

CRESUD INC
Form 6-K
November 20, 2008
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2008

**CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA
FINANCIERA Y AGROPECUARIA**

(Exact name of Registrant as specified in its charter)

CRESUD INC.

(Translation of registrant's name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Moreno 877, 23rd Floor, (C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F Form 40-F

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

Yes No

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

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the three-month period ended on September 30, 2008 and on September 30, 2007 filed by the Company with the *Bolsa de Comercio de Buenos Aires* and with the *Comisión Nacional de Valores*.

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Cresud Sociedad Anónima
Comercial, Inmobiliaria, Financiera
y Agropecuaria
Financial Statements
corresponding to the periods
ended September 30, 2008 and 2007

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Cresud Sociedad Anónima
Comercial, Inmobiliaria, Financiera y Agropecuaria
Financial Statements

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Name of the Company: **Cresud Sociedad Anónima
Comercial, Inmobiliaria,
Financiera y Agropecuaria**

Legal Address: Moreno 877, 23rd Floor
Ciudad Autónoma de Buenos Aires

Principal Activity: Agriculture, livestock and real-estate

Fiscal year No. 74 started on July 1, 2008
Financial Statements for the period ended September 30, 2008
In comparative format with previous fiscal year

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Of the by-laws: February 19, 1937

Of the latest amendment: July 28, 2008

Duration of the Company: June 6, 2082

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

CAPITAL STATUS (Note 3 of basic financial statements)

SHARES

Type of stock	Authorized Pesos	Subscribed Pesos	Paid-in Pesos
Ordinary certified shares of Ps.1 face value and 1 vote each	501,536,281	501,536,281	501,536,281

Table of Contents**Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Balance Sheet as of September 30, 2008 and 2007 and June 30, 2008**

	September 30, 2008 (Notes 1, 2 and 3) Pesos	June 30, 2008 (Notes 1, 2 and 3) Pesos	September 30, 2007 (Notes 1, 2 and 3) Pesos
ASSETS			
Current Assets			
Cash and banks (Note 4.a.)	29,737,433	47,795,227	9,957,241
Investments (Note 4.b.)	299,946,622	485,292,447	5,684,184
Trade accounts receivable (Note 4.c.)	35,516,404	35,792,871	22,539,941
Other receivables (Note 4.d.)	89,826,296	55,390,709	63,212,063
Inventories (Note 4.e.)	89,847,098	111,525,262	55,761,227
Other assets (Note 4.f.)		1,070,506	
Total current assets	544,873,853	736,867,022	157,154,656
Non-current assets			
Trade accounts receivable (Note 4.c.)	374,812		
Other receivables (Note 4.d.)	41,095,509	41,364,810	41,960,410
Inventories (Note 4.e.)	70,881,746	76,113,042	63,250,421
Investments on controlled and related companies (Note 4.b.)	958,394,563	925,618,251	543,808,007
Other investments (Note 4.b.)	352,260	352,260	352,260
Fixed assets, net (Note 4.g.)	289,431,359	266,615,763	251,794,814
Intangible assets, net (Note 4.h.)	22,640,888	22,829,041	23,581,646
Total Non-Current Assets	1,383,171,137	1,332,893,167	924,747,558
Total Assets	1,928,044,990	2,069,760,189	1,081,902,214
LIABILITIES			
Current Liabilities			
Debts:			
Trade accounts payable (Note 4.i.)	44,365,668	49,539,528	44,049,135
Loans (Note 4.j.)	106,579,702	195,600,209	128,693,724
Salaries and social security payable (Note 4.k.)	4,360,435	6,409,289	3,009,195
Taxes payable (Note 4.l.)	12,206,174	10,324,198	8,565,732
Other debts (Note 4.m)	19,927,464	473,960	4,882,150
Total Debts	187,439,443	262,347,184	189,199,936
Total current liabilities	187,439,443	262,347,184	189,199,936
Non-current liabilities			
Trade accounts payable (Note 4.i.)			11,034
Loans (Note 4.j.)			25,200,000
Taxes payable (Note 4.l.)	42,978,265	41,817,828	47,801,186
Other debts (Note 4.m.)	279,845	293,386	334,009

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Provisions (Note 4.n.)	1,542,263	1,803,330	1,752,101
Total Non-current liabilities	44,800,373	43,914,544	75,098,330
Total Liabilities	232,239,816	306,261,728	264,298,266
Minority interest	1,211,320	1,160,330	900,168
SHAREHOLDERS EQUITY	1,694,593,854	1,762,338,131	816,703,780
Total Liabilities and Shareholders Equity	1,928,044,990	2,069,760,189	1,081,902,214

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

Alejandro G. Elsztain
Vice President

Table of Contents**Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Statement of Operations**

Corresponding to the periods beginning on July 1, 2008 and 2007

and ended September 30, 2008 and 2007

	September 30, 2008 (Notes 1, 2 and 3) Pesos	September 30, 2007 (Notes 1, 2 and 3) Pesos
Production income:		
Crops	6,502,806	3,188,380
Beef cattle	1,951,032	3,886,877
Milk	6,064,398	4,244,943
Total production income	14,518,236	11,320,200
Cost of production:		
Crops	(6,736,853)	(4,193,440)
Beef cattle	(4,904,445)	(5,660,484)
Milk	(4,991,858)	(3,052,007)
Total cost of production	(16,633,156)	(12,905,931)
Production loss	(2,114,920)	(1,585,731)
Sales:		
Crops	50,761,231	18,554,889
Beef cattle	5,741,636	11,834,626
Milk	5,307,795	4,112,227
Others	12,859,513	3,762,964
Total Sales	74,670,175	38,264,706
Cost of sales:		
Crops	(41,530,940)	(18,015,606)
Beef cattle	(5,534,761)	(10,718,468)
Milk	(5,327,808)	(4,112,227)
Others	(9,727,640)	(2,393,254)
Total cost of sales	(62,121,149)	(35,239,555)
Sales profit	12,549,026	3,025,151
Gross profit	10,434,106	1,439,420
Selling expenses	(7,842,221)	(2,936,374)
Administrative expenses	(6,352,550)	(4,228,067)
Holding gain Beef cattle	(1,111,393)	514,151
Holding gain Crops, raw materials and MAT	(3,160,019)	(1,957,073)

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Operating expense	(8,032,077)	(7,167,943)
Financial gain (loss)		
Generated by assets:		
Exchange differences and discounts	15,357,308	3,245,600
Interest income	1,615,032	973,118
Doubtful Accounts	178,873	19,233
Tax on banking debits and credits	(1,725,186)	(912,089)
Holding gain and result of transactions on securities investment	1,292,421	567,330
Interest on bonds		(387,392)
Others	(9,329)	8,729
Total	16,709,119	3,514,529
Generated by liabilities:		
Interest on Convertible bonds		(92,362)
Interest on loans	(5,291,161)	(2,975,638)
Others	(284,241)	(319,900)
Exchange differences and discounts	(4,958,368)	(2,042,869)
Total	(10,533,770)	(5,430,769)
Other income and expenses, net		
Gain (loss) from other fixed assets sales	111,564	(118)
Others	32,748	(4,495)
Shareholders' personal assets tax	(2,120,326)	(1,544,284)
	(1,976,014)	(1,548,897)
Loss from related companies	(34,061,100)	(5,271,034)
Net loss before income tax and minority interest	(37,893,842)	(15,904,114)
Income tax benefit	546,155	3,365,000
Minority interest	(50,990)	(63,296)
Net loss for the period	(37,398,677)	(12,602,410)

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

Alejandro G. Elsztain
Vice President

Table of Contents**Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Statement of Cash Flows**

Corresponding to the periods beginning on July 1, 2008 and 2007

and ended September 30, 2008 and 2007

	September 30, 2008 (Notes 1, 2 and 3) Pesos	September 30, 2007 (Notes 1, 2 and 3) Pesos
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	521,086,431	85,243,861
Cash and cash equivalents at the end of the period	319,526,215	14,610,088
Net decrease in cash and cash equivalents	(201,560,216)	(70,633,773)
Causes of changes in cash and cash equivalents		
Operating activities		
Loss for the period	(37,398,677)	(12,602,410)
Accrued interest during the period	5,252,624	3,067,116
Income tax	(546,155)	(3,365,000)
Adjustments made to reach net cash flow from operating activities		
Loss from interest in related companies	34,061,100	5,271,034
Minority interest	50,990	63,296
Increase in allowances, provisions and accruals	786,593	11,185,350
Depreciation of fixed assets	1,649,634	1,188,631
Amortization of intangible assets	188,153	
Holding gain Inventory	4,271,412	1,442,922
Financial results	1,774,142	(79,217)
(Gain) loss from sale of fixed assets	(111,564)	118
Changes in operating assets and liabilities		
Decrease in current investments	69,261	97,268
(Increase) decrease in trade accounts receivable	(182,544)	15,371,423
Increase in other receivables	(37,254,924)	(21,325,206)
Decrease in inventories	22,435,629	108,830
Increase in social security payables, taxes payable and advances from customers	1,539,714	510,712
(Decrease) increase in trade accounts payable	(6,137,321)	1,716,465
Dividends collected	158,983	589,482
Increase (Decrease) in other debts	4,340,593	(1,381,893)
Cash flows (applied to) provided by operating activities	(5,052,357)	1,858,921
Investment activities		
Increase in interest related companies	(76,505,091)	(77,184,802)
Acquisition and upgrading of fixed assets	(24,295,768)	(6,823,214)
Collection of receivables from sale of fixed assets	2,929,655	2,302,627
Sale of fixed assets	1,215,027	1,539
Cash flows applied to investment activities	(96,656,177)	(81,703,850)
Financing activities		
Exercise of Warrants and options	23,002	4,008,355

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Increase in financial loans	6,173,175	35,005,994
Decrease in financial loans	(100,446,306)	(29,074,793)
Repurchase of treasury stock	(5,601,553)	
Decrease in seller financing		(728,400)
Cash flows (applied to) provided by financing activities	(99,851,682)	9,211,156
<u>Net decrease in cash and cash equivalents</u>	(201,560,216)	(70,633,773)
<u>Items not involving changes in cash and cash equivalents</u>		
Transfer of inventory to fixed assets	202,419	242,327
Increase in interest in related companies through a decrease of non-current investment		37,764,000
Increase in interest in related companies through an increase of current other debts	13,423,440	
Conversion of notes in common stock		2,767,494
Repurchase of treasury stock unpaid	1,675,930	
<u>Complementary information</u>		
Interest paid	2,226,684	2,201,335
Income tax paid	1,524,434	603,014

Alejandro G. Elsztain
Vice President

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements

Corresponding to the periods beginning on July 1, 2008 and 2007

and ended on September 30, 2008 and 2007

NOTE 1: BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

As a consequence of the application of the unifying accounting standards approved by the Comisión Nacional de Valores (C.N.V.), which require that consolidated Financial Statements be presented as established by Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.), the Balance Sheet as of September 30, 2008 and 2007 and the Statements of Operations and the Statements of Cash Flows for the periods ended on those dates were consolidated on a line by line basis with the financial statements of such companies in which it holds a majority of the voting shares (see Note 1.b to the basic financial statements).

The financial statements of the subsidiary companies Inversiones Ganaderas S.A., Futuros y Opciones.Com S.A. and Agropecuaria Cervera S.A. as of September 30, 2008 and 2007 have been used in order to determine line by line consolidation.

Likewise, as the companies Fyo Trading S.A. and Agrology S.A were organized on May 2 and 8, 2008, respectively, their financial statements are only consolidated as of September 30, 2008 and June 30, 2008.

For purposes of comparability, certain reclassifications have been made on the information as of June 30, 2008 and September 30, 2007.

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

NOTE 2: CORPORATE CONTROL

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

COMPANY	CRESUD PERCENTAGE OF VOTING SHARES OWNED	CONSOLIDATED PERCENTAGE OF VOTING SHARES OWNED
Inversiones Ganaderas S.A.	99.99	99.99
Futuros y Opciones.Com S.A.	68.10	68.10
Agropecuaria Cervera S.A.	90.00	99.99(1)
Agrology S.A.	97.00	99.99(1)
Fyo Trading S.A.	3.63	69.26(2)

(1) Includes Interests in Participations of Inversiones Ganaderas S.A.

(2) Includes Interests in Participations of Futuros y Opciones.Com S.A.

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the Subsidiary Companies mentioned in Note 2 have been prepared based on accounting principles consistent with those followed by Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria for the preparation of its Financial Statements, as detailed in Note 2 of the basic financial statements.

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

Valuation criteria - intangible assets

The total price paid for acquiring Agropecuaria Cervera S.A. was allocated to identified individual assets; they include Ps. 22.6 million as concession rights that are booked as intangible assets to these consolidated financial statements.

The amortization of the concession right of Agropecuaria Cervera S.A. is calculated according to its duration, whose remaining time is 30 years.

Valuation criteria - fixed assets

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

Its cost was calculated according to a Report on forestry mass increase carried out by a forestry engineer at the request of the preceding shareholders of Agropecuaria Cervera S.A. (ACER).

ACER former board of directors based on such report as well as on owns estimates accepted the value of the tree plantations (wood) in Ps. 4,320,000.

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

Other considerations - concessions granted

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

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

Among other obligations ACER has to invest Ps. 16 million in agriculture, cattle farming, hydraulic resources, continuing education, forestry development, forest planting, fauna, natural reserve and eco-tourism, and has to pay an annual US\$60,000 cannon to the province of Salta to be paid as from the 20th year as from the commencement of the concession.

On July 2, 2008, a memorandum of understanding was executed by which the concession agreement mentioned in note 13 was renegotiated.

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)**

NOTE 3: (Continued)

Others assets

The other assets for which price-fixing prepayments were received and the contractual conditions of the transaction ensure the actual materialization of the sale and the income and they are valued at net realization value.

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

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

As of September 30, 2008 and 2007, and as of June 30, 2008 the principal items of the financial statements are as follow:

a. Cash and banks

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Cash	144,796	143,329	39,459
Foreign currency	20,659	19,471	8,000
Local currency checking account	3,035,536	1,563,460	4,220,350
Foreign currency checking account	23,722,817	44,627,787	4,721,291
Local currency saving account	191,698	54,628	34,586
Foreign currency saving account	636,184	102,177	512,072
Checks to be deposited	1,985,743	1,284,375	421,483
	29,737,433	47,795,227	9,957,241

b. Investments and Goodwill

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2008 Pesos
Current Investments			
Mutual Funds			
-Bony Hamilton Fund (US\$)	64,214,523	146,303,888	1,805,840
-Banco Río Special Fund in pesos	2,299,392	79,599	2,847,007
-Macro Pionero in pesos	189,690	46,279	
-Deutsche Managed Dollar Fund (US\$)	188,075,653	245,683,963	
-Deutsche Managed Dollar Fund ()	33,471,630		
-Credit Suisse Overnight (US\$)		59,956,710	
-Credit Suisse Overnight ()		21,220,765	
-1784 BKB Fund	1,537,894		
	289,788,782	473,291,204	4,652,847
Bonds and Convertible Notes (1)			
Bonos IRSA 2017 (US\$)	9,496,923	11,285,167	
Global 2010 Bonds	101,284	92,486	116,315
Bocon Pro 1	630	630	630
Mortgage Bonds	559,003	622,960	914,392

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	10,157,840	12,001,243	1,031,337
	299,946,622	485,292,447	5,684,184
	September 30,	June 30,	September 30,
	2008	2008	2008
	Pesos	Pesos	Pesos
Non-current			
Investment on controlled and related companies			
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
AGRO-URANGA S.A.			
Shares	8,968,049	9,030,618	7,353,634
Higher property value	11,179,150	11,179,150	11,179,150
	20,147,199	20,209,768	18,532,784
CACTUS ARGENTINA S.A.			
Shares	7,084,433	7,603,606	5,886,729
	7,084,433	7,603,606	5,886,729

(1) Do not qualify as cash equivalents in the Statement of Cash Flows.

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**b. Investments and Goodwill (Continued)**

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2008 Pesos
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
IRSA Inversiones y Representaciones S.A.			
Shares	885,369,863	810,727,664	568,838,723
Higher values (1)	122,211,081	122,593,239	
	1,007,580,944	933,320,903	568,838,723
BrasilAgro Companhia Brasileira de Propiedades Agrícolas			
Shares	134,922,671	160,519,236	72,492,917
Higher values (2)	6,887,167	6,887,167	
	141,809,838	167,406,403	72,492,917
	1,176,622,414	1,128,540,680	665,751,153
Other Investments			
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Coprolán	20,717	20,717	20,717
Exportaciones Agroindustriales Argentinas S.A.	241,556	241,556	241,556
MAT	89,987	89,987	89,987
	352,260	352,260	352,260
Goodwill			
IRSA Inversiones y Representaciones S.A. negative goodwill (3)	(234,664,931)	(219,359,509)	(121,943,146)
IRSA Inversiones y Representaciones S.A. positive goodwill	12,596,167	12,596,167	
BrasilAgro-Companhia Brasileira de Propiedades Agrícolas goodwill	3,840,913	3,840,913	
	(218,227,851)	(202,922,429)	(121,943,146)
	958,746,823	925,970,511	544,160,267

- (1) Consist of Ps. 9,058,005 higher value of inventory, Ps. 72,634,723 higher value of investments, Ps. 74,002,447 higher value of fixed assets, Ps. 32,309,944 higher value of intangible assets, Ps. (12,388,354) higher value of liabilities and Ps. (53,405,684) higher value of tax effect.

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- (2) Consist of Ps. 10,595,643 higher value of fixed assets and Ps. (3,708,476) higher value of tax effect.
- (3) The change as regards the previous year responds to additions for Ps. 18,305,851 and amortizations for Ps. 3,000,429.

c. Trade accounts receivable

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2008 Pesos
Accounts receivable in local currency	33,175,890	30,357,657	20,386,038
Less:			
Allowance for doubtful accounts	(465,219)	(381,020)	(353,126)
Accounts receivable in foreign currency	1,835,088	4,608,610	1,583,889
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	953,617	1,206,691	923,140
IRSA Inversiones y Representaciones S.A.	16,095		
Comercializadora los Altos S.A. (Ex-Alto City.Com S.A.)	933	933	
	35,516,404	35,792,871	22,539,941

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**c. Trade accounts receivable (Continued)**

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2008 Pesos
Non-current			
Accounts receivable in foreign currency	374,812		
	374,812		

d. Other receivables

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Prepaid leases	30,548,569	11,366,483	15,469,334
Income tax prepayments and tax credit (net of accrual for income tax)	13,571,851	14,853,470	10,351,869
Guarantee deposits and premiums	7,225,929	1,174,275	12,018,952
Secured by mortgage	5,814,746	6,188,608	6,921,671
Outstanding NDF	2,472,786		
Prepaid expenses	221,581	113,109	202,364
Other tax credit	241,141	22,869	225,902
Tax on minimum presumed income	52,429	41,944	
Outstanding Valued Added tax, Gross sales tax and others tax credit	21,170,147	14,149,134	11,256,986
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	3,509,908	3,391,603	5,512,551
Agro-Uranga S.A.		56,410	
BrasilAgro Companhia Brasileira de Propiedades Agrícolas	305,949	305,949	30,537
Consultores Asset Management S.A.	1,280,709	1,280,709	
Inversiones Financieras del Sur S.A.	278,226	160,177	
Credits to employees	207,513	237,749	202,396
Directors	991	991	3,877
Others	2,923,821	2,047,229	1,015,624
	89,826,296	55,390,709	63,212,063
Non-current			
Prepaid leases			179
Outstanding Valued Added tax and others tax credit	12,304,460	12,814,725	9,371,830
Income tax prepayments		147,930	11,741,506
Secured by mortgage	5,534,894	7,048,582	11,123,438
Tax on minimum presumed income	20,159,183	20,055,857	8,909,859
Deferred tax	3,096,972	1,297,716	714,426

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

Cactus Argentina S.A.	2,006
Alto Palermo S.A.	70,215
IRSA Inversiones y Representaciones S.A.	14,043
Others	12,908
	41,095,509 41,364,810 41,960,410

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**e. Inventories**

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Beef cattle	15,767,098	12,836,555	11,433,903
Crops	24,354,623	67,224,392	26,231,584
Unharvested crops	12,377,983	6,486,244	7,090,301
Seeds and fodder	2,186,870	3,276,838	1,489,767
Materials and others	35,160,524	21,701,233	9,515,672
	89,847,098	111,525,262	55,761,227
Non-Current			
Beef cattle	70,881,746	76,113,042	63,250,421
	70,881,746	76,113,042	63,250,421

f. Others assets

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Properties for sale (real state)		1,070,506	
		1,070,506	

g. Fixed assets

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Real estates	170,033,757	169,161,018	165,730,670
Wire fences	5,673,428	5,731,695	5,701,014
Watering troughs	4,550,236	4,617,769	3,602,519
Alfalfa fields and meadows	4,116,910	3,357,213	1,586,275

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Buildings and constructions	30,384,456	30,562,814	27,624,382
Machinery	3,740,500	3,565,400	3,522,159
Vehicles	1,160,757	905,959	978,945
Tools	61,662	54,208	46,700
Furniture and equipment	361,074	374,715	323,506
Feeder and Drinking troughs	20,464		
Corral and leading lanes	776,387	784,164	776,457
Roads	1,495,255	1,545,786	1,324,487
Facilities	7,657,059	7,974,314	6,733,797
Computer equipment	772,522	852,928	1,020,341
Silo plants	719,927	738,550	794,419
Constructions in progress	19,850,145	11,100,818	11,795,342
Advances to suppliers	14,660,588	1,709,727	747,591
Forest Products-Posts	94,688	91,060	161,457
Forest Products raw materials	4,140,000	4,176,000	4,320,000
Improvements in third parties buildings	19,161,544	19,311,625	15,004,753
	289,431,359	266,615,763	251,794,814

h. Intangible assets

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Concession rights	22,640,888	22,829,041	23,581,646
	22,640,888	22,829,041	23,581,646

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**i. Trade accounts payable**

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Suppliers in local currency	3,965,869	5,477,995	2,381,106
Suppliers in foreign currency (1)	21,527,989	12,492,961	18,916,171
Subsidiaries, related companies Law No. 19,550			
Section 33 and related parties:			
Inversora Bolivar S.A.	77,118	185,256	40,106
Alto Palermo S.A.	758,766	3,374,758	1,772,646
Shoping Alto Palermo S.A.	943	2,681	
IRSA Inversiones y Representaciones S.A.		85,405	130,265
Cactus Argentina S.A.	230,277	88,134	389,245
Estudio Zang, Bergel & Viñes	485,009	893,152	44,799
Fundación IRSA	1,073,000	1,073,000	1,800,000
CYRSA S.A.	39,947	39,948	
Accrual for other expenses	16,195,109	24,247,357	18,574,797
Accrual for harvest expenses	11,641	1,578,881	
	44,365,668	49,539,528	44,049,135
Non-Current			
Accrual for other expenses			11,034
			11,034

(1) As of September 30, 2008 includes US\$ 1,553,180 from the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage. See Note 11 to the basic financial statements.

j. Loans

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Local financial loans	91,762,949	171,138,334	122,455,684

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Foreign financial loans	25,339,753	24,461,875	
Guarantee paid	(10,523,000)		
Convertible Notes 2007 Interest			178,059
Subsidiaries, related companies Law No. 19,550			
Section 33 and related parties:			
Directors			5,022
Convertible Notes 2007 expenses			(2,872)
Convertible Notes 2007			5,951,991
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Directors			105,840
	106,579,702	195,600,209	128,693,724
Non-Current			
Foreign financial			25,200,000
			25,200,000

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 4: (Continued)**k. Salaries and social security payable**

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Accrual for vacation and statutory annual bonus	2,384,184	5,187,704	1,752,826
Social security taxes payable	1,393,330	857,623	858,306
Salaries payable		318,410	56,768
Health care payable	575,474	34,760	338,440
Others	7,447	10,792	2,855
	4,360,435	6,409,289	3,009,195

l. Taxes payable

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Current			
Accrual for income tax	382,788	290,125	
Tax on minimum presumed income	7,614,852	8,993,932	6,695,477
Value added tax		25,654	
Property tax payable	47,472	46,251	
Taxes withheld Income tax	1,625,587	663,912	812,973
Gross sales tax payable	320,326	293,211	75,293
Taxes withheld-Gross sales tax payable	19,870	1,877	
Taxes withheld-Value added tax payable	60,669		13,358
Others	2,134,610	9,236	968,631
	12,206,174	10,324,198	8,565,732
Non-current			
Deferred income tax	42,978,265	41,817,828	47,801,186
	42,978,265	41,817,828	47,801,186

m. Other debts

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
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Current			
Premium collected	4,150,280		3,890,946
Debt for purchase of shares	15,099,370		
Management fees accrual			704,444
Other income to be accrued	54,164	54,164	54,164
Loan to FYO minority shareholders	134,196	134,196	134,196
Subsidiaries, related companies Law No. 19,550			
Section 33 and related parties:			
Directors	323,400	285,600	98,400
Others in local currency	166,054		
	19,927,464	473,960	4,882,150
Non-current			
Other income to be accrued	279,845	293,386	334,009
	279,845	293,386	334,009

n. Provisions

	September 30, 2008 Pesos	June 30, 2008 Pesos	September 30, 2007 Pesos
Non-current law contingencies for pending lawsuits	1,542,263	1,803,330	1,752,101
	1,542,263	1,803,330	1,752,101

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 5: EARNINGS PER SHARE

Following is a reconciliation between the weighted average of outstanding shares of common stock and the diluted weighted average of shares of common stock. As of September 30, 2008, it has been determined considering the possibility that the holders of options issued by the Company exercise them in shares of common stock of the Company up to 60,000,000 shares (See Note 16 to the basic financial statements). As of September 30, 2007, the diluted weighted average of shares of common stock has been determined considering the possibility that the holders of corporate bonds convertible into shares of common stock of the Company for up to an amount in nominal value of US\$ 50,000,000, mentioned in Note 13 to the basic financial statements would exercise their right to convert the bonds they held into shares.

	September 30, 2008	September 30, 2007
Weight average of outstanding shares of common stock	501,241,869	310,012,653
Diluted weighted average of shares of common stock	560,484,776	321,214,392
	September 30, 2008	September 30, 2007
Earnings for the calculation of basic earnings per share	(37,398,677)	(12,602,410)
Exchange differences		159,297
Financing expenses		92,362
Income tax		(88,081)
Earnings for the calculation of diluted earnings per share	(37,398,677)	(12,438,832)
	September 30, 2008	September 30, 2007
BASIC Earnings per share		
Earnings	(37,398,677)	(12,602,410)
Number of shares	501,241,869	310,012,653
Earnings per share	(0.07)	(0.04)
	September 30, 2008	September 30, 2007
DILUTED Earnings per share		
Earnings	(37,398,677)	(12,438,832)
Number of shares	560,484,776	321,214,392
Earnings per share	(0.07)	(0.04)

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 6: SEGMENT INFORMATION

As of September 30, 2008:

Description	Crops Pesos	Beef Cattle Pesos	Milk Pesos	Others Pesos	Without specific allocation Pesos	Total Pesos
Sales	50,761,231	5,741,636	5,307,795	12,859,513		74,670,175
Assets	307,060,516	183,034,993	43,909,305	6,384,938(1)	1,387,655,238	1,928,044,990
Liabilities	28,790,747	2,412,567	357,069	368,065	200,311,368	232,239,816
Fixed asset additions (transfers)	3,135,167	7,950,690	337,138	57,853	13,017,339	24,498,187
Depreciation of fixed assets	921,980	344,921	136,721	82,150	163,862	1,649,634
Amortization of intangible assets				188,153		188,153
(Loss) Income from related parties	(91,428)	(519,530)	(6,784)		(33,443,358)	(34,061,100)

(1) Includes investment in BrasilAgro and IRSA.

As of September 30, 2007:

Description	Crops Pesos	Beef Cattle Pesos	Milk Pesos	Others Pesos	Without specific allocation Pesos	Total Pesos
Sales	18,554,889	11,834,626	4,112,227	3,762,964		38,264,706
Assets	225,762,080	167,423,210	46,339,993	10,609,283(2)	631,767,648	1,081,902,214
Liabilities	25,488,657	3,434,933	612,432	341,044	234,421,200	264,298,266
Fixed asset additions (transfers)	4,590,610	1,835,557	203,645	674,726	56,770	7,361,308
Depreciation of fixed assets	654,880	308,930	37,272	37,108	150,441	1,188,631
Amortization of intangible assets						
Income (loss) from related parties	404,879	63,997	50,316		(5,790,226)	(5,271,034)

(2) Includes investment in BrasilAgro and IRSA.

NOTE 7: EXAGRIND S.A. ESTANCIA SAN RAFAEL AGAINST TALI SUMAJ AND OTHER DAMAGES AND LOSSES LAWSUIT

Exagrind S.A. has filed a lawsuit against Inversiones Ganaderas S.A. (IGSA) on claims for damages and losses produced by a fire in Estancia San Rafael, which is close to Tali Sumaj, Province of Catamarca. The fire took place on September 6, 2000.

The estimated amount of the legal action is Ps. 2,914,600 at the date the claim was filed.

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In turn, IGSA filed an extraordinary appeal with the High Court of the Province of Catamarca, requesting to be given the remainder term to answer the lawsuit as, at the time of revoking the first instance judge decision that postponed the terms to answer until a new notice was dispatched, such period had not yet expired. The management of IGSA is awaiting the decision of the High Court of the Province of Catamarca.

Additionally, in March 2007 -under the request of Exagrind S.A.- the court in charge of the case seized an inhibition of assets. This measure was lifted in June 2007 and a real estate on attachment has been accepted in replacement.

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**Cresud Sociedad Anónima,
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Notes to the Consolidated Financial Statements (Continued)

NOTE 8: RESTRICTED ASSETS

In agreement with Note 7 to the consolidated financial statements, on June 4, 2007 a pre-judgement attachment was seized on the Tali Sumaj land owned by IGSA in substitution for a more burdensome measure that had been previously ordered.

NOTE 9: ORGANIZATION OF NEW COMPANIES

On May 8, 2008, Agrology S.A. was organized with a capital stock of Ps. 50,000 out of which, Cresud contributed Ps. 48,500 (97%) and IGSA, Ps. 1,500 (3%).

Agrology S.A.'s purpose is engaging in contributing to, associating with or investing capital in persons or companies organized or to be organized or natural persons in Argentina or abroad by means of purchasing securities, shares, debentures, any kind of real estate property and instruments from any of the systems created or to be created and to manage and administer the equity interests in the companies it may control.

On May 2, 2008, FyO Trading S.A. was organized and its capital stock is made up by 3.63% held by Cresud and 96.37% held by FyO. The capital stock amounts to Ps. 20,000 and is subscribed and paid in.

NOTE 10: AGREEMENT TO PURCHASE SHARES OF COMMON STOCK AND GDRS AND AGREEMENT TO ASSIGN THE CREDIT LINE BETWEEN IGSA AND AGROLOGY

On May 28, 2008, IGSA sold to Agrology S.A. its equity interest in IRSA representative of 1,218,260 shares of common stock and 2,065,653 Global Depositary Receipts (GDRs) for Ps. 96,040,041. As counterpart of such transaction, Agrology replaced IGSA as borrower for the payable to Cresud it carried for up to such amount on the credit line previously agreed upon between the parties.

NOTE 11: SECURITIES LOAN

Due to such sale of shares of common stock and GDRs mentioned in note 10 to the Consolidated Financial Statements, IGSA assigned Agrology S.A. the securities loan agreement with Inversiones Financieras del Sur S.A. executed on March 12, 2008, by which it was granted 790,631 Global Depositary Shares (GDRs) represented by Global Depositary Receipts representative of 10 book-entry shares of common stock, with a face value of PS. 1 per share, of IRSA Inversiones y Representaciones Sociedad Anónima, which are free of any encumbrance and are freely available for Agrology.

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

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

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**Cresud Sociedad Anónima,
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Notes to the Consolidated Financial Statements (Continued)

NOTE 11: (Continued)

On August 6, 2008, Agrology executed a securities loan agreement with Inversiones Financieras del Sur S.A. by which 1,275,022 Global Depository Shares were granted, represented by GRDs representative of 10 shares of common book-entry shares with a face value of Ps. 1 per share of IRSA. This agreement was executed under the same conditions as the previous agreement.

NOTE 12: GRANTED GUARANTEES OF FUTUROS Y OPCIONES.COM S.A.

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

As of September 30, 2008 and June 30, 2008, the balance of brokerage transactions carried out by means of such agreement with guarantee, which was pending delivery, within the established contractual terms, amounted to Ps. 9,830,897 and Ps. 14,051,741, respectively.

As of September 30, 2008 and June 30, 2008, there are no agreements that failed to be complied with for which the Company may have been claimed in its capacity of guarantor.

NOTE 13: MEMORANDUM OF UNDERSTANDING TO RENEGOTIATE THE CONCESSION AGREEMENT

On July 2, 2008, a memorandum of understanding was executed by ACER in which the concession agreement for the northern area and the concession agreement for the southern area of the real estate property of Salta Forestal S.A. were renegotiated by establishing that the concessionaire should pay as concession fee the amount in US Dollars equivalent to a quintal of soybean per harvested hectare of any crop in the northern and southern area per year. It should be paid until July 1, of each year starting in 2009.

For the purposes of determining the concession fee, 2,000 hectares in the southern area rented out to Compañía Argentina de Granos are not included.

Likewise, ACER assume the commitment of reducing the concession scope by returning 30,000 hectares whose location will result from a sketch that the parties will prepare by mutual agreement.

On August 29, 2008, the Memorandum of Understanding was approved by Decree No. 3,766 of the Executive Power of the Province of Salta.

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

Notes to the Consolidated Financial Statements (Continued)

NOTE 14: SALE OF PLOTS OF LAND BELONGING TO EL RECREO

On July 24, 2008, a title deed conveying ownership was executed by IGSA for the sale of two plots of land belonging to the establishment El Recreo (1,829 hectares), located in the Province of Catamarca. The transaction was agreed upon at USD 360,000, out of which USD 120,000 was collected upon executing the title deed.

The balance of USD 240,000 will be collected in two equal annual consecutive installment plus interest equivalent to LIBOR plus 3%.

Income for such transaction was recognized in the last year as provided by F.A.C.P.C.E.'s Technical Resolution No. 17 caption 5.11.2.

Table of Contents**Cresud Sociedad Anónima,****Comercial, Inmobiliaria, Financiera y Agropecuaria****Balance Sheet as of September 30, 2008 and 2007 and June 30, 2008**

	September 30, 2008 (Notes 1 and 2) Pesos	June 30, 2008 (Notes 1 and 2) Pesos	September 30, 2007 (Notes 1 and 2) Pesos
ASSETS			
Current Assets			
Cash and banks (Note 8.a.)	26,095,947	46,686,394	7,944,940
Investments (Note 8.b.)	297,457,540	485,166,569	4,838,857
Trade accounts receivable (Note 8.c.)	36,455,736	30,904,077	19,349,744
Other receivables (Note 8.d.)	224,468,611	182,116,126	62,679,505
Inventories (Note 8.e.)	80,469,873	102,044,094	54,667,445
Total Current Assets	664,947,707	846,917,260	149,480,491
Non-Current Assets			
Other receivables (Note 8.d.)	33,357,265	35,890,383	58,487,834
Inventories (Note 8.e.)	67,527,300	72,531,891	61,004,920
Investments on controlled and related companies (Note 8.b.)	894,603,642	865,535,414	581,408,382
Other investments (Note 8.b.)	262,273	262,273	262,273
Fixed assets, net (Schedule A)	258,414,763	236,576,639	224,720,686
Total Non-Current Assets	1,254,165,243	1,210,796,600	925,884,095
Total Assets	1,919,112,950	2,057,713,860	1,075,364,586
LIABILITIES			
Current Liabilities			
Debts:			
Trade accounts payable (Note 8.f.)	40,978,561	45,837,964	41,745,135
Loans (Note 8.g.)	106,579,702	193,106,374	128,693,724
Salaries and social security payable (Note 8.h.)	3,665,791	5,318,290	2,504,801
Taxes payable (Note 8.i.)	11,267,374	9,768,870	8,177,033
Other debts (Note 8.j.)	19,739,104	285,600	4,693,790
Total Debts	182,230,532	254,317,098	185,814,483
Total Current Liabilities	182,230,532	254,317,098	185,814,483
Non-Current Liabilities			
Trade accounts payable (Note 8.f.)			11,034
Loans (Note 8.g.)			25,200,000
Taxes payable (Note 8.i.)	42,203,601	40,975,673	47,590,073
Provisions (Schedule E)	84,963	82,958	45,216

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Total Non-Current Liabilities	42,288,564	41,058,631	72,846,323
Total liabilities	224,519,096	295,375,729	258,660,806
SHAREHOLDERS EQUITY	1,694,593,854	1,762,338,131	816,703,780
Total Liabilities and Shareholders Equity	1,919,112,950	2,057,713,860	1,075,364,586

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

Alejandro G. Elsztain
Vice President

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria**

Statement of Operations

Corresponding to the periods beginning as from July 1, 2008 and 2007

and ended on September 30, 2008 and 2007

	September 30, 2008 (Notes 1 and 2) Pesos	September 30, 2007 (Notes 1 and 2) Pesos
Production income:		
Crops	6,097,326	2,352,225
Beef cattle	1,668,149	3,851,532
Milk	6,064,398	4,244,943
Total production income	13,829,873	10,448,700
Cost of production (Schedule F.2)		
Crops	(6,130,986)	(3,557,378)
Beef cattle	(4,224,928)	(5,479,615)
Milk	(4,991,858)	(3,052,007)
Total cost of sale	(15,347,772)	(12,089,000)
Production loss	(1,517,899)	(1,640,300)
Sales		
Crops	50,734,340	18,330,710
Beef cattle	4,400,789	11,086,951
Milk	5,307,795	4,112,227
Other	3,574,498	921,533
Total Sales	64,017,422	34,451,421
Cost of sales (Schedule F.1)		
Crops	(41,698,761)	(17,275,136)
Beef cattle	(4,182,175)	(10,541,076)
Milk	(5,327,808)	(4,112,227)
Other	(1,915,709)	(154,756)
Total cost of sale	(53,124,453)	(32,083,195)
Sales profit	10,892,969	2,368,226
Gross profit	9,375,070	727,926
Selling expenses (Schedule H)	(7,356,062)	(2,667,226)
Administrative expenses (Schedule H)	(6,046,580)	(4,125,998)
Holding gain - Beef cattle (Schedules F.1 and F.2)	(1,125,409)	442,909
Holding gain Crops, raw materials and MAT	(2,646,888)	(1,937,276)

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Operating loss	(7,799,869)	(7,559,665)
Financial gain (loss):		
Generated by assets:		
Exchange differences and discounts	15,722,941	3,245,715
Interest income	6,229,899	1,389,933
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:		
Interest on Notes		(387,392)
Doubtful accounts (Schedule E)	(84,199)	19,233
Tax on banking debits and credits	(1,402,700)	(718,661)
Holding gain and transactions on security stock	1,125,549	567,330
Total	21,591,490	4,116,158
Generated by liabilities:		
Financial expenses:		
Interest on Convertible Notes		(92,362)
Interest on loans	(5,252,624)	(2,974,754)
Others	(284,241)	(319,555)
Exchange differences and discounts	(4,698,505)	(2,040,839)
Total	(10,235,370)	(5,427,510)
Other income and expenses, net:		
Gain from other fixed assets sales	111,520	
Shareholders Personal asset tax	(2,120,326)	(1,544,284)
Others	14,990	
	(1,993,816)	(1,544,284)
Loss from controlled and related companies (Note 8.k)	(37,733,184)	(5,511,597)
Net loss before income tax	(36,170,749)	(15,926,898)
Income tax (expense) benefit (Note 6)	(1,227,928)	3,324,488
Net loss for the period	(37,398,677)	(12,602,410)

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

Alejandro G. Elsztain

Vice President

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Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Statement of Changes in Shareholders' Equity

Corresponding to the periods beginning as from July 1, 2008 and 2007

and ended on September 30, 2008 and 2007

(Notes 1 and 2)

	Capital (Note 3)		Shareholders' contributions Inflation adjustment			Subtotal	Retained earnings			Transitory conversion differences	Total as of September 30, 2008	Total as of September 2007
	Common stock Pesos	Treasury stock Pesos	Common stock Pesos	Treasury stock Pesos	Paid-in capital (1) Pesos		Legal Reserve Pesos	New projects reserve Pesos	Unappropriated Earnings (deficit) Pesos			
balances at the beginning of year	501,531,865		166,218,124		879,187,851	1,546,937,840	15,644,814	158,743,802	22,948,038	18,063,637	1,762,338,131	824,954,200
conversion of shares in common stock (Note 13)												2,767,400
exercise of warrants (Note 13)												4,008,300
exercise of options (Note 16)	4,416				18,586	23,002					23,002	
purchase of treasury stock (Note 19)	(2,153,886)	2,153,886	(710,782)	710,782					(7,277,483)		(7,277,483)	
retained earnings of companies (Note 19,550)												(6,300,400)
transitory differences (Note 14)										(23,091,119)	(23,091,119)	3,876,500
loss for the period									(37,398,677)		(37,398,677)	(12,602,400)
balances as of September 30, 2008	499,382,395	2,153,886	165,507,342	710,782	879,206,437	1,546,960,842	15,644,814	158,743,802	(21,728,122)	(5,027,482)	1,694,593,854	
balances as of September 30, 2007	313,396,410		166,218,124		161,578,267	641,192,801	13,176,701	120,099,646	36,759,859	5,474,773		816,703,700

(1) See notes 2.p., 12.b. and 14.

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

Alejandro G. Elsztain

Vice President

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria**

Statement of Cash Flow

Corresponding to the periods beginning as from July 1, 2008 and 2007

and ended on September 30, 2008 and 2007

	September 30, 2008 (Notes 1 and 2) Pesos	September 30, 2007 (Notes 1 and 2) Pesos
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	519,851,719	83,396,914
Cash and cash equivalents at the end of the period	313,395,647	11,752,460
Net decrease in cash and cash equivalents	(206,456,072)	(71,644,454)
Causes of changes in cash and cash equivalents		
Operating activities		
Loss for the period	(37,398,677)	(12,602,410)
Accrued interest during the period	965,028	3,067,116
Income tax	1,227,928	(3,324,488)
Adjustments made to reach net cash flow from operating activities		
Loss from interest in controlled and related companies	37,558,364	5,511,597
Increase in allowances , provisions and accruals	881,267	11,180,855
Depreciations of fixed assets	1,315,197	1,118,038
Amortization of intangible assets	174,820	
Holding gain Inventory	3,772,297	1,494,367
Financial results	1,774,142	(79,217)
Gain from sale of fixed assets	(111,520)	
Changes in operating assets and liabilities		
Decrease in current investments	69,261	97,268
(Increase) decrease in trade accounts receivable	(5,551,659)	16,321,225
Increase in other receivables	(34,959,085)	(19,708,264)
Decrease (increase) in inventories	22,604,096	(816,269)
(Decrease) increase in social security payable & taxes payable and advances from customers	(153,995)	642,378
(Decrease) increase in trade accounts payable	(5,822,864)	1,638,473
Dividends collected	158,983	589,482
Increase (decrease) in other debts	4,354,134	(1,368,353)
Cash flows (applied to) provided by operating activities	(9,142,283)	3,761,798
Investment activities		
Increase in interest in related companies	(76,469,091)	(77,184,802)
Increase in related companies loans	(3,577,124)	(6,245,780)
Acquisition and upgrading of fixed assets	(22,983,283)	(3,489,453)
Collections of receivables from sale of fixed assets	2,929,655	2,302,627
Sale of fixed assets	143,901	
Cash flows applied to investment activities	(99,955,942)	(84,617,408)
Financing activities		

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Exercise of Warrants and Options	23,002	4,008,355
Increase in financial loans	6,173,175	35,005,994
Decrease in financial loans	(97,952,471)	(29,074,793)
Decrease in seller financing		(728,400)
Repurchase of treasury stock	(5,601,553)	
Cash flows (applied to) provided by financing activities	(97,357,847)	9,211,156
<u>Net decrease in cash and cash equivalents</u>	(206,456,072)	(71,644,454)
<u>Items not involving changes in cash and cash equivalents</u>		
Transfer of inventory to fixed assets	202,419	242,327
Increase in interest in related companies through a decrease of non-current investment		37,764,000
Increase in interest in related companies through an increase of non-current other debts	13,423,440	
Conversion of notes in common stock		2,767,494
Repurchase of treasury stock unpaid	1,675,930	
<u>Complementary information</u>		
Interest paid	2,226,684	2,201,335
Income tax paid	1,428,607	540,749

Alejandro G. Elsztain

Vice President

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Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Financial Statements

Corresponding to the periods beginning as from July 1, 2008 and 2007

and ended on September 30, 2008 and 2007

NOTE 1: ACCOUNTING STANDARDS

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

a. Presentation standards

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

b. Unifying of accounting standards

On July 8, 2004, the F.A.C.P.C.E. and the C.P.C.E.C.A.B.A. entered into an agreement with the purpose of unifying technical standards. The latter council issued Resolution CD 93/05 on August 10, 2005 adopting the accounting standards approved by the former including the changes up to April 1, 2005.

The standards referred to above became effective for annual or interim periods financial statements of years started on January 1, 2006. On the other hand, the C.N.V. has adopted the same standards including certain modifications, and has also established their applicability for the years started as from January 1, 2006 as well.

The changes introduced due to the unifying of accounting standards that have generated significant effects on the Company's financial statements are:

In accordance with the new accounting standards, the Company has decided not to recognize the deferred liabilities generated by the adjustment for inflation on fixed assets and other non-monetary assets. Consequently, additional information on this issue is stated in Note 6.

The balance of the Transitory Conversion Differences account has to be shown in the statement of changes in stockholders' equity as from the time the unifying accounting standards became effective.

c. The effects of inflation

The financial statements have been prepared in constant currency units by recognizing the effects of inflation up to August 31, 1995. As from this date and up to December 31, 2001 the restatement of the financial statements has been discontinued due to that period of monetary stability. As from January 1, 2002 and up to March 2003 the effects of inflation were recognized as it was an inflationary period. As from such date, in accordance with Resolution 441 issued on April 8, 2003 by the C.N.V., the Company discontinued the restatement of its financial statements. This criterion does not agree with the terms of Resolution MD 041/2003 of the C.P.C.E.C.A.B.A., by which the restatement of financial

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statements was discontinued as from October 1, 2003. As of September 30, 2008, this change has not generated any significant effect on the Company's financial statements.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 1: (Continued)

d. Comparative Information

For comparison purposes, certain reclassifications have been made as of September 30, 2007 and June 30, 2008.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Use of estimates

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

Estimates are used when accounting for the allowance for doubtful accounts, depreciation and amortization, income taxes, deferred liabilities, transitory conversion differences, provisions for contingencies, accrual for expenses and assets recoverable value and classification of the current and non-current assets. Actual results could differ from those estimates.

b. Local currency assets and liabilities

The local currency assets and liabilities are stated at period-end nominal currency.

c. Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currency have been valued at the amount of such currency as of the date of the financial statements, converted at the buying and selling exchange rate, respectively, prevailing at period-end or year-end.

d. Temporary investments

The units of ownership of common investment funds, the mortgage certificates and bonds were valued at quotation value at period-end or year-end net of sales expenses. Temporary investments do not exceed their recoverable value at the date of the financial statements.

e. Trade accounts receivable and payable

Trade accounts receivable and payable have been valued at their cash price estimated at the time of the transaction, plus interest and implied financial components accrued on the basis of the internal rate of return determined at such time, provided they are significant.

f. Credits and loans

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Credits and loans have been valued in accordance with the sum of money delivered and/or received, respectively, net of transaction costs, plus financial results accrued on the basis of the rate estimated at such time as of period-end or year-end.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

g. Derivates financial instruments

Futures relate to cereal commitments deliverable at a previously agreed price.

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

The assets and liabilities originated in derivatives instruments have been valued at their market value at period-end or year-end.

Differences generated by the application of the above mentioned valuation criteria to assets and liabilities from derivative instruments corresponding to crops have been recognized under net income of the fiscal year under Holding gain Crops, raw materials and MAT .

As of September 30, 2008, purchases and sales of dollars operations are included under the financial results.

h. Other receivables and payables

Other receivables and payables have been valued on the basis of the agreed values plus interest accrued as of the date of these financial statements.

Other receivables and payables in foreign currency have been valued at their amount in such currency at period-end or year-end, converted to the buyer and seller exchange rate, respectively, prevailing at the period-end or year-end closing date.

i. Balances with related parties

Receivables and payables with related parties have been valued in accordance with the conditions agreed between the parties involved.

j. Inventories

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

Include:

Unharvested crops

Calves

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

Include:

Dairy cattle

Breeding cows

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

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

Include:

Steers and heifers

Cattle round-up and mares

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

Include

Harvested crops

- 5) Non-biological Assets - Raw material: Seeds and various goods: have been measured at reproduction or replacement cost as of each period-end or year-end, which does not exceed the net realization value (NRV).

Include:

Seeds

Agrochemicals

Semen - Cattle raising and dairy

Food and by-products

Packs and bundles

Poles

Bags and blankets

Silos raw materials

6) The remaining inventories were valued at replacement cost.

The carrying values of inventories, which are determined as discussed above, do not exceed their estimated recoverable values at the end of these financial statements.

k. Long term investments in other companies

1. Investments in subsidiaries and affiliates

The investments in subsidiaries and affiliates in which the Company has significant influence have been accounted for under the equity method, as required by Technical Resolution No. 21 of the F.A.C.P.C.E. approved by C.N.V.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

Interests in subsidiaries and affiliates as of September 30, 2008 are as follows:

Subsidiaries and affiliates	% Equity interest
Inversiones Ganaderas S.A.	99.99
Agrology S.A.	97.00
Agropecuaria Cervera S.A.	90.00
Futuros y Opciones.Com S.A.	68.10
Cactus Argentina S.A. (Note 12.b)	24.00
Agro Uranga S.A.	35.72
IRSA Inversiones y Representaciones S.A. (IRSA) (Note 12.d)	43.98
BrasilAgro Companhia Brasileira de Propiedades Agrícolas (BrasilAgro) (Note 12.a)	14.39
Fyo Trading S.A.	3.63
Exportaciones Agroindustriales Argentinas S.A. (Note 12.c.)	0.36

The Company presents as complementary information the consolidated financial statements as of September 30, 2008 and 2007 with Inversiones Ganaderas S.A., Agropecuaria Cervera S.A. and Futuros y Opciones.Com S.A. Likewise, as the companies Fyo Trading S.A. and Agrology S.A. were organized on May 2 and 8, 2008, respectively, their financial statements are only consolidated as of September 30, 2008 and June 30, 2008.

2. Acquisitions of equity interests in companies

The acquisitions of companies were booked according to the acquisition method as established by Technical Resolution No. 18. All assets and liabilities acquired from independent third parties were adjusted to reflect their current value.

In such sense, the Company identified assets and liabilities acquired, including intangible assets such as: lease agreements acquired under conditions upper or lower than market; costs of executing lease agreements in effect (the latter being the market cost that the Company avoids to incur for acquiring lease agreement in effect), the value of trademarks acquired, the value of deposits related to the investment in Banco Hipotecario and the intangible value of customer relationships.

This identification process and the respective determination of current values call for complex determinations and significant estimates.

The Company used information contained in valuations carried out by independent experts as primary basis to assign the price paid to plots of land, buildings, shopping malls, inventory and hotels of the acquired companies. The amounts assigned to the rest of assets and liabilities were based on independent valuations or in the Company's own analysis with comparable assets and liabilities.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

The current value of acquired intangible values considers the value of the property as if it were vacant.

As provided by Technical Resolution No. 21, if the value of tangible and intangible assets and liabilities exceeds the price paid, intangible assets acquired are not recognized as they would increase the negative goodwill generated by these acquisitions upon the purchase. If the price paid exceeds the value of identified tangible and intangible assets and liabilities, the surplus is considered to be positive goodwill.

This account includes the increase value paid for the purchase of shares of affiliated and related companies that may be assigned to assets acquired and (positive and negative) goodwill related to the affiliates BrasilAgro and IRSA.

3. Goodwill

Negative goodwill

As provided by Technical Resolution No. 21, the negative goodwill related to the equity interest in the affiliate IRSA has been valued at cost restated as of February 28, 2003 as the case may be, which was calculated as the difference between the value paid for such investment and the current value of the equity interest acquired, the latter being determined as established in note 2.k.2.

IRSA's shares were acquired by means of purchases on the market and converting of bonds into shares and exercising warrants issued by IRSA.

The (negative) goodwill related to acquiring an additional interest in IRSA during the three-month period ended September 30, 2008, resulting from the purchase of shares on the market, has been valued at cost, which was calculated as the difference between the value paid by such investment and the book value of the interest acquired. As to this goodwill, the Company is currently analyzing the book value of assets and liabilities acquired identified as provided by Technical Resolution No. 21, caption 1.3.1.

The amortization of the negative goodwill is recognized over a period equal to the weighted average of the remaining useful life of IRSA's identifiable assets that are subject to depreciation, which ranges from 20 to 29 years or in an accelerated manner, the party proportional to the negative goodwill so long as IRSA carries its identifiable assets. Amortizations have been classified in the account Loss from interests in controlled and related companies in the Statement of Operations.

Positive goodwill

As provided by Technical Resolution No. 21, the positive goodwill related to the equity interest in the affiliates IRSA and BrasilAgro has been valued at cost, which was calculated as the difference between the value paid for such investments and the current value of the equity interests acquired, the latter being determined as established in note 2.k.2. IRSA and BrasilAgro shares were acquired by means purchases on the market.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

The positive goodwill has not been amortized as it has an undefined useful life.

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

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

As provided by Technical Resolution No. 18, if the Company determines that the goodwill has an undefined useful life, its amortization will not be computed and its recoverable value should be compared at each year-end to verify whether its value has decreased, allocating losses for impairment in value to income for the year in which such losses were determined.

l. Other investments

Investments in debt securities

IRSA's Convertible Notes were valued at quotation value at period-end or year-end

Other investments

The remaining investments correspond to non-listed securities and were valued at their restated cost as of February 28, 2003 (Note 1.c.) or at their cost for acquisitions made after such date.

m. Fixed assets

Purchase value: valued at cost restated applying the coefficients mentioned in Note 1.c., based on the corresponding dates of origin.

Depreciation: calculated by the straight-line method based on the estimated useful lives of the assets as from the month of the fiscal year of addition.

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Net carrying value: the net carrying value of fixed assets does not exceed their recoverable value at the end of the period or the fiscal year.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

n. Shareholders equity

Initial balances have been restated in accordance with the criteria set forth in Note 1.c. Movements for the period and/or year are recorded at their historical values.

o. Treasury stock

The acquisition cost of treasury stock has been debited from the account unappropriated earnings as provided by sec. 220, subsec. 2, Law No. 19,550.

Likewise, the common stock account was debited for the face value of repurchased shares and the inflation adjustment of common stock account, for the proportional portion of the adjustment for inflation related to the shares acquired. In turn, the accounts Treasury stock and inflation adjustment of treasury stock account were respectively credited.

p. Paid-in capital

Related Companies Law No. 19,550 Section 33: Increases or decreases of the equity value of investments in IRSA Inversiones y Representaciones S.A. and Cactus Argentina S.A. generated on the basis of changes in their shareholders equity, arising from transactions of shareholders different from the Company and its subsidiaries, were included in this caption as established in captions 9 second part of Technical Resolution 17 of the F.A.C.P.C.E. and Resolution CD 243/01 of the C.P.C.E.C.A.B.A.

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

q. Transitory Conversion Differences - Current translation adjustment

These transitory differences result from the exchange differences shown in the conversion of the financial statements of BrasilAgro from Brazilian Reais to Argentine Pesos.

r. Results for the period

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

Cattle and grain production cost calculated to reflect production income is reflected in Schedule F.2.

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Cost of sales is calculated by inventory difference and the income for the production of meat, grain and milk is disclosed in the statement of income.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

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

Cattle holding gain is disclosed in a line of the statement of operations and Schedule F and is calculated as stated in Note 2.j.

The results generated by futures and options on the Futures Market are recognized under Holding gain Crops, raw materials and MAT on the statement of operations. The closed positions are recognized as a difference between the exercise price and their close price; and the opens positions at the end of the period, as the difference between their exercise price and the market value price for futures, and as a difference between the premium and the market value premium for options.

The charges for consumption of assets were determined based on the values of such assets.

The rest of income for the year is disclosed at incurred cost.

Financial income segregated into that generated by assets and by liabilities is disclosed in the statement of operations.

s. **Income tax**

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

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

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

t. **Tax on minimum presumed income**

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

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

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**Cresud Sociedad Anónima, Comercial,
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Notes to the Financial Statements (Continued)**

NOTE 2: (Continued)

Because since this year, the law which created this tax has not been extended, the Company did not account the provision for the tax on minimum presumed income since this period.

u. Revenue recognition

The Company books its operating income as stated in Note 2.r. The Company books its sales when products are received by its customers.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 3: COMMON AND TREASURY STOCK

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

	Authorized Pesos	Subscribed Pesos	Paid-in Pesos
Common and treasury stock as of June 30, 2005	162,784,579	162,784,579	162,784,579
Conversion of notes in common stock (Note 13) - Fiscal Year 2006	29,151,389	29,151,389	29,151,389
Exercise of Warrants (Note 13) - Fiscal Year 2006	28,668,581	28,668,581	28,668,581
Conversion of notes in common stock (Note 13) - Fiscal Year 2007	44,352,015	44,352,015	44,352,015
Exercise of Warrants (Note 13) - Fiscal Year 2007	44,619,656	44,619,656	44,619,656
Conversion of notes in common stock (Note 13) - Fiscal Year 2008	5,343,374	5,343,374	5,343,374
Exercise of Warrants (Note 13) - Fiscal Year 2008	5,855,178	5,855,178	5,855,178
Capital Increase- Ordinary share (Note 16)	180,000,000	180,000,000	180,000,000
Exercise of Options (Note 16) - Fiscal Year 2008	757,093	757,093	757,093
Exercise of Options (Note 16) - Fiscal Year 2009	4,416	4,416	4,416
Common and treasury stock as of September 30, 2008 (1)	501,536,281	501,536,281	501,536,281

(1) During this period 206,020 ADR's and 93,686 shares of common stock were repurchased. See note 19. As of September 30, 2008, the capital authorized to be publicly offered is formed of 501,536,281 common, book-entry shares of Ps. 1 par value each and entitled to one vote per share.

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**Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria
Notes to the Financial Statements (Continued)**

NOTE 4: DERIVATIVE FINANCIAL INSTRUMENTS

As of September 30, 2008 the Company had arranged futures and options on the Futures Market and dollars as follows:

Cereal / Currency	Tons	Margins Pesos	Premium paid or (collected) Pesos	Premium at fair value Pesos	Gain (loss) for valuation at fair value Pesos
<u>Futures</u>					
Purchase					
US\$					2,472,786(a)
Sell					
Corn	16,500	357,473			967,899
Soybean	2,700	83,565			351,004
Wheat	5,400	116,991			360,196
Sunflower	100	15,475			184,153
<u>Options</u>					
Purchase Call					
Corn	6,350		61,900	967	(60,933)
Sell Call					
Corn	4,000	41,473	(89,136)	(21,046)	68,090
Soybean	3,000	30,486	(54,163)	(18,261)	35,902
Purchase Put					
Corn	16,510		632,928	696,532	63,604
Soybean	72,760		2,930,191	6,183,904	3,253,713
Sell Put					
Corn	16,510		(280,871)	(256,485)	24,386
Soybean	64,600				