

CRESUD INC  
Form 6-K  
February 23, 2004

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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 February, 2004

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

(Exact name of Registrant as specified in its charter)

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**CRESUD INC.**

(Translation of registrant's name into English)

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Republic of Argentina

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(Jurisdiction of incorporation or organization)

**Moreno 877, 23<sup>rd</sup> Floor, (C1091AAQ)**

**Buenos Aires, Argentina**

(Address of principal executive offices)

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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 Quarterly Financial Statements for the period ended on December 31, 2003 filed with the *Bolsa de Comercio de Buenos Aires* and with the *Comisión Nacional de Valores*.

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

Unaudited Financial Statements  
as at December 31, 2003 and 2002

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Unaudited 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 and livestock and real-estate

Financial statements for the period ended December 31, 2003 presented in comparative form with the previous year and with the same period of the previous year Financial period N° 69 started on July 1, 2003

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Of the by-laws: February 19, 1937  
 Of the latest amendment: June 2, 1997  
 Duration of the Company: June 6, 2082

Information on controlled companies in Note 2 consolidated

CAPITAL STATUS ( Note 3 )  
 SHARES

| <u>Type of stock</u>  | <u>Authorized pesos</u> | <u>Subscribed pesos</u> | <u>Paid-in pesos</u> |
|---|-------------------------|-------------------------|----------------------|
| Ordinary certified shares of \$1 face value and 1 vote each | 146,121,345             | 146,121,345             | 146,121,345          |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Unaudited Consolidated Balance Sheet at December 31, 2003, June 30, 2003 and December 31, 2002

|  | June 30, 2003                           |                    |   |
|--|---|--------------------|---|
|  | December 31, 2003<br>(Notes 1, 2 and 3) | (Notes 1, 2 and 3) | December 31, 2002<br>(Notes 1, 2 and 3) |
|  | Pesos                                   | Pesos              | Pesos                                   |
| <b>ASSETS</b>                                      |   |                    |   |
| <b>Current Assets</b>                              |   |                    |   |
| Cash and banks (Note 4.a.)                         | 20,484,256                              | 16,995,803         | 15,010,411                              |
| Investments (Note 4.b.)                            | 1,655,808                               | 5,459,835          | 16,920,154                              |
| Trade accounts receivable (Note 4.c.)              | 5,056,848                               | 6,899,952          | 12,975,005                              |
| Other receivables and prepaid expenses (Note 4.d.) | 10,462,375                              | 6,231,659          | 2,948,709                               |
| Inventories (Note 4.e.)                            | 31,610,262                              | 22,841,977         | 33,043,800                              |
| <b>Total current assets</b>                        | <b>69,269,549</b>                       | <b>58,429,226</b>  | <b>80,898,079</b>                       |
| <b>Non-current assets</b>                          |   |                    |   |
| Other receivables and prepaid expenses (Note 4.d.) | 1,831,674                               | 542,193            | 2,479,385                               |
| Inventories (Note 4.e.)                            | 39,315,176                              | 37,796,987         | 38,128,355                              |
| Investments (Note 4.b.)                            | 209,140,385                             | 202,321,555        | 185,127,457                             |
| Other investments (Note 4.b.)                      | 146,354,259                             | 139,160,243        | 163,653,275                             |
| Fixed assets, net (Schedule A)                     | 147,358,449                             | 148,510,846        | 127,304,843                             |
| Intangible assets (Schedule B)                     | 123,212                                 | 369,637            | 606,654                                 |
| <b>Subtotal Non-Current Assets</b>                 | <b>544,123,155</b>                      | <b>528,701,461</b> | <b>517,299,969</b>                      |
| Goodwill (Note 4.b.)                               | (19,931,610)                            | (19,347,598)       | (18,852,190)                            |
| <b>Total Non-Current Assets</b>                    | <b>524,191,545</b>                      | <b>509,353,863</b> | <b>498,447,779</b>                      |
| <b>Total Assets</b>                                | <b>593,461,094</b>                      | <b>567,783,089</b> | <b>579,345,858</b>                      |
| <b>LIABILITIES</b>                                 |   |                    |   |
| <b>Current Liabilities</b>                         |   |                    |   |
| <b>Debts:</b>                                      |   |                    |   |
| Trade accounts payable (Note 4.f.)                 | 6,752,426                               | 7,328,279          | 16,702,807                              |
| Loans (Note 4.g.)                                  | 1,383,511                               | 1,425,499          | 3,444,643                               |
| Salaries and social security payable (Note 4.h.)   | 751,954                                 | 1,096,627          | 280,497                                 |

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|  |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
| Taxes payable (Note 4.i.)                        | 1,164,656                   | 1,887,453                   | 3,420,944                   |
| Other debts (Note 4.j.)                          | 716,221                     | 3,338,969                   | 3,582,055                   |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Total Debts</b>                               | <b>10,768,768</b>           | <b>15,076,827</b>           | <b>27,430,946</b>           |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Total current liabilities</b>                 | <b>10,768,768</b>           | <b>15,076,827</b>           | <b>27,430,946</b>           |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Non-current liabilities</b>                   |                             |                             |                             |
| Taxes payable (Note 4.i.)                        | 24,181,231                  | 22,749,374                  | 24,599,976                  |
| Loans (Note 4.g.)                                | 127,670,143                 | 137,951,054                 | 168,195,964                 |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Total non-current liabilities</b>             | <b>151,851,374</b>          | <b>160,700,428</b>          | <b>192,795,940</b>          |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Subtotal</b>                                  | <b>162,620,142</b>          | <b>175,777,255</b>          | <b>220,226,886</b>          |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Minority interest                                | 104,178                     | 206,709                     | 318,671                     |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>SHAREHOLDERS EQUITY</b>                       | <b>430,736,774</b>          | <b>391,799,125</b>          | <b>358,800,301</b>          |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Total Liabilities and Shareholders Equity</b> | <b>593,461,094</b>          | <b>567,783,089</b>          | <b>579,345,858</b>          |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |

The accompanying notes and schedules are an integral part of these complementary information

Saúl Zang

Vice-Chairman

in charge of the Presidency



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Unaudited Consolidated Statement of Income

For the periods ended December 31, 2003 and 2002

|   | December 31, 2003<br>(Notes 1 and 2) | December 31, 2002<br>(Notes 1 and 2) |
|---|--------------------------------------|--------------------------------------|
|   | Pesos                                | Pesos                                |
| Sales   |                                      |                                      |
| Crops   | 10,517,868                           | 31,360,919                           |
| Beef cattle   | 11,819,004                           | 7,329,186                            |
| Milk  | 1,831,837                            | 1,114,314                            |
| Others  | 486,798                              | 420,890                              |
| <b>Total Sales</b>                                    | <b>24,655,507</b>                    | <b>40,225,309</b>                    |
| Cost of sales (Schedule F)                            |                                      |                                      |
| Crops   | (7,143,937)                          | (26,266,213)                         |
| Beef cattle   | (8,887,513)                          | (1,466,188)                          |
| Milk  | (396,276)                            | (725,482)                            |
| Others  | (671,997)                            | (674,844)                            |
| <b>Total cost of sales</b>                            | <b>(17,099,723)</b>                  | <b>(29,132,727)</b>                  |
| <b>Gross income</b>                                   | <b>7,555,784</b>                     | <b>11,092,582</b>                    |
| Selling expenses (Schedule H)                         | (2,192,027)                          | (2,283,481)                          |
| Administrative expenses (Schedule H)                  | (3,320,012)                          | (1,656,628)                          |
| Net gain on sale of farms                             | 1,669,470                            |                                      |
| Gain from inventory holdings (Schedule F)             | 1,336,662                            | 13,260,418                           |
| <b>Operating income</b>                               | <b>5,049,877</b>                     | <b>20,412,891</b>                    |
| Financial results (Note 4.k.)                         |                                      |                                      |
| Financial income (loss) generated by assets           | 13,425,571                           | (22,974,397)                         |
| Financial (loss) income generated by liabilities      | (12,713,070)                         | 9,944,829                            |
| Other expenses  |                                      |                                      |
| Gains from others fixed assets sales                  | 251,561                              | 42,201                               |
| Donations   |                                      | (1,538,628)                          |
| Others  | 1,656                                | (141,946)                            |
| Income from related companies                         | 2,297,495                            | 41,713,655                           |
| Management fees (Note 5)                              | (529,129)                            | (3,419,171)                          |
| <b>Income before income tax and minority interest</b> | <b>7,783,961</b>                     | <b>44,039,434</b>                    |
| Income tax expense                                    | (3,124,337)                          | (8,047,389)                          |

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|                                  |                  |                   |
|----------------------------------|------------------|-------------------|
| Minority interest                | 102,532          | 112,129           |
| <b>Net income for the period</b> | <b>4,762,156</b> | <b>36,104,174</b> |

The accompanying notes and schedules are an integral part of these complementary information.

Saúl Zang

Vice-Chairman

in charge of the Presidency

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Unaudited Consolidated Cash Flow Statements

For the periods ended December 31, 2003 and 2002

|   | December 31, 2003<br>(Notes 1, 2 and 3) | December 31, 2002<br>(Notes 1, 2 and 3) |
|---|---|---|
|   | Pesos                                   | Pesos                                   |
| <b>Changes in funds</b>   |   |   |
| Funds at the beginning of the period  | 20,930,230                              | 44,339,538                              |
| Funds at the end of the period  | 20,488,255                              | 31,503,242                              |
| Net decrease in funds   | (441,975)                               | (12,836,296)                            |
| <b>Causes of changes in funds</b>   |   |   |
| <b><u>Operations activities</u></b>   |   |   |
| Income for the period   | 4,762,156                               | 36,104,174                              |
| Liabilities interest  | 5,625,120                               | 874,322                                 |
| Income tax  | 2,912,584                               | 8,047,389                               |
| <b><u>Adjustments made to reach net funds from operations activities</u></b>            |   |   |
| Results from interest in controlled and related companies                               | (2,297,495)                             | (41,713,655)                            |
| Minority interest   | (102,532)                               | (112,129)                               |
| Increase in allowances and reserves   | 2,306,749                               | 4,591,002                               |
| Amortization and depreciation   | 1,723,557                               | 1,723,926                               |
| Results from inventory holdings   | (1,336,662)                             | (13,260,418)                            |
| Financial results   | (4,677,012)                             | 2,325,931                               |
| Result from sale of fixed assets  | (1,921,031)                             | (42,201)                                |
| <b><u>Changes in operating assets and liabilities</u></b>                               |   |   |
| Increase in current investments   | 5,707,778                               |   |
| Decrease in trade accounts receivable   | 1,843,104                               | 4,288,457                               |
| (Increase) decrease in other receivables  | (4,687,056)                             | 4,820,375                               |
| (Increase) decrease in inventories  | (8,987,039)                             | 9,699,801                               |
| Decrease in social securities contributions and taxes payable and advances to customers | (3,246,858)                             | (5,868,542)                             |
| Decrease in trade accounts payable  | (2,882,602)                             | (378,415)                               |
| Dividends collected   | 1,104,139                               | 685,411                                 |
| Decrease in other liabilities   | (2,622,748)                             | (2,190,390)                             |
| <b>Net fund (applied to) provided by operations</b>                                     | <b>(6,775,848)</b>                      | <b>9,595,038</b>                        |
| <b><u>Investment activities</u></b>   |   |   |
| Increase in permanent investments   | (1,199,672)                             | (177,691,603)                           |
| Increase in interest in related companies   | (5,204,531)                             | (17,184,676)                            |
| Acquisition and upgrading of fixed assets   | (3,041,923)                             | (848,727)                               |
| Sale of fixed assets  | 4,675,446                               | 353,630                                 |
| <b>Net funds applied to investment activities</b>                                       | <b>(4,770,680)</b>                      | <b>(195,371,376)</b>                    |

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|   |                   |                     |
|---|-------------------|---------------------|
| <b><u>Financing activities</u></b>  |                   |                     |
| Exercise of Warrant   | 19,258,074        |                     |
| Dividends paid  | (1,500,000)       |                     |
| Exercise of rights offering on treasury stock                                       | 319,437           | 79,009              |
| Increase in financial loans   |                   | 180,970,530         |
| Decrease in financial loans   | (5,667,108)       | (6,587,851)         |
| Issuance expenses of Convertible Bonds  | (1,305,850)       | (1,521,646)         |
| <b>Net funds provided by financing activities</b>                                   | <b>11,104,553</b> | <b>172,940,042</b>  |
| <b><u>Net decrease in funds</u></b>   | <b>(441,975)</b>  | <b>(12,836,296)</b> |
| <b><u>Items not involving changes in funds</u></b>                                  |                   |                     |
| Transfer of inventory to fixed assets   | 37,227            | 11,771              |
| Repayment of financial loans through issue of stock by exercise of conversion right | 16,097,982        |                     |

The accompanying notes and schedules are an integral part of these complementary information.

Saúl Zang

Vice-Chairman

in charge of the Presidency

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

**Notes to the Unaudited Consolidated Financial Statements**

For the periods ended December 30, 2003 and 2002

**NOTE 1: BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

As a consequence of the application of General Resolutions No. 368/01, 434/03 and 441/03 of the Argentine Securities and Exchange Commission, which require that consolidated Financial Statements be presented as established by Technical Resolution No. 4 of the Argentine Federation of Professional Councils in Economic Sciences, as amended by Technical Resolution No. 19, the Balance Sheet as of December 31, 2003, June 30, 2003 and December 31, 2002 and the Income Statements and the Statements of Cash Flows for the fiscal periods then ended 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, by application of the new rules and discontinuation of adjustment for inflation, respectively (see Note 1.b and 1.c to the unaudited basic financial statements).

The Financial Statements of the Subsidiary Companies Inversiones Ganaderas S.A. and Futuros y Opciones.Com S.A. as of December 31, 2003 and 2002 have been used to determine the proportional equity value and carry out the consolidation. For purposes of comparability, reclassifications have been made on the information at December 31, 2002 and June 30, 2003.

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

**NOTE 2: CORPORATE CONTROL**

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

| <u>COMPANY</u>              | <u>PERCENTAGE OF VOTING SHARES OWNED</u> |
|-----------------------------|--|
| Inversiones Ganaderas S.A.  | 99.99                                    |
| Futuros y Opciones.Com S.A. | 70.00                                    |

**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,

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as detailed in Note 2 of the unaudited basic financial statements.

The most significant valuation criteria used for the preparation of the Financial Statements of the Subsidiary Companies not detailed in the valuation criteria of the Parent Company were as follows:

### Intangible Assets   Development expenditures

These expenses include organizational and development costs of the web page incurred until March 31, 2001. These expenses were restated to period-end currency and were depreciated by the straight line method over thirty-six months as from April 1, 2001. For being less than five periods, this depreciation term qualifies under the second option of the transitional rules provided in section 8.2.3. of Technical Resolution No. 17.

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4: Details of consolidated balance sheet and consolidated income statement accounts****a. Cash and banks**

|  | December 31,<br>2003 | June 30,<br>2003  | December 31,<br>2002 |
|--|----------------------|-------------------|----------------------|
|  | Pesos                | Pesos             | Pesos                |
| Cash   | 72,003               | 43,967            | 94,692               |
| Foreign currency (Schedule G)                  | 36,870               | 3,239,854         | 81,853               |
| Patacones currency                             |                      |                   | 1,749                |
| Lecop currency                                 |                      |                   | 35                   |
| Local currency checking account                | 1,171,288            | 645,182           | 2,229,754            |
| Patacones currency checking account            | 22                   | 171,891           | 29,182               |
| Lecop currency checking account                |                      | 62,532            | 51,364               |
| Foreign currency checking account (Schedule G) | 18,970,354           | 12,370,530        | 12,039,377           |
| Local currency saving account                  | 18,541               | 20,583            | 3,809                |
| Checks to be deposited                         | 215,178              | 415,481           | 455,930              |
| Patacones checks to be deposited               |                      | 25,783            | 22,666               |
|  | <u>20,484,256</u>    | <u>16,995,803</u> | <u>15,010,411</u>    |

**b. Investments and Goodwill**

|  | December<br>31,<br>2003 | June 30,<br>2003   | December<br>31,<br>2002 |
|--|-------------------------|--------------------|-------------------------|
|  | Pesos                   | Pesos              | Pesos                   |
| <b>Investment</b>                              |                         |                    |                         |
| Investment (Schedule C)                        | 1,655,808               | 5,459,835          | 16,920,154              |
|  | <u>1,655,808</u>        | <u>5,459,835</u>   | <u>16,920,154</u>       |
| <b>Investment</b>                              |                         |                    |                         |
| Investment from related companies (Schedule C) | 209,140,385             | 202,321,555        | 185,127,457             |
|  | <u>209,140,385</u>      | <u>202,321,555</u> | <u>185,127,457</u>      |

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|                                |                     |                     |                     |
|--------------------------------|---------------------|---------------------|---------------------|
| <b>Other investments</b>       |                     |                     |                     |
| Other investments (Schedule C) | 146,354,259         | 139,160,243         | 163,653,275         |
|                                | <u>146,354,259</u>  | <u>139,160,243</u>  | <u>163,653,275</u>  |
| <b>Goodwill</b>                |                     |                     |                     |
| Goodwill (Schedule C)          | (19,931,610)        | (19,347,598)        | (18,852,190)        |
|                                | <u>(19,931,610)</u> | <u>(19,347,598)</u> | <u>(18,852,190)</u> |



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)

## c. Trade accounts receivable

|   | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>  |                      |                  |                      |
| Accounts receivable in local currency   | 5,297,896            | 5,345,126        | 3,536,682            |
| Less:   |                      |                  |                      |
| Provision for defaulting debtors (Schedule E)   | (449,197)            | (479,125)        | (639,959)            |
| Accounts receivable in foreign currency (Schedule G)                                  | 65,242               | 2,020,242        | 10,054,177           |
| Subsidiaries and related companies Law 19,550<br>Article 33:<br>Cactus Argentina S.A. | 142,907              | 13,709           | 24,105               |
|   | <u>5,056,848</u>     | <u>6,899,952</u> | <u>12,975,005</u>    |

## d. Other receivables and prepaid expenses

|   | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>  |                      |                  |                      |
| Other   | 636,032              | 267,392          | 533,010              |
| Prepaid leases  | 32,016               | 1,894,560        | 35,156               |
| Tax on Minimum Hypothetical Income (Note 2.p.)  | 521                  |                  |                      |
| Guarantee deposits (Schedule G)   | 1,446,694            | 682,027          | 562,488              |
| Secured by mortgage and under legal proceedings (Schedule<br>G)                       | 1,061,931            | 531,602          | 580,602              |
| Prepaid expenses  | 446,759              | 864,244          | 343,153              |
| Surety bonds received   |                      |                  | 377,906              |
| Tax prepayments (net of provisions)   | 5,044,853            | 201,559          | 219,621              |
| Subsidiaries and related companies Law 19,550<br>Article 33:<br>Cactus Argentina S.A. | 1,337,986            | 1,334,692        | 296,773              |
| Shareholders  | 455,583              | 455,583          |                      |
|   | <u>10,462,375</u>    | <u>6,231,659</u> | <u>2,948,709</u>     |

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|   |           |         |           |
|---|-----------|---------|-----------|
| <b>Non-current</b>                            |           |         |           |
| Secured by mortgage (Anexo G)                 | 1,008,000 | 504,192 | 990,455   |
| Prepaid leases                                |           |         | 176,466   |
| Other   | 8,118     | 11,427  | 96,098    |
| Tax on Minimum Hypothetical Income            | 815,556   | 26,574  | 151,566   |
| Subsidiaries and related companies Law 19,550 |           |         |           |
| Article 33:                                   |           |         |           |
| Cactus Argentina S.A.                         |           |         | 1,064,800 |
|   | 1,831,674 | 542,193 | 2,479,385 |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)

## e. Inventories

|                       | December 31,<br>2003 | June 30,<br>2003  | December 31,<br>2002 |
|-----------------------|----------------------|-------------------|----------------------|
|                       | Pesos                | Pesos             | Pesos                |
| <b>Current</b>        |                      |                   |                      |
| Livestock             | 15,652,957           | 13,116,997        | 15,358,623           |
| Crops                 | 3,782,649            | 6,301,776         | 2,491,151            |
| Unharvested crops     | 9,374,173            | 1,112,230         | 10,675,150           |
| Seeds and fodder      | 139,344              | 171,486           | 113,171              |
| Materials and others  | 1,638,414            | 1,501,686         | 2,322,903            |
| Advances to suppliers | 1,022,725            | 637,802           | 2,082,802            |
|                       | <u>31,610,262</u>    | <u>22,841,977</u> | <u>33,043,800</u>    |
| <b>Non-Current</b>    |                      |                   |                      |
| Livestock             | 39,315,176           | 37,796,987        | 38,128,355           |
|                       | <u>39,315,176</u>    | <u>37,796,987</u> | <u>38,128,355</u>    |

## f. Trade accounts payable

|   | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>  |                      |                  |                      |
| Suppliers in local currency                               | 2,693,001            | 3,759,549        | 2,454,497            |
| Suppliers in foreign currency (Schedule G)                | 958,815              | 436,439          | 9,388,219            |
| Subsidiaries and related companies Law 19,550 Article 33: |                      |                  |                      |
| Cactus Argentina S.A.                                     | 448,691              | 203,335          | 208,854              |
| Accrual for other expenses (Schedule G)                   | 2,449,997            | 2,816,293        | 4,555,578            |
| Accrual for cereal expenses                               | 200,955              | 108,825          | 66,770               |
| Accrual for Directors Fees                                | 3,730                | 41,806           | 62,177               |
| Advances to Directors                                     | (2,763)              | (37,968)         | (33,288)             |
|   | <u>2,693,001</u>     | <u>3,759,549</u> | <u>2,454,497</u>     |

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|  |           |           |            |
|--|-----------|-----------|------------|
|  | 6,752,426 | 7,328,279 | 16,702,807 |
|--|-----------|-----------|------------|

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)

## g. Loans

|  | December<br>31,<br>2003 | June 30,<br>2003   | December<br>31,<br>2002 |
|--|-------------------------|--------------------|-------------------------|
|  | Pesos                   | Pesos              | Pesos                   |
| <b>Current</b>                                       |                         |                    |                         |
| Local financial loans (Note 2.f.)                    |                         |                    | 3,090,201               |
| Convertible Bonds 2007 Interest payable (Schedule G) | 1,383,511               | 1,425,499          | 354,442                 |
|  | <u>1,383,511</u>        | <u>1,425,499</u>   | <u>3,444,643</u>        |
| <b>Non Current</b>                                   |                         |                    |                         |
| Convertible Bonds 2007 (Schedule G)                  | 129,704,156             | 139,450,965        | 169,679,500             |
| Convertible Bonds 2007 expenses                      | (2,034,013)             | (1,499,911)        | (1,483,536)             |
|  | <u>127,670,143</u>      | <u>137,951,054</u> | <u>168,195,964</u>      |

## h. Salaries and social security payable

|  | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>                             |                      |                  |                      |
| Vacation, statutory annual bonus allowance | 464,318              | 859,519          |                      |
| Social security administration             | 154,809              | 138,564          | 36,225               |
| Salaries payable                           | 125,796              | 94,607           | 216,436              |
| Health care scheme                         | 1,979                | 1,043            | 15,973               |
| Other                                      | 5,052                | 2,894            | 11,863               |
|  | <u>751,954</u>       | <u>1,096,627</u> | <u>280,497</u>       |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)**i. Taxes payable**

|   | December 31,<br>2003 | June 30,<br>2003  | December 31,<br>2002 |
|---|----------------------|-------------------|----------------------|
|   | Pesos                | Pesos             | Pesos                |
| <b>Current</b>                                |                      |                   |                      |
| Accrual for income tax                        | 159,348              | 6,304,357         | 4,277,280            |
| Advances to Income tax                        |                      | (4,669,379)       | (1,433,611)          |
| Tax on Minimum Hypothetical Income (Note 2.p) | 788,336              | (124,503)         | 4,361                |
| Value added tax                               | 7,317                | 45,164            | 304,613              |
| Property tax payable                          | 89,746               | 179,614           | 218,679              |
| Taxes withheld for income tax                 | 35,059               | 45,494            | 23,352               |
| Personal assets tax                           |                      | 148,824           |                      |
| Sales tax payable                             | 170,066              | 169,448           | 15,194               |
| Taxes withheld-Gross sales tax payable        | (87,300)             | (83,328)          | 5,432                |
| Taxes withheld-Value added tax payable        |                      | (134,693)         |                      |
| Other   | 2,084                | 6,455             | 5,644                |
|   | <u>1,164,656</u>     | <u>1,887,453</u>  | <u>3,420,944</u>     |
| <b>Non-current</b>                            |                      |                   |                      |
| Deferred tax                                  | 24,181,231           | 22,749,374        | 24,599,976           |
|   | <u>24,181,231</u>    | <u>22,749,374</u> | <u>24,599,976</u>    |

**j. Other debts**

|   | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>                          |                      |                  |                      |
| Accrual for other expenses (Schedule G) | 52,896               |                  |                      |
| Accrual for Management fees (Note 5)    | 529,129              | 3,204,773        | 3,446,920            |
| Loan to FYO minority shareholders       | 134,196              | 134,196          | 135,135              |
|   | <u>716,221</u>       | <u>3,338,969</u> | <u>3,582,055</u>     |



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)

## k. Financial results

|   | December<br>31,<br>2003     | December<br>31,<br>2002     |
|---|-----------------------------|-----------------------------|
|   | Income                      | Income                      |
|   | (Loss)                      | (Loss)                      |
|   | Pesos                       | Pesos                       |
|   | <u>                    </u> | <u>                    </u> |
| Generated by assets:  |                             |                             |
| Exchange differences and discounts  | 8,195,254                   | (21,071,533)                |
| Interest income   | 122,512                     | 513,634                     |
| Subsidiaries and related companies Law 19,550 Article 33:<br>IRSA Inversiones y Representaciones Sociedad Anónima |                             | 197,372                     |
| Bad debts (Schedule E)  | 29,928                      |                             |
| Reference stabilization index (CER)   | (302,136)                   | 384,310                     |
| Tax on debts and credits  | (472,117)                   | (546,945)                   |
| Holding results   |                             | (1,405,717)                 |
| Holding results and operations of stocks and bonds  |                             |                             |
| Convertible Bonds purchase interest   | 5,846,354                   | 172,208                     |
| Others  | 5,776                       | 235,692                     |
| Inflation adjustment  |                             | (1,453,418)                 |
|   | <u>13,425,571</u>           | <u>(22,974,397)</u>         |
|   | <u>                    </u> | <u>                    </u> |
|   | December<br>31,<br>2003     | December<br>31,<br>2002     |
|   | Income                      | Income                      |
|   | (Loss)                      | (Loss)                      |
|   | Pesos                       | Pesos                       |
|   | <u>                    </u> | <u>                    </u> |
| Generated by liabilities:   |                             |                             |
| Holding results   |                             | 33,134                      |
| Inflation adjustment  |                             | 1,794,408                   |
| Reference stabilization index (CER)   |                             | (419,022)                   |
| Financial expenses  |                             |                             |



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|                                    |                     |                  |
|------------------------------------|---------------------|------------------|
| Convertible Bonds issued interest  | (5,625,121)         | (394,209)        |
| Others                             | (780,902)           | (798,652)        |
| Exchange differences and discounts | (6,307,047)         | 9,729,170        |
|                                    | <u>(12,713,070)</u> | <u>9,944,829</u> |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 5:****ASSETS AND LIABILITIES, CLASSIFIED ACCORDING TO THEIR COLLECTION OR PAYMENT MATURITIES**

## a) Based on their estimated collection or payment term (in pesos)

| Based on their estimated collection<br>or payment term | Current and non-current investment |           |                 | Trade accounts receivable |           |              | Other receivables and prepaid expenses |           |              |
|--|------------------------------------|-----------|-----------------|---------------------------|-----------|--------------|--|-----------|--------------|
|  | December<br>31,                    | June 30,  | December<br>31, | December 31,              | June 30,  | December 31, | December 31,                           | June 30,  | December 31, |
|  | 2003                               | 2003      | 2002            | 2003                      | 2003      | 2002         | 2003                                   | 2003      | 2002         |
| 3rd quarter 2003/2002 financial period                 |                                    |           |                 |                           |           | 12,975,005   |  |           | 2,316,026    |
| 4th quarter 2003/2002 financial period                 |                                    |           | 341,810         |                           |           |              |  |           |              |
| 1st quarter 2004/2003 financial period                 |                                    | 1,422,315 |                 |                           | 6,874,952 |              |  | 2,471,562 |              |
| 2nd quarter 2004/2003 financial period                 |                                    |           |                 |                           |           |              |  | 129,130   | 25,480       |
| 3rd quarter 2004/2003 financial period                 | 1,560,891                          |           |                 | 4,913,228                 |           |              | 3,880,877                              | 505,786   | 495,227      |
| 4th quarter 2004/2003 financial period                 |                                    |           |                 |                           |           |              | 1,618                                  | 250,925   | 151,566      |
| 1st quarter 2005/2004 financial period                 |                                    |           |                 |                           |           |              | 1,642                                  |           |              |
| 2nd quarter 2005/2004 financial period                 |                                    |           |                 |                           |           |              | 1,667                                  |           |              |
| 3rd quarter 2005/2004 financial period                 |                                    |           |                 |                           |           |              | 1,016,118                              | 504,192   | 495,227      |
| 4th quarter 2005/2004 financial period                 |                                    |           |                 |                           |           |              |  |           |              |
| 1st quarter 2006/2005 financial period                 |                                    |           |                 |                           |           |              |  |           |              |
| 2nd quarter 2006/2005 financial period                 |                                    |           |                 |                           |           |              |  |           |              |
| 3rd quarter 2006/2005 financial period                 |                                    |           |                 |                           |           |              |  |           |              |
| 4th quarter 2006/2005 financial period                 |                                    |           |                 |                           |           |              | 781,368                                |           |              |

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|  |                    |                    |                    |                  |                  |                   |                   |                  |                  |
|--|--------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|
| 1st quarter 2007/2006 financial period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 2nd quarter 2007/2006 financial period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 3rd quarter 2007/2006 financial period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 4th quarter 2007/2006 financial period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 2nd quarter 2008/2007 financial period | 146,354,259        | 139,160,243        | 163,632,558        |                  |                  |                   |                   |                  |                  |
| Overdue                                |                    |                    |                    |                  |                  | 25,000            |                   |                  |                  |
| With no stated term                    | 94,917             | 4,037,520          | 16,578,344         | 143,620          |                  |                   | 6,610,759         | 2,912,257        | 1,944,568        |
| <b>Total</b>                           | <b>148,010,067</b> | <b>144,620,078</b> | <b>180,552,712</b> | <b>5,056,848</b> | <b>6,899,952</b> | <b>12,975,005</b> | <b>12,294,049</b> | <b>6,773,852</b> | <b>5,428,094</b> |

b) Assets and liabilities classified according to the interest rate that they accrued (in pesos)

| Interest rate that they accrued | Current and non-current investment |                    |                    | Trade accounts receivable |                  |                   | Other receivables and prepaid expenses |                  |                  |
|---------------------------------|------------------------------------|--------------------|--------------------|---------------------------|------------------|-------------------|--|------------------|------------------|
|                                 | December 31,                       | June 30,           | December 31,       | December 31,              | June 30,         | December 31,      | December 31,                           | June 30,         | December 31,     |
|                                 | 2003                               | 2003               | 2002               | 2003                      | 2003             | 2002              | 2003                                   | 2003             | 2002             |
| At fixed interest rate          | 146,354,259                        | 139,160,243        | 163,632,558        |                           |                  |                   | 2,328,050                              | 1,322,687        | 1,787,924        |
| At variable interest rate       | 94,917                             | 4,037,520          | 16,578,344         |                           |                  |                   | 571,094                                | 277,048          | 178,153          |
| Non-interest bearing            | 1,560,891                          | 1,422,315          | 341,810            | 5,056,848                 | 6,899,952        | 12,975,005        | 9,394,905                              | 5,174,117        | 3,462,017        |
| <b>Total</b>                    | <b>148,010,067</b>                 | <b>144,620,078</b> | <b>180,552,712</b> | <b>5,056,848</b>          | <b>6,899,952</b> | <b>12,975,005</b> | <b>12,294,049</b>                      | <b>6,773,852</b> | <b>5,428,094</b> |

Cresud Sociedad Anónima

Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 5:**

**ASSETS AND LIABILITIES, CLASSIFIED ACCORDING TO THEIR COLLECTION OR PAYMENT MATURITIES**

a) Based on their estimated collection or payment term (in pesos)

|  | Trade accounts payable |                   |                   | Loans         |                   | Salaries and social security payable |               |                   | Taxes payable     |               |                   | Other             |               |
|--|------------------------|-------------------|-------------------|---------------|-------------------|--------------------------------------|---------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
|  | June 30, 2003          | December 31, 2002 | December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003                    | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 |
|  |                        | 16,634,934        |                   |               | 3,090,201         |                                      |               | 280,497           |                   |               | 3,224,426         |                   |               |
|  |                        |                   |                   |               | 354,442           |                                      |               |                   |                   |               |                   |                   |               |
|  | 7,281,456              |                   |                   | 1,425,499     |                   |                                      | 1,083,306     |                   |                   | 1,664,184     |                   |                   | 3,200,000     |
|  |                        |                   |                   |               |                   |                                      | 13,321        |                   |                   | 204,794       | 182,523           |                   |               |
|  | 7,346                  |                   | 1,383,511         |               |                   | 751,954                              |               |                   | 988,183           |               |                   |                   | 582,025       |
|  |                        |                   |                   |               |                   |                                      |               |                   |                   | 2,795         |                   |                   |               |

967

166,317

|       |           |            |             |             |             |         |           |         |            |            |            |         |        |        |
|-------|-----------|------------|-------------|-------------|-------------|---------|-----------|---------|------------|------------|------------|---------|--------|--------|
|       |           |            | 127,670,143 | 137,951,054 | 168,195,964 |         |           |         | 10,156     | 15,680     | 13,995     |         |        |        |
| 4,113 | 46,823    | 67,873     |             |             |             |         |           |         | 24,181,231 | 22,749,374 | 24,599,976 | 134,196 | 13,333 | 13,333 |
| 2,426 | 7,328,279 | 16,702,807 | 129,053,654 | 139,376,553 | 171,640,607 | 751,954 | 1,096,627 | 280,497 | 25,345,887 | 24,636,827 | 28,020,920 | 716,221 | 3,333  | 3,333  |

**b) Assets and liabilities classified according to the interest rate that they accrued (in pesos)**

| Trade accounts payable | Loans | Salaries and social security payable | Taxes payable | Other |
|------------------------|-------|--------------------------------------|---------------|-------|
|------------------------|-------|--------------------------------------|---------------|-------|

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| December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 | December 31, 2002 | December 31, 2003 | June 30, 2003 |
|-------------------|---------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
|                   |               |                   | 127,670,143       | 137,951,054   | 170,856,900       |                   |               |                   |                   |               |                   |                   |               |
| 52,426            | 7,328,279     | 16,702,807        | 1,383,511         | 1,425,499     | 783,707           | 751,954           | 1,096,627     | 280,497           | 25,345,887        | 24,636,827    | 28,020,920        | 716,221           | 3,333,333     |
| 52,426            | 7,328,279     | 16,702,807        | 129,053,654       | 139,376,553   | 171,640,607       | 751,954           | 1,096,627     | 280,497           | 25,345,887        | 24,636,827    | 28,020,920        | 716,221           | 3,333,333     |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria y Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 6: EARNINGS PER SHARE**

Following is a conciliation between the average appraised ordinary stock in circulation and the average appraised diluted ordinary stock. The last one has been determined considering the possibility that the bearers of convertible bonds into company's ordinary stock for up to an amount of US\$ 50,000,000 mentioned in Note 14 of the basic financial statements, exercise their right to convert into stock the titles they bear.

|  | <b>December<br/>31,<br/>2003</b> | <b>December<br/>31,<br/>2002</b> |
|--|----------------------------------|----------------------------------|
| Average appraised stock in circulation                     | 126,260,350                      | 120,204,442                      |
| Conversion of debt bonds                                   |                                  |                                  |
| Average appraised diluted ordinary stock                   | 320,747,007                      | 170,507,213                      |
|  | <b>December<br/>31,<br/>2003</b> | <b>December<br/>31,<br/>2002</b> |
| Earnings for the calculation of basic earnings per share   | 4,762,156                        | 36,104,174                       |
| Exchange differences                                       | 6,351,172                        | (7,739,972)                      |
| Interest   | 5,625,121                        | 351,978                          |
| Income tax   | (4,154,514)                      | 2,585,798                        |
| Earnings for the calculation of diluted earnings per share | 12,583,935                       | 31,301,978                       |
|  | <b>December<br/>31,<br/>2003</b> | <b>December<br/>31,<br/>2002</b> |
| BASIC Earnings per share                                   |                                  |                                  |
| Earnings   | 4,762,156                        | 36,104,174                       |
| Number of shares   | 126,260,350                      | 120,204,442                      |
| Earnings per share   | 0.04                             | 0.30                             |
|  | <b>December<br/>31,<br/>2003</b> | <b>December<br/>31,<br/>2002</b> |

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| <hr/>                      |             |             |
|----------------------------|-------------|-------------|
| DILUTED Earnings per share |             |             |
| Earnings                   | 12,583,935  | 31,301,978  |
| Number of shares           | 320,747,007 | 170,507,213 |
| <hr/>                      |             |             |
| Earnings per share         | 0.04        | 0.18        |
| <hr/>                      |             |             |



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria y Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 7: DATA PER SEGMENT**

As of December 31, 2003:

| Description                       | Crops      | Beed Cattle | Milk       | Others      | Total       |
|-----------------------------------|------------|-------------|------------|-------------|-------------|
| Sales                             | 10,517,868 | 11,819,004  | 1,831,837  | 486,798     | 24,655,507  |
| Assets                            | 93,874,367 | 137,075,954 | 10,086,765 | 352,424,008 | 593,461,094 |
| Liabilities                       | 4,063,420  | 1,783,779   | 9,024      | 156,763,919 | 162,620,142 |
| Fixed asset additions             | 2,291,544  | 453,614     | 66,356     | 230,409     | 3,041,923   |
| Depreciation of fixed assets      | 728,932    | 582,124     | 48,862     | 117,214     | 1,477,132   |
| Amortization of intangible assets |            |             |            | 246,425     | 246,425     |
| Income from related companies     | 514,687    | 218,285     | 70,977     | 1,493,546   | 2,297,495   |

**NOTE 8: SALE OF FARMS**

On July 29, 2003, Inversiones Ganaderas S.A. sold to Las Rejas S.A. three properties owned by it located in the district of Santo Domingo, department of La Paz, Province of Catamarca, with a total area of 5997 hectares, for an amount of US\$ 430,000, fully paid as of the date of execution of the deed. This sale generated a gain of Ps. 583,406 (Pesos Five hundred and eighty three thousand, four hundred and six).

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

**Unaudited Consolidated Fixed Assets**

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1, 2 and 3)

Schedule A

| Principal<br>Amount              | Depreciation                                  |   |  |                               |           |   |                                    |                  |   |  |  |                               |
|----------------------------------|---|---|--|-------------------------------|-----------|---|------------------------------------|------------------|---|--|--|-------------------------------|
|                                  | Value at                                      |   |  | Value at                      |           | Current period  |                                    |                  | Net carrying                                    |  | Net carrying   |                               |
|                                  | the<br>beginning<br>of the<br>period<br>Pesos | Additions<br>and/or<br>transfers<br>Pesos | Deductions<br>and/or<br>transfers<br>Pesos | the end of<br>period<br>Pesos | Rate<br>% | Accumulated<br>at the beginning<br>of the period<br>Pesos | Decrease<br>of the period<br>Pesos | Amount<br>Pesos  | Accumulated<br>at the end of<br>period<br>Pesos | Net<br>carrying<br>value at<br>December<br>31, 2003<br>Pesos | Net<br>carrying<br>value at<br>June 30,<br>2003<br>Pesos | December 31,<br>2002<br>Pesos |
| Real estate                      | 124,332,894                                   | 31,513                                    | 2,397,543                                  | 121,966,864                   |           |   |                                    |                  |   | 121,966,864  | 124,332,894  | 101,693,198                   |
| Wire fences                      | 5,487,465                                     | 1,260                                     |  | 5,488,725                     | 3         | 1,290,600   |                                    | 86,344           | 1,376,944                                       | 4,111,781  | 4,196,865  | 4,264,600                     |
| Watering<br>troughs              | 3,677,240                                     |   |  | 3,677,240                     | 3         | 852,156   |                                    | 89,483           | 941,639   | 2,735,601  | 2,825,084  | 2,914,853                     |
| Alfalfa fields<br>and meadows    | 3,358,824                                     | 336,084                                   | 1,581,013                                  | 2,113,895                     | 12-25-50  | 2,368,752   | 1,393,201                          | 230,706          | 1,206,257                                       | 907,638  | 990,072  | 909,900                       |
| Buildings and<br>constructions   | 5,573,995                                     |   |  | 5,573,995                     | 2         | 1,881,588   |                                    | 48,255           | 1,929,843                                       | 3,644,152  | 3,692,407  | 3,962,421                     |
| Machinery                        | 9,136,628                                     | 10,611                                    | 424,581                                    | 8,722,658                     | 10        | 5,547,697   | 333,677                            | 394,654          | 5,608,674                                       | 3,113,984  | 3,588,931  | 4,396,698                     |
| Vehicles                         | 1,160,475                                     | 96,711                                    | 112,212                                    | 1,144,974                     | 20        | 732,760   | 100,559                            | 94,840           | 727,041   | 417,933  | 427,715  | 417,899                       |
| Tools                            | 192,157                                       | 4,034                                     | 5,917                                      | 190,274                       | 10        | 120,938   | 4,028                              | 7,183            | 124,093   | 66,181   | 71,219   | 74,719                        |
| Furniture and<br>equipment       | 1,099,079                                     | 3,211                                     |  | 1,102,290                     | 10        | 701,722   |                                    | 43,298           | 745,020   | 357,270  | 397,357  | 428,635                       |
| Breeding<br>livestock            | 385,598                                       |   | 251,843                                    | 133,755                       | 20        | 385,598   | 251,843                            |                  | 133,755   |  |  | 879                           |
| Corral and<br>leading lanes      | 624,985                                       | 14,932                                    |  | 639,917                       | 3         | 109,968   |                                    | 10,402           | 120,370   | 519,547  | 515,017  | 497,571                       |
| Roads                            | 1,364,949                                     |   |  | 1,364,949                     | 10        | 717,322   |                                    | 62,463           | 779,785   | 585,164  | 647,627  | 703,775                       |
| Facilities                       | 6,022,694                                     | 21,388                                    | 5,778                                      | 6,038,304                     | 10-20-33  | 2,848,525   |                                    | 311,642          | 3,160,167                                       | 2,878,137  | 3,174,169  | 3,243,014                     |
| Computer<br>equipment            | 1,290,810                                     | 20,349                                    |  | 1,311,159                     | 20        | 966,549   |                                    | 66,397           | 1,032,946                                       | 278,213  | 324,261  | 254,804                       |
| Planes                           | 10,444  |   | 10,444                                     |                               | 10        | 10,444  | 10,444                             |                  |   |  |  |                               |
| Silo plants                      | 1,166,150                                     |   |  | 1,166,150                     | 2         | 252,571   |                                    | 31,465           | 284,036   | 882,114  | 913,579  | 832,707                       |
| Constructions<br>in progress     | 2,331,204                                     | 2,539,057                                 | (5,778)                                    | 4,876,039                     |           |   |                                    |                  |   | 4,876,039  | 2,331,204  | 2,592,516                     |
| Advances to<br>suppliers         | 82,445  |   | 64,614                                     | 17,831                        |           |   |                                    |                  |   | 17,831   | 82,445   | 116,654                       |
| <b>Total at<br/>December 31,</b> | <b>167,298,036</b>                            | <b>3,079,150</b>                          | <b>4,848,167</b>                           | <b>165,529,019</b>            |           | <b>18,787,190</b>   | <b>2,093,752</b>                   | <b>1,477,132</b> | <b>18,170,570</b>                               | <b>147,358,449</b>   |  |                               |

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| 2003                             |             |            |           |             |  |            |           |           |            |  |             |
|----------------------------------|-------------|------------|-----------|-------------|--|------------|-----------|-----------|------------|--|-------------|
| Total at<br>June 30, 2003        | 145,825,463 | 31,208,768 | 9,736,195 | 167,298,036 |  | 17,593,154 | 1,887,815 | 3,081,851 | 18,787,190 |  | 148,510,846 |
| Total at<br>December 31,<br>2002 | 145,839,547 | 860,498    | 1,105,606 | 145,594,439 |  | 17,594,930 | 794,177   | 1,488,843 | 18,289,596 |  | 127,304,843 |

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

**Unaudited Consolidated Intangible Assets**

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1, 2, and 3)

Schedule B

| Principal Account          | Value at the beginning of the period<br>Pesos | Additions<br>Pesos | Deductions<br>Pesos | Value at the end of period<br>Pesos | Amortization                                    |                | Accumulated at the end of period<br>Pesos | Net carrying value at December 31, 2003<br>Pesos | Net carrying value at June 30, 2003<br>Pesos | Net carrying value at December 31, 2002<br>Pesos |                 |
|----------------------------|---|--------------------|---------------------|-------------------------------------|---|----------------|---|--|--|--|-----------------|
|                            |   |                    |                     |                                     | Accumulated at the beginning of period<br>Pesos | Current period |   |  |  |  |                 |
|                            |   |                    |                     |                                     |   | Rate<br>%      |   |  |  |  | Amount<br>Pesos |
| Development expenditures   | 1,410,368                                     |                    |                     | 1,410,368                           | 1,057,774                                       | 33.33          | 235,062                                   | 1,292,836  | 117,532                                      | 352,593  | 587,713         |
| Brands and patents         | 18,938  |                    |                     | 18,938                              | 1,895   |                | 11,363                                    | 13,258   | 5,680  | 17,044   | 18,941          |
| Total at December 31, 2003 | 1,429,306                                     |                    |                     | 1,429,306                           | 1,059,669                                       |                | 246,425                                   | 1,306,094  | 123,212                                      |  |                 |
| Total at June 30, 2003     | 1,429,306                                     |                    |                     | 1,429,306                           | 587,653   |                | 472,016                                   | 1,059,669  |  | 369,637  |                 |
| Total at December 31, 2002 | 1,429,446                                     |                    |                     | 1,429,446                           | 587,710   |                | 235,082                                   | 822,792  |  |  | 606,654         |

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

**Unaudited Consolidated Investments**

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1, 2, and 3)

Schedule C

**INFORMATION ON THE ISSUER**

| Type and characteristics<br>of the securities | Amount  | Value at<br>December 31,<br>2003<br>Pesos | Value at<br>June 30,<br>2003<br>Pesos | Value at<br>December 31,<br>2002<br>Pesos | Market<br>value | Principal<br>activity | Latest financial statements |                                      |                              |
|---|---------|---|---------------------------------------|---|-----------------|-----------------------|-----------------------------|--------------------------------------|------------------------------|
|   |         |   |                                       |   |                 |                       | Capital<br>Pesos            | Income<br>for the<br>period<br>Pesos | Shareholders<br>Equity Pesos |
| <b>Current Investments</b>                    |         |   |                                       |   |                 |                       |                             |                                      |                              |
| Mutual Funds                                  |         |   |                                       |   |                 |                       |                             |                                      |                              |
| ABN AMRO in pesos                             |         |   | 2,888,061                             |   |                 |                       |                             |                                      |                              |
| Fondo Citi Funds in<br>dollars                |         |   |                                       | 16,490,032                                |                 |                       |                             |                                      |                              |
| Fondo Letes Banco<br>Francés                  |         |   |                                       | 1,068                                     |                 |                       |                             |                                      |                              |
| Fondo especial Banco Río<br>in pesos          |         |   | 1,042,426                             | 2,799                                     |                 |                       |                             |                                      |                              |
| Fondo plazo fijo Banco<br>Río in dollars      | 1,778   | 3,999                                     | 3,940                                 |   | 2,249,156       |                       |                             |                                      |                              |
| Fondo Letes Banco Río                         |         |   |                                       | 2,946                                     |                 |                       |                             |                                      |                              |
|   |         | 3,999                                     | 3,934,427                             | 16,496,845                                |                 |                       |                             |                                      |                              |
| <b>Notes and Convertible<br/>Bonds</b>        |         |   |                                       |   |                 |                       |                             |                                      |                              |
| Convertible Bonds 2007 -<br>IRSA              |         | 1,560,891                                 | 1,422,315                             | 341,810                                   |                 |                       |                             |                                      |                              |
| Bonos Global 2010                             | 110,000 | 90,288                                    | 102,463                               | 81,499                                    | 0.820800        |                       |                             |                                      |                              |
| Bocon Pro 1                                   | 157,647 | 630                                       | 630                                   |   | 0.003996        |                       |                             |                                      |                              |
|   |         | 1,651,809                                 | 1,525,408                             | 423,309                                   |                 |                       |                             |                                      |                              |
| Total current investments                     |         | 1,655,808                                 | 5,459,835                             | 16,920,154                                |                 |                       |                             |                                      |                              |

**Non-current  
investments**

**Related companies Law  
19,550. Article 33**

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|   |            |                     |                     |                     |          |  |             |            |             |
|---|------------|---------------------|---------------------|---------------------|----------|--|-------------|------------|-------------|
| <b>AGRO-URANGA S.A.</b>                                   |            |                     |                     |                     | unlisted | Agricultural and livestock   | 2,500,000   | 1,981,819  | 12,447,201  |
| Shares  | 893,069    | 4,313,051           | 4,971,181           | 4,182,229           |          |  |             |            |             |
| Contribution on account of future subscriptions of shares |            | 7,865               | 7,865               | 7,865               |          |  |             |            |             |
| Higher value of property                                  |            | 11,179,150          | 11,179,150          | 11,179,150          |          |  |             |            |             |
|   |            | <u>15,500,066</u>   | <u>16,158,196</u>   | <u>15,369,244</u>   |          |  |             |            |             |
| <b>CACTUS ARGENTINA S.A.</b>                              |            |                     |                     |                     | unlisted | Exploitation and administration of agricultural and beef cattle products | 1,300,000   | 389,740    | 6,145,287   |
| Shares  | 650,000    | 937,025             | 742,155             | 786,074             |          |  |             |            |             |
| Contribution on account of future subscriptions of shares |            | 2,135,618           | 2,135,618           | 2,135,618           |          |  |             |            |             |
|   |            | <u>3,072,643</u>    | <u>2,877,773</u>    | <u>2,921,692</u>    |          |  |             |            |             |
| <b>IRSA Inversiones y Representaciones S.A.</b>           |            |                     |                     |                     | listed   | Real state   | 229,289,058 | 32,413,000 | 872,050,000 |
| Shares  | 50,106,350 | 190,567,676         | 183,285,586         | 166,836,521         |          |  |             |            |             |
|   |            | <u>190,567,676</u>  | <u>183,285,586</u>  | <u>166,836,521</u>  |          |  |             |            |             |
| Subtotal  |            | <u>209,140,385</u>  | <u>202,321,555</u>  | <u>185,127,457</u>  |          |  |             |            |             |
| <b>Other Investments</b>                                  |            |                     |                     |                     |          |  |             |            |             |
| Convertible Bonds 2007 -                                  |            |                     |                     |                     |          |  |             |            |             |
| IRSA  | 49,943,188 | 146,333,542         | 139,139,526         | 163,632,558         |          |  |             |            |             |
| Coprolán  |            | 20,717              | 20,717              | 20,717              | unlisted |  |             |            |             |
| Subtotal  |            | <u>146,354,259</u>  | <u>139,160,243</u>  | <u>163,653,275</u>  |          |  |             |            |             |
| <b>Goodwill</b>   |            |                     |                     |                     |          |  |             |            |             |
| Goodwill  |            | 989,514             | 1,319,353           | 1,649,351           |          |  |             |            |             |
| IRSA negative goodwill                                    |            | (20,921,124)        | (20,666,951)        | (20,501,541)        |          |  |             |            |             |
| Subtotal  |            | <u>(19,931,610)</u> | <u>(19,347,598)</u> | <u>(18,852,190)</u> |          |  |             |            |             |
| Total non-current investments                             |            | <u>335,563,034</u>  | <u>322,134,200</u>  | <u>329,928,542</u>  |          |  |             |            |             |

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

**Unaudited Consolidated Allowances and Provisions**

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1, 2, and 3 )

Schedule E

| <b>Item</b>                | <b>Opening balances</b> | <b>Increases</b> | <b>Deductions<br/>(1)</b> | <b>Inflation<br/>adjustment</b> | <b>Value at<br/>December 31,<br/>2003</b> | <b>Value at<br/>June 30,<br/>2003</b> | <b>Value at<br/>December 31,<br/>2002</b> |
|----------------------------|-------------------------|------------------|---------------------------|---------------------------------|---|---------------------------------------|---|
|                            | <b>Pesos</b>            | <b>Pesos</b>     | <b>Pesos</b>              | <b>Pesos</b>                    | <b>Pesos</b>                              | <b>Pesos</b>                          | <b>Pesos</b>                              |
| <b>Deducted from asset</b> |                         |                  |                           |                                 |   |                                       |   |
| Defaulting debtors         | 479,125                 |                  | (29,928)                  |                                 | 449,197                                   | 479,125                               | 639,959                                   |
| Total at December 31, 2003 | 479,125                 |                  | (29,928)                  |                                 | 449,197                                   |                                       |   |
| Total at June 30, 2003     | 802,934                 | 50,000           | (286,146)                 | (87,663)                        |   | 479,125                               |   |
| Total at December 31, 2002 | 764,859                 |                  | (79,908)                  | (44,992)                        |   |                                       | 639,959                                   |

(1) The accounting appropriation is included in Note 4.k.

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

**Unaudited Consolidated Cost of sales**

For the periods ended December 31, 2003 and 2002

(Notes 1, 2, and 3)

Schedule F

|        | Crops                |                      | Beef cattle          |                      | Milk                 |                      | Others               |                      | Total                |                      |
|--------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|        | December 31,<br>2003 | December 31,<br>2002 | December 31,<br>2003 | December 31,<br>2002 | December 31,<br>2003 | December 31,<br>2002 | December 31,<br>2003 | December 31,<br>2002 | December 31,<br>2003 | December 31,<br>2002 |
|        | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                |
| at the |                      |                      | 48,619,300           | 35,474,964           | 2,294,684            | 1,467,703            |                      |                      | 50,913,984           | 36,942,667           |
| the    | 6,301,776            | 25,224,842           |                      |                      |                      |                      |                      |                      | 6,301,776            | 25,224,842           |
|        | 1,112,230            | 835,369              |                      |                      |                      |                      |                      |                      | 1,112,230            | 835,369              |
| crops  |                      |                      | 112,517              | 295,144              | 58,969               | 115,446              |                      |                      | 171,486              | 410,590              |
| lder   | 1,222,255            | 2,749,643            |                      |                      | 33,362               | 51,738               | 246,069              | 293,406              | 1,501,686            | 3,094,787            |
|        | 8,636,261            | 28,809,854           | 48,731,817           | 35,770,109           | 2,387,015            | 1,834,887            | 246,069              | 293,406              | 60,001,162           |                      |
| ts     |                      |                      | 1,107,212            | 12,666,177           | 229,450              | 594,241              |                      |                      | 1,336,662            |                      |
| s      | 753,010              | (894,855)            |                      |                      |                      |                      |                      |                      | 753,010              |                      |
|        | (164,529)            | (93,190)             | (31,252)             | (35,157)             |                      |                      |                      |                      | (195,781)            |                      |
|        | (35,860)             | (11,390)             |                      |                      |                      |                      | (1,367)              | (381)                | (37,227)             |                      |
| crops  | (2,783,694)          | (2,613,377)          | (149,777)            | (236,421)            | (204,552)            | (124,038)            | (283,890)            | (250,808)            | (3,421,913)          |                      |
|        | 11,876,012           | 12,553,034           | 139,734              | 187,178              | (139,734)            | (187,178)            | 277,057              | 291,138              | 16,817,923           |                      |
|        | 3,397,918            | 3,703,455            | 6,765,873            | 3,475,779            | 933,330              | 683,699              | 651,479              | 583,458              | 11,748,800           |                      |
| at the |                      |                      | (51,714,262)         | (51,586,417)         | (3,253,971)          | (1,900,561)          |                      |                      | (54,968,133)         | (53,486,978)         |
| riod   | (3,782,649)          | (2,491,151)          |                      |                      |                      |                      |                      |                      | (3,782,649)          | (2,491,151)          |



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|       |             |              |           |           |          |          |           |           |             |              |             |
|-------|-------------|--------------|-----------|-----------|----------|----------|-----------|-----------|-------------|--------------|-------------|
| crops | (9,374,173) | (10,675,150) |           |           |          |          |           |           | (9,374,173) | (10,675,150) |             |
| lder  |             |              | (62,725)  | (62,554)  | (76,619) | (50,617) |           |           | (139,344)   | (113,171)    |             |
|       | (1,378,359) | (2,021,017)  |           | (23,091)  | (42,704) | (36,828) | (217,351) | (241,967) | (1,638,414) | (69,902,713) | (2,322,903) |
|       | 7,143,937   | 26,266,213   | 8,887,513 | 1,466,188 | 396,276  | 725,482  | 671,997   | 674,844   |             | 17,099,723   |             |

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

**Unaudited Consolidated Foreign currency assets and liabilities**

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1, 2, and 3 )

Schedule G

| Item                                    | December 31, 2003                   |                             |                                | June 30, 2003                       |                                | December 31, 2002                   |                                |
|---|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|   | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |
| <b>Current Asset</b>                    |                                     |                             |                                |                                     |                                |                                     |                                |
| Cash and banks                          | US\$ 6,599,731                      | 2.88                        | 19,007,224                     | US\$ 5,781,624                      | 15,610,384                     | US\$ 3,681,031                      | 12,121,230                     |
| Investments:                            |                                     |                             |                                |                                     |                                |                                     |                                |
| Mutual funds                            | US\$ 1,389                          | 2.88                        | 3,999                          | US\$ 1,459                          | 3,938                          | US\$ 5,007,769                      | 16,490,032                     |
| Convertible Bonds 2007 - IRSA           | US\$ 541,976                        | 2.88                        | 1,560,891                      | US\$ 507,970                        | 1,422,315                      | US\$ 103,802                        | 341,810                        |
| Trade accounts receivable               |                                     |                             |                                |                                     |                                |                                     |                                |
| Accounts receivable                     | US\$ 22,653                         | 2.88                        | 65,242                         | US\$ 748,238                        | 2,020,242                      | US\$ 3,053,299                      | 10,054,177                     |
| Other receivables and prepaid expenses: |                                     |                             |                                |                                     |                                |                                     |                                |
| Secured by mortgages                    | US\$ 368,726                        | 2.88                        | 1,061,931                      | US\$                                |                                | US\$                                |                                |
| Guarantee deposits                      | US\$ 502,324                        | 2.88                        | 1,446,694                      | US\$ 252,603                        | 682,027                        | US\$ 191,306                        | 562,488                        |
| <b>Non-Current Asset</b>                |                                     |                             |                                |                                     |                                |                                     |                                |
| Other receivables and prepaid expenses: |                                     |                             |                                |                                     |                                |                                     |                                |
| Secured by mortgages                    | US\$ 350,000                        | 2.88                        | 1,008,000                      | US\$                                |                                | US\$                                |                                |
| Investments:                            |                                     |                             |                                |                                     |                                |                                     |                                |
| Convertible Bonds 2007 - IRSA           | US\$ 49,943,188                     | 2.93                        | 146,333,542                    | US\$ 49,692,688                     | 139,139,526                    | US\$ 49,692,688                     | 163,632,558                    |
| <b>Total Asset</b>                      | <b>US\$ 58,329,987</b>              |                             | <b>170,487,523</b>             | <b>US\$ 56,984,582</b>              | <b>158,878,432</b>             | <b>US\$ 61,729,895</b>              | <b>203,202,295</b>             |
| <b>Current liabilities</b>              |                                     |                             |                                |                                     |                                |                                     |                                |
| Debts:                                  |                                     |                             |                                |                                     |                                |                                     |                                |
| Suppliers                               | US\$ 327,241                        | 2.93                        | 958,815                        | US\$ 155,871                        | 436,439                        | US\$ 2,766,456                      | 9,388,219                      |
| Accrual for other expenses              | US\$ 155,191                        | 2.93                        | 454,710                        | US\$ 168,608                        | 472,102                        | US\$ 687,492                        | 2,333,066                      |
| Loans:                                  |                                     |                             |                                |                                     |                                |                                     |                                |
| Convertible Bonds 2007                  | US\$ 472,188                        | 2.93                        | 1,383,511                      | US\$ 509,107                        | 1,425,499                      | US\$ 104,445                        | 354,442                        |
| <b>Non-current liabilities</b>          |                                     |                             |                                |                                     |                                |                                     |                                |

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Loans:

|                          |                        |      |                    |                        |                    |                        |                    |
|--------------------------|------------------------|------|--------------------|------------------------|--------------------|------------------------|--------------------|
| Convertible Bonds 2007   | US\$ 44,267,630        | 2.93 | 129,704,156        | US\$ 49,803,916        | 139,450,965        | US\$ 50,000,000        | 169,679,500        |
| <b>Total Liabilities</b> | <b>US\$ 45,222,250</b> |      | <b>132,501,192</b> | <b>US\$ 50,637,502</b> | <b>141,785,005</b> | <b>US\$ 53,558,393</b> | <b>181,755,227</b> |

US\$: US dollars

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

Unaudited Consolidated Information submitted in compliance with Section 64, subsection B of Law N° 19,550

For the periods ended December 31, 2003 and 2002

(Notes 1, 2, and 3)

Schedule H

| Items                              | Total                | Operating Expenses |           |           |         |         | Expenses  |                | Total<br>December 31,<br>2002 |
|------------------------------------|----------------------|--------------------|-----------|-----------|---------|---------|-----------|----------------|-------------------------------|
|                                    | December 31,<br>2003 | Beef               |           |           |         |         | Selling   | Administrative |                               |
|                                    | Pesos                | Total              | Crops     | cattle    | Milk    | Others  |           |                |                               |
| Directors fees                     | 3,730                |                    |           |           |         |         |           | 3,730          | 50,747                        |
| Fees and payments for services     | 703,149              | 174,876            | 50,788    | 87,862    | 4,500   | 31,726  |           | 528,273        | 461,731                       |
| Salaries and wages                 | 3,508,643            | 1,354,032          | 260,260   | 802,487   | 148,420 | 142,865 | 18,210    | 2,136,401      | 1,702,099                     |
| Social security contributions      | 438,033              | 212,803            | 65,634    | 105,949   | 9,037   | 32,183  | 3,997     | 221,233        | 321,753                       |
| Taxes, rates and contributions     | 219,284              | 199,550            | 58,735    | 112,865   | 12,388  | 15,562  |           | 19,734         | 124,377                       |
| Gross sales taxes                  | 288,287              |                    |           |           |         |         | 288,287   |                | 323,627                       |
| Office and administrative expenses | 145,114              | 60,939             |           | 3,655     |         | 57,284  |           | 84,175         | 209,303                       |
| Bank commissions and expenses      | 22,107               | 16,150             | 2,988     | 6,810     | 163     | 6,189   |           | 5,957          | 27,935                        |
| Depreciation of fixed assets       | 1,477,132            | 1,397,490          | 682,153   | 576,440   | 113,200 | 25,697  |           | 79,642         | 1,488,843                     |
| Vehicle and travelling expenses    | 251,604              | 161,361            | 63,699    | 81,637    | 8,096   | 7,929   | 2,555     | 87,688         | 216,428                       |
| Spare parts and repairs            | 521,117              | 521,117            | 228,531   | 249,162   | 42,362  | 1,062   |           |                | 331,876                       |
| Insurance                          | 161,495              | 16,378             | 7,176     | 7,899     | 552     | 751     |           | 145,117        | 179,505                       |
| Employees maintenance              | 79,853               | 71,853             | 15,213    | 50,182    | 2,929   | 3,529   |           | 8,000          | 73,217                        |
| Amortization of intangible assets  | 246,425              | 246,425            |           |           |         | 246,425 |           |                | 235,082                       |
| Livestock expenses                 | 5,110,644            | 4,455,896          |           | 4,455,896 |         |         | 654,748   |                | 2,270,505                     |
| Dairy farm expenses                | 584,715              | 584,715            |           |           | 584,715 |         |           |                | 476,055                       |
| Agricultural expenses              | 3,040,597            | 1,833,717          | 1,833,717 |           |         |         | 1,206,880 |                | 3,553,075                     |
| Silo expenses                      | 123,395              | 123,395            | 123,395   |           |         |         |           |                | 100,588                       |
| Coal expenses                      | 8,060                | 1,747              |           |           |         | 1,747   | 6,313     |                | 23,492                        |
| Firewood expenses                  | 338                  |                    |           |           |         |         | 338       |                | 11,717                        |
| FyO expenses                       | 76,680               | 65,981             |           |           |         | 65,981  | 10,699    |                | 28,325                        |
| General expenses                   | 250,237              | 250,175            | 5,629     | 225,029   | 6,968   | 12,549  |           | 62             | 170,581                       |

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|                            |            |            |           |           |         |         |           |           |            |
|----------------------------|------------|------------|-----------|-----------|---------|---------|-----------|-----------|------------|
| Contributions and services |            |            |           |           |         |         |           |           | 5,637      |
| Total at December 31, 2003 | 17,260,639 | 11,748,600 | 3,397,918 | 6,765,873 | 933,330 | 651,479 | 2,192,027 | 3,320,012 |            |
| Total at December 31, 2002 |            | 8,446,389  | 3,703,455 | 3,475,779 | 683,699 | 583,456 | 2,283,481 | 1,656,628 | 12,386,498 |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Balance Sheet as at December 31, 2003, June 30, 2003 and December 31, 2002

|  | December 31, 2003        | June 30, 2003        | December 31, 2002        |
|--|--------------------------|----------------------|--------------------------|
|  | (Notes 1 and 2)          | (Notes 1 and 2)      | (Notes 1 and 2)          |
|  | Pesos                    | Pesos                | Pesos                    |
| <b>ASSETS</b>                                      |                          |                      |                          |
| <b>Current Assets</b>                              |                          |                      |                          |
| Cash and banks (Note 8.a.)                         | 19,903,682               | 16,804,920           | 14,725,941               |
| Investments (Note 8.b.)                            | 1,655,808                | 5,459,835            | 16,920,154               |
| Trade accounts receivable (Note 8.c.)              | 3,941,177                | 6,216,651            | 12,575,846               |
| Other receivables and prepaid expenses (Note 8.d.) | 10,672,132               | 6,132,962            | 2,762,359                |
| Inventories (Note 8.e.)                            | 31,429,530               | 22,086,691           | 32,781,226               |
| <b>Total Current Assets</b>                        | <b>67,602,329</b>        | <b>56,701,059</b>    | <b>79,765,526</b>        |
| <b>Non-Current Assets</b>                          |                          |                      |                          |
| Other receivables and prepaid expenses (Note 8.d.) | 1,789,368                | 504,192              | 2,327,819                |
| Inventories (Note 8.e.)                            | 35,852,040               | 34,947,790           | 34,429,411               |
| Investments (Note 8.b.)                            | 220,366,049              | 213,361,465          | 196,486,515              |
| Other investments (Note 8.b.)                      | 146,354,259              | 139,160,243          | 163,653,275              |
| Fixed assets, net (Schedule A)                     | 141,427,910              | 141,882,382          | 120,588,968              |
| <b>Subtotal Non-Current Assets</b>                 | <b>545,789,626</b>       | <b>529,856,072</b>   | <b>517,485,988</b>       |
| Goodwill (Note 8.b.)                               | (19,931,610)             | (19,347,598)         | (18,852,190)             |
| <b>Total Non-Current Assets</b>                    | <b>525,858,016</b>       | <b>510,508,474</b>   | <b>498,633,798</b>       |
| <b>Total Assets</b>                                | <b>593,460,345</b>       | <b>567,209,533</b>   | <b>578,399,324</b>       |
|  | <b>December 31, 2003</b> | <b>June 30, 2003</b> | <b>December 31, 2002</b> |
|  | (Notes 1 and 2)          | (Notes 1 and 2)      | (Notes 1 and 2)          |
|  | Pesos                    | Pesos                | Pesos                    |
| <b>LIABILITIES</b>                                 |                          |                      |                          |
| <b>Current Liabilities</b>                         |                          |                      |                          |
| <b>Debts:</b>                                      |                          |                      |                          |
| Trade accounts payable (Note 8.f.)                 | 5,995,956                | 7,225,215            | 16,474,155               |
| Loans (Note 8.g.)                                  | 1,383,511                | 1,425,499            | 3,444,643                |
| Salaries and social security payable (Note 8.h.)   | 689,109                  | 1,052,445            | 266,528                  |
| Taxes payable (Note 8.i.)                          | 959,654                  | 1,769,547            | 3,207,143                |
| Other debts (Note 8.j.)                            | 2,913,384                | 4,108,839            | 4,172,908                |

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|   |             |             |             |
|---|-------------|-------------|-------------|
| <b>Total Debts</b>  | 11,941,614  | 15,581,545  | 27,565,377  |
| <b>Total Current Liabilities</b>                            | 11,941,614  | 15,581,545  | 27,565,377  |
| <b>Non-Current Liabilities</b>                              |             |             |             |
| Taxes payable (Note 8.i.)                                   | 23,111,814  | 21,877,809  | 23,605,620  |
| Loans (Note 8.g.)   | 127,670,143 | 137,951,054 | 168,195,964 |
| Other debts (Note 8.j.)                                     |             |             | 232,062     |
| <b>Total Non-Current Liabilities</b>                        | 150,781,957 | 159,828,863 | 192,033,646 |
| <b>Total liabilities</b>                                    | 162,723,571 | 175,410,408 | 219,599,023 |
| <b>SHAREHOLDERS EQUITY</b> (as per corresponding statement) | 430,736,774 | 391,799,125 | 358,800,301 |
| <b>Total Liabilities and Shareholders Equity</b>            | 593,460,345 | 567,209,533 | 578,399,324 |

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

Saúl Zang

Vice-Chairman

in charge of the Presidency

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Income Statement

For the periods ended December 31, 2003 and 2002

|  | December 31, 2003<br>(Notes 1 and 2) | December 31, 2002<br>(Notes 1 and 2) |
|--|--------------------------------------|--------------------------------------|
|  | Pesos                                | Pesos                                |
| Sales  |                                      |                                      |
| Crops  | 10,517,868                           | 31,360,919                           |
| Beef cattle                                    | 11,071,481                           | 6,541,897                            |
| Milk   | 1,831,837                            | 1,114,314                            |
| Other  | 98,775                               | 37,973                               |
| <b>Total Sales</b>                             | <b>23,519,961</b>                    | <b>39,055,103</b>                    |
| Cost of sales (Schedule F)                     |                                      |                                      |
| Crops  | (7,143,937)                          | (26,266,213)                         |
| Beef cattle                                    | (8,386,427)                          | (955,018)                            |
| Milk   | (396,276)                            | (725,482)                            |
| Other  | (1,418)                              | (2,671)                              |
| <b>Total cost of sale</b>                      | <b>(15,928,058)</b>                  | <b>(27,949,384)</b>                  |
| <b>Gross income</b>                            | <b>7,591,903</b>                     | <b>11,105,719</b>                    |
| Selling expenses (Schedule H)                  | (2,102,952)                          | (2,209,660)                          |
| Administrative expenses (Schedule H)           | (3,236,153)                          | (1,600,794)                          |
| Net gain on sale of farms                      | 1,085,345                            |                                      |
| Gain from inventory holdings (Schedule F)      | 1,240,082                            | 12,213,955                           |
| <b>Operating income</b>                        | <b>4,578,225</b>                     | <b>19,509,220</b>                    |
| Financial Results (Note 8.k.)                  |                                      |                                      |
| Financial gain (loss) generated by assets      | 13,414,757                           | (22,847,520)                         |
| Financial (loss) gain generated by liabilities | (12,748,247)                         | 9,891,646                            |
| Other expenses:                                |                                      |                                      |
| Gains from others fixed assets sales           | 251,561                              | 39,684                               |
| Donations                                      |                                      | (1,538,628)                          |
| Others   | 1,656                                | (141,947)                            |
| Gain from related companies                    | 2,483,250                            | 41,890,167                           |
| Management fees (Note 5)                       | (529,129)                            | (3,419,171)                          |
| <b>Income before income tax</b>                | <b>7,452,073</b>                     | <b>43,383,451</b>                    |
| Income tax expense (Note 6)                    | (2,689,917)                          | (7,279,277)                          |



|                                  |                  |                   |
|----------------------------------|------------------|-------------------|
| <b>Net income for the period</b> | <b>4,762,156</b> | <b>36,104,174</b> |
|----------------------------------|------------------|-------------------|

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

Saúl Zang  
Vice-Chairman  
in charge of the Presidency

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

**Unaudited Statement of Changes in Shareholders' Equity**

For the periods ended December 31, 2003 and 2002

(Notes 1 and 2)

| Items  | Shareholders' contributions          |  |  |                             |                |                           |                               | Total at<br>December 31,<br>2003<br>Pesos | Total at<br>December 31,<br>2002<br>Pesos |
|--|--------------------------------------|--|--|-----------------------------|----------------|---------------------------|-------------------------------|---|---|
|  | Common<br>stock<br>(Note 3)<br>Pesos | Treasury<br>stock<br>(Note 3)<br>Pesos | Inflation<br>adjustment<br>of Common<br>stock<br>Pesos | Paid-in<br>capital<br>Pesos | Total<br>Pesos | Legal<br>reserve<br>Pesos | Retained<br>earnings<br>Pesos |   |   |
|  |                                      |  |  |                             |                |                           |                               |   |   |
|  |                                      |  |  |                             |                |                           |                               |   |   |
| Balances at the beginning of the period  | 124,098,095                          | 572,437                                | 166,218,124  | 89,991,775                  | 380,880,431    | 5,833,163                 | 5,085,531                     | 391,799,125                               | 322,617,118                               |
| Subscription of incentive plan (Note 12)   | 319,437                              | (319,437)                              |  |                             |                |                           | 319,437                       | 319,437                                   | 79,009                                    |
| Conversion of bonds in common stock (Note 13)                                      | 10,902,481                           |  |  | 5,195,501                   | 16,097,982     |                           |                               | 16,097,982                                |   |
| Exercise of Warrants   | 10,801,332                           |  |  | 8,456,742                   | 19,258,074     |                           |                               | 19,258,074                                |   |
| Appropriation of profits resolved by Shareholders Meeting held on October 31, 2003 |                                      |  |  |                             |                |                           |                               |   |   |
| Increase in legal reserve  |                                      |  |  |                             |                | 254,277                   | (254,277)                     |   |   |
| Cash dividends   |                                      |  |  |                             |                |                           | (1,500,000)                   | (1,500,000)                               |   |
| Net income for the period  |                                      |  |  |                             |                |                           | 4,762,156                     | 4,762,156                                 | 36,104,174                                |
| Balances at December 31, 2003  | 146,121,345                          | 253,000                                | 166,218,124  | 103,644,018                 | 416,236,487    | 6,087,440                 | 8,412,847                     | 430,736,774                               |   |
| Balances at December 31, 2002  | 120,227,102                          | 4,057,290                              | 166,239,698  | 89,791,545                  | 380,315,635    | 5,833,596                 | (27,348,930)                  |   | 358,800,301                               |

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

Saúl Zang

Vice-Chairman

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## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Cash Flow Statement

For the periods ended December 31, 2003 and 2002

|   | December 31, 2003<br>(Notes 1 and 2) | December 31, 2002<br>(Notes 1 and 2) |
|---|--------------------------------------|--------------------------------------|
|   | Pesos                                | Pesos                                |
| <b>Changes in funds</b>   |                                      |                                      |
| Funds at the beginning of the period  | 20,739,347                           | 44,184,079                           |
| Funds at the end of the period  | 19,907,681                           | 31,218,772                           |
| Net decrease in funds   | (831,666)                            | (12,965,307)                         |
| <b>Causes of changes in funds</b>   |                                      |                                      |
| <b>Operations activities</b>  |                                      |                                      |
| Income for the period   | 4,762,156                            | 36,104,174                           |
| Liabilities interest  | 5,625,120                            | 874,322                              |
| Income tax  | 2,478,164                            | 7,279,277                            |
| <b>Adjustments made to reach net cash flow from operations activities</b>       |                                      |                                      |
| Results from interest in controlled and related companies                       | (2,483,250)                          | (41,890,167)                         |
| Increase in allowances and reserves   | 2,306,749                            | 4,591,002                            |
| Amortization and depreciation   | 1,358,544                            | 1,409,653                            |
| Results from inventory holdings   | (1,240,082)                          | (12,213,955)                         |
| Financial results   | (4,677,012)                          | 2,177,024                            |
| Result from sale of fixed assets  | (1,336,906)                          | (39,684)                             |
| <b>Changes in operating assets and liabilities</b>                              |                                      |                                      |
| Decrease in current investments   | 5,707,778                            |                                      |
| Decrease in trade accounts receivable   | 486,106                              | 4,368,705                            |
| (Increase) decrease in other receivables  | (3,119,130)                          | 4,795,316                            |
| (Increase) decrease in inventories  | (9,044,234)                          | 9,897,184                            |
| Decrease in social securities charges & taxes payable and advances to customers | (3,198,756)                          | (5,887,743)                          |
| Decrease in trade accounts payable  | (3,536,008)                          | (526,981)                            |
| Dividends collected   | 1,104,139                            | 685,411                              |
| Decrease in other liabilities   | (1,195,455)                          | (2,163,528)                          |
| <b>Net funds (applied to) provided by operations</b>                            | <b>(6,002,077)</b>                   | <b>9,460,010</b>                     |
| <b>Investment activities</b>  |                                      |                                      |
| Increase in permanent investments   | (1,199,672)                          | (177,691,603)                        |
| Increase in interest in related companies                                       | (5,204,531)                          | (17,184,676)                         |
| Acquisition and upgrading of fixed assets                                       | (3,043,197)                          | (831,407)                            |
| Sale of fixed assets  | 3,513,258                            | 342,327                              |
| <b>Net funds applied to investment activities</b>                               | <b>(5,934,142)</b>                   | <b>(195,365,359)</b>                 |

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|   |                   |                     |
|---|-------------------|---------------------|
| <b><u>Financing activities</u></b>  |                   |                     |
| Exercise of Warrants  | 19,258,074        |                     |
| Dividends paid  | (1,500,000)       |                     |
| Exercise of rights offering on treasury stock                                       | 319,437           | 79,009              |
| Increase in financial loans   |                   | 180,970,530         |
| Decrease in financial loans   | (5,667,108)       | (6,587,851)         |
| Issuance expenses of Convertible Bonds  | (1,305,850)       | (1,521,646)         |
|   | <hr/>             | <hr/>               |
| <b>Net funds provided by financing activities</b>                                   | <b>11,104,553</b> | <b>172,940,042</b>  |
|   | <hr/>             | <hr/>               |
| <b><u>Net decrease in funds</u></b>   | <b>(831,666)</b>  | <b>(12,965,307)</b> |
|   | <hr/>             | <hr/>               |
| <b><u>Items not involving changes in funds</u></b>                                  |                   |                     |
| Transfer of inventory to fixed assets   | 37,227            | 11,771              |
| Repayment of financial loans through issue of stock by exercise of conversion right | 16,097,982        |                     |
|   | <hr/>             | <hr/>               |

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

Saúl Zang

Vice-Chairman

in charge of the Presidency

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Notes to the Unaudited Financial Statements**

For the periods ended on December 31, 2003 and 2002

**NOTE 1: STANDARDS ACCOUNTING**

a. Presentation standards

These financial statements are stated in Argentine pesos, and have been prepared in accordance with the disclosure and valuation accounting standards contained in the Technical Resolutions issued by the Argentine Federation of Professional Councils in Economic Sciences, as approved, with certain amendments, by the Professional Council of Economic Sciences of the City of Buenos Aires and the Argentine Securities Commission.

b. Accounting for inflation

The Company's financial statements have been prepared in accordance with Resolution M.D. 3/02 of the Professional Council of Economic Sciences of the City of Buenos Aires, which has established the application of Technical Resolution No. 6, as amended by Technical Resolution No. 19 of the Argentine Federation of Professional Councils in Economic Sciences, as from fiscal years or interim periods ended on or after March 31, 2002.

On March 25, 2003, the National Executive Branch issued Decree No. 664 establishing that financial statements for fiscal periods ended as from that date should be stated in nominal currency. Therefore, in accordance with Resolution No. 441 issued by the Argentine Securities and Exchange Commission on April 8, 2003, the Company discontinued restatement of its financial statements effective March 1, 2003. This criteria does not comply with Resolution M.D. 041/2003, enacted by the Professional Council of Economic Sciences of the City of Buenos Aires, by means of which the restatement of financial statements as of October 1, 2003 is no longer compulsory. However, as of December 31, 2003, this deviation did not have a material effect on the Company's financial statements.

As a consequence of the above, the Company's financial statements are presented in constant currency as of February 28, 2003, having considered the accounting measurements restated by the changes in the purchasing power of the currency until interruption of the adjustment and those arising in the period of stability, restated into currency of December 2001.

The coefficients prepared based on the domestic wholesale price index have been applied for purposes of the abovementioned restatement.

Amounts corresponding to the year ended on June 30, 2003 are exposed only for comparative effect in the Balance Sheet, Notes and Schedules.

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Amounts corresponding to the period ended on December 31, 2002 have been restated at February 28, 2003 for purposes of presentation on a comparative basis.

In the income statement for this fiscal period, the result from exposure to changes in the purchasing power of the currency and the financial results are both included in Financial Results .

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 1:** (Continued)

Financial statements corresponding to the six month economic periods ended prior to December 31, 2003 and 2002 have not been audited yet. The management believes they include all necessary settlements to reasonably show the results of each period. Results for the six month economic periods ended prior to December 31, 2003 and 2002 do not necessarily reflect the proportion of the company's result for such complete periods.

c. New Accounting Standards

The Professional Council of Economic Sciences of the City of Buenos Aires enacted the following technical resolutions: N° 16: Conceptual regime for professional accounting regulations ; N° 17: Professional accounting regulations: development of matters of general application , N° 18: Professional accounting regulations: development of some matters of particular application and N° 19 Modifications to technical resolutions N° 4, 5, 6, 8, 9, 11 and 14 and 20 Derivative instruments and hedging transactions , through Resolutions C 238/01, C 243/01, C 261/01, C 262/01 and C 187/02, respectively; establishing that such technical resolutions and the modifications incorporated, will be in force for fiscal years initiated as from July 1, 2002 (other than Technical Resolution No. 20, which shall become effective for fiscal years beginning as from January 1, 2003).

The Argentine Securities and Exchange Commission, through Resolution N° 434/03 has adopted such technical resolutions with some exceptions and modifications, which will be in force for fiscal years initiated as from January 1, 2003.

Additionally, the Professional Council of Economic Sciences of the City of Buenos Aires, enacted Technical Resolution N° 21 Proportional value- merge of financial statements- information to provide on related parties through Resolution M.D. N° 5/2003. The abovementioned Technical Resolution and amendments were in force for fiscal periods started as from April 1, 2003. However, the Argentine Securities Commission has not adopted such Technical Resolution to the date of presentation of these financial statements.

The main modifications included by the above mentioned technical resolutions, which would imply significant adjustments on the company's accounting statements. The main changes basically result from the registration of income tax under the deferred tax method, as concerns agreements involving derivative instruments and the valuation of receivables and payables with no stated rate at their current value.

In addition, there are certain transitional rules that allow, and sometimes require, to apply prospectively the valuation and disclosure criteria introduced by the new accounting regulations, thus affecting comparability of the financial statements.



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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 1:** (Continued)

The following table contains changes in comparative Financial Statements:

| <u>Description</u>   | <u>Effect on<br/>results at<br/>December 31,<br/>2002<br/>Income (Loss)<br/>Pesos</u> |
|--|---|
| Application of Deferred Tax (vs. Current Tax method)   | (2,975,954)   |
| Market value of premiums for forward transactions  | (351,228)   |
| Registration in Long Term Investments of Adjustment of Results of Previous Fiscal Periods in related companies | 8,625,670   |
| <b>Total</b>   | <b>5,298,488</b>  |

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The principal valuation and disclosure criteria for the preparation of the financial statements, applied on a basis consistent with respect to the last fiscal period, except as stated in note 1.c., which explains the changes in rules and adjustments of results of previous fiscal periods.

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 reporting periods. Estimates are used when accounting for the allowance for doubtful accounts, depreciation, amortization, impairment of long-lived assets, income taxes and contingencies and assets recoverable value. 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

Foreign currency assets and liabilities have been translated at the official rate of exchange in effect at December 31, 2003.

d. Temporary investments

Mutual funds and notes and convertible bonds are carried at market value as of period-end. Temporary investments do not exceed their recoverable value estimated at fiscal period-end.

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 2:** (Continued)

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

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

g. Futures and Options

Futures and options relate to cereal commitments deliverable at a previously agreed price (see Note 4) and are carried at market value at fiscal period-end.

h. Other receivables and payables

Miscellaneous receivables and payables have been valued at agreed values plus interest accrued at fiscal period-end.

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. Livestock for raising and grazing cattle have been stated at their market value at the end of the period, net of estimated selling expenses. The livestock for dairy production and other purposes not related to direct sale over the next 12 months were valued at replacement cost.

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2. Crops: at their quoted market value at the end of the period, less estimated sale expenses.
3. The remaining inventories were valued at replacement value.

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

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 2:** (Continued)

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. 5 of the Argentine Federation of Professional Councils in Economic Sciences.

Holdings at December 31, 2003 are as follows:

| <u>Subsidiaries and affiliates</u>                   | <u>% Equity interest</u> |
|--|--------------------------|
| Inversiones Ganaderas S.A.                           | 99.99                    |
| Futuros y Opciones.Com S.A.                          | 70.00                    |
| Cactus Argentina S.A.                                | 50.00                    |
| Agro Uranga S.A.                                     | 35.72                    |
| IRSA Inversiones y Representaciones Sociedad Anónima | 21.85                    |

Consolidated financial statements with Inversiones Ganaderas S.A. and Futuros y Opciones.Com S.A. at December 31, 2003, June 30, 2003 and December 31, 2002 are presented as complementary information.

At March 31, 2002, our investment in IRSA was valued by the equity method of accounting as a result of a change of strategy according to which those shares are carried as a long-term investment. This decision was made as a result of the impact of the recent economic measures on the financial markets, which modified the original budget with respect to these types of investments.

Current valuations and economic conditions reduce the risks inherent to long-term investment opportunities and increase the possibility of obtaining significant return in the long term. In view of these circumstances: (i) the value of the investment was set at market value; (ii) the value of the investment was calculated by the equity method of accounting; and (iii) the difference between (i) and (ii) was recognized as negative goodwill to be amortized over 20 years.

2. Other Investments

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- Investments in debt securities

IRSA's Convertible Bonds were valued taking into account the amount existing at period-end in dollars, at the sellers' exchange rate plus interest accrued as of the closing date of these financial statements.

- Other investments

The remaining investments correspond to non-listed securities, which were valued at their restated cost, see Note 1.b.

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 2:** (Continued)

- Goodwill

The goodwill relating to the purchase of the subsidiary Futuros y Opciones.Com S.A. has been valued at its restated cost, calculated as the difference between the price paid for such investment and its equity value calculated at the time of purchase, restated into period-end currency by applying the coefficients mentioned in Note. 1.b.

Depreciation is calculated in accordance with the estimated useful life, which is 5 years and has been classified under Result from interest in subsidiaries and related companies in the statement of income.

l. Fixed assets

- Purchase value:

Valued at cost restated into period-end currency applying the coefficients mentioned in Note 1 b., 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 period of addition.

- The carrying value

The carrying value of fixed assets does not exceed their estimated recoverable value at the end of the period.

m. Shareholders equity

Initial balances and changes during the period have been restated into period-end currency following the criteria set forth in Note 1.b.

n. Results for the period

The results for the period are disclosed in the paid cost.

The statement of income shows the financial results generated by assets and liabilities. Note 8.k. includes a breakdown of this information.

Financial results were segregated into results generated by assets and those generated by liabilities in the notes to the unaudited financial statements.

o. Income Tax

The Company has recognized the income tax liability 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 livestock and the sale and replacement of fixed assets.



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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 2:** (Continued)

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%).

p. Tax on minimum hypothetical income

The Company determines the tax on minimum hypothetical income applying the prevailing rate of 1% on computable assets at fiscal period-end. This tax is supplementary to the income tax. The Company's tax liability for each period will be the higher of these two taxes. However, if the tax on minimum hypothetical 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 ten fiscal years.

q. Revenue recognition

Revenue is recognized on sales of products when the customer receives title to the goods, generally upon delivery.

**NOTE 3: COMMON AND TREASURY STOCK**

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

|  | <b>Authorized</b> | <b>Subscribed</b> | <b>Paid in</b> |
|--|-------------------|-------------------|----------------|
|  | <b>Pesos</b>      | <b>Pesos</b>      | <b>Pesos</b>   |
| Common and treasury stock at June 30, 2001<br>Preferred offering | 119,669,749       | 119,669,749       | 119,669,749    |
| Fiscal year ended June 30, 2002<br>Incentive Plan                | 2,353             | 2,353             | 2,353          |
| Fiscal year 02<br>Incentive Plan                                 | 480,000           | 480,000           | 480,000        |
| Fiscal year 03   | 3,559,853         | 3,559,853         | 3,559,853      |

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|  |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
| Conversion of bonds in common stock (Note 13)-Fiscal year 2003                     | 386,140                     | 386,140                     | 386,140                     |
| Incentive Plan - Fiscal year 04-1st and 2nd quarter                                | 319,437                     | 319,437                     | 319,437                     |
| Conversion of bonds in common stock (Note 13)-Fiscal year 2004-1st and 2nd quarter | 10,902,481                  | 10,902,481                  | 10,902,481                  |
| Exercise of Warrants (Note13)-Fiscal year 2004-1st and 2nd quarter                 | 10,801,332                  | 10,801,332                  | 10,801,332                  |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Common and treasury stock at December 31, 2003                                     | 146,121,345                 | 146,121,345                 | 146,121,345                 |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 3:** (Continued)

At December 31, 2003 the common and treasury stock consisted of 146,121,345 ordinary book entry shares with a face value of Pesos 1 each entitled to one vote per share, which were available in the market.

**NOTE 4: FUTURES**

At December 31, 2003 the Company had arranged futures and options on the futures market as follows:

**OPTIONS C.B.O.T. SELL CALL SEASON 2003/2004**

| Cereal  | Tons   | Average price | Premium  |
|---------|--------|---------------|----------|
|         |        | US\$ (1)      | US\$ (2) |
| Soybean | 13,600 | 323.35        | (99,944) |
| Corn    | 17,780 | 106.29        | (33,598) |
| Wheat   | 14,960 | 168.35        | (58,467) |

**OPTIONS C.B.O.T. PURCHASE CALL SEASON 2003/2004**

| Cereal  | Tons   | Average price | Premium  |
|---------|--------|---------------|----------|
|         |        | US\$ (1)      | US\$ (2) |
| Soybean | 10,880 | 293.95        | 135,124  |
| Corn    | 45,720 | 90.55         | 305,984  |
| Wheat   | 14,960 | 146.64        | 176,900  |

**OPTIONS C.B.O.T. SELL PUT SEASON 2003/2004**

| Cereal | Tons | Average price | Premium |
|--------|------|---------------|---------|
|--------|------|---------------|---------|

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|         |        | <u>US\$ (1)</u> | <u>US\$ (2)</u> |
|---------|--------|-----------------|-----------------|
| Soybean | 10,880 | 252.62          | (127,928)       |
| Corn    | 45,720 | 94.48           | (102,595)       |
| Wheat   | 14,960 | 142.63          | (56,468)        |

**OPTIONS C.B.O.T.-PURCHASE PUT SEASON 2003/2004**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Premium</u><br><u>US\$ (2)</u> |
|---------------|-------------|---|-----------------------------------|
| Soybean       | 13,600      | 264.56                                  | 199,887                           |

**OPTIONS SELL CALL SEASON 2003/2004**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Premium</u><br><u>US\$</u> |
|---------------|-------------|---|-------------------------------|
| Corn          | 3,100       | 100.26                                  | (14,923)                      |

**OPTIONS SELL PUT SEASON 2003/2004**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Premium</u><br><u>US\$ (2)</u> |
|---------------|-------------|---|-----------------------------------|
| Wheat         | 200         | 100.00                                  | (630)                             |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 4:** (Continued)

**FUTURES C.B.O.T. SEASON 2003/2004**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br>US\$ (1) | <u>Total amount</u><br>US\$ (2) |
|---------------|-------------|----------------------------------|---------------------------------|
| Corn-purchase | 3,100       | 89.00                            | 287,959                         |

At December 31, 2002 the Company had arranged futures and options on the forward market as follows:

**FUTURES C.B.O.T. SEASON 2002/2003**

| <u>Cereal</u>  | <u>Tons</u> | <u>Average price</u><br>US\$ (1) | <u>Total amount</u><br>US\$(2) |
|----------------|-------------|----------------------------------|--------------------------------|
| Wheat-purchase | 1,360       | 126.03                           | 171,401                        |

**OPTIONS C.B.O.T. PURCHASE CALL SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br>US\$ (1) | <u>Premium</u><br>US\$ (2) |
|---------------|-------------|----------------------------------|----------------------------|
| Soybean       | 5,032       | 213.12                           | 43,326                     |

**OPTIONS C.B.O.T. SELL CALL SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br>US\$ (1) | <u>Premium</u><br>US\$ (2) |
|---------------|-------------|----------------------------------|----------------------------|
|---------------|-------------|----------------------------------|----------------------------|

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|         |       |        |          |
|---------|-------|--------|----------|
| Soybean | 5,032 | 242.51 | (18,939) |
|---------|-------|--------|----------|

**OPTIONS C.B.O.T. SELL PUT SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Premium</u><br><u>US\$ (2)</u> |
|---------------|-------------|---|-----------------------------------|
| Corn          | 5,080       | 109.25                                  | (60,847)                          |

**FUTURES SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Total amount</u><br><u>US\$(2)</u> |
|---------------|-------------|---|---------------------------------------|
| Soybean-sell  | 1,000       | 146.00                                  | 146,000                               |
| Corn-purchase | 3,100       | 85.08                                   | 263,748                               |

**FUTURES SEASON 2003/2004**

| <u>Cereal</u> | <u>Tons</u> | <u>Average price</u><br><u>US\$ (1)</u> | <u>Total amount</u><br><u>US\$(2)</u> |
|---------------|-------------|---|---------------------------------------|
| Wheat-sell    | 200         | 116.00                                  | 23,200                                |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 4:** (Continued)

**OPTIONS PURCHASE CALL SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | Average price   | Premium         |
|---------------|-------------|-----------------|-----------------|
|               |             | <u>US\$ (1)</u> | <u>US\$ (2)</u> |
| Soybean       | 900         | 152.00          | 3,150           |
| Corn          | 3,500       | 92.00           | 9,695           |

**OPTIONS SELL CALL SEASON 2002/2003**

| <u>Cereal</u> | <u>Tons</u> | Average price   | Premium         |
|---------------|-------------|-----------------|-----------------|
|               |             | <u>US\$ (1)</u> | <u>US\$ (2)</u> |
| Corn          | 4,400       | 88.18           | (16,256)        |

- (1) Strike price without deducting expenses.  
(2) Premiums paid (collected).

**NOTE 5: MANAGEMENT AGREEMENT**

The Company signed a management agreement with Dolphin Fund Management S.A. (formerly called Consultores Asset Management S.A.), for consulting in relation to livestock and farming activities serving as an intermediary in transactions and investment consulting in relation to security investments

In exchange for its services, such company will receive a payment equivalent to 10% of the net income resulting from the annual or the special financial statements.

Since certain directors of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria are also executive directors of Dolphin Fund Management S.A., the above-mentioned agreement was approved by the Extraordinary Shareholders Meeting held on October 25, 1994, in compliance with Article N° 271 of Law N° 19,550.

On November 2003, Dolphin Fund Management S.A. was divided into two companies: Consultores Asset Management S.A. and Dolphin Fund Management S.A. As from that moment the management contract is held by Consultores Asset Management S.A.

The financial statements at December 31, 2003 include an accrual and charge for an amount of Ps. 529,129 for this concept.

**NOTE 6: INCOME TAX DEFERRED TAX**

The following tables show the development and composition of deferred tax Assets and Liabilities.



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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 6:** (Continued)

- Deferred assets:

|                   | Cumulative<br>tax loss |            |           | TOTAL     |
|-------------------|------------------------|------------|-----------|-----------|
|                   | carryforwards          | Provisions | Other     |           |
| Initial Balance   | 2,257,115              | (6,335)    | 250,802   | 2,501,582 |
| Charge to results | 66,425                 | (10,475)   | (253,313) | (197,363) |
| Closing Balance   | 2,323,540              | (16,810)   | (2,511)   | 2,304,219 |

- Deferred liabilities:

|                   | Fixed Assets | Inventories  | Investments | Provisions  | TOTAL        |
|-------------------|--------------|--------------|-------------|-------------|--------------|
| Initial Balance   | (13,019,043) | (10,355,850) | (2,706)     | (1,001,793) | (24,379,392) |
| Charge to results | (672,657)    | (126,038)    | 2,269       | (240,215)   | (1,036,641)  |
| Closing Balance   | (13,691,700) | (10,481,888) | (437)       | (1,242,008) | (25,416,033) |

Net liabilities at period-end as per the information included in the preceding tables amount to Ps. 23,111,814.

Below is a conciliation between the Income Tax charged to Income and that which would result from applying the prevailing tax rate on the Income for accounting purposes:

| Description              | December 31, 2003 | December 31, 2002 |
|--------------------------|-------------------|-------------------|
| Income before income tax | 7,452,073         | 43,383,451        |

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| Tax rate                               | 35%              | 35%              |
|--|------------------|------------------|
| Net results at tax rates:              | 2,608,226        | 15,184,208       |
| Permanent differences at tax rate:     |                  |                  |
| Restatement into constant currency     | 724,011          | 6,028,916        |
| Penalties                              | 847              | 700              |
| Donations                              | (92,333)         | 8,088            |
| Amortization FYO Goodwill              | 55,066           | 54,489           |
| Result from purchase and sale of stock | 244,230          |                  |
| Loss from related companies            | (869,138)        | (14,661,558)     |
| Miscellaneous permanent differences    | 19,008           | 664,434          |
|  | <b>2,689,917</b> | <b>7,279,277</b> |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 6:** (Continued)

During this period the Income Tax rate was 35%.

Cumulative tax loss carryforwards recorded by the Company pending utilization at period-end amount to approximately Ps. 2,323,540 and may be offset against taxable income of future fiscal periods, as follows:

| <u>Origination year</u> | <u>Amount</u> | <u>Expiration Year</u> |
|-------------------------|---------------|------------------------|
| 2003                    | 2,323,540     | 2008                   |

**NOTE 7: TRANSACTIONS WITH SUBSIDIARIES LAW 19550 ARTICLE 33**

As of December 31, 2003 and 2002 the results with Subsidiaries Law 19,550 and related companies are as follows:

|  | <u>December 31,</u><br><u>2003</u> | <u>December 31,</u><br><u>2002</u> |
|--|------------------------------------|------------------------------------|
| <b>Inversiones Ganaderas S.A.</b>          |                                    |                                    |
| Interest                                   | (37,562)                           | 46,288                             |
| <b>Futuros y Opciones.Com S.A.</b>         |                                    |                                    |
| Selling expenses                           | (18,102)                           |                                    |
| Administrative fees                        | 9,600                              | 9,597                              |
| <b>Cactus Argentina S.A.</b>               |                                    |                                    |
| Interest                                   | 4,739                              | 27,002                             |
| Livestock expenses                         | (1,841,345)                        | (340,664)                          |
| Administrative services                    | 48,720                             | 24,001                             |
| Others                                     |                                    | 2,005                              |
| <b>Inversiones y Representaciones S.A.</b> |                                    |                                    |
| Interest                                   |                                    | 197,372                            |
| Fees from sharing services                 | 256,000                            |                                    |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8: Details of balance sheet and income statement accounts**

**a. Cash and banks**

|  | December 31,<br>2003 | June 30,<br>2003  | December 31,<br>2002 |
|--|----------------------|-------------------|----------------------|
|  | Pesos                | Pesos             | Pesos                |
| Cash   | 58,924               | 26,191            | 68,198               |
| Foreign currency (Schedule G)                  | 36,870               | 3,239,854         | 81,853               |
| Patacones currency                             |                      |                   | 1,749                |
| Lecop currency                                 |                      |                   | 35                   |
| Local currency checking account                | 675,868              | 534,711           | 1,972,171            |
| Patacones currency checking account            | 22                   | 171,891           | 29,182               |
| Lecop currency checking account                |                      | 62,532            | 51,364               |
| Foreign currency checking account (Schedule G) | 18,898,279           | 12,370,530        | 12,039,377           |
| Local currency saving account                  | 18,541               | 6,181             | 3,416                |
| Checks to be deposited                         | 215,178              | 367,247           | 455,930              |
| Patacones checks to be deposited               |                      | 25,783            | 22,666               |
|  | <u>19,903,682</u>    | <u>16,804,920</u> | <u>14,725,941</u>    |

**b. Investments and Goodwill**

|  | December<br>31,<br>2003 | June 30,<br>2003   | December<br>31,<br>2002 |
|--|-------------------------|--------------------|-------------------------|
|  | Pesos                   | Pesos              | Pesos                   |
| <b>Investment</b>                              |                         |                    |                         |
| Investment (Schedule C)                        | 1,655,808               | 5,459,835          | 16,920,154              |
|  | <u>1,655,808</u>        | <u>5,459,835</u>   | <u>16,920,154</u>       |
| <b>Investment</b>                              |                         |                    |                         |
| Investment from related companies (Schedule C) | 220,366,049             | 213,361,465        | 196,486,515             |
|  | <u>220,366,049</u>      | <u>213,361,465</u> | <u>196,486,515</u>      |

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|                                |              |              |              |
|--------------------------------|--------------|--------------|--------------|
| <b>Other investments</b>       |              |              |              |
| Other investments (Schedule C) | 146,354,259  | 139,160,243  | 163,653,275  |
|                                | 146,354,259  | 139,160,243  | 163,653,275  |
| <b>Goodwill</b>                |              |              |              |
| Goodwill (Schedule C)          | (19,931,610) | (19,347,598) | (18,852,190) |
|                                | (19,931,610) | (19,347,598) | (18,852,190) |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8:** (Continued)

**c. Trade accounts receivable**

|   | December 31,<br>2003<br>Pesos | June 30,<br>2003<br>Pesos | December 31,<br>2002<br>Pesos |
|---|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>  |                               |                           |                               |
| Accounts receivable in local currency                     | 4,209,462                     | 4,627,834                 | 3,061,582                     |
| Less:   |                               |                           |                               |
| Provision for defaulting debtors (Schedule E)             | (424,197)                     | (454,125)                 | (614,784)                     |
|   | <u>3,785,265</u>              | <u>4,173,709</u>          | <u>2,446,798</u>              |
| Accounts receivable in foreign currency (Schedule G)      | 63,648                        | 2,011,421                 | 10,054,177                    |
| Subsidiaries and related companies Law 19,550 Article 33: |                               |                           |                               |
| Inversiones Ganaderas S.A.                                | 78,555                        | 17,812                    | 50,766                        |
| Cactus Argentina S.A.                                     | 13,709                        | 13,709                    | 24,105                        |
|   | <u>3,941,177</u>              | <u>6,216,651</u>          | <u>12,575,846</u>             |

**d. Other receivables and prepaid expenses**

|  | December 31,<br>2003<br>Pesos | June 30,<br>2003<br>Pesos | December 31,<br>2002<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>   |                               |                           |                               |
| Other  | 622,708                       | 255,260                   | 493,540                       |
| Prepaid leases   | 32,016                        | 1,894,560                 | 35,156                        |
| Guarantee deposits (Schedule G)                              | 1,446,694                     | 682,027                   | 562,488                       |
| Secured by mortgage and under legal proceedings (Schedule G) | 1,061,931                     | 531,602                   | 580,602                       |
| Prepaid expenses   | 446,759                       | 864,244                   | 340,876                       |
| Surety bonds received  |                               |                           | 377,906                       |
| Tax prepayments (net of provisions)                          | 4,947,145                     | 91,391                    | 51,250                        |
| Subsidiaries and related companies Law 19,550 Article 33:    |                               |                           |                               |

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|   |                   |                  |                  |
|---|-------------------|------------------|------------------|
| Cactus Argentina S.A.                                     | 1,337,986         | 1,334,692        | 296,773          |
| Futuros y Opciones.Com S.A.                               | 321,310           | 23,603           | 23,768           |
| Shareholders  | 455,583           | 455,583          |                  |
|   | <u>10,672,132</u> | <u>6,132,962</u> | <u>2,762,359</u> |
| <b>Non-current</b>  |                   |                  |                  |
| Secured by mortgage (Schedule G)                          | 1,008,000         | 504,192          | 990,455          |
| Prepaid leases  |                   |                  | 176,466          |
| Other   |                   |                  | 96,098           |
| Tax on Minimum Hypothetical Income                        | 781,368           |                  |                  |
| Subsidiaries and related companies Law 19,550 Article 33: |                   |                  |                  |
| Cactus Argentina S.A.                                     |                   |                  | 1,064,800        |
|   | <u>1,789,368</u>  | <u>504,192</u>   | <u>2,327,819</u> |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8:** (Continued)

**e. Inventories**

|                       | December 31,<br>2003<br>Pesos | June 30,<br>2003<br>Pesos | December 31,<br>2002<br>Pesos |
|-----------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>        |                               |                           |                               |
| Livestock             | 15,535,226                    | 12,444,817                | 15,213,514                    |
| Crops                 | 3,782,649                     | 6,301,776                 | 2,491,151                     |
| Unharvested crops     | 9,374,173                     | 1,112,230                 | 10,675,150                    |
| Seeds and fodder      | 139,344                       | 165,355                   | 113,171                       |
| Materials and others  | 1,580,539                     | 1,424,711                 | 2,215,062                     |
| Advances to suppliers | 1,017,599                     | 637,802                   | 2,073,178                     |
|                       | <u>31,429,530</u>             | <u>22,086,691</u>         | <u>32,781,226</u>             |
| <b>Non-Current</b>    |                               |                           |                               |
| Livestock             | 35,852,040                    | 34,947,790                | 34,429,411                    |
|                       | <u>35,852,040</u>             | <u>34,947,790</u>         | <u>34,429,411</u>             |

**f. Trade accounts payables**

|   | December 31,<br>2003<br>Pesos | June 30,<br>2003<br>Pesos | December 31,<br>2002<br>Pesos |
|---|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>  |                               |                           |                               |
| Suppliers in local currency                               | 1,970,472                     | 3,733,066                 | 2,286,377                     |
| Suppliers in foreign currency (Schedule G)                | 924,954                       | 436,439                   | 9,388,219                     |
| Subsidiaries and related companies Law 19,550 Article 33: |                               |                           |                               |
| Cactus Argentina S.A.                                     | 434,578                       | 156,512                   | 184,778                       |
| Futuros y Opciones.Com S.A. (Schedule G)                  | 14,033                        |                           |                               |
| Accrual for other expenses (Schedule G)                   | 2,449,997                     | 2,786,535                 | 4,530,087                     |
| Accrual for Directors Fees                                | 3,730                         | 41,806                    | 51,212                        |
| Advances to Directors                                     | (2,763)                       | (37,968)                  | -33,288                       |



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|                             |                  |                  |                   |
|-----------------------------|------------------|------------------|-------------------|
| Accrual for cereal expenses | <u>200,955</u>   | <u>108,825</u>   | <u>66,770</u>     |
|                             | <u>5,995,956</u> | <u>7,225,215</u> | <u>16,474,155</u> |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8:** (Continued)

**g. Loans**

|  | December<br>31,    | June 30,           | December<br>31,    |
|--|--------------------|--------------------|--------------------|
|  | 2003               | 2003               | 2002               |
|  | Pesos              | Pesos              | Pesos              |
|  | <u>          </u>  | <u>          </u>  | <u>          </u>  |
| <b>Current</b>                                       |                    |                    |                    |
| Local financial loans (Note 2.f.)                    |                    |                    | 3,090,201          |
| Convertible Bonds 2007 Interest payable (Schedule G) | 1,383,511          | 1,425,499          | 354,442            |
|  | <u>1,383,511</u>   | <u>1,425,499</u>   | <u>3,444,643</u>   |
| <b>Non-Current</b>                                   |                    |                    |                    |
| Convertible Bonds 2007 (Schedule G)                  | 129,704,156        | 139,450,965        | 169,679,500        |
| Convertible Bonds 2007 expenses                      | (2,034,013)        | (1,499,911)        | (1,483,536)        |
|  | <u>127,670,143</u> | <u>137,951,054</u> | <u>168,195,964</u> |

**h. Salaries and social security payable**

|  | December 31,      | June 30,          | December 31,      |
|--|-------------------|-------------------|-------------------|
|  | 2003              | 2003              | 2002              |
|  | Pesos             | Pesos             | Pesos             |
|  | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>Current</b>                             |                   |                   |                   |
| Vacation, statutory annual bonus allowance | 436,826           | 846,198           |                   |
| Social security administration             | 135,266           | 123,385           | 35,730            |
| Salaries payable                           | 111,956           | 80,180            | 203,862           |
| Health care scheme                         | 1,979             | 780               | 15,973            |
| Other                                      | 3,082             | 1,902             | 10,963            |
|  | <u>689,109</u>    | <u>1,052,445</u>  | <u>266,528</u>    |



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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8:** (Continued)

**i. Taxes payable**

|  | December 31,<br>2003 | June 30,<br>2003  | December 31,<br>2002 |
|--|----------------------|-------------------|----------------------|
|  | Pesos                | Pesos             | Pesos                |
| <b>Current</b>                                 |                      |                   |                      |
| Accrual for income tax                         |                      | 6,099,825         | 4,099,118            |
| Advances to Income tax                         |                      | (4,669,379)       | (1,433,611)          |
| Tax on Minimum Hypothetical Income (Note 2.p.) | 781,367              |                   |                      |
| Value Added Tax                                | 7,317                | 45,164            | 304,613              |
| Property tax payable                           | 79,590               | 170,389           | 210,328              |
| Taxes withheld for income tax                  | 26,427               | 43,289            | 21,263               |
| Others   |                      | 148,824           |                      |
| Gross sales taxes                              | 152,265              | 149,468           |                      |
| Taxes withheld-Gross sales taxes               | (87,312)             | (83,340)          | 5,432                |
| Taxes withheld-Value Added Tax                 |                      | (134,693)         |                      |
|  | <u>959,654</u>       | <u>1,769,547</u>  | <u>3,207,143</u>     |
| <b>Non-Current</b>                             |                      |                   |                      |
| Deferred tax                                   | 23,111,814           | 21,877,809        | 23,605,620           |
|  | <u>23,111,814</u>    | <u>21,877,809</u> | <u>23,605,620</u>    |

**j. Other debts**

|   | December 31,<br>2003 | June 30,<br>2003 | December 31,<br>2002 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>  |                      |                  |                      |
| Accrual for Management fees (Note 5)                      | 529,129              | 3,204,773        | 3,446,920            |
| Subsidiaries and related companies Law 19,550 Article 33: |                      |                  |                      |
| Inversiones Ganaderas S.A.                                | 2,384,255            | 721,043          | 442,368              |

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|   |           |           |           |
|---|-----------|-----------|-----------|
| Futuros y Opciones.Com S.A.                               |           | 183,023   | 283,620   |
|   | 2,913,384 | 4,108,839 | 4,172,908 |
| <b>Non-current</b>  |           |           |           |
| Subsidiaries and related companies Law 19,550 Article 33: |           |           |           |
| Inversiones Ganaderas S.A.                                |           |           | 232,062   |
|   |           |           | 232,062   |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 8:** (Continued)

**k. Financial results**

|   | December<br>31,<br>2003     | December<br>31,<br>2002     |
|---|-----------------------------|-----------------------------|
|   | Income                      | Income                      |
|   | (loss)                      | (loss)                      |
|   | Pesos                       | Pesos                       |
|   | <u>                    </u> | <u>                    </u> |
| Generated by assets:  |                             |                             |
| Exchange differences and discounts  | 8,182,662                   | (21,031,043)                |
| Interest income   | 94,913                      | 434,901                     |
| Subsidiaries and related companies Law 19,550 Article 33:<br>IRSA Inversiones y Representaciones Sociedad Anónima |                             | 197,372                     |
| Bad debts (Schedule E)  | 29,928                      |                             |
| Reference stabilization index (CER)   | (302,136)                   | 384,310                     |
| Tax on debts and credits  | (443,589)                   | (542,358)                   |
| Holding results   |                             | (1,405,717)                 |
| Holding results and operations of stocks and bonds  |                             |                             |
| Convertible Bonds purchase interest   | 5,846,354                   | 172,208                     |
| Others  | 6,625                       | 235,692                     |
| Inflation adjustment  |                             | (1,292,885)                 |
|   | <u>13,414,757</u>           | <u>(22,847,520)</u>         |
|   |                             |                             |
|   | December<br>31,<br>2003     | December<br>31,<br>2002     |
|   | Income                      | Income                      |
|   | (loss)                      | (loss)                      |
|   | Pesos                       | Pesos                       |
|   | <u>                    </u> | <u>                    </u> |
| Generated by liabilities:   |                             |                             |
| Holding results   |                             | 33,134                      |
| Inflation adjustment  |                             | 1,733,270                   |
| Reference stabilization index (CER)   |                             | (419,022)                   |
| Financial expenses  |                             |                             |

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|                                    |                     |                  |
|------------------------------------|---------------------|------------------|
| Convertible Bonds issued interest  | (5,625,121)         | (394,209)        |
| Others                             | (817,230)           | (789,199)        |
| Exchange differences and discounts | (6,305,896)         | 9,727,672        |
|                                    | <u>(12,748,247)</u> | <u>9,891,646</u> |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 9:****ASSETS AND LIABILITIES, CLASSIFIED ACCORDING TO THEIR COLLECTION OR PAYMENT MATURITIES****a) Based on their estimated collection or payment term (in pesos)**

| Based on<br>their estimated<br>collection or<br>payment<br>term | Current and non-current<br>investment           |                  |                      | Trade accounts receivable |                  |                      | Other receivables and<br>prepaid expenses |                  |                      |
|---|---|------------------|----------------------|---------------------------|------------------|----------------------|---|------------------|----------------------|
|   | December 31,<br>2003                            | June 30,<br>2003 | December 31,<br>2002 | December 31,<br>2003      | June 30,<br>2003 | December 31,<br>2002 | December 31,<br>2003                      | June 30,<br>2003 | December 31,<br>2002 |
|   | 3rd quarter<br>2003/2002<br>financial<br>period |                  |                      |                           |                  |                      | 12,575,846                                |                  |                      |
| 4th quarter<br>2003/2002<br>financial<br>period                 |   |                  | 341,810              |                           |                  |                      |   |                  |                      |
| 1st quarter<br>2004/2003<br>financial<br>period                 |   | 1,422,315        |                      |                           |                  |                      |   | 2,123,058        |                      |
| 2nd quarter<br>2004/2003<br>financial<br>period                 |   |                  |                      |                           |                  |                      |   |                  | 495,227              |
| 3rd quarter<br>2004/2003<br>financial<br>period                 | 1,560,891                                       |                  |                      | 3,941,177                 |                  |                      | 3,875,503                                 | 504,192          |                      |
| 4th quarter<br>2004/2003<br>financial<br>period                 |   |                  |                      |                           | 6,216,651        |                      |   |                  |                      |
| 1st quarter<br>2005/2004<br>financial<br>period                 |   |                  |                      |                           |                  |                      |   |                  |                      |



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|   |                    |                    |                    |                  |                  |                   |                   |                  |                  |
|---|--------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|
| 2nd quarter<br>2005/2004<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 3rd quarter<br>2005/2004<br>financial<br>period |                    |                    |                    |                  |                  | 1,008,000         | 504,192           | 495,227          |                  |
| 4th quarter<br>2005/2004<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 1st quarter<br>2006/2005<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 2nd quarter<br>2006/2005<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 3rd quarter<br>2006/2005<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 4th quarter<br>2006/2005<br>financial<br>period |                    |                    |                    |                  |                  | 781,368           |                   |                  |                  |
| 1st quarter<br>2007/2006<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 2nd quarter<br>2007/2006<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 3rd quarter<br>2007/2006<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 4th quarter<br>2007/2006<br>financial<br>period |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| 2nd quarter<br>2008/2007<br>financial<br>period | 146,354,259        | 139,160,243        | 163,653,275        |                  |                  |                   |                   |                  |                  |
| Overdue   |                    |                    |                    |                  |                  |                   |                   |                  |                  |
| With no<br>stated term                          | 94,917             | 4,037,520          | 16,578,344         |                  |                  | 6,796,629         | 3,505,712         | 1,832,592        |                  |
| <b>Total</b>                                    | <b>148,010,067</b> | <b>144,620,078</b> | <b>180,573,429</b> | <b>3,941,177</b> | <b>6,216,651</b> | <b>12,575,846</b> | <b>12,461,500</b> | <b>6,637,154</b> | <b>5,090,178</b> |

**b) Assets and liabilities classified according to the interest rate that they accrued (in pesos)**

Current and non-current

Trade accounts receivable

Other receivables and

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| Interest rate that they accrue | investment         |                    |                    | prepaid expenses  |                  |                   |                   |                  |                   |
|--------------------------------|--------------------|--------------------|--------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
|                                | December 31, 2003  | June 30, 2003      | December 31, 2002  | December 31, 2003 | June 30, 2003    | December 31, 2002 | December 31, 2003 | June 30, 2003    | December 31, 2002 |
| At fixed interest rate         | 146,354,259        | 139,160,243        | 163,653,275        |                   |                  |                   | 2,313,411         | 1,304,932        | 1,787,925         |
| At variable interest rate      | 94,917             | 4,037,520          | 16,578,344         |                   |                  |                   | 571,094           | 277,048          | 178,153           |
| Non-interest bearing           | 1,560,891          | 1,422,315          | 341,810            | 3,941,177         | 6,216,651        | 12,575,846        | 9,576,995         | 5,055,174        | 3,124,100         |
| <b>Total</b>                   | <b>148,010,067</b> | <b>144,620,078</b> | <b>180,573,429</b> | <b>3,941,177</b>  | <b>6,216,651</b> | <b>12,575,846</b> | <b>12,461,500</b> | <b>6,637,154</b> | <b>5,090,178</b>  |

Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria

Notes to the Unaudited Financial Statements (Continued)

**NOTE 9:**

**ASSETS AND LIABILITIES, CLASSIFIED ACCORDING TO THEIR COLLECTION OR PAYMENT MATURITIES**

a) Based on their estimated collection or payment term (in pesos)

| Total accounts payable | Loans         |                   | Salaries and social security payable |                   | Taxes payable |                   | Other         |                   |
|------------------------|---------------|-------------------|--------------------------------------|-------------------|---------------|-------------------|---------------|-------------------|
|                        | June 30, 2003 | December 31, 2003 | June 30, 2002                        | December 31, 2003 | June 30, 2003 | December 31, 2003 | June 30, 2002 | December 31, 2003 |
|                        | 16,456,231    |                   | 3,090,201                            |                   | 266,528       |                   | 3,207,143     |                   |
|                        |               |                   | 354,442                              |                   |               |                   |               |                   |
| 7,221,377              |               | 1,425,499         |                                      | 1,052,445         |               | 1,769,547         |               | 3,207,143         |
| 3,838                  | 17,924        |                   |                                      |                   |               |                   |               |                   |
| 4,989                  | 1,383,511     |                   | 689,109                              |                   | 959,654       |                   | 529,129       |                   |
|                        |               |                   |                                      |                   |               |                   |               | 265,353           |

967

2,118,902

127,670,143 137,951,054 168,195,964

23,111,814 21,877,809 23,605,620 9

5,956 7,225,215 16,474,155 129,053,654 139,376,553 171,640,607 689,109 1,052,445 266,528 24,071,468 23,647,356 26,812,763 2,913,384 4,1

**b) Assets and liabilities classified according to the interest rate that they accrued (in pesos)**

|                               |              |   |                      |              |
|-------------------------------|--------------|---|----------------------|--------------|
| <b>Total accounts payable</b> | <b>Loans</b> | <b>Salaries and social security payable</b> | <b>Taxes payable</b> | <b>Other</b> |
|-------------------------------|--------------|---|----------------------|--------------|

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| er 31, | June 30,  | December 31, | December 31, | June 30,    | December 31, | December 31, | June 30,  | December 31, | December 31, | June 30,   | December 31, | December 31, | June 30,  | December 31, | December 31, | June 30,  | December 31, | December 31, |           |
|--------|-----------|--------------|--------------|-------------|--------------|--------------|-----------|--------------|--------------|------------|--------------|--------------|-----------|--------------|--------------|-----------|--------------|--------------|-----------|
| 3      | 2003      | 2002         | 2003         | 2003        | 2002         | 2003         | 2003      | 2002         | 2003         | 2003       | 2002         | 2003         | 2003      | 2002         | 2003         | 2003      | 2002         | 2003         |           |
|        |           |              | 127,670,143  | 137,951,054 | 170,856,900  |              |           |              |              |            |              |              |           |              |              |           |              |              |           |
| 5,956  | 7,225,215 | 16,474,155   | 1,383,511    | 1,425,499   | 783,707      | 689,109      | 1,052,445 | 266,528      | 24,071,468   | 23,647,356 | 26,812,763   | 2,913,384    | 4,100,000 | 1,000,000    | 1,000,000    | 1,000,000 | 1,000,000    | 1,000,000    | 1,000,000 |
| 5,956  | 7,225,215 | 16,474,155   | 129,053,654  | 139,376,553 | 171,640,607  | 689,109      | 1,052,445 | 266,528      | 24,071,468   | 23,647,356 | 26,812,763   | 2,913,384    | 4,100,000 | 1,000,000    | 1,000,000    | 1,000,000 | 1,000,000    | 1,000,000    | 1,000,000 |

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 10: RESTRICTIONS ON DISTRIBUTION OF PROFITS**

In accordance with the Argentine Corporations Law, the Company's by-laws and Resolution N° 368/2001 of the Argentine Securities and Exchange Commission, 5% of the net and realized profit for the year plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital.

**NOTE 11: SALE OF FARMS**

On November 26, 2003 a title deed was signed for the farm El 41 y El 42, of 6478 hectares, located in the Department of Tapenagá, Province of Chaco. The price for the sale of the farm was of US\$ 971,912 (US Dollars nine hundred and seventy one thousand, nine hundred and twelve). This sale generated a gain of Ps. 1,085,345 (Pesos one million eighty five thousand and three hundred and forty five).

**NOTE 12: PURCHASE OF PROPERTIES**

On November 11, 2003 a commercial loan with FERIA Jovita S.R.L. was canceled as the company received a 9-hectare farm located in Department Lavalle, Province of Mendoza, with a value amounting Ps. 25.600.

**NOTE 13: STOCK OPTION PLAN**

As resolved upon at the General Extraordinary Shareholders Meeting at second call held on November 19, 2001 and in accordance with the resolutions adopted by the Board of Directors at its meeting dated December 7, 2001, the shareholders approved a Stock Option Plan (the Plan) relating to the shares that would remain after the shareholders exercised their pre-emptive rights to acquire treasury stock (the Shares), covering 4,614,643 shares.

The stock balance remaining after expiration of the preemptive and accretion periods is intended to be offered under the Incentive Plan approved at the above mentioned Shareholders Meeting, at Ps. 1 (one peso) par value, plus interest accrued as from actual exercise at a six-months LIBOR rate per annum. In accordance with the terms approved at the referred Shareholders Meeting, from a legal standpoint the implementation of the Plan is made by means of the transfer of the Shares in trust. From this balance, two thirds of the options relating to the Shares under the Plan were allocated for distribution by the Company's Board of Directors among certain executive officers. The remaining third was set aside for allotment by the Company's Board of Directors among any employees or executives at the time of allotment and 6 (six) months after the initial allotment, and up to 3 (three) months before the expiration of the exercise period.

In January 2002 an aggregate of 2,353 shares of Ps. 1 par value each were issued under the preferred offering of treasury stock.

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In April and June 2002, an aggregate of 480,000 shares of Ps. 1 par value each were issued to executive officers of the Company under the preferred offering of treasury stock.

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

**NOTE 13:** (Continued)

During the previous fiscal year, an aggregate of 3,559,853 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock.

During the present fiscal period, an aggregate of 319,437 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock.

After the closing of the fiscal year, an aggregate of 3,000 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock.

After the exercise of the preference offer before mentioned, the remaining balance is 250,000 shares.

**NOTE 14: ISSUANCE OF CONVERTIBLE BONDS**

The Shareholders meeting held on March 8, 2002 approved:

- a) The issue of simple convertible bonds, non-convertible into shares of the Company, for an amount of up to US\$ 50,000,000 (or its equivalent in other currencies) for a maximum term of 5 years, accruing interest at a fixed rate not to exceed 12%; and/or,
- b) the issuance of convertible bonds into company's common stock, for a total amount of US\$ 50,000,000 (or its equivalent in other currency) with a maturity date in a term of 5 years or more according to the management's decision and a fix rate not exceeding 12% or floating rate with a reference rate such as LIBOR plus a spread not exceeding 10%.
- c) the subscription option, for the holders of convertible bonds, with a premium determined by the management, between 20 and 30% over the conversion price of the convertible bond, with a value that will remain constant in terms of US currency. The exercise of the above mentioned would occur quarterly, only for the holders of the convertible bonds who have exercised their conversion rights.



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Authorization for the public offer and quotation of convertible bonds has been approved by Resolution N° 14.320 of the Argentine Securities and Exchange Commission dated October 1, 2002 and by the Buenos Aires Stock Exchange, authorizing the issue up to US\$ 50,000,000 in securities composed by convertible bonds into common stock with an 8% annual interest rate due in the year 2007, granting the right at the moment of conversion to achieve 50,000,000 common stock subscription options. Likewise, the conversion price and the Warrants price established are as follows:

- a) The conversion price is US\$ 0.5078 stocks (US\$ 5.0775 ADS), while the Warrant price is US\$ 0.6093 stocks (US\$ 6.0930 ADS).
  
- b) For each of Cresud's convertible bond the holder has the right to convert it to US\$ 1.9695 stocks (US\$ 0.1969 ADS) and has an option to purchase the same amount of stock at the price of the Warrant.

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

**NOTE 14:** (Continued)

Convertible bonds and options will be due on November 14, 2007.

Convertible bonds were paid in cash and the proceeds will be destined to the subscription of IRSA's Convertible Bonds and for the generation of working capital.

During the previous fiscal year, 196,084 Convertible Bonds were converted into 386,140 ordinary shares, which resulted in a Ps. 593,036 increase in the Company's net shareholders' equity.

During the present fiscal period, 5,536,286 Convertible Bonds were converted into 10,902,481 ordinary shares, which resulted in a Ps. 16,097,982 increase in the Company's net shareholders' equity. During the same period, 5,484,922 Warrants were exercised, resulting in the issuance of 10,801,332 ordinary shares for Ps. 19,258,074.

After the closing of the fiscal year, 158,458 Convertible Bonds were converted into 312,047 ordinary shares, which resulted in a Ps. 457,614 increase in the Company's net shareholders' equity.

**NOTE 15: PURCHASE OF CONVERTIBLE BONDS**

During November and December 2002 49,692,688 convertible bonds issued by IRSA were purchased; these can be converted into common stock with an 8% annual interest rate and due in 2007, and grant the holder at the time of conversion to 49,692,688 options to subscribe common stock. The conversion price and the warrants price established are as follows:

- a) The conversion price is US\$ 0.5571 stocks (US\$ 5.5713 GDS), while the warrant price is US\$ 0.6686 stocks (US\$ 6.6856 GDS)
- b) For each of IRSA's convertible bond the holder has the right to convert it to 1.7949 stocks (0.1795 GDS) and has an option to purchase the same amount of stock at the price of the warrant.

Due to the distribution of 4,587,285 stocks of the company's portfolio, IRSA has re-stated the conversion price of its convertible bonds according to the subscription clauses.

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The conversion price of the convertible bonds went from US\$ 0.5571 to US\$ 0.54505 and the warrants price went from US\$ 0.6686 to US\$ 0.6541. Such adjustment was effective as from December 20, 2002.

Convertible bonds and options are due on November 14, 2007.

During July and November 2003, 250,500 convertible bonds issued by IRSA Inversiones y Representaciones Sociedad Anónima were purchased. As a result of such transactions at December 31, the company owned 49,943,188 convertible bonds.

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

**Notes to the Unaudited Financial Statements (Continued)**

**NOTE 15:** (Continued)

As of December 31, 2003 third parties bearers of convertible bonds into IRSA Inversiones y Representaciones Sociedad Anónima stock have exercised their conversion and warrant rights for a total amount of Ps. 30.5 million originating the issuance of 17,277,255 ordinary shares with a nominal value of Ps. 1 each. As a consequence of the exercise of such conversion rights, the company has registered a Ps. 6.6 million loss originated by the dilution of their equity share in IRSA, which is shown in Results of subsidiaries Law 19,550 and related companies in the Unaudited Income Statements.

**NOTE 16: IRSA Inversiones y Representaciones Sociedad Anónima (IRSA) PURCHASE OF SHARES AND OPTIONS BANCO HIPOTECARIO S.A. (BHSA)**

On December 30, 2003, IRSA purchased 4,116,267 shares of Banco Hipotecario S.A. at US\$ 2.3868 each and 37,537 warrants at US\$ 33.86 each, achieving the right to purchase an additional amount totaling 3,753,700 shares. Such transaction implied a disburse amounting US\$ 11.1 million. Subsequent to December 31, 2003, IRSA exercised a substantial portion of its options. Consequently, at the date of issuance of the present financial statements, IRSA's ownership of BHSA shares amounts 19,969,716.

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Fixed Assets

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1 and 2)

## Schedule A

| Account                  | Value at<br>the beginning<br>of the period | Additions<br>and/or<br>transfers | Deductions<br>and/or<br>transfers | Value at<br>the end of<br>period | Rate %   | Depreciation                                     |                           |                          | Net carrying                           | Net carrying                     | Net                          |
|--------------------------|--|----------------------------------|-----------------------------------|----------------------------------|----------|--|---------------------------|--------------------------|--|----------------------------------|------------------------------|
|                          |  |                                  |                                   |                                  |          | Accumulated<br>at the beginning<br>of the period | Decrease<br>of the period | Current period<br>Amount | Accumulated<br>at the end of<br>period | value at<br>December 31,<br>2003 | value at<br>June 30,<br>2003 |
|                          | Pesos                                      | Pesos                            | Pesos                             | Pesos                            |          | Pesos  | Pesos                     | Pesos                    | Pesos                                  | Pesos                            | Pesos                        |
| Equipment                | 119,775,001                                | 31,513                           | 1,789,329                         | 118,017,185                      |          |  |                           |                          | 118,017,185                            | 119,775,002                      | 9                            |
| Buildings                | 4,410,079                                  | 1,260                            |                                   | 4,411,339                        | 3        | 943,523  |                           | 63,028                   | 1,006,551                              | 3,404,788                        | 3,466,556                    |
| Trucks and<br>vehicles   | 3,103,575                                  |                                  |                                   | 3,103,575                        | 3        | 735,540  |                           | 79,202                   | 814,742                                | 2,288,833                        | 2,368,035                    |
| Land and<br>improvements | 2,875,715                                  | 336,084                          | 1,581,013                         | 1,630,786                        | 12-25-50 | 2,085,096  | 1,393,201                 | 203,467                  | 895,362                                | 735,424                          | 790,619                      |
| Intangible<br>assets     | 5,329,283                                  |                                  |                                   | 5,329,283                        | 2        | 1,975,341  |                           | 43,059                   | 2,018,400                              | 3,310,883                        | 3,353,942                    |
| Other<br>assets          | 8,971,683                                  | 43,474                           | 457,444                           | 8,557,713                        | 10       | 5,463,054  | 333,677                   | 386,340                  | 5,515,717                              | 3,041,996                        | 3,508,629                    |
|                          | 1,084,985                                  | 96,711                           | 104,423                           | 1,077,273                        | 20       | 663,631  | 95,482                    | 89,804                   | 657,953                                | 419,320                          | 421,354                      |
|                          | 192,159                                    | 4,034                            | 5,917                             | 190,276                          | 10       | 120,936  | 4,028                     | 7,183                    | 124,091                                | 66,185                           | 71,223                       |
| Intangible<br>assets     | 1,050,606                                  | 1,490                            |                                   | 1,052,096                        | 10       | 681,878  |                           | 40,744                   | 722,622                                | 329,474                          | 368,728                      |
| Intangible<br>assets     | 251,843                                    |                                  | 251,843                           |                                  | 20       | 251,843  | 251,843                   |                          |  |                                  |                              |
| Intangible<br>assets     | 580,737                                    | 14,932                           |                                   | 595,669                          | 3        | 93,353   |                           | 9,013                    | 102,366                                | 493,303                          | 487,384                      |
| Intangible<br>assets     | 1,267,137                                  |                                  |                                   | 1,267,137                        | 10       | 661,729  |                           | 57,571                   | 719,300                                | 547,837                          | 605,407                      |
| Intangible<br>assets     | 5,979,400                                  |                                  |                                   | 5,979,400                        | 10-20-33 | 2,859,924  |                           | 301,048                  | 3,160,972                              | 2,818,428                        | 3,119,476                    |
| Intangible<br>assets     | 1,096,046                                  | 11,868                           |                                   | 1,107,914                        | 20       | 854,119  |                           | 46,620                   | 900,739                                | 207,175                          | 241,927                      |
| Intangible<br>assets     | 10,444                                     |                                  | 10,444                            |                                  | 10       | 10,444   | 10,444                    |                          |  |                                  |                              |
| Intangible<br>assets     | 1,166,215                                  |                                  |                                   | 1,166,215                        | 2        | 252,572  |                           | 31,465                   | 284,037                                | 882,178                          | 913,643                      |
| Intangible<br>assets     | 2,308,012                                  | 2,539,058                        |                                   | 4,847,070                        |          |  |                           |                          |  | 4,847,070                        | 2,308,012                    |
| Intangible<br>assets     | 82,445                                     |                                  | 64,614                            | 17,831                           |          |  |                           |                          |  | 17,831                           | 82,445                       |
| December 31, 2003        | 159,535,365                                | 3,080,424                        | 4,265,027                         | 158,350,762                      |          | 17,652,983                                       | 2,088,675                 | 1,358,544                | 16,922,852                             | 141,427,910                      |                              |
| December 30, 2003        | 138,095,370                                | 31,158,834                       | 9,718,839                         | 159,535,365                      |          | 16,687,124                                       | 1,879,028                 | 2,844,887                | 17,652,983                             |                                  | 141,882,382                  |

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June 30,

December

138,108,711

843,178

1,088,034

137,863,855

16,688,736

785,391

1,371,542

17,274,887

12

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Investments

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1 and 2)

## Schedule C

| Type and characteristics of the securities | Amount  | Value at          | Value at      | Value at          | Market value | Principal activity | INFORMATION ON THE ISSUER   |                              |                      |
|--|---------|-------------------|---------------|-------------------|--------------|--------------------|-----------------------------|------------------------------|----------------------|
|  |         | December 31, 2003 | June 30, 2003 | December 31, 2002 |              |                    | Latest financial statements |                              |                      |
|  |         | Pesos             | Pesos         | Pesos             |              |                    | Capital                     | Income (loss) for the period | Shareholders' Equity |
|  |         |                   |               |                   |              | Pesos              | Pesos                       | Pesos                        |                      |
| <b>Current Investments</b>                 |         |                   |               |                   |              |                    |                             |                              |                      |
| Mutual Funds                               |         |                   |               |                   |              |                    |                             |                              |                      |
| BN AMRO en pesos                           |         |                   | 2,888,061     |                   |              |                    |                             |                              |                      |
| Fondo Citi Funds in dollars                |         |                   |               | 16,490,032        |              |                    |                             |                              |                      |
| Fondo Letes Banco Bancés                   |         |                   |               | 1,068             |              |                    |                             |                              |                      |
| Fondo especial Banco Río pesos             |         |                   | 1,042,426     | 2,799             |              |                    |                             |                              |                      |
| Fondo plazo fijo Banco Río in dollars      | 1,778   | 3,999             | 3,940         |                   | 2,24916      |                    |                             |                              |                      |
| Fondo Letes Banco Río                      |         |                   |               | 2,946             |              |                    |                             |                              |                      |
|  |         | 3,999             | 3,934,427     | 16,496,845        |              |                    |                             |                              |                      |
| <b>Notes and Convertible Bonds</b>         |         |                   |               |                   |              |                    |                             |                              |                      |
| Convertible Bonds 2007 - SA                |         | 1,560,891         | 1,422,315     | 341,810           |              |                    |                             |                              |                      |
| Bonds Global 2010                          | 110,000 | 90,288            | 102,463       | 81,499            | 0.820800     |                    |                             |                              |                      |
| Procon Pro 1                               | 157,647 | 630               | 630           |                   | 0.003996     |                    |                             |                              |                      |
|  |         | 1,651,809         | 1,525,408     | 423,309           |              |                    |                             |                              |                      |
| Total current investments                  |         | 1,655,808         | 5,459,835     | 16,920,154        |              |                    |                             |                              |                      |
| <b>Non-current Investments</b>             |         |                   |               |                   |              |                    |                             |                              |                      |

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Related companies Law

|   |            |                     |                     |                     |          |  |             |            |           |
|---|------------|---------------------|---------------------|---------------------|----------|--|-------------|------------|-----------|
| <b>550. Article 33</b>                                    |            |                     |                     |                     |          |  |             |            |           |
| <b>GRO-URANGA S.A.</b>                                    |            |                     |                     |                     |          |  |             |            |           |
| Shares  | 893,069    | 4,313,051           | 4,971,181           | 4,182,229           | unlisted | Agricultural and livestock   | 2,500,000   | 1,981,819  | 12,447,2  |
| Contribution on account of future subscriptions of shares |            |                     |                     |                     |          |  |             |            |           |
|   |            | 7,865               | 7,865               | 7,865               |          |  |             |            |           |
| Higher value of property                                  |            | 11,179,150          | 11,179,150          | 11,179,150          |          |  |             |            |           |
|   |            | <u>15,500,066</u>   | <u>16,158,196</u>   | <u>15,369,244</u>   |          |  |             |            |           |
| <b>VERSIONES ANADERAS S.A.</b>                            |            |                     |                     |                     |          |  |             |            |           |
| Shares  | 5,326,588  | 10,253,054          | 9,828,057           | 9,885,968           | unlisted | Raising and grazing cattle   | 5,326,589   | 424,998    | 10,982,6  |
| Contribution on account of future subscriptions of shares |            | 729,585             | 729,585             | 729,585             |          |  |             |            |           |
|   |            | <u>10,982,639</u>   | <u>10,557,642</u>   | <u>10,615,553</u>   |          |  |             |            |           |
| <b>ACTUS ARGENTINA S.A.</b>                               |            |                     |                     |                     |          |  |             |            |           |
| Shares  | 6,50,000   | 937,025             | 742,155             | 786,074             | unlisted | Exploitation and administration of agricultural and beef cattle products                           | 1,300,000   | 389,740    | 6,145,2   |
| Contribution on account of future subscriptions of shares |            | 2,135,618           | 2,135,618           | 2,135,618           |          |  |             |            |           |
|   |            | <u>3,072,643</u>    | <u>2,877,773</u>    | <u>2,921,692</u>    |          |  |             |            |           |
| <b>UTUROS Y OPCIONES.COM S.A.</b>                         |            |                     |                     |                     |          |  |             |            |           |
| Shares  | 8,400      | (2,483,768)         | (2,244,525)         | (1,983,288)         | unlisted | Gives information about markets and services of economic and financial consulting through internet | 12,000      | (341,776)  | 347,1     |
| Contribution on account of future subscriptions of shares |            | 2,726,793           | 2,726,793           | 2,726,793           |          |  |             |            |           |
|   |            | <u>243,025</u>      | <u>482,268</u>      | <u>743,505</u>      |          |  |             |            |           |
| <b>SA Inversiones y Representaciones S.A.</b>             |            |                     |                     |                     |          |  |             |            |           |
| Shares  | 50,106,350 | 190,567,676         | 183,285,586         | 166,836,521         | listed   | Real state   | 229,289,058 | 32,413,000 | 872,050,0 |
|   |            | <u>190,567,676</u>  | <u>183,285,586</u>  | <u>166,836,521</u>  |          |  |             |            |           |
| Subtotal  |            | <u>220,366,049</u>  | <u>213,361,465</u>  | <u>196,486,515</u>  |          |  |             |            |           |
| <b>Other Investments</b>                                  |            |                     |                     |                     |          |  |             |            |           |
| Convertible Bonds 2007 - SA                               | 49,943,188 | 146,333,542         | 139,139,526         | 163,632,558         |          |  |             |            |           |
| Propólán  |            | 20,717              | 20,717              | 20,717              | unlisted |  |             |            |           |
| Subtotal  |            | <u>146,354,259</u>  | <u>139,160,243</u>  | <u>163,653,275</u>  |          |  |             |            |           |
| <b>Goodwill</b>   |            |                     |                     |                     |          |  |             |            |           |
| Goodwill  |            | 989,514             | 1,319,353           | 1,649,351           |          |  |             |            |           |
| SA negative goodwill                                      |            | (20,921,124)        | (20,666,951)        | (20,501,541)        |          |  |             |            |           |
| Subtotal  |            | <u>(19,931,610)</u> | <u>(19,347,598)</u> | <u>(18,852,190)</u> |          |  |             |            |           |



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Total non-current  
investments

|  |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
|  | 346,788,698                 | 333,174,110                 | 341,287,600                 |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Provisions

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1 and 2)

## Schedule E

| Item                        | Opening balances | Increases | Deductions<br>(1) | Inflation<br>adjustment | Value at<br>December 31,<br>2003 | Value at<br>June 30,<br>2003 | Value at<br>December 31,<br>2002 |
|-----------------------------|------------------|-----------|-------------------|-------------------------|----------------------------------|------------------------------|----------------------------------|
|                             | Pesos            | Pesos     | Pesos             | Pesos                   | Pesos                            | Pesos                        | Pesos                            |
| <b>Deducted from assets</b> |                  |           |                   |                         |                                  |                              |                                  |
| Defaulting debtors          | 454,125          |           | (29,928)          |                         | 424,197                          | 454,125                      | 614,784                          |
| Total at December 31, 2003  | 454,125          |           | (29,928)          |                         | 424,197                          |                              |                                  |
| Total at June 30, 2003      | 774,854          | 50,000    | (286,146)         | (84,583)                |                                  | 454,125                      |                                  |
| Total at December 31, 2002  | 774,929          |           | (79,908)          | (80,237)                |                                  |                              | 614,784                          |

(1) The accounting appropriation is included in Note 8.k.

Cresud Sociedad Anónima

Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Cost of sales

For the periods ended December 31, 2003 and 2002

(Notes 1 and 2)

Schedule F

|        | Crops             |                   | Beef cattle       |                   | Milk              |                   | Others            |                   | Total             |                   |
|--------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|        | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 |
|        | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             |
| at the |                   |                   | 45,097,923        | 32,892,395        | 2,294,684         | 1,467,703         |                   |                   | 47,392,607        | 34,360,098        |
| the    | 6,301,776         | 25,224,842        |                   |                   |                   |                   |                   |                   | 6,301,776         | 25,224,842        |
|        | 1,112,230         | 835,369           |                   |                   |                   |                   |                   |                   | 1,112,230         | 835,369           |
| crops  |                   |                   | 106,386           | 287,451           | 58,969            | 115,446           |                   |                   | 165,355           | 402,897           |
| lder   | 1,222,255         | 2,749,643         |                   |                   | 33,362            | 51,738            | 169,094           | 170,605           | 1,424,711         | 2,971,986         |
|        | 8,636,261         | 28,809,854        | 45,204,309        | 33,179,846        | 2,387,015         | 1,634,887         | 169,094           | 170,605           | 56,396,679        |                   |
| ts     |                   |                   | 1,010,632         | 11,619,714        | 229,450           | 594,241           |                   |                   | 1,240,082         |                   |
|        | 753,010           | (894,855)         |                   |                   |                   |                   |                   |                   | 753,010           |                   |
|        | (164,529)         | (93,190)          |                   |                   |                   |                   |                   |                   | (164,529)         |                   |
|        | (35,860)          | (11,390)          |                   |                   |                   |                   | (1,367)           | (381)             | (37,227)          |                   |
| crops  | (2,783,694)       | (2,613,377)       | (149,777)         | (236,421)         | (204,552)         | (124,038)         | (283,890)         | (250,808)         | (3,421,913)       |                   |
|        | 11,876,012        | 12,553,034        | 139,734           | 187,178           | (139,734)         | (187,178)         |                   |                   |                   |                   |
|        |                   |                   | 4,009,929         | 781,338           | 563,961           | 111,877           | 277,057           | 240,472           | 16,726,959        |                   |
|        | 3,397,918         | 3,703,455         | 6,367,720         | 3,228,281         | 933,330           | 683,699           |                   |                   | 10,698,968        |                   |
| at the |                   |                   | (48,133,395)      | (47,742,364)      | (3,253,871)       | (1,900,561)       |                   |                   | (51,387,266)      | (49,642,925)      |
| period | (3,782,649)       | (2,491,151)       |                   |                   |                   |                   |                   |                   | (3,782,649)       | (2,491,151)       |

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|      |             |              |           |          |          |          |           |           |             |              |
|------|-------------|--------------|-----------|----------|----------|----------|-----------|-----------|-------------|--------------|
| rops | (9,374,173) | (10,675,150) |           |          |          |          |           |           | (9,374,173) | (10,675,150) |
| lder |             |              | (62,725)  | (62,554) | (76,619) | (50,617) |           |           | (139,344)   | (113,171)    |
|      | (1,378,359) | (2,021,017)  |           |          | (42,704) | (36,828) | (159,476) | (157,217) | (1,580,539) | (66,263,971) |
|      |             |              |           |          |          |          |           |           |             |              |
|      | 7,143,937   | 26,266,213   | 8,386,427 | 955,018  | 396,276  | 725,482  | 1,418     | 2,671     |             | 15,928,058   |

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Unaudited Foreign currency assets and liabilities

For the periods ended December 31, 2003, June 30, 2003 and December 31, 2002

(Notes 1 and 2)

Schedule G

| Item                                   | December 31, 2003                   |                             |                                | June 30, 2003                       |                                |                                     | December 31, 2002              |  |
|--|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|--|
|  | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |  |
| <b>Current Asset</b>                   |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Cash and banks                         | US\$ 6,574,705                      | 2.880                       | 18,935,149                     | US\$ 5,781,624                      | 15,610,384                     | US\$ 3,681,031                      | 12,121,230                     |  |
| Investments:                           |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Mutual funds                           | US\$                                | 2.880                       |                                | US\$ 1,459                          | 3,938                          | US\$ 5,007,769                      | 16,490,032                     |  |
| Convertible Bonds 2007 - IRSA          | US\$ 541,976                        | 2.880                       | 1,560,891                      | US\$ 507,970                        | 1,422,315                      | US\$ 103,802                        | 341,810                        |  |
| Trade accounts receivable              |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Accounts receivable                    | US\$ 22,100                         | 2.880                       | 63,648                         | US\$ 744,971                        | 2,011,421                      | US\$ 3,053,299                      | 10,054,177                     |  |
| Other receivables and prepaid expenses |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Secured by mortgages                   | US\$ 368,726                        | 2.880                       | 1,061,931                      | US\$                                |                                | US\$                                |                                |  |
| Guarantee deposits                     | US\$ 502,324                        | 2.880                       | 1,446,694                      | US\$ 252,603                        | 682,027                        | US\$ 191,306                        | 562,488                        |  |
| <b>Non-Current Asset</b>               |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Other receivables and prepaid expenses |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Secured by mortgages                   | US\$ 350,000                        | 2.880                       | 1,008,000                      | US\$                                |                                | US\$                                |                                |  |
| Investments:                           |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Convertible Bonds 2007 - IRSA          | US\$ 49,943,188                     | 2.930                       | 146,333,542                    | US\$ 49,692,688                     | 139,139,526                    | US\$ 49,692,688                     | 163,632,558                    |  |
| <b>Total Asset</b>                     | US\$ 58,303,019                     |                             | 170,409,855                    | US\$ 56,981,315                     | 158,869,611                    | US\$ 61,729,895                     | 203,202,295                    |  |
| <b>Current liabilities</b>             |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Trade accounts payable:                |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Suppliers                              | US\$ 315,684                        | 2.930                       | 924,954                        | US\$ 155,871                        | 436,439                        | US\$ 2,766,456                      | 9,388,219                      |  |
| Accrual for other expenses             | US\$ 155,191                        | 2.930                       | 454,710                        | US\$ 168,608                        | 472,102                        | US\$ 687,492                        | 2,333,066                      |  |
| Loans:                                 |                                     |                             |                                |                                     |                                |                                     |                                |  |
| Convertible Bonds 2007                 | US\$ 472,188                        | 2.930                       | 1,383,511                      | US\$ 509,107                        | 1,425,499                      | US\$ 104,445                        | 354,442                        |  |

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**Non-current liabilities**

Loans:

|                          |                        |       |                    |                        |                    |                        |                    |
|--------------------------|------------------------|-------|--------------------|------------------------|--------------------|------------------------|--------------------|
| Convertible Bonds 2007   | US\$ 44,267,630        | 2.930 | 129,704,156        | US\$ 49,803,916        | 139,450,965        | US\$ 50,000,000        | 169,679,500        |
| <b>Total Liabilities</b> | <b>US\$ 45,210,693</b> |       | <b>132,467,331</b> | <b>US\$ 50,637,502</b> | <b>141,785,005</b> | <b>US\$ 53,558,393</b> | <b>181,755,227</b> |

US\$: US dollars

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Information submitted in compliance with Section 64, subsection B of Law N° 19,550

For the periods ended December 31, 2003 and 2002

(Notes 1 and 2)

## Schedule H

| Items                              | Total             | Operating Expenses |                  |                  |                |        | Expenses         |                  | Total             |
|------------------------------------|-------------------|--------------------|------------------|------------------|----------------|--------|------------------|------------------|-------------------|
|                                    | December 31,      |                    |                  |                  |                |        |                  |                  | December 31,      |
|                                    | 2003              | Total              | Crops            | Beef cattle      | Milk           | Others | Selling          | Administrative   | 2002              |
|                                    | Pesos             | Pesos              | Pesos            | Pesos            | Pesos          | Pesos  | Pesos            | Pesos            | Pesos             |
| Directors fees                     | 3,730             |                    |                  |                  |                |        |                  | 3,730            | 50,747            |
| Fees and payments for services     | 632,450           | 143,150            | 50,788           | 87,862           | 4,500          |        | 489,300          |                  | 443,023           |
| Salaries and wages                 | 3,223,972         | 1,115,827          | 260,260          | 707,147          | 148,420        |        | 2,108,145        |                  | 1,493,407         |
| Social security contributions      | 382,284           | 167,059            | 65,634           | 92,388           | 9,037          |        | 215,225          |                  | 301,930           |
| Taxes, rates and contributions     | 196,533           | 176,799            | 58,735           | 105,676          | 12,388         |        | 19,734           |                  | 113,457           |
| Gross sales taxes                  | 266,305           |                    |                  |                  |                |        | 266,305          |                  | 312,435           |
| Office and administrative expenses | 79,991            |                    |                  |                  |                |        |                  | 79,991           | 141,362           |
| Bank commissions and expenses      | 9,961             | 9,961              | 2,988            | 6,810            | 163            |        |                  |                  | 6,914             |
| Depreciation of fixed assets       | 1,358,544         | 1,278,902          | 682,153          | 483,549          | 113,200        |        |                  | 79,642           | 1,371,542         |
| Vehicle and travelling expenses    | 233,684           | 146,319            | 63,699           | 74,524           | 8,096          |        |                  | 87,365           | 194,127           |
| Spare parts and repairs            | 503,317           | 503,317            | 228,531          | 232,424          | 42,362         |        |                  |                  | 300,708           |
| Insurance                          | 160,596           | 15,575             | 7,176            | 7,847            | 552            |        |                  | 145,021          | 176,519           |
| Employees maintenance              | 76,324            | 68,324             | 15,213           | 50,182           | 2,929          |        |                  | 8,000            | 69,954            |
| Livestock expenses                 | 4,907,955         | 4,296,290          |                  | 4,296,290        |                |        | 611,665          |                  | 2,156,447         |
| Dairy farm expenses                | 584,715           | 584,715            |                  |                  | 584,715        |        |                  |                  | 476,055           |
| Agricultural expenses              | 3,058,699         | 1,833,717          | 1,833,717        |                  |                |        | 1,224,982        |                  | 3,553,076         |
| Silo expenses                      | 123,395           | 123,395            | 123,395          |                  |                |        |                  |                  | 100,588           |
| General expenses                   | 235,618           | 235,618            | 5,629            | 223,021          | 6,968          |        |                  |                  | 163,598           |
| <b>Total at December 31, 2003</b>  | <b>16,038,073</b> | <b>10,698,968</b>  | <b>3,397,918</b> | <b>6,367,720</b> | <b>933,330</b> |        | <b>2,102,952</b> | <b>3,236,153</b> |                   |
| <b>Total at December 31, 2002</b>  |                   | <b>7,615,435</b>   | <b>3,703,455</b> | <b>3,228,281</b> | <b>683,699</b> |        | <b>2,209,660</b> | <b>1,600,794</b> | <b>11,425,889</b> |





**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Additional Information to the Notes to the Unaudited Financial Statements**

**for the period ended December 31, 2003**

**1. LEGAL FRAMEWORK**

There are no specific significant legal regimes that would imply contingent suspension or application of the benefits included in these regulations.

**2. RELEVANT MODIFICATONS IN THE COMPANY S ACTIVITIES**

They are detailed in the Unaudited Business Highlight, which is attached to the present financial statements.

**3. CLASSIFICATION OF OUTSTANDING ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES ACCORDING TO THEIR MATURITY**

- a. Other Receivables without a due date at December 31, 2003.

|                    | <b>Intercompany Article 33 Law</b> |                    |
|--------------------|------------------------------------|--------------------|
|                    | <b>19,550</b>                      |                    |
|                    | <b>FYO</b>                         | <b>CACTUS</b>      |
| <b>Other</b>       | <b>Other</b>                       | <b>Other</b>       |
| <b>Receivables</b> | <b>Receivables</b>                 | <b>Receivables</b> |
| <b>Pesos</b>       | <b>Pesos</b>                       | <b>Pesos</b>       |
| <b>Current</b>     | 5,434,744                          | 321,310            |
|                    |                                    | 1,040,575          |

- b. Accounts Receivable and other receivables to fall due at December 31, 2003

| <b>Accounts</b>   | <b>Intercompany</b>          | <b>Other</b>       | <b>Intercompany</b>   |
|-------------------|------------------------------|--------------------|-----------------------|
| <b>Receivable</b> | <b>Article 33 Law 19,550</b> | <b>Receivables</b> | <b>Article 33 Law</b> |
| <b>Pesos</b>      | <b>Pesos</b>                 | <b>Pesos</b>       | <b>19,550</b>         |

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|          |           | <u>IGSA</u> | <u>CACTUS</u> |           | <u>CACTUS</u> |
|----------|-----------|-------------|---------------|-----------|---------------|
|          |           | Accounts    | Accounts      |           | Other         |
|          |           | Receivable  | Receivable    |           | Receivables   |
|          |           | Pesos       | Pesos         |           | Pesos         |
| 03.31.04 | 3,848,913 | 78,555      | 13,709        | 3,578,092 | 297,411       |
| 03.31.05 |           |             |               | 1,008,000 |               |
| 06.30.05 |           |             |               | 781,368   |               |

**4. CLASSIFICATION OF OUTSTANDING DEBTS ACCORDING TO THEIR MATURITY**

- a. There are no past due debts at December 31, 2003.
- b. Debts without a due date at December 31, 2003 amount to Ps. 23,111,814 correspond to Deferred Tax.

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Additional Information to the Notes to the Unaudited Financial Statements

(Continued)

- c. Debts to fall due at December 31, 2003

|          | Intercompany<br>Article 33<br>Law 19,550 |              |        | Loans       | Salaries<br>and<br>Social<br>Security<br>Charges<br>Tax<br>Payable<br>Other |         |         | Intercompany<br>Article 33<br>Law 19,550<br>IGSA<br>Other Debts |
|----------|--|--------------|--------|-------------|---|---------|---------|---|
|          | CACTUS<br>Accounts Payable<br>Pesos      | FYO<br>Pesos | Pesos  |             | Pesos   | Pesos   | Pesos   | Pesos   |
| 03.31.04 | 5,546,378                                | 434,578      | 14,033 | 1,383,511   | 689,109   | 959,654 | 529,129 |   |
| 06.30.04 |  |              |        |             |   |         |         | 265,353   |
| 12.31.04 | 967                                      |              |        |             |   |         |         | 2,118,902   |
| 12.31.07 |  |              |        | 127,670,143 |   |         |         |   |

## 5. CLASSIFICATION OF OUTSTANDING ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES ACCORDING TO THEIR FINANCIAL EFFECTS

- a.

|               | Intercompany<br>Article 33 Law 19,550   |   |        | Other<br>Receivables | Intercompany<br>Article 33 Law 19,550   |                                      |
|---------------|---|---|--------|----------------------|---|--------------------------------------|
|               | IGSA<br>Accounts<br>Receivable<br>Pesos | CACTUS<br>Accounts<br>Receivable<br>Pesos | Pesos  |                      | CACTUS<br>Other<br>Receivables<br>Pesos | FYO<br>Other<br>Receivables<br>Pesos |
| In pesos      | 3,785,265                               | 78,555                                    | 13,709 | 7,285,579            | 1,337,986                               | 321,310                              |
| In US Dollars | 63,648                                  |   |        | 3,516,625            |   |                                      |

- b. All accounts receivable and other receivables are not subject to adjustment provisions.

c.

|   | Intercompany          |                     |           | Intercompany          |                   |         |
|---|-----------------------|---------------------|-----------|-----------------------|-------------------|---------|
|   | Article 33 Law 19,550 |                     |           | Article 33 Law 19,550 |                   |         |
|   | IGSA                  | CACTUS              | Other     | CACTUS                | FYO               |         |
|   | Accounts Receivable   | Accounts Receivable |           | Other Receivables     | Other Receivables |         |
| Pesos                                       | Pesos                 | Pesos               | Pesos     | Pesos                 |                   |         |
| Outstanding balances accruing interests     |                       |                     | 2,587,094 | 297,411               |                   |         |
| Outstanding Balances not accruing interests | 3,848,913             | 78,555              | 13,709    | 8,215,110             | 1,040,575         | 321,310 |

Cresud Sociedad Anónima

Comercial, Inmobiliaria, Financiera y Agropecuaria

Additional Information to the Notes to the Unaudited Financial Statements

(Continued)

6. CLASSIFICATION OF DEBTS ACCORDING TO THEIR FINANCIAL EFFECTS

a.

|                  | Intercompany     |         |        | Loans       | Salaries and Social Security Charges |            |                 | Taxes Payable |               | Other Debts   |             |             |  |
|------------------|------------------|---------|--------|-------------|--------------------------------------|------------|-----------------|---------------|---------------|---------------|-------------|-------------|--|
|                  | Article 33       |         |        |             | Loans                                | and        |                 |               | Taxes Payable |               | Other Debts |             |  |
|                  | Law 19,550       |         |        |             |                                      | Loans      | Social Security |               |               | Taxes Payable |             | Other Debts |  |
|                  | CACTUS           | FYO     |        |             |                                      |            | Security        | Taxes         | Other         | IGSA          | Other Debts |             |  |
| Accounts Payable | Accounts Payable |         | Loans  | Charges     | Payable                              | Debts      | Other Debts     |               |               |               |             |             |  |
| Pesos            | Pesos            | Pesos   | Pesos  | Pesos       | Pesos                                | Pesos      | Pesos           | Pesos         | Pesos         | Pesos         |             |             |  |
| In pesos         | 4,167,681        | 434,578 | 14,033 | (2,034,013) | 689,109                              | 24,071,468 | 529,129         |               |               | 2,384,255     |             |             |  |
| In US Dollars    | 1,379,664        |         |        | 131,087,667 |                                      |            |                 |               |               |               |             |             |  |

b. All debts outstanding are not subject to adjustment provisions.

c.

|                                      | Intercompany     |         |        | Loans       | Salaries and Social Security Charges |         |                 | Taxes Payable |               | Other Debts   |             |             |  |
|--------------------------------------|------------------|---------|--------|-------------|--------------------------------------|---------|-----------------|---------------|---------------|---------------|-------------|-------------|--|
|                                      | Article 33       |         |        |             | Loans                                | and     |                 |               | Taxes Payable |               | Other Debts |             |  |
|                                      | Law 19,550       |         |        |             |                                      | Loans   | Social Security |               |               | Taxes Payable |             | Other Debts |  |
|                                      | CACTUS           | FYO     |        |             |                                      |         | Security        | Taxes         | Other         | IGSA          | Other Debts |             |  |
| Accounts Payable                     | Accounts Payable |         | Loans  | Charges     | Payable                              | Debts   | Other Debts     |               |               |               |             |             |  |
| Pesos                                | Pesos            | Pesos   | Pesos  | Pesos       | Pesos                                | Pesos   | Pesos           | Pesos         | Pesos         | Pesos         |             |             |  |
| Outstanding debts accruing Interests | 5,547,345        | 434,578 | 14,033 | 127,670,143 | 1,383,511                            | 689,109 | 24,071,468      | 529,129       |               | 2,384,255     |             |             |  |

Outstanding debts not  
accruing interests

**7. INTEREST IN OTHER COMPANIES (Article 33 LAW 19,550)**

Interests in other companies capital and the number of votes held in those companies governed by Article 33 of Law 19,550 are explained in Note 2 to the consolidated financial statements and intercompany balances as of December 31, 2003 are described in points 4 and 5 above.

**8. RECEIVABLES FROM OR LOANS TO DIRECTORS AND SUPERVISORY COMMITTEE MEMBERS**

At December 31, 2003 there were advance payments to directors for Ps. 2,763, and there were no receivables due from or loans to syndics and relatives up to and including second degree, of directors and syndics.

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Additional Information to the Notes to the Unaudited Financial Statements**

**(Continued)**

**9. PHYSICAL INVENTORIES**

The company conducts physical inventories once a year in each property, covering all the assets under such account. There is no relevant immobilization of inventory.

**10. VALUATION OF INVENTORIES**

We further inform the sources for the information used to calculate the current value:

a. Cattle for fattening, valued at the market value net of estimated sale expenses: quotation in the Liniers Livestock Market ( Mercado de Hacienda de Liniers ), published in the Cattle Bulletin of the Organización Víctor D Apice (Víctor D´Apice Organization).

b. Cattle for raising and daily production valued at its replacement cost: according to specific appraisals made by renowned experts.

c. Crops: official quotation of the Cámara Arbitral de Cereales for the port closest to the warehouse, published by media of wide circulation ( La Nación Newspaper ) net of estimated sale expenses.

d. The remaining inventory stated at its replacement cost: seeds, forage and materials: replacement cost published by a well-known magazine ( Revista Agromercado ).

**11. TECHNICAL REVALUATION OF FIXED ASSETS**

There are no fixed assets subject to technical revaluation.

**12. OBSOLETE FIXED ASSETS**

There are no obsolete fixed assets with accounting value.

**13. MINORITY INTEREST**

There are no minority interests in other companies in excess of the provisions of Article 31 of Law N° 19.550.

**14. RECOVERABLE VALUES**

The recoverable value of the inventory under consideration is the net realizable value (selling price at the end of the year less estimated selling expenses). The recoverable value of fixed assets under consideration is the economic use value determined by the possibility of absorbing the amortizations with the income of the Company.



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## Additional Information to the Notes to the Unaudited Financial Statements

(Continued)

**15. INSURANCES**

The types of insurance used by the company are the following:

| <u>Insured property</u>                    | <u>Risk covered</u>                               | <u>Amount insured</u> | <u>Account Value</u> |
|--|---|-----------------------|----------------------|
|  |   | <u>Pesos</u>          | <u>Pesos</u>         |
| Buildings, machinery and silos             | Fire  | 1,050,000             | 7,235,057            |
| Vehicles                                   | Theft, fire and civil and third parties liability | 3,871,010             | 419,320              |
| Furniture, office and electronic equipment | Theft, fire and technical insurance               | 3,000,000             | 536,649              |

**16. PROVISIONS**

There are no provisions in excess of 2% of the shareholders' equity.

**17. CONTINGENCIES**

At December 31, 2003 there are no contingent situations that have not been accounted for.

**18. IRREVOCABLE CONTRIBUTIONS TO CAPITAL ON ACCOUNT OF FUTURE SUBSCRIPTIONS**

None.

**19. DIVIDENDS ON PREFERRED STOCK**

There are no cumulative dividends not paid on preferred stock.

**20. LIMITATIONS OF PROFIT DISTRIBUTIONS**

See Note 10 to the Unaudited Financial statements.

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS**

As established by the Comisión Nacional de Valores (Argentine Securities Commission), the adjustment for inflation of Financial Statements of public companies was eliminated as from March 1, 2003. Accordingly, the Financial Statements for the period ended on December 31, 2003 do not recognize the effects of inflation. On the other hand, the amounts for the period ended on December 31, 2002 have been restated for comparison purposes, using the coefficient 1.007, which reflects wholesale inflation of 0.7% between December 2002 and February 2003.

**Net results for the six-month period ended on December 31, 2003, showed a gain of Ps. 4.8 million** as compared to a Ps. 36.1 million gain recorded during the same period of the last fiscal year.

The decrease in net income is a consequence of fewer crops sold, lower results derived from the holding of cattle stock, and lower gains from our share in IRSA Inversiones y Representaciones S.A. We have again generated positive results, offsetting the loss of Ps. 2.0 million recorded in the first quarter of fiscal year 2004.

**Consolidated net sales for the period** amounted to Ps. 24.7 million, 38.7% lower than those recorded during the same period last year, mainly due to the fewer stock of crops resulting in a lower volume of sales for the semester.

**Gross profit** during the first six months of fiscal year 2004 amounted to Ps. 7.6 million, as compared to Ps. 11.1 million recorded during the same period last year. The decrease was mainly due to a lower gross profit from the livestock segment.

**Operating income** for the six-month period amounted to Ps. 5.0 million, as compared to Ps. 20.4 million recorded in the same period last year. This decrease was mainly due to both the decrease in gross profit and increase in the price of cattle, which accounted for Ps. 13.3 profit during the last year as compared to Ps. 1.3 million recorded during this period.

**Results from related companies** generated a gain of Ps. 2.3 million, mainly due to our 21.85% stake in IRSA Inversiones y Representaciones S.A.

Saúl Zang

Vice-Chairman

in charge of the Presidency

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Summary of operations**

During the last months of 2003, Argentina's economic recovery registered an upturn, reaching an annual growth rate of 9.2% from September to November. Spurred by a very favorable international context, which included a historic growth of the US economy, extremely low interest rates and excellent commodity prices, a positive domestic scenario with increases in consumption and investment, the Argentine GDP showed an outstanding growth of around 8% for the year. This noteworthy recovery has placed growth estimates for 2004 around 6.5%, a more than reasonable outlook considering a growth floor for the coming year of 3.4% based on cumulative statistical data.

Thus, it was possible to exceed the fiscal goals agreed with the IMF reaching a primary surplus of 2.3% of GDP (0.2% above the target). The better prospects made it possible for the State to incur indebtedness for the first time since the default on payments, through a three-year debt issuance placed by the Argentine Central Bank (BCRA). This institution also achieved an important increase in the year of 35% in its international reserves, reaching US\$ 14,119 million as of December 31, 2003.

Meanwhile, the good performance of the economic activity was accompanied by the creation of jobs generating an increase of 8.3% in total employment (formal and informal) and an increase in real salaries benefited by the low annual inflation of 3.7%. These variables had their impact on private consumption, which increased 7.8% during the year.

**Crops**

The crop business generated a gross profit of Ps. 3.4 million, as compared to a Ps. 5.1 million profit recorded during the same period last fiscal year.

Crop sales for the period amounted to Ps. 10.5 million, as compared to Ps. 31.4 million the same period last fiscal year. This decrease was due to the lower volume of crop sales during the current year, which totaled 23,601 tons as compared to 71,141 tons in the previous campaign. It should be noted that most crop stock sold during last year corresponded to the production of the 2002 campaign.

Gross margin from the sale of crops for the current campaign was 32.1%, as compared to 16.2% recorded last year. This improvement was due to an increase in cereal prices, a higher stock volume at the end of the period and the effect of inflation over the stock at the beginning of last period.

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**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

After the closing of the second quarter, the wheat harvest was concluded with highly positive results, reaching production volumes of approximately 16,500 tons and an average yield of 32 quintal/ha., a 32% increase over the last campaign.

The remaining crops are in a very good condition, and highly favorable yield is forecasted for our soybean production.

As of December 31, 2003 our crop stock amounted to 16,024 tons, of which 9,103 correspond to wheat and 6,844 to corn.

During the quarter, the growing demand in China and the lower US and European production estimates, added to the uncertainty as to whether Southamerican harvests will meet estimated production volumes, have resulted in a significant rise in the price of soybean, corn and wheat.

Source: Bloomberg Chicago market

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**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

Source: Bloomberg Chicago market

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Beef Cattle**

Livestock sales increased 61.3% from Ps. 7.3 million as of December 31, 2002, to Ps. 11.8 million as of December 31, 2003, due to a higher volume of sales and increased prices. During the quarter 6,438 tons were sold at an average price of Ps. 1.83 per kilogram, while during the first six months of fiscal year 2002 sales totaled 4,040 tons at an average price of Ps. 1.67 per kilogram.

Gross profit from the beef cattle segment amounted to Ps. 2.9 million, as compared to Ps. 5.9 million recorded in the same period last year. The decrease in profit margins was due to the fact that most cattle was finished in our Feed Lot, where costs are higher, though generating an increase in production due to higher cattle rotation and shorter fattening periods.

The world beef cattle market suffered a serious shock during the quarter after the detection of the first case of bovine spongiform encephalopathy (BSE) in the USA, resulting in the immediate closing of 90% of export markets of the main world beef cattle producer. Since export restrictions on Argentina after the outbreak of foot-and-mouth disease in 2001 have not yet been lifted, Argentina could not take advantage of the opportunity to meet the additional demand after the ban on imports from the USA, which has been estimated at US\$ 3,500 million. Benefits, however, will be seen in the crops segment, with an increase in the demand for soybean and by-products which could replace meat and bone meal for feeding cattle.

As of December 31, 2003, the Company's cattle stock amounted to 92,939 heads with 126,105 hectares designated for this activity. We believe that due to the decrease in cattle stock as a result of the development of agricultural activities in historically livestock areas and the recovery of the Argentine economy with domestic demand absorbing 85% of beef cattle production, expectations regarding cattle prices are positive. Accordingly, during the current six-month period we have increased our cattle stock by 9,888 heads as compared to that at June 2003.

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**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Milk**

Milk production increased by 16% during the quarter, from 3.3 million liters as of December 31, 2002 to 3.9 million liters as of December 31, 2003.

Gross profit as of December 31, 2003, totaled Ps. 1.4 million, an increase of Ps. 1.0 million as compared to the same period last fiscal year. This increase was mainly due to the increase in production, a rise in prices which increased from an average of Ps. 0.335 per liter in the six-month period ended December 31, 2002 to Ps. 0.476 during the current year- and a decrease in costs generated by the revaluation of head of cattle purchases.

Currently the Company's only dairy farm is located at La Juanita, where the feeding system is solely based on pastures. As this feeding system generates lower costs, it provides higher milk margins than crop feeding systems.

The milk business in Argentina went through severe fluctuations during the course of time, from the euphoria of 1997 and 1998 to the 2001 crisis. At present, with attractive prices, this segment is once again promising.

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Clearing and development of marginal land**

We believe that the potential of this sector, occurred in various countries, relates to the development of marginal land. Using state of the art technology, yields comparable to those of the core area can be obtained with higher profit margins.

Following this strategy, during the quarter we completed the clearing of 3,000 hectares destined to cattle in our Los Pozos farm in the Province of Salta, which were sown with Gatton Panic. Our Los Pozos farm currently shows returns in the cattle business above those recorded by the rest of our farms and the industry average, and therefore we continue to invest in that farm to increase production.

During the quarter we completed the sowing of an experimental agriculture plot of 1,000 hectares in that farm, of which 300 hectares were sown with soybean, 350 with corn and 350 with sorghum. We intend to use the proceeds of corn and sorghum crops for the fattening of young bulls in that plot. If this experiment turns out to be successful, it could be used to meet the demand for cattle feed in the Argentine northeastern region.

Today Cresud's land reserves exceed 266,000 hectares, which were acquired at very low prices. We believe that with the development of these areas, together with proper technology, the value of land will rise, generating significant returns to the Company.

**Feed Lot**

During the quarter, our 170-hectare Feed Lot, located in the province of San Luis, in which the Company holds a 50% equity interest through Cactus Argentina S.A., continued to operate at 100% of its capacity, with an approximate 20-day delay in the waiting list.

Due to this increase in demand, we have decided to extend the capacity of our first enterprise by 8,000 heads, a project that was completed during the current quarter.

The uniformity obtained in the final product of feed lot cattle has granted buyers a high quality product, making its commercialization easy and obtaining higher prices at the moment of selling. Furthermore, the constant increase in agricultural activity over traditional livestock areas has resulted in an increasing number of producers using feed lot services for cattle fattening.

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**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

During the six-month period ended December 31, 2003, Cactus Argentina S.A. recorded a net income of Ps. 11.4 million, a 36% increase compared to the same period last year.

**INTERNET**

Fyo.com, the Internet site in which the Company holds a 70% equity interest, continues to strengthen its position as leading agriculture site and has expanded the scope of its commercial services to the farming community through direct sale of inputs and crop brokerage.

In the first three months of operation as crop broker, 20,000 tons of crop were traded, being 60,000 tons. the target to be achieved for the first half of the year. Furthermore, during the last quarter we signed an agreement with the consignee Malabe for real time sale of cattle.

At present, Futuros y Opciones.com S.A. has a database of 35,000 users and more than 5,000 farmers authorized to carry out deals. Our strategy is focused on providing commercial services for farmers, capitalizing on Cresud's expertise and operative capacity in the business, using FyO as the link with clients.

During the six-month period ended December 31, 2003, Futuros y Opciones.com S.A. recorded a gain of Ps. 0.4 million, a 64% increase compared to the same period last year. Net results for the six-month period showed a loss of Ps. 0.3 million.

Saúl Zang

Vice-Chairman

in charge of the Presidency

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## UNAUDITED BUSINESS HIGHLIGHTS (Continued)

## Principal operative indicators for the six-month period ended

December 31, 2003 and 2002

|   | 6 months as of<br>December 31<br>2003 | 6 months as of<br>December 31<br>2002 | %           |
|---|---------------------------------------|---------------------------------------|-------------|
| <b>Sales (volume)</b>                       |                                       |                                       |             |
| Wheat (tons)                                | 2,490                                 | 6,231                                 | -60%        |
| Corn (tons)                                 | 11,472                                | 38,159                                | -70%        |
| Sunflower (tons)                            |                                       | 2,351                                 | -100%       |
| Soybean (tons)                              | 9,611                                 | 24,400                                | -61%        |
| Others (tons)                               | 28                                    |                                       |             |
| <b>Total crops (tons)</b>                   | <b>23,601</b>                         | <b>71,141</b>                         | <b>-67%</b> |
| Beef cattle (tons)                          | 6,438                                 | 4,040                                 | 59%         |
| Milk (thousands of liters)                  | 3,851                                 | 3,331                                 | 16%         |
| <b>Production</b>                           |                                       |                                       |             |
| Wheat (tons)                                | 11,571                                | 7,474                                 | 55%         |
| Corn (tons)                                 |                                       |                                       |             |
| Sunflower (tons)                            |                                       |                                       |             |
| Soybean (tons)                              |                                       |                                       |             |
| Beef cattle (tons)                          | 5,083                                 | 5,051                                 | 1%          |
| Milk (thousands of liters)                  | 3,851                                 | 3,331                                 | 16%         |
| <b>Area under development (in hectares)</b> |                                       |                                       |             |
| Crops                                       |                                       |                                       |             |
| Own farms                                   | 12,312                                | 10,010                                | 23%         |
| Leased farms                                | 9,755                                 | 13,628                                | -28%        |
| Beef cattle                                 |                                       |                                       |             |
| Own farms                                   | 126,105                               | 135,257                               | -7%         |
| Leased farms                                |                                       |                                       |             |
| Dairy farm                                  |                                       |                                       |             |
| Own farms                                   | 820                                   | 820                                   | 0%          |
| <b>Area under irrigation</b>                | 2,841                                 | 2,814                                 | 1%          |
| <b>Land reserves (in hectares)</b>          | 266,916                               | 272,030                               | -2%         |
| <b>Storage capacity (tons)</b>              | 18,360                                | 21,860                                | -16%        |
| <b>Head of beef cattle</b>                  | 92,939                                | 90,380                                | 3%          |
| <b>Dairy stock (heads)</b>                  | 2,812                                 | 2,234                                 | 26%         |
| <b>Milk cows (heads)</b>                    | 1,190                                 | 1,242                                 | -4%         |

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Result recorded by IRSA Inversiones y Representaciones S.A. (NYSE: IRS BCBA: IRSA)**

IRSA's result showed a Ps. 32.4 million gain as compared to Ps. 165.6 million profit for the same period last year.

This result was mainly due to the effect of financial results. While in the first half of fiscal year 2003 financial results amounted to Ps. 207.6 million, for the same period of fiscal year 2004 they amounted to only Ps. 33.8 million. Furthermore, the 11% appreciation of the local currency against the dollar in the six-month period of fiscal year 2003 generated net positive exchange differences amounting to Ps. 139.2 million, while the 0.5% depreciation of the peso in the same half of 2004 generated negative net exchange differences of Ps. 11.4 million. Nevertheless, this effect was partially offset by the result of financial operations, which increased from Ps. 23.8 million in the first half of fiscal year 2003, as compared to Ps. 74.3 million recorded during the same period of fiscal year 2004 mainly due to the increased value of IRSA's holding in Banco Hipotecario S.A.

Although IRSA's results amounted to Ps. 32.4 million, we only recognized in our results Ps. 1.8 million. Taking into account that as of December 31, 2003 our stake in the company was 21.85%, we should have recorded approximately a Ps. 8.4 million profit, including the effect of goodwill's amortization. This difference was due to the conversion of convertible notes and the exercise of warrants, which increased IRSA's capital stock by 17,277,255 shares and diluted our holdings, which decreased from 23.63% to 21.85%, generating an accounting loss of Ps. 6.6 million.

In addition to our equity interest in IRSA, we own notes convertible into shares issued by IRSA for US\$ 49.9 million, and warrants for an equivalent amount. If all the holders (including us) execute both the option to purchase additional shares and the warrants, CRESUD would own 40% of IRSA stock, in which case the above - mentioned dilution would be reversed.

Currently, our equity interest in IRSA is accounted through the proportional equity value method. Therefore the dilution effect does not only affect our participation in results, but also affects Cresud's investment in IRSA.

IRSA's operating results grew significantly, from a Ps. 0.4 million loss during the first half of fiscal year 2003, to a Ps. 21.0 million profit during the first semester of fiscal year 2004.

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

IRSA is Argentina's leading real estate company with a totally diversified portfolio of properties. IRSA participates in the following business segments:

**Office rental** with more than 84,000 m<sup>2</sup> for lease.

Operation of **Shopping Centers** through its 54.6% equity interest in Alto Palermo S.A. (APSA) (Nasdaq: APSA, BCBA: APSA). APSA is one of the leading operators of shopping centers in Argentina and owns or has majority interest in 7 shopping centers with 145,207 m<sup>2</sup> of gross leasable area.

Sale of **residential property**.

Holding and operation of luxury **hotels** through its equity interest in 3 five star hotels.

Furthermore, IRSA owns land reserves for **future developments** valued at Ps. 318.3 million.

IRSA's total assets amount to Ps. 2,116.0 million and its net worth totals Ps. 872.1 million.

IRSA's most significant operations during the current quarter are the purchase of shares of Banco Hipotecario and the beginning of construction of a shopping center in the city of Rosario.

**Other relevant highlights**

**Reduction of debt due to the conversion of notes and exercise of warrants**

Currently our financial debt has decreased by US\$ 5,890,828 due to the conversion of notes. Consequently, 11,600,668 shares of Ps. 1.0 face value each were issued.

As of December 31, 2003, holders of warrants paid US\$ 6.4 million to exercise 5,334,919 units, which resulted in the issuance of 10,505,936 shares.

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In this way, the amount of outstanding convertible notes is currently US\$ 44,109,172, while the number of outstanding shares is 146,686,392 and the number of warrants amounts to 44,515,078.

It should be noted that since the Company holds convertible notes issued by IRSA for a total 49.9 million, which bear interest at the same rate as those issued by us, as from the next payment of interest, funds to be collected from our holding in IRSA will exceed those required to cover payment of our convertible notes.

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**UNAUDITED BUSINESS HIGHLIGHTS (Continued)**

**Director s Resignation**

On November 25, 2003, our director M. Marcelo Mindlin, announced he was resigning his position to start personal commercial undertakings. Mr. Mindlin collaborated throughout recent years and left his own personal mark on the setting of the objectives, projects, businesses, and the particular style of the Company.

Our Board of Directors wishes Mr. Marcelo Mindlin the best of successes on the personal and professional levels that he deserves.

**Transfer of headquarters**

On December 2003 we completed the move of our headquarters to the Intercontinental Plaza Tower located at Moreno 877 23rd Floor Ciudad Autónoma de Buenos Aires Argentina (C1091AAQ).

**Prospects for the coming quarter**

The outlook for the coming quarter is very promising; since the price of commodities keeps stable, we expect an increase in profit margins. The outlook for our crops is also very positive; the sunflower harvest is scheduled to begin in the current month and the soybean and corn harvest will begin in March.

Furthermore, in the third quarter of fiscal year 2004, we will continue to clear Los Pozos .

We are evaluating several investment projects, which we hope will be carried out during the current year.

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## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## UNAUDITED BUSINESS HIGHLIGHTS (continued)

## Comparative Shareholders Equity Structure

|                          | At December 31,<br>2003 | At December 31,<br>2002 | At December 31,<br>2001 | At December 31,<br>2000 | At December 31,<br>1999 |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                          | Pesos                   | Pesos                   | Pesos                   | Pesos                   | Pesos                   |
| Current Assets           | 69,269,549              | 80,898,079              | 130,304,215             | 159,134,634             | 126,331,182             |
| Non Current Assets       | 524,191,545             | 498,447,779             | 234,399,032             | 266,317,580             | 271,632,940             |
| <b>Total Assets</b>      | <b>593,461,094</b>      | <b>579,345,858</b>      | <b>364,703,247</b>      | <b>425,452,214</b>      | <b>397,964,122</b>      |
| Current Liabilities      | 10,768,768              | 27,430,946              | 60,202,962              | 29,128,518              | 15,843,473              |
| Non Current Liabilities  | 151,851,374             | 192,795,940             | 557,085                 | 527,152                 |                         |
| <b>Total Liabilities</b> | <b>162,620,142</b>      | <b>220,226,886</b>      | <b>60,760,047</b>       | <b>29,655,670</b>       | <b>15,843,473</b>       |
| Minority Interest        | 104,178                 | 318,671                 | 347,591                 | 126,600                 | 7                       |
| Shareholders Equity      | 430,736,774             | 358,800,301             | 303,595,609             | 395,669,944             | 382,120,642             |
|                          | 593,461,094             | 579,345,858             | 364,703,247             | 425,452,214             | 397,964,122             |

## Comparative Income Structure

|  | At December 31,<br>2003 | At December 31,<br>2002 | At December 31,<br>2001 | At December 31,<br>2000 | At December 31,<br>1999 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Pesos                   | Pesos                   | Pesos                   | Pesos                   | Pesos                   |
| Operating Income (loss)  | 5,049,877               | 20,412,891              | 1,387,360               | 6,371,441               | (6,408,600)             |
| Financial and holding results                                      | 712,501                 | (13,029,568)            | (83,364,744)            | 7,287,485               | 3,617,895               |
| Other income and expenses<br>and results from related<br>companies | 2,550,712               | 40,075,282              | (762,385)               | (896,911)               | (668,015)               |

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|                             |             |             |              |             |             |
|-----------------------------|-------------|-------------|--------------|-------------|-------------|
| Management fees             | (529,129)   | (3,419,171) |              | (1,104,648) |             |
| Operating net income (loss) | 7,783,961   | 44,039,434  | (82,739,769) | 11,657,367  | (3,458,720) |
| Income tax                  | (3,124,337) | (8,047,389) |              | (1,904,747) |             |
| Minority interest           | 102,532     | 112,129     | 186,145      | 189,208     |             |
| Net income (loss)           | 4,762,156   | 36,104,174  | (82,553,624) | 9,941,828   | (3,458,720) |

Production Volume

|                          | Accumulated  |                 | Accumulated  |                 | Accumulated  |                 | Accumulated  |                 | Accumulated  |                 |
|--------------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
|                          | 2Q           | July 1, 2003 to | 2Q           | Accumulated     | 2Q           | July 1, 2001 to | 2Q           | Accumulated     | 2Q           | July 1, 1999 to |
|                          | December 31, | December 31,    | December 31, | July 1, 2002 to | December 31, | December 31,    | December 31, | July 1, 2000 to | December 31, | December 31,    |
|                          | 2003         | 2003            | 2002         | December 31,    | 2001         | 2001            | 2000         | December 31,    | 1999         | 1999            |
|                          |              |                 |              | 2002            |              |                 |              | 2000            |              |                 |
| Beef Cattle<br>(in Kgs.) | 3,014,336    | 5,083,157       | 3,076,174    | 5,082,825       | 1,957,827    | 5,246,685       | 4,117,652    | 7,203,006       | 3,535,434    | 7,023,431       |
| Butyraceous<br>(in Kgs.) | 71,199       | 135,196         | 56,314       | 113,688         | 70,843       | 153,063         | 66,024       | 133,066         | 119,357      | 236,091         |
| Crops<br>(in quintals)*  | 115,712      | 140,050         | 74,744       | 128,056         | 187,752      | 211,134         | 81,956       | 183,910         | 146,938      | 240,850         |

\* One quintals equals one hundred kilograms

Saúl Zang

Vice-Chairman

in charge of the Presidency

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria

## UNAUDITED BUSINESS HIGHLIGHTS (continued)

## Sales volume

|                       | Accumulated     |              |              |                 |              |                 |              | Accumulated     |              |                 |
|-----------------------|-----------------|--------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
|                       | July 1, 2003 to |              | 2Q           | Accumulated     |              | 2Q              | Accumulated  |                 | 2Q           | July 1, 1999 to |
|                       | 2Q              | December 31, | December 31, | July 1, 2002 to | December 31, | Accumulated     | 2Q           | July 1, 2000 to | December 31, | December 31,    |
|                       | December 31,    | December 31, | December 31, | July 1, 2002 to | December 31, | July 1, 2001 to | December 31, | July 1, 2000 to | December 31, | December 31,    |
| 2003                  | 2003            | 2002         | December 31, | 2001            | December 31, | 2000            | December 31, | 1999            | 1999         |                 |
|                       |                 |              | 2002         |                 | 2001         |                 | 2000         | 2000            | 1999         | 1999            |
| Beef Cattle (in Kgs.) | 3,390,538       | 6,438,261    | 1,893,119    | 4,039,783       | 4,448,217    | 9,531,526       | 4,544,073    | 8,519,132       | 4,364,863    | 7,903,592       |
| Butyraceous           |                 |              |              |                 |              |                 |              |                 |              |                 |
| (in Kgs.)             | 71,199          | 135,196      | 56,314       | 113,688         | 70,843       | 153,063         | 66,024       | 133,066         | 119,357      | 236,091         |
| Crops (in quintals)*  | 113,710         | 236,011      | 338,738      | 711,420         | 80,809       | 506,789         | 506,077      | 1,008,238       | 74,305       | 702,056         |

\* One quintals equals one hundred kilograms

## Local Market

|                       | Accumulated     |              |              |                 |              |                 |              | Accumulated     |              |                 |
|-----------------------|-----------------|--------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
|                       | July 1, 2003 to |              | 2Q           | Accumulated     |              | 2Q              | Accumulated  |                 | 2Q           | July 1, 1999 to |
|                       | 2Q              | December 31, | December 31, | July 1, 2002 to | December 31, | Accumulated     | 2Q           | July 1, 2000 to | December 31, | December 31,    |
|                       | December 31,    | December 31, | December 31, | July 1, 2002 to | December 31, | July 1, 2001 to | December 31, | July 1, 2000 to | December 31, | December 31,    |
| 2003                  | 2003            | 2002         | December 31, | 2001            | December 31, | 2000            | December 31, | 2000            | 1999         | 1999            |
|                       |                 |              | 2002         |                 | 2001         |                 | 2000         | 2000            | 1999         | 1999            |
| Beef Cattle (in Kgs.) | 3,390,538       | 6,438,261    | 1,893,119    | 4,039,783       | 4,448,217    | 9,531,528       | 4,544,073    | 8,519,132       | 4,364,863    | 7,903,592       |
| Butyraceous           |                 |              |              |                 |              |                 |              |                 |              |                 |
| (in Kgs.)             | 71,199          | 135,196      | 56,314       | 113,688         | 70,843       | 153,063         | 66,024       | 133,066         | 119,357      | 236,091         |
| Crops (in quintals)*  | 113,710         | 236,011      | 338,738      | 711,420         | 80,809       | 506,789         | 506,077      | 1,008,238       | 64,315       | 690,260         |

\* One quintals equals one hundred kilograms

## Exports

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|                       | Accumulated     |                 |                 | Accumulated  |                 |              | Accumulated     |              |                 |
|-----------------------|-----------------|-----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
|                       | July 1, 2003 to | 2Q              | Accumulated     | 2Q           | Accumulated     | 2Q           | Accumulated     | 2Q           | Accumulated     |
|                       | 2Q              | July 1, 2003 to | July 1, 2002 to | December 31, | July 1, 2001 to | December 31, | July 1, 2000 to | December 31, | July 1, 1999 to |
|                       | December 31,    | December 31,    | December 31,    | December 31, | December 31,    | December 31, | December 31,    | December 31, | December 31,    |
|                       | 2003            | 2003            | 2002            | 2002         | 2001            | 2001         | 2000            | 2000         | 1999            |
|                       | 2003            | 2003            | 2002            | 2002         | 2001            | 2001         | 2000            | 2000         | 1999            |
| Beef Cattle (in Kgs.) |                 |                 |                 |              |                 |              |                 |              |                 |
| Butyraceous (in Kgs.) |                 |                 |                 |              |                 |              |                 |              |                 |
| Crops (in quintals)*  |                 |                 |                 |              |                 |              |                 |              | 9,990           |
|                       |                 |                 |                 |              |                 |              |                 |              | 11,796          |

\* One quintals equals one hundred kilograms

**Ratios**

|                  | At           | At           | At           | At           | At           |
|------------------|--------------|--------------|--------------|--------------|--------------|
|                  | December 31, | December 31, | December 31, | December 31, | December 31, |
|                  | 2003         | 2002         | 2001         | 2000         | 1999         |
|                  | Pesos        | Pesos        | Pesos        | Pesos        | Pesos        |
| Liquidity        | 6.432        | 2.949        | 2.164        | 5.463        | 7.974        |
| Solvency         | 2.649        | 1.629        | 4.997        | 13.342       | 24.118       |
| Fixed of capital | 0.883        | 0.860        | 0.643        | 0.626        | 0.683        |
| Return on Equity | 0.018        | 0.136        | (0.214)      | 0.030        | (0.009)      |

Saúl Zang

Vice-Chairman

in charge of the Presidency



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INDEPENDENT ACCOUNTANT'S REPORT

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

To the Board of Directors and Shareholders of

Cresud Sociedad Anónima Comercial,

Inmobiliaria, Financiera y Agropecuaria

1. We have reviewed of the quarterly balance sheets of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2003 and 2002, as well as the related statements of income, of Changes in Shareholders' Equity and of Cash Flows for the six-month periods then ended, together with the corresponding Notes 1 through 16 and Schedules A, C, E, F, G and H. In addition, we have reviewed of the consolidated financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its subsidiaries for the six-month periods then ended, with notes 1 to 8 and Schedules A, B, C, E, F, G and H, which are submitted as supplementary information. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with standards established by Technical Resolution N° 7 of the Argentine Federation of Professional Councils of Economic Sciences for limited reviews of financial statements. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
3. Certain comparative information included in the basic and consolidated financial statements and in the complementary notes and exhibits in the attached financial statements derives from the financial statements of the Company at December 31, 2002, on which we issued our report on limited review dated February 10, 2003, containing an observation related to the deviation from professional accounting standards as a result of the lack of adoption of the new regulations issued by the National Securities Commission at that date. This situation has been resolved by the Company at the date of issue of these financial statements, and the corresponding adjustments have been recognized.
4. Based on the work done and on our audit of the Company's financial statements and its consolidated financial statements for the years ended June 30, 2003 and 2002, on which we issued our unqualified report dated September 8, 2003, we report that:
  - a) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2003 and 2002 and its consolidated financial statements at those dates detailed in point 1., prepared in accordance with accounting standards currently in effect in the Autonomous City of Buenos Aires, consider all significant facts and circumstances of which we have become aware and regarding them we have no observations to make.

- b) the comparative information included in the individual and consolidated balance sheet and in the complementary notes and Schedules to the attached financial statements were obtained from the financial statements of the Company at June 30, 2003.
5. In accordance with current regulations, we report that:
- a) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its consolidated financial statements are transcribed to the Inventory and Balance Sheet book and are in accordance with the Commercial Companies Law and pertinent resolutions of the National Securities Commission;
- b) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria arise from accounting records carried in all formal respects in accordance with legal requirements; which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the business overview report and the additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence we have no observations to make.
- d) at December 31, 2003, the debt accrued of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria accrued in favor of the Integrated Pension and Survivors Benefit System according to the accounting records amounted to \$102,379.15, which is not yet due.

Autonomus City of Buenos Aires,

February 9, 2004

PRICE WATERHOUSE & CO

(Partner)

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C.P.C.E.C.A.B.A. T°1 F°1 R.A.P.U.  
Dr. Carlos Martín Barbaína  
Public Accountant (U.C.A.)  
C.P.C.E.C.A. Buenos Aires  
T175 - F65

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Buenos Aires, Argentina.

**CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA**

**FINANCIERA Y AGROPECUARIA**

By: /S/ Saúl Zang

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Name: Saúl Zang

Title: Vice Chairman of the Board of Directors

Dated: February 23, 2004