CONSOLIDATED ANNUAL ACCOUNTS

2017

INDEX

Consolidated Statements of Financial Position as of December 31, 2017 and 2016 (Expressed in Thousands of EUR)

ASSETS	NOTE	2017	2016
Property, plant and equipment	7	104,118	103,446
Property investments		1,500	-
Goodwill	8	802,702	471,907
Other intangible assets	9	352,229	284,869
Investments accounted for using the equity method	11	11,456	9,909
Non-current financial assets	12	220,638	175,030
Deferred tax assets	36	165,757	178,413
Total non-current assets		1,658,400	1,223,574
Assets classified as held for sale	10 y 13	26,891	31,180
Inventories	14	89,308	69,352
Other current assets	15	78,149	84,059
Derivatives	15	10,731	114
Current tax assets	36	55,965	38,912
Trade and other receivables	16	1,248,028	1,210,932
Cash and cash equivalents	17	699,116	673,901
Total current assets		2,208,188	2,108,450
Total assets		3,866,588	3,332,024

Consolidated Statements of Financial Position as of December 31, 2017 and 2016 (Expressed in Thousands of EUR)

EQUITY AND LIABILITIES	NOTE	2017	2016
Share capital	18	35,330	32,826
Share premium	18	523,754	375,955
Reserves	18	(755)	(1,024)
Other equity instruments	18	28,695	23,882
Cash flow hedges	18	3,816	(26,773)
Treasury shares	18	(9,432)	(3,422)
Cumulative translation differences	18	(72,762)	(38,845)
Prior years' profits (losses)	18	122,771	2,319
Equity attributable to the Parent's Owners		631,417	364,918
Non-controlling interests	18	17,508	13,044
Total shareholders' equity		648,925	377,962
Financial liabilities from the issuance of negotiable obligations and securities	20	268,633	414,250
Amounts owed to credit institutions	20	747,745	721,742
Other non-current financial liabilities	21	131,393	96,018
Government grants	22	5,105	2,743
Provision for risks and expenses	23	70,240	99,222
Share capital	18	35,330	32,826
Share premium	18	523,754	375,955
Reserves	18	(755)	(1,024)

EQUITY AND LIABILITIES	NOTE	2017	2016
Other equity instruments	18	28,695	23,882
Cash flow hedges	18	3,816	(26,773)
Treasury shares	18	(9,432)	(3,422)
Deferred tax liabilities	36	20,808	12,401
Total non-current liabilities		1,243,924	1,346,376
Liabilities held for sale	10 y 13	2	3
Financial liabilities from the issuance of negotiable obligations and securities	24	152,098	973
Current debts payable to credit institutions	24	118,854	59,742
Trade and other payables	25	1,274,965	1,173,525
Current tax liabilities	36	16,041	17,964
Any other liabilities	26	402,892	314,618
Derivatives	26	8,887	40,861
Total current liabilities		1,973,739	1,607,686
Total liabilities and shareholders' equity		3,866,588	3,332,024

The attached report and annexes are an integral part of the Consolidates Financial Statements.
Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 46).
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Consolidated Statements of Financial Position as of December 31, 2017 and 2016
(Expressed in Thousands of EUR)

	NOTE	2017	2016
Ordinary income	27	3,011,059	2,709,306
Works carried out by the group for its own non-current assets		37,725	22,784
Other sources of income	28	20,300	40,125
Changes in inventories of finished and semi-finished products		9,253	(12,996)
Consumption and other supplies	29	(803,184)	(667,537)
Staff costs	30	(1,486,026)	(1,342,196)
Other Operating Costs	31	(521,768)	(518,604)
Other income/loss from non-current assets	32	(1,105)	(1,507)
Amortization	7 y 9	(70,625)	(67,836)
Operating Result		195,629	161,539
Financial income	10	7,463	6,468
Financial expenses	10	(42,595)	(45,542)
Other Financial Results	33	2,816	(259)
Financial result		(32,316)	(39,333)
Result of Companies Accounted for Using the Equity Method	11	(482)	1,676
Pre-tax income		162,831	123,882
Corporate tax	36	(33,757)	(53,503)
Profit or loss for the financial year		129,074	70,379

	NOTE	2017	2016
Profit/Loss Attributed to the Parent		126,905	69,931
Profit or loss attributable to non-controlling interest	18	2,169	448
Basic earnings per share (in EUR)	19	0,7378	0,4270
Diluted earnings per share (in EUR)	19	0,6721	0,4130

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Consolidated Statements of Financial Position as of December 31, 2017 and 2016
(Expressed in Thousands of EUR)

	NOTA	2017	2016
Profit/(loss) for the period		129,074	70,379
Other comprehensive income/loss:			
Items that may be reclassified under profit/loss:			
Income and Expenses Recognized Directly in Shareholders' Equity		5,858	(14,356)
Translation differences	18	(35,213)	(9,617)
Cash flow hedges	18	54,762	(6,319)
Taxable		(13,691)	1,580
Transfers to the consolidated profit and loss statement		(10,482)	8,375
Cash flow hedges	18	(13,977)	11,167
Taxable		3,495	(2,792)
Other comprehensive profit for the period, net of tax		(4,624)	(5,981)
Total Comprehensive income/loss of the year		124,450	64,398
Total comprehensive income attributable to the Parent		123,577	64,199
Total comprehensive income attributable to non-controlling interest		873	199

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Consolidated Statements of Changes in Shareholders' Equity for the years ending on December 31, 2017 and 2016 (Expressed in Thousands of EUR)

	CAPITAL	PREMIUM OF PREMIUM	RESERVES	PROFITS ACCUMULATED	SHARES OWN	OTHER STRUMENTS OF OWN EQUITY	COVERAGE FLOWS CASH EQUIVALENT	COVERAGE FLOWS CASH EQUIVALENT	TOTAL	INVESTMENTS NON-CONTROLLING	TOTAL
Balance as at January 1, 2016	32,826	375,955	(1,464)	(54,823)	(3,081)	17,259	(42,224)	(30,409)	294,039	13,607	307,646
Distribution of the 2015 result:											
-Dividends	-	-	-	-	-	-	-	-	-	(867)	**(867)**
Transactions with treasury shares (Note 18)	-	-	440	-	(341)	-	-	-	**99**	-	**99**
Acquisitions to non-controlling interests (Note 18)	-	-	-	(37)	-	-	-	-	**(37)**	37	**-**
Other increases and decreases	-	-	-	(12,752)	-	6,623	12,747	-	**6,618**	68	**6,686**
Other comprehensive income for the period				-	-	-	(9,368)	3,636	**(5,732)**	(249)	**(5,981)**
Profit/(loss) for the period	-	-	-	69,931	-	-	-	-	**69,931**	448	**70,379**
Balance as at 12/31/2016	32,826	375,955	(1,024)	2,319	(3,422)	23,882	(38,845)	(26,773)	364,918	13,044	377,962
Distribution of the 2016 result:											
-Dividends	-	-	-	-	-	-	-	-	-	(480)	**(480)**
Transactions with treasury shares (Note 18)	-	-	269	-	(6,010)	-	-	-	**(5,741)**	-	**(5,741)**
Acquisitions to non-controlling interests (Note 18)	-	-	-	30	-	-	-	-	**30**	(30)	**-**
Increase (reductions) by business combinations (Note 5)	2,504	147,799	-	(9,590)	-	-	-	-	**140,713**	4,101	**144,814**
Other increases and decreases	-	-	-	3,107	-	4,813	-	-	**7,920**	-	**7,920**
Other comprehensive income for the period	-	-	-	-	-	-	(33,917)	30,589	**(3,328)**	(1,296)	**(4,624)**
Profit/(loss) for the period	-	-	-	126,905	-	-	-	-	**126,905**	2,169	**129,074**
Balance as at 12/31/2017	35,330	523,754	(755)	122,771	(9,432)	28,695	(72,762)	3,816	631,417	17,508	648,925

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Statement of Consolidated Cash Flows for the fiscal years ending on December 31 of 2017 and 2016 (Expressed in Thousands of EUR)

	2017	2016
Profit or loss for the financial year	129,074	70,379
Corporate taxes (Note 36)	33,757	53,503
Pre-tax income	162,831	123,882
Adjustments for:		
Grants (Note 21)	(11,454)	(24,367)
Provisions for commercial credits and others accounts receivable (Note 16)	18,758	11,603
Variation in provisions from trade transactions (Note 25)	(22,449)	(6,080)
Results from non-current assets (Note 32)	1,105	1,507
Others	8,787	14,457
	(5,253)	(2,880)
- Amortizations (Notes 7 and 9)	70,625	67,836
- Results of associated companies (Note 11)	482	(1,676)
- Financial results (Notes 10 and 33)	32,316	39,333
+ Dividends received	3,246	1,840
Operating income before change in working capital	**264,247**	**228,335**
Changes in trade receivables and other items	(67,448)	54,310
Changes in inventories	(20,655)	1,371
Changes in trade payables and other items	123,873	141
Cash flows from operating activities	**35,770**	**55,822**
Corporate tax paid	(52,529)	(46,927)
Net cash flow from operating activities	**247,488**	**237,230**
Payments for the acquisition of non-current assets:		
Material (Note 7)	(13,863)	(9,042)
Intangible (Note 8)	(38,266)	(29,778)
Financial (Notes 5 and 11)	(202,664)	(7,099)
Collections from sale of non-current assets:		
Financial aspects	10,369	3,190
Interest received	6,982	5,489
Other cash flows from investment activities	12,090	10,881
Cash used in investing activities	**(225,352)**	**(26,359)**
Acquisition of Shares of External Partners (Note 5)	(5,173)	-
Variation of treasury shares (Note 18)	(6,087)	(339)
Dividends from the companies to Non-Controlling interests (Note 18)	(137)	(867)
Increases/(decrease) of debt with credit institutions- Other Group Companies (Note 20)	(52,262)	75,148

Statement of Consolidated Cash Flows for the fiscal years ending on December 31 of 2017 and 2016 (Expressed in Thousands of EUR)

	2017	2016
Debt Issuance with Parent's Credit Institutions (Note 20)	171,900	100,723
Repayment and retirement of debt with credit institutions- Parent (Note 20)	(63,844)	(36,843)
Interest paid (Note 10)	(27,947)	(31,200)
Changes in other financial investments (Note 15)	367	(2,445)
Net cash used in financing activities	16,817	104,177
Increase/(decrease) Excluding Cash and other Cash Equivalent Assets	38,953	315,048
Initial balance of Cash and cash equivalent assets	673,901	341,554
Effects of the exchange differences on cash and other equivalent assets	(13,738)	17,299
Net Increase/(decrease) of Cash and other equivalent assets	38,953	315,048
Closing Balance of Cash and other Equivalent Assets (Note 17)	699,116	673,901

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1, NATURE, COMPOSITION AND ACTIVITIES OF THE GROUP

The Parent Company of the Group, Indra Sistemas, S,A, (the Parent Company), adopted its current name at the Extraordinary General Meeting held on June 9, 1993, Its registered office and fiscal address is Avenida Bruselas 35, Alcobendas (Madrid),

The Parent Company has its shares admitted to trading on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges (note 18), and included on this date in the selective IBEX 35 index, The Parent Company's corporate purpose is the design, development, production, integration, operation, maintenance, repair and commercialization of systems, solutions and products that make use of information technologies as well as any part or component of them and any type of service associated with all of the above, including the civil work necessary for its installation, and which is applicable to any field or sector; the provision of services in the areas of business consulting and management, technology consulting and training for any field or sector, and the provision of outsourcing services for activities and processes belonging to any field or sector, On November 23, 2017, the Board of Directors of the Parent approved the Strategic Plan 2018-2021, which includes the future corporate reorganization of the group based on segregation of the IT economic unit, This economic unit consists of the following lines of business (i) supply and marketing of proprietary solutions (understood as those technologies developed internally by the Parent, which are sold to third parties) and third party solutions (understood as those technologies and solutions developed by third parties that Indra Sistemas has the ability to implement and manage), (ii) division of technology understood as Minsait specializing in digital solutions, (iii) lines of business known as "CDG ITO" that encompass everything related to the outsourcing of IT services, and (iv) lines of business known as "CDG's" which are centers devoted to the development of software that perform this activity as a definable, repeatable and measurable industrial process in a high productivity environment,

In Appendix I, which is an integral part of the report of the Group's Consolidated Annual Accounts, for the year ended December 31, 2017, the Companies that make up the consolidation perimeter, their address, activity and the percentage of capital owned in them are indicated,

During the year ended December 31, 2017, the Group has made the following acquisitions of subsidiaries:

- On April 18, 2017 the Spanish National Stock Market Commission ('Comisión Nacional del Mercado de Valores') published the result of the takeover bid ('Oferta Pública de Adquisición', OPA) of shares in relation to Tecnocom, Telecomunicaciones y Energía, S.A. (Tecnocom). The offer was accepted by shareholders holding 70,491,565 shares of Tecnocom, which represented 97.21% of the shares to which the offer was addressed (excluding 2,508,974 shares of Tecnocom in treasury stock); this number of shares was equivalent to 93.96% of the share capital of Tecnocom. The consideration for the offer was mixed (consisting in one part to Indra shares and another in cash) and materialized in two phases by means of: (i) the realization of a capital increase through the issuance of 12,173,056 new shares of the Parent Company, with a par value of 0.20 euros each (EUR 2,435 thousand) and an issue premium of EUR 144,434 thousand; and (ii) the delivery of cash amounting to EUR 179,763 thousand. On May 18, 2017, through the procedure called "squeeze out", 100% of Tecnocom's share capital was achieved, and was formalized as follows: (i) the realization of a capital increase through the issuance of 348,807 new shares of the Parent Company, with a par value of 0.20 euros each (EUR 69 thousand) and an issue premium of EUR 3,365 thousand and the delivery of cash amounting to EUR 5,173 thousand (Note 5).
- On December 15, 2017, the Parent Company acquired 100% of the company Paradigma Digital, S.L. for EUR 59,312 thousand. In addition, the Parent Company has recorded an investment of EUR 30,668 thousand, which is considered the maximum amount to be paid out of the "earn out agreement", which grants the right to receive future compensation in addition to the cash consideration already paid, in the event that the company Paradigma Digital, S.L. in the future reaches specific objectives stipulated in the purchase agreement.

During the year ended December 31, 2017, the Group has increased its percentage of ownership in the following subsidiary, in which it already exercised control:

- On April 25, 2017, the Parent Company acquired an additional 30% of the company Indra Technology Solutions Malasya Sdn. Bhd. amounting to EUR 0 thousand. After this acquisition, its ownership percentage becomes 100%.

There have been no other significant perimeter variations that affect these Consolidated Financial Statements as of the date of their formulation.

During the year ended December 31, 2016, the Group incorporated the following subsidiaries:

- On October 26, 2016 and for accounting purposes on January 1, 2016, the Parent Company carried out a spin-off to Indra Corporate Services, S.L. (Sole-Shareholder Company), as beneficiary of the activities comprising the administrative services corresponding to the following areas of the Parent Company: Administrative Services Center (CSA); branch and permanent establishment management unit; treasury management services unit; occupational safety, health and welfare unit; benefits compensation administrative services, human capital management and personnel administration unit; switchboard; purchase order management unit; general services unit; security unit; collections and management control administrative services unit; bidding legal-administrative support unit; corporate social responsibility and documentation departments; and quality administrative services unit. The activities transferred amounted to EUR 1,246 thousand. Pursuant to Article 71 of Law 3/2009, of April 3, on structural changes of commercial companies (the "LME"), the projected Spin-off involved the en bloc transfer by universal succession of a portion (forming an economic unit) of the assets and liabilities of the Spun-off Company (which is not extinguished) to the Beneficiary Company. The activities constitute, from the organizational standpoint, an autonomous economic unit forming an economic operation (i.e. a unit capable of functioning through its own means), made up of all the assets, rights, obligations and legal relationships that are related to the contributed business and that are quantifiable.

The Sole Shareholder decided to apply the tax neutrality regime provided for in Chapter VIII of Title VII of Legislative Royal Decree 4/2005, of March 5, approving the Consolidated Spanish Income Tax Law to the entire approved spin-off transaction. To that end, and in compliance with Article 96 of the aforementioned Legislative Royal Decree, the Beneficiary Company submitted the corresponding communication to the Spanish Ministry of Finance, stating its intention to avail itself of the above-mentioned special tax regime.

- On July 20, 2016, the Spanish company Indra BPO Hipotecario, S.L. was incorporated and 100% of its share capital was subscribed and paid for in the amount of EUR 3 thousand.

During the year ended December 31, 2016, the following subsidiary was liquidated:

- On September 15, 2016, the subsidiary Indra Brasil Soluçoes e Serviços Tecnológicos S/A dissolved and liquidated its investee Indra USA IT Services, Inc.

In addition, during the year ended December 31, 2016, the Group increased its percentage of ownership in the following subsidiary, over which it already had control:

- On February 24, 2016, the Parent Company acquired an additional 38% in Indra Technology South Africa PTY (LTD) for EUR 0 thousand. As a result of this acquisition, the Parent Company held 100% of the shares of that Company.

Also during the year ended December 31, 2016, the Group reduced its percentage of ownership in the following subsidiary, over which it already had control:

- On June 24, 2016, the Parent Company sold 30% of the shares of Indra Technology South Africa PTY (LTD) for EUR 0 thousand. As a result of this sale, the Parent Company now holds 70% of the shares of that company.

2. BASIS OF PRESENTATION AND COMPARATIVE INFORMATION

The Consolidated Annual Accounts have been prepared by the Parent Company's directors based on the accounting records of Indra Sistemas, S.A. and of the companies within the Group. The Group's Consolidated Annual Accounts for the year 2017 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRSs), that were effective as of December 31, 2017, and with other provisions of the applicable regulatory financial reporting framework, in order to fairly present the consolidated equity and the consolidated financial position of Indra Sistemas, S.A. and Subsidiaries as of December 31, 2017, and the Group's consolidated financial performance, consolidated cash flows and changes in the consolidated equity for the year ended on that date.

The Group adopted EU-IFRSs for the first time on January 1, 2004.

The Parent Company's Directors consider that the Consolidated Annual Accounts for 2017, which were prepared on March 19, 2018, will be approved by the shareholders at the Annual General Meeting without any changes.

The Consolidated Annual Accounts for the year 2016 were approved by the shareholders at the Annual General Meeting held on June 29, 2017.

Presentation criteria and formats

These Consolidated Annual Accounts are presented in thousands of euros, rounded off to the nearest thousand (EUR thousand), as the euro is the Parent Company's functional and presentation currency. Foreign operations are accounted for in accordance with the policies established in Note 4.x).

Key issues in relation to the measurement and estimation of uncertainty

The preparation of the Consolidated Annual Accounts in accordance with EU-IFRSs requires the application of significant accounting estimates and that judgments, estimates and assumptions be made when applying the Group's accounting policies. The estimates and assumptions used have been based on experience, good faith, best estimate and other historical factors that make the results reasonable under these circumstances. However, the results could be different if other estimates are used, and if events unforeseen by the Group and others take place. In this regard, following is a summary of the matters that required a greater degree of judgment or complexity, or in relation to which the assumptions and estimates are material for the preparation of the Consolidated Annual Accounts:

- The Group engages mainly in the performance of projects commissioned by clients. The Group recognizes contract revenue in accordance with the percentage of completion method. This method is based on estimates of total contract costs and revenue, the contract costs to complete the contract, contract risks and other parameters. The Group's management reviews all contract estimates on an ongoing basis and adjusts them accordingly (Note 16).

- The costs incurred in development projects are capitalized to "Development Expenditure" if it is probable that the projects will generate future economic benefits that will offset the cost of the related asset recognized. In-process development projects are tested for impairment by discounting the projected cash flows to be obtained over the estimated useful life of the projects. Intangible assets are amortized on the basis of the best estimates of their useful lives. The estimation of these useful lives requires a certain degree of subjectivity and, therefore, the useful lives are determined on the basis of the analysis performed by the corresponding technical departments so that they can be duly accredited (Note 9).

- Each year, the Group carries out the impairment test of goodwill. The determination of the recoverable value of a division to which the goodwill has been assigned implies the use of estimates by the Management. The recoverable amount of the assets is the higher of their fair value less the costs of disposal and their value in use. The Group generally uses discounted cash flow methods to determine these amounts. The cash flow discounting calculations are based on five-year projections that take into account past experience and represent Management's best estimate of the future evolution of the market. The cash flows for the fifth and subsequent years are extrapolated using individual growth rates. The key assumptions for determining these values include growth rates, the weighted average cost of capital (WACC), tax rates and the working capital levels (Note 8).

- The Group estimates the useful life of tangible and intangible assets in order to calculate the amortization of the various components of the fixed assets. The determination of the useful life requires estimates in relation to the expected technological evolution, which requires a significant degree of judgment. The need to assess the possible existence of impairment makes it necessary to take into account factors such as technological obsolescence, the cancellation of certain projects and other changes in the circumstances projected.

- The Group recognizes provisions for risks and expenses. The ultimate cost of litigation and contingencies may vary depending on interpretations of regulations, opinions and final evaluations. Any change in these circumstances could have a significant effect on the amounts recorded under the "Provisions for risks and expenses" heading (Note 23).

- Deferred tax assets are recorded for all deductible temporary differences, tax loss and tax credit carryforwards for which the Group is likely to have future taxable profits against which these assets can be offset. The Group has to make estimates to determine the amount of deferred tax assets that can be recorded, taking into account the related amounts and the dates on which the future taxable profits will be obtained and the period over which the taxable temporary differences will reverse (Note 36).

  The Group is subject to regulatory and legal processes and government inspections in various jurisdictions. If there is likely to be an obligation at year-end that will result in an outflow of resources, a provision is recognized if the amount can be estimated reliably. Legal processes usually involve complex legal issues and are subject to substantial uncertainties. As a result, Management exercises significant judgment when determining whether the process is likely to result in an outflow of resources and when estimating the amount (Note 23).

- Valuation adjustments arising from clients' insolvencies require a high degree of judgment by Management and a review of individual balances based on clients' creditworthiness, current market trends and historical analysis of insolvencies at aggregate level (Note 16).

- The calculation of provisions for onerous contracts is subject to a high degree of uncertainty. The Group recognizes provisions for onerous contracts when the estimated total costs exceed the estimate of expected contract revenue. These estimates are subject to changes based on new information at the stage of completion (Note 26).

Furthermore, although these estimates have been made on the basis of the best information available at the date of preparation of these Consolidated Annual Accounts, events that take place in the future might make it necessary to change these estimates, which would be applied prospectively, recognizing the effects of the change in estimates in the corresponding future Consolidated Annual Accounts.

Standards and interpretations approved by the European Union that are effective and applicable to the consolidated annual accounts for the year ended December 31, 2017

The Standards applied for the first time in the Consolidated Annual Accounts for the year ended December 31, 2017 were as follows:

- "Amendment to IAS 7, Disclosure Initiative". This introduces additional disclosure requirements in relation to financing activities.

- "Amendment to IAS 12, Recognition of deferred tax assets for unrealized losses". Clarification of the principles regarding the recognition of deferred tax assets for unrealized losses.

- "Annual Improvements IFRS standards 2014-2016 Cycle, Clarification in relation to IFRS 12". The clarification in relation to the scope of IFRS 12 and its interaction with IFRS 5 comes into effect in this period.

The application of the amendments to standards indicated in the preceding section did not have a material impact on the Group's Consolidated Annual Accounts.

a. Standards and interpretations issued, approved by the European Union, not yet effective as of January 1, 2017 and which the Group expects to adopt from January 1, 2018 or subsequently (they have not been adopted in advance):

- IFRS 9 "Financial Instruments": This will supersede IAS 39 from the year beginning on January 1, 2018. There are highly relevant differences with the current standard of recognition and the valuation of financial instruments, the most significant being:

  - Investments in debt that are kept within a business model whose objective is to obtain contractual cash flows that consist exclusively of principal and interest payments, in general, will be valued at amortized cost. When these debt instruments are kept within a business model whose objective is achieved by obtaining contractual cash flows of principal and interest and the sale of financial assets, in general, they will be measured at fair value with changes in other comprehensive income. All other investments in debt and equity will be measured at their fair value with changes in profit and loss. However, entities may irrevocably choose to feature subsequent changes in the fair value of certain investments in equity instruments in "Other comprehensive income" and, in general, in this case only the dividends will be subsequently recognized in profit or loss.
  - With respect to the valuation of the financial liabilities designated optionally in the fair value through profit or loss category, the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk itself must be presented in the "Other comprehensive income", unless this creates or increases an accounting asymmetry in the result, and will not be subsequently reclassified to the profit and loss account.
  - The contractual changes of the financial liabilities that do not determine their removal from the balance sheet should be accounted for as a change in the estimation of contractual liabilities, maintaining the original effective interest rate and adjusting their carrying amount on the date of the modification, recording the difference in the income statement.
  - In relation to the impairment of financial assets, IFRS 9 requires the application of a model based on the expected loss, compared to the model of IAS 39 structured on the loss incurred. Under this model, the Group will account for the expected loss, as well as changes in it at each presentation date, to reflect the changes in credit risk from the date of initial recognition. In other words, it is no longer necessary for an impairment event to occur before recognizing a credit loss.

IFRS 9 has provided a greater degree of flexibility in terms of the types of transactions suitable for the application of hedge accounting, specifically by expanding the classes of instruments that meet the criteria for consideration as hedging instruments, and in terms of the classes of risk components of the non-financial items that are suitable for hedge accounting. Furthermore, the effectiveness test has been revised, being replaced by the principle of "economic relationship". The retroactive evaluation of hedge effectiveness is no longer necessary.

Based on an analysis of the Group's financial assets and liabilities as at December 31, 2017, and based on the facts and circumstances existing on that date, Management has carried out a preliminary evaluation of the effect of IFRS 9 on the Consolidated Financial Statements, as indicated below:

Classification and Valuation

The entity does not estimate a significant impact on its balance sheet or on its equity as a result of the new classification and valuation criteria of IFRS 9. In particular:

- Accounts receivable at amortized cost, the amounts of which are detailed in Note 10 in the loans and receivables category, are contained within a business model whose objective is to collect the contractual cash flows that are only payments on principal and interest on outstanding principal. As a consequence, these financial assets will continue to be valued at amortized cost in accordance with IFRS 9.

- With respect to unlisted equity instruments currently classified as available-for-sale investments whose fair value changes are recognized in equity, but are allocated to profit or loss when sold, it is expected to make use of the option of irrevocable classification in the new category, for all investments, not allowing the allocation to profit or loss of those amounts in the event of sale of the investment.

- All other financial assets and financial liabilities will continue to be measured on the same basis currently adopted through IAS 39.

Impairment

Financial assets valued at amortized cost, accounts receivable for finance leases, amounts pending collection from customers and financial guarantee contracts will be subject to the provisions of IFRS 9 regarding impairment.

The entity expects to apply the simplified approach to recognize the expected loss of credit over the life of its trade accounts receivable, its accounts receivable for financial leases and the amounts pending collection from customers resulting from transactions within the scope of IFRS 15.

The preliminary estimate of the additional allocation required by the application of the new model on the balances of financial assets held as at January 1, 2018 would be EUR 38 million, representing 1.3% of the average sales for the last three years, without considering the tax effect. This provision will result in reduced Reserves as at January 1, 2018.

The preliminary estimate has been made based on the following methodology:

- Segmentation of the commercial debt by maturity and of the "Billable Production Debtors," distinguishing between:
    - Large Customers, a group that represents 41.3% of the Group's total turnover. And Other Customers.
    - Debt of projects of countries with creditworthiness at investment grade to countries and other countries.
- Analysis of historical debt behavior. Based on:
    - Impairment ratios on billing.
    - Percentages of aging debt.
    - Impairment ratios on past due debt balances.
- Application of a "Rate of provision for expected credit loss" to the two preceding points.

Hedge accounting

Given that the new hedge accounting requirements will be more in line with the Group's risk management policies, in general, with more hedging instruments and items covered that meet the required criteria, a preliminary assessment of the Group's current hedging relationships indicates that they will meet the conditions for their continuity as hedging relationships through the application of IFRS 9. It is the entity's intention to apply the new hedging rules from January 1, 2018.

In line with the entity's current hedge accounting policy, Management does not intend to exclude the term component of exchange insurance contracts when designing hedging relationships. Furthermore, the Group has already opted to adjust the base of the non-financial items covered with the results derived from effective cash flow hedges in accordance with IAS 39, a practice that has become mandatory under IFRS 9.

The Group intends to apply IFRS 9 retroactively, without restating the comparative information.

- IFRS 15 "Revenue from Ordinary Activities Resulting from Contracts with Customers" and their "Clarifications": which will replace, from the annual fiscal year beginning on January 1, 2018, the following regulations which are currently in force:
    - IAS 18 Revenue from ordinary operating activities,
    - IAS 11 Construction contracts,
    - IFRIC 13 Customer loyalty programs,
    - IFRIC 15 Agreements for the construction of real estate,
    - IFRIC 18 Transfers of assets from customers, and
    - SIC-31 Revenue - Barter transactions involving advertising services. According to this standard, revenue must be recognized in such a way that the transfer of goods or services to customers is shown with an amount reflecting the consideration to which the entity expects to be entitled in exchange for those goods or services. This approach is based on five steps:

      Step 1: Identify the contract or contracts with a customer.
      Step 2: Identify the contractual obligations.
      Step 3: Determine the transaction price.
      Step 4: Distribute the transaction price among the contract obligations.
      Step 5: Recognize income when (or as) the entity complies with each of the obligations.

In accordance with IFRS 15, revenue must be recognized when the obligations included in the contract are fulfilled. In addition, more detailed disclosures of information are required.

The Group has made an assessment of the first application of the standard, identifying those projects and services whose Revenue Recognition Method to date must be adjusted to meet the new regulation. For this, the Group:

1) Has carried out a review of its contracts and has grouped them by type.

2) For each type, it has carried out the corresponding five-step analysis required by IFRS 15, establishing for each type the revenue recognition policy in accordance with that standard.

3) Each contract thereafter has been assigned to one of these types. The revenue recognition policy to be applied to each contract is then defined.

4) In comparison with the revenue recognition policies currently applied, the differences have been identified and the impacts quantified.

Following the above analysis, the effect of the transition to IFRS 15 at the date of first application, without considering tax effect, will be:

- Reduction of equity to a gross amount of EUR 45 million, which represents 1.6% of the average sales of the last three years.
- Reduction of "Billable Production Debtors" to EUR 292 million.
- Recognition of "Work in Progress" at EUR 247 million.

In addition to providing more extensive disclosures about the Group's income transactions and the impacts indicated above, Management does not expect that the application of IFRS 15 will have other significant impacts on the entity's financial and performance position.

The Group intends to apply IFRS 15 retroactively, without restating the comparative information.

- IFRS 16 "Leases" will replace IAS 17 and the current associated interpretations. Its mandatory entry date is for fiscal years beginning on January 1, 2019, with the possibility of early application provided that IFRS 15 is being applied. The key change with IFRS 16 is that there will be a single accounting model for lessees, which will include, in the balance sheet, all leases (with some limited exceptions) with an impact similar to that of current finance leases (there will be amortization of the asset for the right of use and a financial expense for the amortized cost of the liability, being the accrual of the fastest expense under IFRS 16).

Management is assessing what the total effect of the application of IFRS 16 will be on the Group's Financial Statements. IAS 17 does not require the recognition of any asset or liability for right of use for future payments of these leases; however, certain information is disclosed as operating lease commitments in Note 39 of the notes to the consolidated financial statements. A preliminary assessment indicates that these agreements will comply with the definition of lease according to IFRS 16, and therefore the entity will recognize an asset for right of use and the corresponding liability unless they qualify for low-value or short-term leases with the application of IFRS 16.

It is expected that the new IFRS 16 requirements may significantly impact the amounts recorded in the Group's Financial Statements, and Management is currently quantifying the potential impact, as well as determining the transition modality from those permitted under IFRS 16. It is not feasible to provide a reasonable estimate of the financial effect until such analysis has been completed. Management does not intend to apply this rule in advance, and at the current date the option that will be applied on the transition date has not yet been determined.

The Group has not adopted any of the standards issued for which early application is allowed, as detailed above.

b. Standards and interpretations issued by the International Financial Reporting Standards Board (IASB), pending approval by the European Union:

STANDARDS	EFFECTIVE DATE PROPOSED
EU-IFRS 17 "Insurance Contracts"	January 1, 2021
AMENDMENTS	**EFFECTIVE DATE PROPOSED**
"Amendment to EU-IFRS No. 2 - Classification and valuation of share-based payments"	January 1, 2018
"Modification to IAS 40 Reclassification of investment properties"	January 1, 2018
"Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration"	January 1, 2018
"Interpretation IFRIC 23 Uncertainty about tax treatments"	January 1, 2019
"Modification to IFRS 9 Characteristics of early cancellation with negative compensation"	January 1, 2019
"Modification to IAS 28 Long-term interest in associates and joint ventures"	January 1, 2019
"Modification of IAS 19 Modification, reduction or liquidation of a plan"	January 1, 2019
"Amendments to EU-IFRS No. 10 and IAS No. 28 – Sale or contribution of assets between an investor and its associated company/joint venture"	No date defined

The application of the amendments and revised standards included in the above table will not have any material impact on the consolidated financial statements of the Group; however, they will result in a broader disclosure of information in the consolidated financial statements.

Information comparability

As required by the EU-IFRS, these Consolidated Financial Statements for the year 2017 present the corresponding figures for the previous year for comparative purposes.

Changes in accounting policies

During the current year, the Group has not changed its accounting criteria with respect to the previous year. However, it has made an allocation of goodwill and other assets to the new CGUs based on its business segments, because these more adequately show the performance and decision making of the business. As indicated in Note 4v, these segments are:

- Transportation and Defense ("T&D"). The vertical markets grouped in this segment are: "Defense and Security" and "Transport and Traffic."
- Information Technology ("IT"). The vertical markets grouped in this segment are: "Energy and Industry," "Financial Services," "Telecommunications and Media," and "Public and Health Authorities."

3. APPLICATION / DISTRIBUTION OF PROFIT OR LOSS

The Parent's Board of Directors will propose to its shareholders at the Annual General Meeting that of the earnings of EUR 91,533,755.38, EUR 91,422,344.26 be applied to compensate losses from previous years and EUR 111,411.12 be set aside to the legal reserve. The proposed application of the profit or loss for the year 2017 in the Group companies has been formulated by their respective Administrators and is pending approval by the corresponding shareholders at the Annual General Meeting.

4. ACCOUNTING POLICIES AND VALUATION STANDARDS

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (EU-IFRS) and their interpretations adopted by the European Union.

The accounting policies detailed below have been applied consistently in the years presented in these Consolidated Financial Statements.

The most significant of which are the following:

a. Subsidiary Entities and business combinations

Subsidiary entities, including structured entities, are considered to be those over which the Parent, directly or indirectly, exercises control. The Parent controls a subsidiary when, due to its involvement in it, it is exposed, or has the right, to variable returns and has the ability to influence those returns through the power it exercises over that subsidiary. The Parent has the power when it has substantive rights in force that give it the ability to direct the relevant activities. The Parent is exposed, or has rights, to variable returns due to its involvement in the subsidiary entity when the returns obtained by such involvement may vary depending on the investee's performance. A structured entity is one which has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant lines of business are governed through contractual arrangements.

Subsidiaries are consolidated from the date of acquisition and are excluded from consolidation from the date on which control has been lost. Subsidiaries are consolidated using the global integration method, including all their assets, liabilities, revenue, expenses and cash flows in the Consolidated Financial Statements, once the adjustments and eliminations corresponding to the intergroup transactions have been made.

For business combinations, the Group applies the acquisition method.

The acquisition date is one in which the Group obtains control of the acquiree.

The consideration transferred by the business combination is determined at the date of acquisition by the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that is not part of the exchange for the acquiree. As at January 1, 2010, the costs related to the acquisition are recognized as an expense on an accrual basis.

Contingent liabilities are recognized until their liquidation, cancellation or expiration for the greater of the amount initially recognized, less the amounts that must be charged to consolidated results according to the ordinary income valuation rule and the amount resulting from the provision valuation rule.

At the acquisition date, the Group recognizes the acquired assets, the liabilities assumed and any non-controlling interest at fair value. The non-controlling interest in the acquiree is recognized by the amount corresponding to the percentage of participation in the fair value of the net assets acquired. This criterion is only applicable to non-controlling interests which grant current access to the economic benefits and the right to a proportional part of the net assets of the acquired entity in case of liquidation. Otherwise, non-controlling interests are valued at their fair value or value based on market conditions. The liabilities assumed include contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be measured reliably. In addition, the Group recognizes the assets for indemnification granted by the seller at the same time, and following the same valuation criteria of the item of the acquired business subject to indemnification, considering where applicable the insolvency risk and any contractual limitation on the amount indemnified.

Assets and liabilities assumed are classified and designated for subsequent valuation on the basis of contractual agreements, economic conditions, accounting and operating policies and other conditions existing at the date of acquisition, excepting lease and insurance contracts.

The excess between the consideration given, plus the value assigned to the non-controlling interests, and the net amount of the assets acquired and the liabilities assumed, is recorded as goodwill. Where applicable, any deficit, after evaluating the amount of the consideration given, the value assigned to the non-controlling interests, and the identification and valuation of the net assets acquired, is recognized in profit or loss.

(i) Non-Controlling interests

Non-controlling interests are presented in consolidated equity separately from the equity attributed to the shareholders of the parent company. Non-controlling interests in the consolidated results for the year (and in the global consolidated results for the year) are also presented separately in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income.

The Group's interest and the non-controlling interests in the consolidated results for the year (the total global consolidated result for the year) and in the changes in the net assets of the subsidiaries, after taking into account the adjustments and eliminations derived from the consolidation, are determined based on the ownership interests at the end of the year, without considering the possible exercise or conversion of the potential voting rights, and discounting the effect of dividends, whether agreed or not, of preferred shares with cumulative rights that have been classified in net equity accounts. However, the Group's participation and non-controlling interests are determined considering the eventual exercise of potential voting rights and other derivative financial instruments that, in substance, currently grant access to the economic benefits associated with ownership interests; that is, the right to participate in future dividends and changes in the value of the subsidiaries.

The excess of losses attributable to non-controlling interests generated prior to January 1, 2010, not attributable to them for exceeding the amount of their participation in the assets of the subsidiary, is recorded as a decrease in equity attributable to the shareholders of the parent company, except in those cases in which the non-controlling interests have a binding obligation to assume part or all of the losses and have the capacity to make the necessary additional investment. The profits obtained in subsequent years are allocated to the net equity attributable to the shareholders of the parent company, until the amount of the losses absorbed in previous accounting periods relating to the non-controlling interests is recovered.

With effect from January 1, 2010, the results and each component of the Other Comprehensive Income are allocated to the equity attributable to the shareholders of the parent company and to the non-controlling interests in proportion to their investment, even if this implies a debit balance in respect of the non-controlling interests. The agreements entered into between the Group and the non-controlling interests are recognized as a separate transaction.

Increases and reductions of non-controlling interests in a subsidiary while maintaining control are recognized as transactions with equity instruments. Therefore, there is no new acquisition cost in increases and no results are recognized in reductions, but the difference between the consideration given or received and the book value of the non-controlling interests is recognized in reserves of the investor company, notwithstanding reclassifying the consolidation reserves and reallocating the Other Global Result between the Group and non-controlling interests. In the reduction of the Group's participation in a subsidiary, the non-controlling interests are recognized by their participation in the consolidated net assets, including goodwill. The Group recognizes the options for the sale of shareholdings in the subsidiaries granted to non-controlling interests on the date of acquisition of a business combination as an acquisition in advance of those interests, by recording a financial liability for the present value of the best estimate of the amount to be paid, which is part of the consideration given. In subsequent years, the variation of the financial liability, including the financial component, is recognized in results.

Discretionary dividends, if any, paid to non-controlling interests up to the exercise date of the options, are recognized as a distribution of results. If the options are not exercised in the end, the transaction is recognized as a sale of shares to minority shareholders.

Instruments with a sale option and with obligations that arise in a liquidation, and which meet the conditions to be classified as equity instruments in the separate financial statements of the subsidiaries, are classified as financial liabilities in the Consolidated Annual Accounts and not as non-controlling interests.

(ii) Other aspects related to the consolidation of dependent entities

Transactions and balances held with Group companies, and profits or losses which are unrealized have been eliminated in the consolidation process. However, unrealized losses have been considered as an indicator of impairment of the assets transferred.

The accounting policies of the subsidiaries have been adapted to the accounting policies of the group, for transactions and other events that are similar and have occurred in similar circumstances.

The Annual Accounts or financial statements of the subsidiaries used in the consolidation process refer to the same reporting date and the same period as those of the parent company.

b. Jointly controlled assets and holdings

Joint agreements are considered to be those in which there is a statutory or contractual agreement to share control over an economic activity, such that strategic decisions, both financial and operational, related to that activity require the unanimous consent of the Company and the rest of the participants.

For jointly controlled assets and holdings, the Group recognizes in the annual accounts the assets under its control, the liabilities it has incurred, the proportional part of the jointly controlled assets, and the liabilities incurred jointly, based on its percentage of participation; as well as that part of the income obtained from the sale of goods or the provision of services and the expenses incurred by virtue of the joint agreement. Likewise, the statement of changes in equity and the statement of cash flows also includes the proportion relating to the Group by virtue of the agreements reached. Transactions, balances, income, expenses and reciprocal cash flows have been eliminated in proportion to the participation maintained by the Group in the joint agreements.

Unrealized profits or losses on non-monetary contributions or transactions coming down with joint agreements from the Group are recorded based on the substance of the transactions. In this sense, where the transmitted assets are maintained in the joint agreements and the Group has transmitted the significant risks and benefits inherent in the ownership thereof, only the proportional part of the profits or losses corresponding to the rest of participants is recognized. Likewise, unrealized losses are not eliminated to the extent that they constitute evidence of impairment of the asset transferred.

The profits or losses of transactions between the joint agreements and the Group are recorded only to the extent of the proportion thereof which applies to the rest of the participants, applying the same recognition criteria in the case of losses described in the previous paragraph.

The Group has proceeded to make the necessary adjustments to the value and time necessary to integrate the joint agreements in the annual accounts.

The information related to jointly controlled economic activities, which are Temporary Business Unions (UTEs), is presented in (note 45f).

(i) Joint businesses

Investments in joint ventures are recorded using the equity method described in letter c) below.

(ii) Joint operations

In joint operations, the Group recognizes in the Consolidated Annual Accounts its assets, including its participation in the assets controlled jointly; its liabilities, including its share of the liabilities it has incurred jointly with the other operators; the income obtained from the sale of its part of the production derived from the joint operation, its expenses, including the part that corresponds to the joint expenses.

In the sale or contribution transactions of the Group to joint operations, only the results corresponding to the participation of the other operators are recognized; unless the losses show a reduction or impairment of the value of the transferred assets, in which case, these are recognized in their entirety.

In the purchase transactions of the Group from joint operations, the results are only recognized when the assets acquired are sold to third parties, unless the losses show a reduction or impairment of the assets acquired, in which case the Group fully recognizes the proportional part of the losses that relate to it.

The acquisition by the Group of an initial and a subsequent participation in a joint operation is recognized by applying the criteria developed for the business combinations in accordance with the percentage of participation it has in the individual assets and liabilities. However, in the event of a subsequent acquisition of an additional interest in a joint operation, the prior participation in the individual assets and liabilities is not subject to revaluation.

c. Investments accounted for under the equity method

Associated entities are considered to be those over which the parent exercises significant influence, whether directly or indirectly through subsidiaries. Significant influence is the power to intervene in decisions relating to financial and operational policy of an entity, without necessarily having control or joint control over it. In evaluating whether significant influence exists, the potential voting rights exercisable or convertible at the closing date of each financial year are considered, as well as the potential voting rights owned by the Group or by another entity.

Investments in associates are recorded using the equity method with effect from the date on which significant influence is exercised until the date on which the parent can no longer justify the existence of that influence.

The Group's share in the profits or losses of the associates obtained with effect from the acquisition date is recorded as an increase or decrease in the value of the investments, with a credit or debit under the heading "Result of companies valued using the equity method" of the Consolidated Income Statement.

d. Intangible Assets

(i) Goodwill

Goodwill (see note 8) arising from business combinations effected as of the transition date (January 1, 2004), is valued initially at an amount equivalent to the difference between the cost of the business combination and the Group's share of the net fair value of the assets acquired, and the liabilities and contingent liabilities assumed by the acquired subsidiary or joint venture.

Goodwill is not amortized. However, its possible impairment is checked annually, or as soon as there are indications of a potential loss of the value. For this purpose, goodwill arising from the business combination is assigned to each of the cash generating units (CGU), which are expected to benefit from the synergies of the combination and the criteria referred to in section f) of this note are applied. After the initial recognition, goodwill is valued at cost less accumulated impairment losses.

Any impairment loss to goodwill recognized is not reversed in subsequent years.

The Group has reorganized its reporting structure, such that the identified CGUs have been changed, and goodwill and other assets have been reassigned to new CGUs.

The previous method of identifying CGUs was based on the financial information of each of the acquired businesses, while the new method is based on the business segments in which the Group operates. The change is justified by the planned reorganization of the Group (notes 8 and 27), which will group the financial information into two identified CGUs (IT and T & D).

(ii) Other intangible assets

Intangible assets are recorded at their cost of acquisition or production. Any diminution in value is adjusted annually as described in section f) of this note. The assets included in this section are the following:

- **Development Expenditure:** They include the direct costs incurred in specific developments analyzed by project.

  Expenses related to research, development and innovation projects (R + D + i) are recorded directly in the Consolidated Income Statement for the corresponding period, except in the case of costs incurred in development projects, which are capitalized in the "Development Expenses "account, when the following conditions are met:

  - The expenditure attributed to the project can be reliably measured.
  - The allocation, imputation and time distribution of the project costs are clearly established.
  - There are well-founded reasons for technical success in the realization of the project, both in the case of direct operation, and for the sale to a third party of the result of the project once completed, in the case of an existing market.
  - Economic and commercial profitability of the project is reasonably assured.
  - Funding for completion of the project, and the availability of adequate technical or other resources to complete the project, and to use or sell the intangible asset are reasonably assured.
  - There exists an intention to complete the intangible asset, in order to use it or sell it.

Development costs are only capitalized when there is certainty that future revenues will be generated which will offset the cost capitalized under that project.

In the case of development projects, the Group carries out the corresponding impairment analysis, in case it is necessary to make valuation adjustments. If they meet the definition of development expenditure assets, development expenses are recorded directly in this category. When complete, they are transferred to computer applications and their amortization begins.

The amortization of the development expenses (which are transferred to computer applications) begins when the asset is available for use; once the development process has been completed and the tests and quality controls applicable in each case have been passed.

- **Computer applications/software:** The amounts paid for the acquisition of the property or right to use computer programs, as well as the costs corresponding to programs prepared by the Group, are activated when said programs contribute to the generation of the Group's income.

  In no case do the amounts capitalized include the costs derived from the modification or modernization of the programs that are operative in the Group, nor those corresponding to works carried out by other companies for the revision, consultancy or training of the personnel for the implementation of those programs.

  Computer applications from business combinations are recorded at the fair value of the identifiable asset acquired on the date of exchange.

  The cost of the completed development projects which are transferred to computer applications is charged to results through the depreciation account, by applying a depreciation amount based on the estimated useful life.

- **Industrial Property:** Industrial property is presented at the acquisition value, and is amortized over the period of exploitation of the rights that give rise to the possession of the industrial property.

  Industrial property from business combinations is recorded at the fair value of the identifiable asset acquired on the date of exchange.

- **Contractual relationships:** Contractual relationships include the portfolio of customer relationships resulting from business combinations. Contractual relationships are amortized through a charge to the consolidated statement of comprehensive income in a straight line over their useful life, which that ranges between 9 and 10 years. Tests are performed on impairment of value in order to adjust the book value to achieve the committed objectives.

- **Useful life and amortizations**: The Group evaluates for each acquired intangible asset whether the useful life is finite or indefinite. For these purposes, it is understood that an intangible asset has an indefinite useful life when there is no foreseeable limit to the period during which it will generate cash inflows.

  Amortization of intangible assets with finite useful lives is carried out by allocating the depreciable amount systematically over its useful life, applying the following criteria:

	AMORTIZATION METHOD	YEARS OF ESTIMATED USEFUL LIFE
Industrial Property	Straight-Line	10 years
Computer software	Straight-Line	1 to 10 years
Contractual Relations	Straight-Line	9 to 10 years

For this purpose, the depreciable amount is defined as the purchase cost less its residual value.

The Group reviews the useful life and amortization method of intangible assets at the end of each year. Changes to criteria established initially are recognized as changes in estimates.

The Group does not have any assets with residual value.

Intangible assets with indefinite useful lives are not amortized, but any value impairment is checked annually, or sooner if there are indications of a potential loss of value.

e. Property, plant and equipment

The items of property, plant and equipment are valued at cost less accumulated depreciation and the accumulated amount of losses due to impairment. Expansion, modernization and improvement costs, which lead to increased productivity, capacity or efficiency, or an increase in the useful life of the assets, are capitalized. On the other hand, maintenance and repair expenses are recorded in the Consolidated Income Statement at the time they are incurred.

Amortization of property, plant and equipment is carried out based on cost values, or values assigned by independent third parties, following the straight-line method during the following estimated average life periods:

	YEARS OF USEFUL LIFE
Construction assets	50
Technical installations and machinery, and other installations	10
Furniture	10
Information processing equipment	4
Transport equipment	7
Other property, plant and equipment	10

The Group reviews the useful life and depreciation method of property, plant and equipment at the end of each year. Changes to criteria established initially are recognized as changes in estimates.

f. Property investments

Real estate investments include the values of land, buildings and other buildings that are well maintained, and which are to be operated on a rental basis, or to obtain a surplus value on sale as a result of the increases that may occur in the future in their respective market prices.

These assets are valued in accordance with the criteria indicated in section e), relating to property, plant and equipment.

g. Impairment of non-financial assets subject to amortization or depreciation

The Group follows the criterion of evaluating the existence of indications that could reveal the potential impairment of non-financial assets subject to amortization or depreciation, in order to verify whether the book value of the aforementioned assets exceeds their recoverable value.

Likewise, and regardless of the existence of any indication of impairment, the Group checks at least once a year for any potential impairment in the value of goodwill, of intangible assets with indefinite useful life, as well as intangible assets that are not yet available for use.

The recoverable amount of the assets is the higher of their fair value less the costs of sale and their value in use.

The determination of value in use is carried out based on the expected future cash flows derived from the use of the asset, the expectations about possible changes in the amount or timing of those flows, the time value of money, the price for carrying the uncertainty related to the asset, and other factors that market participants would consider in the valuation of future cash flows associated with the asset.

The negative differences resulting from the comparison of the book values of the assets with their recoverable values are recognized in the results.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows largely independently of other assets or groups of assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit (CGU) to which it belongs.

In the current period the Group uses the detailed calculations made in a previous year of the recoverable amount of a CGU which incorporates an intangible fixed asset with indefinite useful life or goodwill, provided always that the following requirements are met:

- The assets that make up that unit have not changed significantly since the calculation of the most recent recoverable amount;
- the calculation of the most recent recoverable amount resulted in an amount that exceeded the carrying amount in the accounts of the unit by a significant margin; and
- based on an analysis of the events that have occurred and the circumstances that have changed since the most recent calculation of the recoverable amount was made, the probability that the determination of the current recoverable amount is less than the current carrying amount of the unit, is remote.

If there are indications of impairment in a CGU to which it has not been possible to allocate goodwill, the Group first verifies the impairment of the CGU excluding goodwill and recognizes, where appropriate, the impairment loss at the CGU level. The Group then verifies the impairment at the level of the CGU group to which the goodwill has been allocated, and recognizes, where appropriate, the impairment loss at the level of the CGU group.

When verifying the impairment of a CGU, the Group identifies the common assets related to it. If a part of the common assets can be reasonably and consistently allocated to the CGU, the Group compares the book value of the CGU, including the common assets, with the recoverable amount and recognizes, where appropriate, the impairment loss value at the level of the CGU. If the Group cannot allocate a portion of the common assets in a reasonable and consistent manner to the CGU, the Group compares the carrying amount of the unit, without the common assets, with the recoverable amount and recognizes, where appropriate, the impairment loss at the CGU level. The Group then identifies the smallest group of CGUs to which the book value of common assets can be allocated reasonably and consistently, and compares the book value of the group of CGUs, including common assets, with the recoverable amount and recognizes, where appropriate, the impairment loss at the level of the CGU group.

The losses related to the CGU impairment initially reduce, where applicable, the value of the goodwill allocated to it, and then to the other assets of the CGU, prorating according to the book value of each of the assets, with the limit for each of them being the greater of their fair value less the costs of disposal or disposition by other means, their value in use, and zero.

The Company assesses at each reporting date whether there is any indication that an impairment loss recognized in prior years no longer exists or may have decreased. Impairment losses relating to goodwill are not reversible. Impairment losses on other assets are reversed if there has been a change in the estimates used to determine the recoverable amount.

The reversal of the impairment loss is recorded with a credit to income. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, after taking account of amortization, if the impairment had not been recorded.

The amount of the reversal of a loss of value of a CGU is distributed between its non-current assets, excepting goodwill, prorated according to the book value of the assets, with a limit per asset of the lower of its recoverable value and the book value that would have had, after taking account of amortization, if the loss had not been recorded.

h. Financial leases

Leases in which the Group assumes substantially all the risks and benefits inherent to ownership of the leased asset are classified as finance leases. At the beginning of the financial lease, the Group recognizes an asset and a liability for the lesser of the fair value of the leased asset and the present value of the minimum lease payments. Financial expenses are charged to the Consolidated Income Statement by applying the effective interest rate method.

Other leases are operating leases, under which the assets leased are not recognized in the Consolidated Statement of Financial Position. Instalments are recognized as expense on a straight-line basis over the term of the lease. Contingent lease payments are recorded as an expense when it is probable that they will be incurred.

i. Financial instruments

(i) Classification of financial instruments

Financial instruments are classified at the time of their initial recognition as financial assets, financial liabilities or an equity instrument, in accordance with the economic substance of the contractual agreement, and the definitions of financial assets, financial liability or equity instrument set out in IAS 32 "Financial Instruments: Presentation".

For the purpose of valuation, financial instruments are classified into five categories: 1st financial assets and liabilities at fair value through profit or loss, 2nd loans and accounts receivable, 3rd investments held until maturity, 4th financial assets available for sale and 5th financial liabilities at amortized cost. The classification in these previous categories is determined according to the characteristics of the instrument and the intentions of Management at the time of its initial recognition.

<u>Financial assets and liabilities at fair value through profit or loss</u>

Financial assets and liabilities at fair value through profit or loss are those that are classified as held for trading from the moment of initial recognition.

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling it or purchasing it again in the near future;
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative, except those derivatives that have been designated as hedging instruments and meet the conditions as effective, and those derivatives that are a financial guarantee contract.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be estimated reliably, are not classified in this category.

Financial assets and liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs directly attributable to the purchase or issue are recognized as expense in the Consolidated Income Statement as incurred.

Subsequent to their initial recognition, they are recognized at fair value by recording any changes in the results. Fair value is not reduced by the transaction costs that may be incurred by its eventual sale or disposal by other means.

<u>Loans and accounts receivable</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other categories of financial assets. These assets are initially recognized at fair value, including transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method.

After initial recognition, these receivable balances are valued at amortized cost using the effective interest rate, provided they have a fixed term of maturity of more than 1 year. The Group follows the principle of making provisions for insolvency on those balances where there is objective evidence that an impairment loss has occurred.

Financial assets available for sale

The Group classifies in this category non-derivative financial instruments that are designated as such, or those that do not meet the requirements that would determine their inclusion in the previous categories.

Assets available for sale are initially recognized at fair value, plus transaction costs which are directly attributable to the purchase.

After initial recognition, financial assets classified in this category are valued at fair value, recognizing the loss or gain in Other Comprehensive Income. The amounts recognized in Other Comprehensive Income are recognized in profit or loss at the time of the derecognition of the financial assets and if appropriate the impairment loss.

Financial assets valued at cost

Investments in equity instruments for which fair value cannot be estimated reliably, and the derivative instruments that are linked to them and that must be settled by delivery of such unquoted equity instruments, are valued at cost. However, if the Group can obtain a reliable valuation of the financial asset at any time, it is recognized at that time at fair value, recording subsequent profits or losses against equity accounts.

For investments in equity instruments valued at cost, the Group recognizes the corresponding income only to the extent that reserves resulting from profits arising after the acquisition are distributed. Dividends received in excess of such earnings are considered to be a recovery of the investment amount and are therefore recognized as a reduction of the book value of that investment

Financial liabilities

Financial liabilities, including trade creditors and other accounts payable which are not classified at fair value through profit or loss, are initially recognized at fair value less transaction costs directly attributable to issue. After initial recognition, liabilities classified under this category are measured at amortized cost using the effective interest rate.

Convertible bonds

When issuing convertible bonds, the Parent Company analyses whether it is an issue of compound financial instruments or rather an issue of a liability.

If it is an issue of compound financial instruments with components of liabilities and equity, the Parent Company determines the equity component by determining the residual amount that is obtained by deducting the amount of the liability component including any derivative financial instrument from the fair value of the instrument as a whole. The liability component is valued at the fair value of a similar instrument that does not involve the equity component. Transaction costs related to the issue of compound financial instruments are allocated based on the relative book value of each of the components at the time of classification.

Confirming operations

The company has contracted confirming operations with several financial entities to manage payments to suppliers. Commercial liabilities where settlement is managed by financial institutions are shown under the heading “Trade creditors and other payables” in the balance sheet up to the date of their settlement, cancellation or expiry.

Income received from financial institutions in consideration for the transfer of business for the acquisition of invoices or payment documents to clients is recognized when accrued in the profit and loss account.

In addition, debts owed to financial institutions as a result of the assignment of commercial liabilities are recognized as commercial debts advanced by credit institutions under the heading of “commercial creditors and other accounts payable” in the balance sheet.

Offsetting principles

Financial assets and financial liabilities are offset only when the Company has the legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Impairment of value and uncollectibility of financial assets

An impairment loss is recorded for a financial asset or group of financial assets if there is objective evidence thereof as a result of one or more events that have occurred after the initial recognition of the asset.

The Group recognizes the impairment of value and the uncollectibility of loans and other accounts receivable and debt instruments by recording it in a financial assets allowance account. At the point when it is considered that the impairment and uncollectibility are irreversible, the book value is eliminated against the amount standing in the allowance account.

Reversals of impairment losses are also recognized against the amount standing in the allowance account.

Impairment of financial assets available for sale

In the case of financial assets available for sale, any decrease in fair value that has been recorded directly in Other Comprehensive Income is recognized in results when there is objective evidence of impairment. The amount of the impairment loss recognized in results is calculated as the difference between the cost of acquisition, net of any repayment or amortization of the principal, and the current fair value, less any impairment loss previously recognized in the result for the year.

Impairment losses relating to investments in equity instruments are not reversible. Subsequent increases in the fair value of equity instruments are recognized in Other Comprehensive Income.

An increase in the fair value of debt instruments, which may be objectively related to an event subsequent to the recognition of impairment, is recorded against results up to the amount of the previously recognized impairment loss, and the excess, if any, against Other Comprehensive Income.

Derecognition of financial assets

The Group applies the criteria for derecognizing financial assets to a part of a financial asset or to a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are derecognized when the rights to receive the related cash flows have expired or have been transferred, and the Company has substantially transferred the risks and rewards inherent to ownership. Likewise, the derecognition of financial assets in the circumstances in which the Group retains the contractual rights to receive the cash flows only occurs when contractual obligations have been assumed which determine the payment of such cash flows to one or more recipients and the following requirements are complied with:

- The payment of cash flows is subject to prior collection;
- the Group cannot proceed with a sale or pledge of the financial asset; and
- the cash flows collected on behalf of the eventual recipients are remitted without significant delay, and the Group is unable to reinvest the cash flows. Exceptions to the application of this criterion are investments in cash or cash equivalents made by the Group during the liquidation period between the date of collection and the date of remittance agreed with the eventual recipients, provided that the accrued interest is attributed to the eventual recipients.

In transactions recording the derecognition of a financial asset in its entirety, the relevant financial assets or financial liabilities, including liabilities incurred for management services, are recorded at fair value.

In transactions in which the partial derecognition of a financial asset is recorded, the book value of the complete financial asset is assigned to the sold part and to the maintained part, including assets corresponding to the administration services, in proportion to the fair value of each of them.

The full derecognition of a financial asset entails recognition in the company's Other Comprehensive Income of the profit or loss resulting from the difference between its book value and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed, and any deferred loss or gain.

The criteria for recognizing the derecognition of financial assets in operations in which the Group neither transfers nor substantially retains the risks and benefits inherent to its ownership are based on the analysis of the degree of control maintained. In this way:

- If the Group has not retained control, it shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.
- If control has been retained, it continues to recognize the financial asset due to the Group's ongoing commitment thereto and records an associated liability. The continuous commitment to the financial asset is determined by the amount of its exposure to changes in value in that asset. The asset and the associated liability is valued in accordance with the rights and obligations which the Group has recognized. The associated liability is recognized in such a way that the book value of the asset and the associated liability is equal to the amortized cost of the rights and obligations retained by the Group, when the asset is valued at amortized cost or at the fair value of the rights and obligations kept by the Group, if the asset is valued at fair value. The Group continues to recognize the income derived from the asset to the extent of its continuing commitment and the expenses derived from the associated liability. Changes in the fair value of the asset and of the associated liability are recognized consistently in results or in equity, following the general recognition criteria set forth above and should not be offset.

Transactions in which the Group substantially retains all the risks and benefits inherent to the ownership of a financial asset are recorded through recognition in liabilities of the consideration received.

Derecognition and modifications of financial liabilities

A financial liability, or a part of it, is derecognized when the Group either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or significant changes to the initially recognized liabilities shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions.

The Group takes into account that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

The Group recognizes the difference between the book value of the financial liability or a portion of it that is canceled or transferred to a third party, and the consideration paid, including any transferred assets other than cash or liability assumed in profit or loss.

(iii) Fair value hierarchy for financial assets and liabilities and non-financial assets and liabilities

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement is made based on the premise that the transaction is taking place within the main market, that is, the market with the highest asset or liability volume or activity. In the absence of a main market, the transaction is assumed to be carried out in the most advantageous market, that is, the market that maximizes the amount received for selling the asset or minimizes the amount payable to transfer the liability.

The fair value of an asset or a liability is determined using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent of each other, they are informed and can enter into a transaction for the asset or liability, and they are motivated but not forced or otherwise compelled to do so.

Assets and liabilities measured at fair value can be classified at the following levels:

- Level 1: Fair value is calculated by taking into account quoted prices for identical assets or liabilities in active markets.
- Level 2: Fair value is calculated by taking into account variables other than quoted prices included in Level 1 that are directly or indirectly observable in the market for the asset or liability. The methods and assumptions used to determine the fair values for this Level by asset or liability type take into account the allowance for future cash flows discounted at the present time with the zero coupon interest rate curves of each currency on the last business day of each reporting period, and this amount is converted into euros at the exchange rate in effect on the last business day of each period end. All the measurements described are made through internal tools.
- Level 3: Fair value is calculated by taking into consideration any variables related to the asset or liability that are not based on observable market data. For the fair value measurement of assets and liabilities, the Indra Group uses valuation techniques appropriate for the circumstances and for which sufficient data is available to calculate the fair value, maximizing the use of relevant observable variables and minimizing the use of unobservable variables.

The fair values of different derivative financial instruments are calculated through the following procedures:

- Derivatives quoted in an organized market are measured at their year-end exchange rate.
- In the case of derivatives not quoted on organized markets, the Indra Group calculates the fair value of financial derivatives by taking into account observable market variables, by estimating the future cash flows discounted at present time with zero coupon interest rate curves of each currency on the last business day of each reporting period, and this amount is converted into euros at the exchange rate in effect on the last business day of each period end. These measurements are made through internal tools.

  Once the gross market value is obtained, a "Debt Valuation Adjustment (DVA)" is made for own credit risk, and a "Credit Valuation Adjustment (CVA)" for the counterparty risk. The "Credit Valuation Adjustment (CVA)" / "Debt Valuation Adjustment (DVA)" is measured based on the future potential exposure of the instrument (creditor or debtor position), the counterparty risk profile and Indra Group's own risk profile. During the 2017 and 2016 years, the value of the adjustments made for the counterparty risk "Credit Valuation Adjustment (CVA)" and for own credit risk "Debt Valuation Adjustment (DVA)" have not been significant.

In real estate, the fair values of non-financial assets and liabilities are determined in accordance with the appraisals made by independent experts, and are based on the available market prices for the rest of assets and liabilities, or through the discounting of future cash flows if a market cannot be identified.

j. Treasury Shares of the Parent Company

The acquisition of the Parent Company's equity instruments by the Group is presented separately at acquisition cost as a reduction in equity in the Consolidated Statement of Financial Position, regardless of the reason that justified the acquisition. No profit or loss is recognized in transactions with equity instruments.

Subsequent amortization of the Parent Company's instruments results in a capital reduction in the amount of the par value of the shares, and the positive or negative difference between the acquisition price and the par value of the shares is charged or credited to the reserve accounts.

Transaction costs related to own equity instruments, including the issuance costs related to a business combination, are recorded as a reduction in net worth, once any tax effects are taken into account.

k. Non-current assets and disposal groups of items held for sale

The Group classifies a non-current asset or a disposal group as held for sale when it has made the decision to sell it, which is estimated to be carried out within the next twelve months.

These assets or disposal groups are valued at their book value or their fair value minus the costs needed for sale, whichever is lower. Assets classified as non-current and held for sale are not amortized, but at each reporting date, the corresponding value adjustments are made so that the book value does not exceed fair value less sales costs.

The revenues and expenses generated by non-current assets and disposable groups of items held for sale that do not qualify as discontinued operations are recognized under the relevant profit and loss account heading.

l. Inventories

Inventories are initially measured at acquisition or production cost. The cost of inventories is based on the FIFO method. Ongoing projects include the direct costs of labor, materials and other services acquired for projects. The direct acquisition of the materials or services needed for the project is valued at its acquisition cost, and labor at the standard cost, which does not significantly differ from the actual cost.

The cost value of the inventories is subject to value correction in cases where its cost exceeds its net realizable value. For these purposes, the net realizable value is understood as:

- For raw materials, their replacement price. The Parent Company does not recognize valuation adjustments in cases where it is expected that the finished products, into which raw materials and other supplies have been incorporated, are to be sold for a value equivalent to the production cost or above it.
- For goods and merchandise, their estimated selling price less costs required for sale.
- For ongoing projects, the corresponding estimated sales price, less the estimated costs to complete their production and sales-related costs.

The previously recognized valuation adjustments are reversed in the profit and loss account, if the circumstances which caused the decrease in value no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in economic circumstances. The limit for the reversal of the valuation adjustment is the lower of cost and the new net realizable value of the inventories.

Valuation adjustments and reversals for inventory impairment are recorded under the headings “Changes in inventories of finished goods and those in progress”, depending on the type of inventory.

m. Cash and other cash equivalents

Cash and cash equivalents include cash in hand and sight deposit accounts at credit institutions. This also includes highly liquid short-term investments, provided that they are easily convertible into determinable amounts of cash and are subject to an immaterial risk of change in value. For these purposes, investments maturing in less than three months after the acquisition date are included.

n. Government Grants

The non-refundable subsidies the Group received for the financing of research and development expenses are recorded at the lower of the asset value related to the subsidy and are recognized as revenue in the Consolidated Income Statement as the projects launched are amortized as other intangible assets.

Financial liabilities incorporating implicit aid in the form of below-market interest rates are initially recognized at fair value. The difference between this value, adjusted by the financial liability issuance costs where appropriate, and the amount received, is recorded as government grants according to the type of the grant awarded.

o. Provisions and Contingencies

Provisions are recognized when the Group has a present liability, whether legal or implicit, as a result of a past event; it is probable that there may be an outflow of resources incorporating future economic rewards to cancel this liability, and the liability amount can be calculated in a reliable manner.

Present obligations at the closing date, which arise as a result of past events from which equity damages to the Group may derive, whose settlement amount and time are undetermined, are recorded under liabilities in the Consolidated Statement of Financial Position, as provisions for risks and expenses for the present value of the most probable amount estimated that the Group will have to pay to settle the obligation.

The provision amounts are determined by taking into account the best information available on the consequences of the event that produces them, at each balance sheet date.

The amounts recognized in the Consolidated Statement of Financial Position are the best estimate of the payments required to settle the present obligation at the year end date, taking into account the risks and uncertainties related to the provision and, where material, the financial effect of discounting, provided that the payments that will be made in each period can be determined reliably. The pre-tax discount rate is determined by taking the time value of money into account, as well as the specific risks that have not been considered in future flows related to the provision at each year end date.

Isolated obligations are valued by the individual most likely outcome. If the obligation involves an important population of homogeneous items, it is valued by weighing the possible outcomes by their probabilities. If there is a continuous range of possible outcomes and each point in that range is as likely as the rest, the obligation is valued based on the average amount.

The financial effect of provisions is recognized as financial expenses under profit or loss. The provisions do not include the tax effect, nor gains expected from the disposal of assets. Provisions are reversed against the profit and loss account, when it is not likely that there is an outflow of resources to settle the obligation. The reversal is made against the profit or loss statement in which the corresponding expense was recorded, and any excess is recognized under the item other income.

(i) Provisions for restructuring

Provisions related to restructuring processes are recognized when the Group has a constructive obligation due to the existence of a detailed formal plan, and when valid expectations are generated in those affected that the process will be carried out, either by starting to implement the plan or having announced its main characteristics. Restructuring provisions only include restructuring-related disbursements that are not associated with the Group's ongoing activities.

(ii) Provisions for onerous contracts

The provision amount for onerous contracts is determined based on the present value of the unavoidable costs, which are calculated as the lowest of the costs to be incurred in relation to the contract, net of any income that could be obtained and the costs of non-compliance-related compensations or penalties.

(iii) Provisions for trade transactions

These include the estimated expense amount for carrying out the repair or revision works for projects delivered during the warranty period.

(iv) Contingent liabilities

Contingent liabilities are considered to be potential obligations arising from past events that depend on the occurrence of future events beyond the control of the Group and those current obligations arising from past events, for which it is not likely that there will be an outflow of resources for their settlement or that they cannot be reliably measured. These liabilities are not recognized in the accounts, but are disclosed in the notes to the consolidated financial statement.

p. Termination benefits

Except in cases of justified causes, under current labor regulations, companies are obliged to make severance payments to employees with whom they have terminated their working relationship under specific conditions. The Group records the indemnities payable at the time when the employment termination decision is approved and communicated to the affected parties.

q. R & D loans

R & D loans are granted as aids for R & D activities of the Group with a repayment period of generally over five years and an explicit interest rate of zero.

They are initially recognized under liabilities in the Consolidated Statement of Financial Position at the present value of future cash flows, adjusted at the market interest rate, taking the difference with the face value as the least amount of the accrued expense, therefore considering it an operating subsidy, if the expense has occurred, or as a capital subsidy if the expense has neither occurred nor been activated. In subsequent periods, the loan adjustment is accounted for under financial expenses or income.

r. Classification of assets and liabilities

Asset and liability balances are presented in the Consolidated Statement of Financial Position classified as per the following criteria in terms of maturity:

- Non-current: Liabilities maturing in more than twelve months from the date of the Statement of Financial Position, with this being the normal course of the Group's operations and assets that are not expected to be realized, sold or consumed within this period.

- Current: Assets projected to be realized, sold or consumed within the normal operating course of the Group and liabilities maturing in less than twelve months from the date of the Statement of Financial Position.

s. Income tax

Expenses or revenues under income tax include both current and deferred taxes.Current tax is the amount payable or to be recovered for the income tax related to the consolidated fiscal profit or loss for the period.

Current income tax assets or liabilities are valued at the amounts expected to be paid or recovered by tax authorities, using the regulations and tax rates that have been approved or substantively enacted on the closing date.

Current and deferred income tax is recognized in the profit and loss account, unless a transaction or economic event arises that has been recognized in the same period or in a different period against equity or from a business combination.

Deferred tax liabilities are the amounts payable in the future as corporations tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered by way of income tax due to the existence of deductible temporary differences, tax losses eligible for compensation or deductions pending application. In that regard, temporary difference is understood to be the difference between the book value of assets and liabilities and their tax base.

The Group recognizes investment deductions by applying the recognition and measurement criteria of current or deferred tax assets, unless they are considered a subsidy. If the deductions are considered a subsidy, they are recognized, presented and valued by applying the corresponding accounting policy. In this regard, the Group considers as subsidies the deductions that are applied independently of the existence of a positive total amount, and those that have additional substantive operating conditions along with investment realization or maintenance.

(i) Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases except those that:

- Arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and on the date of the transaction affects neither the book income nor the taxable income.

- Correspond to differences associated with investments in subsidiaries, associates and joint ventures over which the Group has the ability to control the timing of their reversal, and which would be unlikely that the differences would be reversed in the foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognizes deferred tax assets provided that:

- It is probable that there are future taxable profits sufficient for their compensation or when the tax legislation considers the possibility of a future conversion of deferred tax assets into a receivable against the public authorities. However, assets arising from the initial recognition of assets or liabilities in a transaction which is not a business combination and affects neither accounting nor taxable profit at the date of the transaction are not recognized.

- They correspond to the temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will be reversed in the foreseeable future and are expected to generate future taxable profits to compensate for the differences.

The Group recognizes the conversion of a deferred tax asset into an account receivable from the Public Authorities, when it is required under the provisions of the current tax legislation. To this end, the disposal of the deferred tax asset is recognized through deferred income tax expense, and the account receivable is credited to the current income tax. Likewise, the Group recognizes the exchange of a deferred tax asset related to government debt securities, when the ownership thereof is acquired.

The Group recognizes the payment obligation derived from the equity provision as an operating expense charged to borrowings with the Public Authorities.

It is probable that the Group has sufficient tax profits to recover the deferred tax assets, provided there are sufficient taxable temporary differences associated with the same tax authority and the same taxpayer, whose reversal is expected in the same fiscal year in which the deductible temporary differences are expected to revert, or in years in which a tax loss, arising from a deductible temporary difference, can be compensated with prior or subsequent earnings. When the only future taxable profits are derived from the existence of taxable temporary differences, the deferred tax assets derived from tax losses are limited to 70% of the amount of the recognized deferred tax liabilities.

In order to determine future taxable profits, the Group takes tax planning opportunities into account, provided that it has the intention of adopting them or that it is likely that it will adopt them.

(iii) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted, reflecting the tax effects that would follow from the manner in which the Group expects to recover the assets or settle the liabilities. In that regard, the Group has considered the deduction for the reversal of temporary measures developed in the transitory provision 37 of Law 27/2014, of November 27, on Corporations Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of the amortization deductions made in the years 2013 and 2014, of December 27.

At the year end date, the Group reviews the book value of the deferred tax assets, in order to reduce this value to the extent that it is unlikely that there is going to be sufficient future taxable income to offset them. Deferred tax assets that do not meet the above conditions are not recognized in the consolidated statement of financial position.

At year end, the Group reconsiders whether the conditions are met to recognize deferred tax assets that had not previously been recognized.

(iv) Method

Deferred tax assets and liabilities are recognized in the consolidated statement of financial position as non-current assets or liabilities, regardless of the date of realization or settlement.

t. Earnings per Share

The Group calculates basic earnings per share using the weighted average number of shares available during the period. Available shares are understood as the difference between the shares issued and those held in treasury stock. The calculation of diluted earnings per share also includes the dilutive effect generated by instruments convertible into shares or those that have a capital component.

u. Derivative financial instruments and hedge accounting

Derivative financial instruments, which comply with the hedge accounting criteria, are initially recognized at their fair value, plus the transaction costs that are directly attributable to their contracting, if applicable, or minus the transaction costs that are directly attributable to the issuance thereof. However, transaction costs are subsequently recognized in profit or loss, to the extent that they are not part of the effective hedge variation. Those that do not comply are classified and valued as financial assets or liabilities at fair value through profit or loss.

The Group records exchange rate risk hedging of firm commitments as a cash flow hedge. At the inception of the hedge, the Group formally designates and documents hedge relationships, as well as its hedging objective and strategy. The accounting for hedging transactions only applies when the hedge is expected to be highly effective at its inception and in the following years, in order to offset changes in fair value or cash flows attributable to the hedged risk during the period for which it has been designated (prospective analysis) and its actual effectiveness, which can be determined reliably within a range of 80-125% (retrospective analysis).

Likewise, in cash flow hedging of forecast transactions, the Group assesses whether such transactions are highly probable, and whether they present an exposure to cash flow variations, which could ultimately affect the profit/loss for the year.

The Group has entered into forward foreign exchange purchase/sale contracts. These insurance contracts are considered to be derivative financial instruments that meet the conditions to be considered hedging instruments. Their accounting is as follows:

- In the case of foreign currency risk hedges, the fair value of monetary financial assets and liabilities in foreign currency, both the variations in the market value of the derivative financial instruments designated as hedges, and the variations in the market value of the hedged item produced by the hedged risk, are recorded under the Consolidated Income Statement, accordingly.

- In cash flow hedges, any variations in the market value of hedging derivative financial instruments are recorded under Other Comprehensive Income in the Consolidated Statement of Comprehensive Income, in the same year in which the projected transaction or firm commitment affects the Consolidated Income Statement, to the extent that such hedges are effective.

The fair value of currency forwards is calculated by the exchange rate of each currency at the end of each accounting period (hierarchy level 2).

In addition, the Group has maintained until May 2017 financial derivatives that correspond to interest rate hedge accounting and that aim to significantly eliminate or reduce these risks. The fair value of the interest rate hedges is based on valuation techniques such as those described in Note 4h.III. All interest rate hedges are effective as cash flow hedges. The Group recognizes the losses or gains from the fair value valuation of the hedging instrument as income and expenses under equity for the part that has been identified as effective hedging (hierarchy level 2).

v. Segment Reporting

In 2016, the Group began to present financial information by "business segments" instead of "operating segments", on the understanding that it more adequately shows the evolution of the Group's business performance, "Business segments" derive from the grouping of the various vertical markets in which the Group operates. The "business segments" are:

- Transportation and Defense ("T&D"). The vertical markets grouped in this segment are: "Defense and Security" and "Transport and Traffic."

- Information Technology ("IT"). The vertical markets grouped in this segment are: "Energy and Industry" market, "Financial Services" market, "Telecommunications and Media" market, and "Public and Health Authorities" market.

Based on this criterion, in 2017 the Group has reallocated its old cash-generating units to new cash-generating units, framed under these segments (see Note 8).

For consolidation purposes, assets and liabilities (non-current assets, goodwill, net working capital, receivables and payables with Public Authorities, etc.) have been distributed according to the business area that generated them. On the other hand, any associated liabilities and financial costs, as well as other assets not directly attributable to the business segments, such as treasury and other equivalent liquid assets, have been allocated to other non-distributable lines of business by segments that are broken down under the Corporate column (non-distributable).

Likewise, the following geographical areas have been identified in terms of the different geographical features of the areas where the Group carries out its lines of business: Spain, America, Europe and Asia, Middle East & Africa. In these notes to the consolidated financial statements, only these geographical areas have been detailed in terms of foreign sales, investments and assets employed.

w. Recognition of ordinary income

The Group records the income for its projects in accordance with the "stage of completion" method, based on the estimated proportion of the total contract that has been completed at the closing date. In accordance with this method, the total expected profit is distributed over the years of implementation, depending on its stage of completion at each closing date. The percentage of completion of a transaction, used for recognizing the company's ordinary income, is determined according to the proportion of the contract costs incurred for work performed to date, in relation to the estimated total contract costs.

In the event that the invoices issued exceed the income obtained by the application of the completion percentage in cost, said excess is recorded as customer advances. On the other hand, the amount corresponding to uninvoiced revenues (in contracts in which the invoiced amounts are lower than the income obtained by applying the stage of completion) is recorded under the "Receivables" heading of the Consolidated Statement of Financial Position. The Group periodically evaluates whether any service provision contract is onerous, and recognizes the necessary provisions where appropriate.

x. Foreign currency transactions and balances

Transactions in foreign currency are converted to the functional currency by applying the cash exchange rates between the functional currency and the foreign currency on the transaction dates.

Monetary assets and liabilities denominated in foreign currency have been converted to the functional currency by applying the existing year-end rate, while non-monetary items valued at historical cost are converted by applying the exchange rates from the transaction date. Lastly, the conversion of non-monetary assets measured at fair value to the functional currency was performed by applying the exchange rate on the quantification date. In the Consolidated Statement of Cash Flows, flows from foreign currency transactions are converted into euros by applying the exchange rates effective on the transaction dates. The effect of the exchange rate variation on cash and cash equivalents in foreign currency is presented separately in the consolidated statement of cash flows under "Effect of exchange differences on cash".

Losses or gains from exchange differences related to monetary financial assets or liabilities in foreign currency are recognized under profit or loss.

Monetary financial assets in foreign currency classified as available for sale are accounted for at amortized cost in foreign currency, and therefore the exchange differences associated with the changes in amortized cost are recognized under profit or loss, and the rest of the fair value variation is recognized as explained in section i).

(i) Conversion of foreign businesses

The Group received the exemption provided in IFRS 1 "First-time adoption of IFRS" with regard to cumulative translation differences, so that the translation differences recognized in the Consolidated Financial Statements generated prior to January 1, 2004 were included in the reserves for accumulated earnings. From that date, for any foreign business whose functional currency is not from a country with hyperinflation, the conversion to euros has been made by applying the following criteria:

- Assets and liabilities, including goodwill and adjustments to net assets derived from business acquisitions, including comparative balances, are converted at the closing exchange rate on each Statement of Financial Position date;
- Revenue and expenses, including comparative balances, are converted at the exchange rates in effect on each transaction date;
- and the exchange differences resulting from the application of the above criteria are recognized as conversion differences under Other Comprehensive Income.

This same criterion is applied for the conversion of the companies' financial statements accounted for using the equity method, by recognizing the conversion differences corresponding to the Group's share in Other Comprehensive Income.

The translation differences recorded in Other Comprehensive Income are recognized under profit or loss, as an adjustment to the sales result, following the criteria set forth in the sections related to subsidiary and associated entities.

(ii) Entities located in countries with a high inflation rate

The Group does not have any entities located in countries with a high inflation rate.

5. BUSINESS COMBINATIONS

During the year ended December 31, 2017, the Parent has taken part in the following business combinations:

Acquisition of Tecnocom Group

On November 29, 2016, the Parent announced a Takeover Bid for the acquisition of Tecnocom shares, subject to the approval of the National Securities Market Commission. On February 20, 2017, during the Extraordinary General Shareholders' Meeting of the Parent, the capital increase necessary to implement the exchange of Tecnocom shareholders' shares who accept the bid was approved by a majority of 99.46%. On March 13, 2017, the National Securities Market Commission authorized the takeover bid.

On April 18, 2017 the Spanish National Stock Market Commission ('Comisión Nacional del Mercado de Valores') published the result of the takeover bid ('Oferta Pública de Adquisición', OPA) of shares in relation to Tecnocom, Telecomunicaciones y Energía, S.A. (Tecnocom). The offer was accepted by shareholders holding 70,491,565 shares of Tecnocom, which represented 97.21% of the shares to which the offer was addressed (excluding 2,508,974 shares of Tecnocom in treasury stock); this number of shares was equivalent to 93.96% of the share capital of Tecnocom. The consideration for the offer was mixed (consisting in one part to Indra shares and another in cash) and materialized in two phases by means of: (i) the realization of a capital increase through the issuance of 12,173,056 new shares of the Parent Company, with a par value of 0.20 euros each (EUR 2,435 thousand) and an issue premium of EUR 144,434 thousand; and (ii) the delivery of cash amounting to EUR 179,763 thousand. On May 18, 2017, through the procedure called "squeeze out", 100% of Tecnocom's share capital was achieved, and was formalized as follows: (i) the realization of a capital increase through the issuance of 348,807 new shares of the Parent Company, with a par value of 0.20 euros each (EUR 69 thousand) and an issue premium of EUR 3,365 thousand and the delivery of cash amounting to EUR 5,173 thousand (Note 5).

The shares issued for the acquisition of Tecnocom were valued at fair value, taking into account the listed price of the share on the date control is obtained (EUR 12.065/share).

Tecnocom was a Spanish consulting company in Information and Communication Technologies (ICT) with operations in Spain, Portugal and Latin America, in nine countries, with over 6,500 professionals (80% of whom were in Spain). The company had a powerful commercial positioning in critical disruptive businesses such as Payment Systems (90% of Spanish financial entities were Tecnocom clients), and a significant presence in local banking in Latin America and outsourcing.

With the acquisition, the Group reinforces its presence in the Information Technology business, especially in Financial Services, which is a sector with strong projected growth in value-added solutions, as well as in other sectors with high potential. Furthermore, the operation is in line with the Group's strategy of reinforcing its own solutions offer and the field of digital transformation, which is especially relevant in Payment Systems solutions, both in Spain and Latin America. On the other hand, Tecnocom offered a large client base that was highly complementary to the Group's client base. This indicates a high potential of increase in cross-selling and increase of sales to present clients, as well as the consolidation of the Group with regard to large accounts and new clients, both in Financial Services as in other sectors, in Spain and Latin America. In addition, the operation will increase Indra's exposure to the private sector.

To integrate Tecnocom in the Group's financial statements, the purchase price has been allocated to the assets acquired and liabilities assumed based on their fair value estimates on the acquisition date in accordance with the accounting regulations (Note 2).

Fair values of assets and liabilities have been calculated via three generally-accepted methodologies: a) "Income Approach," based on the estimate of future rewards/cash flows derived from the use of the asset, b) "Market approach," based on the analysis of similar transactions and, c) "Cost Approach," based on the identification of the incurred costs/investments (at historical and/or replacement cost) in the asset from the creation date to the valuation date.

As a result of the purchase price allocation process by an independent expert, the following assets and liabilities have been revalued based on Tecnocom's consolidated balance sheet as at April 18, 2017:

- Other intangible assets: revalued at EUR 66,600 thousand.
  - An amount of EUR 6,200 thousand corresponds to the technologies identified in Payment Methods, Banking and Insurance. The Payment Methods technology has been valued through the "Royalties Savings" methodology within the "Income Approach" methodology, considering a royalty of 2.7% (equivalent to 75% of the average royalties obtained from the rule of thumb), on the total sales estimated in the Business Plan, a WACC of 9.5% (weighted by the geographical area corresponding to the business acquired), taking into account the countries with the highest representation in 2016 business (Spain 86.8%, Peru 5.8%, Portugal 3.8% and Chile 3.6%), a useful life of 10 years, and a tax rate of 25%. The Banking and Insurance technologies have been valued at the adjusted book value taking into account the Company's useful life of 10 years, instead of Tecnocom's useful life of 5 years ("Cost Approach").
  - The contractual relationships amount to EUR 60,400 thousand. In order to achieve this valuation, services provided to the client portfolios of the Group and Tecnocom have been analyzed, distinguishing between "Top 50" and "Other Clients," and three separate customer relationships have been identified as a result: "Payment Methods," "Technologies" and "Other Clients." In the valuation, the EBIT margin of the Business Plan for "Payment Methods" (useful life of 9 years), and the EBIT margins of Tecnocom for "Technologies" (useful life of 10 years) and "Other Clients" (useful life of 9 years) were taken into account. A WACC of 9.5% was used, same as the one used for the technologies in the previous section.
- Real estate investments: A property located in Italy has been impaired by EUR 2,224 thousand according to an appraisal by an independent expert.
- Non-current provisions: Provisions have been created to cover future tax disbursements of the businesses acquired for EUR 6,500 thousand (Note 23).
- Deferred tax liability: Amounting to EUR 14,344 thousand, it is the net effect derived mainly from the revaluations described in the other headings in this section. An amount of EUR 16,650 thousand is derived from the revaluation of technologies and customer relationships.
- Trade payables and other accounts payable; the amount of EUR 4,694 thousand corresponds to other adjustments to the acquisition balance sheet, including EUR 1,703 thousand for provisions for onerous contracts, and EUR 1,956 thousand for prepaid expenses.

The difference between the acquisition price of Tecnocom and the fair value of the assets and liabilities is allocated to goodwill (EUR 250,616 thousand), including the deferred taxes arising from the differences between the new fair value and the tax value of acquired assets. The value of the goodwill is justified by the expected future cash flows from acquired operations, as well as by synergy values that are expected to materialize upon acquisition. The generated goodwill is not tax deductible. During 2017, a depreciation corresponding to the identified technologies and contractual relationships amounting to EUR 514 thousand and EUR 4,682 thousand, respectively, was recognized in the consolidated profit and loss statement.

The valuations included in this report do not differ from those used by the Group.

The breakdown of the net assets acquired as at April 18, 2017 and the goodwill generated upon the acquisition is as follows:

	FAIR VALUE	BOOK VALUE OF THE ACQUIRED COMPANY
HEADINGS	EUROS	EUROS
Other Intangible Assets	77,610	11,010
Tangible Non-Current Assets	10,744	10,744
Property investments	1,549	3,773
Deferred Tax Assets (*)	23,951	23,951
Non-current financial assets	809	809
Total Non-Current Assets	**114,663**	**50,287**
Inventories	2,735	2,735
Current Tax Assets	1,685	1,685
Trade and Other Receivables	95,618	95,618
Treasury and Other Equivalent Means	37,743	37,743
Other current assets	8,716	8,716
Total Current Assets	**146,497**	**146,497**
Total assets	**261,160**	**196,784**
External Partners (from Tecnocom's Balance Sheet)	**4,101**	**4,101**
Amounts owed to credit institutions	27,055	27,055

	FAIR VALUE	BOOK VALUE OF THE ACQUIRED COMPANY
HEADINGS	EUROS	EUROS
Non-Current Provisions	10,282	3,782
Deferred tax liabilities	15,857	1,513
Other Non-Current Liabilities	3,357	3,357
Total Non-Current Liabilities	**56,551**	**35,707**
Amounts owed to credit institutions	7,854	7,854
Trade and other payables	72,800	68,106
Current Tax Liabilities	755	755
Other Current Liabilities	40,902	40,902
Total Current Liabilities	**122,311**	**117,617**
Total Liabilities	**182,963**	**157,425**
Net Assets	**78,197**	**39,359**
% Acquisition	**97,21%**	
Total Consideration	**326,632**	
Consolidation Goodwill	**250,616**	

(*) In accordance with current valuation standards, deferred tax assets recognized in a business combination are not measured at fair value, but are reflected at their face value.

The disclosure of the fair value of trade receivables and other accounts receivable at the date of acquisition is as follows:

IN THOUSANDS OF EUR	CONTRACT GROSS AMOUNT	IMPAIRMENT RESTATEMENTS	PRELIMINARY FAIR VALUE
Trade Debtors and Other Receivable Accounts	103,323	(7,705)	95,618

Tecnocom's contribution to the ordinary income figure was EUR 255,446 thousand from its incorporation into the scope of consolidation until the year ended December 31, 2017. This contribution would have amounted to EUR 380,079 thousand if Tecnocom had been consolidated during the entire year of 2017. Tecnocom's contribution to the year's result from its incorporation into the consolidation group up to the year ended 31 December 2017 was a loss of EUR 5,619 thousand. This contribution would have amounted to a loss of EUR 20,656 thousand if Tecnocom had been consolidated during the entire year of 2017. This loss is mainly due to the expenses derived from the OPA, early cancellation of a bond, and other adjustments.

The accounting for this business combination, given that the 12-month period from the acquisition has not yet been completed, will be reviewed if the circumstances set out in IFRS 3 "Business Combinations" were to be met.

Acquisition of Paradigma Digital, S.L.

On December 15, 2017, the Parent Company acquired 100% of the company Paradigma Digital, S.L. for EUR 59,312 thousand. In addition, the Parent Company has recorded an investment of EUR 30,668 thousand, which is considered the maximum amount to be paid out of the "earn out agreement", which grants the right to receive future compensation in addition to the cash consideration already paid, in the event that the company Paradigma Digital, S.L. in the future reaches specific objectives stipulated in the purchase agreement.

Paradigma Digital, SL is a company specialized in helping large companies in their digital transformation process using the latest technologies and methodologies. With almost 400 employees specialized in Digital Strategy, Velocity Development, UX, Big Data, Cloud and Digital Culture, Paradigma Digital, SL provides 360° technological solutions to solve the business needs of its clients using technology as a catalyst, based on a relationship of trust with the client, and with a natural orientation towards objectives where the final quality of the product is paramount.
The incorporation of Paradigma Digital, SL reinforces the Group's capabilities in the 'digital native' field, based on the majority use of 'agile' work methodologies, customized developments on open software, and the adoption of advanced architectures in the cloud. In addition, the Group and Paradigma Digital, SL have a very complementary customer base, which opens up important opportunities for expanding current business relationships.

The following table summarizes the consideration transferred, the fair values of the assets and liabilities identified at the time of acquisition, and the goodwill generated:

HEADINGS	EUROS
Other Intangible Assets	32
Tangible Non-Current Assets	516
Deferred Tax Assets (*)	17
Non-current financial assets	167
Total Non-Current Assets	732
Current Tax Assets	1,364
Trade and Other Receivables	11,348
Treasury and Other Equivalent Means	2,584
Other current assets	226
Total Current Assets	15,522
Total assets	16,254
Amounts owed to credit institutions	2,328
Non-Current Provisions	2,500
Deferred tax liabilities	1,093

HEADINGS	EUROS
Other Non-Current Liabilities	925
Total Non-Current Liabilities	**6,846**
Amounts owed to credit institutions	1,167
Trade and other payables	825
Current Tax Liabilities	1,487
Other Current Liabilities	3,124
Total Current Liabilities	**6,603**
Total Liabilities	**13,449**
Net Assets	**2,805**
% Acquisition	**100%**
Total Consideration	**59,312**
Consolidation Goodwill	**56,507**

(*) In accordance with current valuation standards, deferred tax assets recognized in a business combination are not measured at fair value, but are reflected at their face value.

In addition to the EUR 56,607 thousand of goodwill resulting from the difference between the consideration transferred and the fair values of the net assets identified at the time of purchase, an additional goodwill has been recorded for an amount of EUR 30,668 thousand as a result of the "earn out agreement". Total goodwill recorded amounts to EUR 87,175 thousand.

No contribution has been made by Paradigma to the amount of ordinary income and to the result of the year since its incorporation into the consolidation group up until the year ended 31 December 2017. These contributions would have amounted to EUR 26,415 and EUR 3,265 thousand, respectively, if Paradigma had been consolidated throughout the year of 2017.

The generated goodwill is not tax deductible.

The disclosure of the fair value of trade receivables and other accounts receivable at the date of acquisition is as follows:

IN THOUSANDS OF EUR	CONTRACT GROSS AMOUNT	IMPAIRMENT RESTATEMENTS	PRELIMINARY FAIR VALUE
Trade Debtors and Other Receivable Accounts	11,520	(172)	11,348

The accounting for this business combination, given that the 12-month period from the acquisition has not yet been completed, will be reviewed if the circumstances set out in IFRS 3 "Business Combinations" were to be met.

6. INVESTMENT PROPERTY

This heading includes certain properties for an amount of EUR 1,500 thousand corresponding to the subsidiary company Tecnocom, Telecomunicaciones y Energía, SA, which are held by the Group to obtain a gain on their sale or for rental to third parties. There are no restrictions on the disposal of this property.

7. PROPERTY, PLANT AND EQUIPMENT

The detail of this heading in the consolidated statements of financial position as at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR						
INVESTMENTS	**BALANCE AS AT 12.31.16**	**CHANGE OF PERIMETER**	**DIFFERENCES CONVERSION**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.17**
Lands	10,167	-	-	-	(6)	36	10,197
Buildings	55,853	-	(14)	27	(1,148)	730	55,448
Technical facilities, machinery and other facilities.	192,645	28,225	(622)	7,273	(2,806)	65	224,780
Furniture	41,112	6,148	(706)	866	(571)	67	46,916
Transport Equipment	2,764	466	25	878	(431)	1	3,703
Information Processing Equipment	70,563	23,048	(1,973)	3,892	(1,066)	19	94,483
Other Non-Current Assets	10,789	1,338	(928)	400	(98)	(926)	10,575
	383,893	59,225	(4,218)	13,336	(6,126)	(8)	446,102
RETIREMENTS							
Buildings	(22,897)	(270)	163	(1,084)	357	(285)	(24,016)
Technical facilities, machinery and other facilities.	(152,941)	(21,025)	283	(12,960)	2,806	(197)	(184,034)
Furniture	(31,669)	(4,867)	628	(2,649)	508	(65)	(38,114)
Transport Equipment	(1,533)	(901)	99	(470)	310	1	(2,494)
Information Processing Equipment	(64,027)	(19,587)	2,116	(4,664)	1,023	(25)	(85,164)
Other Non-Current Assets	(7,380)	(1,315)	736	(869)	87	579	(8,162)
	(280,447)	(47,965)	4,025	(22,696)	5,091	8	(341,984)
NET BOOK VALUE							
Lands	10,167	-	-	-	(6)	36	10,197
Buildings	32,956	(270)	149	(1,057)	(791)	445	31,432
Technical facilities, machinery and other facilities.	39,704	7,200	(339)	(5,687)	-	(132)	40,746
Furniture	9,443	1,281	(78)	(1,783)	(63)	2	8,802
Transport Equipment	1,231	(435)	124	408	(121)	2	1,209
Information Processing Equipment	6,536	3,461	143	(772)	(43)	(6)	9,319
Other Non-Current Assets	3,409	23	(192)	(469)	(11)	(347)	2,413
Non-current assets in progress	103,446	11,260	(193)	(9,360)	(1,035)	-	104,118

	THOUSANDS OF EUR						
INVESTMENTS	**BALANCE AS AT 12.31.15**	**CHANGE OF PERIMETER**	**DIFFERENCES CONVERSION**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.16**
Lands	15,758	-	1,430	-	(25)	(6,996)	10,167
Buildings	74,356	-	4,670	113	(247)	(23,039)	55,853
Technical facilities, machinery and other facilities.	193,882	(820)	415	3,442	(4,449)	175	192,645
Furniture	40,060	-	574	1,112	(948)	314	41,112
Transport Equipment	2,762	-	(17)	261	(255)	13	2,764
Information Processing Equipment	69,831	(31)	1,583	2,966	(5,624)	1,838	70,563
Other Non-Current Assets	9,877	(58)	1,206	605	(667)	(174)	10,789
	406,526	(909)	9,861	8,499	(12,215)	(27,869)	383,893
RETIREMENTS							
Buildings	(21,959)	-	(26)	(1,316)	76	328	(22,897)
Technical facilities, machinery and other facilities.	(144,393)	328	(397)	(12,152)	4,173	(500)	(152,941)
Furniture	(29,094)	-	(324)	(2,716)	821	(356)	(31,669)
Transport Equipment	(1,417)	-	(23)	(234)	161	(20)	(1,533)
Information Processing Equipment	(62,273)	26	(1,161)	(4,257)	5,582	(1,944)	(64,027)
Other Non-Current Assets	(6,150)	45	(688)	(986)	340	59	(7,380)
	(265,286)	399	(2,619)	(21,661)	11,153	(2,433)	(280,447)
IMPAIRMENT LOSSES							
Buildings	(4,313)	-	(1,108)	-	-	5,421	-
	(4,313)	-	(1,108)	-	-	5,421	-
NET BOOK VALUE							
Lands	15,758	-	1,430	-	(25)	(6,996)	10,167
Buildings	48,084	-	3,536	(1,203)	(171)	(17,290)	32,956
Technical facilities, machinery and other facilities.	49,489	(492)	18	(8,710)	(276)	(325)	39,704
Furniture	10,966	-	250	(1,604)	(127)	(42)	9,443
Transport Equipment	1,345	-	(40)	27	(94)	(7)	1,231
Information Processing Equipment	7,558	(5)	422	(1,291)	(42)	(106)	6,536
Other Non-Current Assets	3,727	(13)	518	(381)	(327)	(115)	3,409
Total	136,927	(510)	6,134	(13,162)	(1,062)	(24,881)	103,446

The additions to Plant, Machinery and Other Fixtures in 2017, as in the 2016, were due mainly to the continuation of the refurbishment and expansion of the facilities at the Parent's new offices.

The additions to Computer Hardware relate to the technological updating of the equipment, mainly at the Parent.

The disposals in 2017 gave rise to a loss of EUR 215 thousand (31 December 2016: EUR 509 thousand), and this amount was recognized in the consolidated statement of profit or loss (see Note 32).

The detail by type of the assets held under finance lease at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
INVESTMENTS	**2017**	**2016**
Technical facilities, machines and other facilities	8,476	8,476
Information processing equipment	1,178	1,970
Transport Equipment	1,367	380
	11,021	10,826
RETIREMENTS		
Technical facilities, machines and other facilities	(8,084)	(6,813)
Information processing equipment	(118)	(1,756)
Transport Equipment	(753)	(107)
	(8,955)	(8,676)
NET BOOK VALUE		
Technical facilities, machines and other facilities	392	1,663
Information processing equipment	1,060	214
Transport Equipment	614	273
TOTAL	2,066	2,150

The main finance lease, amounting to EUR 8,476 thousand, relates to the acquisition of a flight simulator and was entered into by the Parent in 2011. This lease will expire in September 2018 and bears interest at 4.3%. The lease payments payable at the reporting date amount to EUR 1,024 thousand. These amounts include the purchase option amounting to EUR 115 thousand and do not include finance costs.

Throughout 2017, the Parent finalized financial lease agreements entered into in 2013 amounting to EUR 1,928 thousand, exercising the corresponding purchase option.

The detail of the minimum payments and the present value of the obligations under finance leases, by maturity, is as follows:

The detail of the minimum payments and the present value of the obligations under finance leases, by maturity, is as follows:

	2017			2016		
	MINIMUM PAYMENTS	INTEREST	PURCHASE OPTION	MINIMUM PAYMENTS	INTEREST	PURCHASE OPTION
Up to one year	2,005	37	115	1,682	73	-
Between one and Five Years	584	27	1	1,046	15	116
TOTAL	2,589	64	116	2,728	88	116

The obligations under finance leases are effectively secured. In the event of default, the rights on the leased asset will be automatically transferred to the lessor.

At 31 December 2017, fully depreciated property, plant and equipment amounted to EUR 230,510 thousand (31 December 2016: EUR 177,900 thousand).

The Group takes out insurance policies to cover the risks to which its property, plant and equipment are subject. It is considered that these policies sufficiently cover the related risks.

8. GOODWILL

As indicated in note 2, during the current year the Parent has reassigned goodwill to the new CGUs based on its business segments ("T&D" and "IT").

The reallocation of goodwill to the new CGUs is shown below:

	THOUSANDS OF EUR						
	2017			2016			
	COST	ACCUMULATED IMPAIRMENT	NET BOOK VALUE	COST	ACCUMULATED IMPAIRMENT	NET BOOK VALUE	CGU REASSIGNMENT
Indra EWS	14,462	-	14,462	14,462	-	14,462	T&D
Indra ATM	29,447	-	29,447	29,447	-	29,447	T&D
Indra Navia	24,142	-	24,142	26,117	-	26,117	T&D
Prointec Group	30,343	(5,364)	24,979	30,424	(4,470)	25,954	T&D
Others	24,458	(4,048)	20,410	24,785	(4,048)	20,737	T&D
	122,852	(9,412)	113,440	125,235	(8,518)	116,717	
Brazil	99,259	(99,259)	-	99,259	(99,259)	-	IT
Indra Italia	20,504	-	20,504	20,504	-	20,504	IT
Consultancy Group	36,608	(13,139)	23,469	36,608	(13,139)	23,469	IT
BPO Group	58,925	-	58,925	58,925	-	58,925	IT
Azertia Group	64,920	(8,582)	56,338	65,546	(8,582)	56,964	IT
Soluziona Group	166,602	(3,000)	163,602	168,193	(3,000)	165,193	IT
Tecnocom Group	250,616	-	250,616	-	-	-	IT
Paradigma Digital, SL	87,175	-	87,175	-	-	-	IT
Others	37,481	(8,848)	28,633	38,983	(8,848)	30,135	IT
	822,090	(132,828)	689,262	488,018	(132,828)	355,190	
Total	944,942	(142,240)	802,702	613,253	(141,346)	471,907	

	THOUSANDS OF EUR					
	12.31.16	ADDITION	EXCHANGE DIFFERENCES	IMPAIRMENT	12.31.17	CGU REASSIGNMENT
Indra EWS	14,462	-	-	-	14,462	T&D
Indra ATM	29,447	-	-	-	29,447	T&D
Indra Navia	26,117	-	(1,975)	-	24,142	T&D
Prointec Group	25,954	-	(81)	(894)	24,979	T&D
Others	20,737		(327)		20,410	T&D
	116,717	**-**	**(2,383)**	**(894)**	**113,440**	
Indra Italia	20,504	-	-	-	20,504	IT
Consultancy Group	23,469	-	-	-	23,469	IT
BPO Group	58,925	-	-	-	58,925	IT
Azertia Group	56,964	-	(626)	-	56,338	IT
Soluziona Group	165,193	-	(1,591)	-	163,602	IT
Tecnocom Group	-	250,616	-	-	250,616	IT
Paradigma Digital, SL	-	87,175	-	-	87,175	IT
Others	30,135	-	(1,502)	-	28,633	IT
	355,190	**337,791**	**(3,719)**	**-**	**689,262**	
Total	**471,907**	**337,791**	**689,262**	**(894)**	**802,702**	

	THOUSANDS OF EUR					
	12.31.15	**ADDITION**	**EXCHANGE DIFFERENCES**	**IMPAIRMENT**	**12.31.16**	**CGU REASSIGNMENT**
Indra EWS	14,462	-	-	-	14,462	T&D
Indra ATM	29,447	-	-	-	29,447	T&D
Indra Navia	24,660	-	1,457	-	26,117	T&D
Prointec Group	26,861	-	(13)	(894)	25,954	T&D
Others	20,868	-	(131)	-	20,737	T&D
	116,298	-	1,313	(894)	116,717	
Indra Italia	20,504	-	-	-	20,504	IT
Consultancy Group	23,469	-	-	-	23,469	IT
BPO Group	58,925	-	-	-	58,925	IT
Azertia Group	58,119	-	(1,155)	-	56,964	IT
Soluziona Group	163,761	-	1,432	-	165,193	IT
Otros	29,332	-	803	-	30,135	IT
	354,110	-	1,080	-	355,190	
Total	470,408	-	2,393	(894)	471,907	

Key assumptions used in the projections

The Group periodically assesses the recoverability of the goodwill shown in the foregoing table. In order to do this, it uses the business plans of the various CGUs to which the goodwill is allocated, discounting estimated future cash flows.

The assumptions on which these cash flow projections are based are supported by past experience and reasonable forecasts of the business plans of the various CGUs. These forecasts are checked against the future market growth expected by various specialist sources, taking into consideration the company's position in that market and the strategic elements that could change that situation (innovation, breakthrough to other markets, etc.).

The detail of the assumptions used to calculate the recoverable amount of each of the existing significant CGUs is as follows:

	INTERANNUAL GROWTH RATE		POST TAX DISCOUNT RATE		RESIDUAL GROWTH RATE		RESIDUAL EBIT MARGIN		CURRENT DAYS	
	INCOME (5 YEARS)									
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
T&D	8.53%	-	7.14%	-	2.26%	-	16.78%	-	15	-
IT	4.44%	-	8.34%	-	2.26%	-	8.41%	-	33	-
Indra EWS	-	(0.1%)	-	7.50%	-	1.96%	-	23.26%	-	(9)
Indra ATM	-	2.8%	-	7.50%	-	1.96%	-	14.04%	-	65
Indra Italia	-	9.1%	-	8.08%	-	1.40%	-	11.32%	-	100
Indra Navia	-	3.5%	-	4.88%	-	2.70%	-	7.44%	-	60
Consultancy Group	-	13.1%	-	7.62%	-	1.96%	-	16.53%	-	60
BPO Group	-	1.1%	-	7.50%	-	1.96%	-	9.79%	-	20
Azertia Group	-	2.3%	-	7.91%	-	2.07%	-	15.65%	-	75
Prointec Group	-	7.6%	-	8.00%	-	2.21%	-	8.69%	-	81
Soluziona Group	-	6.6%	-	8.33%	-	2,97%	-	10.20%	-	73

In all cases, sensitivity analyses are conducted on the discount rate and residual growth rate used, to verify that reasonable changes in these assumptions will not have an impact on the possible recoverability of the goodwill recognized. A sensitivity analysis was also conducted on the key assumptions: sales, margins, working capital and residual EBIT.

Cash flows are discounted to calculate their present value at a post-tax rate that includes the specific risks of the assets and the risks not envisaged in the cash flows themselves, such as the country risk. This rate is calculated by using the Capital Asset Pricing Model (CAPM). The figures used in these calculations are obtained from independent external sources of information of acknowledged prestige, and the results are checked against the rates used by independent financial analysts in the valuation of comparable businesses. Accordingly, in 2017 the post-tax rates ranged from 7.14% to 8.34%.

The projections cover a period of five years. The cash flows from the sixth year onwards comprise the terminal value, and are estimated as perpetual returns at a constant growth rate (residual growth rate) based on a normalized flow reflecting the CGU's operations in perpetuity. The residual growth is estimated for each CGU taking into consideration the type of business and expected long-term inflation in each CGU's field of activity, and is checked against external sources of information. The growth rate used in the projections made in 2017 is 2.26% for each of the CGUs.

The normalized flow that serves as a basis for calculating the terminal value is calculated by adjusting the fifth year's flow as follows:

$\text{Sales}_{\text{Normalized flow}} = \text{Sales}_{\text{Year}}\ 5 \times (1 + g)$

$\text{Operating expenses}_{\text{Normalized flow}} = \text{Operating expenses}_{\text{Year 5}} \times (1 + g)$

$\text{Amortization}_{\text{Normalized flow}} = \text{Amortization}_{\text{Year 5}}$

$\text{Investment}_{\text{Normalized flow}} = \text{Amortization}_{\text{Normalized flow}}$

$\text{Investment in working capital}_{\text{Normalized flow}} = \text{Days working capital}_{\text{Year 5}} / 365 \times \text{Sales}_{\text{Year 5}} \times g$ (1)

$\text{Tax rate}_{\text{Normalized flow}} = \text{Tax rate}_{\text{Year 5}}$

$\text{Normalized Flow} = (\text{Sales - Operating expenses - Investment - investment in working capital - Tax})_{\text{Normalized flow}}$

"g" is the residual growth rate

(1) The investment in working capital is calculated based on residual growth.

The discounted amount of the terminal value as a percentage of the total recoverable amount of the most significant amounts of goodwill in 2017 and 2016 is as follows:

	2017	2016
T&D	85%	-
IT	84%	-
Indra EWS	-	80%
Indra ATM	-	79%
Indra Italia	-	68%
Indra Navia	-	89%
Consultancy Group	-	83%
BPO Group	-	79%
Azertia Group	-	81%
Prointec Group	-	80%
Soluziona Group	-	82%

The detail of the carrying amounts of the most significant CGUs, including goodwill, and of the recoverable amounts thereof at 31 December 2017 and 2016 is as follows:

	2017 THOUSANDS OF EUR (*)			2016 THOUSANDS OF EUR		
	BOOK VALUE (1)	RECOVERABLE AMOUNT (2)	DIFFERENCE (2)-(1)	BOOK VALUE (1)	RECOVERABLE AMOUNT (2)	DIFFERENCE (2)-(1)
T&D	206,617	3,867,394	3,660,777	-	-	-
IT	1,013,014	1,982,325	969,311	-	-	-
Indra EWS	-	-	-	(13,475)	261,802	275,277
Indra ATM	-	-	-	36,255	91,209	54,954
Indra Italia	-	-	-	63,507	135,274	71,767
Indra Navia	-	-	-	36,753	154,459	117,705
Consultancy Group	-	-	-	30,295	150,267	119,972
BPO Group	-	-	-	71,805	163,595	91,790
Azertia Group	-	-	-	61,613	195,348	133,735
Prointec Group	-	-	-	49,151	68,781	19,630
Soluziona Group	-	-	-	244,429	556,405	311,977

The breakdown among the main assets of the carrying amount of the most significant CGUs at 31 December 2017 and 2016 is as follows

	NON-CURRENT ASSETS		CURRENT		GOODWILL		OTHERS		BOOK VALUE CGU		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	CGU REASSIGNMENT
Prointec Group	-	5,156	-	18,774	-	25,954	-	(733)	-	49,151	T&D
Indra ATM	-	-	-	6,808	-	29,447	-	-	-	36,255	T&D
Indra EWS	-	4,018	-	(31,955)	-	14,462	-	-	-	(13,475)	T&D
Indra Navia	-	431	-	10,273	-	26,117	-	(68)	-	36,753	T&D
Others	332,801	-	(134,244)	-	113,440	-	(105,380)	-	206,617	-	T&D
	332,801	9,605	(134,244)	3,900	113,440	95,980	(105,380)	(801)	206,617	108,684	
Azertia Group	-	-	-	8,033	-	53,580	-	-	-	61,613	IT
BPO Group	-	11,221	-	1,824	-	58,925	-	(165)	-	71,805	IT
Consultancy Group	-	-	-	6,826	-	23,469	-	-	-	30,295	IT
Soluziona Group	-	6,291	-	72,189	-	168,578	-	(2,629)	-	244,429	IT
Indra Italia	-	1,242	-	43,291	-	20,504	-	(1,530)	-	63,507	IT
Others	357,139	-	127,957	-	689,262	-	(161,344)	-	1,013,014	-	IT
	357,139	18,754	127,957	132,162	689,262	325,056	(161,344)	(4,324)	1,013,014	471,648	
Total	689,940	28,360	(6,287)	136,062	802,702	421,036	(266,724)	(5,125)	1,219,631	580,332	

The results of the sensitivity analysis of the impairment test conducted on the goodwill allocated to the CGUs are as follows:

	2017				2016			
	WACC VARIATION		RESIDUAL GROWTH RATE		WACC VARIATION		RESIDUAL GROWTH RATE	
Variation in recoverable value of cash generating units:	-1 p,p,	+1 p,p,	-0.5 p,p,	+0.5 p,p,	-1 p,p,	+1 p,p,	-0.5 p,p,	+0.5 p,p,
	1,058,216	(697,149)	(315,666)	387,611	-	-	-	-
T&D	435,379	(311,466)	(126,260)	148,865	-	-	-	-
IT	-	-	-	-	60,165	(41,790)	(18,379)	22,028
Indra EWS	-	-	-	-	20,742	(14,376)	(5,771)	6,917
Indra ATM	-	-	-	-	22,201	(16,425)	(5,420)	6,297
Indra Italia	-	-	-	-	128,917	(47,855)	(24,399)	38,924
Indra Navia	-	-	-	-	34,838	(24,322)	(9,929)	11,853
Consultancy Group	-	-	-	-	36,921	(25,629)	(10,799)	12,943
BPO Group	-	-	-	-	43,026	(30,406)	(11,912)	14,145
Azertia Group	-	-	-	-	15,069	(10,620)	(4,367)	5,193
Prointec Group	-	-	-	-	133,520	(91,324)	(38,742)	46,716
Soluziona Group								

	2017				2016			
	CHANGES IN SALES	EBIT MARGIN	RESIDUAL EBIT	CHANGES IN CURRENT DAYS	CHANGES IN SALES	EBIT MARGIN	RESIDUAL EBIT	CHANGES IN CURRENT DAYS
Variation in recoverable value of CGUs:	-5,0%	-1 p,p,	-1 p,p,	+10 days	-5,0%	-1 p,p,	-1 p,p,	+10 days
T&D	(187,535)	(232,962)	(196,532)	(56,739)	-	-	-	-
IT	(91,099)	(256,021)	(205,272)	(72,005)	-	-	-	-
Indra EWS	-	-	-	-	(19,167)	(11,141)	(8,963)	(622)
Indra ATM	-	-	-	-	(7,986)	(6,572)	(5,337)	(531)
Indra Italia	-	-	-	-	(10,369)	(10,742)	(8,461)	(1,269)
Indra Navia	-	-	-	-	(24,920)	(21,688)	(19,947)	(2,187)
Consultancy Group	-	-	-	-	(20,628)	(9,302)	(7,736)	(1,359)
BPO Group	-	-	-	-	(14,842)	(16,430)	(13,315)	(1,072)
Azertia Group	-	-	-	-	(13,490)	(13,079)	(10,460)	(1,058)
Prointec Group	-	-	-	-	(8,390)	(8,411)	(6,835)	(1,045)
Soluziona Group	-	-	-	-	(54,299)	(58,424)	(48,190)	(7,955)

This sensitivity analysis shows that the significant CGUs are not exposed to significant risks in relation to reasonably possible changes in the financial and operating variables, considered individually.

In 2017, according to the calculations made, both with the previous CGU allocation criterion, and with the current criterion, there were no indications that the goodwill allocated to these CGUs might have become impaired.

In 2016, according to the calculations made, there were no indications that the goodwill allocated to these CGUs might have become impaired.

A sensitivity test was conducted on the discount parameters, and it was concluded that the recoverable amount exceeds the carrying amount in all cases. The sensitivity range used takes into account changes in the discount rates of over 10% and changes in perpetuity growth of over 30%, and the discount parameters are in all cases in line with those habitually used in the market.

The detail of the amount by which the value allocated to the key assumptions must change in order for the recoverable amount to equal the carrying amount of each CGU is as follows:

	2017		2016	
	WACC		WACC	
	HYPOTHESIS	VALUE TO EQUAL THE BOOK VALUE	HYPOTHESIS	VALUE TO EQUAL THE BOOK VALUE
T&D	7.14%	62,93%	-	-
IT	8.34%	13.18%	-	-
Indra EWS	-	-	7.50%	N.A.
Indra ATM	-	-	7.50%	15.37%
Indra Italia	-	-	8.08%	16.85%
Indra Navia	-	-	4.88%	12.28%
Consultancy Group	-	-	7.62%	24.53%
BPO Group	-	-	7.50%	14.20%
Azertia Group	-	-	7.91%	18.58%
Prointec Group	-	-	8.00%	11.05%
Soluziona Group	-	-	8.33%	14.62%

	2017					2016				
	CHANGES IN SALES	EBIT MARGIN		CURRENT DAYS		CHANGES IN SALES	EBIT MARGIN		CURRENT DAYS	
	VALUE TO EQUAL THE BOOK VALUE	HYPOTHESIS*	VALUE TO EQUAL THE BOOK VALUE	HYPOTHESIS*	VALUE TO EQUAL THE BOOK VALUE	VALUE TO EQUAL THE BOOK VALUE	HYPOTHESIS**	VALUE TO EQUAL THE BOOK VALUE	HYPOTHESIS**	VALUE TO EQUAL THE BOOK VALUE
	(97.52%)	16.8%	(1.38%)	15	660	-	-	-	-	-
	(53.37%)	8.4%	3.68%	33	168	-	-	-	-	-
Indra EWS	-	-	-	-	-	(71.81%)	23.26%	(5.58%)	(9)	75
Indra ATM	-	-	-	-	-	(34.41%)	14.04%	3.74%	65	93
Indra Italia	-	-	-	-	-	(34.61%)	11.32%	2.84%	100	121
Indra Navia	-	-	-	-	-	(23.62%)	7.44%	1.54%	60	76
Consultancy Group	-	-	-	-	-	(28.92%)	16.53%	1.03%	60	102
BPO Group	-	-	-	-	-	(30.92%)	9.79%	2.90%	20	39
Azertia Group	-	-	-	-	-	(49.57%)	15.65%	2.89%	75	110
Prointec Group	-	-	-	-	-	(11.70%)	8.69%	5.81%	81	89
Soluziona Group	-	-	-	-	-	(28.73%)	10.20%	3.71%	73	90

* Amount for normalized year (2022)
** Amount for normalized year (2021)

9. OTHER INTANGIBLE ASSETS

The detail of this heading in the consolidated statements of financial position as at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.16	**CHANGE PERIMETER**	**DIFFERENCES CONVERSION**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.17**
Investments:							
Industrial Property	46,156	130	(16)	-	-	-	46,270
Computer software	355,336	31,889	(997)	558	-	53,126	439,912
Development Expenses	130,014	-	(1,126)	37,725	-	(50,823)	115,790
Contractual Relations	-	60,400	-	-	-	-	60,400
Other Intangible Assets	22,413	4	(1,074)	-	-	-	21,343
	553,919	92,423	(3,213)	38,283	-	2,303	683,715
Amortization							
Industrial Property	(12,134)	(130)	16	(846)	-	-	(13,094)
Computer software	(175,921)	(14,652)	418	(39,621)	-	(265)	(230,041)
Development Expenses	(6,302)	-	764	(1,443)	-	67	(6,914)
Contractual Relations	-	-	-	(4,682)	-	-	(4,682)
Other Intangible Assets	(15,722)	1	848	(1,337)	-	-	(16,210)
	(210,079)	(14,781)	2,046	(47,929)	-	(198)	(270,941)
Grants							
Development Expenses	(31,816)	-	-	(7,199)	5,625	-	(33,390)
	(31,816)	-	-	(7,199)	5,625	-	(33,390)
Allowance							
Industrial Property	(6,063)	-	-	-	-	-	(6,063)
Computer software	(18,956)	-	-	-	-	-	(18,956)
Other Intangible Assets	(2,136)	-	-	-	-	-	(2,136)
	(27,155)	-	-	-	-	-	(27,155)

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.16	**CHANGE PERIMETER**	**DIFFERENCES CONVERSION**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.17**
Net book value:							
Industrial Property	27,959	-	-	(846)	-	-	27,113
Computer software	160,459	17,237	(579)	(39,063)	-	52,861	190,915
Development Expenses	91,896	-	(362)	29,083	5,625	(50,756)	75,486
Contractual Relations	-	60,400	-	(4,682)	-	-	55,718
Other Intangible Assets	4,555	5	(226)	(1,337)	-	-	2,997
Total	284,869	77,642	(1,167)	(16,845)	5,625	2,105	352,229

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.15	**CHANGE PERIMETER**	**DIFFERENCES CONVERSION**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.16**
Investments:							
Industrial Property	39,279	-	(11)	6,888	-	-	46,156
Computer software	325,571	(3)	847	116	(814)	29,619	355,336
Development Expenses	139,693	-	896	22,784	(5,179)	(28,180)	130,014
Other Intangible Assets	21,028	-	131	-	(102)	1,356	22,413
	525,571	(3)	1,863	29,788	(6,095)	2,795	553,919
Amortization							
Industrial Property	(11,634)	-	12	(512)	-	-	(12,134)
Computer software	(131,949)	3	(699)	(42,448)	679	(1,507)	(175,921)
Development Expenses	(9,988)	-	(126)	(1,367)	5,179	-	(6,302)
Other Intangible Assets	(13,024)	-	18	(1,848)	-	(868)	(15,722)
	(166,595)	3	(795)	(46,175)	5,858	(2,375)	(210,079)
Grants							
Development Expenses	(42,608)	-	-	(6,510)	17,302	-	(31,816)
	(42,608)	-	-	(6,510)	17,302	-	(31,816)
Allowance							
Industrial Property	(6,063)	-	-	-	-	-	(6,063)
Computer software	(18,956)	-	-	-	-	-	(18,956)
Other Intangible Assets	(2,136)	-	-	-	-	-	(2,136)
	(27,155)	-	-	-	-	-	(27,155)
Net book value:							
Industrial Property	21,582	-	1	6,376	-	-	27,959
Computer software	174,666	-	148	(42,332)	(135)	28,112	160,459
Development Expenses	87,097	-	770	14,907	17,302	(28,180)	91,896
Other Intangible Assets	5,868	-	149	(1,848)	(102)	488	4,555
Total	289,213	-	1,068	(22,897)	17,065	420	284,869

In 2017 and 2016, the Group conducted the corresponding impairment tests required under accounting legislation, and it was not necessary to recognize any impairment in both years.

The detail, by vertical market, of the most significant development and computer software products capitalized, without considering the effect of the grants given, is as follows:

	THOUSANDS OF EUR		
	2017	2016	Years of Estimated Amortization (2)
Investments (1)			
Public Authorities and Health	28,033	24,821	
Financial Services	69,432	68,702	
Energy & Industry	98,896	92,613	
Defense and Security	130,579	118,146	
Transport and Traffic	52,437	34,496	
	379,377	338,778	
Accumulated retirement:			
Public Authorities and Health	(12,708)	(10,699)	1 to 10 years
Financial Services	(28,042)	(21,594)	1 to 10 years
Energy & Industry	(22,006)	(12,646)	1 to 10 years
Defense and Security	(49,102)	(35,254)	1 to 5 years
Transport and Traffic	(17,800)	(9,925)	1 to 5 years
	(129,658)	(90,118)	

	THOUSANDS OF EUR	
	2017	2016
Accumulated impairment:		
Energy & Industry	(18,956)	(18,956)
	(18,956)	(18,956)
Net book value:		
Public Authorities and Health	15,325	14,122
Financial Services	41,390	47,108
Energy & Industry	57,934	61,011
Defense and Security	81,477	82,892
Transport and Traffic	34,637	24,571
Total	230,763	229,704

1) In 2017 the carrying amount of the development and computer software projects capitalized in the year that had not started to be amortized was EUR 35,628 thousand (EUR 22,077 thousand in 2016).

(2) The products, by vertical market, comprise many projects each of which has a separate, independent useful life; a single product can contain a project that may be amortized in the same year in which it was capitalized, yet also contain projects with useful lives of up to ten years.

It is considered likely that these products will generate future economic benefits that will offset the cost of the capitalized asset.

In 2017, as in 2016, the Parent continued to invest in development in all of its areas of activity, the most notable investments being made in the Defense and Security market and the Air Traffic market. The total amount capitalized in 2017 was EUR 37,241 thousand (2016: EUR 22,784 thousand).

The most significant transfers recognized under "Computer Software" in 2017 and 2016 relate to the following products, by vertical market:

	THOUSANDS OF EUR	
PRODUCT	**2017**	**2016**
Public Authorities and Health	1,272	1,859
Energy & Industry	15,799	250
Defense and Security	23,215	17,693
Transport and Traffic	4,394	3,328

Certain capitalized development expenditure is financed or subsidized by various public authorities through their corresponding bodies. The detail of the vertical markets (see Note 4.v) to which the most significant grants relate in 2017 and 2016 (EUR 31,535 thousand and EUR 27,224 thousand, respectively) is as follows:

	THOUSANDS OF EUR	
PRODUCT	**2017**	**2016**
Public Authorities and Health	509	509
Financial Services	4,945	5,902
Energy & Industry	1,904	2,797
Defense and Security	9,632	11,597
Transport and Traffic	13,331	6,419

Development expenditure totaled EUR 201,683 thousand this year, and EUR 163,333 thousand the year before. Of those amounts, the Group capitalized EUR 37,725 thousand and EUR 22,784 thousand, respectively. Therefore, the consolidated statements of profit or loss for 2017 and 2016 include development expenditure on various projects amounting to EUR 163,958 thousand (EUR 140,549 thousand in 2016), respectively (see Note 42).

The balance of Intellectual Property in 2017 and 2016 includes assets acquired from third parties amounting to EUR 46,270 thousand (2016: EUR 46,156 thousand), which relate mainly to:

1) The purchase by the Parent in 2010 of software maintenance rights totaling EUR 23,170 thousand.

2) Intellectual property recognized as a result of the acquisition in 2011 of Politec Tecnología da Informação, S.A. for EUR 13,711 thousand.

3) The intellectual property recognized by Indra BPO Servicios, S.L.U. in relation to remuneration for exclusivity, in accordance with the agreement for the provision of services entered into with BSOS, S.A. in 2016 (Business Services for Operational Support, S.A.), amounting to EUR 6,888 thousand.

The detail of the amortization rates of the intangible assets is as follows:

	THOUSANDS OF EUR					
	BALANCE AS AT 12.31.17	EXPENSES INCURRED INTERNALLY		ACQUISITIONS FROM THIRD PARTIES		
		LIMITED USEFUL LIFE	AMORTIZATION RATE	INDEFINITE USEFUL LIFE	LIMITED USEFUL LIFE	AMORTIZATION RATE
Net Value						
Industrial Property	27,113	-	-	19,949	7,164	10%
Computer software	190,915	181,867	10-100%	-	9,048	25%
Development Expenses	75,486	72,221	10-100%	-	3,265	10-25%
Contractual Relations	55,718	-	-	-	55,718	9-10%
Other Intangible Assets	2,997	117	-	-	2,880	10%
	352,229	254,205		19,949	78,075	

	THOUSANDS OF EUR					
	BALANCE AS AT 12.31.16	EXPENSES INCURRED INTERNALLY		ACQUISITIONS FROM THIRD PARTIES		
		LIMITED USEFUL LIFE	AMORTIZATION RATE	INDEFINITE USEFUL LIFE	LIMITED USEFUL LIFE	AMORTIZATION RATE
Net Value						
Industrial Property	27,959	-	-	19,949	8,010	10%
Computer software	160,459	159,514	10-100%	-	945	25%
Development Expenses	91,896	88,634	10-100%	-	3,262	10-25%
Other Intangible Assets	4,555	127	-	-	4,428	10%
	284,869	248,275		19,949	16,645	

At 31 December 2017, fully amortized intangible assets amounted to EUR 155,025 thousand (31 December 2016: EUR 121,498 thousand).

The disposals in 2017 gave rise to a loss of EUR 13 thousand (2016: EUR 195 thousand), and this amount was recognized in the consolidated statement of profit or loss (see Note 32).

The Group has taken out insurance policies to cover the risks to which certain intangible assets are subject. It is considered that these policies sufficiently cover the related risks.

10. FINANCIAL INSTRUMENTS

The Group's financial assets (not including investments in associates), by class and maturity, in 2017 and 2016 are classified as follows:

		2017 THOUSANDS OF EUR (*)		
FINANCIAL ASSETS: TYPE/CATEGORY	**NOTA**	**FINANCIAL ASSETS AVAILABLE FOR SALE**	**LOANS AND RECEIVABLES**	**HEDGING DERIVATIVES**
Investments in non-Group Companies	12	13,200	-	-
Derivatives	12	-	-	1,195
Other Receivable Assets	12	-	2,276	-
Other financial assets	12	-	203,967	-
Long-term / Non-current		13,200	206,243	1,195
Bonds and Deposits	15	-	1,889	-
Derivatives	15	-	-	10,731
Other financial assets	15,16,17	-	1,302,635	-
Short-term / Current		-	1,304,524	10,731
Total		13,200	1,510,767	11,926

FINANCIAL ASSETS: TYPE/CATEGORY	NOTA	2016 THOUSANDS OF EUR		
		FINANCIAL ASSETS AVAILABLE FOR SALE	LOANS AND RECEIVABLES	HEDGING DERIVATIVES
Investments in non-Group Companies	12	16,268	-	-
Other Receivable Assets	12	-	2,246	-
Other financial assets	12	-	156,516	-
Long-term / Non-current		16,268	158,762	-
Bonds and Deposits	15	-	8,473	-
Derivatives	15	-	-	114
Other financial assets	15,16,17	-	1,431,634	-
Short-term / Current		-	1,440,107	114
Total		16,268	1,598,869	114

Financial assets available for sale

Available-for-sale financial assets, as they relate to investments in unlisted companies and their fair value cannot be reliably determined, were measured at acquisition cost or at a lower amount if there was any evidence of impairment.

Loans and receivables

The Group engages mainly in the performance of projects commissioned by clients. The Group recognizes contract revenue and costs in accordance with the percentage of completion method. This method is based on estimates of total contract costs and revenue, the contract costs to complete the contract, contract risks and other parameters. (See Note 4.w).

In accordance with established procedure, the managers responsible for Indra's projects carry out estimates to periodically verify the extent to which the main technical and economic assumptions of the projects in their portfolio are met. Within this analysis, particular attention is paid to projects which are more likely to deviate from the plan and which, accordingly, are more likely to have a negative financial impact (see Note 16).

The Group's financial liabilities, by class and maturity, in 2017 and 2016 are classified as follows:

FINANCIAL LIABILITIES: TYPE/CATEGORY	NOTE	2017 THOUSANDS OF EUR (*) DEBITS AND PAYABLES	HEDGING DERIVATIVES
Amounts owed to credit institutions	20	747,745	-
Negotiable Bonds and Other Securities	20	268,633	-
Derivatives	21	-	882
Other financial liabilities	21	130,511	-
Long-term Debts/Non-Current Financial Liabilities		1,146,889	882
Amounts owed to credit institutions	24	118,854	-
Negotiable Bonds and Other Securities	24	152,098	-
Derivatives	26	-	8,887
Other financial liabilities	25 & 26	1,541,811	-
Short-Term Debt / Current Financial Liabilities		1,812,763	8,887
Total		2,959,652	9,769

FINANCIAL LIABILITIES: TYPE/CATEGORY	NOTE	2016 THOUSANDS OF EUR DEBITS AND PAYABLES	HEDGING DERIVATIVES
Amounts owed to credit institutions	20	721,742	-
Negotiable Bonds and Other Securities	20	414,250	-
Derivatives	21	-	9,292
Other financial liabilities	21	86,726	-
Long-term Debts/Non-Current Financial Liabilities		1,222,718	9,292
Amounts owed to credit institutions	24	59,742	-
Negotiable Bonds and Other Securities	24	973	-
Derivatives	26	-	40,861
Other financial liabilities	25 & 26	1,369,299	-
Short-Term Debt / Current Financial Liabilities		1,430,014	40,861
Total		2,652,732	50,153

The fair value of currency forwards is calculated by the exchange rate of each currency at the end of each accounting period (hierarchy level 2).

In addition, the Group has maintained until May 2017 financial derivatives that correspond to interest rate hedge accounting and that aim to significantly eliminate or reduce these risks. The fair value of the interest rate hedges is based on valuation techniques such as those described in Note 4h.III.

All interest rate hedges are effective as cash flow hedges. The Group recognizes the losses or gains from the fair value valuation of the hedging instrument as income and expenses under equity for the part that has been identified as effective hedging (hierarchy level 2).

The nature of each of the liabilities is detailed in the corresponding note to these consolidated financial statements.

The breakdown of Financial Results in the consolidated statements of profit or loss for 2017 and 2016 is as follows:

	IN THOUSANDS OF EUR	
	2017	**2016**
Debt financial expenses payable to credit institutions	17,934	20,944
Other financial expenses	11,284	9,966
Financial liabilities at amortized cost	(328)	2,038
Interest from subordinated debentures	12,222	9,107
Hedging Instrument expenses	-	3,487
Income/loss from exchange differences	1,483	-
Total Financial Expenses	42,595	45,542
Income/loss from exchange differences	-	458
Other financial income	7,463	6,010
Total Financial Income	7,463	6,468

The balance of Financial Liabilities at Amortized Cost, amounting to EUR -328 thousand in 2017 (2016: EUR 2,038 thousand), relates to financial gains or losses on the remeasurement of debt, mainly R&D loans with interest rates below market rates.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The detail of Investments Accounted for Using the Equity Method in the consolidated statements of financial position as at 31 December 2017 and 2016 is as follows:

	MILES DE EUROS							
	BALANCE AS AT 12.31.16	PERIMETER CHANGE	GOODWILL	INVESTMENT	EXCHANGE DIFFERENCES	DIVIDENDS	RESULTS	BALANCE AS AT 12.31.17
SAES Capital	2,060	-	-	-	-	(73)	103	2,090
Eurofighter Simulation Systems	3,253	-	-	-	-	(2,080)	(554)	619
Euromids	514	-	-	-	-	-	191	705
Iniciativas Bioenergéticas	1,490	-	-	-	-	-	(288)	1,202
I3 Televisión	121	-	-	-	-	-	70	191
IRB Riesgo Operacional	183	-	-	-	-	-	(68)	115
A4 Essor	30	2	-	-	-	-	3	35
Tower Air Traffic System	501	-	-	-	-	-	-	501
Tuxpan Maritime Logistics	150	-	-	-	-	-	-	150
Natming	3	-	-	-	-	-	-	3
Indra Isolux México	(18)	-	-	-	1	-	4	(13)
Visión Inteligente Aplicada	(87)	-	-	-	2	-	1	(84)
EFI Túneles Necaxa	64	-	-	-	(6)	-	117	175
Societat Catalana per la Mobilitat	1,617	(148)	-	731	-	-	177	2,377
Green Border OOD	2	-	-	-	-	-	9	11
SPA Mobeal	26	-	-	23	-	-	(15)	34
Global Training Aviation S.L	-	-	1,642	1,935	-	-	(232)	3,345
Total	9,909	(146)	1,642	2,689	(3)	(2,153)	(482)	11,456

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.15	PERIMETER CHANGE	EXCHANGE DIFFERENCES	DIVI-DENDS	RESULTS	TRANS-FERS	BALANCE AS AT 12.31.16
SAES Capital	1,981	-	-	-	79	-	2,060
Eurofighter Simulation Systems	2,626	-	-	(1,040)	1,667	-	3,253
Euromids	449	-	-	-	65	-	514
Iniciativas Bioenergéticas	1,384	-	-	-	106	-	1,490
I3 Televisión	125	-	-	-	(4)	-	121
IRB Riesgo Operacional	304	-	-	-	(121)	-	183
A4 Essor	28	-	-	-	2	-	30
Tower Air Traffic System	501	-	-	-	-	-	501
Tuxpan Maritime Logistics	150	-	-	-	-	-	150
Natming	3	-	-	-	-	-	3
Indra Isolux México	(22)	-	3	-	1	-	(18)
Visión Inteligente Aplicada	(100)	-	13	-	-	-	(87)
EFI Túneles Necaxa	65	-	(7)	-	6	-	64
Societat Catalana per la Mobilitat	1,449	290	-	-	(122)	-	1,617
Green Border OOD	-	-	-	-	(3)	5	2
SPA Mobeal	-	26	-	-	-	-	26
Total	8,943	316	9	(1,040)	1,676	5	9,909

Appendix V includes a detail of the main financial aggregates of the most significant companies accounted for using the equity method.The changes in relation to the investments in associates during the year ended 31 December 2017 were as follows:

- During 2017, the Parent paid an additional EUR 731 thousand of the share capital of Societat Catalana per a la Mobilitat, S.A.
- On 8 May 2017, the Parent freely transferred 1 class B share of Societat Catalana per a la Mobilitat, S.A., SOC with a par value of EUR 50 thousand per share, to Ferrocarriles de la Generalitat de Catalunya.
- On 23 May 2017, the Parent transferred 2 class B shares of Societat Catalana per a la Mobilitat, S.A., SOC and with par value of EUR 49 thousand per share, to Transports de Barcelona, SA.
- A loss of EUR 148 thousand was therefore recognized in the statement of profit or loss for the two share transfer operations of the Societat Catalana (Note 33).
- On 19 July 2017, the Parent purchased 33% of Global Training Aviation S.L. for an amount of EUR 3,577 thousand.
- On 24 October 2017, the Parent paid an additional EUR 23 thousand of the Share Capital of the Algerian company Spa Mobeal.
- On 5 December 2017, the Parent acquired 210 shares with a par value of EUR 2 thousand each of A4 Essor, taking its ownership interest to 23.1%.

The changes in relation to the investments in associates during the year ended 31 December 2016 were as follows:

- On 20 January 2016, the Parent paid an additional EUR 100 thousand of the share capital of Societat Catalana per a la Mobilitat, S.A. It subsequently paid an additional EUR 190 thousand. There were no changes in the percentage of ownership.
- On 20 July 2016, the Parent incorporated, together with three other shareholders, the Algerian company Spa Mobeal, in which it holds a 24.50% ownership interest. The amount paid in this connection was EUR 26 thousand.

12. NON-CURRENT FINANCIAL ASSETS

The changes in Non-Current Financial Assets in the years ended 31 December 2017 and 2016 were as follows:

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.16	DIFFERENCES CONVERSION	DIFERENCIAS CONVERSIÓN	ADDITION	DISPOSAL	TRANSFERS	BALANCE AS AT 12.31.17
Investments:							
Other Permanent Interests	18,044	35	-	-	(4,072)	-	14,007
In Non-Group Companies	2,246	83	(29)	30	(54)	-	2,276
Long-term loans	18,819	888	(1,939)	4,848	(7,301)	-	15,315
Long-term sureties and deposits	-	-	-	1,206	(11)	-	1,195
Cash flow hedges	137,697	-	(4,399)	45,513	(1,355)	11,196	188,652
Other non-current financial assets	176,806	1,006	(6,367)	51,597	(12,793)	11,196	221,445
Value Impairment:							
Other Permanent Interests in Non-Group Companies	(1,776)	(31)	-	-	1,000	-	(807)
	(1,776)	(31)	-	-	1,000	-	(807)
Net book value:							
Other Permanent Interests	16,268	4	-	-	(3,072)	-	13,200
In Non-Group Companies	2,246	83	(29)	30	(54)	-	2,276
Long-term loans	18,819	888	(1,939)	4,848	(7,301)	-	15,315
Long-term sureties and deposits	-	-	-	1,206	(11)	-	1,195
Cash flow hedges	137,697	-	(4,399)	45,513	(1,355)	11,196	188,652
Other non-current financial assets	175,030	975	(6,367)	51,597	(11,793)	11,196	220,638

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.15	**DIFFERENCES CONVERSION**	**DIFERENCIAS CONVERSIÓN**	**ADDITION**	**DISPOSAL**	**TRANSFERS**	**BALANCE AS AT 12.31.16**
Investments:							
Other Permanent Interests	18,369	-	-	874	(1,199)	-	18,044
In Non-Group Companies	2,858	-	199	6	(13)	(804)	2,246
Long-term loans	21,725	-	4,066	5,244	(12,216)	-	18,819
Long-term sureties and deposits	9	-	(18)	136,907	-	799	137,697
Other non-current financial assets	42,961		4,247	143,031	(13,428)	(5)	176,806
Value Impairment:							
Other Permanent Interests in Non-Group Companies	(1,776)	-	-	-	-	-	(1,776)
	(1,776)	-	-	-	-	-	(1,776)
Net book value:							
Other Permanent Interests in Non-Group Companies	16,593	-	-	874	(1,199)	-	16,268
Long-term loans	2,858	-	199	6	(13)	(804)	2,246
Long-term sureties and deposits	21,725	-	4,066	5,244	(12,216)	-	18,819
Other non-current financial assets	9	-	(18)	136,907	-	799	137,697
Total	41,185	-	4,247	143,031	(13,428)	(5)	175,030

a) Other non-current investments in non-Group companies

The detail of this heading is as follows:

	THOUSANDS OF EUR				
	PERCENTAGE BUSINESS	BALANCE AS AT 12.31.16	CHANGE PERIMETER	DISPOSAL	BALANCE AS AT 12.31.17
Investments:					
Safelayer Secure Comunications	15%	476	-	-	476
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.	13.45%	138	-	-	138
Hisdesat Servicios Estratégicos	7%	7,572	-	-	7,572
Prointec Subgroup	-	101	-	-	101
Neotec	4.76%	5,071	-	-	5,071
Volcat	4.77%	1,000	-	(1,000)	-
Medina Capital Fund GP	-	3,057		(3,057)	-
Business Services for Operational Support	10%	611		-	611
Others	-	18	35	(15)	38
		18,044	35	(4,072)	14,007
Value Impairment:					
Safelayer Secure Comunications		(152)	-	-	(152)
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.		(3)	-	-	(3)
Hisdesat Servicios Estratégicos		(520)	-	-	(520)
Prointec Subgroup		(101)	-	-	(101)
Volcat		(1,000)	-	1,000	-
Others		-	(31)	-	(31)

	THOUSANDS OF EUR				
	PERCENTAGE BUSINESS	**BALANCE AS AT 12.31.16**	**CHANGE PERIMETER**	**DISPOSAL**	**BALANCE AS AT 12.31.17**
		(1,776)	(31)	1,000	(807)
Net book value:					
Safelayer Secure Comunications		324	-	-	324
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.		135	-	-	135
Hisdesat Servicios Estratégicos		7,052	-	-	7,052
Prointec Subgroup		-	-	-	-
Neotec		5,071	-	-	5,071
Medina Capital Fund GP		3,057	-	(3,057)	-
Business Services for Operational Support		611		-	611
Others		18	4	(15)	7
Total		16,268	4	(3,072)	13,200

			THOUSANDS OF EUR		
	PERCENTAGE BUSINESS	BALANCE AS AT 12.31.15	ADDITION	DISPOSAL	BALANCE AS AT 12.31.16
Investments:					
Safelayer Secure Comunications	15%	476	-	-	476
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.	13.45%	138	-	-	138
Hisdesat Servicios Estratégicos	7%	7,572	-	-	7,572
Prointec Subgroup	-	101	-	-	101
Neotec	4.76%	5,071	-	-	5,071
"Bansabadell Information Systems"	19%	1,198	-	(1,198)	-
Volcat	4.77%	1,000	-	-	1,000
Medina Capital Fund GP	-	2,793	264	-	3,057
Business Services for Operational Support	10%	-	611	-	611
Others	-	20	-	(2)	18
		18,369	874	(1,199)	18,044
Value Impairment:					
Safelayer Secure Comunications		(152)	-	-	(152)
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.		(3)	-	-	(3)
Hisdesat Servicios Estratégicos		(520)	-	-	(520)
Prointec Subgroup		(101)	-	-	(101)
Volcat		(1,000)	-	-	(1,000)
		(1,776)	-	-	(1,776)

	THOUSANDS OF EUR				
	PERCENTAGE BUSINESS	BALANCE AS AT 12.31.15	ADDITION	DISPOSAL	BALANCE AS AT 12.31.16
Net book value:					
Safelayer Secure Comunications		324	-	-	324
Grupo de Navegación por Satélite, Sistemas y Servidos, S. L.		135	-	-	135
Hisdesat Servicios Estratégicos		7,052	-	-	7,052
Prointec Subgroup		-	-	-	-
Neotec		5,071	-	-	5,071
“Bansabadell Information Systems”		1,198	-	(1,198)	-
Medina Capital Fund GP		2,793	264	-	3,057
Business Services for Operational Support		-	611	-	611
Others		20	-	(2)	18
Total		16,593	874	(1,199)	16,268

In 2017 the main transaction relating to non-current investments in non-Group companies was as follows:

- On 1 May 2017, the Parent received EUR 6,056 thousand (USD 6,619 thousand) as a return on its investment in the Medina Capital Fund GP, LLC fund. A profit of EUR 2,999 thousand was therefore recognized in the statement of profit or loss (note 33). As at 31 December 2017, the fund only maintains an investment portfolio, the divestment of which may result in a new profit distribution to shareholders. At this moment in time, Indra has no commitment or obligation to contribute further investment in the future.

In 2016 the main transactions relating to non-current investments in non-Group companies were as follows:

- On 15 July 2016, the subsidiary Indra BPO Servicios, S.L.U. acquired 10% of the share capital of Business Services for Operational Support for EUR 611 thousand.
- On 18 May 2016, the Parent paid EUR 264 thousand in connection with the investment in Medina Capital Fund GP, LLC.
- On 4 March 2016, the investment in BanSabadell Information Systems, S.A. was disposed of for EUR 1,198 thousand.

b) Long-term guarantees and deposits

This heading includes both the security deposits given in relation to the lease of buildings and properties used by the Group and the amounts deposited as guarantees vis-à-vis employment and commercial claims.

The additions for the year include EUR 702 thousand (2016: EUR 1,828 thousand) corresponding to the security deposits given in relation to leased properties resulting from the transfer of activities to other work centers. The reductions in this connection amounted to EUR 655 thousand (2016: EUR 652 thousand).

The additions in 2017 also include EUR 4,146 thousand (2016: EUR 3,416 thousand) in relation to the deposits given as a guarantee with respect to employment claims at the subsidiary Indra Brasil Soluções e Serviços Tecnológicos, S.A. The reductions in this connection amounted to EUR 6,646 thousand (2016: EUR 11,564 thousand).

c) Other non-current financial assets

In 2017 the main transactions relating to other non-current financial assets were as follows:

In 2017, an amount of EUR 56,302 thousand (2016: EUR 31,579 thousand) was recognized in relation to balances of the Parent resulting from the proportional consolidation of various temporary business associations (UTEs) pertaining to Ministry of Defense programs. These programs have received financing from the Spanish Ministry of Industry, Energy and Tourism amounting to EUR 89,373 thousand (2016: EUR 69,296 thousand) (see Note 20). The amounts will be invoiced in 2019 and 2021, once all the projects have been completed. At that time, Defense will reimburse the aforementioned financing and the UTEs will derecognize the related liabilities. All of these amounts have been discounted at the market interest rate.

In addition, in 2017, an amount of EUR 13,967 thousand corresponding to the subsidiary Indra Brasil Soluções e Serviços Tecnológicos S/A was recorded as a result of its application to join the PRT program (Tax Regularization Plan). This program allows the payment of tax debts by offsetting against Negative Tax Bases (not capitalized in said company) (see Note 36).

As at 31 December 2017, the Group has recognized accounts receivable for billable production amounting to EUR 121,974 thousand (2016: EUR 105,079 thousand) in relation to projects performed by the Group that will foreseeably be invoiced in a period exceeding one year (see Note 2.b).

13. NON-CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The detail of the main changes in non-current assets classified as held for sale in 2017 is as follows:

- The liquidation was carried out of the company Indra Hungary LLC. The carrying amount of this investment had already been reduced to zero.
- The Parent reclassified the investment in its subsidiary Ifos, S.A. for an amount of EUR 429 thousand, since this is in the process of being liquidated. The carrying amount of this investment had already been reduced to zero.
- The Parent sold the investment in the company Azertia Brasil LTD for an amount of EUR 97 thousand, recording a loss of EUR 19 thousand.

There were no other significant movements in this heading for 2017.

In December 2016, a sales agreement was signed for the assets owned by the subsidiary Indra Brasil. The period to complete the sale of these assets has been extended beyond one year due to the imposition of certain conditions by the purchasers. However, measures have been taken to comply with these conditions, and the administrators expect a favorable resolution of the factors that have caused the delay in the sale.

There have been no significant movements in non-current liabilities classified as held for sale in 2017.

	2017 THOUSANDS OF EUR			THOUSANDS OF EUR
FINANCIAL INVESTMENT	**INVESTMENT**	**IMPAIRMENT**	**NET AMOUNT**	**LIABILITIES 2017**
Azertia Puerto Rico	108	-	108	-
Indra France Sas	1,570	(1,570)	-	-
Azertia Gestión Centros Venezuela, SA	3,778	(3,778)	-	-
Ifos S.A.	432	(431)	1	(2)
Indra Radar Technology (Tianjin) Co., Ltd.	1,350	(1,350)	-	-
Terrenos Indra Brasil, SA	6,041	-	6,041	-
Buildings Indra Brasil, SA	21,356	(651)	20,705	-
Total Net Value	34,635	(7,780)	26,855	(2)

	2017 THOUSANDS OF EUR			THOUSANDS OF EUR
LOANS	**INVESTMENT**	**IMPAIRMENT**	**NET AMOUNT**	**LIABILITIES 2017**
Indra France Sas	1,079	(1,079)	-	-
Ifos S.A.	36	-	36	-
Total Net Value	1,115	(1,079)	36	-

Non-current assets and liabilities classified as held for sale	35,750	(8,859)	26,891	(2)

The detail of the main changes in non-current assets classified as held for sale in 2016 is as follows:

- The land amounting to EUR 6,996 thousand (2015: EUR 5,566 thousand) included in the acquisition of Indra Brasil, S.A. was transferred from “Property, Plant and Equipment” (see Note 7) to “Assets Classified as Held for Sale” since it was in the process of being sold.

- The building amounting to EUR 17,272 thousand (2015: EUR 13,742 thousand) included in the acquisition of Indra Brasil, S.A. was transferred from “Property, Plant and Equipment” (see Note 7) to “Assets Classified as Held for Sale” since it was in the process of being sold.

- The building amounting to EUR 7,477 thousand (2015: EUR 6,024 thousand) corresponding to the collection right arising from the acquisition of Politec Tecnología da Informaçao, S.A. (now Indra Brasil Soluçoes e Serviços Tecnológicos, S.A.) was transferred from “Other Receivables” to “Assets Classified as Held for Sale” since it was in the process of being sold (see Note 15). In addition, in 2016 a valuation adjustment of EUR 770 thousand was recognized in relation to this building (see Note 32).

- Also, the Parent reclassified the investment in its subsidiary Indra Radar Technology (Tianjin) Co., Ltd., amounting to EUR 1,350 thousand, to “Assets Classified as Held for Sale”, since this investee is in the process of being liquidated. The carrying amount of this investment had been reduced to zero through the recognition of impairment losses.

The main changes in non-current liabilities classified as held for sale in 2016 relate to the payment of EUR 2,920 thousand (2015: EUR 1,294 thousand) in connection with the debts to third parties of Search Informática Ltda. and Ultracom-Consultoría en Tecnología da Informação Ltda.

FINANCIAL INVESTMENT	2016 THOUSANDS OF EUR			THOUSANDS OF EUR
	INVESTMENT	IMPAIRMENT	NET AMOUNT	LIABILITIES 2016
Azertia Brasil LTD	97	-	97	-
Azertia Puerto Rico	108	-	108	-
Indra France Sas	1,570	(1,570)	-	-
Azertia Gestión Centros Venezuela, S,A,	3,778	(3,778)	-	-
Indra Hungary L,L,C,	1,732	(1,732)	-	(3)
Indra Radar Technology (Tianjin) Co,,Ltd,	1,350	(1,350)	-	-
Terrenos Indra Brasil, S,A,	6,996	-	6,996	-
Edificios Indra Brasil, S,A,	24,749	(770)	23,979	-
Total Valor Neto	40,380	(9,200)	31,180	(3)

LOANS	2016 THOUSANDS OF EUR			THOUSANDS OF EUR
	INVESTMENT	IMPAIRMENT	NET AMOUNT	LIABILITIES 2016
Indra France Sas	1,079	(1,079)	-	-
Total Valor Neto	1,079	(1,079)	-	-
Activos y Pasivos clasificados como mantenidos para la venta	41,459	(10,279)	31,180	(3)

All of the foregoing assets and liabilities will foreseeably be sold or settled in 2018.
In both 2017 and 2016, all of the non-current assets and liabilities classified as held for sale related to the IT business segment.

14. INVENTORIES

The detail of Inventories at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Goods	259	131
Raw Materials	20,582	13,688
Ongoing Projects	70,293	55,692
Subtotal	91,134	69,511
Impairment	(1,826)	(159)
Total Net Value	89,308	69,352

The items included under "Inventories - Work in Progress" correspond to the cost of materials used, direct labor costs and other services acquired for projects.

The change in derecognition of inventories is as follows:

	BALANCE AS AT 12.31.16	CHANGES PERIMETER	ALLOCATIONS	CANCELATIONS	BALANCE AS AT 12.31.17
Provision for Impairment	(159)	(1,036)	(808)	177	(1,826)

	BALANCE AS AT 12.31.16	ALLOCATIONS	CANCELATIONS	BALANCE AS AT 12.31.16
Provision for Impairment	(133)	(60)	34	(159)

15. OTHER CURRENT ASSETS, INCLUDING DERIVATIVES

The detail of other assets at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Other Receivables	5,998	8,790
Advances and Credits to Personnel	9,425	6,065
Public Authorities (Note 36)	47,407	51,466
Accrual/deferral Adjustments	12,036	7,491
Short-term Deposits	442	448
Short-Term Bonds	1,447	8,025
Temporary Financial Investments	1,394	1,774
Derivatives (Note 37 a)	10,731	114
Total Net Value	88,880	84,173

In 2017, an amount of EUR 7,160 thousand was recorded under the heading "Short-term guarantees", corresponding to the return of an advance from the Defense UTE 8X8.

In 2016, an amount of EUR 7,477 thousand was transferred from "Other Receivables" to "Assets Classified as Held for Sale" in relation to the collection right resulting from the acquisition of Politec Tecnología da Informaçao, S.A. (now Indra Brasil Soluçoes e Serviços Tecnológicos, S.A.) (See Note 13).

16. TRADE AND OTHER RECEIVABLES

The detail of Trade and Other Receivables at 31 December 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Customers for sales and provision of services	707,636	642,170
Accounts Receivable for Billable Production	634,091	672,646
Prepayments to Suppliers	17,025	12,726
Other Debtors	16,552	8,589
Subtotal	1,375,304	1,336,131
Impairment	(43,581)	(41,607)
Impairment - Debtors Billable Production	(83,695)	(83,592)
Total Net Value	1,248,028	1,210,932

At the end of 2017, receivables under non-recourse factoring arrangements amounting to EUR 187,088 thousand (2016: EUR 186,778 thousand) were derecognized

The changes in the write-downs for both years were as follows:

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.16	CHANGES PERIMETER	ALLOCATIONS	APPLICATIONS	DIFFERENCE CONVER.	REVERSION	BALANCE AS AT 12.31.17
Impairment	125,199	7,877	24,035	(20,941)	(3,617)	(5,277)	127,276

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.15	CHANGES PERIMETER	ALLOCATIONS	APPLICATIONS	DIFFERENCE CONVER.	REVERSION	BALANCE AS AT 12.31.16
Impairment	173,940	-	27,829	(63,430)	3,086	(16,226)	125,199

The write-downs recognized in 2017 amounted to EUR 24,035 thousand (2016: EUR 27,829 thousand). Most of the write-downs recognized in 2017 relate to receivables in relation to which the Group had doubts as to their future recoverability due to a series of events such as litigation with certain customers, the deterioration of the macroeconomic situation in certain countries and the use of more stringent milestone acceptance conditions for certain projects, mainly in Brazil and the Parent.

In order to conclude that the receivables can effectively be derecognized, the extent to which the risks and rewards had been transferred was analyzed. The factors (various banks) assume, in accordance with the agreements entered into, the risk of insolvency and late payment and, therefore, Indra is not exposed to the risks of non-payment associated with these receivables. The financial assets derecognized in this connection correspond to billings issued for the provision of services and for the projects carried out by the Group.

At 31 December 2017, the Group had past-due receivables amounting to EUR 464,435 thousand (2016: EUR 444,096 thousand) (see Note 37b). The Group considers that these amounts will be received within twelve months.

17. CASH AND CASH EQUIVALENTS

The detail of Cash and Cash Equivalents is as follows:

	THOUSANDS OF EUR	
	2017	2016
Deposits and short-term fixed-rate securities	34,231	61,658
Restricted deposits	-	191,414
Other Temporary Financial Investments	25,754	5,168
Subtotal	59,985	258,240
Cash	639,131	415,661
Total	699,116	673,901

"Cash" and "Short-Term deposits and Fixed-Income Securities" include interest-earning amounts placed in demand deposits and short-term deposits in various currencies, which earned interest at an average rate of 0.85% (2016: 1.08%).

"Restricted Deposits" relates to cash held with Banco Santander amounting to EUR 191,414 thousand in 2016 which the Parent was required to deposit in order to guarantee all of the cash payment required to settle the takeover bid to acquire Tecnocom and which was included in this line item since it represents a deposit made to meet a short-term commitment that is not subject to any risk of changes in value. This amount includes the maximum amount of the cash portion of the consideration for the bid (including the cash payments resulting from any purchases in which the shareholders are obliged to sell their shares), i.e. EUR 191,314 thousand, and EUR 100 thousand to cover the cash needs resulting from acceptance of the bid (relating both to the offer and to the aforementioned obligatory sales), which the Parent, for purely illustrative purposes, estimated to be EUR 57 thousand. Therefore, the amount guaranteed covers the Parent's cash payment obligations in relation to the bid.

This heading also includes EUR 1,467 thousand (2016: EUR 1,642 thousand) in relation to the liquidity contract with GVC Gaesco Valores Beka, S.V.S.A. (see Note 18).

At 31 December 2017 and 2016, the cash balance was fully available for use in the Group's business operations.

18. EQUITY

Share capital

At 31 December 2017, the share capital amounted to EUR 35,330,880.40, comprising 176,654,402 fully subscribed and paid ordinary shares of EUR 0.20 par value each, represented by book entries.

The share capital has been fully subscribed and paid.

During 2017, two capital increases were carried out, both in the context of a takeover bid (OPA) made by the Parent to Tecnocom, said capital increases being made in order to meet the payment of the part of the consideration for the offer corresponding to shares of the Parent.

The first capital increase corresponded to the purchase of 97.21% of the shares of Tecnocom to which the initial Offer was addressed, and was carried out on 21 April 2017, the date on which the corresponding public deed was signed, by virtue of which 12,173,056 shares of EUR 0.20 par value were issued, with an issue premium of EUR 9.6461 per share. The total nominal value of the capital increase amounted, therefore, to EUR 2,434,611.20, while the total issue premium amounted to EUR 117,422,515,481.

The second increase corresponds to the mandatory sale (squeeze out) of the remaining capital of Tecnocom, and took place on 18 May, under which 348,807 shares of EUR 0.20 par value were issued, with an issue premium of EUR 9.6461 per share. The total face value of this capital increase therefore amounted to EUR 69,761.40, while the total issue premium amounted to EUR 3,364,627.20.

All of the shares composing the share capital are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, are traded on the Spanish Stock Market Interconnection System and are included in the selective IBEX 35 index. Their market price at the year-end was EUR 11.41 per share (2016: EUR 10.41 per share). The average market price in the last quarter of 2017 was EUR 12.16 per share (2016: EUR 10.66 per share).

The Parent does not have a register of its shareholders and, therefore, the only information available to it on the composition of its shareholder structure is received directly from the shareholders themselves, is made public by the shareholders pursuant to current legislation on significant investments (which generally requires communication of ownership interests exceeding 3% of share capital) or represents information provided by Iberclear, which the Parent requests for its General Meetings.

Therefore, according to the information available to the Parent, the significant shareholders with ownership interests of more than 3% of the share capital, excluding ownership interests held on behalf of third parties, are as follows:

	12.31.17	**12.31.16**
Swedish scheme to reduce the income tax base for experts recruited abroad (SEPI)	18.713%	20.141%
Alba Financial Corporation	10.522%	11.324%
Fidelity Management & Research LLC (1)	9.358%	10.139%
T.Rowe Price Associates	5.070%	3.226%
Norges Bank (2)	4.055%	-
Allianz Global Investors Gmbh (3)	3.416%	-
Schroders PLC	3.201%	3.032%

(1) In 2017, of 9.358% of the indicated share capital, 8.567% corresponded to voting rights attributed to the shares, while 0.791% corresponded to voting rights conferred through financial instruments. In 2016, of 10.139% of the indicated share capital, 7.531% corresponded to voting rights attributed to the shares, while 2.608% corresponded to voting rights conferred through financial instruments.

(2) Of 4.055% of the indicated share capital, 2.973% corresponded to voting rights attributed to the shares, while 1.082% corresponded to voting rights conferred through financial instruments.

(3) Of 3.416% of the indicated share capital, 3.018% corresponded to voting rights attributed to the shares, while 0.399% corresponded to voting rights conferred through financial instruments.
The direct or indirect ownership interests held by each of the directors in a personal capacity at December 31, 2017 were as follows:

		NUMBER OF SHARES			
DIRECTORS	**CLASS**	**DIRECT**	**INDIRECT**	**TOTAL**	**% S/ CAPITAL SOCIAL**
Fernando Abril-Martorell	Executive	66,006	-	66,006	0.037
Daniel García-Pita	Independent	69,089	12,600	81,689	0.046
Juan Carlos Aparicio Pérez (1)	Proprietary	15,280	-	15,280	0.009
Enrique de Leyva	Independent	10,619		10,619	0.006
Silvia Iranzo Gutiérrez	Independent	853	-	853	0.001
Luis Lada Díaz	Independent	39,417	-	39,417	0.022
Juan March de la Lastra (2)	Proprietary	33,716	-	33,716	0.019
Santos Martínez-Conde Gutiérrez-Barquín (2)	Proprietary	24,148	-	24,148	0.014
Adolfo Menéndez Menéndez (1)	Proprietary	16,756	-	16,756	0.009
María Rotondo Urcola	Independent	959	-	959	0.001
Cristina Ruiz Ortega	Executive	11,945	-	11,945	0.007
Ignacio Santillana del Barrio	Independent	30,954	-	30,954	0.018
Alberto Terol Estabean	Independent	36,634	-	36,634	0.021
Total		356,376	12,600	368,976	0.210

(1) For the shareholder Sociedad Estatal de Participaciones Industriales (SEPI)
(2) For the shareholder Corporación Financiera Alba.

The direct or indirect ownership interests held by each of the directors in a personal capacity at December 31, 2016 were as follows:

		NUMBER OF SHARES			
DIRECTORS	CLASS	DIRECT	INDIRECT	TOTAL	% S/ CAPITAL SOCIAL
Isabel Aguilera Navarro	Independent	41,220	-	41,220	0.025
Javier de Andrés González	Executive	152,352	-	152,352	0.093
Juan Carlos Aparicio Pérez (1)	Proprietary	12,391	-	12,391	0.010
Daniel García-Pita	Independent	65,794	12,600	78,394	0.048
Luis Lada Díaz	Independent	36,528	-	36,528	0.022
Juan March de la Lastra (2)	Proprietary	31,216	-	31,216	0.019
Santos Martínez-Conde Gutiérrez-Barquín (2)	Proprietary	20,677	-	20,677	0.013
Adolfo Menéndez Menéndez (1)	Proprietary	13,673	-	13,673	0.010
Fernando Abril-Martorell	Executive	59,256	-	59,256	0.036
Enrique de Leyva	Independent	7,148	-	7,148	0.004
Ignacio Santillana del Barrio	Independent	26,998	-	26,998	0.016
Rosa Sugrañes Arimany	Independent	34,817	-	34,817	0.021
Alberto Terol Estabean	Independent	33,172	-	33,172	0.020
Total		535,242	12,600	547,842	0.337

(1) For the shareholder Sociedad Estatal de Participaciones Industriales (SEPI)
(2) For the shareholder Corporación Financiera Alba.

At December 31, 2017, the members of the Board of Directors held 52,013,865 shares, i.e. 29.44% of the total. At December 31, 2016, the members of the Board of Directors held 52,192,776 shares, i.e. 31.08% of the total.

On June 29, 2017 and June 30, 2016, the Parent held its Annual General Meeting, which approved the distribution of the Parent's results for 2016 and 2015, respectively, as shown in the accompanying Consolidated Statements of Changes in Equity.

The Group's capital management objectives are to safeguard the Group's ability to continue operating as a going concern so that it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimum capital structure.

Capital management at the Group is based on the maintenance of a solid financial structure which optimizes the cost of capital and the availability of financial resources, ensuring the long-term continuity of the business. This prudential financial policy enables the Group to continue to add sufficient value for the shareholder and also ensures the Group's liquidity and solvency.

Share Premium

The share premium resulting from the capital increases in 2001, 2003, 2007 and 2017 has the same restrictions, and may be used for the same purposes, as the voluntary reserves of the Parent, including its conversion into share capital.

In 2017, this has been increased by an amount of EUR 120,787 thousand to meet part of the consideration for the takeover bid (OPA) for Tecnocom shares.

Similarly, an amount of EUR 27,012 thousand was recorded under this line item corresponding to the fair value of the 12,521,863 shares of the capital increase referred to above, the market price per share being 12.065.

After all of the above, the total share premium amounted to EUR 523,754 thousand. The share premium has the same restrictions, and can be used for the same purposes, as the Parent's voluntary reserves, including its conversion into share capital.

The share premium and voluntary reserves are restricted for the amount of the asset revaluation provided for in Law 9/1983, of July 13, which at December 31, 2017 amounted to EUR 9,122 thousand (December 31, 2016: EUR 9,281 thousand), for the research and development expenditure balances of the Parent not yet amortized amounting to EUR 105,434 thousand at December 31, 2017 (December 31, 2016: EUR 117,228 thousand) and for any prior years' losses that might exist.

Other reserves

The detail of Other Reserves is as follows:

	THOUSANDS OF EUR	
	2017	2016
Reserve for Merger	1,846	1,846
Other Changes in the Equity	(2,601)	(2,870)
Total	(755)	(1,024)

Other equity instruments

Other Equity Instruments includes, as a result of the bond issue performed by the Parent in October 2013 (see Note 20), the change in equity arising from the difference between the proceeds obtained and the fair value of the related financial liability amounting to EUR 16,999 thousand (2016: EUR 16,999 thousand), including the embedded derivative arising from the clause providing for early redemption of the bonds amounting to EUR 1,125 thousand.

This line item also includes EUR 11,696 thousand (2016: EUR 6,883 thousand) in relation to the share-based payments provided for in the Executive Director and Senior Executive Remuneration Policy.

The remuneration policy established in 2014 provides for medium-term deferred remuneration payments based on the delivery of shares of the Parent, which will accrue from July 2014 until the end of 2017. In 2017, 33,036 shares were delivered in connection with this plan (2016: 30,233 shares), which were valued at EUR 408 thousand (2016: EUR 311 thousand) based on their price on the delivery date.

Reserves relating to cash flow hedges

The related line item includes the reserves arising from:

- The effect of changes in the fair value of the foreign currency forward contracts used to hedge highly probable forecast transactions or firm commitments.
- The effect of changes in the fair value of interest rate swaps.

The detail is as follows:

	THOUSANDS OF EUR	
	2017	2016
Cash flow hedging of exchange insurance contract	2,573	(27,420)
Cash flow hedging of interest rates	1,243	647
Total	3,816	(26,773)

Treasury Shares

Making use of the powers conferred on it by the General Meeting, at December 31, 2017 the Parent held directly a total of 813,376 shares amounting to EUR 9,432 thousand (December 31, 2016: a total of 333,508 shares amounting to EUR 3,422 thousand).

The detail of the balance of Treasury Shares and of the changes therein in 2017 and 2016 is as follows:

	THOUSANDS OF EUR			
	BALANCE AS AT 12.31.16	ADDITION	DISPOSAL	BALANCE AS AT 12.31.17
To be used for:				
-Ordinary Activities and extraordinary	3,422	142,055	(136,045)	9,432

	THOUSANDS OF EUR			
	BALANCE AS AT 12.31.15	ADDITION	DISPOSAL	BALANCE AS AT 12.31.16
To be used for:				
-Ordinary Activities and extraordinary	3,081	241,910	(241,569)	3,422

The changes in shares in 2017 and 2016 were as follows:

			NUMBER OF SHARES						
TO BE USED FOR:	**% CAP. S/CAPITAL**	**12.31.16**	**ADDITION**	**% ANNUAL VOLUME**	**DISPOSAL**	**% ANNUAL VOLUME**	**12.31.17**	**% CAP. S/CAPITAL**
-Ordinary Activities	0.12	204,277	11,127,889	6.41	(11,114,985)	6.24	217,181	0.12
-Extraordinary Transactions	0.08	129,231	500,000	0.28	(33,036)	0.19	596,195	0.34
	0.20	333,508	11,627,889	-	-11,148,021	-	813,376	0.46

			NUMBER OF SHARES					
TO BE USED FOR:	**% CAP. S/CAPITAL**	**12.31.15**	**ADDITION**	**% ANNUAL VOLUME**	**DISPOSAL**	**% ANNUAL VOLUME**	**12.31.16**	**% CAP. S/CAPITAL**
-Transacciones ordinarias	0.21	347,011	23,809,904	14.51	(23,952,638)	14.59	204,277	0.12
-Transacciones extraordinarias	-		148,905	0.09	(19,674)	0.01	129,231	0.08
	0.21	347,011	23,958,809		-23,972,312		333,508	0.20

The ordinary transactions above relate to the contract that the Parent entered into with BEKA FINANCE, SV, S.A. (now GVC Gaesco Valores Beka, S.V.S.) for the purpose of facilitating the liquidity in its share price.

The extraordinary transactions relate to shares to be used for:

- The deferred payment of the part of the 2015 and 2016 Annual Variable Remuneration corresponding to payment in shares.
- The payment in 2018 of the Medium Term Remuneration of senior executives for 2015-2017, which will be paid wholly in shares.

The Parent has a Temporary Repurchase Program for these treasury shares in accordance with the provisions of Regulation EC 2273/2003, with the following characteristics:

- The purpose of the Temporary Program is to enable the Parent to comply with the obligations to pay shares to its senior executives under the terms and conditions of the current remuneration system, as set out in the Remuneration Policy approved by the General Meeting of shareholders.
- The Parent may acquire up to a maximum of 2,212,212 shares for the Medium Term Remuneration and, with respect to the Annual Variable Remuneration, may acquire each year a maximum of the number of shares resulting from dividing the amount of EUR 2,000 thousand by the average share price over the 30 stock exchange sessions prior to the date of assignment of the shares.
- Treasury shares may be purchased directly or through derivative financial instruments.
- The shares will be purchased at market price, in accordance with the conditions established in article 5 of Regulation EC 2273/2003 and subject to the terms authorized by the shareholders at the Annual General Meeting of June 25, 2015.
- The duration of the Temporary Program will last until the date of the General Ordinary Shareholders' Meeting of 2018.

Charged against these plans in 2017, 33,036 shares (30,233 shares in 2016) valued at the price on the day of delivery, at EUR 408 thousand (EUR 311 thousand in the previous year) have been delivered. ,

Retained Profit/(Loss)

The breakdown of Retained Gains/(Losses) is as follows:

	THOUSANDS OF EUR	
	2017	2016
Legal Reserve	6,955	6,955
Reserve in Companies Accounted for using the global consolidation method	(127,706)	(89,761)
Fusion Reserve	15,212	15,212
Reserve in Companies accounted for by the equity method	1,662	625
Voluntary Reserves	602,398	605,294
Restricted Reserves	(502,655)	(605,937)
Profit/loss for the period attributed to the dominant company	126,905	69,931
Total	122,771	2,319

a) Legal Reserve

In accordance with the Law on Companies with Share Capital, the Dominant Company is obliged to allocate 10% of each year's profits to the constitution of a reserve fund until it reaches at least 20% of the share capital. This reserve is not distributable to shareholders and if it is used to offset losses, if there are no other reserves available for this purpose, it must be replaced with future rewards. Under certain conditions, it may be allocated to increase the social share capital.

On December 31, 2017 and 2016, the company provided this reserve with the minimum limit set in the Revised Text of the Law on Companies with Share Capital.

b) Reserves in Fully Consolidated Companies

The list of Companies with consolidated reserves as of December 31, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
BPO Group (formerly BMB Group)	1,883	(6,501)
Indra Emac, S.A.U	(568)	(963)
Indra Sistemas de Seguridad, S.A.U	2,805	3,466
Indra SI, S.A.	(825)	5,527
Indra Sistemas Chile S.A.	(10,037)	(14,085)
Indra Sistemas Portugal, S.A	(1,223)	(2,455)
Indra Advanced Technology, S.L. Group	(7,944)	(3,244)
Inmize Share Capital, S.L.	(240)	(232)
Inmize Sistemas, S.L.	2,353	2,340
Indra Beijing Information Technology Systems Ltd. (China)	2,167	1,808
Indra Company Brasil Tecnología LTDA (Brazil)	(32,568)	(25,530)
Indra Software Labs, S.L.U.	24,031	23,595
Indra Sistemas México, S.A. de C.V.	6,049	10,482
Indra Sistemas de Comunicaciones Seguras, S.L.U.	1,635	1,805
Indra Maroc S.A.R.L.U.	534	85
Indra Sistemas Polska Sp.z.o.o	(724)	286
Indra Australia Pty Limited	1,139	1,049
Indra BPO México, S.A. de C.V	6,583	6,244

	THOUSANDS OF EUR	
	2017	2016
Indra Colombia LTDA	4,542	4,472
Azertia Tecnologías de la Información Argentina S.A.	(76)	330
Indra USA Inc.	(19,817)	(19,892)
Prointec, S.A.U	(13,033)	7,260
Indra Czech Republic S.R.O.	7,755	6,617
Indra Slovakia, A.S.	(191)	(382)
Soluziona Guatemala, S.A.	339	260
Indra LTDA (Kenya)	2,587	1,969
Indra Software Labs México, S.A. de C.V	(8,935)	(7,789)
Solutions and Services Indracompany Uruguay, SA	(202)	(41)
Indra Sisteme S.R.L. (Moldova)	(289)	111
Indra Panamá, S.A.	1,157	(1,822)
Indra Philippines INC	7,353	5,764
Electrica Soluziona SA (Romania)	698	1,164
Computación Ceicom, S.A.	4,277	4,418
Indra Company Perú SAC	186	417
Indra Perú, S.A.	(9,506)	(4,394)
AC-B air Traffic Control & Business Systems GmbH (Alemania)	1,571	1,447
Indra Sistemas India Private Limited	(3,224)	(1,543)
Avitech GmbH (Germany)	(354)	(1,541)

	THOUSANDS OF EUR	
	2017	2016
Indra Technology Solutions Malasya Sdn Bhd	(949)	(1,154)
Indra Bahrain Consultancy SPC	345	(12,075)
PT Indra Indonesia	(6,142)	(4,218)
Indra Italia SPA (Italy)	12,462	7,863
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	(140,108)	(105,460)
Indra Navia A.S (Noruega)	25,426	19,613
Indra Turkey	(2,119)	(1,943)
Indra Kazakhstan Engineering LLP	686	(942)
Politec Argentina, S.A	(638)	(299)
Teknatrans Consultores, S.L.U.	(212)	(199)
Indra Technology South Africa PTY LTD	(2,037)	(1,322)
IFOS, S.A. (Argentina)	-	(390)
Indra Tecnología Brasil LTDA	(3,019)	(4,833)
Europraxis ALG Consulting Maroc, S.A. (Morocco)	(55)	(49)
Indra Arabia Company LTD (Arabia)	18,578	15,008
Indra Slovensko S.R.O.	(1)	(1)
Indra Puerto Rico INC.	197	138
Indra L.L.C	(223)	-
Indra Corporate Services, S.L.U	215	-
Total	(127,706)	(89,761)

c) Reserves in companies accounted for using the equity method

The list of Companies with consolidated reserves as of December 31, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Eurofighter Simulation System	3,185	2,558
Euromids	503	438
Saes Capital	721	641
A4 Essor SAS	11	9
IRB Riesgo Operacional	183	304
I3 TV	121	(276)
Green Border OOD	(4)	-
Societat Catalana per a la Mobilitat, S.A.	(120)	2
Indra Isolux México SA de CV	(5)	(6)
Visión Inteligente Aplicada S.A de C.V	(57)	(57)
EFI Túneles Necaxa SA de CV	69	63
Iniciativas Bioenergéticas, S.L.	(2,945)	(3,051)
Total	**1,662**	**625**

d) Voluntary reserves and merger reserves

These reserves are freely available except for the amount of the balance sheet update of Law 9/1983, of July 13, which amounts to EUR 9122 thousand as of December 31, 2017 and to EUR 9281 thousand as of December 31, 2016 for the outstanding balances of the retirement of research and development expenses included in the Dominant Company's Balance Sheet of the for an amount of EUR 105,434 thousand as of December 31, 2017 (EUR 117,228 thousand as of December 31, 2016) and, where appropriate, the negative results of previous years.

e) Profit/loss for the period attributed to the dominant company

The list of the profit/loss of the Consolidated Companies in 2016 and 2017 can be seen in the attached Appendix I.

Foreign exchange differences

	THOUSANDS OF EUR	
	2017	2016
Bazilian Real	(16,206)	(10,752)
Norwegian Krone	(12,788)	(8,215)
Argentine peso	(11,472)	(9,152)
Colombian Peso	(10,094)	(5,899)
Mexican peso	(10,062)	(8,303)
Rial Omani	(2,108)	(868)
Dominican Peso	(2,051)	(666)
Chilean Peso	(1,507)	63
Peruvian Sol	(1,338)	1,575
Pound sterling	(1,221)	(1,059)
Saudi Riyal	(1,116)	3,137
Moroccan Dirham	(877)	210
Kenyan Shilling	(829)	(240)
Turkish Lira	(730)	165
El Salvador Colon	(637)	904
Malaysian Ringgit	(608)	(615)
Philippine Peso	(498)	955
Uruguayan Peso	(379)	(218)
Kuwaiti Dinar	(352)	(370)
Algerian Dinar	(337)	(505)
Bahraini dinar	(242)	(952)
Indonesian Rupiah	(192)	(156)
Canadian Dollar	(157)	(147)
US Dollar	(128)	352
Australian Dollar	10	365
Costa Rican Colon	171	208
Renminbi	247	405
Arab Emirates Dirham	264	(312)
Kazakhstan Tenge	298	37
Ecuadorian Sucre	315	495
Honduran Lempira	325	133
Indian Rupee	350	548
South African Rand	358	329
Romanian Leu	371	(1,854)
Czech Koruna	670	114
Other Currencies	(212)	1,443
Total	(72,762)	(38,845)

Non-Controlling interests

The movement of non-controlling interest in Fully Consolidated Companies over the 2017 and 2016 fiscal years was as follows:

	THOUSANDS OF EUR						
	BALANCE AT 12.31.16	RESULTS 2017 FISCAL YEAR TO NON. GROUP COMPANIES	DIFFERENCES CONVERSION	DIVIDENDS	CHANGE % OWNERSHIP INTEREST	OTHERS CHANGES	BALANCE AT 12.31.17
Inmize Share Capital	526	4	-	-	-	-	530
Inmize Sistemas	3,881	26	-	-	-	-	3,907
Elektrica Soluziona	915	109	(24)	(137)	-	-	863
Indra Filipinas	9,122	1,865	(1,230)	(343)	-	-	9,414
Indra Kazakhstan	(1,512)	(243)	199	-	-	-	(1,556)
Indra Malasya	25	-	5	-	(30)	-	-
Normeka	866	101	(122)	-	-	-	845
Prointec Panama	(34)	-	3	-	-	-	(31)
Indra Technology South Africa	(745)	(118)	(20)	-	-	-	(883)
Tecnocom Group	-	-	-	-	2,183	(2,183)	-
Metrocall, SA	-	390	-	-	2,909	-	3,299
Tecnocom Procesadora de Medios de Pago, S.A.	-	36	(107)	-	891	-	820
Inertelco, S.A.	-	(1)	-	-	301	-	300
Total	13,044	2,169	(1,296)	(480)	6,254	(2,183)	17,508

	THOUSANDS OF EUR						
	BALANCE AT 12.31.15	**RESULTS 2016 FISCAL YEAR TO NON. GROUP COMPANIES**	**DIFFERENCES CONVERSION**	**DIVIDENDS**	**CHANGE % OWNERSHIP INTEREST**	**OTHERS CHANGES**	**BALANCE AT 12.31.16**
Inmize Share Capital	525	1	-	-	-	-	526
Inmize Sistemas	3,867	14	-	-	-	-	3,881
Elektrica Soluziona	926	154	(6)	(159)	-	-	915
Indra Filipinas	8,217	1,441	(193)	(343)	-	-	9,122
Indra Radar Technology (Tianjin) Co., Ltd.	(69)	-	1	-	-	68	-
Indra Kazakhstan	(249)	(1,164)	(99)	-	-	-	(1,512)
Indra Malasya	(6)	23	8	-	-	-	25
Normeka	1,098	116	17	(365)	-	-	866
Prointec Panama	(31)	-	(3)	-	-	-	(34)
Indra Technology South Africa	(671)	(137)	26	-	37	-	(745)
Total	13,607	448	(249)	(867)	37	68	13,044

The composition of the balance as of December 31, 2017 and 2016 was as follows:

	IN THOUSANDS OF EUR							
	2017				2016			
	CAPITAL NON-GROUP COMPANIES	RESERV. NON-GROUP COMPANIES	RESULTS. NON-GROUP COMPANIES	TOTAL	CAPITAL NON-GROUP COMPANIES	RESERV. NON-GROUP COMPANIES	RESULTS. NON-GROUP COMPANIES	TOTAL
Inmize Share Capital	32	494	4	530	32	493	1	526
Inmize Sistemas	750	3,131	26	3,907	750	3,117	14	3,881
Elektrica Soluziona	15	739	109	863	15	746	154	915
Indra Filipinas	264	7,285	1,865	9,414	264	7,417	1,441	9,122
Indra Radar Technology	-	-	-	-	579	(579)	-	-
Indra Kazakhstan	600	(1,913)	(243)	(1,556)	600	(948)	(1,164)	(1,512)
Indra Malasya	282	(282)	-	-	282	(280)	23	25
Normeka	-	744	101	845	-	750	116	866
Prointec Panama	-	(31)	-	(31)	-	(34)	-	(34)
Indra Technology South Africa	-	(765)	(118)	(883)	-	(608)	(137)	(745)
Metrocall, SA	1,306	1,603	390	3,299	-	-	-	-
Tecnocom Procesadora de Medios de Pago, S.A.	282	502	36	820	-	-	-	-
Inertelco, S.A.	70	231	(1)	300	-	-	-	-
Total	3,601	11,738	2,169	17,508	2,522	10,074	448	13,044

Information on the assets, liabilities and consolidated results for the years 2017 and 2016, of the most significant non-controlling interests assigned to the Parent Company, are listed in Appendix V.

The main transactions with non-dependent shares in 2017 were as follows:

- On April 25, 2017, the Parent Company acquired an additional 30% of the company Indra Technology Solutions Malasya Sdn. Bhd. amounting to EUR 0 thousand. After this acquisition, its ownership percentage becomes 100%.

- The change in the percentage of shares corresponding to the non-controlling interests in the subsidiaries Metrocall, SA, Tecnocom Procesadora de Medios de Pago, SA, and Inertelco, SA during the 2017 fiscal year, rises upon the acquisition of Tecnocom by the Parent Company (note 5).

- On April 18, 2017, the Group acquired 97.21% of the shares of the Tecnocom Group (note 5), resulting in non-controlling interests amounting to EUR 2183 thousand, valued as the proportional part of the net assets belonging to minority interests the date of taking control.

- On May 24, 2017, through the procedure called "squeeze out", 100% of Tecnocom's shares were reached (note 5). The cost of this operation was EUR 8,607 thousand, registering a negative impact on reserves amounting to EUR 6424 thousand.

The main transactions with non-dependent shares in 2016 were as follows:

- On February 24, 2016, the Parent Company acquired an additional 38% of the company Indra Technology South Africa PTY LTD for EUR 0 thousand. As a result of this acquisition, the Parent Company held 100% of the shares of that Company.

- On June 24, 2016, the Parent Company sold 30% of the company Indra Technology South Africa PTY LTD for EUR 0 thousand. As a result of this sale, the Parent Company now holds 70% of the shares of that company.

19. (LOSS)/EARNINGS PER SHARE

As of December 31, 2017 and 2016, the calculation of available weighted average shares and diluted shares was as follows:

	WEIGHTED AVERAGE NUMBER OF COMMON SHARES AT 12.31.17	ORDINARY SHARES AT 12.31.17	WEIGHTED AVERAGE NUMBER OF COMMON SHARES AT 12.31.16	ORDINARY SHARES AT 12.31.16
Total Issued Shares	172,613,787	176,654,402	164,132,539	164,132,539
Treasury shares	(603,063)	(813,376)	(346,306)	(333,508)
Total Outstanding Shares	**172,010,724**	**175,841,026**	**163,786,233**	**163,799,031**

	WEIGHTED AVERAGE NUMBER OF COMMON SHARES AT 12.31.17	WEIGHTED AVERAGE NUMBER OF COMMON SHARES AT 12.31.16
Total Issued Shares	172,613,787	164,132,539
Treasury shares and financial instruments related to shares	27,602,459	19,601,875
Total diluted shares	**200,216,246**	**183,734,414**

Among the dilutive factors for the calculation of 27,602,459 (19,601,875 in 2016) is the effect of the convertible bonds issued in 2013 and 2016 (note 20).

The calculation of Basic Earnings per share (rounded to four digits) for the 2017 and 2016 fiscal years is as follows:

	2017	2016
Income/loss attributed to the Parent in thousands of EUR	126,905	69,931
Weighted average number of outstanding common shares	172,010,724	163,786,233
Basic earnings /(loss) per common share in EUR	**0,7378**	**0,4270**

The calculation of the diluted earnings per share (rounded to four digits) for the 2017 and 2016 fiscal years is as follows:

	2017	2016
Income/loss attributed to the Parent in thousands of EUR (*)	134,575	75,885
Weighted average number of outstanding common shares	200,216,246	183,734,414
Diluted earnings (loss) per common share in EUR	**0,6721**	**0,4130**

(*) Result for the period without including the expense accrued by the convertible bond, net of tax effect.

The calculation of earnings per ordinary share (rounded to four digits) for the 2017 and 2016 fiscal years is as follows:

	2017	2016
Income/loss attributed to the Parent in thousands of EUR	126,905	69,931
Shares Issued	176,654,402	164,132,539
(Loss) / Profit per ordinary share, in EUR	**0,7184**	**0,4261**

20. FINANCIAL LIABILITIES FROM THE ISSUANCE OF OBLIGATIONS AND OTHER NEGOTIABLE VALUES AND DEBTS WITH NON-CURRENT CREDIT INSTITUTIONS

a) Financial liabilities from the issuance of negotiable obligations and securities

The Consolidated Statement of Financial Position includes:

Issuance of convertible bonds 2013

During the 2017 fiscal year, the total outstanding amount of the convertible bond issued in 2013 was reclassified as a result of its maturity in the 2018 fiscal year (Note 24):

Issuance of convertible bonds 2016

An amount of EUR 243,633 thousand (EUR 242,578 thousand in 2016) corresponds to the financial liability derived from the issuance of October 7, 2016 by the Parent Company of convertible and / or exchangeable bonds for shares admitted to trading on the unregulated market known as Freiverkehr of the Frankfurt Stock Exchange.

The contract that governs this issuance includes a clause whereby there is an option for the bond holder that enables them to redeem this bond in full in cash in advance. In this way, if the holder exercises this option, the issuer can not avoid the cash outflow. In conclusion, the Management of the Parent Company has considered the accounting treatment of the instrument as a financial liability in its entirety.

The terms and conditions of the bonds are as follows:

- The amount of the bond issue was EUR 250,000 thousand face value, with a maturity date of 7 years (October 7, 2023)
- The issuance expenses were EUR 7,751 thousand (EUR 3000 thousand in commissions and EUR 4751 thousand for the repurchase bonus of the 2013 convertible bond).
- The bonds earn a fixed interest of 1.25% nominal annual payable for expired semesters, that is, on April 7 and October 7 of each year, with the first payment date on April 7, 2017. The amount paid in the current fiscal year for this purpose is EUR 3125 thousand.
- The effective interest rate of the bond is 1.729%. The difference between the effective accounting interest and the interest accrued in cash in favor of the investors is due to the accrual of the initial issuance expenses. Note that in the case of the 2016 convertible bond, the accounting of the option of converting investors into instruments of this nature does not have an impact on the effective interest rate because the option to repurchase by the bondholders in year 5 can only be satisfied by the Parent Company in cash.
- The conversion price of the bonds is initially fixed, at EUR 14,629 per share.
- The shares underlying the bonds initially represented around 10.4% of the Parent Company's social share capital before the issue. At year-end 2017, the shares underlying the outstanding bonds represented 9.7% of the Parent Company's social share capital.
- The holders of the bonds can exercise their conversion right from the closing date of the transaction, on October 7, 2016 until September 28, 2023, the seventh business day prior to their expiration.
- The Parent company may amortize in cash in full (not in part) the issue of bonds for an amount equivalent to the initial amount plus the interest accrued and not paid pending at the time of amortization in two situations:
    - At any time from the date on which 4 years and 21 days have passed since October 7, 2016 if the par value of the bonds during a given period exceeds EUR 130 thousand of their unit face value.
    - At any time, if 15% or less of the face value of the bonds initially issued remains in circulation.
- The holders of the bonds have the option of requiring the issuer to amortize them on October 7, 2021 (year 5) at their face value plus interest accrued and not collected at that date.
- The issuance relies on the personal guarantee of the Parent company's equity and is not guaranteed by third parties.
- The reasonable value of the bond at year-end 2017, in accordance with its listing on the Frankfurt stock exchange, was EUR 268,840 thousand (EUR 237,330 thousand in 2016).
- Provision for the interest (including issuance expenses), expected to be generated for the rest of life of bonds, is as follows:

YEARS	THOUSANDS OF EUR
2018	4,199
2019	4,217
2020	4,236
2021	4,256
2022	4,275
2023	3,412
	24,595

Issuance of non-convertible bonds 2016

An amount of EUR 25,000 thousand (EUR 25,016 thousand in 2016) is the financial liability derived from the issuance made in December 2016 by the Parent Company of non-convertible bonds admitted to trading on the unregulated market called Freiverkehr of the Frankfurt Stock Exchange.

According to the contract that governs this issue, the issuer cannot avoid the cash outflow. In conclusion, the Management of the Parent Company has considered the accounting treatment of the instrument as a financial liability in its entirety.

The terms and conditions of the bonds are as follows:

- The issue amount of the bonds was EUR 25,000 thousand at face value, due on December 23, 2026.
- The bonds earn a fixed interest of 3.5% nominal annual. The amount paid in the current fiscal year for this item is EUR 875 thousand.
- The effective interest rate of the bond is 3.496%.
- The issuance relies on the personal guarantee of the Parent company's equity and is not guaranteed by third parties.
- The reasonable value of the bond at year-end 2017, in accordance with its listing on the Frankfurt stock exchange, was EUR 29,647 thousand (EUR 25,118 thousand in 2016).
- The interests expected to be generated for the rest of life of bonds, is as follows:

YEARS	THOUSANDS OF EUR
2018	875
2019	874
2020	875
2021	874
2022	875
2023	874
2024	875
2025	874
2026	864
	7,860

b) Non-current debts payable to credit institutions

Breakdown by maturity as of December 31, 2017 of other long term financial borrowings is as follows:

YEARS	DEBTS FROM FINANCE LEASES	CREDIT INSTITUTIONS	R & D LOANS	TOTAL
2019	584	169,066	17,792	187,442
2020	-	173,558	16,911	190,469
2021	-	221,482	15,294	236,776
Next	-	86,000	47,058	133,058
Total as at 12.31.17	584	650,106	97,055	747,745

The total balance of R&D Loans, amounting to EUR 97,055 thousand (EUR 105,664 thousand in 2016) corresponds to the part with long-term maturity of loans received from official bodies for the development of research programs.

Accrued interest pending maturity in 2017 and 2016 was EUR 1,581 thousand and EUR 1,576 thousand respectively.

The interests, from Debt with credit institutions, expected to be generated, is as follows:

YEARS	THOUSANDS OF EUR
2018	13,789
2019	7,462
2020	5,296
2021	4,196
2022	1,064
2023	840
2024	656
2025	442
2026	174
	33,919

Breakdown by maturity as December 31, 2016 of other long term financial borrowings is as follows:

YEARS	DEBTS FROM FINANCE LEASES	CREDIT INSTITUTIONS	R & D LOANS	TOTAL
2018	1,046	158,589	19,364	178,999
2019	-	137,164	18,791	155,955
2020	-	119,985	17,109	137,094
Next	-	199,294	50,400	249,694
Total as at 12.31.16	1,046	615,032	105,664	721,742

In December 2016, the parent Company took out a loan with the European Investment Bank (EIB) to finance R&D projects for an amount of up to 80 million euros and with a maturity of 9 years.

This loan was fully arranged throughout 2017 and includes a covenant of own funds on total share capital that has been in effect since the date the loan was taken out.

In addition, the Parent Company transferred to the short term an amount of EUR 74,762 thousand, being a loan with the Banco Bilbao Vizcaya Argentaria (BBVA) (Note 24).

21. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities breaks down as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Guarantees and Deposits Received	101	117
Suppliers of non-current assets	28,803	5,025
Hedging derivatives	882	9,292
Other long-term debt	101,607	81,584
Total	**131,393**	**96,018**

In the 2016 fiscal year, this item included interest type swaps that the Parent Company used to manage its exposure to fluctuations in interest rates, mainly in its long-term bank loans at variable interest rates. The fair value of the swaps in the amount of EUR 22 thousand in 2016 was based on the market values of equivalent derivative financial instruments. In May 2017, the last contract for swaps on interest rates was finalized.

Within the heading of Fixed Assets Providers as of December 31, 2017, the Parent Company has recorded an amount of EUR 26,980 thousand corresponding to the "earn out agreement" that grants the right to receive future compensation in addition to the cash consideration already paid, in the case that the company Paradigma Digital, SL reaches in the future certain objectives stipulated in the sales contract (Note 1 and Note 26).

Likewise, during the 2017 fiscal year, the parent company transferred to the short term an amount of EUR 3,179 thousand, being the amount of the payment pending for the acquisition of G-Nubila Technology (Note 26).

The heading Other long-term debt includes an amount of EUR 882 thousand (EUR 9,292 thousand in 2016), which corresponds to the differences between the insured value and the realizable value on the date of preparation of these Consolidated Financial Statements for the items covered by a hedge contract of the Parent Company. Additionally, this item includes an amount of EUR 89,373 thousand (EUR 69,296 thousand in 2016) corresponding to financing from the Ministry of Industry, Energy and Tourism for the development of defense programs of various joint ventures (Note 12.c).

22. GOVERNMENT GRANTS

The details and the changes of this chapter during the 2017 and 2016 fiscal years are as follows:

	BALANCE AS AT 12.31.16	CHANGES PERIMETER	ADDITION	TRANFERS	APPLICATION TO INCOME/ LOSS	BALANCE AS AT 12.31.17
Grants	2,743	262	7,199	693	(5,792)	5,105

		CHANGES PERIMETER	ADDITION	TRANFERS	APPLICATION TO INCOME/ LOSS	BALANCE AS AT 12.31.16
Grants	5,994	-	11,251	1,891	(16,393)	2,743

The subsidies were granted by various public bodies as aid mainly for development projects (see note 9).

23. PROVISIONS FOR RISKS AND EXPENSES

The details and the changes of this chapter during the 2017 and 2016 fiscal years are as follows:

	THOUSANDS OF EUR							
	BALANCE AS AT 12.31.16	CHANGES PERIMETER	DIFFERENCE CONVER.	ENDOWMENT	REVERSION	PAYMENTS	TRANSFERS	BALANCE AS AT 12.31.17
Provisions for Taxes	7,244	8,979	(269)	412	(2,774)	-	-	13,592
Other Provisions	91,978	3,768	(3,364)	15,570	(8,343)	(1,988)	(40,973)	56,648
Total	99,222	12,747	(3,633)	15,982	(11,117)	(1,988)	(40,973)	70,240

	THOUSANDS OF EUR						
	BALANCE AS AT 12.31.15	DIFFERENCE CONVER.	ENDOWMENT	REVERSION	PAYMENTS	TRANSFERS	BALANCE AS AT 12.31.17
Provisions for Taxes	9,551	1,217	37	(588)	(49)	(2,924)	7,244
Other Provisions	93,820	4,470	11,333	(3,378)	(6,680)	(7,587)	91,978
Total	103,371	5,687	11,370	(3,966)	(6,729)	(10,511)	99,222

The following is a list of the provisions, along with their corresponding temporary difference and expected maturity date:

	THOUSANDS OF EUR								
PROVISION FOR TAXES	BALANCE AS AT 12.31.16						BALANCE AS AT 12.31.17		
CONCEPT	BALANCE	DDIFFERENCE TEMPORARY	CHANGES PERIMETER	DIFFERENCE CONVER.	ENDOWMENT	REVERSION	BALANCE	DDIFFERENCE TEMPORARY	DATE DUE EXTINGUISHMENT
Appeals Filed	7,244	136	8,979	(269)	412	(2,774)	13,592	136	2019-2020
Total Provision for Taxes	7,244	136	8,979	(269)	412	(2,774)	13,592	136	

PROVISION FOR TAXES	THOUSANDS OF EUR									
	BALANCE AS AT 12.31.15							BALANCE AS AT 12.31.16		
CONCEPT	BALANCE	DDIFFERENCE TEMPORARY	DIFFERENCE CONVER.	ENDOWMENT	REVERSION	TRANSFERS	PAYMENTS	BALANCE	DDIFFERENCE TEMPORARY	DATE DUE EXTINGUISHMENT
Appeals Filed	9,551	150	1,217	37	(588)	(2,924)	(49)	7,244	136	2019-2020
Total Provision for Taxes	9,551	150	1,217	37	(588)	(2,924)	(49)	7,244	136	

OTHER PROVISIONS	THOUSANDS OF EUR										
	BALANCE AS AT 12.31.16								BALANCE AS AT 12.31.17		
CONCEPT	BALANCE	DDIFFERENCE TEMPORARY	CHANGES PERIMETER	DIFFERENCE CONVER.	ENDOWMENT	REVERSION	PAYMENTS	TRANSFERS	BALANCE	DDIFFERENCE TEMPORARY	DATE DUE EXTINGUISHMENT
HR Claims	69,429	43,861	(14)	(2,877)	10,831	(6,997)	(1,939)	(40,925)	27,508	8,781	2019-2020
Compensations	412	-	3	(25)	645	(247)	(17)	-	771	-	2019-2020
Contingencies	4,337	1,183	316	(462)	199	(1,099)	(32)	(48)	3,211	42	2019-2020
Project guarantees	17,800	17,800	3,463	-	3,895	-	-	-	25,158	25,158	2019-2020
Total other provisions	91,978	62,844	3,768	(3,364)	15,570	(8,343)	(1,988)	(40,973)	56,648	33,981	

	THOUSANDS OF EUR									
OTHER PROVISIONS	**BALANCE AS AT 12.31.15**							**BALANCE AS AT 12.31.16**		
CONCEPT	**BALANCE**	**DDIFFERENCE TEMPORARY**	**DIFFERENCE CONVER.**	**ENDOWMENT**	**REVERSION**	**PAYMENTS**	**TRANSFERS**	**BALANCE**	**DDIFFERENCE TEMPORARY**	**DATE DUE EXTINGUISHMENT**
Commercial Resources	912	912	-	-	(8)	-	(904)	-	-	-
HR Claims	56,269	40,860	2,579	10,302	(2,880)	(5,463)	8,622	69,429	43,861	2018-2020
Compensations	5,030	4,560	23	965	(482)	(564)	(4,560)	412	-	2018-2020
Contingencies	8,432	1,185	1,868	66	(8)	(653)	(5,368)	4,337	1,183	2018-2020
Project guarantees	23,177	23,177	-	-	-	-	(5,377)	17,800	17,800	2018-2020
Total other provisions	93,820	70,694	4,470	11,333	(3,378)	(6,680)	(7,587)	91,978	62,844	

The provision for "HR Claims" for an amount of EUR 40,094 thousand that the Parent Company allocated during the 2015 fiscal year, as a result of the initiation of an employment regulation file, which was announced to the workers in August 2015 and ended in December 2016 (due date 2018), was reclassified during the 2017 fiscal year to the short term (Note 26). This provision involved the obligation to make a contribution to the Treasury by legal mandate to contribute to the payment of the pension funds of those employees affected by the restructuring plan over 50 years.

This section also includes the different claims of former suppliers of the Brazilian subsidiary companies amounting to EUR 14,006 thousand (EUR 18,996 thousand in 2016) - of a nature equivalent to self-employed - that once the contracts for the provision of services for which they were hired were concluded , they have made claims to the company (or there is a risk that they do), calling into question their nature as an autonomous provider and claiming compensation as if they had had an employment relationship.

In 2016, in the provisions for compensation section, the Parent company transferred EUR 4,560 thousand to the equity instruments heading. This heading corresponds to the Annual Variable Remuneration and the Medium Term Remuneration to be paid in the year 2018, wholly in shares of the Parent Company, whose number is set -according to the average price of quotation in the thirty previous stock exchange sessions- on the accrual date.

The section on Contingencies in 2017 includes various judicial procedures that are not expected to be completed before 2018. The main component of the provision at the end of 2017 corresponds to administrative and civil contingencies amounting to EUR 2,525 thousand (EUR 2,925 thousand in 2016) from the subsidiary Indra Brasil Soluções e Serviços Tecnológicos, SA.

As of December 31, 2017, the Group has litigation in progress, in which it is a defendant and the likelihood of occurrence of which is estimated as probable, amounting to EUR 43,878 thousand (EUR 40,327 thousand in 2016). On the other hand, the litigation of which the likelihood of occurrence is estimated as possible amounts to EUR 143,615 thousand (EUR 170,568 thousand in 2016), the most significant being the following:

- Contentious-Administrative Procedure requested by the Comptroller General of the State of Ecuador against the Parent Company.

Litigation arising from the Contract for the "Implementation of a Judicial Information System for the Council of the Judiciary of Ecuador", valued at EUR 19,749 thousand, awarded to Indra Sistemas, S.A.

Although the Contract was executed correctly, and properly collected and received by the client, and that the system is operational, in August 2013, the Comptroller General of the State ("CGE") determined through an administrative act, that there was culpable civil responsibility in solidarity with the Parent Company, together with the contract administrators by the Judicial Council, for breach of its purpose, claiming the full refund of the price paid.

The Parent Company filed a contentious-administrative claim requesting the nullity of said resolution. The procedure has been concluded with a partial judgment, which has been subsequently appealed by the Parent Company and by the CGE in cassation before the National Court of Justice of Ecuador. In March 2018, the CNJ agreed to suspend the effects of the judgment appealed without the need for a bond.

In parallel, the Parent Company has officially notified the Republic of Ecuador of the intention to submit this matter to arbitration under the Investment Protection Treaty for breach of its essential obligations.

Additionally, there is a second procedure whereby the Judicial Council has filed a lawsuit against the Parent Company claiming EUR 5,280 thousand in damages. This procedure is in a probationary phase.

- Sanctioning file initiated by the National Commission of Markets and Competition (CNMC) against the parent company and Indra Software Labs, S.L.

In April 2016, the CNMC filed for disciplinary action for collusive practices against 11 Spanish companies in the IT sector, including the Parent Company and Indra Software Labs, S.L.

The Proposal for Resolution of the file, against which the appropriate allegations have been made, concludes that there has been a very serious infringement of the Defense of Competition rules, for which it holds the 11 companies liable. The Proposal does not clarify the amount of the sanction, which will be stated in the Final Resolution. Against it, a contentious-administrative appeal before the National Court will be admissible.

- Sanctioning file initiated by the National Commission of Markets and Competition (CNMC) against the Parent Company.

In May 2017, the CNMC filed for disciplinary action for collusive practices against 26 Spanish companies, including the Parent Company, in the area of electrification and electromechanical systems for rail transport. The file is under investigation by the CNMC.

In December 2017, the CNMC extended the file to a total of 15 individuals linked to these companies, among whom is a former director of the Parent Company. In February 2018 a list of the established facts was submitted to the companies and individuals under investigation, and we are currently in the stage of allegations on the list.

Additionally, in December 2017, the CNMC sent the Company a request for information regarding the signaling, security, control and railroad systems business, which was duly answered within the period granted for that purpose.

- Prohibition from contracting with the National Bank for Economic and Social Development of the subsidiary Indra Brasil Soluções e Serviços Tecnológicos, S.A. (BNDES)

On November 9, 2016, the resolution of the administrative procedure initiated by BNDES was made public through the imposition on the subsidiary Indra Brasil Soluções e Serviços Tecnológicos, S.A., of prohibition from contracting with BNDES for a period of 2 years and a EUR 1 thousand fine for breach of contract for the implementation of a business management system established in 2009.

This matter is limited to BNDES, and therefore the Company does not believe that it will affect the ability of Indra Brasil Soluções e Serviços Tecnológicos, S.A. to contract with other clients. In any case, the disqualification from contracting ends on February 16, 2018.

- Claims for damages caused to the Administration (Brazilian Public Ministry -INPI-)

Civil claims procedure for damages amounting to EUR 31.4 thousand initiated in the stage prior to the acquisition of Politec (now Indra Brasil Soluções e Serviços Tecnológicos Ltda.) for alleged irregularities in administrative contracting. The Administration directly contracted the company IEL/DF, who subsequently subcontracted Politec to provide automation services. Joint and several liability was attributed to IEL/DF and Politec. The Public Prosecutor's Office has not been able to accredit overpricing in the amount of the services and the action has been declared inadmissible in the first instance. The Public Ministry has appealed the second instance, which is pending resolution.

As of December 31, 2017, the Group has litigation in progress, in which it is a defendant, for an amount of EUR 154,754 thousand (EUR 125,142 thousand in 2016) whose probability of occurrence is estimated to be remote, with the most significant procedures as follows:

- Claim before the Special Tax Jurisdiction (CARF) interposed by the Brazilian Social Security Institute (INSS)

The INSS raised a claim amounting to EUR 67 thousand derived from the incorrect liquidation of the social security contributions of the personnel subcontracted by Politec during the years 2006 to 2008. This litigation originated prior to the acquisition of Politec by the Parent Company.

This litigation is currently pending the decision of the Special Appeal filed by the Parent company against the latest decision of the CARF (administrative court), which annulled the effects of the ruling in favor of Indra in the second instance for alleged defects in the procedure. If the Special Appeal is estimated, said judgment would become final. Otherwise it would go down the judicial route.

- Administrative procedure initiated by Caixa Económico Federal (CEF) against Indra Brasil Soluções

In September 2017, the administrative procedure initiated by CEF concluded with the full responsibility of Indra Brasil Soluções e Serviços Tecnológicos Ltda. in the massive fraud incident committed in May 2015 with the bank's credit cards and claim of EUR 24.061 thousand, for damages suffered by CEF in this incident.

The Parent Company has filed a lawsuit against that judgement, being the procedure currently at trial. It has also obtained a judicial injunction preventing CEF from offsetting said claim with any amount due to Indra for the execution of other contracts in progress.

- Project to implement an ERP for HR management for Banco do Brasil (BB)

In February 2016, the Plantalto consortium, in which Indra Brasil Soluções e Serviços Tecnológicos Ltda. has a 70% ownership interest, filed a lawsuit against BB urging the termination of the contract for reasons not attributable to the contractor. BB complained about the contractual breach by the Parent Company and compensation for damages and loss of EUR 24.800 thousand.

In May 2017, there was a ruling in favor of the Parent company in the first instance, which was appealed by BB. The appeal is pending resolution.

Provisions for project guarantees include the estimated costs for carrying out repair or revision work. Most of these provisions correspond to projects carried out in the geographical areas of Asia, the Middle East & Africa.

24. FINANCIAL LIABILITIES FROM THE ISSUANCE OF OBLIGATIONS AND OTHER NEGOTIABLE VALUES AND DEBTS WITH NON-CURRENT CREDIT INSTITUTIONS

The detail of this chapter of Consolidated balance sheet as of December 31, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
CURRENT	**2017**	**2016**
Debentures and Bonds (Note 20)	152,098	973
Credits	96,019	36,868
Interest Debts	1,581	1,576
Financial Leases (Note 7)	2,005	1,682
Total	251,703	41,099
Debts for concerted research plans	19,249	19,616
Total	270,952	60,715

Issuance of convertible bonds 2013

During the 2017 fiscal year, the total outstanding amount of the convertible bond issued in 2013 was reclassified as a result of its maturity in the 2018 fiscal year (Note 20.a):

An amount of EUR 151,562 thousand (EUR 452 thousand in 2016) corresponding to the financial liability derived from the issuance of October 2013 by the Parent Company of convertible and/or exchangeable bonds for shares admitted to trading on the unregulated market known as Freiverkehr of the Frankfurt Stock Exchange.

On October 17, 2016, the Parent Company announced their repurchase of part of these convertible or exchangeable bonds pertaining to the issue made on October 17, 2013 for an amount of EUR 95,000 thousand, leaving an outstanding balance of EUR 155,000 thousand of these bonds in circulation.

The amount to be paid for each bond repurchased was 105% of its face value, which represents a total consideration of approximately EUR 100,000 thousand for the repurchase as a whole. The shares underlying the bonds subject to the repurchase would have represented around 4% of the share capital of the Parent Company in circulation.

The terms and conditions of the bonds are as follows:

- The amount of the bonds issues in October 2013 was EUR 250,000 thousand at face value, maturing at 5 years (October 17, 2018). After the repurchase in October 2016 for an amount of EUR 95,000 thousand, in the context of the issuance of the 2016 convertible bond, the face value of the outstanding bonds is EUR 155,000 thousand.
- The issuance expenses incurred on the start date of the operation (October 17, 2013) were EUR 4,702 thousand.
- The bonds earn a fixed nominal annual interest of 1.75 % payable for each semester at maturity, that is, on April 17 and October 17 of each year, with the first payment date on Thursday, April 17, 2014. The amount paid in the current fiscal year for this purpose is EUR 2,713 thousand (EUR 4,329 thousand in 2016).
- The effective interest rate of the bond is 4.91% (3.29% face value). The difference between the accountable cash interest and the interest accrued in cash in favor of the investors is due to the accrual of the initial issuance expenses and the accountable treatment of the option to convert these types of instruments into shares.
- The conversion price of the bonds was initially set at EUR 14,290 per share. This conversion price was adjusted after the acquisition of Tecnocom, which was paid partially with shares at EUR 13,786 per share, subject to certain adjustments in the event of other circumstances (division of shares, capital increases with preferential rights, issuance of new shares for the purpose of remuneration, division of assets and payment of any remuneration to shareholders that may affect the equivalent value of convertible bonds).
- The shares underlying the bonds initially represented around 10.7% of the Parent Company's social share capital before issuing. At year-end 2017, the shares underlying the outstanding bonds represented 6.4% of the Parent Company's social share capital.
- The holders of the bonds can exercise their conversion right from the closing date of the transaction, on October 17, 2013 until October 9, 2018, the seventh business day prior to their expiration.
- The Parent company may amortize in cash in full (not in part) the issue of bonds for an amount equivalent to the principal plus the interest accrued and not paid pending at the time of amortization in two situations, provided that it warns the bond holders between 30 and 90 days in advance:
  - At any time from November 7, 2016, if the par value of the bond during a given period exceeds EUR 130 thousand per bond.
  - At any time if 90% of the amount of the issue has been converted, amortized or repurchased (canceled) by the company.
- The bond holder may demand the early amortization of the bonds in two situations:
  - In the event of a change in management in the Parent Company for the amount of the issuance plus interest accrued and not paid.
  - In the event of the launch of a public offer to acquire the shares of the issuer for the greater of these two amounts: (i) the face value of the bond or (ii) the equivalent value of the bond that collects the value made by the issuer's shares.
- The conversion price may be modified downwards in the event that the company pays an annual dividend of more than EUR 0.34 per share and in the event that some of the following situations, among others, occur:
  - The distribution of reserves or other amounts equivalent to dividends above EUR 0.34 per share.
  - Share Split.
  - Capital increases with pre-emptive subscription rights.
  - Issuance of new shares as payments in kind.
  - Divisions or segregations of assets or dividend payments in kind.
  - In general, any remuneration to shareholders that could have an impact on the equivalent value of the convertible bonds.
- The issuance relies on the personal guarantee of the Parent company's equity and is not guaranteed by third parties.
- The reasonable value of the bond at year-end 2017, in accordance with its listing on the Frankfurt stock exchange, was EUR 158,298 thousand (EUR 154,783 thousand in 2016).

- The interests (including issuance expenses), expected to be generated for the rest of life of bonds, is as follows:

YEARS	THOUSANDS OF EUR
2018	6,151
	6,151

In addition, under the heading Obligations and Bonds, the amount of the short-term maturity of the issuances made by the Parent Company in relation to the convertible bond of December 2016 is included in the amount of EUR 521 thousand (EUR 521 thousand in 2016) (which accrue a fixed annual interest rate of 1.25% payable for past due semesters, that is, on April 7 and October 7 of each year, the first payment date being April 7, 2017). Likewise, the amount of the short-term maturity of the issuances made by the Parent company in relation to the non-convertible bond of December 2016 in the amount of EUR 15 thousand (which accrue a fixed annual nominal interest of 3.5%) is included.

The "Credits" heading includes the amounts of the short-term credit lines arranged as well as the amounts of long-term bank financing with a short-term maturity. The variation of EUR 15,839 thousand between the 2017 and 2016 figures is mainly due to the decrease in the amount arranged in credit lines for working capital transactions.

In addition, the Parent Company transferred to the short term an amount of EUR 74,762 thousand, being a loan with the Banco Bilbao Vizcaya Argentaria (BBVA) (Note 20.b).

The total balance of debts for concerted research and development plans, amounting to EUR 19,249 thousand (EUR 19,616 thousand in 2016) corresponds to the part with short-term maturity of loans received from official bodies for the development of research programs.

Information on the amount available and the amount used of credit lines is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Amount available	233,312	284,750
Amount drawn	2,438	18,118
Total credit lines agreed	**235,750**	**302,868**

25. TRADE AND OTHER PAYABLES

The following is a list of Trade and other payables as of December 31, 2017 and 2016:

	THOUSANDS OF EUR	
	2017	**2016**
Debts from purchases or rendering of services	653,123	541,655
Customer Advances	621,842	631,870
Total	**1,274,965**	**1,173,525**

The second final provision of Law 31/2014, modifies the Capital Companies Law for the improvement of corporate governance, it modifies the third additional provision of Law 15/2010, which establishes measures to combat defaulting in commercial operations, requiring that all mercantile companies expressly include in their annual accounts the average payment terms to suppliers. Likewise, the ICAC is enabled to set out the rules and methodology of the calculation method.

This resolution is mandatory for all Spanish mercantile companies that prepare Consolidated Financial Statements, but only with respect to companies located in Spain, which are fully or partially consolidated.

Based on this, through the resolution of January 29, 2016, the ICAC sets out the methodology for calculating the average payment to suppliers for the year 2015 and subsequent years.

Calculation of the average payment terms to suppliers is determined by applying the following formula, and is in accordance with the ICAC resolution of January 29, 2016:

$$\text{Average period of payments to syppliers} = \frac{\text{Ratio of paid operations * amount of payments made + ratio of pending operations + total amount pending payments}}{\text{Total amount payments made + Total amount outstanding payments}}$$

Information on the Spanish companies for 2017 and 2016 are as follows:

	2017	2016
	DAYS	DAYS
Average Period - Payments to Suppliers	64	55
Ratio of Paid Transactions	66	56
Ratio of transactions pending payment	52	52

	AMOUNT THOUSANDS OF EUR	AMOUNT THOUSANDS OF EUR
Total payments made	1,013,342	693,106
Total payments pending	187,242	168,775

26. ANY OTHER LIABILITIES

The following is a list of other liabilities as of December 31, 2017 and 2016:

	THOUSANDS OF EUR	
	2017	2016
Public Authorities (Note 36)	136,046	118,844
Remunerations pending payment	88,156	84,146
Cash Flow Hedge Reserves	8,887	40,861
Guarantees and Deposits Received	61	54
Provisions for trade transactions	120,182	104,759
Accrual/deferral Adjustments	9,491	5,595
Suppliers of non-current assets	10,212	563
Other Debts	38,744	657
Total	**411,779**	**355,479**

Within the heading of fixed asset suppliers as of December 31, 2017, there is an estimated pending amount for the acquisition of G-Nubila Technology, which during the 2017 fiscal year was converted to short-term (Note 21). The amount of the update of this part which is registered under the financial expenses heading for the Consolidated Income Account in the year 2017 comes to EUR 157 thousand (EUR 149 thousand in 2016). Likewise, the amount pending payment corresponding to the acquisition of the subsidiary G-Nubila Technology amounts to EUR 3.336 thousand (EUR 3.179 thousand in 2016).

Under the heading of Fixed Assets Providers, the Parent Company has recorded an amount of EUR 3,688 thousand corresponding to the "earn out agreement" that grants the right to receive future compensation in addition to the cash consideration already paid, in the event that the company Paradigma Digital, S.L. reaches certain objectives stipulated in the sales contract (Note 1 and Note 21) in the future.

The breakdown of provisions is as follows:

	THOUSANDS OF EUR							
	BALANCE AT 12.31.16	**EXCHANGE DIFFERENCES**	**VARIATION PERIMETER**	**ALLOCATIONS**	**REVERSION**	**PAYMENTS**	**TRANSFERS**	**BALANCE AT 12.31.17**
Provisions guarantees and contracts for consideration	97,424	(5,286)	7,312	7,987	(30,436)	(1,881)	-	75,120
Provisions other personnel expenses	5,064	(14)	-	9,820	(18)	(5,100)	(4,813)	4,939
Reserve Social Security	29	-	-	-	-	-	-	29
Provisions for restructuring	2,242	-	-	-	-	(2,242)	40,094	40,094
Total	104,759	(5,300)	7,312	17,807	(30,454)	(9,223)	35,281	120,182

	THOUSANDS OF EUR						
	BALANCE AT 12.31.15	**EXCHANGE DIFFERENCES**	**ALLOCATIONS**	**REVERSION**	**PAYMENTS**	**TRANSFERS**	**BALANCE AT 12.31.16**
Provisiones garantías y contratos onerosos	91,441	5,741	33,713	(37,843)	(1,005)	5,377	97,424
Provisiones otros gastos de personal	3,623	7	9,266	(930)	(4,579)	(2,323)	5,064
Reserva Seguridad Social	1,979	-	-	(1,950)	-	-	29
Provisiones para reestructuración	51,300	-	-	-	(49,824)	766	2,242
Plan de acciones	62	-	-	-	(62)	-	-
Total	148,405	5,748	42,979	(40,723)	(55,470)	3,820	104,759

The provisions of guarantees and "onerous contracts" include the estimated costs for carrying out repair or revision work of these items. Within this heading, an amount of EUR 33,577 thousand (EUR 49,112 thousand) corresponds to the Parent Company.

In the heading for provisions for other personnel expenses, the Parent company has transferred an amount of EUR 4,560 thousand (EUR 2,323 thousand in 2016) to the equity instruments item, as the payment will be made in shares (Note 23).

The provision for "HR Claims" for an amount of EUR 40,094 thousand that the Parent Company allocated during the 2015 fiscal year, as a result of the initiation of an employment regulation file, which was announced to the workers in August 2015 and ended in December 2016 (due date 2018), was reclassified during the 2017 fiscal year to short term (Note 23). This provision involved the obligation to make a contribution to the Treasury by legal mandate to contribute to the payment of the pension funds of those employees affected by the restructuring plan over 50 years.

27. SEGMENT INFORMATION

The following tables present information related to the Group's business segments, based on the financial statements of the different companies that comprise it. The review and decision-making regarding this information is carried out by the General Management.

In 2016, the Group began to present financial information by "business segments" instead of "operating segments", on the understanding that it more adequately shows the evolution of the Group's business performance. (Note 4.v).

Below is the information regarding the 2017 and 2016 segments:

	2017 THOUSANDS OF EUR (*)							
SEGMENT INFORMATION AT DECEMBER 31, 2017	**T&D**	**%**	**IT**	**%**	**CORPORATE NOT DISTRIBUTABLE**	**ELIMINATIONS**	**TOTAL**	**%**
Total Sales	1,182,729		1,828,330		-	-	3,011,059	100%
Sales - inter-segments	-		-		-	-	-	-
External Sales	**1,182,729**		**1,828,330**		**-**	**-**	**3,011,059**	**100%**
Contribution Margin	**223,644**	**18.9%**	**258,500**	**14.1%**	**-**	**-**	**482,144**	**16.0%**
" Other Income and Expenses "	(86,149)		(200,366)		-	-	(286,515)	(9.5%)
Operating Result (EBIT)	**137,495**	**11.6%**	**58,134**	**3.2%**	**-**	**-**	**195,629**	**6.5%**
Financial Income/loss	(372)		573		(32,516)	-	(32,316)	(1.1%)
Income/loss from Associated companies	(601)		119		-	-	(482)	(0.0%)
Corporate tax	(30,315)		(13,118)		9,676	-	(33,757)	(1.1%)
Segment income/loss	**106,207**	**9.0%**	**45,708**	**2.5%**	**(22,840)**	**-**	**129,074**	**4.3%**
Other information								
Investment	24,576		27,043		-	-	51,619	
Amortization	46,517		24,108		-	-	70,625	
Balance								
Assets of segments	1,297,263		1,858,753		699,116	-	3,855,132	
Non-current assets in associated company	11,027		429		-	-	11,456	
Total assets consolidated							**3,866,588**	
Liabilities								
Segment Liabilities	1,098,665		849,176		1,287,330	-	3,235,171	
Total consolidated liabilities							**3,235,171**	

INFORMATION BY GEOGRAPHIC AREAS AT DECEMBER 31, 2017	2017 (THOUSANDS OF EUR)				
	SPAIN	AMERICA	EUROPE	ASIA, MIDDLE EAST & AFRICA	TOTAL
External Sales	1,386,702	655,508	491,610	477,239	3,011,059
Investment	46,349	2,464	1,383	1,423	51,619
Assets used	2,888,057	510,778	224,219	243,534	3,866,588

SEGMENT INFORMATION AT DECEMBER 31, 2016	2016 THOUSANDS OF EUR							
	T&D	%	IT	%	CORPORATE NOT DISTRIBUTABLE	ELIMINATIONS	TOTAL	%
Total Sales	1,224,154		1,495,477		-	(10,325)	2,709,306	100%
Sales - inter-segments	74		10,251		-	(10,325)	-	-
External Sales	**1,224,080**		**1,485,226**		-	-	**2,709,306**	**100%**
Contribution Margin	**233,269**	**19.1%**	**144,930**	**9.8%**	-	-	**378,199**	**14.0%**
" Other Income and Expenses	(73,660)		(143,000)		-	-	(216,660)	(8.0%)
Operating Result (EBIT)	**159,609**	**13.0%**	**1,930**	**0.1%**	-	-	**161,539**	**6.0%**
Financial Income/loss	997		(793)		(39,536)	-	(39,333)	(1.5%)
Income/loss from Associated companies	1,798		(122)		-	-	1,676	0.1%
Corporate tax	(59,340)		(371)		6,208	-	(53,503)	(2.0%)
Segment income/loss	**103,064**	**8.4%**	**644**	**0.0%**	**(33,328)**	-	**70,379**	**2.6%**
Other information								
Investment	13,011		25,276		-	-	38,287	
Amortization	28,845		38,991		-	-	67,836	
Balance								
Assets								

SEGMENT INFORMATION AT DECEMBER 31, 2016	2016 THOUSANDS OF EUR							
	T&D	%	IT	%	CORPORATE NOT DISTRIBUTABLE	ELIMINATIONS	TOTAL	%
Assets of segments	1,339,885		1,308,329		673,901	-	3,322,115	
Non-current assets in associated company	9,620		289		-	-	9,909	
Total assets consolidated							3,332,024	
Liabilities								
Segment Liabilities	1,038,954		731,445		1,196,707	-	2,967,106	
Total consolidated liabilities							2,967,106	

INFORMATION BY GEOGRAPHIC AREAS AT DECEMBER 31, 2016	2016 (THOUSANDS OF EUR)				
	SPAIN	AMERICA	EUROPE	ASIA, MIDDLE EAST & AFRICA	TOTAL
External Sales	1,163,930	653,267	524,438	367,671	2,709,306
Investment	32,055	4,172	686	1,374	38,287
Assets used	2,284,162	539,185	249,345	259,332	3,332,024

There is no concentration of clients representing over 10% of the ordinary revenue figure.

28) OTHER SOURCES OF INCOME

In fiscal year 2017, this section of the Consolidated Income Statement includes mainly subsidy income amounting to EUR 11,454 thousand (EUR 24,367 thousand in 2016).

29. CONSUMPTION AND OTHER SUPPLIES

The constitution of expenses by Consumption and other supplies incurred across the Group during the periods finishing on 31 December, 2017 and 2016, is as follows:

	THOUSANDS OF EUR	
	2017	2016
Outsourcings and Consumption of Materials	806,878	671,553
Changes in Inventories	(3,694)	(4,016)
Total	803,184	667,537

30. PERSONNEL EXPENSES

The detail of personnel expenses incurred during the periods finishing on 31 December, 2017 and 2016, is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Wages, Salaries and Similar	1,124,176	1,021,375
Compensations	33,912	23,438
Social Security and other Social security charges	327,938	297,383
Total	1,486,026	1,342,196

In August 2015, the Parent Company's management sent a file to its workers on employment regulations, which expired in December 2016 (required in 2018).

As a result of this plan, the parent company has recorded a provision that reclassified in the short term in 2017 for an amount of EUR 40,094 thousand (EUR 2,242 thousand in the short term and EUR 40,094 thousand in the long term in 2016) (notes 23 and 26) corresponding to the amount of the file pending to be made. For this concept, in 2017 it paid an amount of EUR 2,242 thousand (EUR 49,824 thousand in 2016). At the end of the current fiscal year, 100% of the plan has been completed.

Likewise, in December 2015, the Management of the subsidiary company, Apoyos y Medios Auxiliares, SA (in 2016 merged with Indra BPO Servicios SLU), sent its employees a file on employment regulations, which ended in February 2016.

As a result of this plan, the subsidiary has recorded provisions for indemnities in 2017 amounting to EUR 977 thousand (EUR 994 thousand in 2016).

The average number of employees of the Group, as well as the average number of directors of the Parent in the years 2017 and 2016 distributed, by category can be seen below:

	NUMBER OF PERSONS		
		2017	
	MEN	**WOMEN**	**TOTAL**
Top management	14	3	17
Management	591	129	720
Titleholders and high personnel with additional qualification	23,115	10,066	33,181
Administrative	1,283	2,131	3,414
Workers	1,281	1,381	2,662
Others	8	2	10
Total	26,292	13,712	40,004

	NUMBER OF PERSONS		
		2016	
	MEN	**WOMEN**	**TOTAL**
Top management	11	2	13
Management	393	68	461
Titleholders and high personnel with additional qualification	19,211	8,817	28,028
Administrative	1,342	2,160	3,502
Workers	1,430	2,200	3,630
Others	9	4	13
Total	22,396	13,251	35,647

The Average Number of employees with greater or equal disability of 33%, during the periods 2017 and 2016, of the Spanish companies of the Group, broken down by categories, is as follows:

	NUMBER OF PERSONS		
	2017		
	MEN	WOMEN	TOTAL
Management	1	1	2
Titleholders and high personnel with additional qualification	147	47	194
Administrative	21	37	58
Workers	6	2	8
Others	1	-	1
Total	176	87	263

	NUMBER OF PERSONS		
	2016		
	MEN	WOMEN	TOTAL
Management	1	1	2
Titleholders and high personnel with additional qualification	107	36	143
Administrative	25	33	58
Workers	5	1	6
Others	1	-	1
Total	139	71	210

The distribution by gender and category at the end of periods 2017 and 2016 can be seen as follows:

	NUMBER OF PERSONS		
	2017		
	MEN	WOMEN	TOTAL
Top management	12	2	14
Management	548	121	669
Titleholders and high personnel with additional qualification	23,590	10,086	33,676
Administrative	1,245	2,089	3,334
Workers	1,210	1,107	2,317
Others	8	2	10
Total	26,613	13,407	40,020

	NUMBER OF PERSONS		
	2016		
	MEN	WOMEN	TOTAL
Top management	11	2	13
Management	372	66	438
Titleholders and high personnel with additional qualification	18,630	8,483	27,113
Administrative	1,331	2,133	3,464
Workers	1,196	2,060	3,256
Others	8	2	10
Total	21,548	12,746	34,294

Additionally, the Parent Company complies with the General Law on the Rights of Persons with Disabilities and their Social Inclusion, through alternative measures such as the purchase of special employment centers and donations that promote labor integration of people with disabilities.

31. OTHER OPERATING EXPENSES

The composition of this item on 31 December, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Leases and usage fees	134,374	124,876
Repair and Maintenance	25,581	23,879
Professional Services	115,884	141,491
Transport and Freight	14,300	10,672
Insurance	5,621	5,351
Bank Charges	9,138	8,501
Donations, expenses in fairs, advertising and representation	13,210	10,799
Supplies	12,820	11,300
Trip and other expenses	157,237	152,366
Taxes	32,850	32,643
Other Operating Costs	753	(3,274)
Total	521,768	518,604

The increase in Other Operating Expenses is mainly due to the net variation of provisions corresponding to debtor balances in the amount of EUR 18,758 thousand (EUR 11,603 thousand in 2016) (Note 16) and the net change in provisions for traffic operations in the amount of EUR -22,449 thousand (EUR-6,080 thousand in 2016) (Note 26).

32. LOSSES DUE TO DETERIORATION AND OTHER INCOME FROM PROPERTY, PLANT AND EQUIPMENT

The composition of this item on 31 December, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Write-off/Impairment of the Goodwill (Note 8)	(894)	(894)
Impairment loss and Result of Others Intangible Assets (Note 9)	(13)	(195)
Impairment loss and Result of Tangible Non-Current Assets (Note 7)	(215)	(509)
Impairment loss and Result of Non-current assets held for sale (Note 13)	17	(654)
Results of Other non-current assets financial (Note 12.c)	-	745
	(1,105)	(1,507)

In 2016, in Losses due to deterioration and Resulting from other intangible assets, a loss of EUR 195 thousand corresponding to computer applications, was recorded for the subsidiary Indra USA Inc. In fiscal year 2017, there were no significant changes to this section.

In 2017, in Losses due to deterioration and Profit from tangible fixed assets, net losses of EUR 215 thousand have been recorded from the results for this concept of the Group's various subsidiaries. In 2016, under this section, net losses of EUR 509 thousand were recorded from the results for this concept of the Group's various subsidiaries.

In 2016, a loss of EUR 770 thousand corresponding to a valuation adjustment of the building, relating to the collection right derived from the acquisition of Politec Tecnología da Informaçao, SA was included in deterioration losses and non-current assets held for sale (currently Indra Brasil Soluçoes e Serviços Tecnológicos, SA) (Note 13). In fiscal year 2017, there were no significant changes in this section.

In 2016, as a result of Other Financial Fixed Assets, the result was recorded in the Group for an amount of EUR 745 thousand corresponding to the liquidation of the subsidiary company Indra USA IT Services, Inc. In fiscal year 2017, there were no significant changes in this section.

33. OTHER FINANCIAL RESULTS

The composition of this item on 31 December, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Profit from financial assets	3,028	-
Losses and impairment of financial assets (Note 12 c)	(212)	(259)
	2,816	(259)

On 1 May, 2017, the parent company received a sum of EUR 6,056 thousand (USD 6,619 thousand), derived from the investment held in the company Medina Capital Fund GP, LLC, generating a profit from financial assets to the amount of EUR 2,999 thousand (note 12.a).

During fiscal year 2017, there were two transactions involving the transfer of shares of Societat Catalana per a la Mobilitat, SA, generating a loss of EUR 148 thousand (Note 11). Additionally, in this same heading of Losses and deterioration of financial assets, a loss of EUR 64 thousand was noted (EUR 259 thousand in 2016).

34. FOREIGN CURRENCY TRANSACTIONS

The main transactions conducted in non-EUR currencies during the periods 2017 and 2016 are detailed below:

	THOUSANDS OF EUR	
	2017	2016
Sales	1,089,761	1,084,054
Procurement	765,661	749,736

35. WARRANTIES AND GUARANTEES

As of 31 December, 2017, the Group had presented guarantees to third parties, issued by various banking and insurance entities, for a total amount of EUR 955,462 thousand. The purpose of most of these guarantees was to guarantee the faithful compliance of the contracts in execution, or their guarantee periods and, to a lesser extent, for the bids submitted. According to their amount, the guarantees were mainly issued in Spain, Latin America, the Middle East and the Rest of Europe. The amount for this item corresponding to 31 December, 2016 amounted to EUR 1,003,427 thousand. The Group does not expect a significant liability to arise as a result of the aforementioned guarantees.

Third party guarantees have been received in 2017 amounting to EUR 6,499 thousand (EUR 9,777 thousand in 2016) to guarantee compliance with obligations in the execution of projects. These guarantees are materialized in bank guarantees of different maturities, enforceable by Indra in the event of a breach of the obligations guaranteed by third parties.

36. TAX POSITION

The parent company taxed on the regime for company groups, taking part as a dominant company of group no. 26/01, composed by the same, and as dominated companies, Indra Sistemas de Seguridad, Inmize Capital, Indra Business Consulting, Indra Software Labs, Indra BPO, Indra Emac, Indra Sistemas of secure communications, Indra BPO services, Indra Advanced Technology Indra, mortgage BPO, Indra Prointec and Corporate Services. During the 2017 financial year, Advanced Logistics Group (merged with Indra Business Consulting) was eliminated.

As of 31 December, 2017 and 2016, in accordance with IAS 12, the Group has presented by deferred tax assets and deferred tax liabilities a net amount of EUR 66,974 thousand and EUR 52,375 thousand, respectively.

Deferred tax assets

The details of the evolution of Deferred Tax Assets is as follows:

	THOUSANDS OF EUR							
	BALANCE AT 12.31.16	CHANGE OF PERIMETER	RATE CHANGES	TRANSLATION DIFFERENCES	GENERATED	REVERSALS	OTHER CHANGES	BALANCE AT 12.31.17
Deferred Tax Assets	230,788	23,946	(1,766)	(2,061)	55,287	(68,677)	(4,786)	232,731

	THOUSANDS OF EUR							
	BALANCE AT 12.31.15	CHANGE OF PERIMETER	RATE CHANGES	TRANSLATION DIFFERENCES	GENERATED	REVERSALS	OTHER CHANGES	BALANCE AT 12.31.16
Deferred Tax Assets	259,027	-	(344)	(1,935)	44,280	(68,065)	(2,175)	230,788

The recovery of deferred tax asset balances depends on obtaining sufficient tax benefits in the future. The Directors of the Parent Company consider that the future profit forecasts of the different companies of the Indra Group, cover extensively those necessary to recover these assets.

A detail of this item of Consolidated balance sheet as of 31 December, 2017 and 2016, is as follows:

	THOUSANDS OF EUR	
	2017	2016
Allowances and allocations of provision	39,835	41,774
Retirement of goodwill	5,403	2,283
Excess of retirement of non-current assets	20,475	7,992
Negative taxes basis and deductions	124,931	130,896
Others	42,087	47,843
Deferred Tax Assets	232,731	230,788

Deferred tax assets of Spanish companies, whose reversal period is estimated to be more than one year, amount to EUR 150,005 thousand (EUR 163,020 thousand as of 31 December, 2016).

Current tax assets

Breakdown of the tax asset on companies as of 31 December, 2017 and 2016 is as follows:

	THOUSANDS OF EUR	
	2017	2016
Amount refundable from corporate tax. Previous periods	18,713	8,055
Amount to give back from the period's corporate tax	37,252	30,857
Total	55,965	38,912

Deferred Tax Liabilities

The Parent Company has not recorded the deferred tax liability associated with undistributed profits of subsidiaries, in which the control position exercised over these companies allows for management of the timing of reversing the temporary differences, and it is estimated that these are unlikely to be reversed in the near future.

The details of the evolution of Deferred Tax Liabilities during the periods 2017 and 2016, is as follows:

	THOUSANDS OF EUR							
	BALANCE AT 12.31.16	**CHANGE OF PERIMETER**	**RATE CHANGES**	**TRANSLATION DIFFERENCES**	**GENERATED**	**REVERSALS**	**OTHER CHANGES**	**BALANCE AT 12.31.17**
Deferred Tax Liabilities	64,776	16,951	9	(1,045)	6,127	(8,271)	9,235	87,782

	THOUSANDS OF EUR							
	BALANCE AT 12.31.15	**CHANGE OF PERIMETER**	**RATE CHANGES**	**TRANSLATION DIFFERENCES**	**GENERATED**	**REVERSALS**	**OTHER CHANGES**	**BALANCE AT 12.31.16**
Deferred Tax Liabilities	62,340	-	-	109	(5,384)	(6,009)	13,720	64,776

A detail of this item of Consolidated balance sheet as of 31 December, 2017 and 2016, is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Finance Lease Transactions	667	682
Nonexempt capital gains	2,283	2,344
Portfolio provisions	15,329	21,288
Retirement of goodwill	49,119	21,923
Others	20,384	18,539
Deferred tax liabilities	87,782	64,776

It is not estimated that a significant amount of deferred tax liabilities will be reversed in under one year.

Current tax liabilities

The details of Tax Liabilities on companies as of 31 December, 2017 and 2016, is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Corporate tax previous periods	356	771
From corporate tax of the period	9,992	5,543
Corporate tax abroad	5,693	11,650
Total	16,041	17,964

Expenditure on corporation taxes

Due to the different treatment that the fiscal legislation allows for certain operations, the accounting result differs from the fiscal tax base. The following details include a reconciliation between the accounting result and the fiscal result of the Companies that make up the Group, as well as the calculation of the corporate tax expense as of 31 December, 2017 and 2016:

CONCEPTS	THOUSANDS OF EUR 2017	2016
A.- Pre-tax accounting result for the year	162,831	123,882
Adjustments to accounting income/loss:		
- Provisions/reversals of non-deductible portfolio		
- Other positive Differences	81,948	128,551
- Other negative differences	(58,115)	(95,574)
Total Adjustments to income/loss accountant	23,833	32,977
B. - Adjusted Accounting Result	186,664	156,859
Temporary Differences:		
- Positives for the Tax Year	232,163	178,823
- Positive previous financial years	39,635	21,799
-Depreciation of the tax year	(42,671)	(7,180)
- Negative from previous periods	(177,706)	(223,789)
Total Temporary Differences	51,421	(30,347)
C. Taxable Income	238,085	126,512
D. Tax Losses to be offset	-	-
E. Adjusted Tax Base	238,085	126,512
Fee to pay	60,713	32,731
Deductions:		
International Double Taxation	(8,398)	(2,416)
- For investments in R&D&I and other	(9,056)	(5,271)

CONCEPTS	THOUSANDS OF EUR 2017	2016
F.- Credit for Losses to Compensate	(3,829)	(3,144)
G.- Foreign Regional Taxation	1,139	714
H.- Total contributions payable	40,569	22,614
Payment Withholdings on Account	23,995	25,720
Total payable / (collect)	16,574	(3,106)
I.- Deferred tax asset for the year	(55,382)	(46,350)
J. Recovery of Differed Tax Assets	47,756	57,965
K. Deferred tax liabilities for the period	5,488	2,055
L. Recovery of the deferred tax liabilities	(26,969)	(5,521)
Corporate Tax accrued (H+I+J+K+L)	11,462	30,763
Corporate tax abroad	5,187	14,366
Corporate tax from previous periods	1,167	5,642
Corporate tax for different taxes	(1,668)	(412)
Capitalized Deductions	17,609	3,144
M.- Corporate tax for the Year	33,757	53,503
Income/loss for the period: (After Tax)	129,074	70,379

The table below presents the reconciliation between the statutory rate of income tax and the effective rate of the group:

	2017	
	THOUSANDS OF EUR	**%**
- Consolidated Income/Loss Before Tax	162,831	
- Tax calculated at the national applicable tax rate in Spain	40,708	25.00%
- Effect of permanent differences	5,958	3.66%
- Effect of deductions.	(17,454)	(10.72)%
- Effect other tax adjustments. Business Previous Years	1,167	0.72%
- Credit from loss carryforwards	(3,829)	(2.35)%
- Capitalized deductions effect	17,609	10.81%
- Corporate tax on Foreign Businesses	6,326	3.89%
- Effect of different tax rates	(16,728)	(10.27)%
	33,757	20.73%

	2016	
	THOUSANDS OF EUR	**%**
- Consolidated Income/Loss Before Tax	123,882	
- Tax calculated at the national applicable tax rate in Spain	30,971	25.00%
- Effect of permanent differences	8,244	6.65%
- Effect of deductions	(7,687)	(6.21)%
- Effect other tax adjustments. Business Previous Years	5,642	4.55%
- Credit from loss carryforwards	(3,144)	(2.54)%
- Capitalized deductions effect	3,144	2.54%
- Corporate tax on Foreign Businesses	15,080	12.17%
- Effect of different tax rates	1,254	1.01%
	53,503	43.19%

The deductions for investments, formation and export activities, pending capitalization as of 31 December, 2017 and 2016 are as follows:

	THOUSANDS OF EUR		
	DEDUCTION FOR INVESTMENTS AND OTHERS		
YEARS	**2017**	**YEARS**	**2016**
2013 and earlier	9,445	2012 and earlier	4,886
2014	62	2012	101
2015	15	2013	44
2016	225	2014	7
2017	-	2015	4
Total 2017	9,747	Total 2016	5,042

As of 31 December, 2017, the Group does not maintain any significant reinvestment commitment, the same as in 2016.

The reversal term of deductions for investments, training and export activities in 2017, are as follows:

YEARS	**THOUSANDS OF EUR**
2026 and earlier	3,452
Next	6,295
Total	9,747

The details of the negative tax bases pending compensation that are not activated, because the Group estimates that its recovery is not expected to occur within a period of less than 10 years, as of 31 December, 2017 and 2016 are the following:

	THOUSANDS OF EUR		
	NEGATIVE TAX BASES TO BE OFFSET		
YEARS	**2017**	**YEARS**	**2016**
2013 and earlier	243,912	2012 and earlier	157,149
2014	64,604	2013	38,163
2015	207,753	2014	67,407
2016	70,680	2015	219,960
2017	11,902	2016	135,451
Total 2017	598,851	Total 2016	618,130

El plazo de reversión para las bases imponibles negativas pendientes de compensación de 2017, que no se encuentran activadas, es el siguiente:

YEARS	THOUSANDS OF EUR
2018	10,095
2019	2,990
2020	5,923
2021	5,567
2022	3,709
2023	5,097
2024	857
2025	2,847
no limit	561,766

In 2016, the Corporate Tax Law was amended by Royal Decree Law (RDL) 3/2016, of 2 December in Spain, among other developments, limiting the compensation of negative tax bases to 25%. The Group performed the analysis of the recoverability of deferred tax assets, with an impact of 3,800 thousand euros in corporate tax.

The Royal Decree-law 3/2016, of 2 December, modified the sixteenth transitory provision (DT 16th) of the Law 27/2014, of 27 November, of Corporation Tax, a disposition that establishes the transitory regime applicable to loss reversal due to deterioration generated in tax periods initiated prior to 1 January, 2013. According to the new regulations, with effects for the tax periods that began as of 1 January, 2016, the reversion of said losses would be integrated, at least, in equal parts, into the taxable base corresponding to each of the first five tax periods starting from that date. As a result, 5,383 thousand euros of deferred tax liabilities were reversed, and an expense for company tax of EUR 783 thousand was recognized, in order to recognize a higher share payable with the Public Treasury for an amount of EUR 6,166 thousand, corresponding to one fifth of the tax losses affected by the said provision.

Likewise and for the same periods, the amortization of the financial and explicit goodwill is limited to the maximum annual amount of the twentieth part, and the amortization of intangible fixed assets with an indefinite life is limited to one tenth of its amount.

In accordance with current legislation, taxes cannot be considered definitively settled until the statements presented have been inspected by the tax authorities, or the statute of limitations period has expired according to the legislation in force in each of the countries in which the Group operates.

On 21 December, 2015, the Parent Company received a diligence to initiate inspection proceedings corresponding to the following taxes and years:

CONCEPT	TIME PERIODS
Corporate income tax	2011 to 2014
Value Added Tax	2012 to 2014
Tax paid on account. Non-Resident Tax	2012 to 2014
Annual Statement on Transactions	2011 to 2014

Likewise, on 29 March, 2016, the notification of the start of inspection actions on the subsidiaries of Indra Software Labs and Indra BPO Servicios was received, for the same fiscal years and taxes as the Parent Company, indicated above.

As a result of these inspection actions, on 26 February, 2018, the inspection records corresponding to Indra Sistemas and its subsidiaries, Indra Software Labs and Indra BPO Servicios, were signed. As a result of these minutes, the Group has recorded in the current year the expense corresponding to the items signed in conformity amounting to EUR 8,920 thousand, relating to Corporation Tax and Value Added Tax. These amounts include a fee, as well as the penalties and interest calculated based on the Group's best estimate. Likewise, the effect of this expense after the application of negative tax bases and deductions to be offset, implies a balance to be paid with the administration, which has been recorded within the section entitled creditor public administrations. The Group does not expect significant differences to arise after the signing of the final minutes.

In addition, the Group has proceeded to sign the remaining items included in the minutes in the amount of EUR 18,561 thousand, which after application of negative tax bases and deductions to be offset would involve a contingent liability of EUR 8,333 thousand. The Group has not provisioned any amount to understand, together with the opinion of its tax advisors, that the risk of loss is not probable.

Finally, on 25 January, 2018, the Inspectorate notified a liquidation proposal linked to the crime for a total amount of EUR 429 thousand, an amount that is included in the liquidations signed in disagreement indicated above. The Parent Company has presented timely and appropriate arguments to understand that this settlement proposal is not in accordance with the law, unless up to the date of this Annual consolidated Accounts.

In the fiscal year 2017, the subsidiary Indra Brasil Soluçoes e Serviços Tecnológicos S/A applied to join the PRT program (Tax Regularization Plan). This program allows for the payment of tax debts by offsetting them against Negative Tax Bases (not capitalized in said company). The effect as of 31 December, 2017 is as follows:

	THOUSANDS OF EUR	
	BALANCE	PROFIT AND LOSS ACCOUNT
Non-current assets	13,967	-
Current Assets	5,700	-
Other Non-Current Liabilities	789	-
Other Current Liabilities	543	-
Corporate tax	-	21,087
Cumulative translation differences	-	(3,725)
Financial loss	-	973

Debtor and credit balances with Public Administrations

Debit balance with Public Administrations are as follows:

	THOUSANDS OF EUR	
CONCEPTS	2017	2016
Amounts owed by the Treasury:		
Value Added Tax	31,973	39,958
Other Taxes	10,925	7,718
Subtotal	42,898	47,676
Receivables from other public agencies from Grants granted	478	185
Social Security Debtor	4,031	3,605
Total (Note 15)	47,407	51,466

The breakdown of the credit balance with Public Administrations is as follows:

	THOUSANDS OF EUR	
CONCEPTS	**2017**	**2016**
Amounts owed to the Treasury		
From Value-Added Tax	60,993	61,634
Individuals' Income Tax Withholdings	26,982	26,225
Other Taxes	17,201	5,425
Subtotal	105,176	93,284
Payables to Government Treasury for Grants to be refunded	2	2
Social Security Creditor	30,868	25,558
Total (note 26)	136,046	118,844

37. FINANCIAL RISK MANAGEMENT POLICIES AND COVERAGES

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk), credit risk and liquidity risk. The Risk Management model tries to minimize the potential adverse effects on the Group's financial profitability.

The Financial Risk Management is controlled by the Group's Financial Management and Control Department. The internal rules provide written policies for global risk management, as well as for specific matters such as exchange rate risk, interest rate risk and liquidity risk.

For more adequate management of the risks mentioned above, the Group maintains, in all significant aspects, an effective internal control system over financial information.

a) Market Risk

(i) Currency Risk

The company operates internationally and, therefore, is exposed to exchange rate risks on foreign currency transactions. The exchange rate risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency, which is not the functional currency of each of the companies.

In order to mitigate the impact of exchange differences in foreign currency on projects carried out by the Group in currencies other than those of the country where the operation originates, hedge transactions are formalized with financial entities (mainly contracts for the purchase or sale of forward currency). Indra analyses the risk of the exchange rate at the time of signing of each project and contracts the appropriate hedges (mainly exchange rate insurance) so that future benefits cannot be significantly affected by fluctuations that occur in the exchange rate with respect to the respective functional currencies of each subsidiary.

In other words, the Group's exchange risk management policy, in general terms, is to cover 100% of the net exposure for transactions other than the functional currency of each of the companies. No hedging instruments are used in transactions of non-significant amount, when there is no active hedging market, in the case of some non-convertible currencies, and when there are other mechanisms to compensate for currency fluctuations by the customer or supplier.

On the other hand, the profits generated in those subsidiaries where income and expenses are denominated in a functional currency other than the Euro, may suffer upward or downward variations at the time of consolidation in the Group's accounts, denominated in Euros. The significant geographical diversification of the group partially mitigates this risk. However, variations in currencies, mainly from Latin American countries, given that it is the geography with the greatest relative weight in the Group's non-Euro activity, can have a significant impact on the Group's results.

Annex III details the Group's exposure to the exchange rate risk as of 31 December, 2017 and 2016. This Appendix reflects the book value in thousands of euros of the financial instruments or classes of financial instruments of the Group denominated in foreign currency.

To compare the gross exposure hedged with hedging instruments, based on the group's policies, the amounts of the foreign subsidiaries in their own currency are eliminated.

The sensitivity analysis of changes in the exchange rates of +/- 5% for the main functional currencies (other than the euro) in which the entity has exposure in its foreign subsidiaries is as follows:

El análisis de sensibilidad de variación de los tipos de cambio del +/-5% para las principales monedas funcionales (distintas al euro) en los que la entidad tiene una exposición en sus filiales extranjeras es el siguiente:

ESTATE VARIATION 2017	
+5%	**MILES DE EUROS**
Saudi Riyal	945
Mexican Peso	1,162
Brazilian Real	1,831

ESTATE VARIATION 2016	
+5%	**MILES DE EUROS**
Saudi Riyal	932
Mexican Peso	821
Brazilian Real	1,881

VARIACIÓN EN RESULTADOS 2017	
+5%	**MILES DE EUROS**
Saudi Riyal	(41)
Mexican Peso	17
Brazilian Real	(618)

VARIACIÓN EN RESULTADOS 2016	
+5%	**MILES DE EUROS**
Saudi Riyal	179
Mexican Peso	(272)
Brazilian Real	(1,268)

(ii) Interest rate risk

The interest rate risk arises from the exposure to the curve movements of bank financing types in the short, medium and long term. The Group contemplates the possibility of contracting financial instruments to manage said risks when the environment situation so advises. The Parent Company has also issued bonds at a fixed interest rate (convertible bonds of 2013 and 2016 and a non-convertible bond of 2016) that eliminate that risk by a significant amount of its long-term debt (notes 20 and 24).

The following table shows the sensitivity of the consolidated results of the Group, expressed in millions of euros, to changes in the interest rate:

	2017 FISCAL YEAR		**2016 FISCAL YEAR**	
	INTEREST RATE VARIATION		**INTEREST RATE VARIATION**	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on the Profits or Losses pre-tax	(0.89)	0.89	(1.25)	1.25

b) Credit risk

Indra is exposed to this risk to the extent that the customer does not respond to its obligations. Indra has a portfolio of customers with very good credit quality. Due to the morphology of its business, Indra maintains commercial relationships mainly with large business groups, governments and public and private-public entities that are less exposed to the risk of default. However, and fundamentally in international sales, mechanisms such as irrevocable letters of credit and insurance policy covers are used to ensure collection.

The Group follows the principle of making provisions for insolvency on those balances where there is objective evidence that a deterioration loss has occurred. In accordance with the established procedure, the institutional debt is excluded, the debt corresponding to withholdings for guarantees, the debt where the third party is a customer and supplier and there is sufficient amount for its compensation, the debt in which there is a recognition document of the debt and commitment to pay by the customer, the debt for billing customer advances, and when there is evidence of a negotiation process from which an agreement with imminent resolution is expected.

The attached tables reflect the seniority analysis of the financial assets, counted from the date of the payment obligation, as of 31 December, 2017 and 2016, but have not deteriorated.

	2017 (THOUSANDS EUROS)				
	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Trade and other receivables	240,112	45,385	33,880	95,026	414,403
Total assets	240,112	45,385	33,880	95,026	414,403

	2016 (THOUSANDS EUROS)				
	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Trade and other receivables	206,275	69,673	65,945	102,203	444,096
Total assets	206,275	69,673	65,945	102,203	444,096

The breakdown of Obligatory Production Debtors as of 31 December, 2017 and 2016 is as follows:

	2017 (THOUSANDS EUROS)				
	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Accounts Receivable	140,946	57,275	88,280	145,739	432,240
Total assets	140,946	57,275	88,280	145,739	432,240

	2016 (THOUSANDS EUROS)				
	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Accounts Receivable	88,982	62,780	155,779	161,014	468,555
Total assets	88,982	62,780	155,779	161,014	468,555

c) Liquidity risk

Liquidity risk is the one that can generate difficulties to comply with the obligations associated with financial liabilities that are settled through the delivery of cash or another financial asset. The goals of liquidity risk management are to guarantee a level of liquidity, by minimizing the opportunity cost, and to maintain a structure of financial debt based on maturities and financing sources. In the short term, liquidity risk is mitigated by maintaining an adequate level of unconditionally available resources, including cash and short-term deposits, available lines of credit and a portfolio of highly liquid assets.

The Indra Group maintains a liquidity policy consisting of the contracting of long-term credit facilities committed to banking entities and temporary financial investments for an amount sufficient to support the anticipated needs and for a period that is dependent on the market situation and expectations for debt and capital. The forecasted needs mentioned above include maturities of net financial debt. For more details regarding the characteristics and conditions of financial debt and financial derivatives, see Notes 20 and 24. The Group makes treasury forecasts in order to ensure that sufficient cash is available to meet operating needs, maintaining sufficient levels of availability in its non-arranged loans.

A 31 de diciembre de 2017 y 2016 la liquidez del Grupo Indra presenta el siguiente detalle:

	2017 (THOUSANDS EUROS)					
	LESS THAN 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial liabilities with credit institutions	4,439	2,977	109,433	650,068	97,093	864,010
Financial liabilities for debentures and bonds	-	-	152,098	24,768	243,865	420,731
Financial liabilities from finance leases	112	793	1,100	584	-	2,589
Trade and other payables	157,053	134,817	617,826	-	-	909,696
Other financial liabilities	2,834	7,164	-	128,908	2,760	141,666
Total	164,438	145,751	880,457	804,328	343,718	2,338,692
Derivative financial instruments	15	55	8,817	-	-	8,887
Total	**164,453**	**145,806**	**889,274**	**804,328**	**343,718**	**2,347,579**

	2016 (THOUSANDS EUROS)					
	LESS THAN 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial liabilities with credit institutions	2,238	20,811	35,011	698,628	22,068	778,756
Financial liabilities for debentures and bonds	-	973	-	146,657	267,593	415,223
Financial liabilities from finance leases	137	416	1,129	1,046	-	2,728
Trade and other payables	143,621	160,491	432,700	-	-	736,812
Other financial liabilities	-	-	-	94,073	2,562	96,635
Total	145,996	182,691	468,840	940,404	292,223	2,030,154
Derivative financial instruments	221	66	40,574	-	-	40,861
Total	**146,217**	**182,757**	**509,414**	**940,404**	**292,223**	**2,071,015**

Additionally, the Group is exposed to another series of risks that are listed and detailed in the management report attached to these consolidated financial statements.

38. ACQUIRED COMMITMENTS AND OTHER CONTINGENT LIABILITIES

foreign currency commitments

As a hedge of its open positions as of 31 December, 2017 in foreign currency (see note 4u), the Group has entered into forward foreign exchange purchase/sale contracts.

As of 31 December, 2017, the notional amount contracted in their corresponding currencies was as follows:

TYPE OF CURRENCY	AMOUNT IN FOREIGN CURRENCY			
	SHORT TERM		LONG TERM	
	BUY	SELL	BUY	SELL
US Dollar	28,170,566.45	221,492,559.93	516,283.00	27,231,283.05
Pound Sterling	10,054,802.46	10,391,333.56	9,320,356.00	2,960,083.20
Swiss Franc	429,946.00	-	-	-
Chilean Peso	483,333,333.00	2,121,557,312.00	-	183,269,375.00
Mexican Peso	59,795,640.22	79,931,681.92	-	408,421.00
Saudi Riyal	-	423,865,537.00	-	-
Australian Dollar	384,689.00	1,967,375.99	-	-
Canadian Dollar	1,662,752.45	-	-	1,011,547.64
Norwegian Krone	4,318,410.94	-	-	-
Brazilian Real	3,081,466.00	602,756.12	-	-
Colombian Peso	-	2,700,661,900,00	-	-
Morocco Dirham	-	-	-	-
Kuwaiti Dinar	-	436,247.00	-	864,390.00
Polish Zloty	-	875,856.05	-	-

TYPE OF CURRENCY	AMOUNT IN FOREIGN CURRENCY			
	SHORT TERM		LONG TERM	
	BUY	SELL	BUY	SELL
Peruvian Sol	203,264.49	4,061,333.02	-	-
Czech koruna	-	-	-	-
Chinese Yuan	3,901,376.00	-	-	-
Indian Rupee	-	20,923,359.00	-	-
Malaysia Ringgit	-	65,093,201.00	-	-
Philippine Pesos	64,112,289.00	39,417,870.00	-	-
Turkish Lira	-	9,336,112.36	-	-
South African Rand	-	14,262,792.00	-	-
Romanian Leu	3,083,597.81	-	-	-
Swedish Kronor	-	-	-	-

As of December 31, 2016, the notional amount contracted in their corresponding currencies was as follows:

TYPE OF CURRENCY	AMOUNT IN FOREIGN CURRENCY			
	SHORT TERM		LONG TERM	
	BUY	SELL	BUY	SELL
US Dollar	28,889,783.75	247,113,179.04	2,286,702.00	60,081,822.22
Pound Sterling	6,723,604.60	10,875,371.85	4,058,700.00	453,915.00
Swiss Franc	200,000.00	-	-	-
Chilean Peso	-	3,202,896,404.00	-	152,664,073.00
Mexican Peso	247,030.00	269,476,993.05	-	5,280,648.41
Saudi Riyal	-	283,255,392.00	-	145,013,145.00
Australian Dollar	426,000.00	4,783,385.72	-	173,000.00
Canadian Dollar	233,563.46	41,664.80	-	1,119,613.98
Norwegian Krone	15,132,033.20	-	191,820.00	-
Brazilian Real	2,849,150.00	2,838,399.90	-	-
Colombian Peso	558,759,679.00	6,548,185,319.00	-	-
Morocco Dirham	-	9,278,675.00	-	-
Kuwaiti Dinar	-	509.00	-	-
Polish Zloty	-	875,856.05	-	-
Peruvian Sol	350,258.63	4,730,104.72	-	-
Czech koruna	-	-	-	-
Chinese Yuan	2,002,217.00	-	-	-
Indian Rupee	-	20,923,359.00	-	-

TYPE OF CURRENCY	AMOUNT IN FOREIGN CURRENCY			
	SHORT TERM		LONG TERM	
	BUY	SELL	BUY	SELL
Malaysia Ringgit	-	58,985,420.00	-	16,385,795.00
Philippine Pesos	5,522,700.79	46,452,894.00	-	-
Turkish Lira	-	6,150,112.36	-	-
South African Rand	-	12,820,259.00	-	1,442,533.00
Romanian Leu	4,000,000.00	333,337.00	-	-
Swedish Kronor	1,740,000	-	1,775,750	-

As of 31 December, 2017 and 2016, the valuation of exchange rate hedges is as follows:

	THOUSANDS OF EUR							
	2017				2016			
	SHORT TERM		LONG TERM		SHORT TERM		LONG TERM	
EXCHANGE RATE HEDGING	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Cash flow hedges	18,401	8,887	2,675	998	5,911	(3,466)	-	(1,142)
Fair Value hedging (Swap)	(7,670)	-	(1,480)	(116)	(5,797)	44,327	-	10,434
Total (note 10)	10,731	8,887	1,195	882	114	40,861	-	9,292

The information on cash flow hedges of the exchange rate is as follows:

- The amount reclassified from equity to the Consolidated Income Statement was EUR 625 thousand of revenue (EUR 445 thousand of expenses in 2016).
- The costs of reconduction (recognized ineffectiveness) amounted to EUR 4,821 thousand in 2017 (EUR 4,496 thousand in the previous year)
- The amount recorded in the Consolidated Income Statement attributable to the hedging instrument was a profit of EUR 670 thousand in 2017 and a profit of EUR 16,038 thousand in 2016 (same profit amount - loss for the hedged item).

The exercises in which the corresponding flows are expected to occur, from the non-current hedging instruments of the exchange rates are the following:

	THOUSANDS OF EUR			
	2017		2016	
FINANCIAL YEAR	ASSETS	LIABILITIES	ASSETS	LIABILITIES
2018	-	-	79,444	6,653
2019	28,336	3,683	19,436	408
2020	1,798	7,252	228	55
Total	30,134	10,935	99,108	7,116

In the 2016 fiscal year, in the section on cash-flow hedges, this item included interest type swaps that the Parent Company used to manage its exposure to fluctuations in interest rates, mainly in its long-term bank loans at variable interest rates. The fair value of the swaps in the amount of EUR 22 thousand in 2016 was based on the market values of equivalent derivative financial instruments. In May 2017, the last contract for swaps on interest rates was finalized (note 21).

The hedges of interest rates contracted consist of financial swaps that ensure a fixed interest rate to three variable rate long-term loans formalized with two financial entities. The settlement dates of the swap and the interest on the loans are the same quarterly.

The swap data for 2016 is as follows:

THOUSANDS OF EUR			
2016		2016	
NOTIONAL COVERED	FIXED RATE MEDIUM SWAP	EXPIRY DATE FINAL	VARIABLE RATE EXCHANGED
3,889	0.79%	2017	Euribor 3 month

The effect on the Consolidated Income Statement in 2016 was zero, when the result produced by the financial instrument was compensated for with the result of the opposite swap sign.

39. OPERATING LEASES

The Group leases certain elements of assets under operating leases from third parties. A description of the most relevant leases is as follows:

OWNER	CITY	DATE CONTRACT SIGNED	COMPLETION CONTRACT	REVISION	% REVISION	BONDS (THOUSANDS OF EUR)
Merlín Properties Socimi, S,A, (formely Testa Inmuebles)	Avenida de Bruselas, 35 (Alcobendas)	1/1/02	30/6/24	Julio	I,G,P,C,	1,082
Town hall of Alcobendas	Anabel Segura, 7 (Alcobendas)	1/6/12	30/6/21	Enero	I,G,P,C,	352
Gratan, S,L,	Tanger, 120 (Barcelona)	1/7/05	31/3/27	Julio	I,G,P,C,	660
Castellvi Group	Tanger 98-108, Edificio Interface (Barcelona)	1/7/08	31/3/27	Junio	I,G,P,C,	371

The amount of operating lease installments recognized as expenses is as follows:

OWNER	CITY	CONTRACT END DATE	YEAR 2017 EXPENSES	YEAR 2016 EXPENSES
Merlin Properties Socimi, S.A. (formerly Testa Inmuebles)	Alcobendas (Madrid)	30-06-24	5,974	5,933
Town hall of Alcobendas / Sogepima	Alcobendas (Madrid)	30-06-21	1,132	1,334
Castellvi Group	Barcelona	31-03-27	2,452	3,485
Gratan S.L.	Barcelona	31-03-27	1,304	1,280
PP II SPE real eastate developments	São Paulo (Brasil)	30-06-24	2,065	238
MRE-III- Project Three, S.L.U. (old Obenque)	Madrid	31-12-20	944	1,085
Mapfre Vida, S. A.	Madrid	30-04-17	-	632
Kuehne and Nagel	São Paulo (Brasil)	31-05-16	-	67
Le Masserie Real State, Srl (old Construzioni Civili e Commerciali Spa)	Roma (Italia)	30-06-20	734	764
"Selección de Inmuebles, SA	Valencia	30-09-23	512	780
OCM Gaudi SFBP Propco SAN (formerly Rentier International)	San Fernando de Henares (Madrid)	31-03-21	532	755

OWNER	CITY	CONTRACT END DATE	YEAR 2017 EXPENSES	YEAR 2016 EXPENSES
Grupo Integral de Desarrollo Inmobiliario	México D,F,	31-12-22	104	684
Axiare Patrimonio Socimi, SA (old Portocarrio, SL)	Madrid	30-04-19	599	521
Auris Andino	Avda del Valle (Chile)	31-01-16	-	58
Deka inmobiliaria Chile One spa	Las Condes (Chile)	31-03-21	570	532
Colombiana de Televisión, SA	Bogotá (Colombia)	28-02-19	298	-
Edificio de Alcobendas, SA	Alcobendas (Madrid)	07-07-21	436	430
General of Buildings and Solar	La Coruña	31-12-17	400	444
Red Tecnológica de Servicios de Asistencia Sanitaria	Málaga	31-08-21	297	487
USAL Scientific Park Foundation	Salamanca	30-11-19	275	259
Inmoan. S.L.	Torrejón de Ardoz (Madrid)	30-11-18	252	249
Veintisiete. S.L.	Barcelona	31-10-18	359	472
MRE-III- Project Three, S.L.U. (Old Farrag, SL)	Cordovilla (Navarra)	22-06-22	280	276
Morera & Vallejo Patrimonial, SA	Sevilla	30-06-19	156	191
Sprilur, SA	Erandio (Vizcaya)	30-09-20	174	229
Fernando González Tovar	México D,F, (México)	31-07-18	275	376
Telefónica de España S. A.U.	León	31-03-19	229	223
Fundecyt Foundation (former Science and Technology Park of Extremadura)	Badajoz	31-01-22	272	247
Metlife Chile Seguros de Vida, SA	Santiago de Chile (Chile)	31-03-21	304	291
Fidalser SL	Madrid (Miguel Yuste)	31-12-25	933	-
Inmobiliaria Colonial, S.A.	Barcelona (Gran Vía de les Corts Catalanes, 130-136)	31-10-19	319	-
Others			4,000	2,606

At the end of 2017 and 2016, the Group contracted the following minimum lease installments, in accordance with current contracts in force:

	THOUSANDS OF EUR (NOMINAL AMOUNT)	
OPERATING LEASES MINIMUM INSTALLMENTS	**2017**	**2016**
Less than 1 year	23,746	23,368
Between one and five years	71,737	75,897
More than five years	34,747	43,625
	130,229	142,890

The amount of operating lease installments recognized as expenses is as follows:

	THOUSANDS OF EUR	
	2017	**2016**
Lease Payments	26,182	24,928
	26,182	24,928

40. REMUNERATION FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. Remuneration of board members

1.1 Remuneration for membership of the administrative bodies

The remuneration for the members of the Board of Directors in their capacity as such, consists of a fixed quota that accrues on the basis of their membership of the different administrative bodies and is fully paid in cash.

It has been determined by following the best practices and recommendations in this matter, included in the Remuneration Policy approved by the General Shareholders' Meeting on June 25, 2015.
The annual amounts in force during the years 2015, 2016 and 2017 are the following: EUR 80 thousand for membership of the Board; EUR 40 thousand for belonging to the Audit and Compliance Committee; EUR 24 thousand for membership of the Appointments, Remuneration and Corporate Governance Committee; and EUR 24 thousand for membership of the Executive Committee. The presidents of each body receive 1.5 times the amounts indicated. Depending on the composition of each body, the average annual remuneration is approximately EUR 128 thousand per director.

The individualized disclosure of the total compensation accrued by each of the directors of the Parent during the years 2017 and 2016, due to their membership in the administrative bodies, is indicated in the following tables:

	RENUMERATION OF DIRECTORS (EUR) 2017				
	FIXED ASSIGNMENT				
DIRECTOR	**BOARD**	**EXECUTIVE COMMITTEE**	**AUDIT AND COMPLIANCE COMMITTEE**	**APPOINTMENT, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE**	**TOTAL**
F, ABRIL-MARTORELL	120,000	36,000	--	--	156,000
I, AGUILERA (1)	40,000	--	--	12,000	52,000
J, DE ANDRÉS	80,000	24,000	--	--	104,000
J,C, APARICIO	80,000	--	40,000	--	120,000
D, GARCÍA-PITA (2)	80,000	24,000	--	31,000	135,000
S, IRANZO (3)(4)	40,000	--	--	10,000	50,000
L, LADA	80,000	--	40,000	--	120,000
E, DE LEYVA	80,000	24,000	40,000	--	144,000
J, MARCH	80,000	24,000	--	--	104,000
S, MARTÍNEZ-CONDE	80,000	--	40,000	24,000	144,000
A, MENÉNDEZ	80,000	24,000	--	24,000	128,000
M,ROTONDO (5)	40,000	--	16,667	--	56,667
I, SANTILLANA	80,000	24,000	60,000	--	164,000
R, SUGRAÑES (1)	40,000	--	--	12,000	52,000
A TEROL (6)	80,000	24,000	23,333	15,000	142,333
TOTAL	1,080,000	204,000	260,000	128,000	1,672,000
Average compensation per director (13 directors)					128,615

(1) Director and member of the CNRGC until June; (2) President of the CNRGC until July; (3) Director since July; (4) Member of the CNRGC since August (5 months); (5) Member of the Audit Committee since August (5 months); (6) Member of the Audit and Compliance Committee until July (7 months) and President of the CNRGC since August.

	RENUMERATION OF DIRECTORS (EUR) 2016				
	FIXED ASSIGNMENT				
DIRECTOR	**BOARD**	**EXECUTIVE COMMITTEE**	**AUDIT AND COMPLIANCE COMMITTEE**	**APPOINTMENT, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE**	**TOTAL**
F, ABRIL-MARTORELL	120,000	18,000	--	--	156,000
I, AGUILERA(1)	80,000	--	--	24,000	116,000
J, DE ANDRÉS(2)	80,000	12,000	--	--	92,000
J,C, APARICIO	80,000	--	40,000	--	120,000
D, GARCÍA-PITA2)	80,000	12,000	--	36,000	128,000
L, LADA(3)	80,000	--	20,000	--	112,000
E, DE LEYVA	80,000	12,000	40,000	--	144,000
J, MARCH	80,000	12,000	--	--	104,000
S, MARTÍNEZ-CONDE	80,000	--	40,000	24,000	144,000
A, MENÉNDEZ	80,000	12,000	--	24,000	128,000
I, SANTILLANA	80,000	12,000	60,000	--	164,000
R, SUGRAÑES	80,000	--	--	24,000	104,000
A, TEROL	80,000	12,000	40,000	--	144,000
TOTAL	1,080,000	102,000	240,000	132,000	1,656,000
A TEROL (6)	80,000	24,000	23,333	15,000	142,333
TOTAL	1,080,000	204,000	260,000	128,000	1,672,000
Average compensation per director (13 directors)					127,385

(1) Member of the Strategy Committee until its elimination (6 months);
(2) Member of the Executive Committee since its inception (6 months);
(3) Member of the Audit Committee since July (6 months).

During fiscal years 2017 and 2016, no options were granted for shares of the Parent in favor of the members of the Board of Directors, nor did the latter exercise any option over the Parent's shares during those years. At the end of the 2017 and 2016 financial years, the members of the Board of Directors did not hold any option on shares of the Parent.

Due to their membership of the Board of Directors, the directors did not receive any additional benefit or remuneration during 2017, nor did they receive any additional remuneration during 2016, nor did the Parent or any other company of their consolidated Group contract any obligation with them in the matter of pensions or grant loans or advances in their favor due to said membership.

Notwithstanding the fact that, as indicated, the remuneration of the directors due to their membership in the administrative bodies is fully paid in cash, all the directors allocate a relevant part of said remuneration (currently amounting to 50% of their net remuneration) to the purchase of Indra shares, having made public their commitment to maintain ownership until the end of the term. This decision of the directors was brought to the attention of the National Securities Market Commission by a Relevant Event statement, dated July 28, 2011, and has been executed since then.

1.2 Remuneration of executive directors for their management functions

Regardless of the remuneration indicated in section 1.1 above, executive directors earn additional remuneration by virtue of their contractual relationship with the Parent for the performance of their executive functions. This remuneration incorporates the same criteria and concepts as the remuneration corresponding to the remaining senior executives of the Parent, which for the sake of clarity is explained together with theirs in section 2 below.

2. Remuneration of senior managers

2.1. Features and components of the remuneration system

The remuneration of the members of Company Senior Management, composed of the executive directors and the members of the Management Committee, is individually determined for each member by the Board of Directors at the proposal of Appointments, Remuneration and Corporate Government Committee.

It has been the practice of the Parent since 2002 to establish the remuneration framework for senior managers for three year periods.

On the proposal of the Appointments, Remuneration and Corporate Governance Committee and the Board of Directors, the 2015 General Shareholders' Meeting approved a new remuneration scheme for Senior Management to adapt it to international standards and the recommendations of the Good Governance Code of Traded Companies. The Board approved the Remuneration Policy that included said modifications and established the remuneration framework for the years 2015, 2016 and 2017, which includes the following components:

(i) Fixed remuneration (RF), collected in cash and remaining unchanged for a period of three years, except in exceptional cases that justify it. It represents between 25% and 48% of the total annual remuneration.

(ii) Annual Variable Remuneration (RVA), depending on the assessment of the degree of compliance with objectives, represents between 26% and 35% of the total annual remuneration for 100% fulfillment of objectives. 70% is received in cash and the remaining 30% is deferred for three years by third parties and is fully paid in Parent shares, whose number is set - according to the average quotation price in the previous thirty calendar days - on the accrual date of RVA.

In order to determine how well each senior executive has performed, the company's global objectives and individual, quantitative and qualitative objectives related to each senior executive's respective area of responsibility will be taken into account, with the corresponding metrics and compliance scales for each category of objective.

(iii) Medium Term Retribution (RMP), is structured in a cycle of three years and represents between 26% and 40% (1) of the total annual remuneration for 100% fulfillment of objectives. It is seen entirely in Parent shares. To this end, the Board carried out an initial allocation of a number of shares (based on the Target RMP and the share price in the 60 Stock Exchange sessions prior to the General Shareholders' Meeting in 2015), from which a percentage between 0% and 133% would be delivered at the end of the period, determined based on compliance with the objectives set for the period ("Performance Share Plan"). These objectives are of strategic and medium-term nature, including among them the TSR ("Total Shareholder Return") relative to Ibex 35.

The current RMP has been established for the three-year period (2015-2017) and is accrued, if applicable, at the end of said period.

(iv) Remuneration in kind, consists mainly of life insurance, health insurance and use of a vehicle.

The annual consideration of each of the above remuneration items - for 100% compliance with RVA and RMP - is as follows:

	PRESIDENT AND CHIEF EXECUTIVE OFFICER	**SENIOR EXECUTIVES (1)**
Fixed Remuneration (RF)	25%	33%-48%
Variable Remuneration (RVA)	35%	26%-32%
Medium-Term Remuneration (RMP)	40%	26%-35%

(1) Except in the case of senior executives, whose remuneration scheme does not include the RMP.

Additionally, during the 2017 and 2016 fiscal years, the Chairman, Chief Executive Officer and four senior executives were beneficiaries of the Long-Term Savings and Early Retirement Plan (PPALP), which is outsourced to an insurance company in the form of life insurance in the case of survival. The Parent carries out a defined annual contribution for each beneficiary, who is entitled to receive the accumulated balance in the PPALP upon reaching 62 years of age or before this if it causes a loss in the Parent for reasons not attributable to it. Thus, in the event of termination for breach of contractual obligations, voluntary resignation in the Parent or death before the age of 62, the senior executive does not receive the PPALP. The annual contributions are determined as a percentage of the total annual remuneration of the senior executive and are in a range between 12% and 17% of the same.

In section C of the Annual Remuneration Report, each of these remuneration items is explained in detail, including, in the case of variable remuneration, information on the objectives set for executive directors as well as on the procedure and methodology for measuring their remuneration fulfillment.

2.2. Remuneration amounts

During the fiscal year 2017, the composition of the Senior Management (members of the Management Committee) was as follows:

President	Fernando Abril-Martorell
Managing Director	Javier de Andrés (1)
Production and BPO	Hitesh Chaturvedi
Legal Matters	Carlos González
Economy and Finance	Javier Lázaro
Control of Management, Operations and Processes	Antonio Mora
Human Resources	Dolores Sarrión (2)
Transport	Eduardo Bonet (3)
America and Human Resources	José Cabello
Air Traffic. European Programs	Rafael Gallego
International Air Traffic and Indra Navia	Gonzalo Gavín
Adviser to the Chairman and Chief Executive Officer	José Manuel Pérez-Pujazón
Asia, Middle East and Africa	Luis Permuy
Information Technologies	Cristina Ruiz
Defense and Security	Carlos Suárez (2)
Defense and Security	Manuel Escalante (4)
Transport	Berta Barrero (4)
Tecnocom	Javier Martín (5)

(1) Until December 2017
(2) Until May 2017
(3) Until April 2017
(4) Since May 2017
(5) From June to December 2017

The disclosure of the remuneration corresponding to the executive directors is as follows:

	FERNANDO ABRIL-MARTORELL PRESIDENT		JAVIER DE ANDRÉS MANAGING DIRECTOR		JAVIER MONZÓN PRESIDENT (UNTIL JANUARY 2015)	
(THOUSANDS OF EUR)	**2017**	**2016**	**2017 (1)**	**2016**	**2017**	**2016**
Fixed Remuneration (RF)	775	775	535	550	--	--
Variable Remuneration (RVA)	880	972	371	608	--	--
Medium-Term Remuneration (RMP)	5573	--	2263	--	--	--
Remuneration in kind	26	22	42	39	--	--
Share-based compensation plan	--	--	--	--	--	--
Sum	7,254	1,769	3,211	1,197	--	--
Others	--	--	608 (2)	--	250 (4)	3,000 (4)
Long-term savings and retirement plan	--	--	5,011 (3)	--	--	--
TOTAL	7,254	1,769	8,830	1,197	250	3,000

(1) 11 months and 21 days
(2) The amount indicated includes the amount received on the resolution's occasion of its contractual relationship with the parent company (EUR 608 thousand) for the following items: (i) contractual notice period; and (ii) the proportional part of vacations which were not taken. It also includes the earned compensation during the year corresponding to the non-concurrence agreement signed with the Parent Company.
(3) Amount received on the occasion of the termination of its contractual relationship with the Parent Company, as a result of the PPALP's liquidation. This amount was paid by the insurance company with which the Company has outsourced the aforementioned Plan.
(4) Compensation earned respectively during the year corresponding to the non-concurrence agreement signed with the Parent Company.

The MPR corresponding to the period (2015-2017) that has accrued after the end of 2017. As indicated, the MPR is fully received in the Parent Company's shares, with 478,759 shares corresponding to the Chief Executive Officer and 194,423 shares to the managing director based on the degree their objectives fulfillment after the valuation carried out by the Board of Directors' Appointments, Remuneration and Corporate Governance Committee report. The amount reflected in the above table was determined based on the quoted price of the Indra share (EUR 11.64) on the effective delivery date of the aforementioned shares, which took place on March 8, 2018.

The previous amounts and numbers of shares are gross and subject, therefore to applicable tax withholdings.

The amounts paid to other senior executives who are not executive directors are as follows:

(THOUSANDS OF EUR)	2017 (1)	2016 (4)
Fixed Remuneration (RF)	3,790	3,677
Variable Remuneration (RVA)	1,792	2,081
Medium-Term Remuneration (RMP)	6037	---
Remuneration in kind	191	174
Share-based compensation plan	---	---
Sum	11,810	5,932
Others	1,511 (2)	---
TOTAL	13,321	5,932
Long-term savings and retirement plan	380 (3)	2,471 (5)

(1) Data referring to senior executives listed at the beginning of this section 2.2 (excluding executive directors)
(2) The data corresponds to the amounts received by Mrs. Sarrión and Mr. Martín on the occasion of their work relationship's resolution, in accordance with the provisions of their respective contracts and with the amount paid during the year by Mr. Suárez in concept of the non-concurrence pact foreseen in his contract.
(3) The amount received by the former executive director Mr. Juan Tinao for PPALP's liquidation after the termination of his employment relationship in December 2016. This amount was paid in full by the insurance company with which the Parent Company has outsourced the aforementioned Plan.
(4) Data referred to 11 senior managers.
(5) Amount received by the former senior executive, Mr. Emilio Díaz (EUR 303 thousand) after the termination of his employment relationship in 2015 and by the senior executive Mr. Rafael Gallego (EUR 2,168 thousand) for the PPALP's liquidation upon reaching 62 years of age that gives right to its collection. Said amounts were paid by the insurance company with which the Parent Company had outsourced the aforementioned Plan.

As indicated, the MPR corresponding to the period (2015-2017) has been accrued after the end of 2017 and is fully received the Parent Company's shares, with 518,636 shares corresponding to all senior management as a function of the degree of fulfillment of its objectives after the assessment carried out by the Board of Directors following a report from the Appointments, Remuneration and Corporate Governance Committee. The amount reflected in the above table was determined based on the quoted price of the Indra share (EUR 11.64) on the effective delivery date of the aforementioned shares, which took place on March 8, 2018.

The previous amounts and numbers of shares are gross and subject, therefore to applicable tax withholdings.

The current remuneration system does not consider the delivery of shares as an autonomous remuneration concept, since no remuneration has been received in 2017 for this concept, neither for executive directors nor senior managers.

During 2017 and 2016, no stock options have been granted in favor of senior executives, nor have they exercised any option over the Parent Company's shares.

The contributions made to the PPALP by the Parent Company in the senior management's favor have been as follows:

FERNANDO ABRIL-MARTORELL PRESIDENT		JAVIER DE ANDRÉS MANAGING DIRECTOR		TOP MANAGEMENT	
2017	2016	2017 (1)	2016	2017	2016
465	465	343	374	225	570

During 2017, senior executives did not receive any other benefits, compensations or remunerations in addition to those indicated in this Note during 2016, with neither the Parent Company nor any Group companies having any pension obligations with them nor granting them loans or advances in their favor.

2.3 Contractual Framework of Executive Directors and Senior Managers

The executive directors maintain a relationship of a commercial nature with the Parent Company, articulated through two contracts for the provision of services, which regulate the applicable conditions regarding their professional relationship with the Parent Company.

The current Executive Chairman has a transitional right to compensation equal to the positive difference between the amount equivalent to one annuity of his total remuneration and the accumulated balance in his favor at that time in the PPALP.

The contracts of two other senior executives incorporate a temporary indemnification right for an equivalent amount between one and two annuities of their total remuneration, which expires well after a transitional period after their incorporation into the Parent Company or when the compensation that legally corresponds to them exceeds the minimum guaranteed amount.
The contracts of 6 senior executives (including executive directors) establish a 3-month notice period in the event of their professional relationship's termination at the Parent Company's discretion, which, if not respected, must be offset by an amount equivalent to the total annualized payment corresponding to the unfulfilled notice's period.

The executive directors' contracts in force in 2017 incorporated a post-contractual non-competition agreement for a two-year-period as of the end of their relationship with the Parent Company, offset annually by an amount equivalent to 0.75 times their total annualized compensation.

Likewise, the contracts of 3 senior executives contain a pact by virtue of which the Parent Company may, at the time of the employment relationship's termination, enforce a non-competition commitment required for a two-year-period, corresponding in that case to a compensatory amount up to a maximum of 0.5 times the total annualized compensation for each year of non-competition. "

3. Other information

In accordance with the provisions of Royal Decree 602/2016, it is reported that the amount paid as a premium for the directors' and senior managers' civil liability insurance by the Parent Company and its subsidiaries during the year 2017 and 2016 amounted to EUR 107 thousand and EUR 97 thousand per year.

41. INFORMATION COMMUNICATED BY THE MEMBERS OF THE BOARD OF DIRECTORS IN RELATION TO ARTICLE 229 OF THE SPANISH COMPANIES LAW

Once the information communicated to the Board Secretariat has been reviewed, it appears that the Parent Company's Directors and the persons related thereto have not incurred or are in any situation of conflict of interest that has had to be reported in accordance with the provisions in art. 229 of the Capital Companies Law.

42. R+D+I ACTIVITIES

An important part of the activities carried out in the Indra Group are, by their nature R & D & I expenses, which are recorded in the Consolidated Income Statement at the time of accrual (see note 4.d.ii).

The total expenditure amount related to projects of this type which were executed during the year 2017, including that of capitalized projects (see note 9), was EUR 201,683 thousand, equivalent to 7% of the total Group sales during that year. The expenses for this concept incurred by the Parent Company during this same period have accounted for approximately 85% of the total expenses incurred by the Group in terms of R & D & I.

During 2016, the amount of the expenditure related to R + D + I projects amounted to EUR 163,333 thousand, equivalent to 6% of the Group's total sales.

43) INFORMATION ON ENVIRONMENTAL ASPECTS

The lines of business that the Group carries out have not changed qualitatively compared to previous years, and therefore continue to have no significant impact on the environment. For this reason, the Parent Company's directors estimate that there are no significant contingencies related to the protection and improvement of the environment, so it has not been considered necessary to record any provision during the years 2017 and 2016 for the provision of risks and expenses of an environmental nature.

For the same reason, there are still no significant assets associated with the environment's protection and improvement, nor have significant expenses of this nature been incurred during the year. As a result, the Group has not requested or received any subsidy of an environmental nature during the annual periods ending on December 31, 2017 and 2016.

The efforts that the Indra Group makes to comply with their Corporate Social Responsibility commitments, however, take care of all aspects associated with environmental protection in the conduct of their activities. This fact is materialized in the adoption of an Environmental Management System based on the ISO 14001 standard, which has been implemented in the different work centers of the Group, having been lent a greater effort in the facilities of the most significant centers of the Parent Company from the beginning. With regard to Spain, regarding the certificates obtained in previous years with the aforementioned standard for the work centers of Arroyo de la Vega (Avda. De Bruselas - Alcobendas - Madrid), Anabel Segura (Alcobendas-Madrid), c/ Alcalá (Madrid), c/ Julián Camarillo (Madrid), Aranjuez, San Fernando de Henares, Torrejón de Ardoz, Triángulo (c/ San Julián - Alcobendas - Madrid), Badajoz, Barcelona (c/ Roc Boronat), Barcelona - Interface, c/ Badajoz (Barcelona), Erandio (Bilbao). Baracaldo (Bilbao), Ciudad Real, Ferrol, Avda. De Arteixo (La Coruña), Bembibre (León), c/ Severo Ochoa (Campanillas - Malaga), Fuente Alamo (Cartagena - Murcia), Puerto de Santa Maria, c/ Adaja (Villamayor de la Armuña - Salamanca), c / Aviación (Seville) and Cr Prado de la Torre (Bollullos de la Mitación - Seville) have been joined in 2017 by the Valencia work center (Cardenal Benlloch street) with the activities of Indra Sistemas, Indra Software Labs and Indra BPO.

Additionally, in 2017, the following Tecnocom centers have been added to the list of ISO 14001 certified centers in Spain: Miguel Yuste (Madrid), MEJORADA DEL CAMPO - Kuehne & Nagel, VALENCIA - Av. Cortes Valencianas, SEVILLA - Avenida de la Innovación, BARCELONA - Avenida Cortes Catalanas, A CORUÑA - POCOMACO I19 and BILBAO - Avda. Madariaga (currently closed).

In addition to these companies, Indra Security Systems, Indra BPO Services, Indra Emac and Advanced Logistics Group (merged with Indra Business Consulting) had already been certified for carrying out activities within the aforementioned centers.

Regarding the international subsidiaries, there is an Environmental Management System based on the ISO 14001 standard implemented in 6 centers in Colombia where Indra Colombia LTDA and Indra Sistemas Colombia Branch activities are carried out, in 2 centers in Portugal of the company Indra Sistemas Portugal SA, in a center in Australia of Indra Australia Pty Ltd., in a center in Italy of the company Indra Italia SpA, in a center in Mexico of the companies Indra Systems Mexico SA de CV, Indra BPO Mexico SA de CV Indra Software Labs México SA de CV and in a center in Brazil of the companies Indra Brasil Soluções e Serviços Tecnológicos SA, Indra Tecnologia Brasil Ltda and Indra Sistemas Brasil Branch. During the year 2017, a center in Peru of the company Indra Perú SA was also certified.

Additionally, in 2017 the two Tecnocom centers in Peru have joined the list of ISO 14001 certified centers: LIMA - Avda. República de Chile and Lima - ATE.

In 2017, the objective of reducing greenhouse gas emissions per established employee at the Group level for the period 2014-2020 was met. For this reason, in 2018 a new reduction target for 2030 will be set. For more information, see the chapter 11 for the Corporate Social Responsibility Report on Commitment to the Environment in 2017, available on the Indra website.

44. REMUNERATION TO THE AUDITORS

In 2016, Deloitte, SL was appointed as the new auditor of the Group's Consolidated Annual Accounts and the rest of the affiliate companies, replacing KPMG Auditores, SL for the years ending on December 31, 2017 and 2016, the net fees for professional services are as follows:

	THOUSANDS OF EUR				
	2017		2016		
	DELOITTE, S,L,	TOTAL	DELOITTE, S,L,	AFFILIATED TO DELOITTE INTERNATIONAL	TOTAL
For Audit Services and Related Services	2,148	2,148	911	821	1,732
By Other Services	61	61	557	-	557
	2,209	2,209	1,468	821	2,289

The amount indicated in the above table includes all the fees in relation to the audit, regardless of the time of billing and other services for the years 2017 and 2016.

45. TRANSACTIONS WITH RELATED PARTIES

The related transactions carried out with significant shareholders and directors do not represent, individually or considered as a whole, a significant amount in relation to the turnover or the balance sheet of the Parent as of December 31, 2017 and 2016, all of which have been made during the ordinary course of business with the Parent Company, under market conditions and authorized by the Board of Directors in accordance with the provisions of its Regulations. Notwithstanding the foregoing, it is the Parent Company's policy to publicly report in a transparent and detailed manner about such transactions.

During the 2017 and 2016 fiscal years, commercial, financial and service provision/reception transactions were carried out with those who at that time were significant shareholders, or with companies related to them, represented on the Board.

The disclosure by nature of the transactions with related parties during the years 2017 and 2016 according to their nature is as follows:

	2017 MILES DE EUROS		
TYPE OF TRANSACTION	**WITH SHAREHOLDERS**	**WITH DIRECTORS**	**TOTAL 12.31.2017**
Sale of goods and services	17,401	-	17,401
Purchase of goods and services	2,201	-	2,201
Expenses for financial services	10	-	10
	19,612	-	19,612

	2016 MILES DE EUROS		
TYPE OF TRANSACTION	**WITH SHAREHOLDERS**	**WITH DIRECTORS**	**TOTAL 12.31.2016**
Sale of goods and services	7,733	-	7,733
Purchase of goods and services	933	-	933
Expenses for financial services	5	-	5
	8,671	-	8,671

a) Transactions with Shareholders

All transactions carried out in 2017 and 2016 correspond to transactions carried out with SEPI and Banca March shareholders, or with companies from their respective groups.

The concept of "Sale of Goods and Services" corresponds to services rendered by the Indra Group in the scope of its business with the aforementioned shareholders.

The concept of "Purchases of Goods and Services" corresponds to services rendered to the Indra Group necessary for its activity's development.

The concept "Expenses for Financial Services" includes expenses and interest for management of guarantees with Banca March.

The Indra Group has a credit line with Banca March in 2017 with a maximum limit of EUR 1,000 thousand.

The Indra Group has a guarantee line with Banca March in 2017 and 2016 with an annual maturity of EUR 3,793 thousand and EUR 2,439 thousand respectively.

Dividends have not been paid to the shareholders represented on the Board of Directors during the 2017 fiscal year.

b) Transactions with Directors

During the 2017 and 2016 fiscal years, no transactions were carried out with Directors or with parties related to them.

The remuneration for the Board of Directors' members is detailed in note 40 of this report.

c) Transaction with Other Related Parties

During the 2017 and 2016 periods no transactions with other related parties have been carried out.

d) Transactions with Senior Management members

During the 2017 and 2016 fiscal years, no transactions were carried out with Senior Management or with parties related to them.

The Senior Management's remuneration is detailed in note 40 of this report.

e) Transactions with Associated Companies

During fiscal years 2017 and 2016 the transactions carried out with joint ventures through associated companies have been:

	2017 (THOUSANDS OF EUR)			
	DEBTORS	CREDITORS	REVENUES	EXPENSES
Associated Companies	3,800	10,893	17,494	1,251
	3,800	10,893	17,494	1,251

	2016 (THOUSANDS EUROS)			
	DEBTORS	CREDITORS	REVENUES	EXPENSES
Associated Companies	5,858	8,742	12,096	668
	5,858	8,742	12,096	668

Note: With regards to "Debtors" and "Creditors", the balances corresponding to those items recorded as of December 31 of each year are included.

f) Transactions with Joint Operations

Most of the Group's "Joint Agreements" are UTEs, classified as "Joint Operations" due to joint and several liability, whose method of integration is proportional.

The assets, liabilities, income and expenses of operations carried out through the joint operations in the form of UTEs for 2017 and 2016 are as follows:

	THOUSANDS OF EUR	
	2017	2016
Non-current assets	63,637	35,308
Current Assets	47,427	77,173
Non-current liabilities	(89,886)	(71,284)
Current Liabilities	(19,772)	(43,299)
Net Revenue	(63,501)	(65,000)
Subcontracting and other expenses	62,095	67,102

Annex II details the UTEs that the Group has integrated.

46. MATERIAL EVENTS SUBSEQUENT TO THE YEAR'S END

On February 26, 2018, the tax inspection's minutes corresponding to Indra Sistemas and its subsidiaries, Indra Software Labs and Indra BPO Servicios, have been received, which have been signed in accordance with an amount of EUR 8,920 thousand and in non-conformance with amount of EUR 18,561 (Note 36).

On January 26, the Parent signed a (non-convertible) bond with Bankia for an amount of EUR 30,000 thousand with a unit face value of EUR 100 thousand. The maturity is 8 years at an interest rate of 2.90% per annum. The interest payment will be made in February of each year.

47. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Economical data of companies composing the group as of Saturday, December 31, 2016

COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
1.- Parent company		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
2.- Subsidiaries		
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)	Engineering and maintenance of air defense systems and other related systems.
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 (Barcelona)	Design, development, integration and maintenance of systems and solutions for surveillance and security control of facilities.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacturing, development, marketing, installation, maintenance and repair of devices, equipment and systems for the security of data communications, encryption systems, encryption, beacons and command and control centers.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and execution of system engineering activities for defense industry, as well as its commercialization and sale.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and execution of system engineering activities for defense industry, as well as its commercialization and sale.
Indra Software Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, construction and testing for development projects of information systems.
Teknatrans Consultores, S.L.	Portuetxe, 23, (San Sebastián)	Delivery of architectural and engineering technical services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Politec Argentina, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consulting and technical assistance in systems analysis, development and implementation of computer equipment programs.
Indra Company Brasil Tecnologia, Ltda.	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Brasil Soluciones y Servicios, S.A.	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.

This appendix must be read together with notes 1 and 5 of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Indra Tecnología Brasil LTDA	Brasilia (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications for air traffic, defense, land, maritime and rail traffic and transportation, and management of electoral processes.
Indra Colombia LTDA.	Bogotá (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Sistemas México S.A. de C.V.	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra BPO México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Software Labs México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Panamá, S.A.	Panama City (Panama)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Company Perú S.A.C.	Lima (Peru)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Perú, S.A.	Lima (Peru)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Soluciones y Servicios Indra Company Uruguay, S.A.	Montevideo (Uruguay)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra USA Inc.	Philadelphia (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Italia Spa	Rome (Italy)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Czech Republic s.r.o.	Prague (Czech Republic)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Slovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Slovensko, s.r.o.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.

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COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Indra Sisteme S.R.L.	Chisinau (Moldova)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Sistemas Polska S.p.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Elektrica Soluziona SA (Romania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Ucrania L.L.C.	Kiev (Ukraine)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Kazakhstan Engineering Llp	Astana (Kazakhstan)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Turkey Teknolojileri Çözümleri Anonim Sirketi	Istanbul (Turkey)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Philippines, Inc.	Quezon City (Philippines)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Technology Solutions Malasya Sdn Bhd	Kuala Lumpur (Malaysia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
PT Indra Indonesia	Jakarta (Indonesia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Sistemas India Private Limited	Nueva Dheli (India)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Bahrain Consultancy SPC	Manama (Bahrain)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Arabia Company Ltd.	Jeddah (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Technology Solutions Co, Ltd.	Riyadh (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra L.L.C.	Muscat (Oman)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.

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COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Indra Maroc S.A.R.L D´Associé Unique	Rabat (Morocco)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Limited (Kenya)	Nairobi (Kenya)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Soluziona Professional Services (Private) Ltd	Harare (Zimbabwe)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Technology South Africa Pty Ltd	Johannesburg (South Africa)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Indra Australia Pty Ltd	Sydney (Australia)	Design, development, production and maintenance of systems to aid navigation and landing, as well as air traffic control systems.
Indra BPO, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and outsourcing of business processes (BPO), delivery of document management services and mortgage management.
Indra BPO Servicios, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management of digitisation and data capture.
Indra II Business Process Outsorcing Portugal, unipersonal LTD	Lisbon (Portugal)	Management and outsourcing of business processes (BPO).
OUAKHA Services, Saarl AU (Morocco)	Tangier (Morocco)	Process management (BPO) of back-office for financial entities.
IFOS (International Financial Operational Services), S.A.	Buenos Aires (Argentina)	Management and outsourcing of business processes, and design, development, production, integration and maintenance of systems for financial entities.
Indra Business Consulting, S.L.	Calle Tánger, 98 Barcelona	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.
Europraxis ALG Consulting Maroc, S.A.	Casablanca (Morocco)	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.
Indra Consultoría de Negocios Brasil LTDA	Sao Paulo (Brazil)	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.
Indra Business Consulting ALG Mexico S.A. de C.V.	Mexico City (Mexico)	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.
Europraxis ALG Consulting Andina, S.A.C. (Peru)	Lima (Peru)	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.
Europraxis ALG Consulting, Ltd (U.K.)	Slough Berkshire (United Kingdom)	Provision of professional services, delivering in particular business consulting and technology and solutions consulting services.

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COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Prointec, S.A.	Avda. de Burgos 12, Madrid	Provision of engineering and consulting services in the field of the environment, transport, construction, water and industry.
Prointec Engenharia, Ltda.	Sao Paulo (Brazil)	Delivery of engineering and consulting services in the civilian sphere.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (Mexico)	Delivery of architectural and engineering technical services.
Prointec Panamá, S.A.	Ancon (Panama)	Delivery of engineering and consulting services in the civilian sphere.
Prointec Usa LLc	Sacramento, California, (USA)	I+D Sistemas Aéreos autónomos y Soluciones avanzadas en Sistemas no Tripulados.
Consis Proiect SRL	Bucharest (Romania)	Delivery of civil engineering and consulting services.
Prointec Romaría S.R.L. (Romania)	Bucharest (Romania)	Delivery of engineering and consulting services in the civilian sphere.
Prointec India Privated Ltd	Haryana (India)	Delivery of civil engineering and consulting services.
Indra Advanced Technology, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration, operation, maintenance, repair and commercialisation of systems, solutions and products.
AC-B air Traffic Control & Business Systems GmbH (Alemania)	Markdorf (Germany)	Design, development, production and maintenance of systems, solutions and services based on the use of information technologies, as well as navigation and landing support systems, and air traffic control systems.
Avitech AG	Friedrichshafen (Germany)	Design, development, production and maintenance of systems to aid navigation and landing, as well as air traffic control systems.
Avitech S.R.O.	Bratislava (Slovakia)	Design, development, production and maintenance of systems to aid navigation and landing, as well as air traffic control systems.
Indra Navia AS (Park Air, Norway)	Oslo (Norway)	Design, development, production and maintenance of systems to aid navigation and landing, as well as air traffic control systems.
Normeka, AS	Rømskog (Norway)	Design, development, production and maintenance of systems to aid navigation and landing, as well as air traffic control systems.
Indra Corporate Services, S.L.U.	Madrid (Spain)	Delivery of all kinds of administration, management and support services to companies including financial and human resources services, sales and operations support services, general corporate security services, and management of facilities and other assets.
Indra Corporate Services México, S.A de C.V	México D.F (Mexico)	Delivery of professional consultancy and advisory services in the administrative, financial, human resources and accounting areas to corporate, business, industrial, engineering, commercial, banking, securities, financial, credit, and insurance organisations.

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COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Tecnocom Telecomunicaciones y Energía, S.A	Madrid (Spain)	Consulting and technological engineering services in telecommunications, IT and systems
Tecnocom Telefonía y Redes, S.L. Unipersonal	Madrid (Spain)	Installation and commercialisation of equipment for telecommunications
Gestión Sexta Avenida, S.A. Unipersonal	Madrid (Spain)	Development of telecommunications projects
Tecnocom España Solutions, S.L.U.	Madrid (Spain)	IT and outsourcing services
Inertelco, S.A.	Madrid (Spain)	Development of telecommunications projects
Metrocall, S.A.	Madrid (Spain)	Implementation and operation of mobile telephony in Madrid's underground transportation network
Tecnocom Gestión y Servicios, A.I.E	Madrid (Spain)	Auxiliary administrative services for group companies
Tecnocomport-Tecnología e Informática, Unipessoal, Lda	Lisbon (Portugal)	IT and outsourcing services
Tecnocom Perú S.A.C	Lima (Peru)	Installation and commercialisation of equipment for telecommunications
Tecnocom, Telefonía y Redes de México, S.A. de C.V	México D.F (Mexico)	Installation and commercialisation of equipment for telecommunications
Tecnocom Colombla, S.A.S	Bogotá (Colombia)	Installation and commercialisation of equipment for telecommunications
Tecnocom Chile, S.A.	Santiago de Chile (Chile)	Installation and commercialisation of equipment for telecommunications
Tecnocom Procesadora de Medios de Pago, S.A.	Santo Domingo (Dominican Rep.)	Credit card processing services
Tecnocom USA.inc	Miami (United States)	IT and outsourcing services
Tecnocom Procesadora de Chile, S.A	Santiago de Chile (Chile)	Credit card processing services

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COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Paradigma Digital, S.L	Spain	Leading consultant in the Spanish digital transformation market, with a focus on the design of customer experience solutions in digital channels, as well as their development and implementation (DCX, Front-end, Digital Strategy).
3.- Associated companies		
I3 Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastián de los Reyes (Madrid)	Design, development, manufacturing, supply, assembly, repair, maintenance, installation and marketing of products, solutions, applications and systems based on information technologies for the audiovisual industry.
IRB Riesgo Operacional S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: IT, electronics and communications.
Saes Capital, S.A.	Paseo de la Castellana 55, Madrid	Through associated companies, design, development, production, integration, maintenance and operation of electronic, computer and communication systems, mainly related to naval systems and underwater acoustics.
Eurofighter Simulation System GmbH	Munich (Germany)	Development and production of simulators for the EF-2000 aircraft.
Euromids SAS	Paris (France)	Development, manufacture and marketing of tactical communications systems.
Green Border OOD	Sofia (Bulgaria)	Design, development, integration and maintenance of systems and solutions for surveillance and security control of facilities.
Tower Air Traffic Services, S.L.	Carretera de Loeches 9, Torrejon de Ardoz (Madrid)	Delivery of aerodrome air traffic services for the management of aircraft traffic in the airspace.
A4 Essor, S.A.S.	Paris (France)	Development of a security program for radiocommunications.
Societat Catalana Per a la Mobilitat, S.A.	Calle Roc Boronat, nº 133, Barcelona	Execution of the T-Mobilitat project for the implementation of a new technological, tariff and management system for the Metropolitan Transport Authority in Barcelona.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño (La Rioja)	Study, promotion, development and execution of innovative projects in environmental matters and energy production.
Logística marítima de Tuxpan S.A.P.I. de C.V.	Veracruz (Mexico)	Delivery of engineering and consulting services in the port infrastructure field.
Global Training Aviation	Madrid (Spain)	Consulting, training and coaching services for airlines and initiation and updating courses for pilots.
Indra Mexico		

This appendix must be read together with notes 1 and 5 of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	REGISTERED OFFICE	LINES OF BUSINESS
Indra Isolux México SA de CV	Mexico DF	Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems.
Visión Inteligente Aplicada S.A de C.V	Mexico DF	Provision of Services
EFI Túneles Necaxa SA de CV	Munich (Germany)	Project analysis, consultancy, and development, construction of public works as well as any kind of civil, hydraulic, electrical, infrastructure and similar works, in commercial and public sectors; acquisition of construction materials and supplies and their transportation and, in general, everything related to construction.

This appendix must be read together with notes 1 and 5 of the Consolidated Financial Statements of which it is an integral part.

Economical data of companies composing the group as of December 31, 2017

COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
1.- Parent company						
Indra Sistemas				793.232	1.904.280	91.533
2.- Subsidiaries						
Indra Emac, S.A.U.	100%	-	100%	3.143	16.311	2.186
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	3.310	7.839	633
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	7.984	2.337	306
Inmize Capital, S.L.	80%	-	80%	1.522	-	(7)
Inmize Sistemas, S.L.	-	50%	50%	7.819	355	53
Indra Software Labs, S.L.U.	100%	-	100%	40.865	166.405	12.577
Teknatrans Consultores, S.L.	100%	-	100%	513	397	34
BPO Group	100%	-	100%	43.825	139.091	7.504
Consultancy Group	100%	-	100%	10.660	64.167	3.363
Prointec Group	100%	-	100%	2.444	40.620	(1.518)
Indra Advanced Technology, S.L. Group	100%	-	100%	45.649	22.370	1.289
Tecnocom Group	100%	-	100%	127.776	258.041	(5.387)
Indra SI, S.A.	82.90%	17.10%	100%	8.381	63.851	7.413
Politec Argentina, S.A.	95.37%	4.63%	100%	(323)	-	(84)

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Azertia Tecnologías de la Información Argentina S.A.	99.94%	0.06%	100%	37	102	(181)
Computación Ceicom, S.A.	95.00%	5.00%	100%	1.064	6	(2)
Indra Company Brasil Tecnologia, Ltda.	99,99%	0.01%	100%	(2.624)	1	(159)
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	95.32%	4.68%	100%	42.736	202.883	6.963
Indra Tecnología Brasil LTDA	99.99%	0.01%	100%	2.293	1.815	143
Indra Colombia LTDA.	100%	-	100%	13.676	41.148	2.277
Indra Sistemas Chile, S.A.	100%	-	100%	20.366	43.263	2.306
Soluziona Guatemala, S.A.	99.98%	0.02%	100%	201	-	(1)
Indra Sistemas México, S.A. de C.V.	99.99%	0.01%	100%	9.107	83.940	(5.332)
Indra BPO México, S.A. DE C.V.	99.99%	0.01%	100%	9.473	5.190	444
Indra Software Labs México, S.A. de C.V.	99,99%	0.01%	100%	(2.031)	13.137	(218)
Indra Panamá, S.A.	100%	-	100%	602	10.658	(1.869)
Indra Company Perú SAC	100%	-	100%	136	(6)	(84)
Indra Perú, S.A.	100%	-	100%	5.972	28.126	1.248
Soluciones y Servicios Indra Company Uruguay, S.A.	100%	-	100%	783	3.746	(245)
Indra Puerto Rico Inc	-	100%	100%	94	-	(89)
Indra USA, Inc	100%	-	100%	3.288	12.256	1.046
Indra Italia Spa (Visiant Galyleo Spa)	100%	-	100%	20.378	80.044	6.613

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Indra Czech Republic s.r.o.	100%	-	100%	4.531	3.109	430
Indra Slovakia, a.s.	100%	-	100%	732	4.442	457
Indra Slovensko, s.r.o.	-	100%	100%	4	-	(1)
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	296	852	113
Indra Polska Sp.z.o.o	100%	-	100%	59	2.128	(98)
Indra Sistemas Portugal, S.A.	100%	-	100%	7.567	23.628	1.956
Elektrica Soluziona SA (Romania)	50.70%	-	51%	1.769	2.049	221
Indra Kazakhstan Engineering Llp	51%	-	-	(3.212)	195	(496)
Indra Turkey	100%	-	100%	505	584	(754)
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	2.533	3.152	207
Indra Philippines INC	50.1%	-	50%	18.773	34.983	3.431
Indra Technology Solutions Malasya Sdn Bhd	100%	-	100%	28	5.979	(160)
PT Indra Indonesia	99.99%	0,01%	100%	526	83	(929)
Indra Sistemas India Private Limited	100%	-	100%	2.232	1.643	(422)
Indra Bahrain Consultancy SPC	100%	-	-	(1.013)	961	(1.324)
Indra Arabia Company Ltd. (Saudi Arabia)	95%	5%	100%	18.089	36.718	(1.586)
INDRA L.L.C (Oman)	99%	1%	100%	277	2.109	(59)
Indra Maroc S.A.R.L. D`Associè Unique (Marruecos)	100%	-	100%	876	1.357	27

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Indra Limited (Kenya)	100%	-	100%	4.373	6.572	927
Soluziona Professional Services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Technology South Africa Pty Ltd	70%	-	70%	(824)	1.837	(393)
Indra Australia Pty Limited	100%	-	100%	6.311	40.192	2.043
Indra Technology Solutions Co Ltd (Saudi Arabia)	95%	5%	100%	-	-	-
Indra Corporate Services, S.L.U.	100%		100%	2.376	15.070	650
Indra Corporate Services México, S.A. de C.V.		100%	100%	(80)	1.851	(87)
Indra Navia AS (Norway)	100%	-	100%	13.484	58.248	6.020
Paradigma Digital, S.L	100%	-	100%	5.304	-	-
4.- Associated companies						
Saes Capital, S.A.	49%	-	49%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
A4 Essor SAS	23%	-	23%	-	-	-
Tower Air Traffic Services, S.L.	50%	-	50%	-	-	-
Green Border OOD	50%	-	50%	-	-	-
Sociedad Catalana per a la mobilitat	23.5%	-	23.5%	-	-	-
I-3 Televisión S.L.	50%	-	50%	-	-	-

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
IRB Riesgo Operacional S.L.	33.33%	-	33%	-	-	-
SPA Mobeal	24.5%	-	25%	-	-	-
Global Training Aviation S.L	35%	-	35%	-	-	-
Composition of the BPO Group						
2.- Subsidiaries						
Indra BPO S.L.U.				33.968	29.833	6.237
OUAKHA Services, Saarl AU (Morocco)	100%	-	100%	(294)	11	(3)
Indra BPO Servicios, S.L.U.	100%	-	100%	49.970	111.075	4.823
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	582	1.918	62
Indra BPO Hipotecario, S.L.	100%	-	100%	3	-	7
Composition of the Consultancy Group						
2.- Subsidiaries						
Indra Business Consulting, S.L.U.				11.521	52.792	(155)
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100%	28	-	(4)
Indra Consultoría de Negocios Brasil LTDA	99.99%	0.01%	100%	(5.792)	1.381	(60)
Indra Business Consulting ALG Mexico	99.99%	0.01%	100%	3.325	10.798	2.089

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	-	100%	100%	311	121	112
Europraxis ALG Consulting Maroc, S.A. (Morocco)	65.71%	34.29%	100%	24	-	(30)
Composition of the Prointec Group						
2.- Subsidiaries						
Prointec, S.A.U.				11.202	35.106	(1.224)
Consis Proiect SRL (Romania)	100%	-	100%	1.462	1.486	5
Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de C.V.	100%	-	100%	2.727	2.099	(498)
Prointec Romanía S.R.L. (Romania)	-	100%	100%	(280)	2	(56)
Prointec Engenharia, Ltda.	100%	-	100%	166	1.418	98
Prointec Panama, S.A.	75%	-	75%	(113)	-	-
Prointec USA LLC	100%	-	100%	1.146	1.423	146
4.- Associated companies						
Logística Portuaria de Tuxpan, S.A.P.I. de C.V.	25%	-	25%	-	-	-
Iniciativas Bioenergéticas, S.L.	20%	-	20%	-	-	-

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Composition of the Indra Advanced Technology S.L. Group						
2.- Subsidiaries						
Indra Advanced Technology, S.L.U.				47.239	-	69
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100%	1.890	1.803	271
Avitech GmbH (Germany)	100%	-	100%	5.266	20.567	949
Avitech S.R.O. (Slovakia)	-	100%	100%	-	-	-
Normeka, A.S	-	66%	66%	2.695	1.623	297
4.- Associated companies						
Natming	-	25%	25%	-	-	-
4.- Associated companies						
Indra Sistemas México, S.A. de C.V.						
Indra Isolux México SA de CV	50%	-	50%	-	-	-
Visión Inteligente Aplicada S.A de C.V	50%	-	50%	-	-	-
EFI Túneles Necaxa SA de CV	10%	-	10%	-	-	-

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Composition of the Tecnocom Group						
2.- Subsidiaries						
Tecnocom Telecomunicaciones y Energía , S.A				47.264	188.749	(33.862)
Tecnocom, Telefonía y Redes S.L. Unipersonal	100%	-	100%	5.154	1.905	40
Gestión Sexta Avenida, S.A Unipersonal	100%	-	100%	3.893	-	83
Tecnocom España Solutions, S.L.U	100%	-	100%	101.099	195.775	8.622
Inertelco, S.A.	88%	-	88%	2.401	-	(4)
Metrocall, S.A	-	53%	53%	7.887	3.950	1.171
Tecnocom Gestión y Servicios, A.I.E.	100%	0%	100%	(1)	69	-
Tecnocomport-Tecnologia e Informática, Unipessoal, Lda	-	100%	100%	3.202	14.409	633
Tecnocom Perú,S.A.C	100%	-	100%	6.703	15.324	26
Tecnocom, Telefonía y Redes de México, S.A. DE C.V	100%	-	100%	718	6.333	(134)
Tecnocom Colombia, S.A.S	100%	-	100%	192	6.213	(2.422)
Tecnocom Chile, S.A.	100%	-	100%	3.380	10.811	707
Tecnocom Procesadora de Medios de Pago, S.A.	80%	-	80%	4.258	6.704	293
Tecnocom USA Inc	100%	-	100%	186	1.838	77
Tecnocom Procesadra de Chile, S.A.	100%	-	100%	3.938	2.134	30
Tecnocom Paraguay, S.A.	100%	-	100%	-	-	-

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Euroinsta Brasil, Ltda	100%	-	100%	-	-	-
Euroinsta Tunisie, S.A.R.L.	100%	-	100%	-	-	-
Euroinsta Italia, R.R.L.	100%	-	100%	-	-	-
Euroinsta Marruecos, Sarl	100%	-	100%	-	-	-
Euroinsta El Salvador, S.A.	100%	-	100%	-	-	-
Euroinsta Guatemala, S.A.	100%	-	100%	-	-	-
Euroinsta Puerto Rico, inc	100%	-	100%	-	-	-
Euroinsta Turquía, S.A.	50%	-	50%	-	-	-
Euroinsta Argentina, S.A.	100%	-	100%	-	-	-
Jinan IB-MEI, Ltda	76%	-	76%	-	-	-
Euroinsta Argentina, S.A.	100%	-	100%	-	-	-
Jinan IB-MEI, Ltda	76%	-	76%	-	-	-

This appendix must be read together with notes 1, 5 and 18 f of the Consolidated Financial Statements of which it is an integral part.

Economical data of companies composing the group as of Saturday, December 31, 2016

COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
1.- Parent company						
Indra Sistemas				528.045	1.875.745	82.582
2.- Subsidiaries						
Indra Emac, S.A.U.	100%	-	100%	3.236	15.750	2.237
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	2.673	7.755	(778)
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	7.678	1.441	(170)
Inmize Capital, S.L.	80%	-	80%	1.529	-	(6)
Inmize Sistemas, S.L.	-	50%	50%	7.765	356	26
Indra Software Labs, S.L.U.	100%	-	100%	39.939	174.360	10.433
Teknatrans Consultores, S.L.	100%	-	100%	519	363	41
BPO Group	100%	-	100%	36.305	147.404	8.247
Consultancy Group	100%	-	100%	7.331	56.893	(2.347)
Prointec Group	100%	-	100%	4.801	42.141	(10.313)
Indra Advanced Technology, S.L. Group	100%	-	100%	63.246	81.557	7.006
Indra SI, S.A.	83%	17%	100%	1.272	36.255	(1.779)
Politec Argentina, S.A.	95%	5%	100%	(332)	-	(339)
Azertia Tecnologías de la Información Argentina S.A.	100%	-	100%	285	938	(420)

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Computación Ceicom, S.A.	95%	5%	100%	1.441	11	(141)
Indra Company Brasil LTDA	95%	5%	100%	(3.250)	1.663	3.143
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	95%	5%	100%	45.206	197.658	(30.024)
Indra Tecnología Brasil LTDA	100%	-	100%	2.262	849	1.814
Indra Colombia LTDA.	100%	-	100%	12.923	43.423	(454)
Indra Sistemas Chile, S.A.	100%	-	100%	18.647	49.758	3.915
Soluziona Guatemala, S.A.	100%	-	100%	220	-	79
Indra Sistemas México, S.A. de C.V.	100%	-	100%	3.833	77.931	(5.025)
Indra BPO México, S.A. DE C.V.	100%	-	100%	9.846	5.229	606
Indra Software Labs México, S.A. de C.V.	100%	-	100%	(1.936)	11.220	652
Indra Panamá, S.A.	100%	-	100%	2.883	14.268	(1.433)
Indra Company Perú SAC	100%	-	100%	264	16	(398)
Indra Perú, S.A.	100%	-	100%	5.457	29.104	(4.699)
Soluciones y Servicios Indra Company Uruguay, S.A.	100%	-	100%	1.159	3.623	(151)
Indra Puerto Rico Inc	-	100%	100%	205	960	59
Indra USA, Inc	100%	-	100%	2.545	14.871	114
Indra Italia Spa (Visiant Galyleo Spa)	100%	-	100%	16.407	71.574	5.338
Indra Czech Republic s.r.o.	100%	-	100%	3.874	3.774	1.095

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Indra Slovakia, a.s.	100%	-	100%	295	2.394	193
Indra Slovensko, s.r.o.	-	100%	100%	5	-	(1)
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	337	895	168
Indra Polska Sp.z.o.o	100%	-	100%	146	1.516	(111)
Indra Sistemas Portugal, S.A.	100%	-	100%	5.611	20.811	1.240
Elektrica Soluziona SA (Romania)	51%	-	51%	1.874	2.814	312
Indra Kazakhstan Engineering Llp	51%	-	-	(2.906)	314	(2.375)
Indra Turkey	100%	-	100%	342	1.891	(177)
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	2.479	3.730	198
Indra Philippines INC	50%	-	50%	18.346	33.396	2.889
Indra Technology Solutions Malasya Sdn Bhd	70%	-	-	202	8.149	291
PT Indra Indonesia	100%	-	-	693	111	(1.656)
Indra Sistemas India Private Limited	100%	-	100%	2.839	5.170	60
Indra Bahrain Consultancy SPC	100%	-	-	(30.217)	1.037	(18.088)
Indra Arabia Company Ltd. (Saudi Arabia)	95%	5%	100%	22.218	37.986	3.577
INDRA L.L.C (Oman)	100%	-	100%	395	27	(223)
Indra Maroc S.A.R.L. D`Associè Unique (Marruecos)	100%	-	100%	891	2.036	154
Indra Limited (Kenya)	100%	-	100%	3.906	6.910	1.127

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Technology South Africa Pty Ltd	70%	-	70%	(335)	728	(842)
Indra Australia Pty Limited	100%	-	100%	3.617	35.464	27
IFOS, S.A. (Argentina)	100%	-	100%	(15)	-	(52)
Indra Technology Solutions Co Ltd (Saudi Arabia)	95%	5%	100%	-	-	-
Indra Corporate Services, S.L.	100%		100%	1.914	7.881	210
Indra Corporate Services México, S.A. de C.V.	-	100%	100%	8	463	5
4.- Associated companies						
Saes Capital, S.A.	49%	-	49%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
A4 Essor SAS	21%	-	21%	-	-	-
Tower Air Traffic Services, S.L.	50%	-	50%	-	-	-
Green Border OOD	50%	-	50%	-	-	-
Sociedad Catalana per a la mobilitat	25%	-	25%	-	-	-
I-3 Televisión S.L.	50%	-	50%	-	-	-
IRB Riesgo Operacional S.L.	33%	-	33%	-	-	-

This appendix must be read together with notes 1, 5 and 17 f of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
SPA Mobeal	25%	-	25%	-	-	-
Composition of the BPO Group						
2.- Subsidiaries						
Indra BPO S.L.U.				27.731	30.718	6.648
OUAKHA Services, Saarl AU (Morocco)	100%	-	100%	(305)	-	(9)
Indra BPO Servicios, S.L.U.	100%	-	100%	50.657	116.983	5.618
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	520	4.534	(61)
Indra BPO Hipotecario, S.L.	100%	-	100%	3	-	-
Composition of the Consultancy Group						
2.- Subsidiaries						
Indra Business Consulting, S.L.U.				11.900	38.601	(4.704)
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100%	32	-	(13)
Indra Consultoría de Negocios Brasil LTDA	100%	-	100%	(6.600)	1.468	(305)
Advanced Logistics Group, S.A.U.	100%	-	100%	774	10.839	463
Indra Business Consulting ALG Mexico	100%	-	100%	1.394	7.177	985
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	-	100%	100%	222	-	(57)

This appendix must be read together with notes 1, 5 and 17 f of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Europraxis ALG Consulting Maroc, S.A. (Morocco)	66%	34%	100%	57	-	(17)
Composition of the Prointec Group						
2.- Subsidiaries						
Prointec, S.A.U.				12.901	37.776	(6.138)
Consis Proiect SRL (Romania)	100%	-	100%	1.497	1.382	(1)
Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de C.V.	100%		100%	3.275	2.108	(4.442)
Prointec Romanía S.R.L. (Romania)	-	100%	100%	(232)	(64)	(173)
Prointec Engenharia, Ltda.	100%	-	100%	78	1.123	4
Prointec Panama, S.A.	75%	-	75%	(128)	-	-
Prointec USA LLC	100%	-	100%	1.125	2.002	261
4.- Associated companies						
Logística Portuaria de Tuxpan, S.A.P.I. de C.V.	25%	-	25%	-	-	-
Iniciativas Bioenergéticas, S.L.	20%	-	20%	-	-	-
Composition of the Indra Advanced Technology S.L. Group						
2.- Subsidiaries						

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COMPANY NAME	OWNERSHIP INTEREST			EQUITY	TOTAL OPERATING INCOME	INDIVID. PROFIT (LOSS) AFTER TAX
	DIRECT	INDIRECT	TOTAL			
Indra Advanced Technology, S.L.U.				47.170	-	-
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100%	1.619	1.683	120
Avitech GmbH (Germany)	100%	-	100%	4.316	19.403	1.378
Avitech S.R.O. (Slovakia)	-	100%	100%	-	-	-
Indra Navia A.S. (Norway)	100%	-	100%	26.980	58.960	6.250
Normeka, A.S.	-	66%	66%	2.587	5.688	304
4.- Associated companies						
Natming	25%	-	25%	-	-	-
4.- Associated companies						
Indra Sistemas México, S.A. de C.V.						
Indra Isolux México SA de CV	50%	-	50%	-	-	-
Visión Inteligente Aplicada S.A de C.V	50%	-	50%	-	-	-
EFI Túneles Necaxa SA de CV	10%	-	10%	-	-	-

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Data of the joint activities operated jointly with third parties as of December 31, 2017

COMPANY NAME	DIRECT OWNERSHIP INTEREST
From Indra SI	
Indra SI SA-Retesar SA UTE	80.00%
Indra SI SA-DCM Solution SA UTE	90.00%
Deloitte & Co.SRL-Indra SI SA UTE	46.38%
Metronec-Siemens-Indra UTE	33.33%
Deloitte & Co.SRL-Indra Mant. Anses UTE	46.38%
From Indra Peru	
CONSORCIO PROCOM	49.00%
CONSORCIO INGORMATICA EL CORTE INGLES	50.00%
CONSORCIO GMD	50.00%
CONSORCIO NSC	90.00%
CONSORCIO MINCETUR	98.00%
CONSORCIO FABRICA DE SOFTWARE	50.00%
CONSORCIO REAPRO	85.00%
CONSORCIO SOLUCIONES DIGITALES	25.00%
CONSORCIOO INDRA PETROLEO	95.00%
CONSORCIO PROCOM AGUA	49.00%
CONSORCIO MINEDU	95.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
CONSORCIO GESTION INFORMACION	44.00%
From Spanish Group companies	
UTE INDRA-ETRA	55.00%
UTE INDRA - SAINCO	64.00%
ETRALUX SA SICE INDRA (UTE PUCELA)	20.00%
UTE SAIH SUR	35.00%
UTE 2 INDRA - UNITRONICS	50.00%
UTE 3 INDRA - UNITRONICS	85.00%
UTE JOCS DEL MEDITERRANI	49.00%
UTE INDRA - ALVENTO	50.00%
UTE INDRA - ETRA	51.00%
UTE INDRA - AGFA	61.00%
UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA	62.50%
UTE INDRA SISTEMAS, S.A. - TELVENT TRAF.Y TRANS.	50.00%
UTE GISS 11	35.00%
UTE INDRA - NOVASOFT - SADIEL	33.33%
UTE AEAT 03/07	26.54%
UTE PEREZ MORENO SAU - COMSA SA - INDRA SISTEMAS	10.00%

This appendix must be read together with notes 1, 5 and 45 of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	DIRECT OWNERSHIP INTEREST	COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE EBB-PUBLICACIONES TECNICAS-GEL	50.00%	UTE AIMEN	40.00%
UTE INDRA - EVERIS - ISOFT - TELVENT INTERACT.	34.00%	UTE GISS 7201/10 LOTE 8	35.50%
PEREZ MORENO S.AU. COMSA S.A. INDRA SISTEMAS S.A.	20.00%	UTE GISS 7201/10 LOTE 9	49.00%
UTE CIC-TF	50.00%	UTE AEAT 42/10	35.18%
UTE EBB-PUBLICACIONES TECNICAS 086300	20.00%	UTE CGSI ASTURIAS LOTE 3	70.00%
UTE AVIONICA	50.00%	UTE CGSI ASTURIAS LOTE 4	60.00%
UTE CEIDECOM	60.00%	UTE INDRA - ITP (1)	50.00%
UTE ZONA NORTE	10.00%	UTE INDRA - ITP (2)	50.00%
UTE ALTA CAPACIDAD	20.00%	UTE GISS 7201/10 LOTE 6	34.00%
UTE INDRA - HP	65.00%	UTE ACCESOS CGT MADRID	50.00%
UTE INDRA - AVANZIT	50.00%	UTE MANTENIMIENTO SEMAFORICO TORREJON DE ARDOZ	50.00%
UTE BILBOMATICA, S.A. - INDRA SISTEMAS, S.A.	45.00%	UTE CONTROL ACCESOS DONOSTIA	50.00%
UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA	60.00%	UTE INDRA - SALLEN	70.00%
UTE INDRA - CESSER	80.00%	UTE INDRA SISTEMAS - ALSTOM - INDRA SISTEMAS DE SEGURIDAD	55.00%
UTE INDRA - NETINEX	50.00%	UTE TELVENT - INDRA - ATOS	33.00%
UTE TRANSITIA - PABISA - INDRA	22.50%	UTE ACCENTURE - INDRA	35.00%
UTE INDRA - ARTE	80.00%	UTE SISTEMAS METRO MALAGA	50.00%
UTE LINEA 9 TRAMO I Y II	64.00%	UTE INDRA-MNEMO	35.00%
UTE LINEA 9 MANTENIMIENTO TRAMO IV	64.00%	UTE INDRA-INICIATIVAS AMBIENTALES	50.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE ACCESOS NOROESTE	30.00%
UTE AVIONICA DE HELICOPTEROS	50.00%
UTE MANTENIMIENTO RONDES 2012	30.00%
UTE INDRA SISTEMAS, S.A. - SIA, S.p.A.	50.00%
UTE AEAT 10/2011	26.54%
UTE INDRA - ALBATROS	60.00%
UTE IECISA - INDRA (ALFIL III)	42.00%
UTE CONTROL MOGAN	33.34%
UTE IECISA-INDRA-ZENSANIA-EMTE	37.50%
UTE IECISA - INDRA (COMUNYCATE)	45.01%
UTE INDRA-TELEFONICA	50.00%
UTE ACCESOS CGT MADRID II	50.00%
UTE INDRA-ALTIA (XUNTA DE GALICIA)	50.00%
UTE INDRA-TECDOA	50.00%
UTE SIVE INDRA - AMPER	50.00%
UTE ACCENTURE, SL-CORITEL-ACCENTURE O.S., SAU-INDRA	25.00%
UTE ETRALUX - INDRA	40.00%
UTE INDRA-TELEFONICA S.I.C.(SLAE)	50.00%
UTE INDRA-EADS CASA	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA-TELVENT	60.00%
UTE ALTIA - ILUS-INDRA-R. CABLE	25.00%
UTE INDRA-PWC (ADIF)	60.00%
UTE INDRA - ALTIA (IMSERSO)	59.00%
UTE JAÉN	52.12%
UTE INDRA-ALTIA (AMTEGA)	50.00%
UTE INDRA-ARANZADI	50.00%
UTE SIVE II INDRA-AMPER	50.00%
UTE INDRA - ALSTOM	55.00%
UTE TGSS 7201/13G	49.00%
UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS	80.00%
UTE INDRA SISTEMAS, SA-AVANTIC ESTUDIO DE INGENIEROS, SL, UTE	89.50%
UTE INDRA-OESIA	87.00%
UTE DGT NOROESTE 2014	65.00%
UTE INSTALACIONES MADRID ESTE	7.50%
UTE INDRA -TELEFÓNICA HDA	78.38%
UTE TELEBILLETICA	50.00%
UTE ABI CORREDOR NORTE	10.42%
SISTEMAS Y MONTAJES INDUSTRIALES, S.A.-INDRA SISTEMAS, S.A., U.T.E.	40.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA - LKS	65.00%
UTE INDRA - ALFATEC	70.00%
PRICEWATERHOUSECOOPERS ASESORES DE NEGOCIOS, S.L. - INDRA	39.00%
INDRA SISTEMAS, S.A. - ELEKTRA, S.A., U.T.E.	51.00%
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, SAU-	30.00%
UTE INDRA SISTEMAS, S.A. - UNISYS, S.L.U.	70.00%
UTE TECNOBIT, S.L.U. - INDRA SISTEMAS, S.A.	41.67%
UTE CONTROL POLOPOS	50.00%
UTE PWC - INDRA (EOI)	70.00%
INDRA SISTEMAS, SA-AYESA ADVANCED TECHNOLOGIES, SA, U.T.E	65.00%
UTE INDRA - TECNOCOM	50.00%
UTE IMD INDRA.TELEF	69.76%
UTE GISS 7201/14G LOTE 1	57.00%
UTE TUNELES DE PAJARES	52.25%
UTE INDRA-IECISA M-14-059	75.00%
UTE INDRA - TES	50.00%
UTE GISS 7201/14G L.2	39.00%
UTE AV 20/2014	35.18%
UTE TES - INDRA	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE MANTENIMIENTO LEVANTE	50.00%
UTE INDRA - TELEFÓNICA SOLUCIONES II	50.00%
UTE INDRA-ALTIA-R. CABLE	33.34%
UTE IBERMATICA-INDRA-BILBOMATICA	21.83%
UTE CETRADA	33.00%
UTE AC-14 ACCESOS A CORUÑA	90.00%
UTE INDRA-FIBRAL	70.00%
UTE TUNELES ANTEQUERA	50.00%
UTE MANTENIMIENTO RENFE LOTE 1	50.00%
UTE MANTENIMIENTO RENFE LOTE 2	50.00%
UTE ITS MADRID 15	60.00%
UTE INDRA-MNEMO-SOPRA	66.05%
UTE INDRA-CONNECTIS	73.90%
UTE VCR 8X8	37.94%
UTE PROTEC 110	66.02%
UTE MTO. RENFE BCN	65.00%
UTE IRST F-110	50.00%
UTE INDRA-ACISA	50.00%
UTE INDRA-XERIDIA	76.30%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE AMTEGA 110/2015 L1	70.92%
UTE TSOL-INDRA IV SITEL	35.00%
UTE SALMANTINA	50.00%
UTE ABI EXTREMADURA - CORREDOR OESTE	15.00%
UTE TUNELES DE GUADARRAMA	50.00%
UTE INDRA-COINTEC OSAKIDETZA	83.67%
UTE ZONA NORTE GC	20.00%
UTE INDRA SISTEM	64.26%
UTE INDRA-AYESA CIS2	65,00%
UTE INDRA-BABEL Me y SS lote 3	90.00%
UTE tdE-INDRA	50.00%
UTE INDRA-DEITEL	55.00%
UTE GESTIO DE TRANSIT RONDES	80.00%
UTE INSS 7201/16G LOTE 1	22.00%
UTE INDRA-UNISYS	70.00%
UTE ETRA-INDRA MANTENIMIENTO SAE, EBUS Y VEA	33.00%
UTE INDRA-TELEFONICA	50.00%
UTE GESTIO VIARIA GVA SICE-INDRA	50.00%
UTE INDRA-ALTIA	48.67%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE DGT ITS NORTE 2017	40.00%
UTE MNEMO-INDRA	48.19%
UTE INDRA - ITP	50.00%
UTE DGT ITS SURESTE 2017	60.00%
UTE SOCIEDAD IBERICA DE CONST EL E INDRA SISTEMAS	88.00%
UTE INDRA-SUMAINFO	71.00%
UTE DGT ITS NOROESTE 2017	60.00%
UTE RENFE Y TU	38.00%
UTE INDRA-THALES BMS	50.00%
MANTENIMIENTO DE EQUIPOS DE VENTA Y CONTROL DE ACCESOS RENFE MADRID	75.00%
UTE INTERCOPTERS-INDRA	50.00%
UTE INDRA BPO-INDRA-TELEFONICA	86.53%
UTE MANTENIMIENTO TELEBILLETICA PAIS VASCO	50.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE MANTENIMIENTO SISTEMAS METRO MALAGA	30.00%
UTE AMTEGA 2017/PA/0027	38.12%
UTE AMTEGA 2017/PA/0039	41.50%
UTE SISCAP	66.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
20175305 UTE INDRA - ITP	50.00%
UTE GISS 7201/17G LOTE 2	43.00%
UTE INDRA - AYESA 17-00234	65.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 2	60.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 3	60.00%
UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX)	50.58%
UTE INDRA EWS/ STN ATLAS	60.00%
TRIBUGEST-PROINTEC III	50.00%
UTE PROINTEC-TYPSA-CEMOSA ALICANTE	34.00%
UTE PROINTEC-MEDIO AMBIENTE Y PATRIMONIO SL (MAP)	50.00%
UTE PROINTEC-EYSER	50.00%
UTE PROINTEC-PYG MARJAL SUR	60.00%
UTE PROINTEC-PRORAIL	50.00%
PROINTEC-CIVILPORT-ENRIQUE AMIGO (UTE TRAMO 2 TREN DEL SUR)	80.00%
MECSA-ESTUDIO TORRE ELORDUY	70.00%
PROINTEC-ALAUDA	70.00%
PROINTEC-INGEPLAN (LINEA 3)	72.50%
UTE PROINTEC-UG 21 (COIN-ALHAURIN)	60.00%
UTE PROINTEC-BLOM	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
PROINTEC - AIRTHINK, S.L. (UTE PLANES DIRECTORES)	80.00%
MECSA-OVE ARUP	50.00%
MECSA-SAN ANDRES	50.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%
GEOPRIN-ICYF, S.A.	50.00%
PROINTEC-AUDITORIAS E INGENIERIAS.A. (MONTAJE VIA)	50.00%
PROINTEC-GPY ARQUITECTOS, S.L.U.-CIVILPORT INGENIEROS, S.L.P.-ENRIQUE AMIGÓ, S.L.	15.00%
PROINTEC-T.T.U.	50.00%
PROINTEC-T.T.U. II	50.00%
UTE PROINTEC-TALHER-GEOCISA-DRAGADOS	10.00%
UTE PROINTEC-EUSKONTROL	50.00%
UTE CEMOSA-TYPSA-PROINTEC	34.00%
UTE INOCSA-PROSER-PROINTEC	33.34%
UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO)	50.00%
UTE PROINTEC-ESTUDIO 7 GUIADOR	40.00%
UTE PROINTEC-GROMA INGENIERIA	50.00%
UTE PAYMA COTAS S.A.U-PRO	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS	50.00%
UTE PROINTEC-ESTUDIO 7 CALDERETA	50.00%
PROINTEC-UG 21 (TOCON-ILLORA)	60.00%
PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS)	50.00%
PROINTEC, S.A.-INTEMAC, S.A.-PAYMA COTAS, S.A.U., UTE (UTE AEROPUERTO VALENCIA)	33.30%
AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO)	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
UTE PROINTEC-GIUR LP-2	50.00%
UTE AGENCIA EFE (INCOSA-PROINTEC)	50.00%
PROINTEC - INGENIA SERVICIOS GLOBALES DE INGENIERIA, S.L. (UTE TRAMO 7 PLAYA DEL INGLES)	70.00%
CONSORCIO P & B COLOMBIA	85.00%
UTE INOCSA-PROINTEC (TUNEL O CAÑIZO)	50.00%
UTE PROINTEC-ACCIONA-ASMATU	50.00%
UTE PROINTEC-BPG UTE PTL2016	50.00%
CONSORCIO SANAG	50.00%
UTE PROINTEC-AQUAGEST-GRS (CENSO TRIBUTARIO BURGOS)	40.00%
UTE PROINTEC-AIRIA AEROPUERTO DE BARCELONA 2012	50.00%
UTE AUDING-CENSA-INTECSA INARSA-PROINTEC (UTE PORT BARCELONA)	33.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE PROINTEC-NOLTER INGENIERIA (ABASTECIMIENTO LA RIOJA)	50.00%
UTE PROINTEC-VIGUECONS ESTEVEZ	50.00%
UTE PROINTEC-E3 SOLINTEG (UTE COMITÉ D'OBRES)	60.00%
UTE E3 SOLINTEG SL Y PROINTEC S.A. (UTE PROTOCOL PROJECTES)	50.00%
UTE INGENIERIA CIVIL INTERNACIONAL S.A.- PROINTEC S.A. (UTE ALMUDEVAR)	50.00%
CONSORCIO GMQ	40.00%
UTE PROINTEC-HIDROVIAL INGENIEROS	50.00%
UTE PROINTEC, S.A. - ASMATU, SLP UTE Ley 18/1982 (UTE MIRACONCHA)	70.00%
AMOREBIETA UTE	23.00%
UTE COLECTOR MURCIA	40.00%
UTE CIESA-PROINTEC	50.00%
UTES REDES VIARIAS	51.00%
UTE PROINTEC SAU E2F SL	70.00%
UTE AT METRO	60.00%
UTE ESTACION SANTIAGO	29.00%
APV UTE	50.00%
UTE ALG - CINESI (Plans Mobilitat)	50.00%
UTE ALG - FULCRUM	50.00%
UTE ALG - M & A	70.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
CONSORCIO ALG ANDINA	90.00%
UTE INDRA-LKS KZ-gunea 019/2016	64.00%
UTE CAYMASA-MAILING	50.00%
UTE SADIEL-CAYMASA	50.00%
UTE AYESA-CAYMASA II	50.00%
UTE INDRA BMB - T.SOLUCIONES	69.42%
AIE CRISTAL HIPOTECARIO 2009	20.00%
AIE FORMALIZACIÓN ALCALA 265	20.00%
UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR	80.00%

Data of the joint activities operated jointly with third parties as of Saturday, December 31, 2016

COMPANY NAME	DIRECT OWNERSHIP INTEREST
From Indra SI	
Indra SI SA-Retesar SA UTE	80.00%
Indra SI SA-DCM Solution SA UTE	90.00%
Deloitte & Co.SRL-Indra SI SA UTE	46.38%
Metronec-Siemens-Indra UTE	33.33%
Deloitte & Co.SRL-Indra Mant. Anses UTE	46.38%
From Indra Peru	
CONSORCIO PROCOM	49.00%
CONSORCIO INGORMATICA EL CORTE INGLES	50.00%
CONSORCIO GMD	50.00%
CONSORCIO NSC	90.00%
CONSORCIO MINCETUR	98.00%
CONSORCIO FABRICA DE SOFTWARE	50.00%
CONSORCIO REAPRO	85.00%
CONSORCIO SOLUCIONES DIGITALES	25.00%
CONSORCIOO INDRA PETROLEO	95.00%
CONSORCIO PROCOM AGUA	49.00%
CONSORCIO MINEDU	95.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
CONSORCIO GESTION INFORMACION	44.00%
From Spanish Group companies	
ETRALUX SA SICE INDRA (UTE PUCELA)	20.00%
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, SAU-	30.00%
INDRA SISTEMAS, S.A. - CONSORCIO REGIONAL DE TRANSPORTE	95.00%
INDRA SISTEMAS, S.A. - ELEKTRA, S.A., U.T.E.	51.00%
INDRA SISTEMAS, S.A. - INDRA SIST. DE SEGURIDAD, U.T.E.	50.00%
INDRA SISTEMAS, SA-AYESA ADVANCED TECHNOLOGIES, SA, U.T.E	65.00%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
PEREZ MORENO S.AU. COMSA S.A. INDRA SISTEMAS S.A.	20.00%
PRICEWATERHOUSECOOPERS ASESORES DE NEGOCIOS, S.L. - INDRA	39.00%
SELEX ES S.P.A. - INDRA SISTEMAS, S.A.CLOSEYE L.1, U.T.E	40.00%
SISTEMAS Y MONTAJES INDUSTRIALES, S.A.-INDRA SISTEMAS, S.A., U.T.E.	40.00%
UTE AEAT 10/2011	26.54%
UTE VCR 8X8	37.94%
UTE 2 INDRA - UNITRONICS	50.00%
UTE 3 INDRA - UNITRONICS	85.00%
UTE ABI CORREDOR NORTE	10.42%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE ABI EXTREMADURA - CORREDOR OESTE	15.00%
UTE AC-14 ACCESOS A CORUÑA	90.00%
UTE ACCENTURE - INDRA	35.00%
UTE ACCENTURE, SL-CORITEL-ACCENTURE O.S., SAU-INDRA	25.00%
UTE ACCESOS CGT MADRID	50.00%
UTE ACCESOS CGT MADRID II	50.00%
UTE ACCESOS LEVANTE	50.00%
UTE ACCESOS NOROESTE	30.00%
UTE AEAT 03/07	26.54%
UTE AEAT 42/10	35.18%
UTE AEAT 68/06	35.18%
UTE AIMEN	40.00%
UTE ALTA CAPACIDAD	20.00%
UTE ALTIA - ILUS-INDRA-R. CABLE	25.00%
UTE AMTEGA 110/2015 L1	70.92%
UTE AV 2/2015	60.00%
UTE AV 20/2014	35.18%
UTE AVIONICA	50.00%
UTE AVIONICA DE HELICOPTEROS	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE BILBOMATICA, S.A. - INDRA SISTEMAS, S.A.	45.00%
UTE CEIDECOM	60.00%
UTE CETRADA	33.00%
UTE CGSI ASTURIAS LOTE 3	70.00%
UTE CGSI ASTURIAS LOTE 4	60.00%
UTE CIC-TF	50.00%
UTE CONTROL ACCESOS DONOSTIA	50.00%
UTE CONTROL MOGAN	33.34%
UTE CONTROL POLOPOS	50.00%
UTE DGT NOROESTE 2014	65.00%
UTE DI CUENCA	50.00%
UTE EBB-PUBLICACIONES TECNICAS 086300	20.00%
UTE EBB-PUBLICACIONES TECNICAS-GEL	50.00%
UTE EMTE-INDRA	50.00%
UTE ETRALUX - INDRA	40.00%
UTE GISS 11	35.00%
UTE GISS 7201/10 LOTE 6	34.00%
UTE GISS 7201/10 LOTE 8	35.50%
UTE GISS 7201/10 LOTE 9	49.00%

This appendix must be read together with notes 1, 5 and 44 of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE GISS 7201/14G L.2	39.00%
UTE GISS 7201/14G LOTE 1	57.00%
UTE IBERMATICA-INDRA-BILBOMATICA	21.83%
UTE IECISA - INDRA (ALFIL III)	42.00%
UTE IECISA - INDRA (COMUNYCATE)	45.01%
UTE IECISA-INDRA SUM. SOP. M. INTERIOR	50.00%
UTE IECISA-INDRA-ZENSANIA-EMTE	37.50%
UTE IMD INDRA.TELEF	69.76%
UTE INDICADORES AMBIENTALES DELTA DEL EBRO	33.33%
UTE INDRA - AGFA	61.00%
UTE INDRA - ALBATROS	60.00%
UTE INDRA - ALFATEC	70.00%
UTE INDRA - ALTIA (IMSERSO)	59.00%
UTE INDRA - ALVENTO	50.00%
UTE INDRA - ARTE	80.00%
UTE INDRA - AVANZIT	50.00%
UTE INDRA - CESSER	80.00%
UTE INDRA - ETRA	51.00%
UTE INDRA - EVERIS - ISOFT - TELVENT INTERACT.	34.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA - HP	65.00%
UTE INDRA - ITP (1)	50.00%
UTE INDRA - ITP (2)	50.00%
UTE INDRA - LKS	65.00%
UTE INDRA - NETINEX	50.00%
UTE INDRA - SAINCO	64.00%
UTE INDRA - SALLEN	70.00%
UTE INDRA - TECNOCOM	50.00%
UTE INDRA - TES	50.00%
UTE INDRA AM 26/2011	50.00%
UTE INDRA SISTEMAS, S.A. - UNISYS, S.L.U.	70.00%
UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA	62.50%
UTE INDRA SISTEMAS, S.A. - SIA, S.p.A.	50.00%
UTE INDRA SISTEMAS, S.A. - TELVENT TRAF.Y TRANS.	50.00%
UTE INDRA SISTEMAS, SA-AVANTIC ESTUDIO DE INGENIEROS, SL, UTE	89.50%
UTE INDRA -TELEFÓNICA HDA	78.38%
UTE INDRA-ACISA	50.00%
UTE INDRA-ALTIA (AMTEGA)	50.00%
UTE INDRA-ALTIA (XUNTA DE GALICIA)	50.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST	COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA-ALTIA-R. CABLE	33.34%	UTE INDRA-TELVENT	60.00%
UTE INDRA-ARANZADI	50.00%	UTE INDRA-UNISYS	70.00%
UTE INDRA-BMB	51.00%	UTE INSS 60/CP-28/10	15.00%
UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA	60.00%	UTE INSTALACIONES MADRID ESTE	7.50%
UTE INDRA-CONNECTIS	73.90%	UTE IRST F-110	50.00%
UTE INDRA-EADS CASA	50.00%	UTE ISM LOTE 2	40.00%
UTE INDRA-ETRA	55.00%	UTE ITS MADRID 15	60.00%
UTE INDRA-FIBRAL	70.00%	UTE JAÉN	52.12%
UTE INDRA-IECISA M-14-059	75.00%	UTE JOCS DEL MEDITERRANI	49.00%
UTE INDRA-INICIATIVAS AMBIENTALES	50.00%	UTE LINEA 9 MANTENIMIENTO TRAMO IV	64.00%
UTE INDRA-MNEMO	35.00%	UTE LINEA 9 TRAMO I Y II	64.00%
UTE INDRA-MNEMO-SOPRA	66.05%	UTE MANTENIMIENTO LEVANTE	50.00%
UTE INDRA-OESIA	87.00%	UTE MANTENIMIENTO RENFE LOTE 1	50.00%
UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS	80.00%	UTE MANTENIMIENTO RENFE LOTE 2	50.00%
UTE INDRA-PWC (ADIF)	60.00%	UTE MANTENIMIENTO RONDES 2012	30.00%
UTE INDRA-SOLUCIONS-TECN. D'AVANTGUARDA	60.00%	UTE MANTENIMIENTO SEMAFORICO TORREJON DE ARDOZ	50.00%
UTE INDRA-TECDOA	50.00%	UTE MONTEFUERTE	25.00%
UTE INDRA-TELEFONICA	50.00%	UTE OVYCYL INDRA GRUPO NORTE II	66.00%
UTE INDRA-TELEFONICA S.I.C.(SLAE)	50.00%	UTE PEREZ MORENO SAU - COMSA SA - INDRA SISTEMAS	10.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX)	50.58%
UTE PROTEC 110	66.02%
UTE PWC - INDRA (EOI)	70.00%
UTE RED DE TRANSPORTE	50.00%
UTE RENFE BARIK	60.00%
UTE S.A.I. DEL SEGURA	40.00%
UTE SAIH SUR	35.00%
UTE SEGURIDAD PEAJES	50.00%
UTE SISTEMAS METRO MALAGA	50.00%
UTE SIVE II INDRA-AMPER	50.00%
UTE SIVE INDRA - AMPER	50.00%
UTE SPEE 2/10	30.00%
UTE TECNOBIT, S.L.U. - INDRA SISTEMAS, S.A.	41.67%
UTE TELEBILLETICA	50.00%
UTE TELVENT - INDRA - ATOS	33.00%
UTE TES - INDRA	50.00%
UTE TGSS 7201/13G	49.00%
UTE TRANSITIA - PABISA - INDRA	22.50%
UTE TSOL-INDRA IV SITEL	35.00%
UTE TUNELES ANTEQUERA	16.34%
UTE TUNELES DE GUADARRAMA	16.34%
UTE TUNELES DE PAJARES	17.10%
UTE ZONA NORTE	10.00%
UTE PROINTEC-TALHER-GEOCISA-DRAGADOS	10.00%
PROINTEC-GPY ARQUITECTOS, S.L.U.-CIVILPORT INGENIEROS, S.L.P.-ENRIQUE AMIGÓ, S.L. (INTERCAMBIADOR CANDELARIA)	15.00%
UTE AUDING-CENSA-INTECSA INARSA-PROINTEC (UTE PORT BARCELONA)	33.00%
PROINTEC, S.A.-INTEMAC, S.A.-PAYMA COTAS, S.A.U., UTE (UTE AEROPUERTO VALENCIA)	33.30%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
UTE INOCSA-PROSER-PROINTEC	33.34%
UTE CEMOSA-TYPSA-PROINTEC	34.00%
UTE PROINTEC-TYPSA-CEMOSA ALICANTE	34.00%
UTE CPS-PROINTEC-EUROCONSULT (UTE AUDITORIA A-66	34.00%
UTE PROINTEC-ESTUDIO 7 GUIADOR	40.00%
UTE ZORNOTZA (EUSKONTRO-PROINTEC-INGEPLAN	40.00%
UTE METRO DONOSTI (ACCIONA-PROINTEC-ASMATU)	40.00%
UTE PROINTEC-AQUAGEST-GRS (CENSO TRIBUTARIO BURGOS)	40.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE TRN-MECSA	50.00%
UTE INCOSA-PROINTEC III (AUDITORIO DE BURGOS)	50.00%
UTE INDRA B.M.B-PROINTEC	50.00%
UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO)	50.00%
PROINTEC-INYSUR	50.00%
PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS	50.00%
PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS)	50.00%
UTE PROINTEC-ESTUDIO 7 CALDERETA	50.00%
UTE PAYMA COTAS S.A.U-PRO	50.00%
PROINTEC-PROINTEC EXTREMADURA II	50.00%
AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO)	50.00%
PROINTEC - PROINTEC EXTREMADURA, S.L. III	50.00%
UTE PROINTEC-GROMA INGENIERIA	50.00%
UTE AGENCIA EFE (INCOSA-PROINTEC)	50.00%
UTE INOCSA-PROINTEC (TUNEL O CAÑIZO)	50.00%
UTE PROINTEC-VIGUECONS ESTEVEZ	50.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%
GEOPRIN-ICYF, S.A.	50.00%
MECSA-OVE ARUP	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
MECSA-SAN ANDRES	50.00%
UTE III PLAN CARRETERAS CLM	50.00%
TRIBUGEST-PROINTEC III	50.00%
UTE PROINTEC-MEDIO AMBIENTE Y PATRIMONIO SL (MAP)	50.00%
UTE PROINTEC-EYSER	50.00%
UTE PROINTEC-PRORAIL	50.00%
UTE PROINTEC-BPG UTE PTL2016	50.00%
UTE PROINTEC-BLOM	50.00%
PROINTEC-AUDITORIAS E INGENIERIAS.A. (MONTAJE VIA)	50.00%
UTE PROINTEC-GIUR LP-2	50.00%
UTE PUEBLA DE OBANDO (PROINTEC-PROINTEC EXTREMADURA)	50.00%
UTE III PLAN CARRETERAS CLM	50.00%
UTE PROINTEC-BPG UTE PTL2016	50.00%
UTE PROINTEC-AIRIA AEROPUERTO DE BARCELONA 2012	50.00%
UTE PROINTEC-PROINTEC EXTREMADURA SEGURIDAD VIAL 2013-2014	50.00%
UTE PROINTEC-NOLTER INGENIERIA (ABASTECIMIENTO LA RIOJA)	50.00%
UTE E3 SOLINTEG SL Y PROINTEC S.A. (UTE PROTOCOL PROJECTES)	50.00%
UTE INGENIERIA CIVIL INTERNACIONAL S.A.- PROINTEC S.A. (UTE ALMUDEVAR)	50.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE PUEBLA DE OBANDO (PROINTEC-PROINTEC EXTREMADURA)	50.00%
AMINSA-PROINTEC (UTE TRANVIA A LA MAR)	50.00%
UTE PROINTEC-PYG MARJAL SUR	60.00%
PROINTEC-UG 21 (TOCON-ILLORA)	60.00%
UTE PROINTEC-UG 21 (COIN-ALHAURIN)	60.00%
UTE PROINTEC-E3 SOLINTEG (UTE COMITÉ D'OBRES)	60.00%
MECSA-ESTUDIO TORRE ELORDUY	70.00%
PROINTEC-ALAUDA	70.00%
PROINTEC - INGENIA SERVICIOS GLOBALES DE INGENIERIA, S.L. (UTE TRAMO 7 PLAYA DEL INGLES)	70.00%
PROINTEC-INGEPLAN (LINEA 3)	72.50%
PROINTEC-INGEPLAN (BERGARA)	72.50%
UTE PROINTEC-HIDROVIAL INGENIEROS	50.00%
PROINTEC-CIVILPORT-ENRIQUE AMIGO (UTE TRAMO 2 TREN DEL SUR)	80.00%
PROINTEC - AIRTHINK, S.L. (UTE PLANES DIRECTORES)	80.00%
UTE TUNELES ANTEQUERA	16.34%
UTE TUNELES DE GUADARRAMA	16.34%
UTE TUNELES DE PAJARES	17.10%
UTE DI CUENCA	50.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA - ALSTOM	37.00%
UTE INDRA SISTEMAS DE SEG.-MONT.ELECTRISUR	80.00%
UTE INDRA SISTEMAS-ALSTOM-INDRA SIST.SEGURIDAD	18.00%
UTE SEGURIDAD PEAJES	50.00%
UTE AV 2/2015	60.00%
UTE INDRA BPO - T.SOLUCIONES	69.42%
UTE INDRA PROUR	50.00%
AIE CRISTAL HIPOTECARIO 2009	20.00%
AIE FORMALIZACIÓN ALCALA 265	20.00%
UTE ALG - FULCRUM	50.00%
UTE ALG - M & A	70.00%
UTE ALG - CINESI (Plans Mobilitat)	50.00%
CONSORCIO ALG-ANDINA	90.00%
UTE CAYMASA-MAILING	50.00%
UTE SADIEL-CAYMASA	50.00%
UTE AYESA-CAYMASA II	50.00%
UTE INDRA - NOVASOFT - SADIEL	33.33%
UTE INDRA SISTEMAS - ALSTOM - INDRA SISTEMAS DE SEGURIDAD,	37.00%
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%

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COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA - SOFTWARE LABS	85.00%
UTE TUNELES DE PAJARES,	35.15%
UTE INDRA - TELEFÓNICA SOLUCIONES II	50.00%
UTE TUNELES ANTEQUERA,	33.66%
UTE MTO. RENFE BCN	65.00%
UTE INDRA-XERIDIA	76.30%
UTE SALMANTINA	50.00%
UTE TUNELES DE GUADARRAMA,	33.66%
UTE INDRA-COINTEC OSAKIDETZA	83.67%
UTE ZONA NORTE GC	20.00%
UTE INDRA SISTEM	64.26%
UTE INDRA-AYESA CIS2	65.00%
UTE INDRA-BABEL Me y SS lote 3	90.00%
UTE tdE-INDRA	50.00%
UTE INDRA-IV	50.00%
UTE INDRA-DEITEL	55.00%
UTE GESTIO DE TRANSIT RONDES	80.00%
UTE INSS 7201/16G LOTE 1	22.00%
UTE ETRA-INDRA MANTENIMIENTO SAE, EBUS Y VEA	33.00%

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE GESTIO VIARIA GVA SICE-INDRA	50.00%
UTE INDRA-ALTIA	48.67%
UTE DGT ITS NORTE 2017	40.00%
UTE MNEMO-INDRA	48.19%
UTE INDRA - ITP	50.00%
UTE DGT ITS SURESTE 2017	60.00%
UTE INDRA EWS/ STN ATLAS	60.00%
PROINTEC-T.T.U.	50.00%
PROINTEC-T.T.U. II	50.00%
UTE PROINTEC-EUSKONTROL	50.00%
UTE EUSKONTROL-EIPSA	50.00%
CONSORCIO P & B COLOMBIA	85.00%
UTE PROINTEC-ACCIONA-ASMATU	50.00%
CONSORCIO SANAG	50.00%
CONSORCIO GMQ	40.00%
UTE PROINTEC, S.A. - ASMATU, SLP UTE Ley 18/1982 (UTE MIRACONCHA)	70.00%
AMOREBIETA UTE	23.00%
UTE COLECTOR MURCIA	40.00%
UTE CIESA-PROINTEC	50.00%

This appendix must be read together with notes 1, 5 and 44 of the Consolidated Financial Statements of which it is an integral part.

COMPANY NAME	DIRECT OWNERSHIP INTEREST
UTE INDRA BPO - INDRA BPO SERVICIOS	98.00%
UTE INDRA-LKS KZ-gunea 019/2016	64.00%
UTE INDRA-BPO SERVICIOS	49.00%
UTE INDRA BPO - INDRA BPO SERVICIOS	2.00%
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%
UTE INDRA - ALSTOM,	18.00%
UTE INDRA - SOFTWARE LABS (ICM)	15.00%

Group's Exposure to Foreign Exchange Risk

2017	US DOLLAR	POUND STERLING	MEXICAN PESO	ARGENTINE PESO	CHILEAN PESO	BAZILIAN REAL	PERUVIAN SOL	SWISS FRANC	CANADIAN DOLLAR
Other financial assets	350	-	289	703	218	29,197	31	-	-
Total non-current assets	350	-	289	703	218	29,197	31	-	-
Trade receivables and other accounts receivable, NON-GROUP	32,692	-	12,426	15,382	47,459	67,822	13,833	-	82
Other financial assets, NON-GROUP	405	-	63	(267)	936	0	184	-	-
Total current assets	33,097	-	12,489	15,115	48,395	67,822	14,017	-	82
Total assets	33,447	-	12,778	15,818	48,613	97,019	14,048	-	82
Other financial liabilities	545	-	112	36	(220)	15	2,108	-	-
Trade payables and other accounts payable, NON-GROUP	18,947	-	26,381	10,104	19,724	38,730	6,662	-	493
Total current liabilities	19,492	-	26,493	10,140	19,504	38,745	8,770	-	493
Total liabilities	19,492	-	26,493	10,140	19,504	38,745	8,770	-	493
Gross risk exposure according to balance sheet	13,955	-	(13,715)	(10,140)	-	58,274	14,048	-	(411)
Sale hedging	220,343	15,242	3,768	-	3,148	167	1,104	0	691
Purchase hedging	25,413	22,118	2,804	-	660	855	55	387	1,135
Derivative financial instruments - net hedging	194,930	(6,876)	964	-	2,488	(688)	1,049	(387)	(444)

This appendix must be read together with note 37) a) (I) of the Consolidated Financial Statements of which it is an integral part.

2017	NORWEGIAN KRONE	COLOMBIAN PESO	MOROCCAN DIRHAM	POLISH ZLOTY	BAHRAINI DINAR	MALAYSIAN RINGGIT	AUSTRALIAN DOLLAR	OTHER CURRENCIES	TOTAL
Other financial assets	-	9	1	-	-	-	-	201	30,999
Total non-current assets	-	9	1	-			-	201	30,999
Trade receivables and other accounts receivable, NON-GROUP	-	19,461	564	1,332	34,953	13,103	12,622	22,393	294,124
Other financial assets, NON-GROUP	-	(1,058)	-	12	0	26	0	1,165	1,466
Total current assets	-	18,403	564	1,344	34,953	13,129	12,622	23,558	295,590
Total assets	-	18,412	565	1,344	34,953	13,129	12,622	23,759	326,589
Other financial liabilities	-	49	-	-	-	-	-	49	2,694
Trade payables and other accounts payable, NON-GROUP	-	10,132	27	1,275	690	2,961	10,646	7,758	154,530
Total current liabilities	-	10,181	27	1,275	690	2,961	10,646	7,807	157,224
Total liabilities	-	10,181	27	1,275	690	2,961	10,646	7,807	157,224
Gross risk exposure according to balance sheet	**-**	**8,231**	**538**	**69**	**34,263**	**10,168**	**1,976**	**15,952**	**169,365**
Sale hedging	0	810	-	206	-	-	1,336	121,498	-
Purchase hedging	463	0	-	0	-	-	261	2,313	-
Derivative financial instruments - net hedging	(463)	810	-	206	-	-	1,075	119,185	-

This appendix must be read together with note 37) a) (I) of the Consolidated Financial Statements of which it is an integral part.

2016	**US DOLLAR**	**POUND STERLING**	**MEXICAN PESO**	**ARGENTINE PESO**	**CHILEAN PESO**	**BAZILIAN REAL**	**PERUVIAN SOL**	**SWISS FRANC**	**CANADIAN DOLLAR**
Other financial assets	51	-	-	-	-	-	-	-	-
Total non-current assets	51	-	-	-	-	-	-	-	-
Trade receivables and other accounts receivable, NON-GROUP	95,103	1,814	158	-	-	6,326	1,288	488	332
Other financial assets, NON-GROUP	2	-	-	-	-	-	-	-	-
Total current assets	95,105	1,814	158	-	-	6,326	1,288	488	332
Total assets	95,156	1,814	158	-	-	6,326	1,288	488	332
Other financial liabilities	21	-	-	-	-	-	-		-
Trade payables and other accounts payable, NON-GROUP	36,049	34,318	39	7	-	1,621	-	281	109
Total current liabilities	36,070	34,318	39	7	-	1,621	-	281	109
Total liabilities	36,070	34,318	39	7	-	1,621	-	281	109
Gross risk exposure according to balance sheet	59,086	(32,504)	119	(7)	-	4,705	1,288	207	223
Sale hedging	277,743	13,844	13,308	-	4,486	735	1,268	0	792
Purchase hedging	28,187	13,176	12	-	0	738	94	183	159
Derivative financial instruments - net hedging	249,556	668	13,296	-	4,486	(3)	1,174	(183)	633

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2016	**NORWEGIAN KRONE**	**COLOMBIAN PESO**	**MOROCCAN DIRHAM**	**POLISH ZLOTY**	**AUSTRALIAN DOLLAR**	**OTHER CURRENCIES**	**TOTAL**
Other financial assets	-	-	-	-	-	19	70
Total non-current assets	-	-	-	-	-	19	70
Trade receivables and other accounts receivable, NON-GROUP	-	27,891	12,155	178	125	74,702	220,560
Other financial assets, NON-GROUP	-	-	-	-	-	-	2
Total current assets	-	27,891	12,155	178	125	74,702	220,562
Total assets	-	27,891	12,155	178	125	74,721	220,632
Other financial liabilities	-	-	-	-	-	3	24
Trade payables and other accounts payable, NON-GROUP	55	10,989	315	5	150	46,050	129,988
Total current liabilities	55	10,989	315	5	150	46,053	130,012
Total liabilities	55	10,989	315	5	150	46,053	130,012
Gross risk exposure according to balance sheet	(55)	16,902	11,840	173	(25)	28,668	90,620
Sale hedging	1,628	1,939	855	201	3,329	604,121	-
Purchase hedging	21	165	0	0	286	-	-
Derivative financial instruments - net hedging	(21)	1,774	855	201	3,043	-	-

This appendix must be read together with note 37) a) (I) of the Consolidated Financial Statements of which it is an integral part.

Information related to significant external partners as of December 31, 2017 and 2016

2017						
THOUSANDS OF EURO	**INDRA FILIPINAS**	**INMIZE SISTEMAS**	**ELÉCTRICA SOLUZIONA**	**METROCALL**	**OTHER NON-SIGNIFICANT COMPANIES**	**TOTAL**
Percentage of non-controlling interest	50%	50%	49%	48%		
Information from the Balance Sheet						
Non-current assets	1,787	-	89	2,934	-	4,811
Non-current liabilities	(975)	-	(79)	-	-	(1,054)
Total non-current net assets	812	-	10	2,934	-	3,757
Current assets	26,915	8,164	2,305	4,710	-	42,094
Current liabilities	(8,861)	(349)	(564)	(701)	-	(10,477)
Total current net assets	18,053	7,815	1,741	4,009	-	31,617
Net Assets	18,866	7,815	1,751	6,943	-	35,374
Book value of non-controlling participations (*)	9,414	3,907	863	3,298	26	17,508
Information on the income statement						
Total comprehensive income	3,737	51	221	820	-	4,829
Consolidated results allocated to non-controlling interest	1,865	26	109	390	(220)	2,169

(*) Conversion differences are not included
This appendix must be read together with note 18 of the Consolidated Financial Statements of which it is an integral part.

	2016				
THOUSANDS OF EURO	**INDRA FILIPINAS**	**INMIZE SISTEMAS**	**ELÉCTRICA SOLUZIONA**	**OTHER NON-SIGNIFICANT COMPANIES**	**TOTAL**
Percentage of non-controlling interest	50%	50%	49%		
Information from the Balance Sheet				-	
Non-current assets	2,370	-	84	-	2,455
Non-current liabilities	(1,359)	-	(66)	-	(1,425)
Total non-current net assets	1,011	-	18	-	1,030
Current assets	27,756	8,049	2,780	-	38,585
Current liabilities	(10,487)	(287)	(942)	-	(11,716)
Total current net assets	17,269	7,761	1,838	-	26,869
Net Assets	18,281	7,761	1,856	-	27,898
Book value of non-controlling participations (*)	9,122	3,881	915	-	13,918
Information on the income statement					
Total comprehensive income	2,889	28	312	-	3,228
Consolidated results allocated to non-controlling interest	1,441	14	154	-	1,609

(*) Conversion differences are not included

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Information related to associated significant participations as of 31 December 2017 and 2016

	2017										
THOUSANDS OF EURO	A4 ESSOR	SAES CAPITAL	I-3 TELEVISIÓN	IRB RIESGO OPERACIONAL	EUROMIDS	TOWER	EUROFIGTER SIMULATION SYSTEMS	INICIATIVAS BIO-ENERGÉTICAS	SOCIETAT CATALANA PER LA MOBILITAT	OTHER NON-SIGNIFICANT COMPANIES	TOTAL
Percentage of non-controlling interest	21%	49%	50%	33%	25%	50%	26%	20%	24%		
Non-current assets	-	4,020	67	798	153	-	336	49,766	39,417	7	94,564
Current Assets	756	247	1,486	347	33,421	1,003	27,735	15,533	5,405	8,140	94,073
Non-current liabilities	(148)	(4,052)	(310)	(1,348)	(2,395)	(1,003)	(24,004)	(38,444)	(37,632)	(128)	(109,464)
Current Liabilities	(604)	(2)	(1,102)	-	(30,972)	-	(3,860)	(28,339)	(6,849)	(8,088)	(79,816)
Net Revenue	(160)	(227)	(5,962)	(207)	(38,761)	-	(15,897)	(75,238)	(3,644)	-	(140,096)
Subcontracting and other expenses	156	14	5,821	410	38,554	-	15,690	76,722	3,303	69	140,739
Total	-	-	-	-	-	-	-	-	-	-	-

This appendix must be read together with note 18 of the Consolidated Financial Statements of which it is an integral part.

2016

THOUSANDS OF EURO	A4 ESSOR	SAES CAPITAL	I-3 TELEVISIÓN	IRB RIESGO OPERACIONAL	EUROMIDS	TOWER	EUROFIGTER SIMULATION SYSTEMS	INICIATIVAS BIO-ENERGÉTICAS	SOCIETAT CATALANA PER LA MOBILITAT	OTHER NON-SIGNIFICANT COMPANIES	TOTAL
Percentage of non-controlling interest	21%	49%	50%	33%	25%	50%	26%	20%	25%		
Non-current assets	-	4,020	88	979	153	-	336	52,352	29,554	4,341	91,823
Current Assets	756	27	1,605	370	33,421	1,003	27,735	6,384	1,470	5	72,776
Non-current liabilities	(143)	(4,044)	(243)	(1,712)	(2,848)	(1,003)	(20,917)	(41,946)	(24,282)	(2,803)	(99,941)
Current Liabilities	(604)	(3)	(1,458)	-	(30,972)	-	(3,860)	(16,263)	(7,230)	(1,536)	(61,926)
Net Revenue	(7,836)	-	(5,847)	(325)	(15,589)	-	(15,300)	(52,481)	(3,019)	(2,201)	(102,598)
Subcontracting and other expenses	7,827	-	5,855	688	15,835	-	12,006	51,954	3,507	2,194	99,866
Total	-	-	-	-	-	-	-	-	-	-	-

This appendix must be read together with note 18 of the Consolidated Financial Statements of which it is an integral part.