CONSOLIDATED ANNUAL ACCOUNTS

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Consolidated Statements of Financial Position at 31 December 2010 and 2009

Thousands of Euros

Assets	Note	2010	2009
Intangible assets	6	142,962	140,375
Investment property	7	5,264	-
Goodwill	8	456,327	440,187
Other Intangible Assets	9	219,872	133,638
Investments Accounted for Using the Equity Method	11	7,113	5,807
Other Investments	12	43,385	35,588
Deferred tax assets	33	50,261	31,269
Total non-current assets		**925,184**	**786,864**
Inventories	13	238,573	197,528
Other financial assets	14	59,441	44,336
Current tax assets	33	12,971	14,273
Trade and Other Receivables	15	1,610,518	1,379,823
Cash and Cash Equivalents	16	128,983	66,500
Assets Held for Sale	17	205	205
Total current assets		**2,050,691**	**1,702,665**
Total assets		**2,975,875**	**2,489,529**

Thousands of Euros

Equity and Liabilities	Nota	2010	2009
Subscribed capital	18	32,826	32,826
Share premium	18	375,955	375,955
Reserves	18	11,109	14,185
Treasury shares	18	(18,593)	(14,165)
Translation differences	18	4,866	2,115
Retained earnings	18	396,309	325,292
Profit for the year attributable to the Parent company	18	188,521	195,590
Equity attributed to the Parent company		**990,993**	**931,798**
Non-controlling interests	18	23,028	45,335
Total equity		**1,014,021**	**977,133**
Loans and Borrowings	20	248,213	101,852
Other financial liabilities	21	6,246	4,836
Capital Grants	22	52,764	34,412
Provisions for liabilities and charges.	23	19,800	16,878
Deferred tax liabilities	33	50,725	38,232
Total non-current liabilities		**377,748**	**196,210**
Loans and Borrowings	24	155,633	99,199
Trade and Other Payables	25	1,166,133	1,013,335
Current tax liabilities	33	18,081	23,501
Other liabilities	26	244,259	180,151
Total current liabilities		**1,584,106**	**1,316,186**
Total equity and liabilities		**2,975,875**	**2,489,529**

Consolidated Income Statements for the years ended 31 December 2010 and 2009

Thousands of Euros

	Note	2010	2009
Revenue	27	2,557,042	2,513,247
Work performed by the Group and capitalised		64,761	49,495
Other revenue		9,634	11,107
Changes in inventories of finished goods and work in progress		38,985	(256)
Materials and other supplies	28	(948,988)	(860,493)
Personnel expenses	29	(1,080,959)	(1,006,862)
Other operating expenses		(345,455)	(376,643)
Other losses on non-current assets	30	(1,034)	(2,152)
Amortisation and depreciation	6 y 9	(42,071)	(42,039)
Results from operating activities		**251,915**	**285,404**
Finance income		1,454	1,712
Finance expenses		(20,593)	(26,613)
Share of profit in other investees		136	387
Net finance expense		**(19,003)**	**(24,514)**
Profit/(loss) of equity-accounted investees	11	729	(146)
Profit before tax		**233,641**	**260,744**
Income tax	33	(45,702)	(62,745)
Profit for the year		**187,939**	**197,999**
Profit attributable to the Parent company		**188,521**	**195,590**
Profit attributable to non-controlling interests	18	(582)	2,409
Basic and diluted earnings per share (in Euros)	19	1.1605	1.2144

Consolidated Statements of Comprehensive Income for the years ended 31 December 2010 and 2009

Thousands of Euros

	Note	2010	2009
Profit for the year		187.939	197.999
Other comprehensive income:			
Translation differences		3.007	706
Cash flow hedges		(2.307)	(893)
Tax effect		692	268
Other comprehensive income, net of income tax		1.392	81
Total comprehensive income for the year		189.331	198.080
Total comprehensive income attributable to the Parent company		**189.581**	**195.971**
Total comprehensive income attributable to non-controlling interests		(250)	2.109

Consolidated Statements of Changes in Equity for the years ended 31 December 2010 and 2009

Thousands of Euros

	Share capital	Share premium	Other reserves	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total
Balance at 31.12.08	**32,826**	**375,955**	**22,197**	**(64,566)**	**940**	**414,040**	**781,392**	**42,172**	**823,564**
Distribution of profit for 2008:									
Dividends	-	-	-	-	-	(98,925)	**(98,925)**	(1,698)	**(100,623)**
Treasury share transactions (note 18)	-	-	1,278	50,401	-	-	51,679	-	**51,679**
Changes in consolidated Group	-	-	-	-	-	-	**-**	3,061	**3,061**
Transfers between reserves	-	-	(8,845)	-	-	8,845	**-**	-	**-**
Other increases and decreases	-	-	349	-	-	1,332	**1,681**	(309)	**1,372**
Total comprehensive income for the year	-	-	(794)	-	1,175	195,590	**195,971**	2,109	**198,080**
Balance at 31.12.09	**32,826**	**375,955**	**14,185**	**(14,165)**	**2,115**	**520,882**	**931,798**	**45,335**	**977,133**
Disribution of profit for 2009:									
Dividends	-	-	-	-	-		**(106,789)**	(89)	**(106,878)**
Treasury share transactions (note 18)	-	-	(1,283)	(4,428)	-	(106,789)	(5,711)	-	**(5,711)**
Share acquisitions from non-controlling interests (note 18)	-	-	-	-	-	-	**(19,003)**	(22,327)	**(41,330)**
Other increases and decreases	-		(102)	-	-	(19,003)	**1,117**	359	**1,476**
Total comprehensive income for the year	-	-	(1,691)	-	2,751	1,219	**189,581**	(250)	**189,331**
Balance at 31.12.10	**32,826**	**375,955**	**11,109**	**(18,593)**	**4,866**	**188,521**	**990,993**	**23,028**	**1,014,021**

Statements of Cash Flows for the years ended 31 December 2010 and 2009

Thousands of Euros

	2010	2009
Profit before income tax	233,641	260,744
Adjustments for:		
Amortisation and depreciation, provisions and capital grants	54,994	50,147
Other profit/(loss) on non-current assets	898	1,766
Share of profit/(loss) of associates	(729)	146
Net finance income	19,138	24,899
Dividends received	128	170
Operating profit before change in working capital	**308,070**	**337,872**
Changes in trade and other receivables	(237,762)	(50,924)
Changes in inventories	(40,125)	3,040
Changes in trade and other payables	133,249	(18,529)
Cash flows used in operating activities	**(144,638)**	**(66,413)**
Income tax paid	(54,425)	(61,747)
Net cash flows from operating activities	**109,007**	**209,712**
Payments for acquisition of non-current assets:		
Property, plant and equipment	(22,278)	(28,764)
Intangible assets	(69,579)	(50,990)
Investments	(49,272)	(20,714)
Proceeds from sale of non-current assets:		
Property, plant and equipment	1,857	-
Intangible assets	947	-
Investments	-	552

Thousands of Euros

	2010	2009
Interest received	1,126	1,368
Other cash flows from investing activities	-	558
Cash flows used in investing activities	**(137,199)**	**(97,990)**
Changes in treasury shares	(6,436)	12,880
Dividends of subsidiaries paid to minority interests	-	(2,087)
Dividends of the Parent company	(106,789)	(98,925)
Increase in capital grants	17,875	16,028
Increase in borrowings	201,828	25,728
Decrease in borrowings	-	-
Interest paid	(13,775)	(22,185)
Changes in other financial assets	90	(113)
Net cash flows from (used in) financing activities	**92,793**	**(68,674)**
Net increase/(decrease) in cash and cash equivalents	**64,601**	**43,048**
Cash and cash equivalents at beginning of year	66,500	23,160
Effect of exchange rate fluctuations		
Net increase / (decrease) in cash and	(2,118)	292
cash equivalents	64,601	43,048
Cash and cash equivalents at year end	**128,983**	**66,500**

1. Nature, Group Composition and Activities

The Parent company of the Group, Indra Sistemas, S.A. (hereinafter, the Parent company), adopted its present name at an extraordinary shareholders' meeting held on 9 June 1993. The registered offices of the Parent Company are at Avenida de Bruselas, 35, Alcobendas (Madrid).

The statutory activity of the Parent company consists of the design, development, production, integration, operation, repairs and maintenance and marketing of systems, solutions and products based on the use of information technology, as well as the rendering of professional services in the areas of business and management consultancy, technological and training consultancy and outsourcing services.

Consolidated companies, their registered offices, activities and the percentage of interest held by the Parent company are shown in Appendix I, which forms an integral part of the notes to the consolidated annual accounts for the year ended 31 December 2010.

The Group incorporated the following subsidiaries during the year ended 31 December 2010:

- On 5 October 2010, the subsidiary Indra BMB, S.L. incorporated the Argentine company IFOS (International Financial Operational Services), S.A., subscribing 80% of the share capital and paying up 25% at that date.

The statutory activity of IFOS (International Financial Operational Services), S.A. is business process outsourcing (BPO) and management, and the design, development, production, integration and maintenance of systems for financial institutions.

- On 21 October 2010 the Parent company incorporated the Spanish company Tower Air Traffic Services, S.L.U., subscribing and paying up 100% of share capital.

The statutory activity of Tower Air Traffic Services, S.L.U. is the rendering of aerodrome air traffic services.

The Group incorporated the following subsidiaries during the year ended 31 December 2009:

- On 30 January 2009 the Parent company, together with two other local partners, incorporated the Chinese company Indra Radar Technology Co., Ltd. (IRT), subscribing and paying up 70% of its share capital.

The statutory activity of Indra Radar Technology Co., Ltd. (IRT) consists of the manufacture and sale of secondary surveillance radar systems for the General Administration of Civil Aviation of China (CAAC).

- On 24 March 2009 the Parent company incorporated the Spanish company Alanya Healthcare Systems, S.L.U., subscribing and paying 100% of its share capital. Alanya Healthcare Systems, S.L.U. is engaged in the research, design and development of healthcare solutions and products that use information technologies.

- On 31 July 2009 the Parent company, together with its subsidiary Europraxis Atlante, S.L., incorporated the Indian company, Indra Sistemas India Private Limited, subscribing and paying up 100% of its share capital.

Indra Sistemas India Private Limited is engaged in the design, development, manufacture and maintenance of navigation and landing assistance and air traffic control systems.

The Group did not sell any of its investments in subsidiaries during the year ended 31 December 2010.

The Group divested its interests in the following subsidiaries during the year ended 31 December 2009:

- On 31 March 2009 the subsidiary Indra BMB Servicios Digitales S.A.U. sold its 100% interest in Etnodiversidad del Somontano, S.L.U. for Euros 60 thousand.

2. Basis of Presentation

The accompanying consolidated annual accounts have been prepared by the directors of the Parent company on the basis of the accounting records of Indra Sistemas, S.A. and the subsidiaries forming the Indra Group. The consolidated annual accounts of the Group for 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with other applicable legislation pursuant to article 48 of the Spanish Code of Commerce, to present fairly the consolidated equity and consolidated financial position of Indra Sistemas, S.A. and subsidiaries at 31 December 2010, and the consolidated financial returns, consolidated cash flows and consolidated changes in equity of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004.

The directors of the Parent company consider that the consolidated annual accounts for 2010, which were authorised for issue on 17 March 2011, will be approved by the shareholders without significant changes.

The consolidated annual accounts for 2009 were approved by the shareholders at their annual general meeting held on 24 June 2010.

Presentation and format

The accompanying consolidated annual accounts are expressed in thousands of Euros, which is the functional and reporting currency of the Parent company. Foreign currency transactions are recorded following the principles described in note 4.x).

Relevant accounting estimates and assumptions

Preparation of the consolidated annual accounts under EU-IFRS requires relevant accounting estimates to be applied and judgements, estimates and assumptions to be made when applying the Group's accounting principles. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts is as follows:

- The principal activity of the Group consists of carrying out projects contracted by customers. The Group recognises income and expenses on contracts using the percentage of completion method. This method is based on estimates of the total project costs and income, costs to complete the project, contract risks and other parameters. Group management reviews all estimates on an ongoing basis and adjusts them accordingly.

- The Group tests for impairment of goodwill on an annual basis. The calculation of the recoverable amount of a division to which goodwill has been allocated requires the use of estimates by management. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group generally uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are based on five-year projections that take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed to calculate these values include growth rates, the weighted average cost of capital and tax rates (see note 8).

- The Group estimates the useful life of property, plant and equipment and intangible assets to calculate the depreciation and amortisation expense of the different assets. Determining the useful life of assets requires estimates of the expected advancement of technology, which implies a significant degree of judgement. The need to evaluate possible impairment implies taking into consideration factors such as technological obsolescence, the cancellation of certain projects and other changes in estimated circumstances.

- The Group makes provisions for liabilities and charges. The final cost of litigation and contingencies may vary depending on the interpretation of the principles, opinions and ultimate evaluations. Any variations in these circumstances could have a significant effect on the amounts recognised under provisions for liabilities and charges.

Although these estimates are calculated based on the best information available at the date these consolidated annual accounts were prepared, future events may take place requiring these estimates to be modified, which would be made prospectively, and any changes in estimates would be recognised in the corresponding future consolidated annual accounts.

Standards and Interpretations effective as of 2010

The Group applied the following standards for the first time in 2010:

- IFRS 3 Business Combinations (revised 2008) and amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures and IAS 21 The Effects of Changes in Foreign Exchange Rates. These standards apply prospectively to business combinations acquired during or after the first accounting period starting on or after 1 July 2009. The standards include the following amendments that will be relevant to the Group:
  - Payments contingent on future events will be recognised at fair value, and subsequent changes will be recorded in the consolidated income statement (consolidated statement of comprehensive income).
  - Transaction costs, other than the cost of issuing equity or debt, will be recognised as an expense when incurred.
  - Non-controlling interests will be measured on an individual transaction basis, either at fair value, determined separately, applying generally accepted measurement criteria, or at the amount of the direct equity interest in the fair value of the net assets acquired, excluding goodwill.
  - Losses of the business in excess of the value of the investment will be allocated to non-controlling interests, and a debit balance recognised in equity.
  - Subsequent acquisitions of interests in the business after control has been obtained and partial sales whereby control is not lost are recognised as transactions with shareholders under equity.
  - Investments in the business in a transaction entailing loss of control are recognised at fair value, with any changes recorded in the consolidated income statement (consolidated statement of comprehensive income).

- IAS 39 Financial Instruments: Measurement. Amendment relating to eligible hedged items. This amendment clarifies the types of risk that may be classified as hedged items in hedging relationships. The amendment applies retrospectively to annual periods starting on or after 1 July 2009.

- IFRIC 18 Transfers of Assets from Customers. This standard applies prospectively to transfers made on or after 1 July 2009. This interpretation applies for annual periods starting on or after 31 October 2009 for companies that apply EU-IFRS. Consequently, for companies that adopt EU-IFRS in years starting on or after 1 January 2010, the consolidated annual accounts for 2009 must be retroactively adjusted for any relevant transactions carried out on or after 1 July 2009.

Amendments have also been made to other standards which have not resulted in any changes in the accounting principles of the Indra Group, as it does not perform these types of operations: These amendments are the following:

- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners.

Standards and interpretations issued and not applied

The Group has not exercised the option to apply in advance any International Financial Reporting Standards already issued but not yet applicable.

3. Distribution of Profit

The directors of the Parent company will propose to the shareholders at their ordinary general meeting that profit for the year be distributed as follows:

Basis of distribution	Thousands of Euros
Profit for the year of the Parent company	193,359

Distribution:	Thousands of Euros
Dividends	111,610
Voluntary reserve	67,188
Goodwill reserve	14,561

The board of directors will propose that a dividend of Euros 0.68 per share be distributed for 2010 (Euros 0.66 per share in 2009), marking a 3% increase in shareholder remuneration.

These dividends, which if made effective for all shares held would total Euros 111,610 thousand, will be distributed with a charge to profit for 2010.

The distribution of profits for 2010 proposed by the directors of the Group companies is pending approval by the shareholders at their respective annual general meetings.

4. Significant Accounting Principles

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards and their interpretations as adopted by the European Union (EU-IFRS).
The accounting policies set out below have been applied consistently in the periods presented in these consolidated annual accounts.

The most significant accounting principles applied are as follows:

a) Subsidiaries

Subsidiaries are entities which the Group controls directly or indirectly through other investees. Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

Subsidiaries are consolidated from the acquisition date until the date control ceases. Subsidiaries are fully consolidated and, therefore, the assets, liabilities, income, expenses and cash flows of subsidiaries are incorporated in the consolidated annual accounts after adjusting and eliminating intergroup operations.

As permitted by IFRS 1: First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to EU-IFRS, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 Business Combinations (revised 2008) to transactions carried out on or after 1 January 2010.

The Group applies the acquisition method for business combinations.

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

The consideration paid for the business combination is calculated as the sum of the acquisition-date fair values of the assets acquired, the liabilities incurred or assumed, the equity instruments issued and any considerations contingent on future events or compliance with specific terms in exchange for the control of the business acquired.

The consideration paid does not include any disbursements not forming part of the exchange for the business acquired. As of 1 January 2010 the costs related to the acquisition will be recognised as an expense when incurred.

At the date of acquisition the Group recognises the assets acquired, the liabilities assumed and any non-controlling interests at their fair value. Non-controlling interests in the business acquired are recognised at the proportionate share of the fair value of the underlying net assets. This criterion is only applicable to non-controlling interests that currently allow access to economic benefits and the right to the proportionate share of the net assets of the entity acquired in the event of liquidation. Non-controlling interests are otherwise measured at fair value or market value. The liabilities assumed include those contingent liabilities representing current obligations arising from past events whose fair value can be reliably measured. The Group recognises the indemnification assets extended by the seller at the same date and following the same measurement criteria as for the

indemnified item of the business acquired, considering where applicable the risk of non-payment and any contractual limitations on the indemnified amount.
The assets acquired and liabilities assumed are classified and designated for their subsequent valuation based on the contractual agreements, financial terms, accounting and operating policies and other conditions prevailing at the date of acquisition, except in the case of lease and insurance contracts.

Where the consideration paid plus the value assigned to non-controlling interests exceed the net amount of the assets acquired and the liabilities assumed, the difference is recognised as goodwill. When evaluation of the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired reveals a negative difference this is recognised in profit or loss.

(i) Non-controlling interests

Non-controlling interests are presented in consolidated equity separately from equity attributable to the shareholders of the Parent company. The share in consolidated profit/(loss) for the year (and consolidated total comprehensive income for the year) attributable to non-controlling interests is also presented separately in the consolidated income statement (consolidated statement of comprehensive income).

The profit or loss (total consolidated comprehensive income for the year) and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage of ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

Losses generated before 1 January 2010 attributable to non-controlling interests which exceed their interest in the net shares of the subsidiary, are recognised as a decrease in the equity attributable to the shareholders of the Parent company, except when the non-controlling interests have a binding obligation to assume part or all of the losses and are in a position to make the necessary additional investment. The profits obtained in subsequent years are allocated to the equity attributable to the shareholders of the Parent company, until the amount of the losses absorbed in prior accounting periods corresponding to non-controlling interests is recovered. Profit subsequently obtained by the Group is allocated to the Company until the amount of non-controlling interests' share in losses absorbed in prior accounting periods is recovered.

As of 1 January 2010, profits and each component of other comprehensive income are allocated to the equity attributed to the shareholders of the Parent company and to the non-controlling interests in proportion with their investment, although this requires the recognition of a debit balance under non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Increases and reductions in non-controlling interests in subsidiaries over which the Parent maintains control are recognised as transactions with equity instruments. Consequently, no new acquisition cost arises on increases and no results are recognised in the consolidated income statement on reductions. Rather, the difference between the consideration given or received and the carrying amount of non-controlling interests is recognised in reserves of the investor, without prejudice to the reclassification of consolidation reserves and the reallocation of other comprehensive income between the Group and non-controlling interests. In transactions to reduce the Group's interest in a subsidiary, non-controlling interests are recognised at the amount of their interest in the consolidated net assets of that subsidiary, including goodwill.

Instruments with a put option and with obligations that arise upon settlement, which meet the criteria to be classified as equity instruments in the individual financial statements of the subsidiaries, are classified as financial liabilities in the consolidated annual accounts and not as non-controlling interests.

(ii) Provisional values

If the business combination can only be determined provisionally, the identifiable net assets are initially recorded at their provisional value. Adjustments applied during the twelve-month period subsequent to the date of acquisition are recorded as if they had been known at that date.

(iii) Other aspects relating to the consolidation of subsidiaries

Transactions and balances with Group companies and any unrealised profit or losses have been eliminated on consolidation. However, unrealised losses have been considered as an indicator of impairment of the transferred assets.

The accounting policies of the subsidiaries have been harmonised with those of the Group for transactions and other events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have the same closing date and are for the same period as those of the Parent company.

b) Joint ventures

Joint ventures are those entities over whose economic activity the Company has joint control through a contractual agreement whereby the strategic financial and operating decisions require the unanimous consent of the Group and the other venturers.

Investments in joint ventures are consolidated proportionately from the date joint control commences until the date that joint control ceases.

The consolidated annual accounts include the Group's proportionate share of the assets, liabilities, income, expenses, income and expenses recognised in equity and cash flows of the jointly-controlled entity with items of a similar nature on a line by line basis, from the date joint control commences.

Reciprocal transactions, balances, income, expenses and cash flows have been eliminated in proportion to the interest held by the Group in the joint venture. All dividends received by the Group have been eliminated.

The Group only recognises the portion of gains and losses on transactions in joint ventures that is attributable to the interests of the other venturers. In the event of losses, the Group applies the same recognition criteria as that described in the previous paragraph.

The Group has made the necessary measurement and timing harmonisation adjustments using the criteria described for subsidiaries.

c) Associates

Associates are entities over which the Company has significant influence, either directly or indirectly though other investees. Significant influence is the power to intervene in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence and effect of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date significant influence commences until the date the Company can no longer evidence significant influence.

The Group's share in the profit or losses of associates obtained since the acquisition date is recognised as an increase or decrease in the value of the investments with a credit or debit to share in the profit/(loss) of associates accounted for using the equity method in the consolidated income statement.

d) Intangible assets

(i) Goodwill

Goodwill arising on business combinations carried out since the transition date (1 January 2004) is initially measured 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 liabilities and contingent liabilities assumed from the acquired subsidiary or joint venture (see note 8).

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) which are expected to benefit from the synergies of the business combination and the criteria described in section h) of this note are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other Intangible Assets

Intangible assets are stated at cost of acquisition or production, less any impairment losses resulting from annual testing, as described in section h) of this note. Intangible assets include the following:

- Development expenses, which represent direct costs incurred in developments specifically attributable to individual projects.

Expenses related to research, development and innovation projects (R&D&innovation) are recognised directly in the consolidated income statement for the corresponding period, except for costs incurred on development projects, which are capitalised under development costs when the following conditions exist:

- It is technically possible and the Group intends to complete production of the intangible asset so that it is available for use or sale.
- It is possible to use or sell the intangible asset.
- The intangible asset is likely to generate economic profit in the future, grants have been received for the development project; or the repayment of loans obtained to finance the development project is conditional upon commercial viability.
- The appropriate technical and financial resources are available to enable completion of the intangible asset for use or sale.
- It is possible to reliably evaluate the disbursement attributable to the intangible asset during its production.

Development expenses are only capitalised when there is certainty that, regardless of commercial success, a project is able to generate future income that will offset the costs capitalised on the project.

The cost of completed development projects is amortised on the basis of the estimated income from planned sales of the related commercial project or application of the grants received.

- Software: expenses incurred on the acquisition of software or licences, as well as costs related to programs developed by the Group, are capitalised when these assets contribute to the generation of income.

Amounts capitalised do not include costs incurred to modify or upgrade programs utilised by the Group or expenses arising from review, consultancy and training services rendered by third parties in relation to the implementation of software.

Software is amortised in line with the Group's use of the asset.

- Patents are stated at cost and amortised over the period of use stipulated therein.

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Costs of extending, modernising or improving assets to increase productivity, capacity or efficiency, or extend their useful lives, are capitalised as an increase in the cost of the asset. Repairs and maintenance costs are recognised in the consolidated income statement when incurred.

Depreciation is provided on a straight-line basis on the cost or value assigned by independent experts over the following average estimated useful lives:

	Years
Buildings	50
Plant, machinery and other installations	10
Furniture	10
Information technology equipment	4
Motor vehicles	7
Other property, plant and equipment	10

f) Investment property

Investment property, including assets under construction or development, is property which is totally or partially allocated to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost, including transaction costs.

After initial recognition, investment property is measured using the cost or deemed cost criteria applicable to property, plant and equipment. Details of the depreciation methods and useful lives are provided in that note.

Lease income is recognised using the criteria described in note i).

g) Assets foreclosed in settlement of credits

Non-monetary assets deriving from foreclosure in settlement of credits are recognised by the Group at the lower of the carrying amount of the loans, plus all transaction costs, and the fair value of the non-monetary assets.

If at the date of foreclosure the non-monetary assets meet the criteria to be classified as non-current assets held for sale, they will be measured at the lower of the carrying amounts of the credits, plus all transaction costs, and the fair value, less costs to sell, of the foreclosed assets.

h) Impairment of non-financial assets

Goodwill is tested annually for impairment and the fair value of Group assets with finite useful lives is tested when there is any indication of impairment. An impairment loss is recognised in the consolidated income statement when the carrying amount of the asset exceeds the realisable value, and the carrying amount is reduced to the realisable value. The realisable value of an asset is the higher of the net selling price and the value in use.

To estimate the value in use the Group prepares cash flow forecasts based on the best available estimates of income and expenses of the CGUs, sector forecasts, historical experience and future expectations.

The Group calculates impairment on the basis of the five-year strategic plans of the different cash generating units to which the assets are allocated, applying expected growth rates and maintaining constant growth as of the fifth year. To calculate the present value of cash flows, these are discounted at a rate that considers the cost of capital of the business and of the geographical area in which the business is carried out, before tax. For calculation purposes, the present cost of the money and the risk premiums generally used for each business and geographical area are taken into consideration. The rates used in 2010 ranged from 8-10%.

In the case of identifiable assets that do not generate cash independently, the recoverability of the CGU to which the assets belong is estimated.

Reversal of impairment losses incurred on assets, except in the case of goodwill, is recognised as revenue in the consolidated income statement, with an adjustment to the provision associated with the assets.

i) Leases

Leases in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Interest is expensed using the effective interest method.

All other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Lease payments are recognised as an expense on a straight-line basis over the lease term.

j) Financial instruments

(i) Classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument set out in IAS 32 Financial Instruments - Presentation.

Financial instruments are classified into five categories for measurement purposes: 1) Financial assets and financial liabilities at fair value through profit or loss; 2) Loans and receivables; 3) Held-to-maturity investments; 4) Available-for-sale financial assets; and 5) Financial liabilities at amortised cost. The Group classifies financial instruments into the aforementioned categories based on the nature of the instruments and management's intentions on initial recognition.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss comprise those classified as held for trading on 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 or repurchasing it in the near term.
- Forms part, on initial recognition, 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.
- Is a derivative or a designated and effective hedging instrument, except for derivatives that are financial guarantee contracts.

Equity instruments not quoted in an active market and for which the fair value cannot be reliably estimated are not classified in this category.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal.

Loans and receivables

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 financial asset categories. These assets are recognised initially at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Investments in equity instruments whose fair value cannot be reliably measured and derivative instruments that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost. However, financial assets for which the Group can reliably estimate the fair value at any given time are recognised at fair value and any subsequent gains or losses are accounted for in equity.

The Group recognises income from investments in equity instruments measured at cost only to the extent that retained earnings arising subsequent to the acquisition are distributed. Dividends received in excess of such earnings are considered as a recovery of the investment and are therefore recognised as a reduction in the carrying amount of the investment.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, not classified at fair value through profit or loss are initially recognised at fair value, less transaction costs directly attributable to the issue of the liabilities. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group applies the following systematic criteria to determine the fair value of financial assets and financial liabilities:

- The Group first applies the quoted market price in the most advantageous active market to which it has immediate access, adjusted to reflect any difference in the credit risk between instruments traded in that market and the one being valued. The quoted market price for an asset purchased or liability to be issued is the current bid price and, for an asset to be acquired or liability held, the asking price. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.
- Where market prices are not available, the Group uses recent transaction prices.
- As a last resort, the Group applies generally accepted valuation techniques, making maximum use of market inputs and, to a lesser extent, Group-specific inputs.

(iv) Impairment and uncollectibility of financial assets

An impairment loss is recognised on a financial asset or group of financial assets when there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset.

The Group recognises impairment and default on loans and receivables and debt instruments using a financial asset allowance account. The carrying amount is eliminated through the allowance account when impairment and uncollectibility are considered irreversible. Reversals of impairment are also recognised in the allowance account.

Impairment of available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income, the accumulative loss is reclassified to profit or loss when there is objective evidence that the asset is impaired. The impairment loss recognised in profit and loss is calculated as the difference between the acquisition cost, net of any reimbursements or repayment of the principal, and the present fair value, less any impairment loss previously recognised in profit and loss for the year.

Impairment losses for investments in equity instruments are not reversed through profit or loss.

If the fair value of debt instruments increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the increase is recognised in profit and loss up to the amount of the previously recognised impairment loss and any excess is accounted for in other comprehensive income.

k) Inventories

Inventories are stated at the lower of cost on a FIFO basis and realisable value. Work in progress represents the direct cost of labour, materials or services acquired for projects. Materials and services directly attributable to projects are measured at cost, while labour is recognised at standard rates, which do not differ significantly from the actual costs incurred in this respect.

l) Trade and other receivables

Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, provided they have a fixed maturity date of more than one year.

The Group makes provision for bad debts when there is objective evidence of impairment losses.

m) Capital grants

Outright capital grants received by the Group to finance research and development costs are recognised as a liability for the amount received and are taken to income in line with the amortisation of projects capitalised under other intangible assets.

n) Equity-settled share-based payment transactions

Share-based payment transactions are recognised as follows:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised in full, with a corresponding increase in equity.
- If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a corresponding increase in equity.

The Group determines the fair value of the instruments granted to employees at the grant date.

Market vesting conditions are taken into account when estimating the fair value of the instrument. Other vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction. Consequently, the Group recognises the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date. However, the Group reclassifies any difference between the vested amount and the amount recognised in equity to retained earnings.

o) Provisions for liabilities and charges

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate which considers the time value of money, as well as the specific risks not considered in the future cash flows related to the provision at each year-end close.

Single obligations are measured using the individual most likely outcome. When the provision involves a large population of identical items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.
The financial effect of the provisions is recognised as a finance expense.

The tax effect and gains on the expected disposals of assets are not taken into account in measuring a provision.

If it is not probable that an outflow of resources embodying economic benefits will be required to settle an obligation, the provision is reversed. The provision is released to the caption of the consolidated income statement in which the related expense was recognised, and any surplus is recognised in other income.

(i) Provisions for restructuring costs

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or is imminent or has been announced publicly. Restructuring provisions only include the direct expenditures arising from the restructuring which are not associated with the ongoing activities of the Group.

Obligations existing at year end arising as a result of past events, the amount and settlement date of which are not determined and which could negatively affect the equity of the Indra Group, are recognised as provisions for liabilities and charges under liabilities in the consolidated statement of financial position at the present value of the most probable estimated amount that the Group would be obliged to disburse to settle the obligation.

The amount of these provisions is calculated at each accounting close on the basis of the most reliable information available in relation to the consequences of the event from which they arise.

(ii) Trade provisions

Trade provisions are made to cover the estimated expenses of repairs or reviews of projects during the guarantee period.

p) R&D loans

R&D loans are extended to assist in the Group's research and development activities. Such loans bear zero explicit interest and the repayment schedule generally exceeds five years.

R&D loans are initially recognised under liabilities at the present value of future cash flows and revalued at market interest rates. The difference between the nominal value and the revalued amount is recognised as a decrease in the accrued expense, and the loan is therefore treated as an operating subsidy if an expense has been incurred, or as a capital grant if no expense has been incurred or the expense has been capitalised.

In subsequent years the loan revaluation is recognised under finance income or expenses.

q) Current/long-term

Assets and liabilities are classified in the consolidated statement of financial position as follows:

- Non-current: payables falling due more than twelve months from the date of the statement of financial position, which is the Group's normal operating cycle, and assets which are not expected to be realised, sold or consumed within this time.
- Current: assets expected to be realised, sold or consumed within the normal operating cycle of the Group and payables falling due within twelve months of the date of the statement of financial position.

r) Income tax

The income tax expense for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the consolidated taxable profit (tax loss) for a period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at year end.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or a business combination.

A deferred tax liability is an amount payable in the future in respect of income tax relating to taxable temporary differences, while a deferred tax asset is an amount recoverable as a result of deductible temporary differences, tax loss carryforwards or deductions pending application. A temporary difference is the difference between the carrying amount of assets and liabilities and their tax base.

Taxable temporary differences are recognised in all cases except when they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Deductible temporary differences are recognised provided that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Entity expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

s) Earnings per share

The Group calculates basic earnings per share by dividing profit or loss by the weighted average number of shares available during the period. Available shares are issued shares not held by the Company as treasury shares. Diluted earnings per share are calculated taking into account the diluted effect of convertible bonds or hybrid instruments with an equity component.

t) Financial derivatives and hedging operations

Financial derivatives that comply with hedge accounting criteria are initially recognised at fair value plus any transaction costs directly attributable to their acquisition; or less any transaction costs directly attributable to the issue of the financial derivatives. However, transaction costs are subsequently recognised as an expense unless they form part of the effective variation in the hedge. Derivatives that do not meet these criteria are classified and measured as financial assets or financial liabilities at fair value through profit or loss.

The Group recognises hedges of exchange rate exposure associated with firm commitments as cash flow hedges.

At the inception of a hedge operation, the Group formally designates and documents hedging relationships, as well as its objective and strategy for undertaking the hedge. Hedge accounting is only applicable at the inception of the hedge and in subsequent periods, when the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective effectiveness testing); and when the actual effectiveness of the hedge can be reliably determined and is within a range of 80–125 per cent (retrospective effectiveness testing).

In the case of cash flow hedges, the Group evaluates whether forecast transactions are highly probable and whether they present an exposure to variations in cash flows that could ultimately affect profit or loss for the year.

The Group has arranged forward purchases and sales of foreign currency. These exchange rate insurance contracts are considered financial derivatives and comply with conditions for hedge accounting, as follows:

- In the case of hedges of the exposure of the fair value of foreign currency monetary financial assets and liabilities to currency risk, changes in both the market value of derivative financial instruments designated as hedging instruments and the market value of the hedged item, as a result of the hedged exposure, are taken to the consolidated income statement.
- In the case of cash flow hedges, changes in the market value of hedging derivative financial instruments are recognised, to the extent that these hedges are effective, in other comprehensive income in the consolidated statement of comprehensive income during the year in which the expected transaction or firm commitment impacts on profit and loss.

The fair value of exchange rate insurance is calculated using the official exchange rate of each currency at closing date.

The Group has also contracted interest rate hedges to eliminate or significantly reduce these risks. The fair value of interest rate hedges is based on market values for equivalent financial derivatives at the end of the reporting period. All interest rate hedges are also effective as cash flow hedges. The Group recognises any gains or losses on the fair value measurement of hedging instruments that relate to the part of the hedge identified as effective as recognised income or expense.

u) Termination benefits

Except in the case of justifiable cause, companies are liable to pay termination benefits to employees whose services are discontinued. Termination benefits, if they arise, are expensed when the decision to terminate employment is approved and announced to the affected parties.

v) Distribution of costs by segment

The Group's activities are performed in two main segments:

- Solutions, which include a wide range of systems, applications and components for compiling data and information and for data and information processing, transmission and subsequent presentation, for the control and management of complex processes. The Group's solutions business is characterised by the customer-based approach and knowledge of the business, and incorporates a high degree of business and consulting technology.

- Services, including management and operation of systems and solutions, as well as certain business processes where technology is a strategic element.

Inter-segment pricing is determined on an arm's length basis and profit or loss of each segment is measured and fund-allocation decisions are taken using the contribution margin. This margin is the gross margin of projects less the cost of sales in the markets in which the Group offers its solutions and services and costs to support the completion of projects.

For consolidation purposes, corporate functions and other activities which cannot be allocated to a specific segment are shown under Corporate (unallocated).

Based on the different characteristics of the geographical areas in which the Group operates, the Group's activities have been divided into the following geographical areas: Spain, Europe, the United States, and Canada, Latin America and other countries.

w) Recognition of income and expenses

The Group recognises income and expenses on contracts using the percentage of completion method, which is based on the estimated portion of the total contract completed at the closing date. Accordingly, the total estimated profit is distributed over the period in which the contract is expected to be carried out, based on the percentage of completion at each year end.

Where certificates of work completed exceed income obtained by applying the percentage of completion method, the excess is recorded under advances from customers. Conversely, where certificates issued are lower than income resulting from the application of the percentage of completion method, uninvoiced income is recorded under trade and other receivables in the consolidated statement of financial position.

Losses estimated to arise on projects are recognised as soon as they become known.

x) Foreign currency transactions and balances

(i) Functional and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent company's functional and presentation currency, rounded off to the nearest thousand.

(ii) Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into the functional currency using the spot exchange rates between the functional currency and the foreign currency at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at the closing rate, while non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into the functional currency at the exchange rate at the date that the fair value was determined.
Exchange gains or losses on monetary financial assets and financial liabilities denominated in foreign currencies are recognised in profit and loss.

(iii) Translation of foreign operations

The Group adopted the exemption foreseen by IFRS 1 First-time Adoption of IFRS relating to cumulative translation differences. Consequently, translation differences recognised in consolidated annual accounts prepared prior to 1 January 2004 were included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative figures, are translated at the closing date of each reporting period;.
- Income and expenses, including comparative figures, are translated at the exchange rates prevailing at each transaction date; and
- All resulting exchange differences are recognised as translation differences in equity.

The same criteria are applicable when translating the financial statements of companies accounted for using the equity method, for which translation differences relating to the Company's interest are recognised in equity.

Translation differences recognised in equity in relation to foreign operations are accounted for in the consolidated income statement together with any gains or losses recognised in profit and loss on the disposal of such operations.

(iv) Entities located in hyperinflationary countries

In accordance with EU-IFRS, the Venezuelan economy has been considered as hyperinflationary at the 2010 close. The financial statements of Group companies located in Venezuela have therefore been adjusted to correct the effects of inflation.

In accordance with the requirements of IAS 29, monetary items have not been restated, whereas non-monetary items (mainly property, plant and equipment and equity) have been restated based on the Consumer Price Index of the country.

Historical differences between restated costs and former costs of non-monetary items accumulated at 1 January 2009 have been recognised with a credit to reserves in the consolidated statement of financial position, whereas differences for 2010, along with the restatement of the income statement for 2010, have been taken to the consolidated income statement.

At 31 December 2010 the positive impact of these adjustments to the equity reflected in the consolidated statement of financial position totals Euros 2.7 million (Euros 1.8 million in 2009).

5. Business Combinations

a) Subsidiaries

The Group acquired the following subsidiaries during the year ended 31 December 2010:

- On 25 March 2010, the subsidiary Indra BMB S.L. acquired 100% of the share capital of Viálogos Gestión de la Eficiencia, S.A.U. and Viálogos Servicios de Comunicación, S.L.U. for Euros 6,896 thousand and Euros 4,250 thousand, respectively.
- On 16 June 2010 the subsidiary Indra BMB, S.L. acquired a 100% interest in TASAI, S.A.U. for Euros 500 thousand.
- On 1 October the Parent company obtained control of the Brazilian company Telefónica Pesquisa e Desenvolvimento (now Indra P+D Brasil Ltda) for Euros 340 thousand. This amount is pending payment at 31 December 2010.
- On 1 October 2010, the Parent company obtained control of Unidad Productiva Autónoma de Telefónica Investigación y Desarrollo S.A.U. In this transaction the Parent company acquired the assets, contracts and personnel of the line of business engaged in developing, implementing and rendering support and advisory services in relation to products, solutions, systems and services, which until that date were carried out by Telefónica Investigación y Desarrollo. The price for the transfer of Unidad Productiva Autónoma was Euros 182 thousand.
- On 4 November 2010, the subsidiary Indra BMB, S.L. acquired 100% of the share capital of Inforsistem S.A.U. for Euros 8,154 thousand.

Aggregate details of the cost of business combinations and the fair value of the net assets acquired and goodwill are as follows (note 8):

Thousands of Euros

	Vialog Efficiency Management	Vialog Communication	TASAI	Indra P+D Brasil	Activity Branch	Inforsistem	Total
Cost of the business combination	6,896	4,250	500	340	182	8,154	20,322
Fair value of the net assets acquired	1,412	1,624	(240)	340	182	8,154	11,472
Goodwill	5,484	2,626	740	-	-	-	8,850

The fair value of the assets, liabilities and contingent liabilities of total acquisitions recognised at the date of acquisition is as follows:

	Thousands of Euros
Assets	
Intangible assets	5,765
Property, plant and equipment	9,497
Investments	211
Inventories	2,228
Trade and other receivables	24,713
Other assets	12,961
	55, 375
Liabilities	
Non-current liabilities	(1,413)
Non-current payables	(6,488)
Loans and borrowings	(461)
Trade and other payables	(16,744)
Other liabilities	(24,177)
	(49,283)
Total net assets	**6,092**
Cost of the business combinations	20,322
Fair value of the net assets acquired	5,380
Goodwill	**8,850**

	Thousands of Euros
Cost of the business combination:	
- Cash paid	20,322
	20,322
Fair value of the net assets acquired	11,472
Goodwill (note 8)	**8,850**

Had the above-mentioned acquisitions taken place prior to 1 January 2010, the Group's revenue and profit for the year ended 31 December 2010 attributable to the Parent company would have amounted to Euros 2,588,584 thousand and Euros 188,248 thousand, respectively.

The revenues and profit generated by the business combinations acquired during 2010 as of the date of their acquisition totalled Euros 18,635 thousand and Euros 2,469 thousand, respectively (Euros 13,689 thousand and Euros 2,621 thousand in 2009). These amounts have been included in the consolidated statement of comprehensive income for 2010.

The Group acquired the following subsidiaries during the year ended 31 December 2009:

- On 1 January 2009 the Parent company acquired a 100% interest in the German company, AC-B Air Traffic Control & Business Systems GmbH for Euros 1,788 thousand.
- The principal activity of AC-B Air Traffic Control & Business Systems GmbH is the design, configuration and maintenance of aeronautic communications networks, as well as providing services based on the use of information technologies.
- On 19 January 2009 the Parent company acquired a 100% interest in Intos, S.A.U. for Euros 4,846 thousand.

Intos, S.A.U. is engaged in the development, design, integration and maintenance of IT-based systems, solutions and services.

- On 23 January 2009 the subsidiary Indra BMB, S.L. acquired a 100% interest in COB Barcelona, S.L.U. for Euros 6,979 thousand.

COB Barcelona, S.L.U. is engaged in business process outsourcing (BPO) for activities carried out in the banking and public administration sectors.

- On 19 November 2009 the Parent company acquired a 100% interest in the German company Avitech AG GmbH for Euros 6,000 thousand.

Avitech AG GmbH is engaged in the planning, development, integration, installation and maintenance of auxiliary air traffic control systems.

- On 30 December 2009, the Parent company acquired a 75% interest in the Peruvian company COM, S.A. for Euros 7,620 thousand.

The principal activity of COM, S.A. consists of rendering consultancy and advisory services for information technology projects and Business Process Outsourcing (BPO).

Aggregate details of the cost of business combinations and the fair value of the net assets acquired and goodwill are as follows (note 8):

Thousands of Euros

	AC-B	Intos	COB	Avitech AG	COM, S.A:	Total
Cost of the business combination	1,788	4,846	6,979	6,000	7,620	27,233
Fair value of the net assets acquired	50	1,662	183	6,000	7,620	15,515
Goodwill	1,738	3,184	6,796	-	-	11,718

The fair value of the assets, liabilities and contingent liabilities of total acquisitions recognised at the date of acquisition is as follows:

Thousands of Euros

Assets	
Property, plant and equipment	1,251
Intangible assets	795
Customer portfolio	12,121
Investments	47
Inventories	166
Trade and other receivables	4,863
Current tax assets	18
Other assets	1,274
	20,535
Liabilities	
Minority interests	(2,540)
Non-current loans	(122)
Non-current provisions	(288)
Non-current payables	(666)
Suppliers	(3,198)
Other payables	(532)
Current tax liabilities	(579)
Loans and borrowings	(1,228)
Other liabilitie	(2,056)
	(11,209)
Total net assets	**(9,326)**
Cost of the business combination:	26,548
Expenses inherent to the acquisition	685
Cash and cash equivalents	6,188
Goodwill	**11,718**

Had the above-mentioned acquisitions taken place prior to 1 January 2009, the Group's revenue and profit for the year ended 31 December 2009 attributable to the Parent company would have amounted to Euros 2,534,547 thousand and Euros 196,621 thousand, respectively.

b) Joint ventures

The composition of jointly-controlled entities did not change during the year ended 31 December 2010.

During the year ended 31 December 2009 Computación Ceicom., S.A. and Ceicom Europe, S.L. became fully consolidated after the Parent company obtained 100% of the share capital of both companies.

6. Property, Plant and Equipment

Details at 31 December 2010 and 2009 are as follows:

Thousands of Euros	Balance at 31.12.09	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Investments:							
Land	10,002	-	-	11	-	(23)	9,990
Buildings	47,014	239	316	141	(1,209)	178	46,679
Plant, machinery and other install.	153,047	16,475	(3,153)	9,056	(1,294)	776	174,907
Furniture	32,950	605	125	2,206	(3,049)	(435)	32,402
Motor vehicles	4,017	18	(325)	510	(708)	(41)	3,471
Information technology equipment	59,050	3,426	1,342	9,060	(7,495)	(1,708)	63,675
Other property, plant and equipment	5,267	73	302	1,320	(228)	(830)	5,904
Property, plant and equipment under construction	1,251	-	3	726	(19)	(1,676)	285
	312,598	**20,836**	**(1,390)**	**23,030**	**(14,002)**	**(3,759)**	**337,313**

Thousands of Euros	Balance at 31.12.09	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Depreciation:							
Buildings	(15,280)	(238)	(106)	(945)	567	371	(15,631)
Plant, machinery and other inst.	(92,043)	(8,212)	(454)	(11,917)	954	352	(111,320)
Furniture	(20,316)	(327)	3,274	(3,171)	2,758	656	(17,126)
Motor vehicles	(2,498)	(14)	443	(712)	585	685	(1,511)
Information technology equipment	(39,306)	(2,490)	(919)	(9,325)	7,178	(214)	(45,076)
Other property, plant and equipment	(2,780)	(58)	(85)	(761)	103	(106)	(3,687)
	(172,223)	**(11,339)**	**2,153**	**(26,831)**	**12,145**	**(1,744)**	**(194,351)**
Carrying amount:							
Land	10,002	-	-	11	-	(23)	9,990
Buildings	31,734	1	210	(804)	(642)	549	31,048
Plant, machinery and other install.	61,004	8,263	(3,607)	(2,861)	(340)	1,128	63,587
Furniture	12,634	278	3,399	(965)	(291)	221	15,276
Motor vehicles	1,519	4	118	(202)	(123)	644	1,960
Information technology equipment	19,744	936	423	(265)	(317)	(1,922)	18,599
Other property, plant and equipment	2,487	15	217	559	(125)	(936)	2,217
Property, plant and equipment under construction	1,251	-	3	726	(19)	(1,676)	285
Total	**140,375**	**9,497**	**763**	**(3,801)**	**(1,857)**	**(2,015)**	**142,962**

Thousands of Euros	Balance at 31.12.08	Business combinations	Changes in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.09
Investments:								
Land	9,874	-	-	-	128		-	10,002
Buildings	45,067	-	-	156	1,377	(7)	421	47,014
Plant, machinery and other install.	134,109	1,233	4	11,405	10,679	(4,025)	(358)	153,047
Furniture	28,499	279	30	1,042	3,443	(347)	4	32,950
Motor vehicles	3,151	127	4	356	735	(300)	(56)	4,017
Information technology equipment	64,118	560	80	2,928	8,247	(17,008)	125	59,050
Other property, plant and equipment	4,015	136	-	(6)	1,236	(287)	175	5,267
Property, plant and equipment under construction	2,171	3	-	(1)	-	(575)	(347)	1,251
	291,004	**2,338**	**118**	**15,880**	**25,845**	**(22,551)**	**(36)**	**312,598**
Depreciation:								
Buildings	(14,887)	-	(1)	(12)	(1,048)	4	664	(15,280)
Plant, machinery and other install.	(78,216)	(594)	(8)	(6,032)	(9,688)	3,322	(827)	(92,043)
Furniture	(12,661)	(133)	(3)	(4,599)	(3,223)	280	23	(20,316)
Motor vehicles	(1,506)	(72)	(26)	(428)	(509)	156	(113)	(2,498)
Information technology equipment	(42,154)	(234)	(2)	(2,856)	(10,268)	16,097	111	(39,306)
Other property, plant and equipment	(2,503)	(54)	-	-	(481)	243	15	(2,780)
	(151,927)	**(1,087)**	**(40)**	**(13,927)**	**(25,217)**	**20,102**	**(127)**	**(172,223)**

Thousands of Euros	Balance at 31.12.08	Business combinations	Changes in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.09
Carrying amount:								
Land	9,874	-	-	-	128	-	-	10,002
Buildings	30,180	-	(1)	144	329	(3)	1,085	31,734
Plant, machinery and other install.	55,893	639	(4)	5,373	991	(703)	(1,185)	61,004
Furniture	15,838	146	27	(3,557)	220	(67)	27	12,634
Motor vehicles	1,645	55	(22)	(72)	226	(144)	(169)	1,519
Information technology equipment	21,964	326	78	72	(2,021)	(911)	236	19,744
Other property, plant and equipment	1,512	82	-	(6)	755	(46)	190	2,487
Property, plant and equipment under construction	2,171	3	-	(1)	-	(575)	(347)	1,251
Total	**139,077**	**1,251**	**78**	**1,953**	**628**	**(2,449)**	**(163)**	**140,375**

As in 2009, additions to plant, machinery and other installations in 2010 are mainly due to the continued fitting out of the new offices of the Parent company. Additions of information technology equipment in 2010 primarily relate to outsourcing projects implemented by the Parent company.

Details by nature of assets acquired through finance leases at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Investments:		
Plant, machinery and other installations	10,455	2,566
Furniture	98	98
Information technology equipment	1,234	875
Other property, plant and equipment	996	360
	12,783	**3,899**
Depreciation:		
Plant, machinery and other installations	(5,183)	(682)
Furniture	(25)	(23)
Information technology equipment	(810)	(407)
Other property, plant and equipment	(291)	(165)
	(6,309)	**(1,277)**
Carrying amount:		
Plant, machinery and other installations	5,272	1,884
Furniture	73	75
Information technology equipment	424	468
Other property, plant and equipment	705	195
Total	**6,474**	**2,622**

Details of the minimum payments and present value of finance lease liabilities, by maturity date, are as follows:

Thousands of Euros

	2010			2009		
	Minimum payments	Interest	Purchase option	Minimum payments	Interest	Purchase option
Less than one year	1,712	307	57	828	20	76
One to five years	4397	546	47	479	21	15
	6,109	**853**	**104**	**1,307**	**41**	**91**

Finance lease liabilities are effectively secured as the rights over the leased assets revert to the lessor in the event of default.

At 31 December 2010 fully depreciated property, plant and equipment amount to Euros 81,961 thousand (Euros 58,114 thousand at 31 December 2009).

7. Investment property

On 23 March 2010 the board of directors of the subsidiary Prointec, S.A. unanimously approved the acceptance of three properties located in Madrid as settlement of the balance receivable from the Mall Group. These properties have been recognised in an amount of Euros 5,264 thousand, in accordance with the valuation carried out by independent experts. The properties had associated mortgage debt of Euros 3,232 thousand (note 20) which the subsidiary has assumed.

8. Goodwill

For impairment testing purposes, goodwill has been allocated to the Group's cash generating units in line with the country of operation and business segment.

A summary of goodwill is as follows:

Thousands of Euros	31.12.09	Additions	Business combinations	Translation differences	Impairment	31.12.10
Indra EWS	14,462	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	29,447
Grupo Europraxis	31,514	-	-	-	-	31,514
Grupo BMB	45,180	1,035	8,850	-	-	55,065
Grupo Azertia	76,959	-	-	1,016	(93)	77,882
Grupo Prointec	35,046	246	-	-	-	35,292
Grupo Soluziona	169,160	-	-	2,890	(63)	171,987
Others	38,419	2,205	-	430	(376)	40,678
Total	**440,187**	**3,486**	**8,850**	**4,336**	**(532)**	**456,327**

Thousands of Euros	31.12.08	Additions	Business combinations	Translation differences	Transfers	Impairment	31.12.09
Indra EWS	14,462	-	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	-	29,447
Grupo Europraxis	31,514	-	-	-	-	-	31,514
Grupo BMB	38,384	-	6,796	-	-	-	45,180
Grupo Azertia	78,218	-	-	(1,259)	-	-	76,959
Grupo Prointec	35,046	259	-	-	(259)	-	35,046
Grupo Soluziona	171,816	-	-	(1,324)	-	(1,332)	169,160
Others	32,674	1,360	4,922	(409)	-	(128)	38,419
Total	**431,561**	**1,619**	**11,718**	**(2,992)**	**(259)**	**(1,460)**	**440,187**

Additions for the year ended 31 December 2010 reflect the following transactions relating to business combinations established prior to 1 July 2009, giving rise to the recognition of new goodwill:

- On 20 April 2010, the Parent company paid the outstanding 25% of the final purchase options on Computación Ceicom, S.A. and Ceicom Europe, S.L., amounting to Euros 1,897 thousand and Euros 100 thousand, respectively, recognising the difference between the value initially estimated and the amounts actually paid as goodwill of Euros 377 thousand and Euros 20 thousand, respectively.
- On 25 April 2010 the Parent company settled the Euros 841 thousand variable payment for the acquisition of Intos SLU., recognising the Euros 386 thousand difference as goodwill.
- On 28 April 2010, the subsidiary Indra BMB, S.L. settled the variable payment of Euros 2,127 thousand for the acquisition of COB Barcelona S.L.U., recognising goodwill of Euros 528 thousand.
- On 6 May, the Parent company settled the Euros 1,065 thousand variable payment for the acquisition of Indra Perú, recognising goodwill of Euros 1,422 thousand.
- On 2 June 2010 the subsidiary Prointec, S.A. settled Euros 246 thousand reflecting an increase in the value of Consis Proiect SRL. This amount reflected the variable payment specified in the share sale and purchase agreement signed in 2007. Goodwill of Euros 246 thousand was recognised in respect of this transaction.
- On 22 July 2010, the subsidiary Indra BMB, S.L. paid the Euros 507 thousand variable price for the acquisition of Indra BMB Servicios Digitales, S.A.U., recognising goodwill of the same amount.

Additions during the year ended 31 December 2009 comprise the goodwill generated on the following transactions:

- On 3 June 2009 the subsidiary Prointec, S.A. settled Euros 185 thousand reflecting an increase in the value of Consis Proiect SRL. This amount was the variable payment specified in the share sale and purchase agreement signed in 2007. Goodwill of Euros 184 thousand was generated on this transaction.
- On 26 November 2009 the Parent company acquired a 24.983% and the remaining 25% interest in Ceicom Europe, S.L. and Computación Ceicom, S.A., respectively, for Euros 80 thousand and Euros 1,520 thousand, generating goodwill of Euros 14 thousand and Euros 1,346 thousand, respectively.
- On 30 November 2009 the subsidiary Prointec, S.A. acquired a further 9% interest in MECSA, S.A. for Euros 133 thousand. Goodwill of Euros 75 thousand was generated on this transaction.

Key assumptions used to calculate the value in use

The Group periodically measures the recoverability of the goodwill included in the above table based on the strategic plans of the different businesses, discounting expected future cash flows.

The assumptions on which these cash flow projections are based are past experience and reasonable forecasts supported by the strategic plans of the Group's different cash generating units. These forecasts are contrasted with market growth forecasts according to different specialised sources, the Company's position in the market and all strategic aspects that could lead to changes in this position (innovation, new market openings, etc.).

These projections relate to the coming five years. Cash flows for the years not considered in the projections are estimated as perpetual income with growth of between 1% and 2.5%..

When calculating the value in use, estimated cash flows are discounted to their present value using the discount rate before tax that reflects present market values relating to the time value of money and the specific risks of the assets. The present cost of money (10-year government bonds) and the risk premiums generally used for the business by analysts are considered when calculating this rate and the geographical area is also taken into account, obtaining future discount rates of approximately 9%.

In all cases sensitivity analyses are performed in relation to the discount rate used (around 9%), and the residual growth rate (between 1 and 2.5%), to verify that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised.

According to the calculations, impairment of Euros 532 thousand occurred in 2010 (Euros 1,460 thousand in 2009), which were recognised under other losses on non-current assets in the income statement (see note 30).

9. Other Intangible Assets

Details at 31 December 2010 and 2009 are as follows:

Thousands of Euros	Balance at 31.12.09	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Investments:							
Industrial property	17,128	-	500	23,354	(211)	(1,314)	39,457
Software	88,282	2,376	522	39,633	(23,738)	10,255	117,330
Development expenses	67,170	-	593	31,872	(1,524)	(4,887)	93,224
Other intangible assets	21,033	4,749	1,160	40	(245)	(1,144)	25,593
	193,613	**7,125**	**2,775**	**94,899**	**(25,718)**	**(2,910)**	**275,604**
Amortisation:							
Propiedad insdutrial	(13,439)	-	(5)	(777)	157	(1,272)	(15,336)
Aplicaciones informáticas	(36,496)	(1,360)	(394)	(11,075)	20,537	(1,973)	(30,761)
Gastos de desarrollo	(5,058)	-	(8)	(1,355)	1,524	554	(4,343)
Otros intangibles	(4,982)	-	(86)	(2,033)	13	1,796	(5,292)
	(59,975)	**(1,360)**	**(493)**	**(15,240)**	**22,231**	**(895)**	**(55,732)**
Carrying amount:							
Industrial property	3,689	-	495	22,577	(54)	(2,586)	24,121
Software	51,786	1,016	128	28,558	(3,201)	8,282	86,569
Development expenses	62,112	-	585	30,517	-	(4,333)	88,881
Other intangible assets	16,051	4,749	1,074	(1,993)	(232)	652	20,301
Total	**133,638**	**5,765**	**2,282**	**79,659**	**(3,487)**	**2,015**	**219,872**

Thousands of Euros	Balance at 31.12.08	Business combinations	Changes in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.09
Investments:								
Industrial property	44,889	94	-	199	1,146	(29,330)	130	17,128
Software	70,187	906	27	343	20,593	(3,971)	197	88,282
Development expenses	49,133	-	695	21	28,311	(10,906)	(84)	67,170
Other intangible assets	9,467	-	-	(71)	12,447	(950)	140	21,033
	173,676	**1,000**	**722**	**492**	**62,497**	**(45,157)**	**383**	**193,613**
Amortisation:								
Industrial property	(41,855)	-	-	25	(840)	29,330	(99)	(13,439)
Software	(29,942)	(205)	(25)	(385)	(9,434)	3,622	(127)	(36,496)
Development expenses	(10,471)	-	(184)	49	(5,586)	11,134	-	(5,058)
Other intangible assets	(4,081)	-	-	55	(962)	-	6	(4,982)
	(86,349)	**(205)**	**(209)**	**(256)**	**(16,822)**	**44,086**	**(220)**	**(59,975)**
Carrying amount:								
Industrial property	3,034	94	-	224	306	-	31	3,689
Software	40,245	701	2	(42)	11,159	(349)	70	51,786
Development expenses	38,662	-	511	70	22,725	228	(84)	62,112
Other intangible assets	5,386	-	-	(16)	11,485	(950)	146	16,051
Total	**87,327**	**795**	**513**	**236**	**45,675**	**(1,071)**	**163**	**133,638**

The most significant projects capitalised are as follows:

Thousands of Euros

	2010	**2009**
Investments:		
Core banking development	30,429	27,945
Rail traffic control development	9,738	9,738
Healthcare market software development	12,705	9,489
Internal software development	14,920	8,248
	67,792	**55,420**
Amortisation:		
Rail traffic control development	(6,635)	(4,200)
	(6,635)	**(4,200)**
Carrying amount:		
Core banking development	30,429	27,945
Rail traffic control development	3,103	5,538
Healthcare market software development	12,705	9,489
Internal software development	14,920	8,248
Total	**61,157**	**51,220**

During 2010 the Parent company continued to invest in internal developments in all its areas of activity, including investments in the financial institutions area, the healthcare market and in software maintenance rights recognised under patents.

At 31 December 2009 the increase in other intangible assets primarily related to the addition of customer portfolios deriving from the acquisition of Avitech AG GmbH and COM, S.A.

At 31 December 2010 fully-amortised intangible assets amount to Euros 20,180 thousand (Euros 16,361 thousand at 31 December 2009).

10. Financial Instruments

Classification of financial instruments (except investments in associates) by nature and maturity date in 2010 and 2009 is as follows:

2010 Thousands of Euros

	Note	Available for sale financial assets	Loans and receivables	Hedging derivatives
Financial Assets: Type/Category				
Investments in non-Group companies	12	30,064	-	-
Debt securities	12	-	4,947	25
Other financial assets	12	-	8,349	-
Non-current		30,064	13,296	25
Equity instruments	17	205	-	-
Debt securities	16	-	95,385	-
Derivatives		-	-	99
Other financial assets	14 y 15	-	1,635,562	-
Current		205	1,730,947	99
Total		30,269	1,744,243	124

2010 Thousands of Euros

		Debts and payables	Hedging derivatives
Financial Liabilities: Type/Category			
Loans and borrowings	20	194,522	-
Derivatives	20	-	1,547
Other financial liabilities	20 y 21	58,390	-
Non-current liabilities		252,912	1,547
Loans and borrowings	24	155,633	-
Derivatives	26	-	3,903
Other financial liabilities	25 y 26	1,318,929	-
Current liabilities		1,474,562	3,903
Total		1,727,474	5,450

2009 Thousands of Euros

	Note	Available for sale financial assets	Loans and receivables	Hedging derivatives
Financial Assets: Type/Category				
Investments in non-Group companies	12	24,387	-	-
Debt securities	12	-	5,115	-
Other financial assets	12	-	6,086	-
Non-current		24,387	11,201	-
Equity instruments	17	205	-	-
Debt securities	16	-	31,812	-
Derivatives		-	-	1,552
Other financial assets	14 y 15	-	1,402,512	-
Current		205	1,434,324	1,552
Total		24,592	1,445,525	1,552

2009 Thousands of Euros

		Debts and payables	Hedging derivatives
Financial Liabilities: Type/Category			
Loans and borrowings	20	60,637	-
Derivatives	20	-	780
Other financial liabilities	20 y 21	45,271	-
Non-current liabilities		105,908	780
Loans and borrowings	24	99,199	-
Derivatives	26	-	138
Other financial liabilities	25 y 26	1,113,875	-
Current liabilities		1,213,074	138
Total		1,318,982	918

Details of the characteristics of each financial instrument are provided in the relevant note to these consolidated annual accounts.

11. Investments Accounted for Using the Equity Method

Details at 31 December 2010 and 2009 are as follows:

Thousands of Euros	Balance at 31.12.09	Investment	Dividends	Profit/(Loss)	Transfers	Balance at 31.12.10
SAES Capital	2,291	-	(392)	573	-	2,472
Eurofighter Simulation Systems	1,699	-	-	760	-	2,459
Euromids	240	-	-	45	-	285
Indra Sistemas Tecnocom	50	-	-	(18)	-	32
Iniciativas Bioenergéticas	831	1,000	-	(596)	13	1,248
Idetegolf	14	-	-	(3)	-	11
Trias Beltran	8	-	-	-	-	8
Inmunologística	348	-	-	-	-	348
A4 Essor	21	--	-	52	-	73
Zeronine ACI	322	-	-	(127)	-	195
Eólica Maritima y Portuaria	(17)	-	-	(1)	-	(18)
Total	**5,807**	**1,000**	**(392)**	**685**	**13**	**7,113**

Thousands of Euros	Balance at 31.12.08	Dividends	Profit/(Loss)	Transfers	Balance at 31.12.09
SAES Capital	2,105	(245)	431	-	2,291
Eurofighter Simulation Systems	886	-	813	-	1,699
Euromids	413	-	(173)	-	240
Indra Sistemas Tecnocom	105	-	(55)	-	50
Iniciativas Bioenergéticas	1,786	-	(955)	-	831
Idetegolf	14	-	-	-	14
Trias Beltran	8	-	-	-	8
Inmunologística	89	-	-	259	348
A4 Essor	21	-	-	-	21
Zeronine ACI	481	-	(159)	-	322
Eólica Maritima y Portuaria	1	-	(18)	-	(17)
Huertas de Binipark	1,174	-	(30)	(1,144)	-
Total	**7,083**	**(245)**	**(146)**	**(885)**	**5,807**

Movement relating to investments in associates during the year ended 31 December 2010 is as follows:

- On 1 December 2010, the subsidiary Prointec Concesiones y Servicios, S.L. subscribed and paid an increase in the share capital of Iniciativas Bioenergéticas, S.L. amounting to Euros 1,000 thousand, maintaining its interest in this company at 20%.

There was no movement relating to investments in associates during the year ended 31 December 2009.

12. Other Investments

Movement in other investments during the years ended 31 December 2010 and 2009 is as follows:

Thousands of Euros	Balance at 31.12.09	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Investments:							
Other non-current investments in non-Group companies	42,661	-	-	5,708	(31)	-	48,338
Non-current loans	5,108	-	6	-	(64)	(110)	4,940
Non-current deposits	6,022	210	50	2,296	(1,510)	112	7,180
Loans to personnel	7	-	-	-	-	-	7
Cash flow hedges	-	-	-	25	-	-	25
Other investments	64	-	-	1,132	(27)	-	1,169
	53,862	**210**	**56**	**9,161**	**(1,632)**	**2**	**61,659**
Impairment:							
Other non-current investments in non-Group companies	(18,274)	-	-	-	-	-	(18,274)
	(18,274)	**-**	**-**	**-**	**-**	**-**	**(18,274)**
Carrying amount:							
Other non-current investments in non-Group companies	24,387	-	-	5,708	(31)	-	30,064
Non-current loans	5,108	-	6	-	(64)	(110)	4,940
Non-current deposits	6,022	210	50	2,296	(1,510)	112	7,180
Loans to personnel	7	-	-	-	-	-	7
Cash flow hedges	-	-	-	25	-	-	25
Other investments	64	-	-	1,132	(27)	-	1,169
Total	**35,588**	**210**	**56**	**9,161**	**(1,632)**	**2**	**43,385**

Thousands of Euros	Balance at 31.12.08	Business combinations	Change in investment	Additions	Disposals	Transfers	Balance at 31.12.09
Investments:							
Other non-current investments in non-Group companies	44,962	3	-	404	(2,768)	60	42,661
Non-current loans	4,820	-	-	244	(19)	63	5,108
Non-current deposits	5,854	47	1	816	(696)	-	6,022
Loans to personnel	7	-	-	-	_	-	7
Cash flow hedges	1,330	-	-		(1,330)	-	-
Other investments	44	-	-	21	(1)	-	64
	57,017	**50**	**1**	**1,485**	**(4,814)**	**123**	**53,862**
Impairment:							
Other non-current investments in non-Group companies	(20,918)	-	-	-	2,644	-	(18,274)
	(20,918)	**-**	**-**	**-**	**2,644**	**-**	**(18,274)**
Carrying amount:							
Other non-current investments in non-Group companies	24,044	3	-	404	(124)	60	24,387
Non-current loans	4,820	-	-	244	(19)	63	5,108
Non-current deposits	5,854	47	1	816	(696)	-	6,022
Loans to personnel	7	-	-	-	-	-	7
Cash flow hedges	1,330	-	-	-	(1,330)	-	-
Other investments	44	-	-	21	(1)	-	64
Total	**36,099**	**50**	**1**	**1,485**	**(2,170)**	**123**	**35,588**

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

Details are as follows:

Thousands of Euros	Balance at 31.12.09	Additions	Disposals	Balance at 31.12.10
Investment:				
Sadiel	39	-	-	39
Safelayer Secure Comunications	695	-	-	695
Galileo Sistemas y Servicios	138	-	-	138
Banco Inversis	31,672	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	7,572
Subgrupo Prointec	131	8	-	139
Neotec	1,199	539	-	1,738
Bansabadell Informtion Systems	1,070	25	-	1,095
Volcat	-	1,002		1,002
Plataforma Tecnológica para el emprendimiento Microempresarial	-	4,134	-	4,134
Other	145	-	(31)	114
Total	**42,661**	**5,708**	**(31)**	**48,338**
Impairment:				
Safelayer Secure Comunications	(152)	-	-	(152)
Galileo Sistemas y Servicios	(3)	-	-	(3)
Banco Inversis	(17,594)	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	(520)
Other	(5)	-	-	(5)
Total	**(18,274)**	**-**	**-**	**(18,274)**

Thousands of Euros	Balance at 31.12.09	Additions	Disposals	Balance at 31.12.10
Carrying amount:				
Sadiel	39	-	-	39
Safelayer Secure Comunications	543	-	-	543
Galileo Sistemas y Servicios	135	-	-	135
Banco Inversis	14,078	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	7,052
Subgrupo Prointec	131	8	-	139
Neotec	1,199	539	-	1,738
Bansabadell Informtion Systems	1,070	25	-	1,095
Volcat	-	1,002		1,002
Plataforma Tecnológica para el emprendimiento Microempresarial	-	4,134	-	4,134
Other	140	-	(31)	109
Total	**24,387**	**5,708**	**(31)**	**30,064**

Thousands of Euros	Balance at 31.12.08	Business combinations	Additions	Disposals	Transfers	Balance at 31.12.09
Investment:						
Sadiel	39	-	-	-	-	39
Safelayer Secure Comunications	695	-	-	-	-	695
Marco Polo	2,753	-	-	(2,753)	-	-
Galileo Sistemas y Servicios	138	-	-	-	-	138
Banco Inversis	31,672	-	-	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	-	-	7,572
Subgrupo Prointec	128	3	15	(15)		131
Neotec	930	-	269	-	-	1,199
Bansabadell Information Systemes	1,021	-	49	-	-	1,070
Other	14	-	71	-	60	145
	44,962	**3**	**404**	**(2,768)**	**60**	**42,661**
Deterioro de valor:						
Safelayer Secure Comunications	(152)	-	-	-	-	(152)
Marco Polo	(2,644)	-	-	2,644	-	-
Galileo Sistemas y Servicios	(3)	-	-	-	-	(3)
Banco Inversis	(17,594)	-	-	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	-	-	(520)
Bansabadell Information Systemes	-	-	-	-	-	-
Other	(5)	-	-	-	-	(5)
	(20,918)	**-**	**-**	**2,644**	**-**	**(18,274)**

Thousands of Euros	Balance at 31.12.08	Business combinations	Additions	Disposals	Transfers	Balance at 31.12.09
Carrying amount:						
Sadiel	39	-	-	-	-	39
Safelayer Secure Comunications	543	-	-	-	-	543
Marco Polo	109	-	-	(109)	-	-
Galileo Sistemas y Servicios	135	-	-	-	-	135
Banco Inversis	14,078	-	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	-	-	7,052
Subgrupo Prointec	128	3	15	(15)		131
Neotec	930	-	269	-	-	1,199
Bansabadell Information Systemes	1,021	-	49	-	-	1,070
Other	9	-	71	-	60	140
Total	**24,044**	**3**	**404**	**(124)**	**60**	**24,387**

In 2010 the main operations relating to non-current investments in non-Group companies were as follows:

- On 14 January 2010 the subsidiary Europraxis Atlante, S.L. acquired a 16.67% interest in Volcat 2009, S.L. for Euros 1,002 thousand.
- On 4 June and 12 November 2010 the Parent company made two additional payments of Euros 269 thousand and Euros 270 thousand to increase the share capital of Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. At 31 December 2010 its interest in the share capital of this company was the same as for the prior year.
- On 28 October 2010 the Parent company acquired a 7% interest in the Spanish company Plataforma Tecnológica Para el Emprendimiento Microempresarial, S.L. through the contribution of a software programme and the licence for the use and operation of certain programmes totalling Euros 4,134 thousand.

In 2009 the main operations relating to non-current investments in non-Group companies were as follows:

- On 28 July 2009 the Parent company paid an additional Euros 269 thousand in respect of the share capital increase carried out by Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. on 30 June 2008. Its interest in this company amounted to 4.75% at year end.
- Marco Polo Investment, S.A., in which the Parent company held a 4.38% interest, was liquidated and wound up on 21 December 2009. The profit obtained amounted to Euros 128 thousand after reversal of impairment.

b) Non-current borrowings
This caption includes the loans extended by the Parent company as part of the sale and purchase agreement signed in relation to the subsidiary Indra bmb, S.L., amounting to Euros 1,350 thousand. A discount rate of 2.19% was used.

The caption also includes the updated amount of Euros 1,134 thousand (Euros 1,124 thousand in 2009) receivable by the Parent company following the increase in its percentage interest in the Jocs del Mediterrani joint venture, to offset accumulated losses.

c) Non-current guarantee deposits
This caption includes guarantee deposits for rental of buildings and property used by the Group.

Additions of Euros 2,296 thousand (Euros 816 thousand in 2009) reflect arrangement costs relating to deposits for leased property, due to office relocation. Disposals of the same items amount to Euros 696 thousand (Euros 1,510 thousand in 2009).

13. Inventories

Details of inventories at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Goods for resale	2,975	2,996
Raw materials	6,892	6,506
Projects in progress	228,089	187,937
Finished products	617	89
Total carrying amount	**238,573**	**197,528**

The estimated recovery period for inventories is less than 12 months.

14. Other Financial Assets, Including Derivatives

Details of other assets at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Other receivables	319	8,877
Advances and loans to personnel	16,563	6,919
Public entities	34,298	20,095
Prepayments	4,456	4,103
Current deposits	2,451	1,525
Current guarantees	1,175	1,265
Cash flow hedges (note 35a)	99	1,552
Total carrying amount	**59,441**	**44,336**

Balances receivable from public entities comprise the following:

Thousands of Euros

	2010	2009
Taxation authorities:		
Value added tax	18,716	14,201
Other taxes	10,155	
Subtotal	**28,871**	**14,201**
Grants receivable	4,791	5,352
Social security	636	542
Total	**34,298**	**20,095**

15. Trade and Other Receivables

Details of trade and other receivables at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Non-Group trade receivables	884,073	788,785
Receivables for billable production	708,620	564,117
Advances to suppliers	22,665	31,513
Other receivables	18,342	15,913
Total	**1,633,700**	**1,400,328**
Impairment	(23,182)	(20,505)
Total carrying amount	**1,610,518**	**1,379,823**

16. Cash and Cash Equivalents

Details are as follows:

Thousands of Euros

	2010	2009
Current deposits and fixed-income securities	94,057	30,034
Other current investments	1,328	1,778
Sub-total	**95,385**	**31,812**
Cash	33,598	34,688
Total	**128,983**	**66,500**

Short-term deposits and fixed-income securities include two Euro deposits of Euros 79,925 thousand and Euros 13,460 thousand which mature in January 2011 and generate interest at rates of 2.621% and 1.55%, respectively.

This item also includes temporary investments of surplus cash which have accrued interest at an average rate of 0.18% at 31 December 2010. In 2009, it included Euros 28,862 thousand from a Euro deposit which matured on 4 January 2010, having generated interest of 0.3%.

17. Non-current Assets Held for Sale

In 2010 non-current assets held for sale comprise the interests held by the Parent company in the subsidiaries Azertia Brazil and Azertia Puerto Rico, which are in liquidation.

18. Equity

Subscribed capital

At 31 December 2010 subscribed and paid share capital amounts to Euros 32,826,507.80, represented by 164,132,539 ordinary shares of Euros 0.20 par value each, represented by book entries.

The share capital has been subscribed and fully paid.

All the shares of the Parent company are listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges. They are traded on the Organised Stock Market and listed on the IBEX-35 index.

The Company does not have a register of the percentage interests held by shareholders and can only verify the shareholding structure through direct communication from shareholders, if such details are publicised in application of prevailing legislation on significant shareholdings (which generally obliges notification of interests exceeding 3% of share capital), or through information provided by Iberclear, which the Company obtains when shareholders' meetings are held.

Consequently, according to information available to the Parent company, the significant shareholders of the Company with an interest exceeding 3%, excluding any interest held on behalf of third parties, are as follows:

Thousands of Euros

	31.12.10	**31.12.09**
Caja Madrid	20.007%	20.003%
Fidelity Management & Research LLC	10.022%	-
Corporación Financiera Alba	10.019%	10.019%
Caja de Ahorros de Asturias	5.008%	5.004%
Casa Grande de Cartagena, S.L.	5.000%	5.686%
Gas Natural	-	5.000%

Shares owned either directly or indirectly by members of the board of directors at 31 December 2010 are as follows:

Board members	Type of membership	Number of shares: Direct	Indirect	Total	% of share capital
Administradora Valtenas S.L. (1)	Proprietary	6,826	-	6,826	0.004
Isabel Aguilera Navarro	Independent	10,943	-	10,943	0.007
Casa Grande de Cartagena, S.L.	Proprietary	8,206,647	-	8,206,647	5.000
Daniel García-Pita	Independent	3,546	8,300	11,846	0.007
Luis Lada Díaz	Independent	6,926	-	6,926	0.004
Juan March (2)	Proprietary	1,388	-	1,388	0.001
Mediación y Diagnósticos, S.A. (3)	Proprietary	12,110	-	12,110	0.007
Javier Monzón de Cáceres	Executive	162,305	7,872	170,177	0.104
Regino Moranchel Fernández	Executive	97,883	-	97,883	0.060
Mónica de Oriol Icaza	Independent	6,826	-	6,826	0.004
Participaciones y Cartea de Inversión, S.L. (3)	Proprietary	12,110	-	12,110	0.007
Manuel Soto Serrano	Independent	12,110	185,000	197,110	0.120
Rosa Sugrañes	Independent	5,330	-	5,330	0.003
Alberto Terol	Independent	7,100	-	7,100	0.004
Total		**8,552,050**	**201,172**	**8,753,222**	**5.333**

(1) Representing the shareholder Caja de Ahorros de Asturias.
(2) Representing the shareholder Corporación Financiera Alba
(3) Representing the shareholder Caja Madrid

Shares owned either directly or indirectly by members of the board of directors at 31 December 2009 were as follows:

Board members	Type of membership	Number of shares Direct	Indirect	Total	% of share capital
Administradora Valtenas S.L. (1)	Dominical	3,733	-	3,733	0.002
Dña. Isabel Aguilera Navarro	Independiente	7,850	-	7,850	0.005
D. Salvador Gabarró (2)	Dominical	10	-	10	0.000
D. Daniel García-Pita	Independiente	8,920	-	8,920	0.005
Casa Grande de Cartagena S.L.	Dominical	9,332,468		9,332,468	5.686
Mediación y Diagnósticos, S.A. (3)	Dominical	9,017	-	9,017	0.005
D. Luis Lada Díaz	Independiente	3,833	-	3,833	0.002
D. Juan March (4)	Dominical	100	-	100	0
D. Javier Monzón de Cáceres	Ejecutivo	145,593	7,872	153,465	0.094
D. Regino Moranchel Fernández	Ejecutivo	85,864	-	85,864	0.052
D. Joaquín Moya-Angeler	Independiente	4,792	-	4,792	0.003
Dña. Mónica de Oriol Icaza	Independiente	3,733	-	3,733	0.002
Particiones y Cartera de Inversión, S.L. (3)	Dominical	9,017	-	9,017	0.005
D. Manuel Soto Serrano	Independiente	9,017	170,000	179,017	0.109
Dña. Rosa Sugrañés	Independiente	2,237	-	2,237	0.001
Total		**9,626,184**	**177,872**	**9,804,056**	**5.973**

(1) Representing the shareholder Caja de Ahorros de Asturias.
(2) Representing the shareholder Gas Natural
(3) Representing the shareholder Caja Madrid
(4) Representing the shareholder Corporación Financiera Alba

66,225,111 shares, amounting to 40.35% of total shares, were represented on the board of directors at 31 December 2010. 75,482,568 shares, amounting to 45.99% of total shares, were represented on the board of directors at 31 December 2009.

At the annual general meetings of Company shareholders held on 24 June 2010 and 25 June 2009, the shareholders agreed to the distribution of the profit for 2009 and 2008, respectively, shown in the accompanying statements of changes in equity.

The Company's capital management objectives aim to safeguard its capacity to continue operating as a going concern, enabling it to continue providing shareholder remuneration, to benefit other interest groups and to maintain an optimum capital structure.

The Company can adjust the amount of dividends payable to shareholders to maintain and adjust its capital structure, and can reimburse capital, issue shares or dispose of assets to reduce debt.

The dividend policy defined by the Company's governing body is to distribute 50% - 60% of consolidated net profit per share.

Share premium

The share premium deriving from the share capital increases carried out in 2001, 2003 and 2007 is subject to the same restrictions and may be used for the same purposes as the voluntary reserves of the Parent company, including conversion into share capital.

Other reserves

Details are as follows:

Thousands of Euros

	2010	2009
Merger reserve	1,846	1,846
Other variations in equity	8,144	9,273
Employee remuneration	3,210	3,466
Cash flow and interest rate hedges	(2,091)	(400)
Total	**11,109**	**14,185**

a) Other changes in equity

This caption comprises gains on the sale of treasury shares and dividends received in relation to shares associated with the equity swap. The decrease due to the sale of treasury shares in 2010 amounts to Euros 1,283 thousand (compared with an increase of Euros 1,278 thousand in 2009).

b) Employee remuneration

Employee remuneration comprises amounts recognised on shares granted to members of the board of directors, the 2008-2010 Share Plan and share options extended to employees. Details are as follows:

Thousands of Euros

	2010	2009
Remuneration in shares	270	3,001
Share options	2,940	465
Total	**3,210**	**3,466**

The remuneration policy established in 2008 considers remuneration for Group employees deferred over the medium term, through the delivery of Parent company shares accrued between September of that year and 31 December 2010.

In 2010, a total of 151,439 shares (158,659 shares in 2009) were conveyed in respect of this plan, valued at Euros 2,361 thousand at the conveyance date (Euros 2,389 thousand in 2009).

The 2005 share options plan was completely extinguished in 2009 as it was not exercised before the expiry date.

c) Exchange rate and interest rate hedging reserves

This caption comprises the hedging reserve generated by the following:

The effect of changes in the fair value of exchange rate insurance contracts used to hedge highly probable future transactions or firm commitments.

The effect of changes in the fair value of interest rate swap contracts.

Details are as follows:

Thousands of Euros

	2010	2009
Cash flow and interest rate hedges	(1,479)	(571)
Deferred taxes for revaluation of unrealised assets and liabilities	(612)	171
Total	**(2,091)**	**(400)**

Treasury shares

As authorised by the shareholders at their annual general meeting, at 31 December 2010 the Parent Company directly holds 1,368,400 treasury shares amounting to Euros 18,593 thousand (866,640 shares amounting to Euros 14,165 thousand at 31 December 2009).

Details of treasury shares in 2010 and 2009 and movement are as follows:

Thousands of Euros

	Balance at 31.12.09	Additions	Disposals	Balance at 31.12.10
Used in:				
Ordinary transactions	14,165	80,894	(76,466)	18,593

Thousands of Euros

	Balance at 31.12.08	Additions	Disposals	Balance at 31.12.09
Used in:				
Ordinary transactions	26,513	157,018	(169,366)	14,165
Equity Swap Options Plan 2005	38,053	-	(38,053)	-
Total	**64,566**	**157,018**	**(207,419)**	**14,165**

Details of movement in shares in 2010 and 2009 are as follows:

		Number of shares				
	% of total capital	**31.12.09**	**Additions**	**Disposals**	**31.12.10**	**% of total capital**
Used in:						
Ordinary transactions	0.53	866,640	5,703,288	(5,201,528)	1,368,400	0.83

		Number of shares				
	% of total capital	**31.12.08**	**Additions**	**Disposals**	**31.12.09**	**% of total capital**
Used in:						
Ordinary transactions	1.03	1,695,924	10,031,108	(10,860,392)	866,640	0.53
Equity Swap O.P. 2005	1.38	2,261,000	-	(2,261,000)	-	0.00
Total	**2.41**	**3,956,924**	**10,031,108**	**(13,121,392)**	**866,640**	**0.53**

In 2010 the Parent Company acquired 5,703,288 treasury shares on the stock market (1.85% of official volume for the period) and sold 5,201,528 treasury shares (1.69% of official volume for the period).

In 2009 the Parent Company acquired 10,031,108 treasury shares on the stock market (4.98% of annual volume) and sold 10,860,392 treasury shares (5.39% of annual volume). The Equity Swap was cancelled with the conclusion of the hedged options plan.

Retained earnings

Details are as follows:

Thousands of Euros

	2010	**2009**
Legal reserve	6,954	6,954
Reserves in fully consolidated companies	25,271	33,021
Reserves in proportionately consolidated companies	651	338
Merger reserve	15,212	15,212
Reserves in equity-accounted companies	2,863	2,081
Voluntary reserves	313,919	246,129
Non-distributed reserves	31,439	21,557
Profit for the year attributable to the Parent company	188,521	195,590
Total	**584,830**	**520,882**

a) Legal reserve

Companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may also be used to increase share capital.

b) Reserves in fully-consolidated companies

Details by company of consolidation reserves at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Indra Sistemas	1,229	(1,821)
Grupo Bmb	4,651	859
Indra Emac	(110)	(783)
Indra Espacio	3,804	21,259
Indra Sistemas de Seguridad	3,887	3,689
Indra SI	(1,107)	(634)
Indra Sistemas Chile	232	(1,168)
Indra Sistemas Portugal	1,901	4,082
Grupo Europraxis-Atlante	8,552	4,222
Inmize Capital	(27)	(70)
Inmize Sistemas	1,110	938
Indra Systems	(4,284)	(254)
Indra Beijing	620	500
Indra Brasil	(1,063)	(1,760)
Indra Software Labs	6,556	3,606
Indra México	(270)	(361)
I.P. Sistemas	1,796	1,387
Indra Sistemas Comunicaciones Seguras	1,784	1,696
Indra Magreb	(771)	(582)
Indra Francia	(805)	(508)
Indra Polonia	(33)	(7)
Indra Australia	(393)	(700)
Administradora de Archivos	2,376	2,555
Seintex Venezuela	828	749
Azertia TI Mexico	1,875	816
Indra Colombia	4,654	450
Azertia TI Venezuela	(685)	(63)
Azertia GC Venezuela	(5,720)	(4,305)
Azertia TI Argentina	(1,495)	27
Indra USA	(1,871)	(392)
Prointec	122	1,659
Soluziona C&S Holding (Chile)	1,207	874
Soluziona Chile	(8,380)	(2,598)
Indra Czech Republic	(1,232)	(885)
Indra Slovakia	(17)	(28)
Soluziona Guatemala	100	(2,243)
Soluziona KFT (Hungria)	607	183
Soluziona Kenya	660	253
Soluziona Mexico	(398)	(263)
Soluziona Uruguay	(4)	(42)
Soluziona Argentina	(331)	(78)
Soluziona SRL (Moldavia)	370	180
Indra Panama	953	775
Indra Philippines	1,151	698
Electrica Soluziona (Rumania)	96	(17)
Indra Ucrania	(465)	(383)
Soluziona SP CA (Venezuela)	1,974	1,205
Ceicom Europe	-	155
Computación Ceicom	1,949	378
Longwater (Reino Unido)	(429)	(229)
Intos	352	-
Indra Perú	(156)	-
AC-B	224	-
Indra Radar Technology	(303)	-
Total	**25,271**	**33,021**

Reserves in proportionately consolidated companies

Details by company of consolidation reserves at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
IRB Riesgo Operacional	343	81
I3 TV	(107)	(58)
IESSA Brasil	415	315
Total	**651**	**338**

c) Reserves in equity-accounted companies

Details by company of consolidation reserves at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Eurofighter Simulation System	1,630	818
Euromids	230	403
Trias Beltrán	4	4
Indra Sistemas Tecnocom	48	103
Saes Capital	951	753
Total	**2,863**	**2,081**

d) Voluntary reserves and merger reserves

Voluntary reserves are freely distributable except for the amount of development costs recognised in the balance sheet of the Parent company (note 9) which, under prevailing legislation, are not distributable.

e) Profit for the year attributable to the Parent company

Details of consolidated companies' profit/(loss) for 2010 and 2009 are disclosed in Appendix I attached.

Non-controlling interests

Movement in non-controlling interests in consolidated companies during 2010 and 2009 is as follows:

Thousands of Euros	Balance at 31.12.09	New co's	Profit/(Loss) attributable N.C. interests	Translation differences	Dividends	Change in % ownership	Profit/(loss) through equity	Other variations	Balance at 31.12.10
Indra Espacio	21,301	-	195	-	-	(21,496)	-	-	-
Inmize Capital	440	-	71	-	-	-	-	-	511
Inmize Sistemas	2,711	-	369	-	-	-	20	-	3,100
Tourism & Leisure	212	-	65	-	-	-	-	-	277
ALG Perú	37	-	85	1	-	-	-	-	123
ALG Venezuela	187	-	50	(64)	-	-	-	-	173
Indra BMB	2,169	-	(379)	-	-	-	1	-	1,791
BMB Ges.Doc.Canarias	2	-	-	-	-	-	-	-	2
I.S. Comunicaciones Seguras	779	-	12	-	-	(791)	-	-	-
Prointec	10,734	-	(2,592)	(121)	-	-	34	(12)	8,043
Elektrica Soluziona	306	-	284	-	-	-	-	-	590
Indra Filipinas	2,345	-	502	333	(89)	-	-	-	3,091
Inserail	279	-	14	-	-	-	-	-	293
Mecsa	44	-	-	-	-	(41)	-	(3)	-
Consis	806	-	230	(198)	-	-	-	3	841
Prointec Hidrógeno	1	-	-	-	-	-	-	-	1
Uatec	6	-	9	-	-	-	-	16	31
Indra Radar Technology (Tianjin) Co., Ltd.	436	-	(131)	44	-	-	-	-	349
Indra Perú	2,540	-	633	261	-	-	21	355	3,810
IFOS		1	1	-	-	-	-	-	2
Total	**45,335**	**1**	**(582)**	**256**	**(89)**	**(22,328)**	**76**	**359**	**23,028**

Thousands of Euros	Balance at 31.12.09	New co's	Profit/(Loss) attributable N.C. interests	Translation differences	Dividends	Change in % ownership	Profit/(loss) through equity	Other variations	Balance at 31.12.10
Indra Espacio	21,176	-	1,783	-	(1,698)	-	32	8	21,301
Inmize Capital	405	-	35	-	-	-	-	-	440
Inmize Sistemas	2,488	-	178	-	-	-	45	-	2,711
Tourism & Leisure	162	-	50	-	-	-	-	-	212
ALG Perú	37	-	-	-	-	-	-	-	37
ALG Venezuela	65	-	122	-	-	-	-	-	187
Indra BMB	1,932	-	237	-	-	-	-	-	2,169
BMB Ges.Doc.Canarias	2	-	-	-	-	-	-	-	2
I.S. Comunicaciones Seguras	638	-	141	-	-	-	-	-	779
Prointec	11,935	-	(793)	(266)	-	-	92	(234)	10,734
Elektrica Soluziona	299	-	28	(21)	-	-	-	-	306
Indra Filipinas	1,986	-	453	(17)	-	-	-	(77)	2,345
Inserail	238	-	41	-	-	-	-	-	279
Mecsa	118	-	(16)	-	-	(58)	-	-	44
Consis	676	-	288	(158)	-	-	-	-	806
Prointec Hidrógeno	1	-	-	-	-	-	-	-	1
Uatec	14	-	(8)	-	-	-	-	-	6
Indra Radar Technology (Tianjin) Co., Ltd.	-	579	(130)	(8)	-	-	-	(5)	436
COM S.A. Peru	-	2,540	-	-	-	-	-		2,540
Total	**42,172**	**3,119**	**2,409**	**(470)**	**(1,698)**	**(58)**	**169**	**(308)**	**45,335**

A breakdown of non-controlling interests at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	31.12.10				31.12.09			
	N.C. share cap.	**N.C. reserves**	**N.C. Pro/(Loss)**	**Total**	**N.C. share cap.**	**N.C. reserves**	**N.C. Pro/(Loss)**	**Total**
Indra Espacio	294	(489)	195	-	294	19,224	1,783	21,301
Inmize Capital	32	408	71	511	32	373	35	440
Inmize Sistemas	750	1,981	369	3,100	750	1,783	178	2,711
Tourism & Leisure	18	194	65	277	18	144	50	212
ALG Perú	17	21	85	123	17	20	-	37
ALG Venezuela	5	118	50	173	5	60	122	187
Indra BMB	1,859	312	(379)	1,792	1,859	74	237	2,170
BMB G.D.Canarias	1	1	-	2	1	1	-	2
I.S. Comunicaciones Seguras	50	(62)	12	-	50	588	141	779
Prointec	399	10,235	(2,592)	8,042	399	11,127	(793)	10,733
Elektrica Soluziona	15	291	284	590	15	263	28	306
Indra Filipinas	264	2,325	502	3,091	264	1,628	453	2,345
Inserail	-	279	14	293	-	238	41	279
Mecsa	-	-	-	-	-	60	(16)	44
Consis	-	611	230	841	-	518	288	806
Prointec Hidrógeno	-	1	-	1	-	1	-	1
Uatec	-	22	9	31	-	14	(8)	6
Indra Radar Technology	567	(87)	(131)	349	567	(1)	(130)	436
Indra Perú	242	2,935	633	3,810	242	2,298	-	2,540
IFOS	1	-	1	2	-	-	-	-
Total	**4,514**	**19,096**	**(582)**	**23,028**	**4,513**	**38,413**	**2,409**	**45,335**

The main transactions with investees which are not subsidiaries in 2010 are as follows:

- On 18 February 2010 the subsidiary Prointec, S.A. acquired a further 9% interest in MECSA, S.A. for Euros 135 thousand, thereby increasing its interest in this company from 90.97% to 100%.

- On 30 June 2010 the subsidiary Indra Sistemas de Seguridad, S.L. acquired an additional 10% interest in the subsidiary Indra Sistemas de Comunicaciones Seguras, S.L. for Euros 2,037 thousand (updated from Euros 1,995 thousand), consequently becoming the sole shareholder of the latter. At 31 December 2010 this investment in share capital is paid in an amount of 52% (Euros 1,037 thousand), while the remaining Euros 800 thousand is pending payment.

- On 9 October 2010 the Parent company acquired a 49% interest in Indra Espacio S.A. for Euros 39,200 thousand. As a result of this transaction, this subsidiary is now fully owned by the Parent company. At the date of preparing these consolidated annual accounts this interest in share capital has been paid in full.

The main transactions with non-controlling interests in 2009 are as follows:

- On 30 November 2009 the subsidiary Prointec, S.A. acquired a further 9% interest in MECSA, S.A. for Euros 133 thousand, thereby increasing its interest in this company from 81.97% to 90.97%.

19. Earnings Per Share

The calculation of the weighted average number of ordinary shares available and the weighted average number of diluted shares at 31 December 2010 and 2009 is as follows:

Thousands of Euros

	Weighted average number of ordinary shares at 31.12.10	**Ordinary shares at 31.12.10**	**Weighted average number of ordinary shares at 31.12.09**	**Ordinary shares at 31.12.09**
Total shares issued	164,132,539	164,132,539	164,132,539	164,132,539
Treasury shares and financial instruments related to shares	(1,687,159)	(1,368,400)	(3,079,283)	(866,640)
Total diluted shares available	**162,445,380**	162,764,139	**161,053,256**	163,265,899

The calculation of basic and diluted earnings per share (rounded to four decimal places) for 2010 and 2009 is as follows:

	2010	**2009**
Profit (thousands of Euros)	188,521	195,590
Weighted average number of ordinary shares	162,445,380	161,053,256
Basic earnings per ordinary share (Euros)	**1.1605**	**1.2144**

Diluted earnings per share coincide with basic earnings per share, as the Parent company has not issued any convertible bonds or any other similar instruments.

The calculation of earnings per ordinary share (rounded to four decimal places) for 2010 and 2009 is as follows:

	2010	2009
Profit (thousands of Euros)	188,521	195,590
Shares issued	164,132,539	164,132,539
Earnings per ordinary share (Euros)	**1.1486**	**1.1917**

20. Non-current Loans and Borrowings

Details by maturity of non-current loans borrowings at 31 December 2010 are as follows:

Thousands of Euros

Years	Finance leases	Credit institutions	R&D loans	Total
1 to 2 years	1,247	50,945	5,898	58,090
2 to 3 years	971	72,327	6,607	79,905
3 to 4 years	831	64,536	6,044	71,411
More than 4 years	1,348	3,864	33,595	38,807
Total at 31.12.10	**4,397**	**191,672**	**52,144**	**248,213**

Loans and borrowings for 2010 include two loans totalling Euros 135,120 thousand contracted by the Parent company. The terms of these loans are linked to the 3-month Euribor.

Loans and borrowings also include the Euros 3,232 thousand mortgage loan assumed by the subsidiary Pointec, S.A. in relation to the properties acquired in 2010 (see note 7). This mortgage loan has a grace period until 31 January 2013 and falls due on 31 January 2019, accruing interest at the Euribor plus a spread of 0.75% in addition to annual settlements.

The fair value of interest rate swaps at 31 December 2010 is Euros 1,547 thousand.

Details by maturity of non-current loans and borrowings at 31 December 2009 are as follows:

Thousands of Euros

Years	Finance leases	Credit institutions	R&D loans	Total
1 to 2 years	93	1,163	5,774	7,030
2 to 3 years	386	55,100	5,468	60,954
3 to 4 years	-	4,241	5,302	9,543
More than 4 years	-	434	23,891	24,325
Total at 31.12.09	**479**	**60,938**	**40,435**	**101,852**

The Parent company contracted a Euros 45,000 thousand loan in 2009. This loan bore variable interest at Euribor at 1 month, plus 1.20%. To cover the risk of interest rate fluctuations, the Parent company contracted an interest rate hedge at a fixed rate of 1.75% plus 1.20%.

The fair value of interest rate swaps at 31 December 2009 was Euros 780 thousand.

21. Other non-current financial liabilities

Details of other non-current financial liabilities are as follows:

Thousands of Euros

	2010	2009
Guarantee deposits received	16	17
Suppliers of fixed assets	5,038	3,855
Uncalled share capital	-	41
Other non-current debt	1,192	923
Total	**6,246**	**4,836**

At 31 December 2010 suppliers of fixed assets include Euros 3,343 thousand (Euros 3,806 thousand in 2009) relating to the Jocs del Mediterrani joint venture.

22. Capital Grants

Details and movement in capital grants in 2010 and 2009 are as follows:

	Balance at 31.12.09	Additions	Repayments	Taken to prof/(loss)	Balance at 31.12.10
Capital grants	34,412	22,134	(491)	(3,291)	52,764

	Balance at 31.12.08	Additions	Repaments	Trans. diff.	Transfers	Taken to prof/(loss)	Balance at 31.12.09
Capital grants	25,919	13,826	(20)	2	(96)	(5,219)	34,412

Capital grants have been awarded by various public entities for development projects (see note 9) and training programmes.

23. Provisions for Liabilities and Charges

Details and movement during 2010 and 2009 are as follows:

Thousands of Euros	Balance at 31.12.09	New co's	Trans. diff.	Charges	Applications	Transfers	Payments	Balance at 31.12.10
Provisions for taxes	914	-	(234)	3,881	(108)	656	(422)	4,687
Provisions for pensions	-	681	-	29	(681)	-	-	29
Other provisions	15,964	632	54	1,525	(400)	(2,426)	(265)	15,084
Total	**16,878**	**1,313**	**(180)**	**5,435**	**(1,189)**	**(1,770)**	**(687)**	**19,800**

Thousands of Euros	Balance at 31.12.08	New co's	Trans. diff.	Charges	Applications	Transfers	Payments	Balance at 31.12.09
Provisions for taxes	556	140	(17)	302	-	(20)	(47)	914
Other provisions	2,066	88	23	7,222	(3,340)	9,905	-	15,964
Total	**2,622**	**228**	**6**	**7,524**	**(3,340)**	**9,885**	**(47)**	**16,878**

Details of provisions and their corresponding temporary differences and expected maturity dates are as follows:

Thousands of Euros

Provision for taxes	**Balance at 31.12.09**							**Balance at 31.12.10**		
Item	**Balance**	**Temporary difference**	**Translation differences**	**Payments**	**Charges**	**Transfers**	**Applications**	**Balance**	**Temporary difference**	**Expected cancellation date**
Appeals filed with the tax authorities	914	415	(234)	(422)	3,881	656	(108)	4,687	415	2012-2016
Total provision for taxes	**914**	**415**	**(234)**	**(422)**	**3,881**	**656**	**(108)**	**4,687**	**415**	

Thousands of Euros

Provision for taxes	**Balance at 31.12.08**							**Balance at 31.12.09**		
Item	**Balance**	**Temporary difference**	**Translation differences**	**Payments**	**Charges**	**Transfers**	**New co's**	**Balance**	**Temporary difference**	**Expected cancellation date**
Appeals filed with the tax authorities	556	406	(17)	(47)	302	(20)	140	914	415	2011-2012
Total provision for taxes	**556**	**406**	**(17)**	**(47)**	**302**	**(20)**	**140**	**914**	**415**	

Thousands of Euros

Other provisions	Balance at 31.12.09								Balance at 31.12.10		
Item	**Balance**	**Temporary difference**	**Trans. diff.**	**Applications**	**Payments**	**Charges**	**Transfers**	**New co's**	**Balance**	**Temporary difference**	**Expected cancellation date**
Trade claims	479	133		(279)	-	88	-		288	133	2012
Personnel claims	1,591	-	54	(121)	(265)	1,437	(656)	632	2,672	719	2012
Remuneration	13,894	13,894					(1,770)		12,124	12,124	2012-2016
Total other provisions	**15,964**	**14,027**	**54**	**(400)**	**(265)**	**1,525**	**(2,426)**	**632**	**15,084**	**12,976**	

Thousands of Euros

Other provisions	Balance at 31.12.08							Balance at 31.12.09		
Item	**Balance**	**Temporary difference**	**Trans. diff.**	**Applications**	**Charges**	**Transfers**	**New co's**	**Balance**	**Temporary difference**	**Expected cancellation date**
Trade claims	613	143	11	(314)	284	(115)	-	479	133	2012
Personnel claims	892	-	12	(352)	319	632	88	1,591	-	2012
Remuneration	561	-	-	(2,674)	6,619	9,388	-	13,894	13,894	2012-2016
Total other provisions	**2,066**	**143**	**23**	**(3,340)**	**7,222**	**9,905**	**88**	**15,964**	**14,027**	

The amounts relating to appeals pending resolution by courts and city councils have been discounted using the delay interest capitalisation rate for each year.

24. Current Loans and Borrowings

Details of current loans and borrowings at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	**2009**
Loans	147,276	89,504
Interest payable	861	579
Finance leases	1,712	828
Total	**149,849**	**90,911**
Official loans for research programmes (note 9)	5,784	8,288
Total	**155,633**	**99,199**

25. Trade and Other Payables

Details of trade and other payables at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	**2009**
Trade payables	655,482	514,740
Advances from clients	510,651	498,595
Total	**1,166,133**	**1,013,335**

At 31 December 2010 details of the terms of payment of balances owed to suppliers and creditors by the Spanish companies of the Group are as follows:

Balances payable at 31 December 2010	Thousands of Euros	%
Within the maximum legal term *	546,519	96.95%
Rest	17,166	3.05%
Total balances payable at 31 December 2010	**563,685**	100.00%

* The maximum legal term of payment in each case is that corresponding to the nature of the goods or service received by the Company pursuant to Law 15 of 5 July 2010 (which modifies law 3 of 29 December 2004), which establishes measures to combat late payments in commercial transactions. This term will be adjusted in line with an established schedule and with an adaptation period ending 1 January 2013. From the entry into force of Law 15 of 2010 until 31 December 2011 the maximum legal term of payment will be 85 days.

26. Other Liabilities

Details of other liabilities at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	**2009**
Public entities	87,560	79,473
Salaries payable	49,729	48,125
Cash flow hedges	3,903	138
Guarantee deposits received	200	260
Trade provisions	31,458	22,368
Accruals	1,398	1,532
Suppliers of fixed assets	22,270	-
Other payables	47,741	28,255
Total	**244,259**	**180,151**

Suppliers of fixed assets include Euros 19,600 thousand reflecting the acquisition of a 49% interest in the subsidiary Indra Espacio, S.A.

Balances due to public entities comprise the following:

Thousands of Euros

	2010	2009
Taxation authorities		
VAT	44,951	36,647
Witholding tax on salaries	18,722	19,449
Other taxes	1,967	2,689
Subtotal	**65,640**	**58,785**
Public entities, repayable capital grants	128	178
Social Security	21,792	20,510
Total	**87,560**	**79,473**

27. Segment Reporting

Information on the Group's business segments is as follows:

2010 Thousands of Euros	Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
Segment reporting at 31December 2010:								
External sales	1,827,241	100%	729,801	99%	-	-	2,557,042	100%
Inter-segment sales	7,196	0%	4,926	1%	-	(12,122)	-	-
Net sales	**1,834,437**	**100%**	**734,727**	**100%**	**-**	**(12,122)**	**2,557,042**	**100%**
Contribution margin	**350,366**	**19.1%**	**112,075**	**15.3%**	**-**	**4,569**	**467,010**	**18%**
Other unallocated corporate income and expenses	-		-		(215,095)	-	(215,095)	-8%
Operating results	**350,366**		**112,075**		**(215,095)**	**4,569**	**251,915**	**10%**

2010 Thousands of Euros	Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
Other gains/(losses)	(15,040)		(4,162)		199	-	(19,003)	-1%
Share of profits/(losses) of associates	747		(18)		-	-	729	0,0%
Income tax	(76,432)		(32,368)		63,098	-	(45,702)	-1.8%
Segment profit/(loss)	**259,641**	**14%**	**75,527**	**10%**	**(151,798)**	**4,569**	**187,939**	**7%**
Other information								
Investments	74,218		7,626		41,682	-	123,526	
Amortisation/depreciation	8,967		10,455		22,649	-	42,071	
Balance sheet								
Assets								
Segment assets	2,028,075		418,949		521,738	-	2,968,762	
Investment in associates	7,073		40		-	-	7,113	
Total consolidated assets							**2,975,875**	
Liabilities								
Segment liabilities	782,786		224,363		954,705	-	1,961,854	
Total consolidated liabilities							**1,961,854**	

2010 Thousands of Euros

Geographical segment reporting at 31 December 2010:	Spain	Europe	EEUU and Canadá	Latin America	Other	Total
External sales	1,566,237	394,168	28,474	371,540	196,623	2,557,042
Investments	97,171	7,274	11	12,894	6,176	123,526
Assets used	2,506,938	84,155	10,327	281,913	92,542	2,975,875

2009 Thousands of Euros	Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
Segment reporting at 31December 2009:								
External sales	1,826,654	100%	686,593	98%	-	-	2,513,247	100%
Inter-segment sales	6,034	0%	15,145	2%	-	(21,179)	-	-
Net sales	**1,832,688**	**100%**	**701,738**	**100%**	-	**(21,179)**	**2,513,247**	100%
Contribution margin	**359,786**	**19.6%**	**116,541**	**16.6%**	-	**(350)**	**475,977**	19%
Other unallocated corporate income and expenses	-		-		**(190,573)**	-	(190,573)	**-8%**
Operating results	**359,786**		**116,541**		**(190,573)**	**(350)**	**285,404**	**11%**
Other losses	(16,608)		(4,819)		(3,087)		(24,514)	-1%
Share of profits/(losses) of associates	(91)		(55)		-	-	(146)	0.0%
Income tax	(90,260)		(30,583)		57,993	105	(62,745)	-2.5%
Segment profit/(loss)	**252,827**	**14%**	**81,084**	**12%**	**(135,667)**	**(245)**	**197,999**	**8%**
Other information								
Investments	47,121		8,839		32,432	-	88,392	
Amortisation/depreciation	18,676		5,676		17,687	-	42,039	
Balance sheet								
Assets								
Segment assets	1,798,801		363,313		288,608	-	2,450,722	
Investment in associates	5,749		58		-	-	5,807	
Total consolidated assets							**2,456,529**	
Liabilities								
Segment liabilities	919,781		117,093		475,522	-	1,512,396	
Total consolidated liabilities							**1,512,396**	

2009 Thousands of Euros

Geographical segment reporting at 31 December 2009:	Spain	Europe	USA and Canada	Latin America	Other	Total
External sales	1,613,164	448,487	31,580	263,957	156,059	2,513,247
Investments	75,880	482	16	6,004	6,010	88,392
Assets used	2,202,030	65,076	12,717	170,571	39,135	2,489,529

28. Materials and Other Supplies

The total cost of materials and other supplies used incurred by the Group during the years ended 31 December 2010 and 2009 is as follows:

Thousands of Euros

	2010	2009
Subcontracted work and materials consumed	950,252	860,319
Changes in inventories	(1,264)	174
Total	**948,988**	**860,493**

29. Personnel Expenses

Details of personnel expenses during the years ended 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Wages and salaries	846,063	786,058
Options (note 35b)	1,328	1,500
Social Security and other employee benefits	233,568	219,304
Total	**1,080,959**	**1,006,862**

The average number of employees and directors during 2010 and 2009, distributed by category, has been as follows:

Number of people

	2010			2009		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Members of the board of directors	11	3	14	12	3	15
Senior management	8	1	9	10	1	11
Management	440	66	506	435	64	499
Graduates and engineers	14,379	6,652	21,031	13,727	5,975	19,702
Administrative staff	1,256	2,257	3,513	918	2,245	3,163
Labourers	1,373	808	2,181	989	752	1,741
Other	51	34	85	83	57	140
Total	**17,518**	**9,821**	**27,339**	**16,174**	**9,097**	**25,271**

30. Other Losses on Non-Current Assets

Details at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	**2009**
Impairment of goodwill (note 8)	(532)	(1,460)
Losses on other intangible assets	(7)	(2)
Losses on property, plant and equipment	(495)	(690)
	(1,034)	**(2,152)**

In 2010 losses on property, plant and equipment primarily reflect disposals relating to the upgrade of the installations of the subsidiaries Indra BMB, S.L. and Prointec, S.A. amounting to Euros 201 thousand and Euros 99 thousand, respectively.

In 2009 losses on property, plant and equipment mainly reflected disposals relating to the upgrade of the installations of the Parent company and the subsidiary Indra BMB, S.L. totalling Euros 181 thousand and Euros 358 thousand, respectively.

31. Foreign Currency Transactions

The main transactions in foreign currencies other than the Euro in 2010 and 2009 have been as follows:

Thousands of Euros

	2010	**2009**
Sales	503,524	406,384
Purchases	378,514	316,269

32. Guarantees

At 31 December 2010 various banks and insurance companies have extended guarantees of Euros 1,185,260 thousand to third parties on behalf of the Group, mainly to secure the completion of contracts. At 31 December 2009 guarantees totalled Euros 872,183 thousand.

33. Taxation

The Parent company files consolidated tax returns as the parent of tax group 26/01, which comprises the Parent company and the subsidiaries Indra Sistemas de Seguridad, S.A.U., Inmize Capital, S.L., Europraxis-Atlante, S.L.U., Indra Software Labs, S.L.U., Indra BMB, S.L., Indra Emac, S.A.U., Indra Sistemas de Comunicaciones Seguras, S.L., Advanced Logistics Group, S.L.U., Internet Protocol Sistemas Net, S.A.U, Indra BMB Servicios Digitales, S.A.U., Programarius, S.L.U., Administradora de Archivos, S.A.U. , COB Barcelona, S.L., Intos, S.A.U., Alanya Healthcare Systems, S.L. and Tower Air Traffic Services, S.L.U.

Deferred tax assets

Details of deferred tax assets are as follows:

Thousands of Euros

	Balance at 31.12.09	Other variations	Generated	Trans. diff.	Reversals	Balance at 31.12.10
Deferred tax assets	31,269	776	26,075	52	(7,911)	50,261

Thousands of Euros

	Balance at 31.12.08	Other variations	Generated	Trans. diff.	Reversals	Balance at 31.12.09
Deferred tax assets	32,416	(514)	8,163	(29)	(8,767)	31,269

Details of deferred tax assets at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Charges to and application of provisions	33,745	20,950
Amortisation of goodwill	1,885	2,568
Excess amortisation/depreciation of assets	1,621	2,273
Other	13,010	5,478
Deferred tax assets	**50,261**	**31,269**

Current tax assets

Details of current tax assets at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Prior years' recoverable income tax	5,358	-
Recoverable income tax for the year	7,613	14,273
Total	**12,971**	**14,273**

Deferred tax liabilities

Details of deferred tax liabilities in 2010 and 2009 are as follows:

Thousands of Euros

	Balance at 31.12.09	Other variations	Changes to consolidated Group	Generated	Trans. diff.	Reversals	Balance at 31.12.10
Deferred tax liabilities	38,232	102	135	18,209	(93)	(5,860)	50,725

Thousands of Euros

	Balance at 31.12.08	I Other variations	Changes to consolidated Group	Generated	Trans. diff.	Reversals	Balance at 31.12.09
Deferred tax liabilities	31,096	-	(134)	9.974	(64)	(2,640)	38,232

Details of deferred tax liabilities at 31 December 2010 and 2009 are as follows:

Thousands of Euros

Item	2010	2009
Finance lease operations	1,198	1,086
Taxable gains	4,032	3,827
Portfolio provisions	24,289	15,721
Amortisation of goodwill	20,319	16,322
Restatement of R&D loans	-	10
Other	887	1,266
Deferred tax liabilities	**50,725**	**38,232**

Current tax liabilities

Details of current tax liabilities at 31 December 2010 and 2009 are as follows:

Thousands of Euros

	2010	2009
Income tax (prior years)	723	505
Income tax (current year)	13,348	20,720
Income tax (companies located abroad)	4,010	2,276
Total	**18,081**	**23,501**

Income tax expense

Due to the treatment permitted by tax legislation for certain transactions, accounting profit differs from taxable income. A reconciliation of accounting profit for the year with the taxable income of the companies which form part of the Group and the income tax expense calculation at 31 December 2010 and 2009 is as follows:

Thousands of Euros

Item	2010	2009
A.- Accounting profit before tax	**233,641**	**260,744**
Adjustments to accounting profit:		
Non-deductibe provisions for/reversals of investments	-	358
Other positive differences	43,403	15,564
Other negative differences	(12,186)	(8,168)
Options	1,328	1,500
Consolidation adjustments	(560)	7,095
Total adjustments to accounting profits	**31,985**	**16,349**

Thousands of Euros

Item	2010	2009
B.- Adjusted accounting profit	**265,626**	**277,093**
Temporary differences:		
Positive, generated during the year	71,323	27,009
Positive, generated in prior years	19,497	8,799
Negative, generated during the year	(52,497)	(33,531)
Negative, generated in prior year	(24,111)	(28,647)
Total temporary differences	**14,212**	**(26,370)**
C.- Taxable income	**279,838**	**250,723**
D.- Loss carryforwards	(3,416)	(2,062)
E.- Adjusted taxable income	**276,422**	**248,661**
Tax payable	**85,971**	**77,397**
Deductions:		
Internal double taxation relief	(12,240)	(2,303)
International double taxation relief	(2,531)	(2,675)
Investments in R&D&i and others	(17,257)	(14,048)
F.- Credit for loss carryforwards	**29**	**85**
G.- Taxes on foreign salaries	**133**	**106**
H.- Total tax payable	**54,105**	**58,562**
Payments and withholdings on account	46,525	45,341
Total payable	**7,580**	**13,221**
I.- Deferred tax assets for the year	(21,455)	(8,163)
J.- Deferred tax assets recovered	7,911	8,767
K.- Deferred tax liabilities for the year	15,754	9,974
L.- Deferred tax liabilities reversed	(5,860)	(2,640)

	Thousands of Euros	
Item	**2010**	**2009**
Accrued income tax (H+I+J+K+L)	**50,455**	**66,500**
Income tax for companies registered abroad	**6,989**	**5,641**
Prior years' income tax	**(14,988)**	**(10,154)**
Income tax for different tax rates	**3,246**	**758**
M.- Income tax for the year	**45,702**	**62,745**
Total profit after tax (A-M)	**187,939**	**197,999**

A reconciliation of the legal tax rate and the effective tax rate applied by the Company is as follows:

		2010
	Thousands of Euros	**%**
Consolidated profit before tax	**233.641**	
Income tax at the rate applicable in Spain	70,092	30.00%
Effect of permanent differences	9,596	4.11%
Effect of deductions	(32,028)	(13.71)%
Effect of other income tax deductions from prior years	(14,988)	(6.41)%
Effect of offset of prior years' loss carryforwards	29	0.01%
Income tax for companies registered abroad	6,989	2.99%
Effect of different international tax rates	6,012	2.57%
	45,702	**19.56%**

		2009
	Thousands of Euros	**%**
Consolidated profit before tax	**260.744**	
Income tax at the rate applicable in Spain	78,223	30.00%
Effect of permanent differences	4,905	1.88%
Effect of deductions	(19,026)	(7.30)%
Effect of other income tax deductions from prior years	(10,154)	(3.89)%
Effect of offset of prior years' loss carryforwards	85	0.03%
Income tax for companies registered abroad	5,641	2.16%
Effect of different international tax rates	3,071	1.18%
	62,745	**24.06%**

Details of loss carryforwards pending offset and credits for investment, training and export activities at 31 December 2010 and 2009 are as follows:

		2010 (Thousands of Euros)
Years	**Credits for invements and others**	**Loss carryforwards**
2006 and prior years	2,052	17,994
2007	582	13,480
2008	1,940	3,255
2009	5,238	5,116
2010	2,617	6,606
Total at 31.12.10	**12,429**	**46,451**

2009 (Thousands of Euros)

Years	Credits for invements and others	Loss carryforwards
2005 y anteriores	1,438	11,951
2006	911	7,582
2007	3,091	9,337
2008	1,901	287
2009	3,824	1,953
Total at 31.12.09	**11,165**	**31,110**

As in 2009, the Group has no reinvestment commitments at 31 December 2010.

In accordance with Spanish tax legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. The Parent company has open to inspection all applicable taxes for 2006 and subsequent years.

The Group companies consider that all applicable taxes for the years open to inspection have been properly filed and settled. However, in the event of inspection, discrepancies could arise regarding the interpretation of certain tax legislation, although the companies do not expect that any additional tax liabilities would be significant to the accompanying consolidated annual accounts taken as a whole.

34. Financial Risk Management and Hedging Policies

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The risk management model aims to minimise potential adverse effects on the Group's profits.

Risk management is controlled by the Group's financial and control management. Internal standards provide global risk management policies in writing, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

a) Market risk

(i)Currency risk

The Group operates internationally, and is therefore exposed to currency risks when operating with foreign currencies, especially the US Dollar. Currency risk arises from future commercial transactions and recognised assets and liabilities which are presented in a foreign currency other than the functional currency of the Group company that is involved in the transaction or receives the asset or liability.

To control currency risk the Group uses forward currency sale and purchase contacts. Speculative derivative financial instruments are not used.

The Group's risk management policy involves hedging 100% of expected transactions in each currency other than the functional currency. Approximately 95% of forecast sales in each of the main foreign currencies are classified as highly probable forecast transactions for hedge accounting purposes (95% in 2009).

The Group's exposure to currency risk at 31 December 2010 and 2009 is detailed below. The accompanying tables reflect the carrying amount in thousands of Euros of the Group's financial instruments or classes of financial instruments denominated in foreign currencies.

2010 Thousands of Euros

Item	Dollar	Pound	Swiss Franc	Mexican Peso	Argentine Peso	Chilean Peso	Brazilean Real	Others	Total
Other financial assets	94	-	-	-	-	-	-	-	94
Total non-current assets	94	-	-	-	-	-	-	-	94
Trade and other receivables	54,170	2,817	-	42,254	3,779	24,539	55,813	54,890	238,262
Other financial assets	57		-	35	27	850	540	3,569	5,078
Total current assets	54,227	2,817	-	42,289	3,806	25,389	56,353	58,459	243,340
Total assets	54,321	2,817	-	42,289	3,806	25,389	56,353	58,459	243,434
Loans and borrowings	44	-	-	-	-	-	10	-	54
Other financial liabilities	155	-	-	-	-	-	-	15	170
Total non-current financial liabilities	199	-	-	-	-	-	10	15	224
Loans and borrowings	10,806	-	-	16,523	3,918	18,832	23,892	9,988	83,959
Finance lease payables	213	-	-	658	-	-	-	9	880
Trade and other payables	37,750	1,011	28	27,840	2,357	14,896	35,545	40,642	160,069
Total current liabilities	48,769	1,011	28	45,021	6,275	33,728	59,437	50,639	244,908
Total liabilities	48,968	1,011	28	45,021	6,275	33,728	59,447	50,654	245,132
Gross balance sheet exposure	5,353	1,806	28	(2,732)	(2,469)	(8,339)	(3,094)	7,805	(1,698)
Forecast sales in foreign currencies	123,859	6,825	-	3,099	-	-	3,211	11,630	148,624
Forecast purchases in foreign currencies	75,381	17,357	4,706	-	2,041	-	401	690	100,576
Total gross exposure	53,831	(8,726)	(4,734)	367	(4,510)	(8,339)	(284)	18,745	46,350
Derivative financial instruments - hedging									
Sales	186,165	8,003	-	4,620	202	10	3,692	13,371	216,063
Purchases	82,236	18,126	6,360	91	2,041	-	403	693	109,950
Net exposure	(50,098)	1,397	1,626	(4,162)	(2,671)	(8,349)	(3,573)	6,067	(59,763)

2009 Thousands of Euros

Item	Dollar	Pound	Swiss Franc	Mexican Peso	Argentine Peso	Chilean Peso	Others	Total
Other financial assets	24	-	-	-	-	-	21	45
Total non-current assets	24	-	-	-	-	-	21	45
Trade and other receivables	51,756	1,079	-	22,081	8,223	19,832	65,338	168,309
Other financial assets	13	15	-	9	-	638	6,354	7,029
Debt securities	-	-	-	-	-	490	2,047	2,537
Total current assets	51,769	1,094	-	22,090	8,223	20,960	73,739	177,875
Total assets	51,793	1,094	-	22,090	8,223	20,960	73,760	177,920
Loans and borrowings	-	-	-	-	-	-	8,734	8,734
Other financial liabilities	-	-	-	-	-	-	287	287
Total non-current financial liabilities	-	-	-	-	-	-	9,021	9,021
Loans and borrowings	12,037	4	-	14,061	6,991	16,070	18,429	67,592
Finance lease payables	-	-	-		92		-	92
Trade and other payables	20,884	332	908	14,145	10,755	14,334	58,834	120,192
Total current liabilities	32,921	336	908	28,206	17,838	30,404	77,263	187,876
Total liabilities	32,921	336	908	28,206	17,838	30,404	86,284	196,897
Gross balance sheet exposure	18,872	758	(908)	(6,116)	(9,615)	(9,444)	(12,524)	(18,977)
Forecast sales in foreign currencies	69,671	2,803	-	3,448	-	40	2,432	78,394
Forecast purchases in foreign currencies	78,066	15,355	2,584	-	1,063	218	7,441	104,727
Total gross exposure	10,477	(11,794)	(3,492)	(2,668)	(10,678)	(9,622)	(17,533)	(45,310)
Derivative financial instruments - hedging						1,169		
Sales	104,718	3,287	-	5,141	-		2,796	117,111
Purchases	85,165	16,035	3,492	19	1,063	218	7,474	113,466
Net exposure	(9,076)	954	-	(7,790)	(9,615)	(10,573)	(12,855)	(48,955)

(ii) Interest rate risk

Interest rate risk arises from exposure to fluctuations in the markets of variable rate current and non-current financial liabilities. Interest rate risk management aims to reduce the impact of interest rate fluctuations on the Indra Group's profits. To control this risk, the Group uses different derivative financial instruments depending on the term of the liability to be hedged. Non-current liabilities are mainly hedged through swaps that allow interest rates initially contracted as variable to be converted into fixed interest rates.

The following table shows the sensitivity of the Indra Group's consolidated profit (in millions of Euros) to interest rate fluctuations:

	2010		**2009**	
	Interest rate fluctuacion		**Interest rate fluctuacion**	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on profit before tax	(1.1)	1.1	(1.1)	1.1

b) Credit risk

The Indra Group manages and limits its financial risks based on policies approved at the highest executive level in accordance with established regulations, policies and procedures. The Indra corporate management team is responsible for identifying and evaluating financial risks and ensuring that they are duly hedged.

The tables present details of the ageing of past-due unimpaired financial assets at 31 December 2010 and 2009.

2010 (Thousands of Euros)

	Less than 3 months	**3-6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Trade and other receivables	170,529	54,104	47,524	71,216	343,373
Total assets	170,529	54,104	47,524	71,216	343,373

2009 (Thousands of Euros)

	Less than 3 months	**3-6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Trade and other receivables	165,471	38,016	42,799	45,287	291,573
Total assets	165,471	38,016	42,799	45,287	291,573

c) Liquidity risk

The Group applies a prudent policy to hedge its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Group's Treasury Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

The Group's exposure to liquidity risk at 31 December 2010 and 2009 is shown below. The accompanying tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

2010 (Thousands of Euros)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
Loans and borrowings	33,665	19,915	100,340	207,564	35,641	397,125
Finance lease payables	12	27	1,673	3,093	1,304	6,109
Trade and other payables	41,234	1,200,336	77,359	-	-	1,318,929
Other financial liabilities	-	-	-	4,926	385	5,311
Total	74,911	1,220,278	179,372	215,583	37,330	1,727,474
Derivative financial instruments	-	38	3,865	1,547	-	5,450
Total	74,911	1,220,316	183,237	217,130	37,330	1,732,924

2009 (Thousands of Euros)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
Loans and borrowings	21,205	9,595	67,571	85,920	14,673	198,964
Finance lease payables	51	107	670	479	-	1,307
Trade and other payables	26,923	995,911	91,041	-	-	1,113,875
Other financial liabilities	-	-	-	4,836	-	4,836
Total	48,179	1,005,613	159,282	91,235	14,673	1,318,982
Derivative financial instrumentsTotal	12	125	1	333	447	918
Total	48,191	1,005,738	159,283	91,568	15,120	1,319,900

35. Commitments and Other Contingent Liabilities

a) Foreign currency commitments

The Group has arranged forward currency purchase agreements to cover open foreign currency positions at 31 December 2010 (see note 4 (t)). These commitments are as follows:

Amount in foreign currency

Currency	Current		Non-current	
	Purchase	Sale	Purchase	Sale
US Dollar	86,858,552	190,063,073	23,025,309	58,690,537
Pound Sterling	10,848,712	6,698,367	4,754,117	190,218
Swiss Franc	4,978,148	-	2,975,031	-
Chilean Peso	-	6,200,000	-	-
Mexican Peso	1,504,670	76,455,622	-	-

Amount in foreign currency

Currency	Current		Non-current	
	Purchase	**Sale**	**Purchase**	**Sale**
Argentine Peso	10,834,113	1,074,073	-	-
Australian Dollar	736,632	4,618,802	-	11,235,672
Canadian Dollar	692,732	188,788	368,796	-
Indian Rupee	-	321,830,513	-	-
Norwegian Krone	-	8,066,948	-	-
Brazilean Real	711,540	8,187,158	182,016	-
Colombian Peso	316,113,102	406,972,126	-	126,221,757
Moroccan Dirham	-	8,352,695	-	-
Malaysian Ringgit	-	65,108,472	-	-

At 31 December 2009 the Group had the following commitments:

Amount in foreign currency

Currency	Current		Non-current	
	Purchase	**Sale**	**Purchase**	**Sale**
US Dollar	77,194,569	119,138,211	20,713,809	31,250,903
Pound Sterling	13,395,989	2,195,704	845,000	723,074
Swiss Franc	4,980,368	-	200,000	-
Chilean Peso	158,028,000	849,040,040	-	-
Mexican Peso	353,549	94,257,356	-	3,027,999
Argentine Peso	5,150,205	-	628,074	-
Thai Baht	3,700,000	-	-	-
Australian Dollar	746,198	-	-	-
Canadian Dollar	4,546,553	188,780	232,074	-
Norwegian Krone	125,508	-	-	8,066,947
Brazilian Real	-	752,745	-	-

At 31 December 2010 and 2009 exchange rate hedges are valued as follows:

Thousands of Euros

	2010				2009			
	Current		Non-current		Current		Non-current	
Exchange rate hedge	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Cash flow hedge	59	76	25	-	2,405	1,896	(241)	539
Fair value hedge	40	3,827	-	935	1,758	853	-	-
	99	**3,903**	**25**	**935**	**4,163**	**2,749**	**(241)**	**539**

b) Share options plan

No new share option plans were agreed in 2010 or 2009.
Details of the remuneration plans based on the hedge and share values at 31 December 2010, and movement during the year, are as follows:

	Number of options					
	Balance at 31.12.09	**Extinguished**	**Exercised**	**Balance at 31.12.10**	**Exercise price (Euros)**	**Maturity date**
2008 options	898,373	(28,328)	-	870,045	16.82	del 01.01.11 al 31.03.12

Details of the remuneration plans based on the hedge and share values at 31 December 2009, and movement during the year, are as follows:

	Number of options					
	Balance at 31.12.08	**Extinguished**	**Exercised**	**Balance at 31.12.09**	**Exercise price (Euros)**	**Maturity date**
2005 options	2,228,000	(2,228,000)	-	-	16,83	del 01.04.08 al 30.06.09
2008 options	934,959	(36,586)	-	898,373	16,82	del 01.01.11 al 31.03.12
Total outstanding options	3,162,959	(2,264,586)	-	898,373		

The 2005 share options plan was completely extinguished in 2009 as it was not exercised before the expiry date.

At 31 December 2010 Euros 1,328 thousand has been charged to personnel expenses for the options granted (Euros 1,500 thousand in 2009) (note 29).

36. Operating Leases

The Group has leased various assets from third parties under operating leases.

The most significant lease contracts are as follows:

Lessor	Address	Date contract signed	Contract expiry date	Review	% review	Deposits (thousands of Euros)
Testa Inmuebles en Renta, S.A.	Avenida de Bruselas, 35 (Alcobendas)	01/01/02	30/06/12	july	I.G.P.C.	1,005,00
Ayuntamiento de Alcobendas	Anabel Segura, 7 (Alcobendas)	01/09/07	31/08/14	january	I.G.P.C.	291,00
Banesto Renting, S.A.	Parque Empresarial La Finca,1 (Pozuelo de Alarcón)	09/03/06	03/10/13	july	I.G.P.C.	433,00
Gratan, S.L.	Tanger, 120 (Barcelona)	01/07/05	01/07/14	july	I.G.P.C.	212
General de Edificios y Solares	Avda. de Arteixo, s/n (La Coruña)	15/05/08	31/05/13	may	I.G.P.C.	83
General de Edificios y Solares	Acanto, 11 (Madrid)	01/01/07	31/12/12	january	I.G.P.C.	209
Grupo Castellvi	Tanger 98-108, Edificio Interface (Barcelona)	01/07/08	01/10/18	june	I.G.P.C.	371

Operating lease instalments have been recognised as expenses for the year as follows:

Owner	Address	Contract expiry date	2010 payments	2009 payments
Ayuntamiento de Alcobendas/Sogepima	Alcobendas (Madrid)	31/08/12	2,386	2,385
Banesto Renting	Pozuelo De Alarcón (Madrid)	03/10/13	2,340	2,869
Catalana De Occidente	Madrid	Annual	-	250
Mapfre Vida, S.A.	Madrid	Annual	2,319	-
Edificio De Alcobendas, S.A.	Alcobendas (Madrid	31/05/11	386	378
El Encinar Del Norte	Madrid	01/08/12	135	101
Ema 4, S.L.	Madrid	28/02/11	566	563
Fiact	Barcelona	08/06/13	299	309

Owner	Address	Contract expiry date	2010 payments	2009 payments
General de Edificios y Solares	Madrid	Annual	1,627	1,631
Gratan, S.L.	Barcelona	01/07/14	1,379	1,366
Grupo Castellvi	Barcelona	01/07/18	2,722	3,182
Hermandad Nacional de Arquitectos	Madrid	31/03/14	325	145
Hp Hewlett Packard, S.L.	Las Rozas (Madrid)	30/05/11	551	430
Iberdrola Inmobiliaria, S.A.U.	Barcelona	30/01/09	-	29
Inmoan, S.L.	Torrejon De Ardoz - Madrid	31/12/13	255	252
Credit Suisse	Madrid	01/03/11	110	515
Testa	Alcobendas (Madrid)	30/06/12	5,631	6,026
Inversiones Alpe	La Urbina (Venezuela)	31/05/11	368	462
El Remanso, S.A.	Avda. del Valle (Chile)	31/01/13	550	576
Cabi Oficinas Corporativas, S.A. de C.V.	Presidente Masarik 11 (Mexico)	06/08/12	587	620
IMOCPC	Oporto (Portugal)	01/04/12	121	192
Alfrapark	Alfragide, Lisboa (Portugal)	01/11/12	376	376
Banco nacional de Mexico, S.A.	Mexico D.F.	31/12/10	536	-
Altocapital Inversiones, S.L.U.	Azuqueca de Henares (Gudalajara)	31/07/18	529	-
Sorensen Capital, S.A.	Yunquera (Guadalajara)	06/07/20	422	-
General de Edificios y Solares	La Coruña	31/12/11	498	-
Inmobiliaria Lorena, S.L.	Madrid	31/05/13	347	-
Others			11,041	7,850

Others include all amounts lower than Euros 250 thousand.

37. Remuneration of the Board of Directors and Senior Management

1. Remuneration of board members

In accordance with the articles of incorporation, remuneration of board members comprises a fixed sum, the maximum amount of which is determined by the shareholders at their general meeting, and a share in the profits of the Parent company. It may also consist of shares or share options, subsequent to approval by the shareholders.

At their annual general meeting in 2008 the shareholders agreed a new remuneration scheme for the board of directors for a three-year period (2008, 2009 and 2010). The maximum annual amount for fixed remuneration for a board of directors with 15 members (14 members since April 2010) was established at Euros 875 thousand, and the profit-sharing limit to 1.4 times that amount, totalling Euros 1,225 thousand. These amounts mean that average total remuneration per board member totals Euros 140 thousand, compared with Euros 120 thousand for the prior three-year period. Consequently, total average remuneration per board member in 2010 has increased since 2005 at a yearly rate of 3.1%. Almost 60% of the aforementioned amount is not fixed in nature, and is dependent on the Parent company generating sufficient profits. Each year the board of directors has agreed to reconsider the amount of profit sharing in the event that the annual growth and profitability targets are not achieved, and to propose any necessary adjustments to the shareholders at the ordinary general meeting. This situation has not arisen in any year since the statutory remuneration was established in 1999, as the Parent company has achieved or exceeded its targets each year.

The board of directors agreed that the amounts authorised by the shareholders at their annual general meeting be distributed among the board members as follows:

(i) Fixed amount: Euros 32 thousand for members of the board of directors; Euros 18 thousand for Delegate Committee members; Euros 24 thousand for Audit and Compliance Committee members; and Euros 18 thousand for Appointments, Remuneration and Corporate Governance Committee members. The chairperson of each body, except the Delegate Committee, receives remuneration totalling 1.5 times these amounts.

(ii) Profit-sharing is distributed in equal amounts between all the board members, depending on the amount of time they have held their position. The board reserves the right to agree to an alternative distribution should circumstances so warrant.

The shareholders also agreed that 50% of the gross profit-sharing amount would be paid in Parent company shares at their market value on the date of payment. This means that board members who are individuals and not companies will only receive 23% of profit-sharing and 55% of total average remuneration in cash. The board has requested that its members agree to maintain ownership of the shares they receive for the entire period they remain in their position as board members. All the members have agreed to this commitment.

Consequently, an itemised breakdown of total remuneration for 2010 and 2009 accrued by the members of the board of directors, in their capacity as directors of the Parent company, is as follows:

Remuneration of directors (in Euros) 2010

Director	Fixed amount				Total fixed amount	Sharing (50% in shares)	Total
	Board of directors	Delegate committee	Audit and compliance committee	Appointmens, remuneration and corporate governance committee			
Adm. Valtenas (1)	32,000	9,000	-	-	41,000	85,465	126,465
I.Aguilera	32,000	18,000	24,000	-	74,000	85,465	159,465
Casa Grande de Cartagena	32,000	-	24,000	-	56,000	85,465	141,465
D. García-Pita	32,000	9,000	-	22,500	63,500	85,465	148,965
S. Gabarró (2)	10,667	-	-	6,000	16,667	28,488	45,155
Mediación y Diagnosticos (3)	32,000	18,000	-	18,000	68,000	85,465	153,465
L. Lada	32,000	18,000	-	-	50,000	85,465	135,465
J. March	32,000	18,000	-	9,000	59,000	85,465	144,465
J. Monzon	48,000	9,000	-	-	57,000	85,465	142,465
R. Moranchel	32,000	18,000	-	-	50,000	85,465	135,465
J. Moya-Angeler (4)	16,000	9,000	-	13,500	38,500	42,732	81,232
M. Oriol	32,000	-	12,000	18,000	62,000	85,465	147,465
Part. y Cartera de Inversión (3)	32,000	-	24,000	-	56,000	85,465	141,465
M. Soto	32,000	-	36,000	-	68,000	85,465	153,465
R. Sugrañes	32,000	18,000	-	9,000	59,000	85,465	144,465
A. Terol (5)	16,000	-	12,000	-	28,000	42,732	70,732
Total	**474,667**	**144,000**	**132,000**	**96,000**	**846,667**	**1,224,997**	**2,071,664**
Average pay per director (14.3 director)					**59,207**	**85,664**	**144,872**

(1) In representation of Caja Asturias (2) Director until April 2010 (3) In representation of Caja Madrid (4) Director until June 2010 (5) Director since July 2010

Remuneration of directors (in Euros) 2009

Director	Fixed amount: Board of directors	Fixed amount: Delegate committee	Fixed amount: Audit and compliance committee	Fixed amount: Appointmens, remuneration and corporate governance committee	Total fixed amount	Sharing (50% in shares)	Total
Adm. Valtenas (1)	32,000	-	-	-	32,000	81,666	113,666
I.Aguilera	32,000	18,000	24,000	-	74,000	81,666	155,666
Casa Grande de Cartagena	32,000	-	10,000	-	42,000	81,666	123,666
D. García-Pita(2)	16,000	-	-	9,000	25,000	40,833	65,833
S. Gabarró (3)	24,000	-	-	13,500	37,500	61,250	98,750
Mediación y Diagnosticos (4)	32,000	18,000	-	18,000	68,000	81,666	149,666
L. Lada	32,000	9,000	-	9,000	50,000	81,666	131,666
H. Lopez Isla (5)	12,000	6,750	9,000	-	27,750	30,625	58,375
P. Lo pez Jiménez (6)	8,000	-	-	4,500	12,500	20,417	32,917
J. March (7)	13,333	7,500	-	-	20,833	34,028	54,861
J. Monzon	48,000	18,000	-	-	66,000	81,666	147,666
R. Moranchel	32,000	18,000	-	-	50,000	81,666	131,666
J. Moya-Angeler	32,000	18,000	-	27,000	77,000	81,666	158,666
M. Oriol	32,000	-	24,000	18,000	74,000	81,666	155,666
Part. y Cartera de Inversión (8)	32,000	-	24,000	-	56,000	81,666	137,666
P. Ramón y Cajal (9)	16,000	9,000	-	-	25,000	40,833	65,833
M. Soto	32,000	-	36,000	-	68,000	81,666	149,666
R. Sugrañes	32,000	18,000	-	-	50,000	81,666	131,666
R. Villaseca (10)	6,667	1,500	2,000	-	10,167	17,014	27,181
Total	**496,000**	**141,750**	**129,000**	**99,000**	**865,750**	**1,225,000**	**2,090,750**
Average pay per director (15 director)					**57,717**	**81,666**	**139,383**

(1) Representing Caja Asturias (2) Since July 2009 (3) Since April 2009 (4) Representing Caja Madrid (5) Until May 2009 (6) Until March 2009 (7) Since August 2009 (8) Representing Caja Madrid (9) Until June 2009 (10) From May 2009 until July 2009.

Total director remuneration represents 0.82% of consolidated net operating profit and 0.89% of consolidated profit before tax for 2010, according to the accompanying consolidated annual accounts prepared by the board of directors (0.73% and 0.80%, respectively, in 2009).

During 2010 and 2009 no options on Parent company shares were granted to the members of the board of directors in their capacity as directors, nor did they exercise any options on Parent company shares. At the 2010 and 2009 year ends the members of the board of directors did not hold, in their capacity as directors, any Parent company share options.

In 2009 and 2009 the members of the board of directors did not receive any benefits or remuneration other than the aforementioned. Neither the Parent company nor any of the consolidated Group companies has assumed any pension commitments on behalf of, or extended any loans or advances to, the board of directors.

Remuneration of senior managers who are also members of the board of directors (executive directors) is accrued through their professional relationship with the Parent Company and, as such, is independent from remuneration received in light of their position as directors, as established in the articles of incorporation. Details of such remuneration are provided in the following section.

2. Remuneration of senior management

The remuneration of the Company's senior management is determined on an individual basis by the board of directors, subsequent to receiving a report from the Appointments, Remuneration and Corporate Governance Committee.

In 2008 the board of directors approved a new remuneration framework for senior management, as proposed by the aforementioned Committee, applicable for the three-year period from 2008 to 2010. The approved remuneration has similar components to those in the prior three-year period, some of which are annual and some of which relate to more than one year. The terms and amounts of each item were determined in line with the following criteria: variable remuneration should represent a substantial portion of total remuneration; medium-term remuneration should be significant; and remuneration referenced to stock market value should be significant, although not excessive.

Annual remuneration comprises a fixed sum paid in cash, a variable remuneration component, also in cash, depending on the level of achievement of established annual targets and the evaluation of performance by each senior manager, and remuneration in kind. The criterion of the board of directors is that fixed remuneration should remain invariable for the three years in question, unless specific circumstances were to arise that would warrant a review. Annual variable remuneration is determined at each year end, and is based on the percentage of fixed annual remuneration established for each senior manager pursuant to satisfactory evaluation by the board with regard to budget and target compliance, as well as individual management performance. The central value of the aforementioned percentage is situated in a range between 40% and two-thirds of annual fixed remuneration.

Medium-term remuneration is fully variable and is dependent on senior management remaining within the Company until the end of the period to which this remuneration relates. It comprises both a cash incentive and payment in the form of shares and options. The cash incentive is accrued and paid at 2010 year end, and has been established with an average central value (for all senior management) of two times the amount corresponding to fixed annual remuneration. This incentive is payable upon satisfactory evaluation by the board of the Company's performance in the 2008-2010 period as well as the management activity carried out by each of the senior managers, involving not only compliance with annual targets, but also the development and achievement of medium-term strategic objectives established for the period by the board of directors. The evaluation also considers a comparison of the Company's development with regard to the markets in which it operates and the main comparable companies within the sector. The Parent company recognised provisions for this item totalling Euros 3,640 thousand in 2008 and 2009 and Euros 3,380 thousand in 2010, Euros 1,710 thousand of which corresponded to executive directors in each year. At the end of the period for determining medium-term remuneration (2008-2010), the board of directors has approved total remuneration for this item amounting to Euros 10,493 thousand, of which Euros 5,130 thousand corresponds to executive directors. This amount, for which full provision has been made, will be paid in the first quarter of 2011. Share-based remuneration and the granting of options are limited to a net amount equivalent to between 10 and 20% of total gross remuneration (including this form of remuneration) for senior management for the period.

In their 2008 annual general meeting the shareholders approved the terms and conditions for the distribution of shares and granting of options to senior management, agreeing that the shares would be distributed in 2008, 2009 and 2010 at their market value at the date of distribution, and that senior management would retain ownership thereof for a period of at least three years. The shareholders also agreed that the granting of options would take place during the first of the three years within the remuneration period (2008), with an exercise price equal to the market value of the share on the grant date and a total duration of three years and six months, with the exercise period of 15 months beginning two years and three months (the exclusion period) after the date on which the options were granted.

Following the corresponding evaluation by the board of directors, annual remuneration for 2010 and 2009 was as follows:

	2010	2009
Fixed remuneration	4,250 m€	4,990 m€
Variable remuneration	3,120 m€	3,510 m€
Remuneration in kind	228 m€	273m€
Total annual remuneration for senior management	7,598 m€	8,773 m€
Members of senior management	10	11
Average total annual remuneration for senior management	759,8 m€	798 m€

In 2010 and 2009, Euros 1,710 thousand and Euros 1,710 thousand, respectively, of the above-mentioned amounts were payable to executive directors (senior management who are also members of the board of directors) in respect of annual fixed remuneration and Euros 3,501 thousand and Euros 3,496 thousand in respect of total annual remuneration. According to the accompanying annual accounts, the above-mentioned total annual remuneration represents 1.39% of consolidated operating profit and 1.5% of consolidated profit before income tax for 2010 (1.22% and 1.34%, respectively, in 2009).

The Parent company recognised a provision of Euros 3,640 thousand for medium-term remuneration in each of the last three years, with Euros 1,710 thousand of each annual provision attributable to the executive directors. Upon the conclusion of the corresponding period (2008-2010), the board of directors approved total medium-term remuneration of Euros 10,660 thousand, of which Euros 5,130 thousand is payable to the executive directors. This amount will be paid in the first quarter of 2011.

With regard to medium-term remuneration paid through the distribution of shares or the granting of options, and pursuant to the shareholders' authorisation at their annual general meeting:

(i) In 2010 the board of directors, as proposed by the Appointments, Remuneration and Corporate Governance Committee, agreed to distribute a total of 42,272 shares to senior management (22,445 of which to executive directors), with a value of Euros 15.03 each, which was the market value of the shares at 29 April 2010, the date on which they were distributed (this share distribution is part of the distribution of 151,439 shares to 148 members of senior management as part of the "2008-2010 Share Plan"). In 2009 a total of 47,052 shares were distributed to senior management (22,405 of which to executive directors), with a value of Euros 15.06 each, which was the market value of the shares at 30 April 2009, the date on which they were distributed (this share distribution is part of the distribution of 158,659 shares to 150 members of senior management as part of the "2008-2010 Share Plan").

(ii) No share options were extended to senior management personnel during 2010 or 2009, nor did senior management execute any options on Parent company shares during the period.

In 2010 and 2009 members of senior management did not receive any benefits or remuneration other than those indicated in this note. Neither the Parent Company nor any of the Group companies has any pension commitments with senior management, nor have they extended any loans or advances to them.

The Appointments, Remuneration and Corporate Governance Committee has recommended that senior management acquire Parent company shares on their own account, thereby reaching and maintaining a stable interest in the Company's share capital equivalent to at least their fixed annual remuneration. At the 2010 year end senior management held 379,738 shares with a market value at that date equivalent to 1.1 times their annual global fixed remuneration.

Each member of senior management has signed a contract with the Parent company, regulating the conditions applicable to their professional relationship. These contracts have been authorised by the board of directors, following a favourable report and proposal from the Appointments, Remuneration and Corporate Governance Committee, and were submitted for approval by the shareholders at their annual general meeting in 2007. By virtue of these contracts, senior management are entitled to an indemnity equivalent to that established by article 56 of the workers' statute, that is, 45 days of their annual salary for every year of service to the Company, up to a limit of 3.5 annual payments, in the event that labour relations with the Parent company are terminated, except in the case of voluntary termination or fair dismissal. A minimum amount of three annual payments is established for the chairman and managing director. The executive directors and general managers of operations have also signed non-competition agreements. These agreements are effective for two years as of the termination of professional relations with the Parent company, with compensation of between 0.5 and 0.75 times their annual remuneration for each year of non-competition.

The general managers Mr. Cristóbal Morales and Mr. Joaquín Uguet left the Group in 2010. All the terms of their respective contracts, previously approved by the board of directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee and submitted for approval to the shareholders at their general meeting, were applied. Mr. Emilio Díaz was appointed general manager during 2010, entering into a contract with the Parent company to regulate the professional relationship between the parties in the terms indicated in the paragraph above. This contract was previously approved by the board of directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee. As announced by the Parent company, at the end of 2010 the present managing director, Mr. Regino Moranchel, was appointed executive vice-chairman of the Parent company, while the general manager Mr. Javier de Andrés will be proposed as a candidate to replace him as managing director at the next general meeting. Consequently, the contract entered into with Mr. Regino Moranchel has been adapted to include a commitment to remain with the Company until 2013 and Mr. Moranchel's corresponding entitlement to receive the compensation established in the contract on complying with this condition. These terms were approved by the board of directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee. In 2009 the general managers Mr. Javier Piera and Mr. Ángel Lucio concluded their labour relations with the Parent company

38. Information Provided by the Members of the Board of Directors as Required by amended Article 229 (4th) of the Spanish Companies Act

Pursuant to article 229 of the Spanish Companies Act, the members of the board of directors have reported the following information to the Parent company:

- Mr. Felipe Fernández (representative of the board member Indra Administradora Valtenas, S.L.) is chairman of both the board of directors and the executive committee of Infocaja, S.L.

- Participaciones y Cartera de Inversión, S.L. is a member of the board of directors of Eurobits Tecnologies, S.L., a company in which Caja Madrid (the sole shareholder of PACIN, through direct and indirect interests) holds a 40% interest.

39. R&D&Innovation Activities

A significant part of the activities carried out by the Indra Group give rise to R&D&innovation expenses, which are taken to the consolidated income statement when they are incurred (see note 4).

The overall expense for these kinds of projects carried out in 2010, including capitalised projects (see note 8), amounts to Euros 184,106 thousand, equivalent to 7.2% of the Group's total sales during the year. R&D&innovation expenses incurred by the Parent Company during 2007 account for approximately 86% of total expenses of this nature incurred by the Group.

In 2009, R&D&innovation expenses amounted to Euros 175,020 thousand, equivalent to 6.96% of total Group sales.

40. Environmental Issues

The Group's activities have not changed significantly in comparison with prior years, and therefore the environmental impact continues to be low. Consequently, the directors consider that no significant contingencies exist in relation to protection or improvement of the environment and therefore have made no related provision for liabilities and charges at 31 December 2009 or 2010.

Similarly, as in 2008 no significant assets have been allocated to protect and improve the environment, and no material expenses of this nature have been incurred during the year. Consequently, the Group has neither requested nor received any environmental grants during the years ended 31 December 2010 and 2009.

Notwithstanding the above, one of the foundations of Indra's Corporate Governance is the commitment to protect the environment during the course of its activities. To this end Indra implemented a Strategic Environmental Plan in 2009, based on three fundamental lines of action: progressive certification of national and international work centres; environmental awareness raising and reporting and compliance with national and EU legislation. The Group has furthered the environmental initiatives of the Plan in 2010, both with respect to national work centres and international subsidiaries.

This has been seen in the adoption of an environmental management system based on UNE-EN ISO 14001, implemented in the Group's various work centres. Since the outset the most positive impact of this system has been on the most significant centres of the Parent company (Indra Sistemas). In addition to certificates obtained in prior years under the aforementioned standard for the work centres in Arroyo de la Vega (Alcobendas), San Fernando de Henares, Torrejón de Ardoz, Triángulo (Alcobendas), Parque Empresarial La Finca (Pozuelo de Alarcón), Aranjuez, Barcelona (calle Roc Boronat), Barcelona - Interface, La Coruña, Anabel Segura (Alcobendas-Madrid) and Ciudad Real in 2010 the Group has received certificates for the Cerro de la Plata work centre (Madrid), where the Parent company carries out its activities, and the work centre of the subsidiary Indra Software Labs, S.L.U. in Seville which is also engaged in Parent company activities.

In addition to these three companies, Indra Espacio and Indra Sistemas de Seguridad have also been certified to operate in the aforementioned centres.

With respect to international subsidiaries, in 2010 three Indra work centres located in Bogota (Colombia) obtained ISO14001 certification. Together with the two centres certified in 2009 in Colombia and Portugal, this brings the number of certified international centres to a total of five. This is a significant milestone in Indra's Globalisation Plan for corporate quality and environmental management systems, implemented two years ago. This figure will increase over the coming years, with new environmental initiatives in the Group's international subsidiaries.

In 2010 a new initiative was started up to monitor and measure the emissions generated by our activities at Indra's installations. Compliance with the objectives established will be verified on an annual basis.

41. Remuneration of Auditors

KPMG Auditores, S.L., the auditors of the Group's consolidated annual accounts, and other companies related to KPMG International, have invoiced the Group the following net fees for professional services at 31 December 2010 and 2009:

Thousands of Euros

	2010				2009		
	KPMG Auditores, S.L.	KPMG Europe, LLP	Other KPMG companies	Total	KPMG Auditores, S.L.	Other KPMG companies	Total
Audit services	423	15	398	836	400	402	802
Other services	16	-	105	121	8	116	124
	439	15	503	957	408	518	926

The amounts in the table above include all fees for services rendered in 2010 and 2009, irrespective of the date of invoice.

42. Transactions with Related Parties

Pursuant to the board of directors' regulations, transactions with related parties should be assessed in consideration of the principle of equal treatment of shareholders and the application of market conditions, and must be authorised by the board of directors on the basis of a report from the Appointments, Remuneration and Corporate Governance Committee, in compliance with article 37 of these regulations.

During 2010 and 2009 commercial, financial and service transactions were carried out with Caja Madrid, Banca March (majority shareholder of Corporación Financiera Alba, S.A.), Cajastur and Gas Natural Fenosa (shareholder until April 2010), all of which are significant shareholders or entities related to significant shareholders, and with entities related to the director Ms. de Oriol and to Messrs. Ramón y Cajal and Moya-Angeler, who served on the board of directors until June 2009 and June 2010, respectively.

These transactions have been authorised in accordance with the above-mentioned criteria and were carried out in the normal course of business of the Parent Company and in market conditions. The transactions do not represent, either individually or overall, a significant amount of the Parent Company's net sales or balance sheet at 31 December 2010 and 2009.

Details of transactions with shareholders and board members during the years ended 31 December 2007 and 2010 are as follows. These details have been prepared on the basis of the applicable provisions of the law governing the stock market, International Accounting Standards and the most recent recommendations and policies applied by the Parent company in relation to corporate governance.

2010 Thousands of Euros

Nature of the transaction	Shareholders	Board members	Other parties	Total 31.12.2010
Sale of goods and services	23,944	11	4,705	28,660
Purchase of goods and services	2,551	1,107	72	3,730
Interest received	7	-	-	7
Expenses for financial services	752	-	-	752
	27,254	**1,118**	**4,777**	**33,149**

2009 Thousands of Euros

Nature of the transaction	Shareholders	Board members	Other parties	Total 31.12.2009
Sale of goods and services	106,828	-	3,793	110,621
Purchase of goods and services	6,976	1,319	72	8,367
Interest received	19	-	-	19
Expenses for financial services	532	-	-	532
Expenses for professional services	-	15	-	15
	114,355	**1,334**	**3,865**	**119,554**

a) Transactions with shareholders

All transactions with shareholders in 2010 were carried out with Caja Madrid, Corporación Financiera Alba, S.A., Gas Natural Fenosa and Cajastur.

Sale of goods and services reflects services rendered to the aforementioned shareholders in the ordinary course of business.

Sale of goods and services reflects services rendered to the aforementioned shareholders in the ordinary course of business.

Thousands of Euros

	2010	2009
Gas Natural Fenosa	2,551	6,814
Caja Madrid	-	162

The main services contracted from Gas Natural Fenosa are: supply of electricity (Euros 2,146 thousand in 2010 –until April- and Euros 4,259 thousand in 2009) rental of buildings (Euros 405 thousand until April 2010 and Euros 1,831 thousand in 2009).

Financial income reflects the interest received on current financial deposits with Caja Madrid.

Expenses for financial services reflect expenses and interest on the management of guarantees, financial brokerage services and the drawdown of credit facilities with Caja Madrid and Inversis.

In 2010 and 2009 the Indra Group held several financial contracts with Caja Madrid and Banca March (majority shareholder of Corporación Financiera Alba, S.A.). Details of the main contracts are as follows:

- Caja Madrid: Credit facility with annual maturity and a maximum limit of Euros 27,250 thousand in 2010 and Euros 92,353 thousand in 2009, respectively. The average balance drawn down was Euros 13,861 thousand in 2010 and Euros 7,317 thousand in 2009; Guarantee and credit card facility with annual maturity totalling Euros 82,683 thousand in 2010 and Euros 83,797 thousand in 2009; payables discounting facility with annual maturity and a maximum limit of Euros 11,000 thousand in 2009 (not extended in 2010); financing of commercial operations totalling Euros 69,819 thousand in 2010 and an equal amount in 2009; interest rate hedge for a maximum amount of Euros 15,000 thousand in 2010 and Euros 6,000 thousand in 2009. Additionally, until the end of 2009 the Parent company carried out the ITECBAN R&D&i project with the shareholder Caja Madrid and with seven other entities. This project was financed by the Spanish Centre for the Development of Industrial Technology (Ministry of Industry, Tourism and Trade), with no economic value between the parties.

- Banca March: Guarantee facility with annual maturity amounting to Euros 12,743 thousand in 2010 and Euros 15,000 thousand in 2009.

The dividends paid to shareholders represented on the board of directors were as follows:

Thousands of Euros

	2010	**2009**
Caja Madrid	21,669	20,024
Corporación Financiera Alba	10,854	10,012
Casa Grande Cartagena	6,159	5,691
Caja Asturias	5,423	5,010
Gas Natural	-	5,006

b) Transactions with directors

Purchase of goods and services includes:

- The rental of a building located in Torrejón de Ardoz, with a surface area of 4,226 m2, from Inmoan, S.A., of which the director Mr. Moya-Angeler is the sole shareholder. The lease contract was signed in 1999 for a period of eight years, expiring in December 2007 and extendible until 2010. The amounts settled in 2009 and 2006 totalled Euros 127 thousand and Euros 253 thousand, respectively. The terms of the lease contract were negotiated with Mr. Moya-Angeler prior to his appointment as a director of the Parent company. Subsequently, as requested by Mr. Moya-Angeler, the board of directors expressly authorised this transaction, on the basis of a favourable report received from the Appointments, Remuneration and Corporate Governance Committee. At the general meeting held on 24 June 2010 the shareholders accepted Mr. Moya-Angeler's resignation as director.

- The rental of a building located in Alcobendas, with a surface area of 4,084.12 m2, from Edificios Alcobendas, S.A., a company in which the former director Mr. Ramón y Cajal holds a 10% interest. The lease contract was signed at the end of 2005 until May 2011. The amounts settled totalled Euros 188 thousand in 2009. At the general meeting held on 25 June 2009 the shareholders approved Mr. Ramón y Cajal's resignation as director.

- Security services rendered by Seguriber, in which Ms. De Oriol holds an indirect 41.85% interest and of which she is sole administrator. The commercial relationship between Seguriber and the Indra Group dates back to before the appointment of Ms. de Oriol as board member. Amounts paid in 2010 and 2009 in this regard totalled Euros 980 thousand and Euros 878 thousand, respectively.

Expenses for professional services reflect the legal advisory services rendered by the law firm Ramón y Cajal Abogados – of which Mr. Ramón y Cajal is chairman, in addition to holding a non-controlling interest therein. The amount settled in 2009 totalled Euros 15 thousand.

Details of remuneration of the members of the board of directors are provided in note 37.

c) Transactions with related parties

All other related-party transactions are carried out with Inversis, a company in which Caja Madrid and Indra hold a joint majority interest.

d) Transactions with senior management

During 2010 and 2009 there have been no transactions with senior management personnel or parties related thereto.

Details of senior management remuneration are provided in note 37.

e) Transactions with associates and joint ventures

Durante los ejercicios 2010 y 2009 se han realizado transacciones con empresas asociadas y negocios conjuntos:

2010 Thousands of Euros

	Receivables	Payables	Income	Expenses
Associates	241	32,242	18,019	13,985
Joint ventures	6,894	4,801	13,773	9,526
	7,135	**37,043**	**31,792**	**23,511**

2009 Thousands of Euros

	Receivables	Payables	Income	Expenses
Associates	1,002	25,084	21,924	1,690
Joint ventures	8,034	5,002	16,877	8,061
	9,036	**30,086**	**38,801**	**9,751**

Note Receivables and payables comprise the amounts relating to these items at 31 December each year.

43. Subsequent Events

No significant events have occurred within the Group subsequent to year end.

Details of Group companies at 31 December 2010

Company	Registered offices	Activity
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 information, electronic and communications technology.
2.- Dependientes		
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)	Engineering and maintenance of aerial defence systems and other related areas.s
Indra Espacio, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)	Design, development, integration and maintenance of satellite control and monitoring systems, satellite navigation systems, satellite telecommunication networks, image treatment and remote detection.
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 Barcelona	Design, development, integration and maintenance of systems and solutions for surveillance and installation security.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacturing, development, sale, installation, maintenance and repair of security equipment, devices and systems for data communication, encoding systems, encrypting, signals and command and control centres.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, commercialisation and sale of defence systems.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, commercialisation and sale of defence systems.
Indra Software Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, manufacture and testing of IT system development products.
Internet Protocol Sistemas Net, S.A.	Paseo del Club Deportivo 1, Pozuelo de Alarcón (Madrid)	Research, development, production, installation and commercialisation of products, systems and applications for telecommunications, IT and internet and security networks.
Intos, S.A.U.	Calle Mallorca, 221-223 Barcelona	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Company	Registered offices	Activity
Alanya Healthcare Systems S.L.U.	Plaza de Grecia, S/N Toledo	Research, design, development, production, integration, commercialisation, operation, installation, maintenance and management of systems, solutions and products which use information, electronic, communications or other technologies which are applicable to the healthcare field, its transfer and commercialisation, training and management support and any other related service.
Administradora de Archivos, S A	Azuqueca de Henares (Guadalajara)	Professional file storage, management and processing services.
Tower Air Traffic Services, S.	Carretera de Loeches, 9 Torrejon de Ardoz (Madrid)	Rendering of aerodrome air traffic services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona, S.A. (Argentina)	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, advisory and technical assistance for systems analysis, development and implementation of programmes for computing equipment.
Indra Brasil, Ltda.	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra P+D Brasil LTDA	Sao Paulo (Brazil)	Rendering of advisory, development and maintenance services to support operating and sales systems for telecommunications companies.
Indra Colombia LTDA.	Bogota (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Chile S.A.	Santiago de Chile (Chile))	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Company	**Registered offices**	**Activity**
Soluziona C & S Holding, S.A. (Chile)	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas México S.A. de C.V.	México D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Isolux Mexico, S.A. de C.V.	México D.F. (Mexico)	Signage services for motorways.
Azertia Tecnología de la Información México S.A.C.V.	México, D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Mejico S.A. de C.V.	México D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Panamá, S.A. (Panamá)	Panama	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Company SAC	Lima (Peru))	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Perú, S.A.	Lima (Peru)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Uruguay , S.A.	Montevideo (Uruguay)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra USA Inc.	Philadelphia (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Systems, Inc.	Orlando (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Azertia Tecnologías de la Información Venezuela S.A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Company	Registered offices	Activity
Azertia Gestión de Centros Venezuela S. A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology and document management.
Seintex Consultores S.A (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of IT-based systems, solutions and services for the legal sector.
Soluziona, S.P., C.A. (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
AC-B air Traffic Control & Business Systems GmbH (Alemania)	Germany	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies as well as navigation and landing support and air traffic control systems.
Avitech AG	Germany	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Avitech AG s.r.o.	Prague (Czech Republic)	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Indra Czech Republic s.r.o.	Prague (Czech Republic)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Eslovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra France SAS	Antony (France)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Hungary L.L.C.	Debrecen (Hungary)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sisteme S.R.L.	Chisinau (Moldavia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Polska sp.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Company	Registered offices	Activity
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Longwater Systems LTD	London (United Kingdom)	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Elektrica Soluziona S.A. (Rumania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Ucrania L.L.C.	Kiev (Ukraine)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Radar Technology (Tianjin) Co., Ltd.	Tianjin (China)	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Indra Philippines, Inc.	Quezon (Philippines)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas India Private Limited	New Delhi (India)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Magreb S.A.R.L	Rabat (Morocco)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Limited (Kenya)	Nairobi (Kenya)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Professional Services (Private) LTD	Harare (Zimbabwe)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Australia Pty Limited	Australia	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Indra BMB, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.

Company	Registered offices	Activity
BMB Gestión Documental Canarias, S.L.	Calle Tomás Miller, 47- 49, Las Palmas de G. Canaria	Management of back-office processes (BPO) for financial entities.
Indra BMB Servicios Digitales, S.A.	Pº. De Gracia 55. Barcelona	Data capture and digitisation.
Cob Barcelona, S.L.	Calle Caspe, 12-12 Barcelona	Providing business management and IT services to third parties.
Programarius, S.L.	Pº. De Gracia 55 Barcelona	Digitisation, data capture and the design, development and distribution of software.
OUAKHA Services, Saarl AU (Marruecos)	Tánger (Marruecos)	Management of back-office processes (BPO) for financial institutions.
Viálogos Gestión de la Eficiencia, S.A.	Calle Aralar, 4. Pamplona (Navarra)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.
Viálogos Servicios de Comunicación, S.L.	Carretera de Zaragoza, 3. Cordovilla (Navarra)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.
Tasai, S.A.	Parque Tecnologico de Derio, 807 PB. Derio (Vizcaya)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.
IFOS (International Financial Operational Services), S.A.	Buenos Aires, Argentina	Business process outsourcing (BPO) and management and design, development, production, integration and maintenance of systems for financial institutions.
Inforsistem, S.A.	Calle Primero de Mayo, 50-52. Hospitalet de Llobregat (Barcelona)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.
Europraxis Atlante, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional services consisting of business, technological and solutions consulting.
Tourism & Leisure Advisory Service, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional tax, financial, industrial and technical advisory and consultancy services for all types of companies and organisations.
Advanced Logistics Group, S.A.	Copmte de Urgell 240 Barcelona	Preparation of studies, technical projects and reports on transport engineering, consulting and logistics.
Europraxis ALG Consulting Brasil, Ltda.	Sao Paulo (Brasil)	Professional services consisting of business, technological and solutions consulting.
Europraxis ALG Consulting Mexico S.A. de C.V.	Mexico D.F. (Mexico)	Professional services consisting of business, technological and solutions consulting.

Company	Registered offices	Activity
Advanced Logistic Group Andina, S.A.C. (Perú)	Lima (Peru)	Professional services consisting of business, technological and solutions consulting.
Advanced Logistic Group Venezuela, S.A.	Colinas del Bello Monte (Venezuela)	Professional services consisting of business, technological and solutions consulting.
Europraxis Consulting, S.r.l.	Milan (Italy)	Professional services consisting of business, technological and solutions consulting.
Europraxis ALG Consulting, Ltd (U.K.)	Slough, Berkshire (United Kingdom)	Professional services consisting of business, technological and solutions consulting.
Prointec, S.A.	Avda de Burgos 12, Madrid	Engineering and consultancy services mainly in relation to the environment, transport, construction, water and industry.
Prointec Hidrógeno, S.L.	Carril Ruipérez 52, Murcia	Technical engineering and consultancy services related to hydrogen and oxygen.
Geoprin, S.A.	Avda de Burgos 12, Madrid	Technical geological services.
Inse-Rail, S.A.	Avda de Burgos 12, Madrid	Technical engineering services.
GICSA-Goymar Ingenieros Consultores, S.L.	Avda de Burgos 12, Madrid	Technical engineering services.
Prointec Concesiones y Servicios, S.L.	Avda de Burgos 12, Madrid	Concession-holding and management services.
Procinsa Ingeniería, S.A.	Santa Susana 3 Oviedo	Technical engineering services.
MECSA - Marcial Echenique y Compañía, S.A.	Avda de Burgos 12, Madrid	Technical engineering services.
Teknatrans Consultores, S.L.	Portuetxe, 23, Donostia	Technical engineering and architectural services.
Prointec Diseño y Construcción, S.A:	Avda de Burgos 12, Madrid	Development, holding and management of the construction andintermediation of infrastructures, buildings and public and private services.
Unmanned Aircraft Technologies, S.A.	Avda de Burgos 12, Madrid	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.
Prointec Extremadura, S.L.	José Luís Cotallo 1, Cáceres	Civil engineering services and consultancy.
Prointec Engenharia, Ltda.	Sao Paulo (Brazil)	Civil engineering services and consultancy.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (Mexico)	Technical engineering and architectural services.
Prointec Panamá, S.A.	Ancon (Panama)	Civil engineering services and consultancy.
Prointec Usa LLc	Sacramento, California, (USA)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.

Company	Registered offices	Activity
Prointec Civil Engineering Consultancy (Irlanda)	Dublin (Ireland)	Civil engineering services and consultancy.
Gibb Portugal-Consultores de Engenharia, Gestao e Ambiente, S.A.	Lisbon (Portugal)	Technical engineering services.
Consis Proiect SRL	Bucharest (Romania)	Civil engineering services and consultancy.
Prointec Romaría S.R.L. (Rumanía)	Bucharest (Romania)	Civil engineering services and consultancy.
Gibb Angola, S.A.	Angola	Technical engineering services.
3.- Negocios conjuntos		
I3 Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastian de los Reyes (Madrid)	Design, development, manufacture, supply, assembly, repair, maintenance, installation and commercialisation of IT products, solutions, applications and systems 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 information, electronic and communications technology.
Indra Esteio Sistemas S.A. (Brazil)	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
JV Indra EWS/STN Atlas Leopard 2	Calle Joaquín Rodrigo, 11 Aranjuez (Madrid)	Development, supply, installation, integration and maintenance of the Leopard 2 tank combat system.
	Avenida de Bruselas, 35 Alcobendas (Madrid)	Maintenance of the Llobegrat-Morrot node.
JV Manteniment Rondes JV Saih Sur	Avenida del General Perón, 36 Madrid	Maintenance of the Cadiz-Malaga-Granada-Almeria South automated hydrological information system (SAIH) network.
JV Jocs del Mediterrani	Avenida de Bruselas 35 Alcobendas (Madrid)	Contract for the operation and development of lotteries for the Catalonia Regional Government, organised and managed by the autonomous government's games and lotteries entity.
JV Estrada	Valgrande 6, Madrid	Operation and management of the National Automated Traffic Enforcement Centre.
JV Giss 11	Avenida de Bruselas 35 Alcobendas (Madrid)	IT services for the management of the Social Security IT platform.
JV Cledi 2	Avda. Manoteras, 46 bis, Madrid	IT support services to health authority personnel for the various administration systems operated in the course of their work.
JV Área Metropolitana	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the metropolitan area of Gran Canaria.

Company	Registered offices	Activity
JV Alta Capacidad	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Maintenance of high capacity roads in Gran Canaria.
JV Zona Norte	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the North of Gran Canaria.
JV Mantenimiento Las Palmas	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road, pavement, square and pedestrianised area maintenance services in Las Palmas de Gran Canaria.
JV Segura XXI-II	C/ Sepúlveda, 6 Pol.Ind.Alcobendas 28108 Alcobendas (Madrid)	Maintenance and operation of the automated hydrological information system (SAIH) of the Segura watershed (Murcia, Albacete, Alicante, Almeria and Jaen).
JV CIC TF	C/Ramón y Cajal nº3. Santa Cruz de Tenerife	Road information and maintenance centre.
JV Endesa Ingnieria-Indra Sistemas	Avda. Montesierra nº 36, 1ª planta. Sevilla	Coordination of technical information in managing incidents in the distribution networks of Sevillana Endesa, Fecsa Endesa and any other Endesa Group company in Spain.
JV CEIDECOM	Pol. Industrial Bembibre. Parque Ind. Alto de San Román. Bembibre. León.	Carrying out the measures included in the CEIDECOM Bembibre project, presented to the Institute for the Restructuring of Coal Mining (Instituto para la Reestructuración de la Minería del Carbón).
JV Indra-Eurocopter	Avenida de Bruselas 35, Alcobendas (Madrid)	Survival equipment for the Spanish navy air fleet HU-21 helicopter (AS-332, AS-532 UL).
JV Saih CHJ	C/ Polígono, 43. Aldaya (Valencia)	Operation, maintenance, renovation and upkeep of the automated hydrological information system (SAIH) network of the Jucar basin.
JV Instalación VSM Instalazioak	C/ Henao, 2, Bilbao	Construction of the control centre installations of the Variante Sur Metropolitana motorway.
4.- Asociadas		
Saes Capital, S.A.	Paseo de la Castellana, 55 Madrid	Through associated companies, the design, development, production, integration, maintenance and operation of electronic, IT and communications systems mainly related to naval systems and submarine acoustics.
Eurofighter Simulation System GmbH	Munich (Germany)	Development and production of flight simulators for the Eurofighter EF-2000.
Euromids SAS	Paris (France)	Development, manufacture and commercialisation of tactical communications systems.
Indra Sistemas Tecnocom, S.A de C.V.	México D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Company	Registered offices	Activity
MRCM GmbH	Ulm (Danube) (Germany)	Development of solutions for electronic warfare systems.
Trias Beltrán 4, S.L.	Calle Alcalá 261-265 Madrid	Lease of the office premises located at Plaza Carlos Trias Beltran, 4, Madrid.
Jood Consulting, S.L.	Avenida de Cataluña, 9 Valencia	Sale of information technology services in Arab countries.
A4 Essor, S.A.S.	Paris (France)	Development of a radio communications security programme.
Idetegolf, S.A.	Julio Sáez de la Hoya 7, Burgos	Design, management and construction of sports facilities.
Gestión de Recursos Eólicos Riojanos, S.L.	Avda. Gran Vía Ray Juan Carlos I, 26005 Logroño	Power generation, transport and distribution, mainly of wind power.
Aerobus Arapiles, S.L.	Avda. Burgos 12, Madrid	Services for the installation of elevated railway systems with low environmental impact.
Eólica Marítima y Portuaria, S.L.	Claudio Coello 43, Madrid	Operation of renewable energy relating to the environment and geology. Technical engineering services.
Huertas de Binipark, S.A.	Carretera de S´Esgleita a Esparles Km 4,3 predio. San Quint Sa Tafona.Mallorca	Installation of power generation systems.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño La Rioja	Study, promotion, development and execution of innovative projects relating to the environment and energy generation.
Zeronine ACI, S.L.	Durán , 27. Madrid	Creation of port management software.
Logística marítima de Tuxpan S.A.P.I. de C.V.	Veracruz, Mexico	Engineering and consultancy services rendered to port infrastructures.
Inmologística 2RC, S.L.	Aragó, 284 1 2, Barcelona	Consultancy, study and turnkey projects and promotions for logistics platforms.

Economic data of Group companies at 31 December 2010

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
1.- Parent company						
Indra Sistemas, S.A.				998,999	1,898,795	193,359
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	3,214	15,432	2,254
Indra Espacio, S.A.	100%	-	100%	7,654	67,840	2,840
Indra Sistemas de Seguridad, S.A.	100%	-	100%	3,818	12,787	(174)
Inmize Capital, S.L.	80%	-	80%	1,563	-	(4)
Indra Software Labs, S.L.	100%	-	100%	25,839	125,588	7,008
Grupo BMB	93.50%	-	94%	27,481	157,655	(5,826)
Grupo Europraxis	100%	-	100%	35,157	58,766	6,291
Internet Protocol Sistemas Net, S.A.	100%	-	100%	6,432	10,743	381
Administradora de Archivos S A	100%	-	100%	7,643	10,476	1,706
Intos, S.A.U.	100%	-	100%	2,388	5,653	720
Alanya Healthcare Systems S.L.U.	100%	-	100%	(18)	-	(21)
Grupo Prointec, S.A.	60%	-	60%	20,470	90,980	(6,504)
Avitech AG	100%	-	100%	2,865	8,591	449
Indra Perú, S.A.	75%	-	75%	4,323	20,087	3,174
Indra SI, S.A.	100%	-	100%	4,207	40,542	1,893
Indra Sistemas Chile, S.A.	99.99%	0.01%	100%	2,474	29,291	(63)
Indra Brasil, Ltda.	100%	-	100%	7,129	47,729	1,243
Indra Sistemas México, S.A. de C.V.	100%	-	100%	5,112	61,211	3,867
Seintex Consultores S.A (Venezuela)	100%	-	100%	1,441	128	(572)

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit (loss) after tax
Azertia Tecnología de la Información México S.A.C.V.	100%	-	100%	8,903	29,340	2,118
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100%	4,262	6,872	(759)
Azertia Gestión de Centros Venezuela S A	100%	-	100%	197	3,728	(215)
Azertia Tecnología de la Información Argentina S.A.	100%	-	100%	(284)	11,692	(127)
Soluziona México SA DE CV	100%	-	100%	(1,365)	7,692	(1,241)
Soluziona SP, C.A. Venezuela	100%	-	100%	5,223	14,255	1,404
Soluziona S.A Guatemala	100%	-	100%	(119)	-	(41)
Soluziona Chile S.A	100%	-	100%	(2,383)	3,570	163
Soluziona S.A Argentina	100%	-	100%	595	2,254	(744)
Indra Panama, S.A.	100%	-	100%	2,812	6,411	39
Indra Colombia LTDA.	100%	-	100%	6,150	29,883	604
Soluziona S.A Uruguay	100%	-	100%	1,398	3,642	69
Indra Company Perú SAC	100%	-	100%	585	6,547	350
Indra Systems, Inc	100%	-	100%	(9,849)	7,571	(5,719)
Indra USA, Inc	100%	-	100%	(955)	4,234	(1,442)
Computación Ceicom	100%	-	100%	3,093	6,640	484
Indra Sistemas Portugal, S.A.	100%	-	100%	5,985	36,089	984
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100%	465	1,795	190
Indra France Sas	100%	-	100%	275	1,351	225
Indra Polska Sp.z.o.o	100%	-	100%	(36)	-	(15)
Indra Czech Republic s.r.o.	100%	-	100%	2,336	10,660	169
Indra Eslovakia, a.s.	100%	-	100%	598	3,235	55
Indra Hungary K.F.T.	100%	-	100%	383	296	(59)
Soluziona S.R.L (Moldavia)	100%	-	100%	1,166	1,004	32
Electrica Soluziona S.A (Rumanía)	51%	-	51%	1,197	3,478	577
Longwater Systems Ltd	100%	-	100%	(682)	0	(127)

Company	% ownership			Equity	Total operating income	Individ. profit (loss) after tax
	Direct	Indirect	Total			
Indra Sistemas Magreb SA RL	100%	-	100%	4	1,989	454
Indra Limited (Kenya)	100%	-	100%	2,346	2,982	383
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	935	2,580	120
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70%	1,195	241	(442)
Indra Australia Pty Limited	100%	-	100%	2,604	9,689	(464)
Indra Philippines INC	50%	-	50%	6,177	15,748	1,005
Indra Sistemas India Private Limited	100%	-	100%	(112)	1,208	(187)
Indra P+D Brasil LTDA	100%	-	100%	920	6,687	558
Indra Sistemas de Comunicaciones Seguras, S.L.	-	100%	100%	8,846	3,654	1,025
Inmize Sistemas, S.L.	-	50%	50%	5,940	3,200	721
Soluziona C&S Holding S.A	-	100%	100%	1,710	0	(66)
Indra Ukraine L.L.C.	-	100%	100%	(359)	96	(4)
3.- Joint ventures						
I-3 Televisión SL	50%	-	50%	107	3,403	50
IRB Riesgo Operacional SL	33%	-	33%	462	1	(94)
IESSA (Brasil)	50%	-	50%	945	2,512	(119)
UTE Indra EWS/STN Atlas Leopard 2	60%	-	-	0	2,436	-
UTE Manteniment Rondes	30%	-	-	90	4,105	87
UTE Saih Sur	35%	-	-	3	-	-
UTE Jocs del Mediterrani	25%	-	-	(6,480)	3,340	(818)
UTE Estrada	33%	-	-	6	5,844	-
UTE Giss 11	35%	-	-	(6)	10,409	(2)
UTE Cledi 2	40%	-	-	85	437	79
UTE Área Metropolitana	20%	-	-	321	3,750	312
UTE Alta Capacidad	20%	-	-	1,175	4,598	1,166

Company	% ownership			Equity	Total operating income	Individ. profit (loss) after tax
	Direct	Indirect	Total			
UTE Zona Norte	10%	-	-	244	1,562	235
UTE Mantenimiento Las Palmas	10%	-	-	59	2,029	50
UTE Segura XXI-II	35%	-	-	78	1,889	75
UTE Indra-Eurocopter ECE	63%	-	-	(11)	4,808	-
UTE Saih CHJ	25%	-	-	40	2,173	37
UTE Endesa Ingnieria-Indra Sistemas	49%	-	-	232	-	-
UTE CIC-TF	50%	-	-	113	481	107
UTE CEIDECOM	60%	-	-	(86)	-	(97)
UTE Instalación VSM Instalazioak	25%	-	-	612	10,254	602
4.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Indra Sistemas Tecnocom, Méjico S.A. de C.V.	50%	-	50%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
A4 Essor SAS	21%	-	21%	-	-	-
Composition BMB Group						
2.- Subsidiaries						
Indra BMB SL				20,933	115,856	(9,561)
BMB Gestión Documental Canarias, S.L.	70%	-	70%	(14)	1,677	269
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100%	(179)	99	(46)
Indra BMB Servicios Digitales, S.A.	100%	-	100%	1,147	14,415	243
Cob Barcelona, S.L.	100%	-	100%	3,522	13,289	1,293
Viálogos Gestión de la Eficiencia, S.A.	100%	-	100%	2,280	3,661	866
Viálogos Servicios de Comunicación, S.L.	100%	-	100%	1,764	2,319	139
Tasai, S.A.	100%	-	100%	(227)	939	13

Company	Direct	Indirect	% ownership Total	Equity	Total operating income	Individ. profit (loss) after tax
IFOS (Argentina)	80%	-	80%	9	348	6
Inforsistem, S.A.	100%	-	100%	4,410	5,052	893
Programarius, S.L.	-	100%	100%	(4)	-	(5)
4.- Associates						
Trias Beltran, S.L.	40%	-	40%	-	-	-
Composition Grupo EPX						
2.- Subsidiaries						
Europraxis Atlante, S.L.			0%	37,143	34,156	6,294
Tourism & Leisure Advance Service, S.L.	70%	-	70%	935	4,853	218
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100%	188	192	6
Europraxis ALG Consulting, Ltda. (Brasil)	99.99%	0.01%	100%	(2,681)	2,185	(173)
Advanced Logistics Group, S.A.	100%	-	100%	709	10,639	(111)
Europraxis Consulting, S.R.L.	100%	-	100%	309	2,114	165
Europraxis ALG Consulting México SA de CV	100%	-	100%	215	282	59
Advanced Logistics Group Andina	-	90%	90%	1,236	1,995	858
Advanced Logistics Group Venezuela	-	90%	90%	1,700	2,350	508
Composition Prointec Group						
Prointec, S.A.				21,574	72,557	(5,035)
Prointec Hidrógeno, S.L.	60%	-	60%	3	-	(1)
Consis Proiect SRL (Rumanía)	60%	-	60%	2,582	5,597	576
Geoprin, S.A.	99.99%	0.01%	100%	(1,317)	1,059	(1,668)
GIBB Angola, S.A.	-	85%	85%	-	-	-
GIBB Portugal, S.A.	99%	2%	100%	(868)	8,390	64
GICSA-Goymar Ingenieros Consultores, S.L.	99.80%	0.2%	100%	(48)	1,142	(103)
Ingeniería de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	406	1,183	10
Inse Rail, S.A.	90%	-	90%	2,905	2,228	141

Company			% ownership	Equity	Total operating income	Individ. profit (loss) after tax
	Direct	Indirect	Total			
Mecsa, S.A.		1%	1%	339	2,239	(73)
Procinsa Ingeniería, S.A.	99%	1%	100%	982	1,256	29
Prointec civil engineering Consultancy (Irlanda)	100%	-	100%	604	643	16
Prointec Concesiones y Servicios	97.08%	2.91%	100%	(271)	-	(76)
Prointec Romaría S.R.L. (Rumanía)	100.00%	-	100%	-	-	-
Prointec Engenharia, Ltda.	99.99%	-	100%	14	1,102	(160)
Prointec Panama	75%	-	75%	-	-	-
Prointec Extremadura	96.80%	3%	100%	(11)	159	20
Teknatrans Consultores, S.L.	99%	1%	100%	452	1,463	202
Prointec Diseño y Construcción, SA	99%	1%	100%	(23)	858	(14)
Unmanned Aircraft Technologies, SA	51%	-	51%	66	554	18
Prointec USA	100%	-	100%	50	1,357	95
4.- Associates						
Idetegolf, S.A.	33%	-	33%	-	-	-
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16%	-	-	-
Iniciativas Bioenergéticas, S.L.	-	20%	20%	-	-	-
Inmologística 2RC, S.L.	-	24.91%	25%	-	-	-
Eólica Marítima y Portuaria, S.L.	-	20%	20%	-	-	-
Zeronine	40%	-	40%	-	-	-
Huertas de Binipark	25.18%	-	25%	-	-	-

1.- Parent company						
Indra Sistemas, S.A.				919,028	1,931,877	189,156
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	3,670	16,366	2,694
Indra Espacio, S.A.	51%	-	51%	43,866	73,139	3,633

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit (loss) after tax
Indra Sistemas de Seguridad, S.A.	100%	-	100%	4,014	14,150	162
Inmize Capital, S.L.	80%	-	80%	1,566	0%	(4)
Indra Software Labs, S.L.	100%	-	100%	20,883	108,132	3,822
BMB Group	**93.50%**	-	93.50%	**33,321**	**136,600**	**3,637**
Europraxis Group	**100%**	-	100%	**29,022**	**58,112**	**2,140**
Internet Protocol Sistemas Net, S.A.	100%	-	100%	6,445	13,871	395
Administradora de Archivos S A	100%	-	100%	7,632	10,297	1,744
Intos, S.A.U.	100%	-	100%	2,014	3,540	352
Alanya Healthcare Systems S.L.U.	100%	-	100%	3	-	-
Prointec, S.A. Group	**60%**	-	60%	**28,253**	**104,321**	**(1,984)**
Avitech AG	100%	-	100%	3,067	-	-
Avitech AG s.r.o.	-	100%	100%	24	-	-
Comsa	75%	-	75%	971	-	-
Ceicom Europe	100%	-	100%	194	6,471	25
Indra SI, S.A.	76%	24%	100%	2,301	22,923	(2,357)
Indra Sistemas Chile, S.A.	99.99%	0.01%	100%	2,137	30,561	1,234
Indra Brasil, Ltda.	100%	-	100%	5,140	23,150	1,467
Indra Sistemas México, S.A. de C.V.	100%	-	100%	1,045	31,176	90
Seintex Consultores S.A (Venezuela)	100%	-	100%	2,964	635	78
Azertia Tecnología de la Información México S.A.C.V.	100%	-	100%	5,909	23,132	1,057
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100%	7,064	12,773	(558)
Azertia Gestión de Centros Venezuela S A	100%	-	100%	601	4,585	(1,569)
Azertia Tecnología de la Información Argentina S.A.	90%	10%	100%	(156)	10,097	(659)
Soluziona México SA DE CV	100%	-	100%	(1,805)	13,049	(522)
Soluziona SP, C.A. Venezuela	100%	-	100%	5,173	12,883	796
Soluziona S.A Guatemala	100%	-	100%	(73)	69	(267)

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit (loss) after tax
Soluziona Chile S.A	100%	-	100%	(2,151)	3,285	(1,104)
Soluziona S.A Argentina	72%	28%	100%	1,290	2,330	(185)
Indra Panama, S.A.	100%	-	100%	2,572	5,250	179
Indra Colombia LTDA.	100%	-	100%	4,731	21,881	694
Soluziona S.A Uruguay	100%	-	100%	1,172	3,121	134
Indra Perú SAC	100%	-	100%	(154)	1,127	(83)
Indra Systems, Inc	100%	-	100%	(3,866)	14,578	(4,064)
Indra USA, Inc	100%	-	100%	(692)	1,715	(1,400)
Computación Ceicom	100%	-	100%	2,559	4,384	1,411
Indra Sistemas Portugal, S.A.	100%	-	100%	5,001	33,872	(603)
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100%	274	1,504	224
Indra France Sas	100%	-	100%	(220)	792	(267)
Indra Polska Sp.z.o.o	100%	-	100%		5	(75)
Indra Czech Republic s.r.o.	100%	-	100%	2,056	11,968	(348)
Indra Eslovakia, a.s.	100%	-	100%	543	3,478	91
Indra Hungary K.F.T.	100%	-	100%	454	428	(198)
Soluziona S.R.L (Moldavia)	100%	-	100%	1,049	926	184
Electrica Soluziona S.A (Rumanía)	51%	-	51%	629	2,938	56
Longwater Systems Ltd	100%	-	100%	(478)	1,443	(64)
Indra Sistemas Magreb SA RL	100%	-	100%	(445)	388	(492)
Indra Limited (Kenya)	100%	-	100%	2,114	2,667	405
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	729	2,603	230
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70%	1,471	0	(433)
Indra Australia Pty Limited	100%	-	100%	2,558	9,738	317
Indra Philippines INC	50%	-	50%	4,691	13,834	905

Company	% ownership			Equity	Total operating income	Individ. profit (loss) after tax
	Direct	Indirect	Total			
Indra Sistemas India Private Limited	100%	-	100%	70	-	-
Indra Sistemas de Comunicaciones Seguras, S.L.	-	90%	90%	7,821	4,100	1,597
Inmize Sistemas, S.L.	-	50%	50%	5,179	2,856	357
Soluziona C&S Holding S.A	-	100%	100%	1,497	0%	(702)
Indra Ukraine L.L.C.	-	100%	100%	(330)	219	(82)
3.- Joint ventures						
I-3 Televisión SL	50%	-	50%	58	3,527	(34)
IRB Riesgo Operacional SL	33%	-	33%	-	-	182
IESSA (Brasil)	50%	-	50%	946	2,700	100
Indra Isolux México SA de CV	-	50%	50%	(7)	3,111	(9)
A4 Essor SAS	21%	-	21%	-	-	-
UTE Indra EWS/STN Atlas Leopard 2	60%	-	60%	-	2,759	-
UTE Indra Dimetronic	82%	-	82%	-	22	-
UTE Manteniment Rondes	30%	-	30%	(199)	4,076	-
UTE Saih Sur	35%	-	35%	59	0%	-
UTE Jocs del Mediterrani	49%	-	49%	(5,660)	5,813	-
UTE Estrada	33%	-	33%	6	4,583	-
UTE Giss 11	35%	-	35%	(3)	11,115	-
UTE Cledi 2	40%	-	40%	244	1,125	-
UTE Área Metropolitana	20%	-	20%	292	4,064	-
UTE Alta Capacidad	20%	-	20%	246	3,376	-
UTE Zona Norte	10%	-	10%	123	1,248	-
UTE Mantenimiento Las Palmas	10%	-	10%	45	2,302	-
UTE Segura XXI-II	35%	-	35%	816	3,134	-
UTE CIC TF	50%	-	50%	71	1,615	-
UTE Endesa Ingnieria-Indra Sistemas	49%	-	49%	212	773	-

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit (loss) after tax
UTE CEIDECOM	60%	-	60%	11	-	
UTE Indra-Eurocopter	63%	-	63%	(11)	12,412	
4.- Associates						
Saes Capital, S.A.	49.00%	-	49%	-	-	
Indra Sistemas Tecnocom, Méjico S.A. de C.V.	50.00%	-	50%	-	-	
Eurofighter Simulation System GmbH	26.00%	-	26%	-	-	
Euromids SAS	25.00%	-	25%	-	-	
MRCM Gmbh	25.15%	-	25.15%	-	-	
Composition BMB Group						
2.- Subsidiaries						
Indra BMB SL				30,494	114,362	
BMB Gestión Documental Canarias, S.L.	70%	-	70%	(283)	1,305	
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100%	(131)	196	
Indra BMB Servicios Digitales, S.A.	100%	-	100%	904	12,092	
Cob Barcelona	100%	-	100%	2,229	8,645	
Programarius, S.L.	-	100%	100%	(1)	-	
4.- Associates						
Trias Beltran, S.L.	40%	-	40%			
Composition EPX Group						
2.- Subsidiaries						
Europraxis Atlante, S.L.				30,878	34,209	
Tourism & Leisure Advance Service, S.L.	70%	-	-	733	4,139	
Europraxis ALG Consulting, Ltd. (UK)	100%	-	-	182	227	
Europraxis ALG Consulting, Ltda. (Brasil)	99.99%	0.01%	0.01%	(3,457)	3,959	
Compraxis Prestaçao de Servicios de Consultoria Ltda.	100%	-	-	(2,626)	1,594	
Advanced Logistics Group, S.A.	100%	-	-	1,865	13,630	

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit (loss) after tax
Europraxis Consulting, S.R.L.	100%	-	100%	(357)	2,298	
Europraxis ALG Consulting México SA de CV	100%	-	100%	2	-	
Advanced Logistics Group Andina	-	90%	90%	88	440	
Advanced Logistics Group Venezuela	-	90%	90%	1,463	4,889	
Composition Prointec Group						
Prointec, S.A.				27,031	85,435	
Prointec Hidrógeno, S.L.	60%	-	60%	4	-	
Consis Proiect SRL (Rumanía)	60%	-	60%	1,523	6,111	
Geoprin, S.A.	100%	-	100%	942	2,907	
GIBB Angola, S.A.	-	85%	85%	57	1,481	
GIBB Portugal, S.A.	98%	2%	100%	(731)	7,433	
GICSA-Goymar Ingenieros Consultores, S.L.	100%	-	100%	484	1,407	
Ingenieria de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	396	1,737	
Inse Rail, S.A.	90%	-	90%	2,359	2,934	
Mecsa, S.A.	91%	-	91%	642	2,571	
Procinsa Ingeniería, S.A.	99%	1%	100%	810	1,599	
Prointec civil engineering Consultancy (Irlanda)	100%	-	100%	300	1,551	
Prointec Concesiones y Servicios	97%	3%	100%	(121)	-	
Prointec Engenharia, Ltda.	99.99%	-	100%	196	1,008	
Prointec Romania S.R.L. (Rumania)	100.00%	-	100%	160	1,045	
Prointec Panama	75%	-	75%	-	333	
Prointec Extremadura	96.80%	3%	99.80%	(21)	29	
Teknatrans Consultores, S.L.	99%	1%	100%	2	1,359	
Prointec Diseño y Construcción, SA	99%	1%	100%	15	72	
Unmanned Aircraft Technologies, SA	51%	-	51%	29	228	
Prointec USA	100%	-	100%	-	327	

Company	Direct	Indirect	% ownership Total	Equity	Total operating income	Individ. profit (loss) after tax
4.- Associates						
Idetegolf, S.A.	33%	-	33%	-	-	
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16%	-	-	
Iniciativas Bioenergéticas, S.L.	-	20%	20%	-	-	
Inmologística 2RC, S.L.	-	24.91%	24.91%	-	-	
Eólica Marítima y Portuaria, S.L.	-	20%	20%	-	-	
Zeronine	40%	-	40%	-	-	
Huertas de Binipark	25.18%	-	25.18%	-	-	

This appendix forms an integral part of notes 1 and 5 to the consolidated annual accounts, in conjunction with which it should be read.