories	(d)	199	2,405	1,367
Trading properties	(e)	(7,992 )	(13,487 )	10,369
Pre-operating and organization expenses	(f)	2,014	165	4
Goodwill	(g)	(19,088 )	(3,823 )	(60,428 )
Non-current Investments-financial assets	(h)	(37,739 )	94,376	(13,207 )
Initial direct cost of operating leases	(i)	194	52	248
Tenants Deposits	(j)	102	57	215
Commodity linked debt	(k)	4	(66 )	(25 )
Impairment of financial assets	(l)	(237 )	(166 )	1,569
Present value accounting – tax credits	(m)	(2,919 )	1,275	(3,713 )
Investments in associates	(n)	(34,681 )	(8,673 )	(89,567 )
Investments in joint ventures	(o)	305	219	5,225
Acquisition of non-controlling interest	(p)	(22,721 )	(9,120 )	(26,383 )
Disposal of non-controlling interest	(q)	2,690	2,690	2,690
Amortization of borrowing costs capitalized	(r)	571	501	274
Currency translation adjustments	(t)	12,701	6,481	32,518
Deferred income tax	(u)	16,613	11,984	(2,178 )
Non- controlling interest on adjustments above	(v)	51,871	(45,568 )	40,942
Subtotal (loss) profit under IFRS attributable to CRESUD		(20,711 )	74,426	(21,329 )

Non-controlling interest	44,032	100,169	53,424
Total Profit under IFRS	23,321	174,595	32,095

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

## 2.4.3. Summary of comprehensive income

		Six months December 31, 2011	Three months December 31, 2011	June 30, 2012
Net comprehensive (loss) income under Argentine GAAP attributable to CRESUD		(63,100 )	14,725	(58,692 )
Biological assets and agriculture produce at the point of harvest	(c)	(794 )	349	(3,209 )
Goodwill	(g)	(964 )	910	(956 )
Investments in associates	(n)	(2,013 )	(1,337 )	(6,082 )
Currency translation adjustment	(t)	(12,701 )	(6,481 )	(32,518 )
Deferred income tax	(u)	425	245	544
Non-controlling interest on adjustments above	(v)	7,148	2,634	18,974
Other comprehensive (loss) income under IFRS attributable to CRESUD		(71,999 )	11,045	(81,939 )
Non-controlling interest		(116,269 )	17,616	(141,581 )
Net comprehensive (loss) income under IFRS		(188,268 )	28,661	(223,520 )

## 2.4.4. Reconciliation of cash flows for the six-month periods ended December 31, 2011

Based on IAS 7 “Statement of Cash Flows” requirements, the Group has made the following reclassification between operating, investing and financing activities in the cash flow statements presented under Argentine GAAP and the cash flows statements under IFRS as further detailed below:

## (a) Operating activities

Cash generated from operating activities under Argentine GAAP	355,537
Proceeds from sale of investment properties and property, plant and equipment	(36,268 )
Deconsolidation of joint ventures	(2,733 )
Foreign exchange Gain on cash and cash equivalents	37,032
Cash generated from operating activities under IFRS	353,568

## (b) Investing activities

Cash used in investing activities under Argentine GAAP	(327,466 )
Acquisition of non-controlling interest in subsidiaries	145,633
Proceeds from sale of investment properties and property, plant and equipment	36,268
Deconsolidation of joint ventures	(2,477 )
Cash used in investing activities under IFRS	(148,042 )

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## (c) Financing activities

Cash used in financing activities under Argentine GAAP	(171,680 )
Acquisition of non-controlling interest in subsidiaries	(145,633 )
Deconsolidation of joint ventures	(2,946 )
Cash used in financing activities under IFRS	(320,259 )

## (d) Net decrease in cash and cash equivalents

Net decrease in cash and cash equivalents under Argentine GAAP	(143,609 )
Foreign exchange gain on cash and cash equivalents	37,032
Deconsolidation of joint ventures	(8,156 )
Net decrease in cash and cash equivalents under IFRS	(114,733 )

## 2.4.5. Reconciliation of cash flows for the year ended June 30, 2012

## (a) Operating activities

Cash generated from operating activities under Argentine GAAP	857,038
Proceeds from sale of property, plant and equipment	(146,706 )
Deconsolidation of joint ventures	(21,554 )
Foreign exchange gain on cash and cash equivalents	5,361
Cash generated from operating activities under IFRS	694,139

## (b) Investing activities

Cash used in investing activities under Argentine GAAP	(728,777 )
Acquisition of non-controlling interest in subsidiaries	202,449
Proceeds from sale of property, plant and equipment	146,706
Deconsolidation of joint ventures	1,027
Cash used in investing activities under IFRS	(378,595 )

(c) Financing activities

Cash used in financing activities under Argentine GAAP	(283,974 )
Acquisition of non-controlling interest in subsidiaries	(202,449 )
Deconsolidation of joint ventures	7,482
Cash used in financing activities under IFRS	(478,941 )

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(d) Net decrease in cash and cash equivalents

Net decrease in cash and cash equivalents under Argentine GAAP	(155,713 )
Foreign exchange gain on cash and cash equivalents	5,361
Deconsolidation of joint ventures	(13,045 )
Net decrease in cash and cash equivalents under IFRS	(163,397 )

2.4.6. Presentation reclassifications affecting the statement of cash flows for the six-month period ended as of December 31, 2011 and for the year ended as of June 30, 2012

Pursuant to Argentine GAAP, the Company proportionally consolidated the joint ventures’ accounts. Consequently, a difference is generated between the amount of cash and cash equivalents reported in the main statement of cash flows under the Argentine GAAP and the amount of cash and cash equivalents that would be reported in the statement of cash flows prepared under IFRS.

On the other hand, under the Argentine GAAP, the effect of exchange rate changes on cash and cash equivalents were disclosed as operating activities and not by presenting a fourth cash flow statement category as required by the IFRSs.

Additionally, pursuant to Argentine GAAP, proceeds from disposal of property, plant and equipment (including properties classified as investment properties under IFRS, were reported as operating activities. In accordance with IFRS, proceeds from disposal of investment properties and property, plant and equipment are reported as investing activities.

Finally, pursuant to Argentine GAAP, acquisition of non-controlling interest was reported as investing activities, whereas, in accordance with IFRS, it must be reported as cash flows from financing activities.

Thus, cash flows generated by or used in operating, investing and financing activities were different in the statement of cash flow prepared.

2.4.7. Explanation of the transition to IFRS

Argentine GAAP differs in certain significant respects from IFRS. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as further described below:



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(a) Revenue recognition – “scheduled rent increases”

Argentine GAAP – Revenue from “non-cancelable” leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Therefore, revenue does not include an averaging of rental income. Rent-free periods, reduced rent or other tenant incentives, if any, are recognized in the period in which these incentives are provided.

IFRS – The Group applied IAS 17 “Leases”. As a result, lease income from operating leases with scheduled rent increases is recognized on a straight-line basis over the term of the leases. All tenant incentives, if any, are treated as a reduction of rental income on a straight-line basis over the lease terms.

As a result, the Group recognized a receivable for rent averaging of Ps. 52.0 million, Ps. 65.2 million and Ps. 78.5 million in the line item “Trade and other receivables” as at July 1, 2011, December 31, 2011 and as at June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 52.0 million was recognized against retained earnings and an amount of Ps. 13.2 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 52.0 million was recognized against retained earnings and an amount of Ps. 26.5 million was recognized in the statement of income.

(b) Revenue recognition – “letting fees”

Argentine GAAP – The Group does not generally use the services of a third-party lease agent for its shopping center properties. Rather, the Group acts as its own leasing agent and earns letting fees. Letting fees are recognized at the time a transaction is successfully completed. A transaction is considered successfully completed when both parties (the tenant and the Group) have signed the related lease contract.

IFRS – The Group considers that in these circumstances payments received from tenants for “letting fees” are not different from other payments received such as admission rights. Accordingly, revenue from letting fees is recognized under the straight-line method over the lease term.

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As a result, payments received from tenants for “letting fees” of Ps. 35.4 million, Ps. 39.5 million and Ps. 44.4 million were deferred in the line item “Trade and other payables” as at July 1, 2011, December 31, 2011 and as at June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 35.4 million was recognized against retained earnings and a loss of Ps. 4.1 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 35.4 million was recognized against retained earnings and a loss of Ps. 9.0 million was recognized in the statement of income.

(c) Biological assets and agriculture produce at the point of harvest

Argentine GAAP – Technical Resolution No. 22 “Agriculture activities” establishes a hierarchy for the valuation of biological assets. The Group has several classes of biological assets.

Biological assets in the form of unharvested crops are measured at replacement cost less any impairment losses. Biological assets in the form of livestock held for sale or for meat production are measured at net realizable value. Biological assets in the form of breeding or dairy cattle are measured at replacement cost. Tree plantations are measured at cost. Argentine GAAP does not prescribe a separate measurement for agriculture produce at the point of harvest.

IFRS – The Group applied IAS 41 “Agriculture”. Under IAS 41, biological assets and agriculture produce at the point of harvest are measured at fair value less costs to sell on initial recognition and at each statement of financial position date, except where fair value cannot be reliably measured. Cost approximates fair value when little or no biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Changes in fair value less cost to sell are charged to income as incurred.

As a result, the Group adjusted all of its biological assets on the statement of financial position at fair value less costs to sell for an amount of Ps. 58.7 million, Ps. 19.5 million and Ps. 38.5 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized (i) a loss of Ps. 38.5 million in the statement of income, (ii) an amount of Ps. 0.8 million against “Exchange differences on translating foreign operations” in statement of comprehensive income, and (iii) the remaining amount of Ps. 58.7 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized (i) a loss of Ps. 17.0 million in the statement of income, (ii) an amount of Ps. 3.2 million against “Exchange differences on translating foreign operations” in statement of comprehensive income, and (iii) the remaining amount of Ps. 58.7 million against retained earnings.

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

(d) Inventories

Argentine GAAP – Inventories, primarily agricultural supplies, are valued at replacement cost. Changes in replacement cost are charged to income as incurred and disclosed on the face of the income statement in the line item titled “Unrealized gain on inventories”. In addition, harvested crops for the Group’s operations in Bolivia are measured at net realizable value, with the change in carrying amount recognized in profit or loss.

IFRS - Consumable supplies are measured at the lower of cost or net realizable value. The cost of consumable supplies is determined using the weighted average method. The cost of hotel inventories is determined using the method first in–first out. In addition, harvested crops for the Group’s operations in Bolivia are measured at the lower of cost or net realizable value because there is no an active market.

As a result, the Group reduced inventories by Ps. 6.7 million, Ps. 6.5 million and Ps. 5.4 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized: a gain of an amount of Ps. 0.2 million in the statement of income and the remaining amount of Ps. 6.7 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized a gain for an amount of Ps. 1.3 million in the statement of income and the remaining amount of Ps. 6.7 million against retained earnings.

(e) Trading properties

Argentine GAAP – Trading properties are stated at the lower of cost adjusted for inflation or net realizable value. Additionally, trading properties are measured at net realizable value when contracts are exchanged for which a non-refundable deposit has been received securing the sale in advance of legal completion (i.e. transfer of deed of title and significant risk and rewards). This form of sale fixes the price of the property and the terms and conditions of the contract providing reasonable certainty about the closing of the transaction and realization of the gain. Accordingly, these transactions are deemed consummated for Argentine GAAP purposes and revenue is recognized at the time the contract is signed.

IFRS – Trading properties are measured at the lower of cost or net realizable value. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts (transfer of title deed). For conditional exchanges, sales are recognized when these conditions are satisfied.

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

As a result, the Group eliminated the effect of inflation adjustment on trading properties for an amount of Ps. 12.9 million, Ps. 10.2 million and Ps. 9.4 million as at July 1, 2011, December 31, 2011 and June 30, 2012. As of July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 12.9 million was recognized against retained earnings and an amount of Ps. 2.7 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 12.9 million was recognized against retained earnings and an amount of Ps. 3.5 million was recognized in the statement of income.

On the other hand, the Group adjusted the revaluation of trading properties due to property contracts exchanged prior year-end and for which title had not been transferred as of that date, for an amount of Ps. 16.4 million, Ps. 27.1 million and Ps. 9.5 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized: a loss for an amount of Ps. 10.7 million in the statement of income and the remaining amount of Ps. 16.4 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized an amount of Ps. 6.9 million in the statement of income and the remaining amount of Ps. 16.4 million against retained earnings.

(f) Pre-operating and organization expenses

Argentine GAAP – Under Argentine GAAP, pre-operating, organization expenses and other start-up costs (mainly related to the opening of new shopping centers) are capitalized and amortized under the straight-line method generally over a period of three to five years.

IFRS – IFRS prescribes that pre-operating expenses cannot be attributed to the cost of property, plant and equipment, investment properties, trading properties or the formation of intangible assets and are immediately recognized as expenses.

As a result, the balances of pre-operating, organization expenses and other start-up costs capitalized under Argentine GAAP for an amount of Ps. 22.8 million, Ps. 20.8 million and Ps. 22.8 million, as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively, were derecognized under IFRS. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized: a gain for an amount of Ps. 2.0 million in the statement of income and the remaining amount of Ps. 22.8 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized an amount of Ps. 0.01 million in the statement of income and the remaining amount of Ps. 22.8 million against retained earnings.

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

(g) Goodwill

Goodwill

Argentine GAAP – The Group accounted for acquisitions of businesses and non-controlling interests under the acquisition method of accounting. Under the acquisition method of accounting, the Group allocated the purchase price to tangible and intangible assets and liabilities based on the respective fair values. Goodwill represents the excess of cost over the fair value of net identifiable assets and is amortized under the straight-line method over the weighted average useful life of the tangible assets acquired. Goodwill does not exceed its respective estimated recoverable value at year-end.

IFRS – As noted in Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.3., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests.

Consequently, business combinations and acquisitions of non-controlling interests completed prior to July 1, 2011 have not been restated and the carrying amount of goodwill under IFRS as of July 1, 2011 is equal to the carrying amount under Argentine GAAP as of that date totaling Ps. 29.1 million. There were no previously recognized intangible assets under Argentine GAAP that did not qualify for separate recognition under IFRS.

Negative goodwill

Argentine GAAP – Under Argentine GAAP, when the amount paid in a business combination or acquisition of a non-controlling interest was lower than the carrying amount of the acquired assets and assumed liabilities, the Group recognized such amount as negative goodwill on the statement of financial position (as a deduction to non-current assets) and amortized it over the period considered to justify negative goodwill not exceeding 20 years. However, under Argentine GAAP, when negative goodwill exists, acquired intangible assets which otherwise would be recognized are reduced to absorb the negative goodwill even if they are then assigned a zero value.

Additionally, where the amount paid for the acquisition of associates and/or joint ventures is lower to the investor's share in the net fair values of the associate and/or joint venture's identifiable assets and liabilities, the Group recognizes such amount as negative goodwill on the statement of financial position and amortizes it over the period considered to justify negative goodwill not exceeding 20 years.

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

IFRS – As noted in Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.3., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests. Consequently, business combinations and acquisitions of non-controlling interests completed prior to July 1, 2011 have not been restated and the carrying amount of negative goodwill under IFRS as of July 1, 2011 is equal to the carrying amount under Argentine GAAP as of that date. In accordance with IFRS, negative goodwill is recognized in profit or loss immediately.

Additionally, acquisitions of associates and/or joint ventures are initially recorded at cost of the investment. Any difference between the cost of the investment and the investor's share in the net fair values of the associates and/ or joint venture's identifiable assets and liabilities is goodwill. Negative goodwill is taken to the income statement in the period when the associate and/or joint venture is acquired.

As a result, the balances of negative goodwill recognized in the statement of financial position under Argentine GAAP were derecognized under IFRS.

The Group adjusted the value of such goodwill for an amount of Ps. 770.8 million, Ps. 750.7 million and Ps. 709.4 million as of July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized (i) a loss of Ps. 19.1 million in the statement of income, (ii) an amount of Ps. 1.0 million against “Exchange differences on translating foreign operations” in the statement of comprehensive income, and (iii) the remaining amount of Ps. 770.8 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized (i) a loss of Ps. 60.4 million in the statement of income, (ii) an amount of Ps. 1.0 million against “Exchange differences on translating foreign operations” in the statement of comprehensive income, and (iii) the remaining amount of Ps. 770.8 million against retained earnings.

(h) Non-current investments – financial assets

Argentine GAAP – The Group holds investments in quoted equity securities with readily determinable fair values, namely TGLT S.A. and Hersha Hospitality Trust. Under Argentine GAAP, these investments were carried at acquisition cost since they are not held for the purpose of trading in the short term.

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

IFRS – Under IFRS 9, all equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Group has elected to recognize changes in the fair value of these equity securities in the statement of income. Therefore, changes in fair value of all equity instruments held by the Company are recognized in the statement of income.

As a result, the Group adjusted the value of these equity securities to fair value by Ps. 151.4 million, Ps. 113.7 million and Ps. 138.2 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 151.4 million was recognized against retained earnings and an amount of Ps. 37.8 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 151.4 million was recognized against retained earnings and a loss for an amount of Ps. 13.2 million was recognized in the statement of income.

(i) Initial direct costs on operating leases

Argentine GAAP – Under Argentine GAAP, certain initial direct costs (i.e. legal, commissions and other fees) paid to third parties for arranging a lease (when the Group is a lessor) are recognized as an immediate expense when incurred.

IFRS – Initial direct costs incurred by lessors in arranging an operating lease are added to the carrying amount of the leased assets (i.e. investment properties) and are recognized as an expense over the lease term on the same basis as the lease income.

As a result, Ps. 0.7 million, Ps. 0.9 million and Ps. 0.9 million, as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively, were added to investment property. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 0.7 million was recognized against retained earnings and a gain of Ps. 0.2 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 0.7 million was recognized against retained earnings and an amount of Ps. 0.2 million was recognized in the statement of income.

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

(j) Tenant deposits

Argentine GAAP - The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period of generally 3 years. The deposits generally range from one to three months of lease rentals. These deposits are treated as liabilities under Argentine GAAP and measured at the amount received by the tenants.

IFRS - Tenant deposits are treated as both a financial asset and a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (deferred income). The deposits are subsequently measured at amortized cost, and deferred income is amortized under the straight line method over the lease term.

As a result, the Group adjusted the financial liability from tenant deposits within trade and other payables for an amount of Ps. 0.1 million, Ps. 0.2 million and Ps. 0.3 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized: a gain of Ps. 0.1 million in the statement of income and the remaining amount of Ps. 0.1 million against retained earnings. For the year ended as of June 30, 2012, the Group recognized a gain of Ps. 0.2 million in the statement of income and the remaining amount of Ps. 0.1 million against retained earnings.

(k) Commodity linked debt

Argentine GAAP – Under Argentine GAAP, there is no requirement to separate embedded derivatives from host contracts and account for them as derivatives. Borrowings are valued based on the best estimate of the discounted value of the amounts expected to be paid, using the interest rate effective at the time of the initial measurement.



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

IFRS – IFRS 9 requires that an embedded derivative should be separated from the host contract and accounted for as a derivative if certain conditions are met. On September 7, 2011, the Group issued Class VIII NCN which are denominated in US\$ for a nominal amount of US\$ 2.1 million. Class VII notes accrue interest at a floor rate of 4% plus a premium factor equivalent to 40% of the increase in the price of soy during the period from March 2011 to March 2013. Under IFRS, the commodity-indexed feature is an embedded derivative that is not clearly and closely related to the debt host instrument because the risks inherent in the derivative (price of soy) and the host are dissimilar. Therefore, the Group separated the commodity-indexed feature and classified it as a derivative liability. The Group measured the carrying value of the debt host contract at initial recognition as the difference between the consideration received and the fair value of the embedded derivative. Subsequently, the Group measured the host foreign-currency debt at amortized cost using the effective interest rate method and then retranslated it at each reporting date using the closing US\$/Peso exchange rate. The Group recognized changes in the fair value of the embedded derivative in profit or loss for the period / year.

As a result, the Group adjusted borrowings for an amount of Ps. 0.1 million, Ps. 0.1 million and Ps. 0.1 million as at July 1, 2011, December 31, 2011 and June 30, 2012. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 0.1 million was recognized against retained earnings and a gain of Ps. 0.004 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 0.1 million was recognized against retained earnings and a loss of Ps. 0.03 million was recognized in the statement of income.

(l) Impairment of financial assets

Argentine GAAP - As at July 1, 2011, December 31, 2011 and June 30, 2012 the Group maintains a balance of credit card loans. These loan receivables are carried at amortized cost. Under Argentine GAAP, the Group determined an allowance for loan losses based on specific criteria set forth for financial and banking institutions.

IFRS – The Group applied the impairment provisions in IFRS 9.

As a result, the Group recognized an impairment loss of Ps. 2.1 million, Ps. 2.3 million and Ps. 0.5 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 2.1 million was recognized against retained earnings and a loss of Ps. 0.2 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 2.1 million was recognized against retained earnings and a gain of Ps. 1.6 million was recognized in the statement of income.

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

(m) Present value accounting – tax credits

Argentine GAAP – Under Argentine GAAP, certain long-term tax credits are measurement at present-valued.

IFRS – Under IFRS, there is no requirement to discount long-term tax credits. The Group elects to measure tax receivables and payables at the amounts expected to be recovered from or paid to the tax authorities and thus, not discounting long-term tax credits.

As a result, the Group eliminated the effect of discounting tax credits for an amount of Ps. 14.6 million, 11.7 million and Ps. 10.9 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 14.6 million was recognized against retained earnings and a loss of Ps. 2.9 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 14.6 million was recognized against retained earnings and a loss of Ps. 3.7 million was recognized in the statement of income.

(n) Impact of IFRS adjustments on investment in associates

Argentine GAAP - Investments in entities in which the Group exercises significant influence, but not control, are accounted for under the equity method. Under the equity method, the investment is recorded at original cost and periodically increased (decreased) by the investor's proportionate share of earnings (losses) of the investee and decreased by all dividends received from the investor by the investee. The Group applied its percentage ownership interest to the financial statements of its equity method investments prepared under Argentine GAAP.

As at June 30, 2012, the associates of the Group were Banco Hipotecario S.A. (BHSA), Banco de Crédito y Securitización (BACSA), Manibil S.A., New Lipstick LLC, Rigby 183 LLC, Tarshop S.A. and AgroUranga S.A., Agro Managers S.A. y Bitania 26 S.A..

IFRS - The Group has assessed all of its interests in the entities mentioned in the paragraph above and determined that the Group exercises significant influence over them. Accordingly, under IFRS, the Group also accounts for these investments under the equity method of accounting. However, the Group has assessed the impact of IFRS adjustments on the financial statements of these investments prepared under Argentine GAAP prior to the application of the equity method.

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

Following is a description of the most significant IFRS adjustments to the equity and comprehensive income of its associates. For ease of presentation and to facilitate an understanding of the nature of the IFRS adjustments, associates were grouped by business activities. Associates are not discussed below when IFRS adjustments were not significant to the Group or no IFRS adjustments were identified:

Banking:

The Group assessed the financial statements of these associates as of July 1, 2011, December 31, 2011 and June 30, 2012 and determined the following adjustments to IFRS:

- Under Argentine GAAP, revenues from life and disability insurance and loan origination fees are recognized on an up-front basis. Under IFRS, these revenues are recognized on a straight line basis over the term of the respective underlying receivables.
- Under Argentine GAAP, the allowance for loan losses are recognized based on specific criteria as set forth by the Central Bank for financial and banking institutions. Under IFRS, the associate applied the impairment provisions in IFRS 9.
- Under Argentine GAAP, receivables transferred to trusts in securitization programs are treated as sales and a gain or loss is recognized on the sale. Usually the transferor retains an interest in the trust and maintains a cash reserve which serves as collateral for payments of amounts due under the debt securities issued by the trust. Under IFRS, following the provisions of IFRS 9, the associate is not able to derecognize financial assets with these characteristics. As a result, the associate continues recognizing the receivables and a liability for the consideration received upon transfer. The receivables recognized are then tested for impairment following the IFRS 9 criteria.
- Under Argentine GAAP, the calculation of the insurance technical reserves is recognized following the regulations issued by the National Insurance Superintendence. Under IFRS, following the guidance of IFRS 4 “insurance contracts”, the associate measured the insurance technical reserve in accordance with the “best estimation” approach.

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

Investment properties:

The Company has assessed the financial statements of the associates related to the investment property business and determined the following adjustments to IFRS as of July 1, 2011, December 31, 2011 and June 30, 2012:

- Under Argentine GAAP, revenue from non-cancelable leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Therefore, revenue does not include an averaging of rental income. Rent-free periods, reduced rent or other tenant incentives, if any, are recognized in the period in which these incentives are provided. Under IFRS, Lease income from operating leases with scheduled rent increases is recognized on a straight-line basis over the term of the leases. All tenant incentives, if any, are treated as a reduction of rental income on a straight-line basis over the lease terms.

- Under Argentine GAAP, lease expense where the entity is the lessee under an operating ground lease agreement subject to escalation clauses is recognized when the escalated payments are due. Therefore, lease expense not recognized on a straight-line basis Under IFRS, lease payments for operating leases with scheduled rent increases are recognized on a straight-line basis over the term of the leases.

As a result, the net equity of these associates was reduction by Ps. 56.2 million, Ps. 92.9 million and Ps. 151.9 million as of July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized (i) an amount of Ps. 56.2 million against retained earnings, (ii) a loss of Ps. 34.7 million in the statement of income and (iii) an amount of Ps. 2.0 million against “Exchange differences on translating foreign operations” in the statement of comprehensive income. For the year ended as of June 30, 2012, the Group recognized (i) an amount of Ps. 56.2 million against retained earnings, (ii) a loss of Ps. 89.6 million in the statement of income and (iii) an amount of Ps. 6.1 million against “Exchange differences on translating foreign operations” in statement of comprehensive income.

(o) Impact of IFRS adjustment on joint ventures

Argentine GAAP – Investments in entities in which the Company exercises joint control are accounted for under the proportionate consolidation method. Under the proportionate consolidation method, the financial statements of the Group reflect the Group’s pro-rata equity interest in the jointly controlled entities on a line-by-line basis. The Group applied its pro-rata equity interest to the financial statements of its jointly-controlled entities prepared under Argentine GAAP.

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

IFRS – The Group has assessed all of its interests in joint arrangements and determined that they are joint ventures under IFRS 11. Accordingly, the Group accounted for its joint ventures under the equity method of accounting. In addition, the Group has assessed the impact of IFRS adjustments on the financial statements of joint ventures prepared under Argentine GAAP prior to the application of the equity method.

As at June 30, 2012, the joint ventures of the Group are Cyrsa S.A., Cresca S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A., and Nuevo Puerto Santa Fe S.A.

Following is a description of the most significant IFRS adjustments to the net equity and income of the joint ventures. For ease of presentation and to facilitate an understanding of the nature of the IFRS adjustments, joint ventures were grouped by business activity. Joint ventures are not discussed below when IFRS adjustments were not significant to the Group or no adjustments were identified:

- Under Argentine GAAP, the joint venture has historically accounted for revenues and therefore profits from all property sales on a percentage of completion basis once contracts for the sale of a property have been exchanged and only if the eventual profit from that property can be foreseen with reasonable certainty. Under IFRS, the joint venture has applied IFRIC 15 “Agreements for the Construction of Real Estate”. The Group assessed the contractual terms of the agreements and concluded that revenue from open market sales of real estate should be accounted for on legal completion of the properties in accordance with IAS 18 “Revenue”. As a result, the joint venture recognizes revenue from the sale of private homes and commercial units entirely at the point of legal completion in accordance with IAS 18. The most significant impact of IFRIC 15 is therefore the deferral of profits previously recognized from the point of exchange of contracts onwards until the point of legal completion. All of these profits are now recognized at a later date.

As a result, the net equity of the Group’s joint ventures was decreased by Ps. 16.5 million, Ps. 16.2 million and Ps. 11.3 million as of July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 16.5 million was recognized against retained earnings and a gain of Ps. 0.3 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 16.5 million was recognized against retained earnings and a gain of Ps. 5.2 million was recognized in the statement of income.

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

(p) Acquisition of non-controlling interest

As stated in Note 2.3., the Group has applied the exception provided by IFRS 1 for accounting for changes in the interest in subsidiaries that do not result in loss of control. Consequently, acquisitions of non-controlling interests concluded prior to July 1, 2011 have not been restated.

IFRS adjustments detailed below relate to acquisitions of non-controlling interest occurring on or after on July 1, 2011.

Argentine GAAP – Under Argentine GAAP, the Group accounted for the acquisition of the non-controlling interests under the purchase method of accounting. Under the purchase method of accounting, the purchase price paid is allocated to the net assets acquired based on its fair value. Assets, including goodwill, and liabilities of the acquired business are recognized using a cost accumulation approach (i.e. for the previous equity interests acquired). These acquisitions generated goodwill since the cost of acquisition exceeded the fair value of the net tangible and intangible assets acquired. Additionally, goodwill generated by the acquisition of the non-controlling interest in Cactus Argentina S.A. was impaired and recognized as an expense in the statement of income under Argentine GAAP.

IFRS – Under IFRS, the Group has applied the principles of IFRS 10 in accounting for changes in ownership interests. As per IFRS 10, when an additional interest is obtained and control is maintained, the transaction is accounted for as an equity transaction. The Group does not recognize any additional acquisition adjustments to reflect the subsequent acquisition of additional shares in the subsidiary if there is no change in control.

Under IFRS, the difference between the fair value of the consideration paid and the related carrying value of the non-controlling interest acquired is recognized in the controlling interest’s equity as a credit or debit to a reserve in net equity. Therefore, no gain or loss is recognized in the statement of income and no additional goodwill is recognized. The carrying value of the non-controlling interest is adjusted to reflect the change in the non-controlling interest of the subsidiary.

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

As a result, as of December 31, 2011, the Group (i) derecognized goodwill for an amount of Ps. 26.5 million, (ii) recognized a decrease in non-controlling interest for an amount of Ps. 22.6 million, (iii) recognized a decline of Ps. 9.0 million in net assets acquired measured at fair value under Argentine GAAP in force and (iv) recognized a debit in shareholders’ equity under IFRS of Ps. 14.9 million. In addition, as of June 30, 2012, the Group: (i) derecognized goodwill for an amount of Ps. 39.8 million, (ii) recognized a decline of Ps. 26.2 million in non-controlling interest, (iii) recognized a decline of Ps. 9.0 million in net assets acquired measured at fair value in accordance with Argentine GAAP in force, and (iv) recognized a debit of Ps. 22.6 million in shareholders’ equity.

Additionally, for the fiscal year ended as of June 30, 2012, the Group reversed the impairment charge on goodwill generated by the acquisition of the non-controlling interest in Cactus Argentina S.A. recognized under Argentine GAAP for an amount of Ps. 10.5 million.

(q) Disposal of non-controlling interest

As explained in Note 2.3., the Group has applied the exception provided by IFRS 1 for accounting for changes in the interest in subsidiaries that do not result in a loss of control. Consequently, disposals of non-controlling interests concluded prior to July 1, 2011 have not been restated.

The IFRS adjustments detailed below relate to disposals of non-controlling interest occurring on or after July 1, 2011.

Argentine GAAP – 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.

IFRS – Under IFRS, the Group has applied the principles of IFRS 10 in accounting for changes in ownership interests. As per IFRS 10, when there is a disposal of non-controlling interests that do not result in a change in control, the transaction is accounted for as an equity transaction. The difference between the fair value of the consideration received and the related carrying value of the non-controlling interest disposed is recognized in the controlling interest’s equity as a credit or debit. Therefore, no gain or loss is recognized in the statement of income. The carrying value of the non-controlling interest is adjusted to reflect the change in the non-controlling interest of the subsidiary.

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

As a result, as of June 30, 2012 and December 31, 2011, the Group reversed a loss for an amount of Ps. 2.7 million in the statement of income, and recognized a debit of Ps. 2.7 million in shareholders’ equity.

(r) Amortization of transaction costs on borrowings

Argentine GAAP – Under Argentine GAAP, transactions costs directly attributable to the acquisition of borrowings are amortized under the straight-line method over the contract term.

IFRS – Transaction costs directly attributable to the acquisition of borrowings are deducted from the fair value at which the financial liability is initially recognized. Subsequently, they are amortized using the effective interest method over the contract term.

As a result, the Group adjusted the carrying value of borrowings for an amount of Ps. 0.1 million, Ps. 0.7 million and Ps. 0.4 million as of July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As of July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 0.1 million was recognized against retained earnings and an amount of Ps. 0.6 million gain were recognized in the statement of income. For the fiscal year ended as of June 30, 2012, an amount of Ps. 0.1 million was recognized against retained earnings and a gain of Ps. 0.3 million was recognized in the statement of income.

(s) Settlement of BrasilAgro warrants

Argentine GAAP – Payments made by the Group for the settlement of BrasilAgro warrants were capitalized in the statement of financial position.

IFRS – In accordance with IFRS 2 “Share-based payments”, any payment made to a counterparty on the cancellation or settlement of a grant of equity instruments, even if this occurs after the vesting date, are accounted for as a repurchase of an equity interest (that is, as a deduction from equity), except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess is recognized as an expense.

As a result, the Group adjusted the balance for an amount of Ps. 2.7 million as of June 30, 2012, against a deduction in the shareholders’ equity. For the six-month period ended as of December 31, 2011, no warrants issued by Brasilagro have been cancelled.



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

(t) Cumulative translation adjustment

Argentine GAAP – Foreign operations shall be classified as integrated or non-integrated entities depending if their activities are carried out as an extension of the reporting entity. Exchange differences resulting from the translation of integrated entities are recognized in the statement of income. Exchange differences resulting from the translation of non-integrated entities are recognized in a separate reserve in equity.

IFRS – Exchange differences resulting from the translation of foreign operations are recognized in the statement of other comprehensive income.

As a result, for the six-month period ended as of December 31, 2011 the Group reclassified an amount of Ps. 12.7 million against the statement of income and the statement of other comprehensive income, related foreign operations. Additionally, the Group reclassified an amount of Ps. 32.5 million for the fiscal year ended as of June 30, 2012 against the statement of income and the statement of other comprehensive income.

(u) Deferred income taxes

Argentine GAAP – The Group accounts for income taxes using the deferred tax method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax based assets and liabilities and are measured using the enacted tax rates. Argentine GAAP does not prescribe detailed specific guidance related to the recognition of a valuation allowance. The Group assesses the need for a valuation allowance based on several factors including but not limited to current projections, legal expiration periods and others.

IFRS – There is no difference in the determination of deferred income taxes. However, deferred tax assets are recognized when it is considered probable (defined as “more likely than not”) that sufficient taxable profits will be available to utilize the temporary difference or unused tax losses. IFRS does not allow the recognition of valuation allowances.

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

IFRS establishes more specific and strict procedures to assess whether a deferred tax asset should be recognized. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a deferred tax asset should be recognized. Judgment must be used in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified. The more negative evidence that exists (a) the more positive evidence is necessary and (b) the more difficult it is to support a conclusion that a deferred tax asset can be recognized.

As a result, on transition to IFRS, the Group has not recognized deferred tax assets relating to any carry forward losses and other temporary differences for an amount of Ps. 16.5 million, Ps. 13.0 million and Ps. 18.8 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011, the Group recognized (i) an amount of Ps. 16.5 million against retained earnings, (ii) a loss of Ps. 3.2 million in the statement of income, and (iii) an amount of Ps. 0.4 million against “Exchange differences on translating foreign operations” in statement of comprehensive income. For the year ended as of June 30, 2012, the Group recognized (i) an amount of Ps. 16.5 million against retained earnings, (ii) a loss of Ps. 2.8 million in the statement of income, and (iii) an amount of Ps. 0.5 million against “Exchange differences on translating foreign operations” in statement of comprehensive income.

In addition, the Group has assessed the impact of all IFRS adjustments on deferred income taxes. As a result, the Group recognized an adjustment to deferred income taxes of Ps. 17.4 million, Ps. 3.9 million and Ps. 16.7 million as at July 1, 2011, December 31, 2011 and June 30, 2012, respectively. As at July 1, 2011, the adjustment was recognized against retained earnings. For the six-month period ended as of December 31, 2011 an amount of Ps. 17.4 million was recognized against retained earnings and a gain of Ps. 13.4 million was recognized in the statement of income. For the year ended as of June 30, 2012, an amount of Ps. 17.4 million was recognized against retained earnings and a gain of Ps. 0.6 million was recognized in the statement of income.

(v) Non-controlling interest

Differences for non-controlling interest include the effect of recording, where applicable, the corresponding effect of other differences between Argentine GAAP and IFRS.

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

2.5. Significant Accounting Policies

The principal accounting policies applied in the preparation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the information under IFRSs as of June 30, 2012, which is described in Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011, and are based upon such IFRSs expected to be in force as of June 30, 2013. Most significant accounting policies are described in Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011.

2.6. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimations and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements.

In the preparation of these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group’s accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the annual consolidated financial statements for the year ended as of June 30, 2012 which are described in Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011.

3. Seasonal effects on operations

The operations of the Group’s agricultural business are also subject to seasonal effects. The harvests and sale of grains (corn, soybean and sunflower) generally take place between February and June every year. Wheat is generally harvested between November and January. In Bolivia, weather conditions make it possible to have two soybeans, corn and barley seasons and, therefore, these crops are harvested in April and October, whereas wheat and sunflower are harvested in August and September, respectively. Other segments of the agricultural business, such as beef cattle and milk production tend to be more stable. However, beef cattle and milk production is generally larger during the second quarter, when conditions are more favorable. As a result, there may be material fluctuations in the agricultural business results across quarters.

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3. Seasonal effects on operations (Continued)

The operations of the Group's shopping centers are also subject to seasonal effects, which affect the level of sales recorded by lessees. During summer time (January and February), the lessees of shopping centers experience the lowest sales levels in comparison with the winter holidays (July) and December (Christmas) when they tend to record peaks of sales. Apparel stores generally change their collections during the spring and the fall, which impacts positively on shopping mall sales. Sale discounts at the end of each season also affect the business. As a consequence, a higher level of revenues is generally expected in the second half of the year rather than the first in shopping center operations.

4. Acquisitions and dispositions

Sale of farm

On November 14, Vargas Derka SH made an irrevocable offer to Cresud to purchase a portion of "La Suiza" farm ranch (5,600 hectares) to be good through January 31, 2013.

The offer price amounts to US\$ 6.7 million to be paid in 6 installments every six months. The first installment is due on January 31, 2013 and bears interest at a 12% rate.

As bid bond, Cresud has received checks in the amount of US\$ 0.3 million or 5% of the transaction price.

If the offer is accepted, the parties will execute the preliminary sales contract on January 31, 2013, with the checks being creditable against the price. The title deed will be executed on June 28, 2013.

Sale of a field

On October 11, 2012 Brasilagro sold Horizontina, a field of land located in Tasso Fragoso, State of Maranhão, for a total amount of Ps. 170.2 million. Following a down payment of Ps. 2.27 million already made, the remaining balance is payable in two installments: Ps. 59 million due in October 2012 and Ps. 108.9 million due upon execution of the title conveyance deed, which is expected to take place in January 2013. The Horizontina field has an area of 14,359 hectares and was acquired on March 10, 2010 by Ceibo Bienes Raíces, the subsidiary in US for a total amount of Ps. 86 million. Before the acquisition, 2,100 hectares of the country field were used for cultivation of cereal. Until December 31, 2012, the Company invested Ps. 22.7 million (net of accumulated depreciation) in infrastructure improvements. During the planting season 2011/2012, 4,319 hectares were planted with soybean and 2,095 with maize. The sale commission was Ps. 4.5 million and sales taxes amounted to Ps. 11.3 million; net proceeds from the sale less commissions, expenses and taxes amounted to Ps. 53.9 million.

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## 4. Acquisitions and disposals (Continued)

For the six-month period ended as of December 31, 2012

Transactions with non-controlling interest

## IRSA

In July, 2012, the Company acquired an additional 0.3% interest in IRSA for a total consideration of US\$ 1.3 million. The carrying amount of the non-controlling interest in IRSA as of the acquisition date was Ps. 948 (representing an equity interest of 35.8%). This resulted in a decrease in non-controlling interest of Ps. 8.0 million and an increase in equity attributable to owners of the parent of Ps. 8.0 million. The effect of changes in the ownership interest of IRSA on the equity attributable to owners of the group during the period is summarized as follows:

	Ps. (million)
Carrying amount of Group's interest acquired of	8.0
Consideration paid for non-controlling interest	(5.7 )
Gain on acquisition recorded within parent's equity	2.3

## APSA

As of August, 2012, the Group, through E-Commerce Latina S.A., acquired an additional equity interest of 0.03% in APSA for a total consideration of Ps. 0.59 million. The book value of the non-controlling interest in APSA as of the date of the acquisition was Ps. 36 million (which represents an interest of 4.39%). As a result of this transaction, the non-controlling interest was reduced by Ps. 1 million and the interest attributable to the shareholders' of the controlling parents was reduced by Ps. 1 million. The effect on shareholders' equity of this change in the equity interest in APSA is summarized as follows:

	Ps. (million)
Carrying amount of Group's interest acquired of	0.3
Consideration paid for non-controlling interest	(0.6 )
Reserve recorded within parent's equity	(0.3 )

As of October, 2012, the Group, through E-Commerce Latina S.A., acquired an additional equity interest of 0.04% in APSA for a total consideration of Ps. 1.1 million. The book value of the non-controlling interest in APSA as of the date of the acquisition was Ps. 39 million (which represents an interest of 4.36%). As a result of this transaction, the non-controlling interest was reduced by Ps. 0.3 million and the interest attributable to the shareholders' of the

controlling parents was reduced by Ps. 0.3 million. The effect on shareholders' equity of this change in the equity interest in APSA is summarized as follows:

	Ps. (million)
Carrying value of the equity interests acquired by the Group	0.3
Price paid for the non-controlling interest	(1.1 )
Reserve recorded in shareholders' equity	(0.8 )

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4. Acquisitions and disposals (Continued)

Acquisition of equity interest in joint venture

On November 29, 2012 APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. (“EH”)’s capital stock and votes for Ps. 32 million. APSA exercises joint control over EH together with shareholders owners of the remaining 50%.

EH’s core asset is a 50% indirect interest in La Rural S.A. (“LRSA”)’s capital stock and votes. EH exercises joint control over LRSA, together with Sociedad Rural Argentina (SRA), the owner of the remaining 50% interest in LRSA.

Therefore, APSA’s indirect interest in LRSA amounts to 25% as of the date of these Unaudited Condensed Interim Consolidated Financial Statements.

LRSA is mainly engaged in the operation of Predio Ferial de Buenos Aires, a fairground located in an area surrounded by Cerviño, Sarmiento, and Santa Fe Avenues and Oro Street, City of Buenos Aires (the “Fairground”). LRSA is the beneficiary of said Fairground under a usufruct agreement executed with the owner thereof, SRA, in 1999.

Purchase of financial assets

During this period the Group purchased the following corporate notes from:

- a) The Government of the City of Buenos Aires, for a nominal value of Ps. 19.0 million. These notes accrue interest at an annual 7.95% fixed rate, payable semi- annually and maturing on April 29, 2014.
- b) Banco Hipotecario for Ps. 5 million, which accrue interest at an annual 18.75% fixed annual rate, payable semi- annually and maturing on August 8, 2013.

Disposal of financial assets at fair value through profit or loss

In September 2012 the Group sold 2,000,000 ordinary shares of Hersha, Hospitality Trust (Hersha) for a total amount of US\$ 9.7 million. Therefore, the Group’s interest in Hersha’s capital stock decreased from 9.13% to 8.12% as of September 30, 2012. This percentage has remained unchanged as of the date of these Unaudited Condensed Interim Consolidated Financial Statements. Subsequent to December 31, 2012, the Group disposed of an additional number of Hersha’s shares. See Note 33.

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4. Acquisitions and disposals (Continued)

In November and December 2012, IRSA sold all of its shareholdings in NH Hoteles S.A. (138,572 shares for a consideration of € 0.38 million) and in NH Hoteles S.A. (387,758 shares for a total consideration of US\$ 1.4 million).

In December 2012, IRSA sold all of its shareholdings in Metrovacesa F (1,238,990 shares for a consideration of € 2.7 million); Metrovacesa SM (229,995 shares for a total consideration of € 0.5 million) and Metrovacesa F (919,087 shares for a consideration of US\$ 2.7 million).

Significant sale of investment properties

On August 31, 2012, the Group sold through IRSA sold certain functional units of the building “Libertador 498” in the city of Buenos Aires. The total price of the transaction amounted to Ps. 15 million and was paid on the execution of the title conveyance deeds. This transaction generated a gain of Ps. 12.7 million.

On September 14, 2012, IRSA sold certain functional units on floors 18 and 19, as well as parking areas, of the building Bouchard 551. The total price of the transaction was US\$ 8.5 million paid upon execution of the conveyance deed. This transaction generated a gain of Ps. 18.4 million.

On October 4 and 11, 2012, IRSA signed the deeds of conveyance for the sale of certain units (offices and parking spaces) at the “Libertador 498” building. The prices for the transactions were set in Ps. 29.4 million, an amount that has been totally collected. The transaction yielded profits for Ps. 24.9 million.

Subsequent to December 31, 2012, IRSA disposed of other investment property.

Acquisition of Rigby 183 LLC

On June 30, 2012, the Group held, through its subsidiary IMadison LLC, a 49% equity interest through its subsidiary IMadison LLC in the capital stock of Rigby 183 LLC (“Rigby”), a company that owns office buildings for rental at Madison Avenue 183, New York, USA. On November 27, 2012, the Group, through its subsidiary IRSA International LLC, purchased an additional 25.5% equity interest in Rigby’s capital stock, thus taking control over said company. As a result of the acquisition, the Group expects to increase its footprint in the US real estate market. The goodwill from the acquisition, which amounts to Ps. 45.7 million, is attributable to the synergies expected to be achieved by combining the Group’s and Rigby’s operations.



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4. Acquisitions and disposals (Continued)

The following chart shows the consideration paid by the Group, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

	11.27.2012
Consideration paid:	
Cash	118,373
Total consideration paid	118,373
Fair value of the interest in Rigby's equity held before the business combination	227,462
Total consideration	345,835
Recognized balances of acquired identifiable assets and assumed liabilities:	
Cash and cash equivalents	499
Investments properties (Note 9)	679,219
Trade and other receivables	14,135
Borrowings	(252,834 )
Trade and other payables	(12,081 )
Deferred income tax liabilities (Note 22)	(26,103 )
Total net identifiable assets	402,835
Non-controlling interest	(102,723 )
Goodwill	45,723
Total	345,835

The acquisition-related costs (which amount to Ps. 2.5 million) were charged to income under "General and Administrative Expenses".

The fair value of the investment property acquired for Ps. 679.2 million was assessed by a qualified independent appraiser. The fair value of trade receivables and other receivables amounts to Ps. 14.1 million, including trade receivables in the amount of Ps. 0.1 million. As of the acquisition date, the Group estimates that these receivables are recoverable. The fair value of the non-controlling interest in Rigby, an unlisted company, has been determined on a proportional basis to the fair value of Rigby's net acquired assets.

The Group recognized income of Ps. 124.1 million derived from the reassessment of the fair value of the 49% interest held in Rigby before the business combination. In addition, all exchange gains (losses) accumulated in shareholder's equity from the interest held in Rigby before the business combination (Ps. 12.9 million) were charged to income. These gains were disclosed under "Other operating income, net" in the income statement.

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4. Acquisitions and disposals (Continued)

The revenues Rigby has generated since November 27, 2012 and that have been disclosed in the consolidated income statement amount to Ps. 12.1 million. Rigby has also run a net loss of Ps. 4 million during said period. If Rigby had been included in the consolidation since July 1, 2012, the consolidated income statement would have shown pro-forma revenues in the amount of Ps. 1,101.4 million and pro-forma net income of Ps. 244.2 million.

5. Financial risk management

5.1. Financial risk

The group's diverse activities are exposed to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and price risk) credit risk, liquidity risk and capital risk.

Note 3 of Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011, provides information on financial risk management as of June 30, 2012 and July 1, 2011. Since June 30, 2012 there have been no changes in the risk management or risk management policies applied by the Group.

5.2. Fair value estimates

Since June 30, 2012 there have been no reclassifications of financial assets.

Additionally, since June 30, 2012 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Group's financial instruments.

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## 6. Segment information

Below is a summarized analysis of the lines of business of the Group for the six-month period ended December 31, 2012:

	Agriculture business (I)	Urban properties and investments (II)	Total
Group revenues	527,774	1,164,933	1,692,707
Group costs	(888,487 )	(606,343 )	(1,494,830)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	462,368	-	462,368
Changes in net realizable value of agricultural produce after harvest	6,811	-	6,811
Gross Profit	108,466	558,590	667,056
Gains from disposal of investment property	-	53,678	53,678
Gains from disposal of farmlands	53,988	-	53,988
General and administrative expenses	(67,349 )	(109,908 )	(177,257 )
Selling expenses	(75,520 )	(54,791 )	(130,311 )
Management fees	(6,751 )	-	(6,751 )
Other operating expenses, net	(10,480 )	115,074	104,594
Profit from Operations	2,354	562,643	564,997
Share of profit of associates and joint ventures	317	7,033	7,350
Segment Profit	2,671	569,676	572,347
Investment properties, net	25,190	4,254,430	4,279,620
Property, plant and equipment, net	1,609,759	235,769	1,845,528
Trading properties	4,678	247,271	251,949
Goodwill	7,159	5,824	12,983
	277,526	-	277,526

Biological assets			
Inventories	201,081	16,197	217,278
Investments in of associates and joint ventures	24,198	1,121,686	1,145,884
Total segment assets	2,149,591	5,881,177	8,030,768

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## 6. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the six-month period ended December 31, 2011:

	Agriculture business (I)	Urban properties and investments (II)	Total
Group revenues	543,552	945,423	1,488,975
Group costs	(700,578 )	(470,159 )	(1,170,737)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	238,016	-	238,016
Changes in net realizable value of agricultural produce after harvest	(11,260 )	-	(11,260 )
Gross Profit	69,730	475,264	544,994
Gains from disposal of investment properties	-	24,727	24,727
Gains from disposal of farmlands	27,762	-	27,762
General and administrative expenses	(63,483 )	(82,645 )	(146,128 )
Selling expenses	(52,200 )	(37,733 )	(89,933 )
Management fees	(4,612 )	-	(4,612 )
Other operating income (expenses), net	18,018	(9,551 )	8,467
(Loss) / Profit from operations	(4,785 )	370,062	365,277
Share of profit of associates and joint ventures	2,425	14,358	16,783
Segment (Loss) / Profit	(2,360 )	384,420	382,060

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## 6. Segment information (Continued)

## (I) Agriculture line of business:

The following tables present the reportable segments of the agriculture line of business of the Group:

	Agriculture					December 31, 2012		Land transformation and sales
	Crops	Cattle	Dairy	Sugarcane	Agriculture Rentals and Services	Agriculture Subtotal	Land transformation and sales	
Group revenues	243,925	35,824	16,535	111,830	12,072	420,186	-	-
Group costs	(465,724 )	(62,633 )	(34,072 )	(214,645 )	(3,772 )	(780,846 )	-	(3,000 )
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	286,498	27,164	18,272	128,565	-	460,499	-	-
Changes in net realizable value of agricultural produce after harvest	6,726	85	-	-	-	6,811	-	-
Gross Profit / (Loss)	71,425	440	735	25,750	8,300	106,650	-	(3,000 )
Gains from disposal of farmlands	-	-	-	-	-	-	-	53,900
General and administrative expenses	(26,046 )	(4,037 )	(674 )	(20,306 )	(969 )	(52,032 )	-	(7,400 )
Selling expenses	(51,812 )	(5,452 )	(107 )	(2,213 )	(595 )	(60,179 )	-	(7,200 )
Management fees	-	-	-	-	-	-	-	-
Other operating expenses, net	(4,397 )	(1,420 )	(236 )	(87 )	(340 )	(6,480 )	-	(2,600 )
(Loss) / Profit from Operations	(10,830 )	(10,469 )	(282 )	3,144	6,396	(12,041 )	-	33,500
Share of profit / (loss) of associates and joint ventures	(207 )	(29 )	(14 )	-	(10 )	(260 )	-	-
Segment (Loss) / Profit	(11,037 )	(10,498 )	(296 )	3,144	6,386	(12,301 )	-	33,500
Investment properties	-	-	-	1,516	23,674	25,190	-	-
Property, plant and equipment	1,125,558	129,073	20,924	303,204	363	1,579,122	-	-
Trading properties	557	3,258	-	-	706	4,521	-	-
Goodwill	4,393	-	-	1,970	-	6,363	-	-
Biological assets	1	177,458	-	96,861	-	274,320	-	-
Inventories	54,607	2,962	-	-	-	57,569	-	-
Investments associates and joint ventures	9,745	3,255	557	-	801	14,358	-	6,100
Total segment assets	1,194,861	316,006	21,481	403,551	25,544	1,961,443	-	6,100



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## 6. Segment information (Continued)

	December 31, 2011							
	Agriculture				Agriculture Rentals and Services	Agriculture Subtotal	Land transformation and sales	Agro-indus
	Crops	Cattle	Dairy	Sugarcane				
Group revenues	254,004	54,417	14,684	87,319	10,857	421,281	-	97,012
Group costs	(385,004)	(73,744)	(27,823)	(88,222)	(853)	(575,646)	(2,311)	(101,100)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	181,900	31,202	19,427	5,173	-	237,702	-	323
Changes in net realizable value of agricultural produce after harvest	(11,490)	127	-	-	-	(11,363)	-	-
Gross Profit / (Loss)	39,410	12,002	6,288	4,270	10,004	71,974	(2,311)	(3,774)
Gains from disposal of farmlands	-	-	-	-	-	-	27,762	-
General and administrative expenses	(27,371)	(11,506)	(888)	(16,943)	-	(56,708)	-	(4,324)
Selling expenses	(38,119)	(5,849)	(137)	-	(519)	(44,624)	-	(5,639)
Management fees	-	-	-	-	-	-	-	-
Other operating results, net	21,518	(3,541)	(273)	(7)	-	17,697	-	(22)
Profit / (Loss) from Operations	(4,562)	(8,894)	4,990	(12,680)	9,485	(11,661)	25,451	(13,759)
Share of profit / (loss) of associates and joint ventures	1,141	1,294	100	(177)	-	2,358	-	-
Segment Profit / (Loss)	(3,421)	(7,600)	5,090	(12,857)	9,485	(9,303)	25,451	(13,759)



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## 6. Segment information (Continued)

## (II) Urban properties and investments

The following tables present the reportable segments of the urban properties and investments line of business of the Group:

	December 31, 2012						
	Shopping Center Properties	Offices	Sales and developments	Hotel	International	Financial operations and others	Total urban and investment properties (II)
Group revenues	809,002	139,971	85,735	116,807	12,100	1,318	1,164,933
Group costs	(387,778 )	(59,377 )	(63,144 )	(84,947 )	(10,292 )	(805 )	(606,343 )
Gross Profit	421,224	80,594	22,591	31,860	1,808	513	558,590
Results from disposal of investment properties	-	(2,281 )	55,959	-	-	-	53,678
General and administrative expenses	(36,731 )	(20,510 )	(20,060 )	(25,822 )	(6,638 )	(147 )	(109,908 )
Selling expenses	(25,752 )	(5,163 )	(9,471 )	(13,767 )	-	(638 )	(54,791 )
Other operating results, net	(7,616 )	(3,009 )	(7,874 )	385	134,061	(873 )	115,074
Profit / (Loss) from Operations	351,125	49,631	41,145	(7,344 )	129,231	(1,145 )	562,643
Share of profit / (loss) of associates and joint ventures	-	-	1,053	59	(37,978 )	43,899	7,033
Segment Profit / (Loss)	351,125	49,631	42,198	(7,285 )	91,253	42,754	569,676
Investment properties	2,065,616	893,376	599,607	-	687,453	8,378	4,254,430
Property, plant and equipment	14,186	30,444	3,737	187,203	199	-	235,769
Trading properties	1,484	120	169,163	-	76,504	-	247,271
Goodwill	343	5,481	-	-	-	-	5,824
Inventories	9,733	-	480	5,984	-	-	16,197

Investments in associates and joint ventures	-	-	41,912	21,315	581	1,057,878	1,121,686
Total segment assets	2,091,362	929,421	814,899	214,502	764,737	1,066,256	5,881,177

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## 6. Segment information (Continued)

December 31, 2011

	Shopping Center Properties	Offices	Sales and developments	Hotels	International	Financial operation and others	Total urban properties and investment (II)
Group revenues	671,666	119,822	65,672	85,034	-	3,229	945,423
Group costs	(327,804 )	(47,325 )	(36,925 )	(55,587 )	-	(2,518 )	(470,159 )
Gross Profit	343,862	72,497	28,747	29,447	-	711	475,264
Gain from disposal of investment properties	-	-	24,727	-	-	-	24,727
General and administrative expenses	(28,723 )	(16,401 )	(16,319 )	(18,105 )	(2,993 )	(104 )	(82,645 )
Selling expenses	(17,370 )	(4,364 )	(6,983 )	(11,224 )	-	2,208	(37,733 )
Other operating results, net	(1,011 )	(6,299 )	(1,715 )	(1,449 )	298	625	(9,551 )
Profit / (Loss) from Operations	296,758	45,433	28,457	(1,331 )	(2,695 )	3,440	370,062
Share of profit / (loss) of associates and joint ventures	(640 )	1	848	-	(39,897 )	54,046	14,358
Segment Profit / (Loss)	296,118	45,434	29,305	(1,331 )	(42,592 )	57,486	384,420

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## 6. Segment information (Continued)

The following tables present a reconciliation between the total results of segment operations and the results of operations as per the statement of income. The adjustments relate to the presentation of the results of operations of joint ventures accounted for under the equity method under IFRS.

	Total Segment Information	December 31, 2012 Adjustment for share of profit / (loss) of associates and joint ventures	Total Statement of Income
Group revenues	1,692,707	(81,516 )	1,611,191
Group costs	(1,494,830 )	66,702	(1,428,128 )
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	462,368	(2,939 )	459,429
Changes in net realizable value of agricultural produce after harvest	6,811	-	6,811
Gross Profit / (Loss)	667,056	(17,753 )	649,303
Gains from disposal of investment properties	53,678	-	53,678
Gains from disposal of farmlands	53,988	-	53,988
General and administrative expenses	(177,257 )	2,540	(174,717 )
Selling expenses	(130,311 )	6,632	(123,679 )
Management fees	(6,751 )	-	(6,751 )
Other operating results, net	104,594	508	105,102
Profit / (Loss) from Operations	564,997	(8,073 )	556,924
Share of profit of associates and joint ventures	7,350	5,196	12,546
Profit / (Loss) from Operations Before Financing and Taxation	572,347	(2,877 )	569,470

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## 6. Segment information (Continued)

	Total Segment Information	December 31, 2011 Adjustment for share of profit / (loss) of joint ventures	Total Statement of Income
Group revenues	1,488,975	(33,970 )	1,455,005
Group costs	(1,170,737 )	27,463	(1,143,274 )
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	238,016	(1,200 )	236,816
Changes in net realizable value of agricultural produce after harvest	(11,260 )	(2 )	(11,262 )
Gross Profit / (Loss)	544,994	(7,709 )	537,285
Gain from disposal of investment properties	24,727	-	24,727
Gains from disposal of farmlands	27,762	-	27,762
General and administrative expenses	(146,128 )	1,677	(144,451 )
Selling expenses	(89,933 )	3,471	(86,462 )
Management fees	(4,612 )	-	(4,612 )
Other operating results, net	8,467	1,313	9,780
Profit / (Loss) from Operations	365,277	(1,248 )	364,029
Share of profit / (loss) of associates and joint ventures..	16,783	(6,717 )	10,066
Profit / (Loss) from Operations Before Financing and Taxation	382,060	(7,965 )	374,095

## 7. Information about main subsidiaries

The Group conducts its business through several operating and holding subsidiaries which are listed in Note 1.3 of Exhibit I included in the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 and 2011. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group.

Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group:



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## 7. Information about principal subsidiaries (Continued)

## Summarized statements of financial position

	APSA			IRSA (i)			Brasilagro		
	12.31.12	06.30.12	07.01.11	12.31.12	06.30.12	07.01.11	12.31.12	06.30.12	07.01.11
<b>Assets</b>									
Non-current assets	2,043,064	1,954,917	1,858,277	6,680,475	6,050,293	5,812,347	1,090,397	1,114,700	1,275,069
Current assets	778,389	548,949	521,078	1,208,407	839,328	819,565	664,468	490,721	660,824
Total assets	2,821,453	2,503,866	2,379,355	7,888,882	6,889,621	6,631,912	1,754,865	1,605,421	1,935,893
<b>Liabilities</b>									
Non-current liabilities	1,011,673	973,319	909,950	3,208,496	2,644,108	2,372,540	133,579	147,799	163,475
Current liabilities	801,534	558,024	536,651	1,509,024	1,205,744	1,176,759	241,789	248,068	295,517
Total liabilities	1,813,207	1,531,343	1,446,601	4,717,520	3,849,852	3,549,299	375,368	395,867	458,992
Net assets	1,008,246	972,523	932,754	3,171,362	3,039,769	3,082,613	1,379,497	1,209,554	1,476,901

## Summarized statements of income and statements of comprehensive income

	APSA		IRSA (i)		Brasilagro	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Revenue	818,302	702,595	1,086,041	912,919	218,101	151,734
Profit before income tax	274,045	297,101	315,963	132,868	32,556	34,987
Income tax expense	(98,289 )	(97,446 )	(70,084 )	(53,484 )	(7,168 )	(2,655 )
Profit / (loss) for the period	175,756	199,655	245,879	79,384	25,388	32,332
Other comprehensive income	-	-	10,818	8,881	94,151	135
Total other comprehensive income	175,756	199,655	256,697	88,265	119,539	32,467
Profit / (loss) attributable to non-controlling interest	8,890	6,594	22,409	(2,070 )	-	(154 )

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## 7. Information about principal subsidiaries (Continued)

## Summarized cash flows

	APSA		IRSA (i)		Brasilagro	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Cash flow from operating activities						
Net cash generated from operating activities	313,770	289,287	373,445	332,535	(9,551 )	44,506
Cash flow from investing activities						
Net cash generated from (used in) investing activities	(218,109 )	(20,630 )	(210,393 )	(51,709 )	(1,796 )	(61,604 )
Cash flow from financing activities						
Net cash generated from (used in) financing activities	8,006	(193,454 )	(65,371 )	(270,372 )	(41,171 )	(91,458 )
Net increase / (decrease) in cash and cash equivalents	103,667	75,203	97,681	10,454	(52,518 )	(108,556 )
Cash and cash equivalents at beginning of period	102,698	145,552	259,169	301,559	151,064	357,018
Foreign exchange gain (loss) on cash and cash equivalents	2,555	(4,583 )	9,187	2,764	8,655	-
Cash and cash equivalents at end of period	208,920	216,172	366,037	314,777	107,201	248,462

(i) Includes consolidated financial information of APSA.

The information above is the corresponding to balances and transactions before inter-company eliminations.



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8. Interests in joint ventures

As of December 31, 2012 the joint ventures of the Group are Cresca, Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A., Nuevo Puerto Santa Fe S.A. (NPSF) and Entertainment Holdings S.A.. The shares in these joint ventures are not publicly traded.

As of June 30, 2012, the joint ventures of the Group were Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and NPSF.

As noted Note 4, APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. ("EH")'s capital stock and votes and as a consequence APSA holds a jointly indirect interest in LRSA of 25% which operates the fairground Predio Ferial de Buenos Aires.

In connection with the Fairground, as publicly known, in December 2012 the Executive Branch issued Executive Order 2552/12 that annulled an executive order dated 1991 which approved the sale of the Fairground to the SRA; the effect of this new order was to revoke the sale transaction. Subsequent to December 21, 2012, the Executive Branch notified the SRA of said executive order and further ordered that the property be returned to the Federal Government within 30 subsequent days. Then, the SRA issued a press release publicly disclosing the initiation of legal actions.

Neither has APSA been served notice formally nor is it a party involved in the legal actions brought by the SRA.

As of the date of these unaudited condensed interim consolidated financial statements, the above mentioned legal matters resulted in certain delays in gathering the information necessary to register the acquisition pursuant to IFRS 3. Therefore, APSA has prudently decided to record its investment at cost. APSA expects to complete the fair value computation on net assets acquired during the fiscal year ended June 30, 2013.

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## 8. Interests in joint ventures (Continued)

Changes in the Group's investments in joint ventures for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	260,994	235,365
Acquisition of joint ventures	32,000	62,486
Capital contribution	15,573	14,461
Disposal of joint ventures	-	(19,448 )
Share of profit / (loss)	5,196	(31,586 )
Exchange differences	(13,056 )	(284 )
End of the period/year	300,707	260,994

## 9. Interests in associates

As of June 30, 2012, the associates of the Group were New Lipstick LLC, Rigby 183 LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito and Securitización S.A. ("BACS"), and Bitania 26 S.A..

As of December 31, 2012, Rigby 183 LLC began to be reported on a consolidated basis and ceased to be an affiliate.

The evolution of the Group's investments in associates for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period/year	1,239,566	1,203,490
Acquisition of associates	-	8,239
Capital contribution	6,787	-
Business combinations	(103,315 )	-
Share of profit	7,350	34,382
Exchange differences	20,841	(3,246 )
Dividend payments	(37,385 )	(3,299 )
End of the period / year	(*) 1,133,844	1,239,566

(\*)Includes a balance of Ps. (12,040) reflecting interests in companies with negative equity as of December 31, 2012 which is reclassified to "Accruals and Reserves" (see Note 22).

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### 10. Investment properties

The evolution of the Group's investment properties for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	3,463,941	3,553,647
Exchange differences	15,373	-
Acquisition of subsidiaries	679,219	-
Additions	89,442	110,611
Reclassifications of Property, plant and equipment	14,573	1,873
Disposals	(28,054 )	(58,324 )
Depreciation charge (a)	(96,801 )	(143,866 )
End of the period / year	4,137,693	3,463,941

(a) Depreciation charges of investment properties were included in "Group Costs" in the Statement of Income (Note 28).

The following amounts have been recognized in the statement of income:

	December 31, 2012	December 31, 2011
Rental and service income	950,909	795,569
Direct operating expenses	(445,916 )	(373,671 )
Gain from disposal of investment properties	53,678	24,727

### 11. Property, plant and equipment, net

The evolution of the Group's property, plant and equipment for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	1,872,920	1,976,970
Exchange difference	75,829	(148,144 )
Additions	78,981	178,556
Reclassifications to property, plant and equipment and trading properties	(19,201 )	(1,873 )
Disposals	(124,381 )	(62,096 )
Depreciation charge (i)	(38,768 )	(70,493 )
End of the period/year	1,845,380	1,872,920

- (i) For the six-month period ended as of December 31, 2012 and 2011, depreciation charges of property, plant and equipment were included in “General and administrative expenses” and “Group Costs” in the Statement of Income (Note 28).

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### 12. Trading properties

The evolution of the Group's trading property for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	181,001	186,462
Exchange differences	9,211	-
Additions	5,855	14,714
Reclassification of property, plant and equipment	4,678	-
Disposals	(4,237 )	(20,175 )
End of the period / year	196,508	181,001

### 13. Intangible assets, net

The evolution of the Group's intangible assets for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	75,077	80,457
Exchange differences	2,362	(2,195 )
Additions	46,568	4,095
Disposals	(119 )	(6,217 )
Amortization charge (i)	(2,806 )	(1,063 )
End of the period / year	121,082	75,077

(i) Amortization charges are included in "General and administrative expenses" in the Statement of Income. (Note 28). There were no impairment charges for any of the periods presented.

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#### 14. Biological assets

The evolution of the Group's biological assets for the six-month period ended as of December 31, 2012 and for the year ended as of June 30, 2012 were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period/year	363,459	433,103
Increase due to purchases	7,458	18,467
Initial recognition and changes in fair value of biological assets	441,915	667,289
Decrease due to harvest	(223,322 )	(613,438 )
Decrease due to sales	(32,479 )	(128,172 )
Decrease due to consumes	(613 )	(1,624 )
Exchange differences	1,831	(12,166 )
End of the period/year	558,249	363,459

Biological assets as of December 31, 2012, June 30, 2012 and July 1, 2011 were as follows:

	December 31, 2012	June 30, 2012	July 1, 2011
<b>Non-current</b>			
Cattle for dairy production	25,592	25,894	22,269
Breeding cattle	145,484	146,169	171,638
Sugarcane	96,861	96,388	126,867
Others	9,588	9,757	5,090
Non-current biological assets	277,525	278,208	325,864
<b>Current</b>			
Cattle for sale	40,395	36,116	44,619
Crops	239,014	48,209	62,109
Others	1,315	926	511
Current biological assets	280,724	85,251	107,239
Total biological assets	558,249	363,459	433,103

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15. Inventories

	December 31, 2012	June 30, 2012	July 1, 2011
Current			
Crops	50,583	153,516	238,451
Materials and inputs	148,374	81,326	111,547
Seeds and fodder	7,989	13,577	8,315
Hotel supplies	5,984	2,654	3,789
Beef	2,962	-	5,898
Others	1,326	2,374	3,268
Current inventories	217,218	253,447	371,268
Total inventories	217,218	253,447	371,268

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16. Trade and other receivables, net

	December 31, 2012	June 30, 2012	July 1, 2011
<b>Non-current</b>			
Leases and services receivable	66,602	54,548	27,498
Receivables from sale of agriculture products	2,781	-	3,519
Property sales receivable	33,470	41,587	16,785
Provision for impairment of trade receivables	(2,208 )	(2,208 )	(2,208 )
Non-current trade receivables	100,645	93,927	45,594
Prepayments	5,062	3,630	3,114
VAT receivables	57,596	54,065	82,290
Minimum Presumed Income tax ("MPIT")	177,589	156,892	123,854
Other tax receivables	61,189	51,059	1,067
Guarantee deposits (i)	-	54,843	55,975
Advances for the purchase of interest in associates	-	-	18,761
Others	4,299	135	7,964
Non-current other receivables	305,735	320,624	293,025
Related parties (Note 33)	52,363	39,510	22,022
Non-current trade and other receivables	458,743	454,061	360,641
<b>Current</b>			
Consumer financing receivables	16,556	15,991	75,117
Leases and services receivable	214,002	183,796	118,870
Receivables from sale of agriculture products and farmlands leases	170,655	178,244	183,099
Receivables from hotel operations	27,340	14,106	9,954
Deferred checks received	168,430	136,118	103,631
Notes receivable	5,815	8,361	5,987
Debtors under legal proceedings	46,507	46,530	49,549
Property sales receivable (ii)	139,122	42,098	34,402
Less: provision for impairment of trade receivables	(73,577 )	(70,140 )	(119,600 )
Current trade receivables	714,850	555,104	461,009
Prepayments	69,547	58,906	64,923
VAT receivables	33,945	32,528	67,149
Gross sales tax credit	5,192	10,334	8,263
Income tax credit	14,470	28,604	75,890
Minimum Presumed Income tax ("MPIT")	68	158	226
Other tax receivables	31,697	13,305	-
Loans granted	7,951	6,164	-
Expenses and services to recover	4,874	8,610	-
Suppliers advances	66,617	107,236	24,720
Guarantee deposits	9	9,789	633
Dividends received	3,327	3,442	-



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Others	18,998	23,949	16,763
Less: provision for impairment of other receivables	(293 )	(132 )	(92 )
Current other receivables	256,402	302,893	258,475
Related parties (Note 33)	50,172	30,067	36,058
Current trade and other receivables	1,021,424	888,064	755,542
Total trade and other receivables	1,480,167	1,342,125	1,116,183

- (i) Guarantee deposits relate to certain long-term loans incurred by Brasilagro.
- (ii) Property sales receivables primarily comprise trading properties and investment properties.

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16. Trade and other receivables, net (Continued)

The evolution of the Group's provision for impairment of trade receivables were as follows:

	December 31, 2012	June 30, 2012
Beginning of the period / year	(72,480 )	(121,900 )
Charge of the period	(12,479 )	(19,117 )
Unused amounts reversed	8,987	8,590
Used during the period/year	226	58,916
Receivables written off	183	1,031
Exchange differences	(515 )	-
End of the period / year	(76,078 )	(72,480 )

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 28). Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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## 17. Financial assets at fair value through profit or loss

	December 31, 2012	June 30, 2012	July 1, 2011
<b>Non-current</b>			
Investment in equity securities in TGLT (i)	50,167	65,131	68,657
Investment in equity securities in Hersha (ii)	356,208	432,771	355,942
Preferred shares of Supertel (iii)	137,165	117,488	-
Ordinary shares of Supertel	471	-	-
Other equity securities in public companies	148	375	362
Don Mario S.G.R.	10,060	10,000	-
Guarantee notes	7,626	-	-
Shares	1,013	918	1,191
Non-current portion	562,858	626,683	426,152
<b>Current</b>			
Mutual funds (Note 33)	225,627	59,889	59,064
Investment in equity securities in Hersha (ii)	39,829	-	-
Don Mario S.G.R.	708	-	-
Corporate Notes – Related Parties	5,021	-	-
Other securities in public companies	21,340	11,675	2,924
Government bonds	-	505	477
Guarantee notes	46,972	-	-
Other investments	551	-	-
Current portion	340,048	72,069	62,465
<b>Total financial assets at fair value through profit or loss</b>	<b>902,906</b>	<b>698,752</b>	<b>488,617</b>

- (i) On November 4, 2010, the Group, through APSA, acquired 5,214,662 shares of common stock of TGLT S.A. (“TGLT”) following TGLT initial public offering in the Buenos Aires Stock Exchange for Ps. 47.1 million in cash. TGLT is a residential housing developer with operations in Argentina and Uruguay. Following the initial acquisition, at certain dates in December 2010 and January, April and August 2011, the Group acquired 42,810, 98,000, 876,474 and 262,927 additional TGLT shares for an aggregate of Ps. 56 million. As of June 30, 2012 and 2011, the Group’s interest in TGLT’s Group amounted to 9.25% and 8.87%, respectively.
- (ii) As of June 30, 2012 and July 1, 2011, the balances consists of the Group’s interest in Hersha amounted of 9.13 to 9.18%, respectively. Hersha is a Real Estate Investment Trust (REIT) listed in the NYSE, with interests in hotels throughout the United States of America.
- (iii) The balance represents the fair value of Supertel’s preferred shares, acquired in February 2012.

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## 18. Derivative financial instruments

Group's derivative financial instruments as of December 31, 2012, June 30, 2012 and July 1, 2011 were as follows:

	December 31, 2012	June 30, 2012	July 1, 2011
<b>Assets</b>			
<b>Non-current</b>			
Hersha call option (i)	-	-	60,442
Foreign-currency contracts	119	-	-
Supertel Warrants (ii)	20,192	18,434	-
<b>Total non-current</b>	<b>20,311</b>	<b>18,434</b>	<b>60,442</b>
<b>Current</b>			
Commodities	31,963	1,080	9,878
Foreign-currency contracts	87	540	7,221
Swaps	-	958	1,867
<b>Total current</b>	<b>32,050</b>	<b>2,578</b>	<b>18,966</b>
<b>Total assets</b>	<b>52,361</b>	<b>21,012</b>	<b>79,408</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Commodities	-	22,338	-
Foreign-currency contracts	111	521	-
<b>Total non-current</b>	<b>111</b>	<b>22,859</b>	<b>-</b>
<b>Current</b>			
Commodities	128	59	7,055
Foreign-currency contracts	27,903	18,499	1,298
<b>Total Current</b>	<b>28,031</b>	<b>18,558</b>	<b>8,353</b>
<b>Total liabilities</b>	<b>28,142</b>	<b>41,417</b>	<b>8,353</b>

(i) As of July 1, 2011, the balance represents a call option that matures on August 4, 2014 to purchase an additional 5.7 million shares of Hersha at an exercise price of US\$ 3.00 per share. Also, if starting on August 4, 2011, the quoted market price of Hersha's share will 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 Group exercised the option in February, 2012 by issuing 2.5 million of ordinary shares (representing a participation of 1.7%).

(ii) The balance represents the fair value of Supertel's warrants, acquired in February 2012.

Additionally, the Group holds certain embedded derivative financial instruments related to borrowings. See Note 23 for further details.



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## 19. Cash flow information

The following table shows the amounts of cash and cash equivalents as of December 31, 2012, June 30, 2012 and July 1, 2011:

	December 31, 2012	June 30, 2012	July 1, 2011
Cash at bank and on hand	436,698	315,062	186,694
Short-term bank deposits	30,100	104,077	233,697
Mutual funds	57,361	52,783	274,161
Total cash and cash equivalents	524,159	471,922	694,552

Following is a detailed description of cash flows generated by the Group's operations for the six-month periods ended as of December 31, 2012 and 2011.

	December 31, 2012	December 31, 2011
Profit for the period	176,718	23,321
Adjustments for:		
Income tax expense	29,330	22,640
Depreciation and amortization	138,375	111,712
Gain from disposal of investment property	(53,678 )	(24,727 )
Gain from disposal of farmlands	(53,988 )	(27,762 )
Gain from disposal of property, plant and equipment	(231 )	(56 )
Release of investment property and property, plant and equipment	2,040	-
Dividends income	(9,812 )	(5,222 )
Share-based payments	4,822	3,212
(Gain) / Loss from derivative financial instruments (unrealized)	17,287	42,697
Changes in fair value of investments in financial assets	(52,925 )	24,579
Interest expense, net	197,371	174,238
Changes in fair value of biological assets and agricultural produce at the point of harvest (unrealized)	(421,320 )	(216,713 )
Changes in net realizable value of agricultural produce after harvest	(6,811 )	11,262
Provisions and allowances	66,369	24,414
Share of (profit) / loss of associates and joint ventures	(12,546 )	(10,066 )
Unrealized foreign exchange, net	199,458	140,980
Result from purchase of subsidiaries	(137,062 )	-
Changes in operating assets and liabilities		
Decrease in biological assets	327,244	220,869
Increase in inventories	(2,230 )	(17,994 )
Increase in trading properties	(1,633 )	(22,044 )
(Increase) Decrease in trade and other receivables	(21,372 )	62,207

Increase in derivative financial instruments	(49,605 )	(27,825 )
Increase (decrease) in trade and other payables and provisions	191,288	(6,319 )
Decrease in payroll and social security liabilities	(25,342 )	(65,782 )
Net cash generated from operating activities before income tax paid	501,747	437,621

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## 19. Cash flow information (Continued)

The following table shows a detail of non-cash transactions occurred in the six-month periods ended as of December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
Equity settled compensation	2,275	2,018
Reimbursement of expired dividends	1,001	-
Dividends payable	(118,638 )	-
Transferences of property, plant and equipment to investment properties	(9,199 )	-
Increase in trading properties through a decrease in property, plant and equipment and investment properties	4,727	-
Increase in trade and other receivables through a decrease in property, plant and equipment	183	51,761
Increase in trading properties through a decrease in property, plant and equipment	4,669	-
Increase in investments in financial assets through an increase in debt	18,767	-
Increase in property, plant and equipment through an increase in trade and other payables	-	8,462
Decrease in trading properties through an increase in trade and other payables	-	13,527
Increase in trade and other receivables through an increase in trade and other payables	-	4,795
Decrease in intangible assets through a decrease in trade and other payables	-	1,153
Decrease in trade and other receivables	-	8,671
Decrease in investments in associates and joint ventures	-	16,004
Decrease in trade and other payables	-	(24,675 )
Transfers of trade and other receivables to investments properties	-	3,628



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## 20. Trade and other payables

	December 31, 2012	June 30, 2012	July 1, 2011
<b>Non-current</b>			
Trade payables	-	4	47
Rent payments received in advanced	150,844	131,222	122,372
Guarantee deposits	5,718	7,236	3,876
Trade payables	156,562	138,462	126,295
Other tax payables	7,056	21,099	23,435
Deferred income	8,820	8,903	-
Shareholders' personal tax payable	1,628	-	-
Tax amnesty plan for payable taxes	17,702	-	-
Others	250	315	5,976
Non-current other payables	35,456	30,317	29,411
Related parties (Note 33)	20	81	20
Non-current trade and other payables	192,038	168,860	155,726
<b>Current</b>			
Trade and other payables	242,884	131,994	121,918
Accruals	99,096	99,468	115,626
Rent and services payments received in advance	241,506	55,290	203,769
Tenants deposits	14,297	-	-
Checks deferred granted	23,390	-	-
Current trade payables	621,173	286,752	441,313
Withholdings tax	1,621	11,866	17,826
Rent and service payments received in advance	539	21,941	16,004
Advances from customers	15,156	-	-
VAT payables	21,653	26,371	21,642
Gross sales tax payable	339	4,365	2,889
MPIT	11,765	9,851	7,636
Other tax payables	38,868	9,450	4,048
Tenant deposits	-	8,940	3,978
Guarantee deposits	1,971	-	-
Deferred revenue	978	135,364	1,075
Rent to be accrued	4,093	-	-
Dividends payable	125,645	34,724	5
Tax amnesty plan for payable taxes	310	5,002	3,343
Shareholders' personal tax payable	5,690	-	4,276
Others	15,199	5,642	8,098

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Current other payables	243,827	273,516	90,820
Related parties (Note 33)	92,354	36,274	56,178
Current trade and other payables	957,354	596,542	588,311
Total trade and other payables	1,149,392	765,402	744,037

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## 21. Payroll and social security liabilities

	December 31, 2012	June 30, 2012	July 1, 2011
Non-current			
Others	755	783	635
Non-current payroll and social security liabilities	755	783	635
Current			
Provision for vacation and bonuses	53,575	86,243	65,285
Social security payable	21,702	13,346	12,763
Salaries payable	2,200	2,869	1,367
Others	1,900	1,461	1,670
Current payroll and social security liabilities	79,377	103,919	81,085
Total payroll and social security liabilities	80,132	104,702	81,720

## 22. Provisions

The table below shows the movements in the Group's provisions for other liabilities categorized by type of provision:

	Labor, legal	Tax and social security	Investments in subsidiaries	Others	Total
At July 1, 2011	19,591	670	-	393	20,654
Additions	13,790	1,697	-	90	15,577
Used during period	(9,283 )	(797 )	-	(126 )	(10,206 )
Exchange difference	463	-	-	-	463
At June 30, 2012	24,561	1,570	-	357	26,488
Additions	11,430	-	12,040	5,446	28,916
Used during period	(3,600 )	(198 )	-	(130 )	(3,928 )
Exchange difference	326	-	-	-	326
At December 31, 2012	32,717	1,372	12,040	5,673	51,802

The analysis of total provisions is as follows:

	December 31, 2012	June 30, 2012	July 1, 2011
Non-Current	37,980	22,553	14,939
Current	13,822	3,935	5,715
	51,802	26,488	20,654



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23. Borrowings

	Secured/ unsecured	Currency	Fixed/ floating	Effective interest rate %	Nominal value (in millions)	December 31, 2012	Book value June 30, 2012	July 1, 2011
<b>Non-Current</b>								
CRESUD NCN Class IV due 2013	Unsecured	US\$	Fixed	7.75 %	17.8	-	-	18,314
				Badlar + 375 Basic				
CRESUD NCN Class V due 2013	Unsecured	Ps.	Floating	Points	106.9	-	-	70,927
CRESUD NCN Class VI due 2013	Unsecured	US\$	Fixed	7.5 %	34.8	-	-	99,286
CRESUD NCN Class VII due 2013	Unsecured	US\$	Floating	Premium	2.1	-	-	8,209
Embedded derivative on Cresud Class VII						-	-	203
CRESUD NCN Class VIII due 2014	Unsecured	US\$	Fixed	0.075 %	60	293,971	269,922	-
				Badlar + 300 Basic				
CRESUD NCN Class IX due 2014 (i)	Unsecured	Ps.	Floating	Points	161	-	100,606	-
CRESUD NCN Class X due 2014 (ii)	Unsecured	US\$	Fixed	7.75 %	31.5	100,943	138,474	-
CRESUD NCN Class X – 2nd Tranche due 2014	Unsecured	US\$	Fixed	7.75 %	30	98,779	-	-
				Badlar + 375 Basic				
CRESUD NCN Class XI due 2015 (iii)	Unsecured	Ps.	Floating	Points	80.5	59,011	58,908	-
IRSA NCN Class I due 2017	Unsecured	US\$	Fixed	8.80 %	150	717,471	665,257	599,565
IRSA NCN Class II due 2020	Unsecured	US\$	Fixed	11.50 %	150	-	661,077	598,116
				Badlar + 249 Basic				
IRSA NCN Class III due 2020	Unsecured	Ps.	Floating	Points	150	710,101	51,032	-
IRSA NCN Class IV due 2014	Unsecured	US\$	Fixed	7.45 %	34	41,587	114,665	-
APSA CN due 2014	Unsecured	US\$	Fixed	10 %	50	35	38	4,640
APSA NCN Class I due 2017	Unsecured	US\$	Fixed	8.00 %	120	515,132	471,750	421,498
Syndicated loan	Unsecured	Ps.	Fixed	15.01 %	118	103,531	-	-

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Banco M&T loan	Secured	US\$	Floating	Libor + 3.25%	75	376,378	-	-
Long term loans	Unsecured	US\$	Floating	Libor + 300 Basic Points or 6% (the biggest)	11	74,685	58,683	27,525
Long term loans	Unsecured	Ps.	Floating	Rate Survey PF 30-59 days	20	19,774	-	-
Long term loans	Unsecured	Ps.	Fixed	15.01%	24	15,779	-	-
Long term loans	Secured	Rs.	Floating	TJLP + 1.95 to 3.10 and 5.5 to 10	20.5	20,491	29,617	40,645
Long term loans	Secured	Rs.	Fixed	7.23 %	98.7	98,737	85,235	105,297
Other long term loans						31,351	-	-
Finance lease obligations	Secured	US\$	Fixed	7.50 %	-	92	-	-
Seller financing	Unsecured	US\$	Fixed	11.69%	258	1,272	1,530	-
Seller financing	Secured	US\$	Fixed	3.50 % and 5 %	17.9	69,985	62,765	62,019
Finance lease obligations	Secured	US\$	Fixed	7.75 %	8,678	236	528	-
Related parties						5	-	-
Non-current borrowings						3,349,346	2,770,087	2,056,244

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23. Borrowings (Continued)

							Book value		
	Secured/ unsecured	Currency	Fixed/ floating	Effective interest rate %	Nominal value (in millions)	December 31, 2012	June 30, 2012	July 1, 2011	
<b>Current</b>									
					Badlar + 400 Basic				
CRESUD NCN Class III due 2012	Unsecured	Ps.	Floating	Points	35.6	-	-	36,314	
CRESUD NCN Class IV due 2013	Unsecured	US\$	Fixed	7.75 %	17.8	-	18,958	55,503	
					Badlar + 375 Basic				
CRESUD NCN Class V due 2013	Unsecured	Ps.	Floating	Points	106.9	-	70,564	36,177	
CRESUD NCN Class VI due 2013	Unsecured	US\$	Fixed	7.5 %	34.8	39,822	109,150	33,427	
					4 % + Premium				
CRESUD NCN Class VII due 2014	Unsecured	US\$	Floating	Factor	2.1	10,198	9,260	21	
Embedded derivative on Cresud Class VII						70	64	-	
CRESUD ON Class VIII due 2014	Unsecured	US\$	Fixed	7.5 %	60	5,470	4,966	-	
					Badlar + 300 Basic				
CRESUD ON Class IX due 2014 (v)	Unsecured	Ps.	Floating	Points	161	151,372	49,756	-	
CRESUD ON Class X due 2014(vi)	Unsecured	US\$	Fixed	7.75 %	31.5	49,818	(375 )	-	
CRESUD NCN Class X – 2nd Tranche due 2014									
	Unsecured	US\$	Fixed	7.75 %	30	51,227	-	-	
					Badlar + 375 Basic				
CRESUD ON Class XI due 2015 (vii)	Unsecured	Ps.	Floating	Points	80.5	(118 )	(267 )	-	
IRSA NCN Class I due 2017	Unsecured	US\$	Fixed	8.80	150	25,252	23,175	20,960	
IRSA NCN Class II due 2020	Unsecured	US\$	Fixed	11.50	150	37,000	34,004	30,800	
					Badlar + 249 Basic				
IRSA NCN Class III due 2013	Unsecured	Ps.	Floating	Points	153	156,319	102,888	-	
IRSA ON Class IV due 2014	Unsecured	US\$	Fixed	7.45 %	33.8	125,556	38,278	-	

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APSA NCN due 2014	Unsecured	US\$	Fixed	10.00%	50	2	1	3
APSA NCN Class I due 2017	Unsecured	US\$	Fixed	8.00 %	120	3,818	4,554	4,490
APSA NCN Class II due 2012	Unsecured	Ps.	Fixed	11 %	-	-	-	28,879
Bank overdrafts	Unsecured	Ps.	Fixed	11 %	-	-	133,064	684,083
Bank overdrafts	Unsecured	US\$	Fixed	15.85%	-	-	92,786	3,605
				Priv. Banks + 400 Basic Points	2	-	43,489	26,093
Short term loans	Unsecured	Ps.	Floating	3.75 %	26.14	-	119,716	241,301
Short term loans	Unsecured	US\$	Fixed	Libor + 300 Basic Points or 6% (the biggest)	15	1,619	90,393	-
Short term loans	Unsecured	US\$	Floating	Rate Survey PF 30-59 days	20	831	-	-
Short term loans	Unsecured	Ps.	Floating	3.10 %	64.2	51,840	65,903	58,571
Short term loans	Unsecured	Rs.	Fixed	7.23 %	-	14,278	-	-
Short term loans	Secured	US\$	Fixed	-	-	-	2,779	-
Short term loans	Unsecured	Ps.	Fixed	15.01%	24	8,031	-	-
Short term loans	Secured	Rs.	Fixed	7.23 %	11.9	-	24,496	8,048
Short term loans	Secured	Rs.	Floating	-	5.8	-	6,034	-
				5.5 to 10 TJLP + 1.95 to	3.10	5,758	-	-
Short term loans	Secured	Rs.	Floating	3.10	-	5,758	-	-
Other short term loans						120,267	-	-
Seller financing	Unsecured	US\$	Fixed	11 %	-	-	18,743	8,900
Seller financing	Secured	US\$	Fixed	3.5 %	18	11,738	32,122	51,197
Seller financing	Unsecured	Rs.	Floating	IGPM/CDI	102.0	101,995	91,487	151,431
Other seller - financed debt					9.9	13,339	-	-
Bank overdrafts	Unsecured	Ps.	Fixed		358.4	358,403	-	-
Finance lease obligations	Secured	US\$	Fixed	7.5 %	0.7	777	1,094	-
Related parties					67.4	70,156	-	-
Current borrowings						1,414,838	1,187,082	1,479,803
Total borrowings						4,764,184	3,957,169	3,536,047





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## 24. Taxation

The details of the provision for the Group's income tax are as follows:

	December 31, 2012	December 31, 2011
Current income tax	(115,044 )	(113,599 )
Deferred income tax	85,714	91,192
Minimum Presumed Income Tax ("MPIT")	-	(233 )
Income tax expense	(29,330 )	(22,640 )

The gross movement on the deferred income tax account is as follows:

	December 31, 2012	June 30, 2012
Beginning of the period/year	(549,337 )	(746,027 )
Exchange differences	13,850	63,582
Acquisition of subsidiaries	(26,103 )	-
Charged / (Credited) to the statement of income	85,714	133,108
End of the period/year	(475,876 )	(549,337 )

The Group did not recognize deferred income tax assets of Ps. 41.3 million and Ps. 48.9 million as of December 31, 2012 and June 30, 2012, respectively. Although management believes that it will become profitable in the foreseeable future, as a result of the history of recent losses incurred during the development phase of the different Group's business operations and the lack of verifiable and objective evidence due to the limited operating history of the Group itself, the Board of Directors has determined that there is sufficient uncertainty as to the generation of sufficient income to utilize the losses within a reasonable timeframe, therefore, no deferred tax asset is recognized in relation to these losses.

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24. Current and deferred income tax (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	December 31, 2012	December 31, 2011
Tax calculated at the tax rates applicable to profits in the respective countries	63,550	7,329
Non-deductible items:		
Share of loss of associates and joint ventures	(8,834 )	(15,916 )
Unrecognized tax losses	(18,904 )	3,995
Non-taxable income	(7,322 )	28,801
Non-deductible items	3,454	3,714
Difference between the tax return and provision	(6,332 )	(4,904 )
Others	3,718	(379 )
Income tax expense	29,330	22,640

25. Dividends

Cash dividends in respect of the year ended as of June 30, 2012 amounted to Ps. 120 million, have been approved at the annual general ordinary and extraordinary shareholders' meeting on October 31, 2012.

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## 26. Revenues

	December 31, 2012				December 31, 2011			
	Urban properties and investments	Agricultural	Agroindustrial	Total	Urban properties and investments	Agricultural	Agroindustrial	Total
Trading property	16,555	-	-	16,555	39,559	-	-	39,559
Crops	-	242,977	-	242,977	-	252,995	-	252,995
Cattle	-	34,578	1,056	35,634	-	54,343	3,015	57,358
Dairy	-	16,535	-	16,535	-	14,684	-	14,684
Sugarcane	-	110,028	-	110,028	-	87,319	-	87,319
Beef	-	-	64,594	64,594	-	-	92,750	92,750
Supplies	-	25,458	-	25,458	-	14,070	-	14,070
Agriculture products and services income	16,555	429,576	65,650	511,781	39,559	423,411	95,765	558,735
Base rent	385,444	9,885	-	395,329	307,483	9,807	-	317,290
Contingent rent	143,077	-	-	143,077	121,715	-	-	121,715
Admission rights	51,433	-	-	51,433	41,854	-	-	41,854
Parking fees	30,792	-	-	30,792	21,717	-	-	21,717
Commissions	13,053	-	-	13,053	19,624	-	-	19,624
Property management fee	16,317	-	-	16,317	7,891	-	-	7,891
Expenses and Collective Promotion Funds	299,688	-	-	299,688	253,798	-	-	253,798
Flattening of tiered lease payments	9,344	-	-	9,344	9,236	-	-	9,236
Others	1,789	-	-	1,789	1,393	-	-	1,393
Agricultural services	-	2,187	1,545	3,732	-	1,051	1,248	2,299
Advertising and brokerage fees	-	13,868	-	13,868	-	10,442	-	10,442
Rental and service income	950,937	25,940	1,545	978,422	784,711	21,300	1,248	807,259
Other revenue:								
Consumer financing	1,318	-	-	1,318	3,229	-	-	3,229
Hotel operations	116,807	-	-	116,807	85,035	-	-	85,035
Others	4	2,843	16	2,863	-	747	-	747
Total group revenue	1,085,621	458,359	67,211	1,611,191	912,534	445,458	97,013	1,455,005

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## 27. Costs

	December 31, 2012				December 31, 2011			
	Urban properties and investments	Agricultural	Agroindustrial	Total	Urban properties and investments	Agricultural	Agroindustrial	Total
Cost of rental and services	-	2,378	-	2,378	-	241	-	241
Other operative costs	-	3,067	-	3,067	-	2,794	-	2,794
Cost of property operations	-	5,445	-	5,445	-	3,035	-	3,035
Crops	-	461,331	-	461,331	-	382,373	-	382,373
Cattle	-	60,807	3,000	63,807	-	73,230	3,164	76,394
Dairy	-	34,072	-	34,072	-	27,823	-	27,823
Sugarcane	-	214,645	-	214,645	-	-	-	-