02 Consolidated Annual Accounts

(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	Note	2011	2010 (restated)	01.01.10 (restated)
Property, plant and equipment	6	167.357	142.627	140.375
Investment property	7	4.550	5.264	-
Goodwill	8	624.586	456.327	440.187
Other intangible assets	9	243.263	193.063	117.752
Equity-accounted investees	11	9.012	7.113	5.807
Non-current financial assets	12	57.424	43.385	35.588
Deferred tax assets	33	137.959	50.261	31.269
Total nn-current assets		1.244.151	898.040	770.978
Inventories	13	330.424	238.573	197.528
Other financial assets	14	74.235	59.441	44.336
Current tax assets	33	58.155	12.971	14.273
Trade and other receivables	15	1.725.804	1.610.518	1.379.823
Cash and cash equivalents	16	81.947	128.983	66.500
Assets held for sale	17	10.139	205	205
Total current assets		2.280.704	2.050.691	1.702.665
Total assets		**3.524.855**	**2.948.731**	**2.473.643**

Equity and Liabilities	Note	2011	2010 (restated)	01.01.10 (restated)
Subscribed capital	18	32.826	32.826	32.826
Share premium	18	375.955	375.955	375.955
Reserves	18	(978)	11.109	14.185
Treasury shares	18	(15.187)	(18.593)	(14.165)
Translation differences	18	4.247	4.866	2.115
Retained earnings	18	467.901	396.309	325.292
Profit for the year attributable to the parent company	18	180.999	188.521	195.590
Equity attributable to the owners of the parent company		1.045.763	990.993	931.798
Non-controlling interests	18	21.437	23.028	45.335
Total equity		1.067.200	1.014.021	977.133
Debt with financial institution	20	314.355	248.213	101.852
Other non-current financial liabilities	21	91.782	6.246	4.836
Government grants	22	32.602	25.620	18.526
Provisions for liabilities and charges	23	109.321	19.800	16.878
Deferred tax liabilities	33	79.546	50.725	38.232
Total non-current liabilities		627.606	350.604	180.324
Debt with financial institutions	24	281.202	155.633	99.199
Trade and other payables	25	1.247.983	1.166.133	1.013.335
Current tax liabilities	33	20.333	18.081	23.501
Other liabilities	26	280.531	244.259	180.151
Total current liabilities		1.830.049	1.584.106	1.316.186
Total equity and liabilities		**3.524.855**	**2.948.731**	**2.473.643**

(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2011	2010 (restated)
Revenues	27	2.688.495	2.557.042
Work carried out by the group for assets		64.477	64.761
Other income		38.670	9.634
Changes in inventories of finished goods and work in progress		91.096	38.985
Materials and Other Supplies	28	-885.552	-948.988
Personnel expenses	29	(1.194.027)	(1.080.959)
Other operating expenses		-487.979	-345.455
Other losses on non-current assets	30	-1.793	-1.034
Amortisation and depreciation	6 y 9	-45.608	-42.071
Results from operating activities		**267.779**	**251.915**
Finance income		4.168	1.454
Finance expenses		-41.896	-20.593
Share of profit/(loss) of investees		2.205	136
Net finance expense		**-35.523**	**-19.003**
Profit of equity-accounted investees	11	1.040	729
Profit before income tax		**233.296**	**233.641**
Income tax	33	-52.229	-45.702
Profit for the year		**181.067**	**187.939**
Attributable to the parent		**180.999**	**188.521**
Attributable to non-controlling interests	18	68	(582)
Basic and diluted earnings per share (in Euros)	19	1,1133	1,1605

	Note	2011	2010 (restated)
Profit for the year		**181.067**	**187.939**
Other comprehensive income			
Translation differences		(89)	3.007
Cash flow hedges		-9.126	-2.307
Tax effect		2.738	692
Other comprehensive income for the year, net of income tax		6.477	1.392
Total comprehensive income for the year		**174.590**	**189.331**
Attributable to the parent		**174.080**	**189.581**
Attributable to non-controlling interests		510	(250)

Consolidated Statements of Changes in Equity for the years ended 31 December 2011 and 2010 (Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Subscribed capital	Share premium	Other reverves	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total
01.01.10 (restated)	**32.826**	**375.955**	**14.185**	**(14.165)**	**2.115**	**520.882**	**931.798**	**45.335**	**977.133**
Distribution of profit for 2009									
Dividends	-	-	-	-	-	-106.789	-106.789	(89)	-106.878
Treasury share transactions (note 18)	-	-	-1.283	-4.428	-	-	-5.711	-	-5.711
Acquisitions from non-controlling interests (note 18)	-	-	-	-	-	-19.003	-19.003	-22.327	-41.330
Other increases and decreases	-	-	-102	-	-	1.219	1.117	359	1.476
Total comprehensive income for the eye	-	-	-1.691	-	2.751	188.521	189.581	-250	189.331
Balance at 31.12.10 (restated)	**32.826**	**375.955**	**11.109**	**-18.593**	**4.866**	**584.830**	**990.993**	**23.028**	**1.014.021**
Distribution of profit for 2010									
Dividends	-	-	-	-	-	-110.897	-110.897	-442	-111.339
Treasury share transactions (note 18)	-	-	-4.363	3.406	-	-	-957	-	-957
Acquisitions from non-controlling interests (note 18)	-	-	-	-	-	-5.99)	-5.993	-2.543	-8.536
Other increases and decreases	-	-	-1.424	-	-	-39	-1.463	884	-579
Resultado global total del ejercicio	-	-	-6.300	-	-619	180.999	174.080	510	174.590
Balance at 31.12.11	**32.826**	**375.955**	**-978**	**-15.187**	**4.247**	**648.900**	**1.045.763**	**21.437**	**1.067.200**

(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	2011	2010 (restated)
Profit before income tax	233.296	233.641
Adjustments for:		
- Amortisation and depreciation, provisions and grants	54.818	54.994
- Other losses on non-current assets	-412	898
- Share of profit/(loss) of associates	-1.040	-729
- Net finance expense	37.728	19.138
+ Dividends received	-	128
Operating profit before change in working capital	**324.390**	**308.070**
Change in trade and other receivables	-43.841	-237.762
Change in inventories	-90.617	-40.125
Change in trade and other payables	-17.814	133.249
Cash flows used in operating activities	-152.272	-144.638
Income tax paid	-75.202	-54.425
Net cash flows from operating activities	**96.916**	**109.007**
Payments for acquisition of non-current assets:		
Property, plant and equipment	-42.074	-22.278
Intangible assets	-85.288	-69.579
Investments	-48.242	-49.272
Proceeds from sale of non-current assets:		
Property, plant and equipment	-	1.857
Intangible assets	1.247	947
Investments	2.867	-
Interest received	3.760	1.126
Other cash flows from investing activities	14.885	14.684
Cash flows used in investing activities	**-152.845**	**-122.515**

	2011	2010 (restated)
Changes in treasury shares	-3.596	-6.436
Dividens of subsidiaries paid non-controlling interests	-278	-
Dividends of the parent company	-110.897	-106.789
Increase in grants	7.863	3.191
Increase in borrowings	146.444	201.828
Interest paid	-31.048	-13.775
Changes in other financial assets	-	90
Net cash flows from financing activities	8.488	78.109
Net increased / decrease in cash and cash equivalents	-47.441	64.601
Cash and cash equivalents at beginning of the year	128.983	66.500
Effect of exchange differences	405	-2.118
Net increase / decrease in cash and cash equivalents	-47.441	64.601
Cash and cash equivalents at year end	**81.947**	**128.983**

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

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. Its registered offices are located at Avenida Bruselas 35, Alcobendas (Madrid, Spain).

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 provision 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 2011.

The Group incorporated the following subsidiaries during the year ended 31 December 2011:

- On 3 July 2011 the Parent company incorporated the Kazakh company Indra Kazakhstan Engineering Llp., subscribing 51% of share capital and paying up 35%.

- This subsidiary's statutory activity is the manufacturing, maintenance and repair of radar equipment and electronic warfare and other electronic defence systems.

- On 22 August 2011 the Parent company incorporated the Malaysian company Indra Technology Solutions Malaysia SBN DHB, subscribing and paying up 100% of the share capital.

- On 24 August 2011 the Parent company incorporated the Indonesian company PT. Indra Indonesia, subscribing 99.80% and paying up 25% of the share capital.

- On 16 October 2011 the Parent company incorporated the Bahraini company Indra Bahrain Consultancy Spc, subscribing and paying 100% of the share capital.

The latter three companies' statutory activities consist of the design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

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 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 provision of airfield air traffic services.

The Group divested its interests in the following subsidiaries during the year ended 31 December 2011:

- On 27 January 2011 the Parent company sold 50% of its stake in the Spanish company Tower Air Traffic Services, S.L. for Euros 2 thousand. As a result, this company is now classed as an associate (see note 11).

- On 28 July 2011 the subsidiary Prointec, S.A. sold its interest in the Portuguese company Gibb Portugal Consultores de Engenharia, Gestado e Ambiente, S.A.

- On 30 November 2011 the subsidiary Indra BMB, S.L. dissolved its Spanish subsidiary Programarius, S.L.

- On 21 December 2011 the Parent company dissolved its Spanish subsidiary Alanya Healthcare Systems, S.L.

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

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 for 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), and other applicable provisions in accordance with article 48 of the Code of Commerce, to present fairly the consolidated equity and consolidated financial position of Indra Sistemas, S.A. and subsidiaries at 31 December 2011 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Group adopted EU-IFRS on 1 January 2004.

The Group has changed its accounting policy for non-refundable grants obtained to finance assets, which, in accordance with IAS 20, were previously presented as deferred income in the consolidated statements of financial position. From 2011 onwards, as permitted by IAS 20, the Group has opted to present these grants as a reduction in the value of the asset for which they were awarded.

The amounts restated in the statements of financial position as a result of this change are as follows:

Assets	**Note**	**2010**	**2010 (restated)**
Property, plant and equipment	6	142.962	142.627
Other intangible assets	9	219.872	193.063
Equity and Liabilities			
Capital grants	22	52.764	25.620

The amounts restated in the statements of cash flows as a result of this change are as follows:

	2010	**2010 (restated)**
Other cash flows from investing activities	-	14.684
Cash flows used in investing activities	(137.199)	(122.515)
Increase in grants	17.875	3.191
Net cash flows from financing activities	92.793	78.109

The directors of the Parent company consider that the consolidated annual accounts for 2011, authorised for issue on 22 March 2012, will be approved with no changes by the shareholders at their annual general meeting.

The consolidated annual accounts for 2010 were approved by the shareholders at their annual general meeting held on 21 June 2011.

Presentation and format

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. Foreign currency transactions are recorded following the principles described in note 4.x.

Relevant accounting estimates and assumptions

Relevant accounting estimates and other judgements, estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts in conformity with EU-IFRS. 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, are 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 goodwill for impairment on an annual basis. The calculation of the recoverable amount of a division to which goodwill has been allocated requires the use of estimates. 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. Cash flows subsequent to the fifth year are extrapolated using individual growth rates. The key assumptions employed when determining 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 expected technological developments, which implies a significant degree of judgement. Assessing 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 on which these consolidated annual accounts were prepared, future events may require changes to these estimates in future years. Changes in estimates are made prospectively and the effects recognised in the corresponding annual accounts for future years.

Standards and interpretations effective this year

At the date of preparation of these consolidated annual accounts, the following standards and interpretations have been published by the IASB but are not yet effective, either because their effective date is subsequent to the date of these consolidated annual accounts or because they have not yet been adopted by the European Union:

- IAS 19 Employee Benefits. Effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 1 – Presentation of items of other comprehensive income. Effective for annual periods beginning on or after 1 July 2012.
- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 7 – Disclosures of transfers of financial assets. Effective for annual periods beginning on or after 1 July 2011.
- Amendments to IAS 12 - Recovery of underlying assets. Effective for annual periods beginning on or after 1 January 2012.
- Amendments to IFRS 1 - Severe hyperinflation and removal of fixed dates for first-time adopters. Effective for annual periods beginning on or after 1 July 2011.
- IFRS 9 Financial Instruments. Effective for annual periods beginning on or after 1 January 2015.
- IFRS 7 Financial Instruments. Disclosures: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to years starting on or after 1 January 2013.
- IAS 32 Financial Instruments: Presentation: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to years starting on or after 1 January 2014.

The directors have assessed the potential impact of applying these standards in the future and do not consider that they will have a significant effect on the consolidated annual accounts when they enter force.

The Group has opted not to apply prospectively any of the IFRSs already issued which have not yet come into effect.

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 allocation	Thousands of Euros
Parent company profit for 2011	205.526
Distribution	
Dividends	111.610
Voluntary reserve	78.990
Goodwill reserve	14.926

The board of directors will propose that a dividend of Euros 0.68 per share be distributed for 2011 (Euros 0.68 per share in 2010), thus maintaining the previous year's shareholder remuneration.

These dividends, which, if made effective for all shares held, would total Euros 111,610 thousand (Euros 111,610 in 2010), will be distributed with a charge to profit for 2011.

The distribution of profit for 2011 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 principles are as follows:

a) Subsidiaries and business combinations

Subsidiaries are entities over which the Group, either directly or indirectly (through subsidiaries), exercises control. Control is the power to govern the financial and operating policies of an entity 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. Therefore, their assets, liabilities, income, expenses and cash flows are included in the consolidated annual accounts after adjusting and eliminating intra-group transactions.
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 purchase 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 in 2008 to transactions carried out as of 1 January 2010.

For business combinations made prior to 1 January 2010, the cost of the business combination includes contingent consideration, if they are probable on the acquisition date and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

The Group applies the purchase method for business combinations. The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity interests issued and any contingent consideration that depends on future events or compliance of certain conditions in exchange for control of the business acquired.
The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Since 1 January 2010, acquisition costs have been recognised as an expense when incurred.
Contingent liabilities are recognised until settlement, cancellation or expiration at the higher of the initially recognised amount, less amounts which should be taken to consolidated profit or loss in accordance with revenue recognition criteria, and the amount resulting from provision measurement criteria.

At the acquisition date the Group recognises the assets acquired and liabilities assumed, as well as any non-controlling interest, at fair value. Non-controlling interest in the acquiree is recognised at the proportionate interest in the fair value of the net assets acquired. This criteria is only applicable for non-controlling interests which grant entry into economic benefits and entitlement to the proportional part of net assets of the acquiree in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or value based on market conditions. Liabilities assumed include contingent liabilities provided that they represent present obligations that arise from past events and their fair value can be measured reliably. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess between the consideration transferred, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Where applicable, any shortfall, after evaluating the consideration transferred, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

(i) Non-controlling interests

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent company. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement (consolidated statement of comprehensive income).

The consolidated profit or loss for the year (consolidated total 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 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.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to shareholders of the Parent company except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the Parent company until the non-controlling interest's share in prior years' losses is recovered.

Since 1 January 2010, the results and each component of other comprehensive income have been allocated to equity attributable to shareholders of the Parent company and to non-controlling interests in proportion to their investment, although this implies a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests. When a Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the net consolidated assets, including goodwill.
The Group recognises put options on interests in subsidiaries extended to non-controlling interests at the date of acquisition of a business combination as an advance purchase of the interests, recognising a liability at the present value of the best estimate of the payable, which forms part of the consideration transferred.

In subsequent years any variation in the financial liability, including the financial component, is recognised in reserves. Any discretionary dividends paid to non-controlling interests before the exercise date of the options are also recognised as the distribution of profit. If the options are ultimately not exercised, the transaction is recognised as a sale of interests to non-controlling interests.

Puttable financial instruments and instruments that involve an obligation upon liquidation, and which qualify for classification as equity instruments in the separate financial statements of the subsidiaries, are classified as financial liabilities in the consolidated annual accounts and not as non-controlling interests.

(ii) 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 unrealised gains or losses have been eliminated upon consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

Accounting policies of subsidiaries have been adapted to Group accounting policies, for like transactions and other events in similar circumstances.

The annual accounts or financial statements of the Parent company and its subsidiaries used in the consolidation process shall be prepared as of the same date and period.

b) Joint ventures

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions require the unanimous consent of the Group and the remaining venturers.

Investments in jointly controlled entities are accounted for by proportionate consolidation from the date joint control is obtained until the date joint control ceases.

The Group includes its share of assets, liabilities, income, expenses, income and expenses recognised directly in equity and cash flows of the jointly controlled entity, combined line by line with similar items in its consolidated annual accounts, 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 joint ventures. 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 applying the criteria described for subsidiaries.

c) Equity-accounted investees

Associates are entities over which the Company has significant direct or indirect influence through subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are currently exercisable or convertible, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in equity-accounted associates from the date that significant influence commences until the date that significant influence ceases.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of equity-accounted associates 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.

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 measured 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 are direct costs incurred in development 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 benefits 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.

- The disbursement attributable to the intangible asset during its production can be reliably estimated.

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 transferred to computer software and amortised on the basis of the estimated income from grants or planned sales of the related commercial project.

Computer software: expenses incurred on the acquisition of computer 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 used by the Group or expenses arising from review, consultancy and training services rendered by third parties in relation to the implementation of computer software.

Prior to 2011, development expenses for projects with no associated grants or interest-free financing were recognised under computer software. In 2011 the Group has changed this policy. These costs are now capitalised under development costs, provided that they meet the criteria for capitalisation. Once the development is completed, the Group reclassifies these costs to computer software and begins to amortise them.

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

Patents are measured 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 expansion, modernisation or improvements which increase the productivity, capacity or efficiency or extend the useful lives of assets are capitalised as an increase in the cost of those assets. Repair 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 of useful life
Buildings	50
Technical installations, 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 method and useful lives are provided in that note.

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

g) Foreclosed assets

Non-monetary assets acquired through foreclosure are recognised at the lower of the carrying amount of the related receivables, plus all costs related to the transaction, and the fair value of the non-monetary assets.

If on the date of foreclosure non-monetary assets qualify for classification as non-current assets held for sale, they are recognised at the lower of the carrying amount of the related receivables, plus all costs related to the transaction, and the fair value of the assets received less costs to sell.

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 recoverable amount, 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 2011 ranged from 8 to 10%.

In the case of identifiable assets that do not generate cash independently, the likelihood of recovery 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 asset, a financial liability and an equity instrument 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. Financial instruments are classified into different 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 are 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;

- It 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; or

- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

-

Equity instruments which do not have a quoted price in an active market and for which fair value cannot be measured reliably 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. Nonetheless, if the financial assets can subsequently be reliably measured on an ongoing basis, they are accounted for at fair value and any subsequent gain or loss is recognised 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, which are not classified at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. 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 currently 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 can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Firstly it applies the quoted prices of the most advantageous active market to which the entity has immediate access, adjusted where appropriate to reflect any differences in counterparty credit risk between instruments traded in that market and the one being valued. The quoted market price for an asset held 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 as a basis for establishing fair values for the offsetting risk positions and applies the bid or asking price to the net open position as appropriate.

- When current bid and asking prices are unavailable, the price of the most recent transaction is used.

- As a last resort, the Group applies generally accepted measurement techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

(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 uncollectibility of loans and receivables and debt instruments by recognising an allowance account for financial assets. When impairment and uncollectibility are considered irreversible, their carrying amount is eliminated against the allowance account. The impairment loss is reversed against 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 accounted for 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 or 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 or 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 or 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 measured at the lower of cost on a FIFO basis and net 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 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 provides for bad debts when there is objective evidence of impairment losses.

m) Grants

Non-refundable grants received by the Group to finance research and development costs are recognised by reducing the corresponding asset by 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 constructive) 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 at the the end of the reporting period of the expenditure required to settle the present obligation, 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 that reflects the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flows associated with the provision have been adjusted at each reporting date.

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 provisions is recognised as a finance expense in profit or loss.

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

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

i. Provisions for restructuring costs

A provision for restructuring is recognised when the Group has a constructive obligation deriving from a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement or announcing the main features of the plan. 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 that arose as a result of past events, the amount and settlement date of which are not determined and which could have a negative effect on the Indra Group's equity, 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.

These provisions are measured at each closing date based on the best available information on the consequences of the event for which they were recognised.

ii. Trade provisions

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

p) R&D loans

R&D loans are granted to assist the Group's research and development activities. These 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) Classification of assets and liabilities

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 taxes

The income tax expense and tax income 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 income (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 the closing date.

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 from 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 where they arise from the initial recognition of goodwill or an asset or liability in a transaction that 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 sufficient taxable income 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 that 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 Group 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 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

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit or loss providing they do not change the effectiveness of the hedge. Derivatives that do not meet these criteria are classified and measured as financial assets and financial liabilities at fair value through profit or loss.

The Group recognises hedges of foreign currency risk of a firm commitment as a cash flow hedge.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

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 based on the quoted value of each currency on official markets at each accounting close.

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 the market values of equivalent derivative financial instruments at the date of the statement of financial position. All interest rate hedges are also effective as cash flow hedges. The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and 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 carried out 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 consulting and technology.

- Services, including the 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 stage 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.
The Group determines the percentage of completion of transactions, which is used as a basis for revenue recognition, as the proportion of total costs estimated for a contract that has been incurred to date.

Where invoicing exceeds income received from the application of the percentage of completion to costs, the difference is recognised as 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 expected to be incurred on projects are recognised as soon as they become known.

Income from maintenance services is recognised as the amount billed, rather than by stage of completion.

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

Transactions in foreign currency are translated at the foreign exchange rate prevailing at the date of the transaction.

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 have been 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 or financial liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised 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 amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date; and
- All resulting exchange differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Company recognised in equity.

Translation differences related to foreign operations recorded in equity are recognised in the consolidated income statement together with, and at the same time as, the gain or loss on disposal of the foreign operation.

(iv) Entities located in hyperinflationary countries

In accordance with EU-IFRS, the Venezuelan economy has been considered as hyperinflationary at the 2011 year end. 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.

Differences in 2011 and 2010 have been taken to the consolidated income statement.

At 31 December 2011 the negative impact of these adjustments to the equity reflected in the consolidated statement of financial position totals Euros 168 thousand (positive impact of Euros 2.7 million in 2010).

5. BUSINESS COMBINATIONS

a) Subsidiaries

The Group acquired the following subsidiaries during the year ended 31 December 2011:

- On 30 March 2011, the Parent company acquired a 100% interest in the Spanish company Xtreme Satellite Communication, S.A. for Euros 11,960 thousand.

- .On 28 June 2011, the Parent company acquired a 77.50% interest in the Italian company Visyant Galyleo Spa (which has since changed its name to Indra Italia Spa) and has recognised a sale option on the remaining 22.5%, expiring in 2016.

  The price of the sale option will be calculated based on Indra Italia Spa's annual accounts for 2015. Euros 3,797 thousand has been paid in 2011.

- On 13 July 2011 the subsidiary Europraxis Atlante, S.L. acquired an 80% interest in Mensor Consultoría y Estrategia, S. L. for Euros 3,385 thousand. The Group has also recognised the acquisition of the remaining 20% under the sale option granted as an advance purchase. This option expires in 2017 and has given rise to payments totalling Euros 2,339 thousand in 2011.

  The price of the sale option, which may be exercised in 2017, will be calculated based on Mensor Consultoría y Estrategia, S.L.'s annual accounts for 2016. The fair value of this additional amount has been provisionally estimated at Euros 1,046 thousand, using a discount rate based on the interest rate swap curve for the same period as the expected payment date. At year end, this estimate totals Euros 1,060 thousand (see note 21).

- On 16 September 2011, the subsidiary Indra Brasil, Ltda acquired a 100% interest in the Brazilian company Politec Tecnología da InformaÇao, S.A. for Euros 69,910 thousand. Euros 1,486 thousand has been paid in 2011 for this acquisition.

The purchase contract stipulates a contingent consideration payable in 2014 and dependant on whether certain financial targets are met by Politec Tecnología da InformaÇao, S.A. based on its annual accounts for 2013. The fair value of this additional amount has been provisionally estimated at Euros 68,424 thousand, using a discount rate based on the long-term Brazilian interest rate curve, according to which the rate applicable for 2014 is 10.57%. At year end, this estimate totals Euros 71,868 thousand (see note 21).

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

Thousands of Euros	Xsat	Visiant Galyleo	Mensor	Politec	Total
Cost of the business combination					
- Cash paid	11.690	3.798	2.339	1.486	19.313
- Contingent liability	-	20.926	1.046	68.424	90.396
	11.690	**24.724**	**3.385**	**69.910**	**109.709**
Fair value of the net assets acquired	2.641	4.220	(1.709)	(60.576)	(55.424)
Goodwill	9.049	20.504	5.094	130.486	165.133

Details of the fair values of the total assets, liabilities and contingent liabilities recognised at the acquisition date (all provisional values at 31 December 2011) are as follows:

Assets	Thousands of Euros
Property, plant and equipment	9.644
Intangible assets	20.425
Financial assets	7.968
Deferred tax assets	69.428
Inventories	1.649
Trade receivables	54.498
Other assets	15.999
	179.611

Equity and Liabilities	Thousands of Euros
Grants	(149)
Non-current provisions	(81.153)
Non-current payables	(11.261)
Non-current loans	(9.324)
Deferred tax liabilities	(6.382)
Suppliers	(31.743)
Other non-trade payables	(36.109)
Debt with financial institutions	(30.575)
Other liabilities	(34.356)
	(241.052)

	Thousands of Euros
Total net assets	(61.441)
Cost of the business combination	109.709
Cash and cash equivalents	6.017
Goodwill	**165.133**

Cost of the business combination:	
- Cash paid	19.313
- Contingent liability	90.396
	109.709
Fair value of the net assets acquired	(55.424)
Goodwill (note 8)	**165.133**

Euros 9,049 thousand of total goodwill is expected to be tax-deductible.

Had the above-mentioned acquisitions taken place prior to 1 January 2011, the Group's revenue and profit for the year ended 31 December 2011 attributable to the Parent company would have amounted to Euros 2,849,657 thousand and Euros 76,155 thousand, respectively.

The revenues and profit generated by the business combinations acquired during 2011, from the acquisition date to year end, totalled Euros 63,488 thousand and Euros 575 thousand, respectively These amounts have been included in the consolidated statement of comprehensive income for 2011.

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 2010 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 was pending payment at the 2010 year end.

- 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 providing 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.

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

	Thousands of Euros						
	Viálogos Gestión Eficiencia	**Viálogos Comunicación**	**TASAI**	**Indra P+D Brasil**	**Rama de actividad**	**Inforsistem**	**Total**
Cost of the business combination:	6.896	4.250	500	340	182	8.154	20.322
- Acquisition costs	-						-
Cost of the business combination	6.896	4.250	500	340	182	8.154	20.322
Fair value of net assets acquired	1.412	1.624	(240)	340	182	8.154	11.472
Goodwill	5.484	2.626	740	-	-	-	8.850

Details of the fair values of the total assets, liabilities and contingent liabilities recognised at the acquisition date are 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 provisions	(1.413)
Non-current payables	(6.488)
Debt with financial institutions	(461)
Suppliers and other payables	(16.744)
Other liabilities	(24.177)
	(49.283)
Total net assets	**6.092**
Cost of the business combination	20.322
Cash and cash equivalents	5.380
Goodwill	**8.850**
Cost of the business combination:	20.322
- Cash paid	**20.322**
Fair value of 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, from the acquisition date to year end, totalled Euros 18,635 thousand and Euros 2,469 thousand, respectively These amounts were included in the consolidated statement of comprehensive income for 2010.

b) Joint ventures

The composition of jointly controlled entities has not changed during the years ended 31 December 2011 and 2010.

6. **PROPERTY, PLANT AND EQUIPMENT**

Thousands of Euros	Balance at 31.12.10	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:							
Land	9.990	117	-	-	-	-	10.107
Buildings	46.679	-	54	702	(439)	(876)	46.120
Tech. install., machinery and other	174.907	9.808	2.792	25.412	(2.730)	1.386	211.575
Furniture	32.402	1.717	19	3.835	(1.903)	(18)	36.052
Motor vehicles	3.471	310	(27)	546	(485)	279	4.094
Information technology equipment	63.675	3.436	34	8.039	(7.561)	(409)	67.214
Other property, plant and equipment	5.904	4.243	39	1.108	(152)	58	11.200
Under construction	285	174	6	9.006	-	(976)	8.495
	337.313	**19.805**	**2.917**	**48.648**	**(13.270)**	**(556)**	**394.857**
Depreciation:							
Buildings	(15.631)	-	14	(974)	345	429	(15.817)
Tech. install., machinery and other	(111.320)	(3.429)	(3.238)	(14.908)	1.018	359	(131.518)
Furniture	(17.126)	(1.067)	(53)	(3.332)	1.751	332	(19.495)
Motor vehicles	(1.511)	(151)	21	(506)	387	(227)	(1.987)
Information technology equipment	(45.076)	(2.603)	(257)	(9.480)	7.381	(195)	(50.230)
Other property, plant and equipment	(3.687)	(2.911)	(56)	(1.184)	111	(428)	(8.155)
	(194.351)	**(10.161)**	**(3.569)**	**(30.384)**	**10.993**	**270**	**(227.202)**
Grants:							
Tech. install., machinery and other	(335)	-	-	-	37		(298)
	(335)	**-**	**-**	**-**	**37**	**-**	**(298)**
Carrying amount:							
Land	9.990	117	-	-	-	-	10.107
Buildings	31.048	-	68	(272)	(94)	(447)	30.303
Tech. install., machinery and other	63.252	6.379	(446)	10.504	(1.675)	1.745	79.759
Furniture	15.276	650	(34)	503	(152)	314	16.557
Motor vehicles	1.960	159	(6)	40	(98)	52	2.107
Information technology equipment	18.599	833	(223)	(1.441)	(180)	(604)	16.984
Other property, plant and equipment	2.217	1.332	(17)	(76)	(41)	(370)	3.045
Under construction	285	174	6	9.006	-	(976)	8.495
Total	**142.627**	**9.644**	**(652)**	**18.264**	**(2.240)**	**(286)**	**167.357**

Thousands of Euros	Balance at 01.01.10	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
Tech. install., machinery and other	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
Under construction	1.251	-	3	726	(19)	(1.676)	285
	312.598	**20.836**	**(1.390)**	**23.030**	**(14.002)**	**(3.759)**	**337.313**
Depreciation:							
Buildings	(15.280)	(238)	(106)	(945)	567	371	(15.631)
Tech. install., machinery and other	(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)	(716)	103	(106)	(3.687)
	(172.223)	**(11.339)**	**2.153**	**(26.831)**	**12.145**	**1.744**	**(194.351)**
Grants:							
Tech. install., machinery and other	-	-	-	(335)	-	-	(335)
	-	**-**	**-**	**(335)**	**-**	**-**	**(335)**
Carrying amount:							
Land	10.002	-	-	11	-	(23)	9.990
Buildings	31.734	1	210	(804)	(642)	549	31.048
Tech. install., machinery and other	61.004	8.263	(3.607)	(3.196)	(340)	1.128	63.252
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
Under construction	1.251	-	3	726	(19)	(1.676)	285
Total	**140.375**	**9.497**	**763**	**(4.136)**	**(1.857)**	**(2.015)**	**142.627**

As in 2010, additions to plant, machinery and other installations in 2011 are mainly due to the ongoing fitting-out of the Parent company's new offices. Additions of information technology equipment in 2011 primarily relate to outsourcing projects carried out by the Parent company.

Additions to property, plant and equipment under construction in 2011 include Euros 8,297 thousand relating to a new data processing centre currently being installed in the Parent company's factory in San Fernando de Henares.

Details by nature of assets acquired through finance leases at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Investments:		
Tech. install., machinery and other	19.460	10.455
Furniture	98	98
Information technology equipment	258	1.234
Other property, plant and equipment	909	996
	20.725	12.783
Depreciation:		
Tech. install., machinery and other	(6.829)	(5.183)
Furniture	(35)	(25)
Information technology equipment	(414)	(810)
Other property, plant and equipment	(322)	(291)
	(7.600)	(6.309)
Carrying amount:		
Tech. install., machinery and other	12.631	5.272
Furniture	63	73
Information technology equipment	(156)	424
Other property, plant and equipment	587	705
Total	**13.125**	**6.474**

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

	Thousands of Euros					
	2011			2010		
	Minimum payments	Interest	Purchase option	Minimum payments	Interest	Purchase option
Up to one year	2.798	603	24	1.712	307	57
One to five years	10.557	1.152	207	4.397	546	47
	13.355	1.755	231	6.109	853	104

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

At 31 December 2011 fully depreciated property, plant and equipment amount to Euros 83,578 thousand (Euros 81,961 thousand at 31 December 2010).

7. INVESTMENT PROPERTY

An appraisal by an independent expert shows that the Group's investment property has been impaired by Euros 999 thousand in 2011. This loss has been recognised in the consolidated income statement (see note 30).

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 were recognised at a value of Euros 5,264 thousand, in accordance with the appraisal carried out by independent experts. The properties had associated mortgage debt of Euros 3,232 thousand (note 20), which was assumed by the subsidiary.

8. **GOODWILL**

For impairment testing purposes, goodwill has been allocated to the Group's cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

A summary of goodwill is as follows:

Thousands of Euros	31.12.10	Additions	Business combinations	Translation differences	Disposals	Impairment	31.12.11
Indra EWS	14.462	-	-	-	-	-	14.462
Indra ATM	29.447	-	-	-	-	-	29.447
Politec	-	-	130.486	4.904	-	-	135.390
Indra Italia	-	-	20.504	-	-	-	20.504
Grupo Europraxis	31.514	-	5.094	-	-	-	36.608
Grupo BMB	55.065	2.000	-	-	-	-	57.065
Azertia Group	77.882	-	-	(1.547)	-	(27)	76.308
Prointec Group	35.292	168	-	(48)	(4.829)	-	30.583
Soluziona Group	171.987	-	-	(978)	-	(345)	170.664
Other	40.678	3.280	9.049	571	-	(23)	53.555
Total	**456.327**	**5.448**	**165.133**	**2.902**	**(4.829)**	**(395)**	**624.586**

	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
Azertia Group	76.959	-	-	1.016	(93)	77.882
Prointec Group	35.046	246	-	-	-	35.292
Soluziona Group	169.160	-	-	2.890	(63)	171.987
Other	38.419	2.205	-	430	(376)	40.678
Total	**440.187**	**3.486**	**8.850**	**4.336**	**(532)**	**456.327**

Additions for the year ended 31 December 2011 reflect the following transactions relating to business combinations established prior to 2011, giving rise to the recognition of new goodwill:

- On 15 April 2011 the Parent company settled the Euros 1,096 thousand variable payment for the acquisition of Intos SLU., recognising goodwill for the same amount.

- On 15 April 2011, the subsidiary Indra BMB, S.L. settled the variable payment of Euros 2,000 thousand for the acquisition of COB Barcelona S.L.U., recognising goodwill for the same amount.

- On 7 June 2011, the Parent company settled the Euros 1,638 thousand variable payment for the acquisition of Indra Perú, recognising goodwill of Euros 2,184 thousand.

- On 30 June 2011 the subsidiary Prointec, S.A. paid Euros 168 thousand which was recorded as an increase in the value of Consis Proiect SRL. This was the variable payment specified in the share sale and purchase agreement signed in 2007 and was recognised as goodwill.

Additions for the year ended 31 December 2010 reflected the following transactions relating to business combinations established prior to 2010, 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 2010, 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 was the variable payment specified in the share sale and purchase agreement signed in 2007 Goodwill of Euros 246 thousand arose on 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 for the same amount.

Key assumptions used to calculate 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 any other strategic aspects that could lead to changes in this position (innovation, new market openings, etc.).

The assumptions used to calculate the value in use of each significant cash-generating unit at the beginning of the year are as follows:

(*) This CGU has a negative growth rate of 10.1% for the five-year period (16.7% in 2010) because it is significantly affected by the completion of certain projects during the the first year of this period (first two years in 2010). It is expected to record 0% revenue growth over the remaining four years (in 2010, growth for years three to five was projected at 3%).
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%.

	Year-on-year growth rate		Discount rate		Residual growth rate	
	Revenues (5 years)				Revenues	
	2011	2010	2011	2010	2011	2010
Indra EWS	(*)	(*)	9,09%	8,74%	1,00%	1,00%
Indra ATM	0,3%	2,3%	9,09%	8,74%	2,00%	2,00%
Europraxis Group	3,5%	3,1%	9,09%	8,74%	1,50%	1,50%
BMB Group	entre 1% y 15,9%	5,3%	9,09%	8,74%	entre 1% y 2%	2,00%
Azertia Group	entre 2,3% y 6,9%	1,6%	9,09%	8,74%	2,00%	entre 1% y 2%
Prointec Group	0,8%	5,1%	9,09%	8,74%	2,00%	1,00%
Soluziona Group	1,2%	3,0%	9,09%	8,74%	2,00%	1,00%

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 (ten-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%.

Details of the carrying and recoverable amounts of the most significant CGUs, the Azertia and Soluziona groups, at 31 December 2011 and 2010, are as follows:

Thousands of Euros	2011		2010	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Azertia Group	105.668	181.428	96.209	166.763
Soluziona Group	197947	243.102	182.958	211.202

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%), to verify that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised.

A sensitivity analysis of the impairment tests conducted on the goodwill allocated to the Azertia and Soluziona CGUs gave the following results:

	2011			
	Change in WACC		Residual growth rate	
	-1,0%	+1,0%	-0,5%	0,5%
Impact on recoverable amount of Azertia Group	8.615	(8.116)	(8.722)	10.046
Impact on recoverable amount of Soluziona Group	11.433	(10.767)	(11.653)	13.422

	2010			
	Change in WACC		Residual growth rate	
	-1,0%	+1,0%	-0,5%	0,5%
Impact on recoverable amount of Azertia Group	7.395	(6.009)	(10.268)	11.914
Impact on recoverable amount of Soluziona Group	9.020	(8.558)	(10.681)	12.156

According to the calculations, impairment of Euros 395 thousand was incurred in 2011 (Euros 532 thousand in 2010). This amount has been recognised under other losses on non-current assets in the income statement (see note 30).

9. **OTHER INTANGIBLE ASSETS**

Details of intangible assets at 31 December 2011 and 2010 are as follows:

Thousands of Euros	Balance at 31.12.10	combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:							
Patents	39.457	13.593	397	10	(147)	2.709	56.019
Computer software	117.330	2.247	(1.745)	9.528	(3.284)	(73.550)	**50.526**
Development expenses	93.224	2.176	(37)	55.352	(1.649)	72.488	**221.554**
Other intangible assets	25.593	5.467	(61)	109	(12)	1.288	**32.384**
	275.604	23.483	(1.446)	64.999	(5.092)	2.935	360.483
Amortisation:							
Patents	(15.336)	(3)	36	(1.112)	112	-	**(16.303)**
Computer software	(30.761)	(1.709)	410	(8.929)	1.953	(439)	**(39.475)**
Development expenses	(4.343)	(330)	19	(3.141)	2.440	(1.566)	**(6.921)**
Other intangible assets	(5.292)	(473)	55	(2.042)	3	(644)	**(8.393)**
	(55.732)	(2.515)	520	(15.224)	4.508	(2.649)	(71.092)
Grants:							
Development expenses	(26.809)	-	-	(19.319)	-	-	**(46.128)**
	(26.809)	-	-	(19.319)	-	-	(46.128)
Provisions:							
Development expenses	-	(543)	-	-	543	-	-
	-	(543)	-	-	543	-	-
Carrying amount:							
Patents	24.121	13.590	433	(1.102)	(35)	2.709	**39.716**
Computer software	86.569	538	(1.335)	599	(1.331)	(73.989)	**11.051**
Development expenses	62.072	1.303	(18)	32.892	1.334	70.922	**168.505**
Other intangible assets	20.301	4.994	(6)	(1.933)	(9)	644	**23.991**
Total	**193.063**	**20.425**	**(926)**	**30.456**	**(41)**	**286**	**243.263**

Miles de euros	Balance at 01.01.10	Combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Investments:							
Patents	17.128	-	500	23.354	(211)	(1.314)	39.457
Computer 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:							
Patents	(13.439)	-	(5)	(777)	157	(1.272)	(15.336)
Computer software	(36.496)	(1.360)	(394)	(11.075)	20.537	(1.973)	(30.761)
Development expenses	(5.058)	-	(8)	(1.355)	1.524	554	(4.343)
Other intangible assets	(4.982)	-	(86)	(2.033)	13	1.796	(5.292)
	(59.975)	**(1.360)**	**(493)**	**(15.240)**	**22.231**	**(895)**	**(55.732)**
Grants:							
Development expenses	(15.886)	-	-	(10.923)	-	-	(26.809)
	(15.886)	**-**	**-**	**(10.923)**	**-**	**-**	**(26.809)**
Carrying amount:							
Patents	3.689	-	495	22.577	(54)	(2.586)	24.121
Computer software	51.786	1.016	128	28.558	(3.201)	8.282	86.569
Development expenses	46.226	-	585	19.594	-	(4.333)	62.072
Other intangible assets	16.051	4.749	1.074	(1.993)	(232)	652	20.301
Total	**117.752**	**5.765**	**2.282**	**68.736**	**(3.487)**	**2.015**	**193.063**

The most significant projects capitalised are as follows:

Thousands of Euros	2011	2010
Investments:		
Banking core development	30.922	30.429
Railway traffic control development	9.738	9.738
Healthcare market software development	14.886	12.705
Internal software development	16.292	14.920
Energy market sales management systems	31.179	8.915
	103.017	76.707
Amortisation:		
Railway traffic control development	(9.069)	(6.635)
	(9.069)	(6.635)
Carrying amount:		
Banking core development	30.922	30.429
Railway traffic control development	669	3.103
Healthcare market software development	14.886	12.705
Internal software development	16.292	14.920
Energy market sales management systems	31.179	8.915
Total	**93.948**	**70.072**

During 2011 the Parent company continued to invest in internal developments in all areas of activity, particularly in the energy market.

- In 2011, patents include the following assets acquired from third parties for a total amount of Euros 37,095 thousand:

- Software maintenance rights acquired by the Parent company for Euros 23,170 in 2010, and

- A Euros 13,711 thousand patent recognised on the acquisition of Politec Tecnología da InformaÇao, S.A.

The useful lives and amortisation rates of intangible assets are as follows:

Thousands of Euros	Balance at 31.12.11	Incurred internally: Finite useful life	Incurred internally: Amortisation rate	Acquired from third parties: Indefinite useful life	Acquired from third parties: Finite useful life	Acquired from third parties: Amortisation rate
Carrying amount						
Patents	37.102	-	-	30.033	7.069	10%
Computer software	11.050	5.753	20-25%	1.806	3.491	25%
Development expenses	168.506	166.953	20%	675	878	10-25%
Other intangible assets	26.605	-	-	-	26.605	10%
	243.263	172.706		32.514	38.043	

Thousands of Euros	Balance at 31.12.11	Incurred internally: Finite useful life	Incurred internally: Amortisation rate	Acquired from third parties: Indefinite useful life	Acquired from third parties: Finite useful life	Acquired from third parties: Amortisation rate
Carrying amount						
Patents	24.121	-	-	23.387	734	10%
Computer software	86.568	66.460	20-25%	5.022	15.086	25%
Development expenses	62.073	60.356	20%	455	1.262	10-25%
Other intangible assets	20.301	-	-	-	20.301	10%
	193.063	126.816		28.864	37.383	

At 31 December 2011 fully amortised intangible assets amount to Euros 33,743 thousand (Euros 20,180 thousand at 31 December 2010).

10. **FINANCIAL INSTRUMENTS**

The classification of financial instruments (except investments in associates) by nature and maturity date in 2011 and 2010 is as follows:

		2011 Thousands of Euros		
Financial assets: type/category	**Note**	**Available-for-sale financial assets**	**Loans and receivables**	**Hedging derivatives**
Other investments in non-group companies	12	30.305	-	-
Debt securities	12	-	11.974	-
Other financial assets	12	-	15.145	-
Non-current		**30.305**	**27.119**	**-**
Equity instruments	17	10.139	-	-
Debt securities	16	-	544	-
Derivatives	14	-	-	19
Other financial assets	14 y 15	-	1.757.616	-
Current		**10.139**	**1.758.160**	**19**
Total		**40.444**	**1.785.279**	**19**

Financial assets: type/category		**Debts and payables**	**Hedging derivatives**
Debt with financial institutions	20	226.601	-
Derivatives	20	-	7.599
Other financial liabilities	20 y 21	171.937	-
Non-current		**398.538**	**7.599**
Debt with financial institutions	24	281.202	-
Derivatives	26	-	7.801
Other financial liabilities	25 y 26	1.399.712	-
Current		**1.680.914**	**7.801**
Total		**2.079.452**	**15.400**

Financial assets: type/category	Note	2010 Thousands of Euros Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Other 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	14	-	-	99
Other financial assets	14 y 15	-	1.635.562	-
Current		**205**	**1.730.947**	**99**
Total		**30.269**	**1.744.243**	**124**

Financial liabilities: type/category		Débitos y partidas a pagar	Derivados de cobertura
Debt with financial institutions	20	194.522	-
Derivatives	20	-	1.547
Other financial liabilities	20 y 21	58.390	-
Non-current		**252.912**	**1.547**
Debt with financial institutions	24	155.633	-
Derivatives	26	-	3.903
Other financial liabilities	25 y 26	1.318.929	-
Current		**1.474.562**	**3.903**
Total		**1.727.474**	**5.450**

11. **EQUITY-ACCOUNTED INVESTEES**

Details of equity-accounted investees at 31 December 2011 and 2010 are as follows:

Thousands of Euros	Balance at 31.12.10	Changes in cons. group	Investment	Dividends	Profit/(loss)	Balance at 31.12.11
SAES Capital	2.472	-	-	(490)	395	2.377
Eurofighter Simulation Systems	2.459	-	-	-	880	3.339
Euromids	285	-	-	-	(28)	257
Indra Sistemas Tecnocom	32	(2)	-	-	(30)	-
Iniciativas Bioenergéticas	1.248	-	-	-	(20)	1.228
Idetegolf	11	-	5	-	(10)	6
Trias Beltran	8	-	-	-	-	8
Inmunologística	348	(348)	-	-	-	-
A4 Essor	73	-	-	-	(87)	(14)
Zeronine ACI	195	(151)	-	-	(44)	-
Eólica Maritima y Portuaria	(18)	-	-	-	(1)	(19)
Tower Air Traffic System	-	500	-	-	-	500
Oyauri Investment	-	1.500	-	-	(178)	1.322
Indra Sistemas de Tesorería	-	5	-	-	3	8
Total	**7.113**	**1.504**	**5**	**(490)**	**880**	**9.012**

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**

Movement relating to investments in associates during the year ended 31 December 2011 is as follows:

- The Parent company's subsidiary Indra Sistemas Tecnocom Mexico S.A. de C.V. was dissolved on 11 January 2011.

- On 27 January 2011 the Parent company sold 50% of its stake in the Spanish company Tower Air Traffic Services, S.L. for Euros 2 thousand.

- Subsequently, on 11 March 2011, the Parent company subscribed and paid up a Euros 498 thousand share capital increase by this company.

- On 3 May 2011 the subsidiary Prointec, S.A. sold its entire interest in the Spanish company Zeronine ACI, S.L. for Euros 61 thousand.

- On 30 June 2011, the Indra Group subsidiary Prointec, S.A. dissolved the company Inmologística 2RC, incurring a loss of Euros 352 thousand.

- On 8 July 2011, the Parent company acquired a 49% interest in the Spanish company Indra Sistemas de Tesorería, S.L. for Euros 5 thousand.

- On 4 August 2011, the Parent company acquired a 33% interest in the Spanish company Oyauri Investment, S.L. for Euros 1,500 thousand.

- On 1 November 2011 the Indra Group subsidiary Prointec, S.A. settled unpaid share capital in the company IdeteGolf, S.A.

The following movements took place in investments in associates during the year ended 31 December 2010:

- 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%.

12. **NON-CURRENT FINANCIAL ASSETS**

Movement in other investments during the years ended 31 December 2011 and 2010 is as follows:

Thousands of Euros	Balance at 31.12.10	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments							
Other investments in non-group companies	48.338	-	-	503	(170)	(79)	48.592
Non-current loans	4.940	815	(76)	41	(1.355)	353	4.718
Non-current security deposits	7.180	5.656	(620)	3.381	(1.426)	666	14.837
Loans to personnel	7	-	-	-	(7)	-	.
Cash flow hedges	25	-	2	-	(27)	-	.
Other financial assets	1.169	1.497	(88)	7.555	(342)	(2.227)	7.564
	61.659	**7.968**	**(782)**	**11.480**	**(3.327)**	**(1.287)**	**75.711**
Impairment							
Other investments in non-group companies	(18.274)	-	-	-	-	(13)	(18.287)
	(18.274)	**-**	**-**	**-**	**-**	**(13)**	**(18.287)**
Carrying amount							
Other investments in non-group companies	30.064	-	-	503	(170)	(92)	30.305
Non-current loans	4.940	815	(76)	41	(1.355)	353	4.718
Non-current security deposits	7.180	5.656	(620)	3.381	(1.426)	666	14.837
Loans to personnel	7	-	-	-	(7)	-	-
Cash flow hedges	25	-	2	-	(27)	-	-
Other financial assets	1.169	1.497	(88)	7.555	(342)	(2.227)	7.564
Total	**43.385**	**7.968**	**(782)**	**11.480**	**(3.327)**	**(1.300)**	**57.424**

Thousands of Euros	Balance at 31.12.09	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.10
Investments							
Other investments in non-group companies	42.661	-	-	5.708	(31)	-	48.338
Non-current loans	5.108	-	6	-	(64)	(110)	4.940
Non-current security deposits	6.022	210	50	2.296	(1.510)	112	7.180
Loans to personnel	7	-	-	-	-	-	7
Cash flow hedges	-	-	-	25	-	-	25
Other financial assets	64	-	-	1.132	(27)	-	1.169
	53.862	**210**	**56**	**9.161**	**(1.632)**	**2**	**61.659**
Impairment							
Other investments in non-group companies	(18.274)	-	-	-	-	-	(18.274)
	(18.274)	**-**	**-**	**-**	**-**	**-**	**(18.287)**
Carrying amount							
Other investments in non-group companies	24.387	-	-	5.708	(31)	-	30.064
Non-current loans	5.108	-	6	-	(64)	(110)	4.940
Non-current security deposits	6.022	210	50	2.296	(1.510)	112	7.180
Loans to personnel	7	-	-	-	-	-	7
Cash flow hedges	-	-	-	25	-	-	25
Other financial assets	64	-	-	1.132	(27)	-	1.169
Total	**35.588**	**210**	**56**	**9.161**	**(1.632)**	**(2)**	**43.385**

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

Details are as follows:

Thousands of Euros	Balance at 31.12.10	Additions	Bajas	Disposals	Balance at 31.12.11
Investments					
Sadiel	39	-	(39)	-	-
Safelayer Secure Comunications	695	-	(131)	-	564
Galileo Sistemas y Servicios	138	-	-	-	138
Banco Inversis	31.672	-	-	-	31.672
Hisdesat Servicios Estratégicos	7.572	-	-	-	7.572
Subgrupo Prointec	139	-	.	-	139
Neotec	1.738	476	-	-	2.214
Bansabadell Information Systems	1.095	24	-	-	1.119
Volcat	1.002	-	-	(2)	1.000
Plataforma Tecnológia para el emprendimiento Microempresarial	4.134	.	.	.	4.134
Other	114	3	-	(77)	40
	48.338	**503**	**(170)**	**(79)**	**48.592**
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)	-	-	(13)	(18)
	(18.274)	**-**	**-**	**(13)**	**(18.274)**
Carrying amount					
Sadiel	39	-	(39)	-	-
Safelayer Secure Comunications	543	-	(131)	-	412
Galileo Sistemas y Servicios	135	-	-	-	135
Banco Inversis	14.078	-	-	-	14.078
Hisdesat Servicios Estratégicos	7.052	-	-	-	7.052
Subgrupo Prointec	139	-	-	-	139
Neotec	1.738	476	-	-	2.214
Bansabadell Information Systems	1.095	24	-	-	1.119
Volcat	1.002	-	-	(2)	1.000
Plataforma Tecnológica para el emprendimiento Microempresarial	4.134	-	-	-	4.134
Other	109	3	-	(90)	22
Total	**30.064**	**503**	**(170)**	**(92)**	**30.305**

Miles de Euros	Balance at 31.12.09	Additions	Disposals	Balance at 31.12.10
Investments				
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 Information Systems	1.070	25	-	1.095
Volcat	-	1.002	-	1.002
Plataforma Tecnológia para el emprendimiento Microempresarial	-	4.134	.	4.134
Other	145	-	(31)	114
	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)	-	-	(18)
	(18.274)	**-**	**-**	**(18.274)**
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	1.119	539	-	1.738
Bansabadell Information Systems	1.070	25	-	1.095
Volcat	-	1.002	-	1.002
Plataforma Tecnológica para el emprendimiento Microempresarial	-	4.134	-	4.134
Other	140	-	-	109
Total	**24.387**	**5.708**	**(31)**	**30.064**

In 2011 the main operations relating to non-current investments in non-Group companies were as follows:

- On 16 May 2011 the Parent company sold its entire interest in the Spanish company Sadiel Tecnologías de la Información, S.A. for Euros 1,500 thousand.

- On 1 August 2011 the Parent company contributed a further Euros 476 thousand to the share capital increase carried out by Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R., maintaining the interest in this company held at the prior year end.

- On 20 October 2011 the Parent company paid Euros 3 thousand to obtain a 4.63% interest in the newly incorporated Spanish company Consorcio Español de Alta Velocidad Meca-Medina, S.A.

The main operations relating to non-current investments in non-Group companies in 2010 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 year end 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 of certain programs totalling Euros 4,134 thousand.

b) Non-current loans

During 2011 the Parent company has repaid a Euros 1,350 thousand loan arranged as part of the acquisition of the subsidiary Indra Bmb, S.L. At the prior year end, this loan had a present value of Euros 1,350 thousand.

The caption also includes the restated amount of Euros 1,158 thousand (Euros 1,134 thousand in 2010) receivable by the Parent company as a result of increasing its percentage interest in the Jocs del Mediterrani joint venture to offset accumulated losses.

c) Non-current deposits and guarantees

This caption includes deposits and guarantees for the rental of buildings and properties used by the Group.

Additions of Euros 3,381 thousand (Euros 2,296 thousand in 2010) reflect arrangement costs relating to deposits for leased property, due to office relocation, which also led to disposals totalling Euros 1,426 thousand (Euros 696 thousand in 2010).

d) Other financial assets

Euros 7,256 thousand of other financial assets reflects a provisional estimate of the fair value of the asset arising from the nine-year marketing agreement arranged as part of the sale of Gibb Portugal Consultores de Engenharia, Gestado e Ambiente, S.A.

13. **INVENTORIES**

Details of inventories at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Goods for resale	802	2.975
Raw materials	7.644	6.892
Projects in progress	321.978	228.089
Finished products	-	-
Carrying amount	**330.424**	**238.573**

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

14. **OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES**

Details of other assets at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Other receivables	7.699	399
Advances and loans to personnel	14.036	16.563
Public entities (note 33)	42.404	34.298
Prepayments	6.901	4.456
Current deposits	1.932	2.451
Current security deposits	1.244	1.175
Cash flow hedges (note 35 a)	19	99
Total carrying amount	**74.235**	**59.441**

15. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Trade receivables, non-group	919.655	884.073
Receivables, billable production	772.512	708.620
Advances to suppliers	21.754	22.665
Other receivables	38.639	18.342
Total	**1.752.560**	**1.633.700**
Impairment	(26.756)	(23.182)
Total carrying amount	**1.725.804**	**1.610.518**

16. **CASH AND CASH EQUIVALENTS**

Details are as follows:

Thousands of Euros	2011	2010
Current deposits and fixed-income securities	42.559	94.057
Other current investments	4.845	1.328
Sub-total	47.404	95.385
Cash	34.543	33.598
Total	**81.947**	**128.983**

In 2011 current deposits and fixed-income securities include two Euro deposits totalling Euros 42,169 thousand, which mature in January 2012 and earn interest at rates of between 1.35% and 4%. In 2010 current deposits and fixed-income securities included two Euro deposits of Euros 79,925 thousand and Euros 13,460 thousand, which matured in January 2011 and earned interest at respective rates of 2.621% and 1.55%.

This caption also includes short-term cash investments with an average interest rate of 2.4% (0.18% at 31 December 2010).

17. **NON-CURRENT ASSETS HELD FOR SALE**

The balance for 2011 includes the addition of land with a value of Euros 9,934 thousand, which was obtained in the acquisition of Politec Tecnología da InformaÇao, S.A. and is currently in the process of being sold. This caption also includes Euros 205 thousand reflecting the Parent company's interests in the subsidiaries Azertia Brazil and Azertia Puerto Rico, which are currently undergoing liquidation.

18. **EQUITY**

Subscribed capital

At 31 December 2011 subscribed and paid-in 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:

	31.12.11	31.12.10
Banco Financiero y de Ahorros	20.129%	20.007%
Corporación Financiera Alba	11.324%	10.129%
Fidelity Management & Research LLC	9.962%	10.022%
Liberbank	5.012%	5.008%
Casa Grande de Cartagena, S.L.	5.004%	5.000%

Shares owned either directly or indirectly by members of the board of directors at 31 December 2011 are as follows:

		Number of shares			% of share
Board members	**Type**	**Direct**	**Indirect.**	**Total**	**capital**
Administradora Valtenas, S.L.[(1)]	Representative	12.749%	-	12.749	0.008
Isabel Alguilera Navarro	Independent	17.937%	-	17.937	0.011
Javier de Andrés	Executive	53.228%	-	53.228	0.032
Casa Grande de Cartagena, S.L.	Representative	8.212.998%	-	8.212.998	5.004
Daniel García-Pita	Independent	8.886%	14.546	23.432	0.014
Luis Lada Díaz	Independent	12.849	-	12.849	0.008
Juan March[(2)]	Representative	7.953	-	7.953	0.005
Mediación y Diagnosticos, S.A[(3)]	Representative	18.675	-	18.675	0.011
Javier Monzón de Cáceres	Executive	219.971	7.872	227.843	0.139
Regino Moranchel Fernández	Executive	137.656	-	137.656	0.084
Mónica de Oriol Icaza	Independent	12.749	-	12.749	0.008
Participaciones y Cartera de Inversión, S.L.[(3)]	Representative	18.461	-	18.461	0.011
Ignacio Santillana	Independent	1.380	-	1.380	0.011
Rosa Sugrañes	Independent	11.895	-	11.895	0.007
Alberto Terol	Independent	12.111	-	12.111	0.007
Total		**8.759.498**	**22.418**	**8.781.916**	**5.350**

(1) Representing the shareholder Liberbank, S.A.

(2) Representing the shareholder Corporación Financiera Alba.

(3) Representing the shareholder Banco Financiero y de Ahorros, S.A.x

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

		Number of shares			% of share
Consejeros	**Type**	**Direct**	**Indirect.**	**Total**	**capital**
Administradora Valtenas, S.L.(1)	Representative	6.826%	-	6.826	0.004
Isabel Alguilera Navarro	Independent	10.943%	-	10.943	0.007
Casa Grande de Cartagena, S.L.	Representative	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)	Representative	1.388	-	1.388	0.001
Mediación y Diagnosticos, S.A.(3)	Representative	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 Cartera de Inversión, S.L.(3)	Representative	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 Liberbank, S.A.
(2) Representing the shareholder Corporación Financiera Alba.
(3) Representing the shareholder Banco Financiero y de Ahorros, S.A.

At 31 December 2011 the board of directors represents 68,408,447 shares or 41.68% of total share capital. At 31 December 2010 the board of directors represented 66,225,111 shares, amounting to 40.35% of total share capital.

At the annual general meetings of shareholders held on 21 June 2011 and 24 June 2010, the shareholders agreed to the distribution of the profit for 2010 and 2009, respectively, shown in the consolidated statements of changes in equity.

The Company manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, enabling it to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum capital structure.

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

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 of other reserves are as follows:

Thousands of Euros	2011	2010
Merger reserves	1.846	1.846
Other changes in equity	3.781	8.144
Employee remuneration	1.786	3.210
Cash flow and interest rate hedges	(8.391)	(2.091)
Total	**(978)**	**11.109**

a) Other changes in equity

Any gains or losses on the sale of treasury shares are recognised in this item. The balance has been reduced by Euros 4,363 thousand as a result of sales of treasury shares in 2011 (Euros 1,283 thousand in 2010).

Miles de Euros	2011	2010
Remuneraciones con entrega de acciones	(1.424)	-
Opciones sobre acciones	3.210	3.210
Total	**1.786**	**3.210**

b) Employee remuneration

Employee remuneration comprises shares granted to members of the board of directors, the 2011-2013 and 2008-2010 Share Plans and share options extended to employees. Details are as follows:

The remuneration policy established in 2011 considers remuneration deferred over the medium term through the delivery of shares in the Company accrued between September this year and the end of 2013 (likewise, the policy established in 2008 considered remuneration deferred over the medium term through the delivery of shares accrued between September of that year and the 2010 year end).

A total of 238,204 shares (151,439 shares in 2010) have been transferred as part of this plan, valued at Euros 2,969 thousand at the transfer date (Euros 2,361 thousand in 2010).

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	2011	2010
Cash flow and interest rate hedges	(8.622)	(1.479)
Deferred tax due to restating unrealised assets and liabilities	(1.353)	(612)
Branches	1.584	-
Total	**8.391**	**2.091**

Treasury shares

As authorised by the shareholders at their annual general meeting, at 31 December 2011 the Parent company directly holds 1,332,549 treasury shares amounting to Euros 15,187 thousand (1,368,400 shares amounting to Euros 18,594 thousand at 31 December 2010).

Details of treasury shares and movement during 2011 and 2010 are as follows:

Thousands of Euros	Balance at 31.12.10	Additions	Disposals	Balance at 31.12.11
Used in: -Ordinary transactions	18.594	87.778	(91.185)	15.187

Thousands of Euros	Saldo al 31.12.09	Additions	Disposals	Saldo al 31.12.10
Used in: -Ordinary transactions	14.165	80.894	(76.465)	18.594

Details of movement in shares in 2011 and 2010 are as follows:

		Number of shares				
Thousands of Euros	% of share capital	31.12.09	Additions	Disposals	31.12.10	% of share capital
Used in: -Ordinary transactions	0,83	1.368.400	6.940.600	(6.976.451)	1.332.549	0,81

		Number of shares				
Thousands of Euros	% of share capital	31.12.09	Additions	Disposals	31.12.10	% of share capital
Used in: -Ordinary transactions	0,53	866.640	5.703.288	5.201.528	1.368.400	0,83

In 2011 the Parent company has acquired 6,940,600 treasury shares on the stock market (2.43% of official volume for the period) and sold 6,976,451 treasury shares (2.44% of official volume for the period).

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).

Retained earnings

Details of retained earnings are as follows:

Thousands of Euros	2011	2010
Legal reserve	6.954	6.954
Reserves in fully consolidated companies	13.111	25.271
Reserves in proportionately consolidated companies	920	651
Merger reserve	15.212	15.212
Reserves in equity-accounted companies	3.884	2.863
Voluntary reserves	381.820	313.919
Non-distributable reserves	61.212	31,439
Profit for the year attributable to the Parent company	180.999	188.521
Total	**664.112**	**584.830**

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 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Indra Sistemas	(13.924)	1.229
Grupo Bmb	(7.421)	4.651
Indra Emac	(565)	(110)
Indra Espacio	-	3.804
Indra Sistemas de Seguridad	3.702	3.887
Indra SI	(1.255)	(1.107)
Indra Sistemas Chile	459	232
Indra Sistemas Portugal	4.609	1.901
Grupo Europraxis-Atlante	14.896	8.552
Inmize Capital	(30)	(27)
Inmize Sistemas	1.613	1.110
Indra Systems	(9.959)	(4.284)
Indra Beijing	769	620
Indra Brasil	(2.960)	(1.063)
Indra Software Labs	11.492	6.556
Indra México	3.549	(270)
I.P Sistemas	-	1.796
Indra Sistemas Comunicaciones Seguras	2.804	1.784
Indra Magreb	(369)	(771)
Indra Francia	(478)	(805)

Indra Polonia	(49)	(33)
Indra Autralia	850	(393)
Administradora de Archivos	2.306	2.376
Seintex Venezuela	2.688	828
Azertia TI Mexico	6.273	1.875
Indra Colombia	2.726	4.654
Azertia TI Venezuela	(1.445)	(685)
Azertia GC Venezuela	(5.920)	(5.720)
Azertia TI Argentina	(4.664)	(1.495)
Indra USA	(2.368)	(1.871)
Prointec	461	122
Soluziona C&S Holding (Chile)	663	1.207
Soluziona Chile	(8.950)	(8.380)
Indra Czech Republic	(1.073)	(1.232)
Indra Slovakia	29	(17)
Soluziona Guatemala	58	100
Soluziona KFT (Hungria)	781	607
Indra Kenya	886	660
Soluziona Mexico	(1.098)	(398)
Soluziona Uruguay	55	(4)
Soluziona Argentina	-	(331)
Indra Sisteme SRL	401	370
Indra Panama	946	953
Indra Philippines	1.561	1.151

Electrica Soluziona (Rumania)	909	96
Indra Ucrania	(469)	(465)
Soluziona SP CA (Venezuela)	3.382	1.974
Computación Ceicom	2.428	1.949
Longwater (Reino Unido)	105	(429)
Intos	2.196	352
Indra Company Perú	193	(156)
Indra Perú	1.898	-
AC-B	414	224
Indra Radar Technology	(609)	(303)
Indra India	(187)	-
Avitech Technology	244	-
Indra P+D	558	-
Total	**13.111**	**25.271**

c) Reserves in proportionately consolidated companies

Details by company of consolidation reserves at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
IRB Riesgo Operacional	277	343
I3 TV	(118)	(107)
IESSA Brasil	761	415
Total	**920**	**651**

d) Reserves in equity-accounted companies

Details by company of consolidation reserves at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Eurofighter Simulation System	2.391	1.630
Euromids	275	230
Trias Beltrán	4	4
Indra Sistemas Tecnocom	30	48
Saes Capital	1.132	951
A4 Essor SAS	52	-
Total	**3.884**	**2.863**

e) Voluntary reserves and merger reserves

These reserves are freely distributable except for the amount of development costs recognised in the statement of financial position of the Parent company (see note 9) which, under prevailing legislation, may not be distributed.

f) Profit for the year attributable to the Parent company

Details of consolidated companies' profit/(loss) for 2011 and 2010 are disclosed in Appendix I.

Non-controlling interests

Movement in non-controlling interests in consolidated companies during 2011 and 2010 is as follows:

Thousands of Euros	Balance at 31.12.10	Additions to cons. group	Profit/(less) attributable to non-controlling ints	Translation diferences	Dividends	Change in % ownership	Profit/(less) recognised in equity	Other changes	Balance at 31.12.11
Inmize Capital	511	-	69	-	-	-	-	-	580
Inmize Sistemas	3.100	-	340	-	-	-	-	-	3.440
Tourism & Leisure	277	-	(87)	-	-	-	27	-	217
AIG Perú	123	-	(58)	8	-	-	-	-	73
ALG Venezuela	173	-	113	(39)	-	-	-	-	247
Indra BMB	1.791	-	(126)	-	-	(1.665)	-	-	.
BMB Ges. Doc. Canarias	3	-	(44)	-	-	-	-	-	(41)
Prointec	8.042	-	(1.777)	(27)	-	-	(96)	338	6.480
Elektrica Soluziona	590	-	163	(7)	(143)	-	-	-	603
Indra Filipinas	3.091	-	704	122	(100)	-	-	-	3.817
Inserail	293	-	8	-	-	-	-	-	301
Consis	841	-	3	89	(199)	(734)	-	-	.
Prointec Hidrógeno	1	-	(2)	-	-	-	-	-	(1)
Uatec	31	-	13	-	-	-	-	-	44
Indra Radar Technology	349	-	(120)	17	-	-	-	-	246
Indra Perú	3.810	-	794	375	-	-	(19)	546	5.506
IFOS	2	-	11	-	-	-	-	-	13
Indra Kazakhstan	-	600	-	-	-	-	-	-	600
Search (politec)	-	(744)	64	(8)	-	-	-	-	(688)
Total	**23.028**	**(144)**	**68**	**530**	**(442)**	**(2.399)**	**(88)**	**884**	**21.437**

Thousands of Euros	Balance at 31.12.10	Entrada Sdes.	Profit/(less) attributable to non-controlling ints	Translation diferences	Dividends	Change in % ownership	Profit/(less) recognised in equity	Other changes	Balance at 31.12.11
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	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**

A breakdown of non-controlling interests at 31 December 2011 and 2010 is as follows:

	31.12.11				31.12.10			
Thousands of Euros	Capital NC ints	Reserves NC ints	Pr/(loss) NC ints	Total	Capital NC ints	Reserves NC ints	Pr/(loss) NC ints	Total
Indra Espacio	-	-	-	-	294	(489)	195	-
Inmize Capital	32	479	69	580	32	408	71	511
Inmize Sistemas	750	2.350	340	3.440	750	1.981	369	3.100
Tourism & Leisure	18	286	(87)	217	18	194	65	277
ALG Perú	17	114	(58)	73	17	21	85	123
ALG Venezuela	5	129	113	247	5	118	50	173
Indra BMB	1.859	(1.733)	(126)	-	1.859	312	(379)	1.792
BMB G.D Canarias	1	2	(44)	(41)	1	1	-	2
I.S. Comunicaciones Seguras	-	-	-	-	50	(62)	12	-
Prointec	399	7.858	(1.777)	6.480	399	10.235	(2.592)	8.042
Elektrica Soluziona	15	425	163	603	15	291	284	590
Indra Filipinas	264	2.849	704	3.817	264	2.325	502	3.091
Inserail	6	287	8	301	-	279	14	293
Consis	-	(3)	3	-	-	611	230	841
Prointec Hidrógenico	-	1	(2)	(1)	-	1	-	1
Uatec	15	16	13	44	-	22	9	-31
Indra Radar Technology	567	(201)	(120)	246	567	(87)	(131)	349
Indra Perú	242	4.470	794	5.506	242	2.935	633	3.810
IFOS	1	1	11	13	1	-	1	2
Indra Kazakhstan	600	-	-	600	-	-	-	-
Search (politec)	241	(993)	64	(688)	-	-	-	-
Total	**5.032**	**16.337**	**68**	**21.437**	**4.514**	**19.096**	**(582)**	**23.028**

The main transactions with non-subsidiary investees in 2011 are as follows:

- On 4 March 2011 the subsidiary Prointec, S.A. acquired a further 40% interest in its Romanian subsidiary Consis Proiect SRI for Euros 169 thousand to become the sole shareholder in this company.

- Furthermore, on 8 March 2011 Prointec, S.A. acquired an additional 6.5% interest in Indra BMB, S.L. for Euros 8,500 thousand to become this company's sole shareholder.

- On 3 July 2011 the Parent company subscribed 51% of the share capital of the Kazakh company Indra Kazakhstan Engineering Llp, paying up 35% or Euros 600 thousand.

The main transactions with non-subsidiary investees in 2010 were 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), thereby becoming this company's sole shareholder.

- At 31 December 2010 52% (Euros 1,037 thousand) of this investment had been paid, while the remaining Euros 800 thousand was outstanding.

- On 9 October 2010 the Parent company acquired the remaining 49% of the subsidiary Indra Espacio S.A. for Euros 39,200 thousand, thereby becoming the sole shareholder of this company. At the date on which the consolidated annual accounts for 2010 were authorised for issue, this interest in share capital had been paid in full.

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 2011 and 2010 is as follows:

	Weighted average no. of ordinary shares at 31.12.11	Ordinary shares at 31.12.11	Weighted average no. of ordinary shares at 31.12.10	Ordinary shares at 31.12.10
Total shares issued	164.132.539	164.132.539	164.132.539	164.132.539
Own shares and financial instruments linked to shares	(1.491.128)	(1.332.549)	(1.687.159)	(1.368.400)
Total available and diluted shares	**162.641.411**	162.799.990	**162.445.380**	162.764.139

The calculation of basic and diluted earnings per share (rounded to four decimal places) for 2011 and 2010 is as follows:

	2011	2010
Profit for the year (in thousands of Euros)	181.067	188.521
Weighted average number of ordinary shares available	162.641.411	162.445.380
Basic earnings per ordinary share (in Euros)	**1,1133**	**1,1605**

Diluted earnings per share are the same as 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 2011 and 2010 is as follows:

	2011	2010
Profit (thousands of Euros)	181.067	188.521
Shares issued	164.132.539	164.132.539
Earnings per ordinary share (Euros)	**1,1032**	**1,1486**

20. NON-CURRENT DEBT WITH FINANCIAL INSTITUTIONS

Details by maturity of non-current debt with financial institutions at 31 December 2011 are as follows:

	Thousands of Euros			
Years	Finance leases	Credit institutions	R+D loans	Total
1 to 2 years	2.601	5.773	7.063	15.437
2 to 3 years	2.321	88.144	8.693	99.158
3 to 4 years	2.286	18.144	8.114	28.544
Over 4 years	3.349	111.582	56.285	171.216
Total al 31.12.11	**10.557**	**223.643**	**80.155**	**314.355**

Details by maturity of non-current debt with financial institutions 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
Over 4 years	1.348	3.864	33.595	38.807
Total al 31.12.11	**4.397**	**191.672**	**52.144**	**248.213**

In 2011, debt with financial institutions includes two loans totalling Euros 84,121 thousand arranged by the Parent company (Euros 135,120 in 2010). These loans bear interest at the three-month Euribor.

This caption also include the Euros 3,232 thousand mortgage loan assumed by the subsidiary Prointec, 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 Euribor plus a spread of 0.75%, which is settled annually.

The fair value of interest rate swaps at the 2011 year end is Euros 2,370 thousand (Euros 1,547 thousand in 2010).

21. OTHER NON-CURRENT FINANCIAL LIABILITIES

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

Thousands of Euros	2011	2010
Guarantee deposits received	25	16
Suppliers of fixed assets	83.222	5.038
Other non-current debt	8.535	1.192
Total	**91.782**	**6.246**

Suppliers of non-current assets include the following outstanding balances relating to acquisitions of subsidiaries in 2011 (see note 5 (a)), which include Euros 71,868 thousand payable in 2014 in relation to the acquisition of Politec Tecnología da InformaÇao, S.A.

This caption also includes Euros 2,733 thousand (Euros 3,343 thousand in 2010) relating to the Jocs del Mediterrani joint venture.

This caption also includes Euros 2,733 thousand (Euros 3,343 thousand in 2010) relating to the Jocs del Mediterrani joint venture.

22. **GOVERNMENT GRANTS**

Details of government grants and movement in 2011 and 2010 are as follows:

	Thousands of Euros					
	Balance at 31.12.10	Additions	Repayments	Transfers	Taken to P/L	Balance at 31.12.11
Capital grants	25.620	9.315	(298)	(49)	(1.986)	32.602

	Thousands of Euros				
	Balance at 01.01.10	Additions	Repayments	Taken to P/L	Balance at 31.12.10
Capital grants	18.526	10.876	(491)	(3.291)	25.620

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

23. PROVISIONS FOR LIABILITIES AND CHARGES

Details of provisions for liabilities and charges and movement during 2011 and 2010 are as follows:

Thousands of Euros	Balance at 31.12.10	Business comb.	Trans. Diff.	Charges	Applic.	Payments	Transfers	Balance at 31.12.11
Tax provisions	4.687	13.117	1.027	350	(7.467)	-	(3)	11.711
Provisions for pensions	29	-	-	-	-	-	(29)	-
Other provisions	15.084	68.036	1.998	3.786	(6.294)	(220)	15.220	97.610
Total	**19.800**	**81.153**	**3.025**	**4.136**	**(13.761)**	**(220)**	**15.188**	**109.321**

Thousands of Euros	Balance at 31.12.09	Business comb.	Difer. conver.	Dotaciones	Aplicaciones	Pagos	Traspasos	Balance at 31.12.10
Tax provisions	914	-	(234)	3.881	(108)	(422)	656	4.687
Provisions for pensions	-	681	-	29	(681)	-	-	29
Other provisions	15.964	632	54	1.525	(400)	(265)	(2.426)	15.084
Total	**16.878**	**1.313**	**(180)**	**5.435**	**(1.189)**	**(687)**	**(1.770)**	**19.800**

Details of provisions, as well as the corresponding temporary differences and expected application dates, are as follows:

Tax provisions	Balance at 31.12.10		Thousands of Euros					Balance at 31.12.11		
Item	Balance	Temporary difference	Business comb.	Translation differences	Charges	Applic.	Transfers	Balance	Temporary difference	Expected cancel. date
Appeals raised before taxation authorities	4.687	415	13.117	1.027	350	(7.467)	(3)	11.711	415	2013-2016
Total tax provision	**4.687**	**415**	**13.117**	**1.027**	**350**	**(7.467)**	**(3)**	**11.711**	**415**	

Tax provisions	Balance at 31.12.09		Thousands of Euros					Balance at 31.12.10		
Item	Balance	Temporary difference	Translation differences	Charges	Applic	Payments	Transfers	Balance	Temporary difference	Expected cancel. date
Appeals raised before taxation authorities	914	415	(234)	3.881	(108)	(422)	656	4.687	415	2012-2016
Total tax provision	**914**	**415**	**(234)**	**3.881**	**(108)**	**(422)**	**656**	**4.687**	**415**	

Tax provisions	Balance at 31.12.10								Balance at 31.12.11		
	Thousands of Euros										
Item	Balance	Temporary difference	Business comb.	Translation differences	Charges	Applic	Payments	Transfers	Balance	Temporary difference	Expected cancel. date
Trade claims	288	133	-	-	291	(191)	-	-	388	388	2013
HR claims	2.672	719	29.954	666	761	(5.670)	(220)	3.951	32.114	6.850	2013-2016
Remuneration	12.124	12.124	-	-	-	-	-	10.915	23.039	23.039	2013-2016
Contingencies	-	-	38.082	1.332	2.734	(433)	-	354	42.069	7.273	2013-2016
Total tax provision	**15.084**	**12.976**	**68.036**	**1.998**	**3.786**	**(6.294)**	**(220)**	**15.220**	**97.610**	**37.550**	

Tax provisions	Balance at 31.12.09								Balance at 31.12.10		
	Thousands of Euros										
Item	Balance	Temporary difference	Business comb.	Translation differences	Charges	Applic	Payments	Transfers	Balance	Temporary difference	Expected cancel. date
Trade claims	479	133	-	-	88	(279)	-	-	388	133	2012
HR claims	1.591	-	632	54	1.437	(121)	(265)	(656)	2.672	719	2012
Remuneration	13.894	13.894	-	-	-	-	-	(1.770)	12.124	12.124	2012-2016
Total tax provision	**15.964**	**14.027**	**632**	**54**	**1.525**	**(400)**	**(265)**	**(2.426)**	**15.084**	**12.976**	

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

The most significant amounts under business combinations relate to the acquisition of Politec Tecnología da InformaÇao, S.A.

24. CURRENT DEBT WITH FINANCIAL INSTITUTIONS

Details of current debt with financial institutions at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Loans	269.079	147.276
Interest	2.027	861
Finance leases	2.798	1.712
Total	**273.904**	**149.849**
Official loans for research programmes (note 9)	7.298	5.784
Total	**281.202**	**155.633**

25. **TRADE AND OTHER PAYABLES**

Details of trade and other payables at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Trade payables	681.152	655.482
Advances from clients	566.831	510.651
Total	**1.247.983**	**1.166.133**

Late payments to suppliers. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010.

Payments by Spanish companies of the Group at 31 December 2011 and 31 December 2010:

Thousands of Euros	2011		2010	
	Amount	%	Amount	%
Within the maximum legal term (*)	1.284.357	87,10%	999.227	79,37%
Other	190.183	12,90%	259.663	20,63%
Total payments for the year	1.474.540	100,00%	1.258.890	100,00%
Estimated weighted ave. payment period in days	76		84	

At 31 December 2011 and 2010, details of the payment terms of balances payable to suppliers and creditors by the Spanish companies of the Group are as follows:

Thousands of Euros	2011		2010	
Within the maximum legal term (*)	694.535	92,47%	546.519	96,95%
Other	56.563	7,53%	17.166	3,05%
Total balance payable	751.098	100,00%	563.685	100,00%

*The legal maximum payment period applicable depending on the nature of the individual good or service received by the Company pursuant to Law 15/2010 of 5 July 2010 (which modifies Law 3/2004 of 29 December 2004), on measures against bad trade debts. This legal maximum period will be reduced, following an established schedule, over an adaptation period that ends on 1 January 2013. The legal maximum payment period applicable from the date on which Law 15/2010 entered force until 31 December 2011 is 85 days

26. **OTHER LIABILITIES**

Details of other liabilities at 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Public entities (note 33)	121.001	87.560
Salaries payable	73.836	49.729
Cash flow hedges	7.801	3.903
Guarantee deposits received	206	200
Trade provisions	41.797	31.458
Accruals	1.355	1.398
Suppliers of fixed assets	19.230	22.270
Other payables	15.305	47.741
Total	**280.531**	**244.259**

27. **SEGMENT REPORTING**

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

	2011 (Thousands of Euros)							
Segment reporting at 31 December 2011:	**Solutions**	**%**	**Services**	**%**	**Unallocated corporate**	**Eliminations**	**Total**	**%**
External sales	1.810.752	100%	877.743	99%	-	-	2.688.495	100%
Inter-segment sales	6.609	0%	13.279	1%	-	(19.888)	-	-
Net sales	**1.817.361**	**100%**	**891.022**	**100%**	**-**	**(19.888)**	**2.688.495**	**100%**
Contribution margin	**331.020**	**18,2%**	**133.270**	**15,0%**	**-**	**165**	**464.455**	**17%**
Other unallocated corporate income and expenses	-		-		(196.511)	(165)	(196.676)	-7%
Operating results	**331.020**		**133.270**		**(196.511)**	**-**	**267.779**	**10%**
Other losses	(25.901)		(9.604)		(18)	-	(35.523)	-1%
Share of profit/(loss) of associates	1.067		(27)		-	-	1.040	0,0%
Income tax	(72.927)		(34.753)		55.451	-	(52.229)	-1,9%
Segment profit/(loss)	**233.259**	**13%**	**88.886**	**10%**	**(141.078)**	**-**	**181.067**	**7%**
Other information								
Investmentss	74.364		14.262		42.772	-	131.398	
Amortisation/depreciation	15.278		15.033		15.297	-	45.608	
Balance sheet								
Assets								
Segment assets	1.600.871		717.401		1.197.571	-	3.515.843	
Fixed assets in associates	8.496		516		-	-	9.012	
Total consolidated assets							**3.524.855**	
Liabilities								
Segment liabilities	1.125.405		1.074.552		257.698	-	2.457.655	
Total consolidated liabilities							**2.457.655**	

Geographical segment reporting at 31 December 2011:	2011 (Thousands of Euros)					
	Domestic	Europe	USA and Canada	Latin America	Rest	Total
External sales	1.525.683	446.233	35.932	484.686	195.961	2.688.495
Investments	114.765	2.112	45	7.239	7.237	131.398
Assets used	2.734.852	136.998	13.105	492.308	147.592	3.524.855

Segment reporting at 31 December 2010:	2010 (Thousands of Euros) Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
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	-		-		(215.511)	-	(215.095)	-8%
Operating results	**350.366**		**112.075**		**(215.095)**	**4.569**	**251.915**	**10%**
Other gains/(losses)	(15.040)		(4.162)		199	-	(19.003)	-1%
Share of profit/(loss) 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	
Fixed assets 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**	

Geographical segment reporting at 31 December 2010:	2010 (Thousands of Euros)					
	Domestic	Europe	USA and Canada	Latin America	Rest	Total
External sales	1.566.237	394.168	28.474	371.540	195.623	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

28. MATERIALS AND OTHER SUPPLIES

The total cost of materials and other supplies incurred by the Group during the years ended 31 December 2011 and 2010 is as follows

Thousands of Euros	2011	2010
Subcontracted work and materials consumed	885.816	950.252
Change in inventories	(264)	(1.264)
Total	**885.552**	**948.988**

29. **PERSONNEL EXPENSES**

Details of personnel expenses during the years ended 31 December 2011 and 2010 are as follows:

Thousands of Euros	2011	2010
Salaries and wages	927.174	846.063
Options (note 35 b)	-	1.328
Social security and other employee benefits	266.853	233.568
Total	**1.194.027**	**1.080.959**

The average headcount of the Parent company and its directors in 2011 and 2010, distributed by category, is as follows:

	Number of people					
	2011			2010		
	Male	Female	Total	Male	Female	Total
Board members	12	3	15	11	3	14
Senior management	8	1	9	8	1	9
Management	443	66	509	440	66	506
Graduates and engineers	16.945	7.613	24.558	14.379	6.652	21.031
Administrative staff	1.190	2 205	3.395	1.256	2.257	3.513
Labourers	1.533	1.028	2.561	1.373	808	2.181
Other	26	19	45	51	34	85
Total	**20.157**	**10.935**	**31.092**	**17.518**	**9.821**	**27.339**

During 2011 and 2010 the average number of employees of the Spanish companies with a percentage of disability equal to or higher than 33%, distributed by category, is as follows:

	Number of people					
	2011			2010		
	Male	Female	Total	Male	Female	Total
Management	3	-	3	3	-	3
Graduates and engineers	95	25	120	79	21	100
Administrative staff	8	31	39	5	16	21
Labourers	11	4	15	9	2	11
Other	1	-	1	1	-	1
Total	**118**	**60**	**178**	**97**	**39**	**136**

30. **OTHER LOSSES ON NON-CURRENT ASSETS**

Details of other losses on non-current assets at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	**2010**
Impairment of goodwill (note 8)	(395)	(532)
Losses on other intangible assets	(36)	(7)
Losses on property, plant and equipment	(1.362)	(495)
	(1.793)	**(1.034)**

In 2011, losses on property, plant and equipment included impairment losses of Euros 999 thousand on investment property, specifically on housing owned by the subsidiary Prointec, S.A. (see note 7).

This caption also includes disposals of Euros 242 thousand reflecting equipment replaced by the Parent company.

In 2010 losses on property, plant and equipment primarily reflected 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.

31. **FOREIGN CURRENCY TRANSACTIONS**

The main transactions in foreign currencies other than the Euro in 2011 and 2010 have been as follows:

	Thousands of Euros	
	2011	2010
Sales	641.455	503.524
Purchases	426.795	378.514

32. **DEPOSITS AND GUARANTEES**

At 31 December 2011 various banks and insurance companies have deposited guarantees of Euros 903,399 thousand with third parties on behalf of the Group, mainly to secure the completion of contracts. At 31 December 2010 guarantees totalled Euros 1,185,260 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., 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 Vialogos Gestión de la Comunicación, S.L.U.

Deferred tax assets

Details of movement in deferred tax assets are as follows:

	Thousands of Euros						
	Balance at 31.12.10	Business comb.	Translation differences	Generated	Reversals	Other variations	Balance at 31.12.11
Deferred tax assets	50.261	69.428	2.643	27.386	(18.169)	6.410	137.959

	Thousands of Euros					
	Balance at 31.12.09	Translation differences	Generated	Reversals	Other variations	Balance at 31.12.10
Deferred tax assets	31.269	52	26.075	(7.911)	776	50.261

Details of deferred tax assets at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
Item	2011	2010
Charges to and application of provisions	99.814	33.745
Amortisation of goodwill	2.732	1.885
Excess amortisation/depreciation of assets	2.629	1.621
Other	32.784	13.010
Deferred tax assets	137.959	50.261

Current tax assets

Details of current tax assets at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	**2010**
Prior years' income tax recoverable	18.351	5.358
Current year's income tax recoverable	39.804	7.613
Total	**58.155**	**12.971**

Deferred tax liabilities

Details of movement in deferred tax liabilities during 2011 and 2010 are as follows:

	Thousands of Euros							
	Balance at 31.12.10	Business comb.	Change in consolidated group	Translation differences	Generated	Reversals	Other variations	Balance at 31.12.11
Deferred tax liabilities	50.725	6.82	82	106	29.112	(8.802)	1.941	79.546

	Thousands of Euros						
	Balance at 31.12.09	Change in consolidated group	Translation differences	Generated	Reversals	Other variations	Balance at 31.12.10
Deferred tax liabilities	38.232	135	(93)	18.209	(5.860)	102	50.725

Details of deferred tax liabilities at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
Item	**2011**	**2010**
Finance lease operations	865	1.198
Taxable gains	4.709	4.032
Portfolio provisions	35.301	24.289
Amortisation of goodwill	24.533	20.319.621
Other	14.138	887
Deferred tax liabilities	79.546	50.725

Current tax liabilities

Details of current tax liabilities at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	**2010**
Income tax (prior years)	3.425	723
Income tax (current year)	11.876	13.348
Income tax (companies located abroad)	5.032	4.010
Total	**20.333**	**18.081**

Income tax expense

Due to the treatment permitted by fiscal legislation of 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, as well as the income tax expense calculation at 31 December 2011 and 2010, are as follows:

	Thousands of Euros	
Item	**2011**	**2010**
A.- Accoutning profit before tax	**233.296**	**233.641**
Adjustments to accounting profit:		
- Other positive differences	37.442	43.403
- Other negative differences	(20.371)	(12.186)
- Dividends		
- Options	-	1.328
- Consolidation adjustments	(3)	(560)
Total adjustments to accounting profit	**17.068**	**265.626**
B.- Adjusted accounting profit	**250.364**	**265.626**
Temporary differences:		
- Positive, generated during the year	51.262	71.323
- Positive, generated in prior years	27.167	19.497
- Negative, generated during the year	(93.050)	(52.497)
- Negative, generated in prior years	(53.665)	(24.111)
Total temporary differences	**(74.286)**	**14.212**
C.- Taxable income	**176.078**	**279.838**
D.- Loss carryforwards	(4.595)	(3.416)

E.- Adjusted taxable income	**171.483**	**276.422**
Tax payable	**67.042**	**85.971**
Deductions:		
- Internal double taxation relief	(147)	(12.240)
- International double taxation relief	(3.823)	(2.531)
- Investments in R&D&I and others	(26.375)	(17.257)
F.- Credit for loss carryforwards	**187**	**29**
G.- Taxes on foreign salaries	**836**	**133**
H.- Total tax payable	**37.720**	**54.105**
Payments and withholdings on account	64.745	46.525
Total payable / (recoverable)	**(27.025)**	**7.580**
I.- Deferred tax assets	(15.018)	(21.455)
J.- Deferred tax assets recovered	18.169	7.911
K.- Deferred tax liabilities for the year	29.112	15.754
L.- Deferred tax liabilities reversed	(8.803)	(5.860)
Accrued income tax (H+I+J+K+L)	**61.180**	**50.455**
Income tax for companies registered abroad	**6.629**	**6.989**
Prior years' income tax	**(3.048)**	**(14.988)**
Income tax for different tax rates	**(164)**	**3.246**
Capitalised deductions	**(12.368)**	**-**
M.- Income tax for the year	**52.229**	**45.702**
Total profit after tax (A-M)	**181.067**	**187.939**

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

	2011	
	Thousands of Euros	%
- Consolidated profit before tax	**233.296**	
- Income tax at the rate applicable in Spain	69.989	30,00%
- Effect of permanent differences	5.120	2,19%
- Effect of deductions	(30.345)	(13,01)%
- Effect of other income tax adjustments from prior years	(3.048)	(1,31)%
- Effect of offset of prior years' loss carryforwards	187	0,08%
- Effect of capitalised deductions	(12.368)	(5,30)%
- Income tax for companies registered abroad	6.629	2,84%
- Effect of different international tax rates	16.065	2,89%
	52.229	22,39%

	2011	
	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 adjustments 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%

Details of loss carryforwards pending offset and credits for investment, training and export activities at 31 December 2011 and 2010 are as follows:

	2011 (Thousands of Euros)	
Years	Credits for investments and others	Loss carryforwards
2007 and prior years	2.309	26.135
2008	447	9.955
2009	552	8.262
2010	534	10.288
2011	11.448	43.424
Total at 31.12.11	**15.290**	**98.064**

	2010 (Thousands of Euros)	
Years	Credits for investments 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**

As in 2010, the Group has no reinvestment commitments at 31 December 2011.

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or the inspection period of four years has elapsed. The Parent company has open to inspection all applicable taxes for 2007 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.

Balances with public entities

Balances receivable from public entities comprise the following:

	Miles de Euros	
	2011	2010
Recoverable from taxation authorities:		
Value Added Tax	34.463	18.716
Other taxes		
Requests of offset of outstanding payments	30	10.155
Subtotal	**34.493**	**28.871**
Grants receivble from public entities	7.092	4.791
Receivables from Social Security	819	636
Total	**42.404**	**34.298**

Details of balances payable to public entities are as follows:

	Thousands of Euros	
	2011	2010
Payable to taxation authorities		
VAT	62.655	44.951
Personal income tax	25.288	18.722
Other taxes	6.464	1.967
Subtotal	**94.407**	**65.640**
Grants repayable to public entities	212	128
Payables to Social Security	26.382	21.792
Total	**121.001**	**87.560**

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 finance and control departments. Internal standards include policies on global risk management and on specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.
To ensure that the above-mentioned risks are managed appropriately, the Group maintains control over financial information using an internal system that is highly efficient in all major respects.

a) Market risk

(i) Currency risk

The Group operates internationally and is therefore exposed to foreign currency risks, especially with regard to 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. No derivative financial instruments are used for speculative ends.

The Group's risk management policy involves hedging 100% of expected transactions in each currency other than the functional currency. Approximately 95% (95% in 2010) of forecast transactions in each of the main foreign currencies are classified as highly probable forecast transactions for hedge accounting purposes.

The Group's exposure to currency risk at 31 December 2011 and 2010 is detailed below. The tables below reflect the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currencies (in thousands of Euros):

	2011 (Thousands of Euros)								
	Dolar	**Pound**	**Swiss Franc**	**Mexicqn Peso**	**Argentine Peso**	**Chilean Peso**	**Brazilean Real**	**Other**	**Total**
Other financial assets	-	-	-	98	631	152	7.808	218	8.907
Total non-current assets	-	-	-	98	631	152	7.808	218	8.907
Trade and other receveibles	60.119	3.991	-	73.768	37.046	23.728	84.591	114.452	397.768
Other financial assets	119	18	-	7.193	3.751	1.048	6.774	10.963	29.686
Debt securities	-	-	-	11.059	27	1.262	13.226	9.036	34.686
Total current assets	60.311	4.009	-	92.020	40.644	26.038	104.591	134.451	462.064
Total assets	60.311	4.009	-	92.118	41.275	26.190	112.399	134.669	470.971
Debt with financial institutions	-	-	-	-	-	-	9.509	-	9.509
Other financial liabilities	26	-	-	-	80	-	72.130	161	72.397
Total non-current financial liabilities	26	-	-	-	80	-	81.639	161	81.906
Debt with financial institutions	9.813	796	-	24.985	14.124	5.999	53.049	15.371	124.137
Finance lease payable	134	-	-	-	77	-	-	8	219
Trade and other payables	8.768	4.456	-	24.725	20.046	12.162	43.183	52.233	165.573
Total current liabilities	18.715	5.252	0	49.710	34.247	18.161	96.232	67.612	289.929
Total liabilities	18.741	5.252	0	49.710	34.247	18.161	177.871	67.773	371.835
Gross balance sheet exposure	41.570	(1.243)	0	42.408	7.028	8.029	(65.472)	66.896	99.136
Forecast sales in foreign currencies	173.578	17.684		6.455	-	-	44	23.805	221.566
Forecast purchases in foreign currencies	58.772	15.733		-	-	-	74	6.253	80.832
Total gross exposure	156.376	708	0	48.863	7.028	8.029	(65.502)	84.448	239.870
Derivative financial instruments - hedging									
Sales	260.895	20.736		9.623	69	65	51	27.370	318.809
Purchases	64.117	16.430		18	2.926	84	75	3.340	86.990
Net exposure	(40.402)	(3.598)	0	39.258	9.885	7.964	(65.478)	60.418	8.051

	2010 (Thousands of Euros)								
	Dolar	Pound	Swiss Franc	Mexicqn Peso	Argentine Peso	Chilean Peso	Brazilean Real	Other	Total
Other financial assets	94	-	-	-	-	-	-	-	94
Total non-current assets	94	-	-	-	-	-	-	-	94
Trade and other receveibles	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
Debt securities	-	-	-	-	-	-	-	-	-
Total current assets	54.227	2.817	-	42.289	3.806	25.389	56.353	58.459	462.064
Total assets	54.321	2.817	-	42.289	3.806	25.389	56.353	58.459	470.971
Debt with financial institutions	44	-	-	-	-	-	10	-	54
Other financial liabilities	155	-	-	-	-	-	-	15	170
Total non-current financial liabilities	199	-	-	-	-	-	10	15	224
Debt with financial institutions	10.806	-	-	16.523	3.918	18.832	23.892	9.988	83.959
Finance lease payable	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	400.576
Total gross exposure	53.831	(8.726)	(4.678)	367	(4.510)	(8.339)	(284)	18.745	56.350
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	1.682	(4.162)	(2.671)	(8.349)	(3.573)	6.067	(59.763)

(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. The Group mainly uses different financial derivative instruments to control interest rate risk related to non-current liabilities, 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:

	2011		2010	
	Interest rate fluctuation		Interest rate fluctuation	
	+0,5%	-0,5%	+0,5%	-0,5%
Effect of profit before tax	**(1,8)**	**1,8**	**(1,1)**	**1,1**

e) 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.

These tables present details of the ageing of past-due unimpaired financial assets at 31 December 2011 and 2010.

	2011 (Thousands of Euros)				
	Less than 3 months	3-6 months	6 months to 1 year	Over 1 year	Total
Trade and other receivables	159.802	84.965	72.896	114.682	432.345
Total assets	159.802	84.965	75.896	114.682	432.345

	2010 (Thousands of Euros)				
	Less than 3 months	3-6 months	6 months to 1 year	Over 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

f) Liquidity risk

The Group applies a prudent policy to cover 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 credit facilities.

The Group's exposure to liquidity risk at 31 December 2011 and 2010 is shown below. These tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

	2011 (Thousands of Euros)					
Debt with financial institutions	12.621	14.074	251.767	244.742	58.998	582.202
Finance lease payables	209	712	1.819	7.985	2.630	13.555
Trade and other payables	47.282	1.229.437	130.794	-	-	1.407.513
Other financial liabilities	-	-	-	84.177	6	84.183
Total	60.112	1.244.223	384.380	336.904	61.634	2.087.253
Derivative financial instruments	-	7.279	522	7.599	-	15.400
Total	60.112	1.251.502	384.902	344.503	61.634	2.102.653

	2010 (Thousands of Euros)					
	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Debt with financial institutions	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

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 2011 (see note 4 (t)). These commitments are as follows:

	Amount in foreign currency			
	Current		Non-current	
Currency	Currency	Sale	Currency	Sale
US Dollar	70.934.964	259.162.637	12.025.453	78.409.709
Pound Sterling	11.357.086	5.649.877	2.366.644	11.670.766
Swiss Franc	5.360.131	-	975.000	-
Chilean Peso	56.406.547	44.000.000	-	-
Mexican Peso	333.549	173.715.503	-	-
Argentine Peso	15.237.429	387.585	1.111.533	-
Thai Baht				
Australian Dollar	4.021.104	14.886.701	-	13.102.722
Canadian Dollar	5.218.340	3.002.143	673.975	7.521.601
Polish Zloty	449.464	10.428.871	-	-
Indian Rupee				
Norwegian Krone				
Brazilean Real				
Colombian Peso	414.428.513	9.674.321.725	-	-
Moroccan Dirham	-	8.352.695	-	-
Malaysian Ringgit				
Kuwaiti Dinar	-	1.874.758	-	1.085.771
Peruvian Sol	-	4.968.825	-	-
South African Rand	-	3.800.000	-	-

At 31 December 2010 the Group had the following commitments:

	Amouint in foreign currency			
	Current		Non-current	
Currency	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	-	-
Argentine Peso	10.834.113	1.074.073	-	-
Thai Baht				
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 2011 and 2010 exchange rate hedges are valued as follows:

	Thousands of Euros							
	2011				2010			
	Current		Non-current		Current		Non-current	
Exchange rate hedge	Assets	Liability	Assets	Liability	Assets	Liability	Assets	Liability
Cash flow hedge	19	7.538	-	7.585	59	76	25	-
Fairvalue hedge	-	263	-	14	40	3.827	-	935
	19	**7.801**	**-**	**7.599**	**99**	**3.903**	**25**	**935**

b) Share options plan

No new share option plans were agreed in 2011 or 2010.

Details of the remuneration plan based on share values at 31 December 2011, and movement during the year, are as follows:

	Number of options					
	Balance at 31.12.10	Extin-guished	Exercised	Balance at 31.12.11	Exercise price Euros	Maturity date
2008 options	870.045	-	-	870.045	16,82	del 01.01.11 al 31.03.12

Details of the remuneration plan based on share values at 31 December 2010, and movement during the year, are as follows:

	Núm Number of options ero de Opciones					
	Balance at 31.12.09	Extin-guished	Exercised	Balance at 31.12.11	Exercise price Euros	Maturity date
2008 options	898.373	(28.328)	-	870.045	16,82	del 01.01.11 al 31.03.12

No personnel expenses have been recognised in relation to this plan at 31 December 2011. At 31 December 2010 Euros 1,328 thousand was charged to personnel expenses for the options granted (see note 29).

36. **OPERATING LEASES**

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

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)	01/01/2002	30/06/2012	July	CPI	1.005
Ayuntamiento de Alcobendas	Anabel Segura, 7 (Alcobendas)	01/09/2007	31/08/2014	January	CPI	291
Banesto Renting, S.A.	Parque Empresarial La Finca,1 (Pozuelo de Alarcón)	09/03/2006	03/10/2013	July	CPI	433
FIACT	Carabela La Niña,12 (Barcelona)	09.06.2008	08.06.2011	June	CPI	44
Catalana de Occidente	Pº de la Castellana ,50 (Madrid)	01.04.2002 & 01.01.2001	3 months' prior notice	January	CPI	48
Gratan, S.L.	Tanger, 120 (Barcelona)	01/07/2005	01/07/2014	July	CPI	212
General de Edifios y Solares	Avda. de Arteixo, s/n (La Coruña)	15/05/2008	31/05/2013	May	CPI	83
General de Edificios y Solares	Acanto, 11 (Madrid)	01/01/2007	31/12/2012	January	CPI	209
Grupo Castellvi	Tanger 98-108, Edificio interface (Barcelona)	01/07/2008	01/10/2018	junio	CPI	371

Operating lease payments have been recognised as an expense for the year as follows:

Owner	Address	Contract expiry date	2011 payments	2010 payments
Ayuntamiento de Alcobendas/Sogepima	Alcobendas (Madrid)	31/08/2014	2.872	2.386
Banesto Renting	Pozuelo De Alarcón (Madrid)	31/07/2012	1.275	2.340
Catalana de Occidente	Madrid	Anual	380	-
Mapfre Vida, S.A.	Madrid	Anual	2.142	2.319
Edificio de Alcobendas, S.A.	Alcobendas (Madrid)	31/05/2012	404	386
El Encinar Del Norte	Madrid	01/08/2012	482	135
Ema 4, S.L.	Madrid	28/02/2012	584	566
Fiact	Barcelona	08/06/2013	273	299
General de Edificios y Solares	Madrid	Anual	1.162	1.627
Gratan, S.L.	Barcelona	01/07/2014	1.440	1.379
Grupo Castellvi	Barcelona	01/07/2018	2.744	2.722
Hermandad Nacional de Arquitectos	Madrid	31/03/2014	334	325
Hp Hewlett Packard, S.L.	Las Rozas (Madrid)	30/05/2012	248	551
Inmoan, S.L.	Torrejon De Ardoz - Madrid	31/12/2013	262	255
Credit Suisse	Madrid	01/03/2011	261	110

Testa	Alcobendas (Madrid)	30/06/2012	5.799	5.631
Inversiones Alpe	La Urbina (Venezuela)	31/05/2011	-	368
El Remanso, S.A.	Avda. del Valle (Chile)	31/01/2013	572	550
Cabi Oficinas Corporativas, S.A. de C.V.	Presidente Masarik 11 (Mexico)	06/08/2012	554	587
IMOCPC	Oporto (Portugal)	01/04/2011	-	121
Alfrapark	Alfragide, Lisboa (Portugal)	30/11/2017	381	376
Banco nacional de Mexico, S.A.	Mexico D.F.	31/12/2010	-	536
Altocapital inversiones, S.L.U.	Azuqueca de Henares (Gudalajara)	31/07/2018	534	529
Sorensen Capital, S.A.	Yunquera (Guadalajara)	06/07/2020	252	422
General de Edificios y Solares	La Coruña	31/12/2011	-	498
Inmobilaria Lorena, S.L.	Madrid	31/05/2013	363	347
Ponswinnecke Emprendimientos e participaÇiones	Sao Paulo (Brazil)	30/09/2014	335	-
Prunus SPA	Roma (Italy)	30/09/2016	305	-
Otros			9.987	11.041

Others include all amounts lower than Euros 250 thousand.

37. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. 1.Remuneration of board members

It is Company practice to periodically review remuneration criteria and amounts for its board members, so as to keep it at market levels and ensure it is in line with best practices and recommendations.

As the three-year period for which the prior remuneration scheme was in force (2008-2010) had ended, after a prior report from the Appointments, Remuneration and Corporate Governance Committee, in 2011 the board of directors conducted a new analysis, engaging advisory services from Egon Zehnder and PwC, independent experts in this field.

The conclusions of this analysis advised against linking the remuneration received by board members, with the exception of executive board members, to profits or share price, thus ensuring that board remuneration is entirely detached from short-term objectives and variables.

Therefore, after a prior proposal by the Appointments, Remuneration and Corporate Governance Committee, the board decided to remove the profit-sharing aspect from the new remuneration scheme, agreeing that each board member would solely receive a fixed sum based on his or her individual duties and that all such remuneration would be settled in cash.

As a result, at an ordinary general meeting held in 2011 the shareholders set the maximum amount of total annual remuneration at Euros 2,400,000. This limit shall remain in force indefinitely unless modified by the shareholders at a general meeting.

Adhering to this maximum annual limit, the board of directors has agreed that the fixed sum shall be distributed among members as follows: Euros 100 thousand for members of the board of directors; Euros 30 thousand for Delegate Committee members; Euros 50 thousand for Audit and Compliance Committee members; and Euros 30 thousand for Appointments, Remuneration and Corporate Governance Committee members. The chairperson of each body receives 1.5 times these amounts. Based on these amounts, the average annual remuneration per board member is approximately Euros 150 thousand, compared to Euros 140 thousand under the prior scheme (2008-2010). Consequently, the average remuneration received by board members has increased by 2.3% per year.

An itemised breakdown of total remuneration received by the members of the board of directors in 2011 and 2010 in their capacity as board members of the Parent company is as follows::

Remuneration of directors 2011

Board member	Board of directors	Delegate committee	Audit and compliance committee	Appointments, remuneration and corporate governance committee	Total
ADM. Valtenas (1)	100.000	30.000	-	-	130.000
I. Aguilera	100.000	30.000	50.000	-	180.000
J. de Andrés (2)	50.000	15.000	-	-	65.000
Casa Grande de Cartagena	100.000	-	50.000	-	150.000
D. García-Pita	100.000	30.000	-	45.000	175.000
Mediacion y diagnosticos (3)	100.000	30.000	-	30.000	160.000
L. Lada	100.000	30.000	-	-	130.000
J. March	100.000	30.000	-	30.000	160.000
J. Monzon	150.000	-	-	-	150.000
R. Moranchel	100.000	45.000	-	-	145.000
M. Oriol	100.000	-	-	30.000	130.000
Participaciones y cartera de inversion (3)	100.000	-	50.000	-	150.000
I. Santillana (4)	50.000	-	25.000	-	75.000
M. Soto (5)	50.000	-	37.500	-	87.500
R. Sugrañes	100.000	30.000	-	30.000	160.000
A. Terol	100.000	-	62.500	-	162.500
Total	**1.500.000**	**270.000**	**275.000**	**165.000**	**2.210.000**
Average remuneration per board member (14.5 members)					**152.414**

Representing Liberbank **(2)** Board member since July 2011
(3) Representing Banco Financiero y de Ahorros **(4)** Board member since July 2011 **(5)** Board member until June 2011

Remuneration of directors 2010

Board member	Asignación fija				Suma Total fixed amount	Profit sharing (50% in shares)	Total
	Board of directors	Delegate committee	Audit and compliance committee	Appointments, 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
Mediacion 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	-	13500	38.500	42.732	81.232
M. Oriol	32.000	-	12.000	18.000	62.000	85.465	147. 465
Participaciones y cartera de inversion [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 remuneration per board member (14.3 members)					**59.207**	**85.664**	**144.872**

(1)) Representing Caja Asturias **(2)** Board member until April 2010 **(3)**) Representing Caja Madrid
(4) Board member until June 2010 **(5)** Board member since July 2010

Total board member remuneration represents 0.82% of consolidated net operating profit and 0.95% of consolidated profit before tax for 2011, according to the accompanying consolidated annual accounts prepared by the board of directors (0.82% and 0.89%, respectively, in 2010).
No share options have been granted to the members of the board of directors in their capacity as such, nor have they exercised any options on Parent company shares, during 2011 or 2010. At the 2011 and 2010 year ends the members of the board of directors do not hold any Parent company share options in their capacity as such.

In 2011 and 2010 the members of the board of directors have not received any benefits or remuneration other than those disclosed above. Neither the Parent company nor any of the consolidated group companies have assumed any pension commitments on behalf of or extended any loans or advances to the board of directors.

Senior management personnel who are also members of the board of directors (executive directors) earn salaries through their professional relationship with the Parent company. Pursuant to the Company's articles of association, these salaries are independent from the remuneration received in their capacity as board members. Details of the salaries received by executive directors are provided in the next section.

2. Remuneration of senior managment

The remuneration of the Company's senior management is determined on an individual basis by the board of directors based on proposals by the Appointments, Remuneration and Corporate Governance Committee.
In 2011 the board of directors approved a new remuneration framework for senior management, as proposed by the aforementioned Committee, for the three-year period from 2011 to 2013. The independent expert firm Egon Zahnder was engaged as an external advisor in this review, which aimed to ensure that the items and amounts of remuneration, and other items associated with the Company's employment of senior management, are in line with market practice at all times, thus encouraging the executives to remain in service and bring their management practices into line with the Company's situation and objectives.

The remuneration of the Company's senior management continues to be determined on an individual basis by the board of directors, based on proposals by the Appointments, Remuneration and Corporate Governance Committee.

The board has agreed that the new remuneration scheme will be similar to that in force in prior years, comprising both annual and multi-year components.

Annual remuneration continues to comprise: a fixed sum paid in cash; a variable remuneration component, also in cash, depending on the extent to which established annual targets have been reached and the evaluation of each executive's performance; and remuneration in kind. The board of directors consider that fixed remuneration should remain unchanged for the entire three-year period, unless an executive's responsibility level changes or specific circumstances arise that 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 executive, provided that the board is satisfied with his or her performance in terms of budgets, targets and individual management. The central value of this percentage is between 50% and 100% of annual fixed remuneration. To measure the extent to which each senior executive has achieved the targets set, the board first considers the overall performance of the Company in terms of sales, contracting, return, investment, working capital and net debt targets, and then the executive's achievement of his or her individual targets, which are both quantitative (sales, contracting, contribution margin and working capital), in relation to the area for which he or she is responsible, and qualitative, such as international expansion in selected geographical areas, new products, acquisitions and the integration of acquired business, the global delivery model, reduction of costs and improvements in management, etc. The degree to which quantitative targets have been met is determined based on an associated scale, and qualitative targets are linked to the results of the executive's annual performance evaluation. Extraordinary profit and loss is excluded from target assessments.

Medium-term remuneration continues to be fully variable and is dependent on the senior executive remaining within the Company until the end of the period to which the sum relates. This amount consists of: (i) a cash incentive linked to the Company's performance and achievement of targets, as well as the management performance of each senior executive, and (ii) a share-based payment. Share options, used in prior years, are no longer granted, as the board does not consider it prudent to use these instruments to link medium-term remuneration to the share price in the present climate, given the volatility of the markets and the legal framework in force.

The medium-term cash remuneration has been established with an average central value (for all senior management) of 2.5 times fixed annual remuneration. This incentive will be received provided that the board is satisfied with the Company's performance in 2011-2013 and with the management of each senior executive, based not only on whether annual targets have been met, but also on the development and achievement of medium-term strategic objectives established for the period by the board of directors. In this evaluation, the board also compares the Company's performance on the markets in which it operates with that of the main comparable companies in the sector. The medium-term sum will continue to be accrued at the end of the three-year period and received, if applicable, after the 2013 year end. The methods and criteria used to determine the extent to which medium-term targets have been met are similar to those outlined above for annual variable remuneration.

The total net amount of medium-term share-based remuneration is equivalent to between 15 and 25% of each senior executive's total gross remuneration for the period. At their 2011 annual general meeting, the shareholders approved the terms and conditions for the distribution of shares to senior management, agreeing that the shares would be granted in 2011, 2012 and 2013 at their market value at the distribution date, and that the recipients would be required to retain ownership of these shares for at least three years.

The shareholders also stipulated that variable remuneration should represent a substantial - and even growing - portion of total remuneration (even though the Company is already comparatively above average market level in this regard). Medium-term remuneration should also represent a significant and rising proportion of total remuneration and the portion linked to share price should be significant but not excessive.

According to Egon Zehnder, "*the policy, structure and amounts of the remuneration to be received by Indra senior management over the new three-year period (2011, 2012 and 2013) are in line with those applied by IBEX 35 companies of a similar complexity, geographical diversity and size*". The advisor also highlights the fact that "*fixed remuneration remains unchanged in overall terms, except in the event that a senior executive takes on a higher responsibility level, and only variable remuneration increases, primarily medium-term share-based payment*".

The board understands that this is an efficient scheme that will ensure that the remuneration received by senior management of the Company is in line with market practices and trends, encouraging executives to remain in the Company's employment, orientating and challenging their management practices and focusing not only on the short but also on the medium term, linked to a reasonable extent - and solely in the medium term - to the share price, and taking into account the Company's present situation, prospects and growth targets.

During 2011 a new general manager joined the company. Furthermore, on receipt of a favourable report from the Appointments, Remuneration and Corporate Governance Committee, the board of directors appointed a new managing director to replace the current executive vice-chairman, who held the position of managing director until June 2011. As a result, at the 2011 year end the Company has nine senior management personnel. Details are as follows:

Position	Name
Chairman	Javier Monzón
Vice-chairman	Regino Moranchel
Managing director	Javier de Andrés
General manager corporate	Juan Carlos Baena
General manager corporate	Emma Fernández
General manager Operations	Emilio Díaz
General manager Operations	Rafael Gallego
General manager Operations	Santiago Roura
General manager Operations	Carlos Suárez

As the chairman, vice-chairman and managing director also sit on the board of directors of the Company, they are classed as executive directors. Pursuant to the articles of incorporation, the salaries received for their roles as senior management are independent from their remuneration as board members. The figures disclosed in this second point reflect the salaries received by executive directors in their capacity as senior management personnel. Following the corresponding evaluation by the board of directors, annual remuneration for 2011 and 2010 was as follows:

	2011	2010
Fixed remuneration	Euros 4,475 million	Euros 4,250 million
Variable remuneration	Euros 3,128 million	Euros 3,120 million
Remuneration in kind	Euros 238 million	Euros 228 million
Total remuneration of senior management	Euros 7,841 million	Euros 7,598 million
Members of senior management	9	8,75
Total average remuneration of senior management	Euros 871 million	Euros 868 million

Of the above amounts, the executive directors (2.5 on average in 2011 and two in 2010) represent Euros 1,875 thousand of annual fixed remuneration in 2011 and Euros 1,710 thousand in 2010, Euros 1,688 thousand of annual variable remuneration in 2011 and Euros 1,710 thousand in 2010 and Euros 3,660 thousand of total annual remuneration in 2011 and Euros 3,501 thousand in 2010. The total annual remuneration disclosed above represents 1.37% of consolidated net operating profit and 1.57% of consolidated profit before income tax for 2011 (1.39 % and 1.5%, respectively, in 2010).

As stated above, medium-term remuneration is governed by the three-year scheme approved in 2011 for the 2011-2013 period and consists of a cash incentive and a share-based payment.

The cash component of medium-term remuneration will, as is also noted above, be accrued and settled after the 2013 year end. In 2011 the Company has recognised a Euros 3,750 thousand for this cash payment, of which Euros 1,875 thousand relates to the executive directors. The provision recognised in 2010 totalled Euros 3,080 thousand, of which Euros 1,710 thousand related to the executive directors.

The chairman, vice-chairman and managing director (six months) accounted for 53%, 35% and 12%, respectively, of the executive director remuneration stated above for 2011 (the chairman 61% and the managing director 39% in 2010).

As stated above, in 2011 the shareholders authorised the board of directors to distribute, based on a proposal by the Appointments, Remuneration and Corporate Governance Committee, 174,137 shares to senior management (106,027 to executive directors) with a par value of Euros 10.82 each, reflecting the market value of the shares at the distribution date, 29 September 2011 (this allocation forms part of the distribution of 238,204 shares to 46 senior executives). In 2010 42,272 shares were distributed to senior management personnel (22,445 to executive directors) with a par value of Euros 15.03 each, reflecting the market value of the shares at the distribution date, 29 April 2010 (this allocation formed part of the distribution of 151,439 shares to 148 members of senior management as part of the "2008-2010 Share Plan"). The chairman, vice-chairman and managing director (six months) accounted for 48%, 32% and 20%, respectively, of the share allocations stated above for 2011 (the chairman 61% and the managing director 39% in 2010).
As no share options have been granted to senior management during 2011 or 2010, the only options held by senior management at the 2011 year end are the 934,959 options granted on 1 October 2008 (of which 463,415 are held by executive directors), on the same number of Company shares, equivalent to 0.57% of share capital. The exercise period for these options commenced on 1 January 2011 and ends on 31 March 2012. These options have a strike price of Euros 16.82, reflecting their market value at the distribution date, calculated (as agreed by the shareholders at their annual general meeting) as the average listed price between 27 June and 26 September 2008.

In 2010 and 2011 senior management personnel have not exercised any options on Parent company shares.

The Appointments, Remuneration and Corporate Governance Committee has recommended that senior management acquire Company shares on their own account in order to obtain and maintain a stable interest in the Company's share capital equivalent to at least their fixed annual remuneration. At the 2011 year end senior management holds 601,458 shares. The year-end market value of these shares is equivalent to 1.3 times the annual fixed remuneration received by senior management. The board of directors, through its Appointments, Remuneration and Corporate Governance Committee, requested an opinion on the remuneration of senior management from the independent firm Egon Zehnder. This firm, of recognised experience and prestige in this area, concluded that the remuneration scheme is "appropriate, with a moderate fixed component and a proportionately large variable component, as well as significant medium-term remuneration, largely linked to business performance". It also endorsed the Company's policy of "setting the remuneration criteria and framework for three-year periods".

In 2011 and 2010 neither the members of the board not any senior management personnel have received any benefits or remuneration other than those disclosed in this note. Neither the Parent company nor any of the group companies have any pension commitments with board members or senior management, nor have they extended any loans or advances to them.

Each member of senior management has signed a contract with the Parent company regulating the conditions of their employment. Since 2007, these contracts have been authorised by the board of directors after receipt of a favourable report and proposal from the Appointments, Remuneration and Corporate Governance Committee, and have been presented to the shareholders at their ordinary general meeting. By virtue of these contracts, should their professional relationship with the Company be terminated, except in the case of voluntary departure or when there are grounds for dismissal, members of senior management are entitled to compensation of between one and three-and-a-half times their total annual salary (the basic salary established in the contract). The minimum compensation is three years' salary in the case of the chairman and vice-chairman. Furthermore, the executive directors and general managers of operations have signed non-competition agreements, which are effective for two years from the termination of their professional relationship with the Company and entitle them to compensation of between 0.5 and 0.75 times their annual basic salary for each year of non-competition.

At the proposal of the board of directors, after a favourable report from the Appointments, Remuneration and Corporate Governance Committee, at the general meeting held in June 2011 the shareholders elected Mr Javier de Andrés as an executive board member. Mr de Andrés was subsequently appointed as the new managing director by the board of directors. Also in 2011, Mr Carlos Suárez was appointed as general manager. Mr Suárez's employment is governed by a contract signed with the Company based on the terms stated in the previous paragraph, which was first approved by the board of directors after a proposal by the Appointments, Remuneration and Corporate Governance Committee.

At the end of 2010, the Company announced the appointment of Mr Regino Moranchel as executive vice-chairman, while the general manager Mr Javier de Andrés was proposed as a candidate to replace him as managing director at the next general meeting. Consequently, the employment contract with Mr Regino Moranchel was adapted to include a commitment to remain with the Company until 2013 and the entitlement to receive the corresponding compensation 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. The general managers Mr Morales and Mr Uguet left the Company in 2010.

38. INFORMATION PROVIDED BY THE MEMBERS OF THE BOARD OF DIRECTORS AS REQUIRED BY AMENDED ARTICLE 229 OF THE SPANISH COMPANIES ACT

The information declared by the board members in relation to the obligations established in article 229 of the Spanish Companies Act, which will be analysed by the Committee, is as follows:

Name of board member	Company	Percentage ownership	Office or duties
Felipe Fernández [1]	Infocaja, S.L.	-	Chairman of the board of directors and chairman of the executive committee
Participaciones y Cartera de Inversión, S.L.	Eurobits Tecnologies, S.L.	49,99 [2]	Board member
Luis Lada	Telefónica I+D, S.A.U.	-	Board member

(1) Representative of the board member Administradora Valtenas, S.L.

(2) This interest is held indirectly through Bankia, S.A.

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 2011, including capitalised projects (see note 8), amounts to Euros 189,298 thousand, equivalent to 7.0% of the Group's total sales during the year. R&D&innovation expenses incurred by the Parent company during 2007 account for approximately 97% of total expenses of this nature incurred by the Group.

In 2010, R&D&innovation expenses amounted to Euros 184,106 thousand, equivalent to 7.2% 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 the protection or improvement of the environment and therefore have made no related provision for liabilities and charges in 2011 or 2010.

Similarly, 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 2011 and 2010.

Notwithstanding the above, one of the foundations of the Group'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 2011 and 2010, both with respect to work centres in Spain 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 certification relating to the aforementioned standard for work centres in Arroyo de la Vega (Alcobendas), San Fernando de Henares, Torrejón de Ardoz, Triángulo (Alcobendas), Aranjuez, Barcelona (calle Roc Boronat), Barcelona - Interface, La Coruña, Anabel Segura (Alcobendas) and Ciudad Real, in 2010 the Cerro de la Plata (Madrid) and Seville work centres were also certified. In 2011 certification has been obtained for the Erandio (Bilbao) work centre, which houses the activities of three Group companies (Indra Sistemas, S.A., Indra BMB, S.L.U. and Indra Software Labs, S.L.U.) and the Baracaldo (Bilbao) work centre, in which Indra Sistemas, S.A. and Indra BMB, S.L.U. carry out activities.

In addition to these three companies, Indra Sistemas de Seguridad, S.A.U. has also been certified to operate in the aforementioned centres.
With respect to international subsidiaries, in 2011 initiatives were carried out in two work centres in Buenos Aires belonging to Indra Argentina. This is a significant milestone in Indra's Globalisation Plan for corporate quality and environmental management systems, which commenced three years ago. Three Indra Colombia work centres in Bogotá obtained ISO4001 certification in 2010. This figure will be maintained over the coming years, with new environmental initiatives in the Group's international subsidiaries.

During 2011 the Group has implemented a number of environmental initiatives to improve the energy efficiency of its activities, as well as continuing with the scheme introduced in 2010 to monitor and measure the emissions generated by activities at Indra's facilities.

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 2011 and 2010:

	Thousands of Euros							
	2011				2010			
	KPMG Auditores, S.L.	KPMG Europe, LLP	Other KPMG companies	Total	KPMG Auditores, S.L.	KPMG Europe, LLP	Other KPMG companies	Total
Audit services	439	15	554	1.008	423	15	338	776
Other services	8	-	108	116	16	-	165	181
	447	15	662	1.124	439	15	503	957

Audit services detailed in the above table include the total fees for services rendered in 2011 and 2010, irrespective of the date of invoice.

Audit service fees charged by other auditors in 2011 total Euros 139 thousand (Euros 88 thousand in 2010).

42. **RELATED PARTY TRANSACTIONS**

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 38 of these regulations.

During 2011 and 2010 commercial, financial and service transactions were carried out with Banco Financiero y de Ahorros, Banca March (a major shareholder in Corporación Financiera Alba, S.A.), Liberbank and Gas Natural Fenosa (shareholder until April 2010), all of which are major shareholders or entities related to major shareholders, and with entities related to the board members Ms de Oriol and Mr Moya-Angeler (who left the board in June 2010).

These transactions have been authorised by the board of directors 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 statement of financial position at 31 December 2011 and 2010.

Details of transactions with shareholders and board members during the years ended 31 December 2011 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.

Nature of the transaction	2011 (Thousands of Euros) Shareholders	Board members	Other parties	Total 31.12.2011
Sale of goods and services	13.481	33	3.906	17.420
Purchase of goods and services	871	987	72	1.930
Interest received	6	-	-	6
Expenses for financial services	831	-	-	831
Expenses for professional services	-	-	-	-
	15.189	**1.020**	**3.978**	**20.187**

Nature of the transaction	2010 (Thousands of Euros) 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**

a)Transactions with shareholders

All transactions with shareholders were carried out with Banco Financiero y de Ahorros, S.A., Corporación Financiera Alba, S.A., Gas Natural Fenosa and Liberbank.

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

Purchases of goods and services reflects contracted services required for ordinary activity. The main services contracted from Gas Natural Fenosa were: electricity supply (Euros 2,146 thousand until April 2010) and the rental of buildings (Euros 405 thousand until April 2010).

Finance income reflects the interest received on current financial deposits with Bankia.

Expenses for financial services reflect expenses and interest on the management of guarantees, financial brokerage services and drawdowns from credit facilities with Grupo Banco Financiero y de Ahorros.

In 2011 and 2010 the Indra Group has held several financial contracts with Grupo Banco Financiero y de Ahorros and Banca March. Details of the main contracts are as follows:

- Grupo Banco Financiero y de Ahorros: a credit facility with annual maturity and a maximum limit of Euros 15,305 thousand in 2011 and Euros 27,250 thousand in 2010, respectively, and average drawdowns of Euros 12,064 thousand and Euros 13,861 thousand, respectively; a guarantee and credit card facility with annual maturity totalling Euros 78,065 thousand in 2011 and Euros 82,683 thousand in 2010; a payables discounting facility with annual maturity and a maximum limit of Euros 12,000 thousand in 2011 (not extended in 2010); financing of commercial operations totalling Euros 87,819 thousand in 2011 and Euros 69,819 thousand in 2010; an interest rate hedge for a maximum amount of Euros 15,060 thousand in 2011 and Euros 15,000 thousand in 2010.

- Banca March: a guarantee facility with annual maturity amounting to Euros 13,853 thousand in 2011 and Euros 12,743 thousand in 2010.

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

	Thousands of Euros	
	2011	2010
Banco Financiero y de Ahorros	22.329	21.669
Corporación Financiera Alba	11.183	10.854
Liberbank, S.A.	5.590	5.423
Casa Grande Cartagena	5.581	6.159

b) Transactions with board members

Purchases of goods and services include:

- Security services rendered by Seguriber, in which Ms de Oriol holds an indirect 41.85% interest and of which she is the sole administrator. The commercial relationship between Seguriber and the Indra Group dates back to before the appointment of Ms de Oriol as a board member. Amounts paid in 2011 and 2010 in this regard totalled Euros 987 thousand and Euros 980 thousand, respectively.

- The rental of a building in Torrejón de Ardoz, with a surface area of 4,226 m2, from Inmoan, S.A., of which Mr Moya-Angeler is the sole shareholder. The lease contract was signed in 1999 for a period of eight years and extended in December 2007. Euros 127 thousand was paid in the first half of 2010 in relation to this contract. The terms of the lease contract were negotiated with Mr Moya-Angeler prior to his appointment as a board member 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 Appointment, Remuneration and Corporate Governance Committee. At the general meeting held on 24 June 2010, the shareholders accepted Mr Moya-Angeler's resignation as a board member.

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

c) Other related party transactions

All other related party transactions are with Banco Inversis, a company in which Indra and Bankia hold respective interests of 12.77% and 38.48%.

d) Transactions with senior management

During 2011 and 2010 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

The following transactions were carried out with associates and business combinations in 2011 and 2010:

	2011 (Thousands of Euros)			
	Receivables	Payables	Income	Expenses
Associates	1.523	33.511	14.445	9.242
Joint ventures	5.557	7.029	20.690	15.916
	7.080	**40.540**	**35.135**	**25.158**

	2010 (Thousands of Euros)			
	Deurores	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**

Note: Receivables and payables comprise the amounts recognised at 31 December each year.

43. **SUBSEQUENT EVENTS**

No significant events have occurred since the statement of financial position date.

ANEXES

Details of Group companies at 31 December 2011
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Company	Registered offices	Activity
1.- Parent company		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
2.- Subsidiaries		
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid, Spain)	Engineering and maintenance of aerial defence systems and other related areas.
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 (Barcelona, Spain)	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, Spain)	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, Spain)	Management, engineering, commercialisation and sale of defence systems.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	Management, engineering, commercialisation and sale of defence systems.
Indra Software Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	Design, manufacture and testing of IT system development products.
Intos, S.A.U.	Calle Mallorca, 221-223 (Barcelona, Spain)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Administradora de Archivos, S A	Azuqueca de Henares (Guadalajara, Spain)	Professional file storage, management and processing services.
Teknatrans Consultores, S.L.	Portuetxe, 23 (Donostia, Spain)	Technical architecture and engineering services

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

Details of Group companies at 31 December 2011
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Company	Registered offices	Activity
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)	
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.
Politec Tecnología da Informacao SL	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Search Informatica Ltda	Brasilia (Brazil)	IT advisory and consultancy services for business management, software development and the sale of equipment and software
Ultracom Consultoría	Sao Paulo (Brazil)	Customisation, development, adaptation and maintenance of IT programs and systems. IT advisory, consultancy and training services; IT localisation services, software installation, implementation and technical support, software design and the sale of IT materials and accessories.
Politec Argentina	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Politec Chile	Santiago de Chile (Chile)	
Politec USA	Atlanta (United States)	
Indra Colombia LTDA.	Bogota (Colombia)	
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	
Soluziona Chile S.A.	Santiago de Chile (Chile)	
Soluziona C & S Holding, S.A. (Chile)	Santiago de Chile (Chile)	
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	
Indra Sistemas México S.A. de C.V.	México D.F. (Mexico)	

Details of Group companies at 31 December 2011

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<table>
<tr><th>Company</th><th>Registered offices</th><th>Activity</th></tr>
<tr><td>Indra Isolux Mexico, S.A. de C.V.</td><td>México D.F. (Mexico)</td><td>Signage services for motorways.</td></tr>
<tr><td>Azertia Tecnología de la Información México S.A.C.V.</td><td>México D.F. (Mexico)</td><td rowspan="10">Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.</td></tr>
<tr><td>Soluziona Mejico S.A. de C.V.</td><td>México D.F. (Mexico)</td></tr>
<tr><td>Indra Panamá, S.A. (Panama)</td><td>Panama</td></tr>
<tr><td>Indra Company SAC</td><td>Lima (Peru)</td></tr>
<tr><td>Indra Perú, S.A.</td><td>Lima (Peru)</td></tr>
<tr><td>Soluciones y Servicios Indra Company Uruguay S.A.</td><td>Montevideo (Uruguay)</td></tr>
<tr><td>Indra USA Inc.</td><td>Philadelphia (USA)</td></tr>
<tr><td>Indra Systems, Inc.</td><td>Orlando (USA)</td></tr>
<tr><td>Azertia Tecnologías de la Información Venezuela S.A.</td><td>Caracas (Venezuela)</td></tr>
<tr><td>Azertia Gestión de Centros Venezuela S. A.</td><td>Caracas (Venezuela)</td><td>Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology, and document management services.</td></tr>
<tr><td>Seintex Consultores S.A (Venezuela)</td><td>Caracas (Venezuela)</td><td>Design, development, production, integration and maintenance of systems, solutions and services based on information technology for the legal sector.</td></tr>
<tr><td>Soluziona, S.P., C.A. (Venezuela)</td><td>Caracas (Venezuela)</td><td>Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.</td></tr>
<tr><td>AC-B Air Traffic Control & Business Systems GmbH (Germany)</td><td>Germany</td><td>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.</td></tr>
<tr><td>Avitech AG</td><td>Germany</td><td>Design, development, production and maintenance of navigation, landing and air traffic control systems.</td></tr>
<tr><td>Indra Italia Spa</td><td>Rome (Italy)</td><td>Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.</td></tr>
<tr><td>Indra Italia Lab SRL</td><td>Rome (Italy)</td><td>Information technology products and projects and other related activities.</td></tr>
</table>

Details of Group companies at 31 December 2011
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Company	Registered offices	Activity
Avitech AG 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 Czech Republic s.r.o.	Prague (Czech Republic)	
Indra Eslovakia, a.s.	Bratislava (Slovakia)	
Indra France SAS	Paris (France)	Design, development, production and maintenance of navigation, landing and air traffic control systems.
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 (Moldova)	
Indra Sistemas Polska sp.z.o.o	Warsaw (Poland)	
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	
Longwater Systems LTD	London (United Kingdom)	
Elektrica Soluziona S.A. (Romania)	Bucharest (Romania)	
Indra Ucrania L.L.C.	Kiev (Ukraine)	
Indra Kazakhstan Engineering Llp	Astana (Kazakhstan)	
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	
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 Technology Solutions Malasya Sdn Bhd	Kuala Lumpur (Malaysia)	

Company	Registered offices	Activity
Indra Indonesia	Jakarta (Indonesia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas India Private Limited	New Dheli (India)	
Indra Bahrain Consultancy SPC	Manama (Bahrain)	
Indra Sistemas Magreb S.A.R.L	Rabat (Morocco)	
Indra Limited (Kenya)	Nairobi (Kenya)	
Soluziona Professional Services (Private) LTD	Harare (Zimbabwe)	
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, Spain)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services.
BMB Gestión Documental Canarias, S.L.	Calle Tomás Miller, 47- 49 (Las Palmas de G. Canaria, Spain)	Management of back-office processes (BPO) for financial entities.
Indra BMB Servicios Digitales, S.A.	Pº. De Gracia 55. Barcelona (Spain)	Data capture and digitisation.
Cob Barcelona, S.L.	Calle Caspe, 12-12 (Barcelona, Spain)	Business management and IT services to third parties.
OUAKHA Services, Saarl AU (Morocco)	Tangier (Morocco)	Management of back-office processes (BPO) for financial entities.
Viálogos Servicios de Comunicación, S.L.	Carretera de Zaragoza, 3. Cordovilla (Navarra, Spain)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services
Tasai, S.A.	Parque Tecnologico de Derio, 807 PB. Derio (Vizcaya, Spain)	
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.
Europraxis Atlante, S.L.	Calle Carabela la Niña, 12 (Barcelona, Spain)	Professional services consisting of business, technological and solutions consulting.
Tourism & Leisure Advisory Service, S.L.	Calle Carabela la Niña, 12 (Barcelona, Spain)	Professional tax, financial, industrial and technical advisory and consultancy services for all types of companies and organisations.

Company	Registered offices	Activity
Advanced Logistics Group, S.A.	Copmte de Urgell 240 (Barcelona, Spain)	Preparation of studies, technical projects and reports on transport engineering, consulting and logistics.
Mensor Consultoría y Estrategia S.L.	Anabel Segura 11, Alcobendas (Madrid, Spain)	Consultancy, strategy, management and support services in the development and implementation of technology solutions for companies, as well as teaching activities and continuous training for post-graduates and professionals.
Europraxis ALG Maroc	Morocco	Professional services consisting of business, technological and solutions consulting.
Europraxis ALG Consulting Brasil, Ltda.	Sao Paulo (Brazil)	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.
Advanced Logistic Group Andina, S.A.C. (Peru)	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, Spain)	Engineering and consultancy services mainly in relation to the environment, transport, construction, water and industry.
Prointec Hidrógeno, S.L.	Carril Ruipérez 52 (Murcia, Spain)	Technical engineering and consultancy services related to hydrogen and oxygen.
Geoprin, S.A.	Avda de Burgos 12 (Madrid, Spain)	Technical geological services.
Inse-Rail, S.A.	Avda de Burgos 12 (Madrid, Spain)	Technical engineering services
GICSA-Goymar Ingenieros Consultores, S.L.	Avda de Burgos 12 (Madrid, Spain)	Technical engineering services
Procinsa Ingeniería, S.A.	Santa Susana 3, Oviedo	Technical engineering services
MECSA - Marcial Echenique y Compañía, S.A.	Avda de Burgos 12 (Madrid, Spain)	Technical engineering services
Prointec Diseño y Construcción, S.A.	Avda de Burgos 12 (Madrid, Spain)	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, Spain)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.

Company	Registered offices	Activity
Prointec Extremadura, S.L.	José Luís Cotallo 1 (Cáceres, Spain)	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 architecture and engineering 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.
Prointec Civil Engineering Consultancy (Ireland)	Dublin (Ireland)	Civil engineering services and consultancy.
Consis Proiect SRL	Bucharest (Romania)	
Prointec Romaría S.R.L. (Romania)	Bucharest (Romania)	
3.- Joint ventures		
I3 Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastian de los Reyes (Madrid, Spain)	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, Spain)	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)	
UTE Indra EWS/STN Atlas Leopard 2	Calle Joaquín Rodrigo, 11 Aranjuez (Madrid, Spain)	Development, supply, installation, integration and maintenance of the Leopard 2 tank combat system.
UTE Manteniment Rondes	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	Maintenance of the Llobegrat-Morrot node.
UTE Saih Sur	Avenida del General Perón, 36 (Madrid, Spain)	Maintenance of the Cadiz-Malaga-Granada-Almeria South automated hydrological information system (SAIH) network.
UTE Jocs del Mediterrani	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	Contract for the operation and development of lotteries for the Catalonia Regional Government, organised and managed by its autonomous games and lotteries entity.
UTE Estrada	Valgrande 6 (Madrid, Spain)	Operation and management of the National Automated Traffic Enforcement Centre.

Company	Registered offices	Activity
UTE Giss 11	Avenida de Bruselas, 35 Alcobendas (Madrid, Spain)	IT services for the management of the Social Security IT platform.
UTE Cledi 2	Avda. Manoteras, 46 bis (Madrid, Spain)	IT support services to health authority personnel for the various administration systems operated in the course of their work.
UTE Área Metropolitana	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria (Spain)	Road maintenance services in the metropolitan area of Gran Canaria.
UTE Alta Capacidad	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria (Spain)	Maintenance of high-capacity roads in Gran Canaria.
UTE Zona Norte	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria (Spain)	Road maintenance services in the north of Gran Canaria.
UTE Mantenimiento Las Palmas	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria (Spain)	Road, pavement, square and pedestrianised area maintenance services in Las Palmas de Gran Canaria.
UTE Segura XXI-II	C/ Sepúlveda, 6 Pol. Ind. Alcobendas, Alcobendas (Madrid, Spain)	Maintenance and operation of the automated hydrological information system (SAIH) of the Segura watershed (Murcia, Albacete, Alicante, Almeria and Jaen).
UTE CIC TF	C/Ramón y Cajal nº3. Santa Cruz de Tenerife (Spain)	Road information and maintenance centre.
UTE Endesa Ingnieria-Indra Sistemas	Avda. Montesierra nº 36, 1ª planta. Seville (Spain)	Co-ordination of technical information in managing incidents in the distribution networks of Sevillana Endesa, Fecsa Endesa and any other Endesa Group company in Spain.
UTE CEIDECOM	Pol. Industrial Bembibre. Parque Ind. Alto de San Román. Bembibre. León (Spain)	Execution of 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).
UTE Indra-Eurocopter	Avenida de Bruselas 35, Alcobendas (Madrid, Spain)	Survival equipment for the Spanish navy air fleet HU-21 helicopter (AS-332, AS-532 UL).
UTE Saih CHJ	C/ Polígono 43, Aldaya (Valencia, Spain)	Operation, maintenance, renovation and upkeep of the automated hydrological information system (SAIH) network of the Jucar basin.
UTE Instalación VSM Instalazioak	C/ Henao 2 (Bilbao, Spain)	Construction of the control centre installations of the Variante Sur Metropolitana motorway.

Company	Registered offices	Activity
4.- Associates		
Saes Capital, S.A.	Paseo de la Castellana 55 (Madrid, Spain)	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.
Trias Beltrán 4, S.L.	Calle Alcalá 261-265 (Madrid, Spain)	Lease of the office premises located at Plaza Carlos Trias Beltran, 4, Madrid.
Jood Consulting, S.L.	Avenida de Cataluña 9 (Valencia, Spain)	Sale of information technology services in Arab countries.
Tower Air Traffic Services, S.L.	Carretera de Loeches 9, Torrejon de Ardoz (Madrid, Spain)	Airfield transit services, managing traffic or airborne craft.
A4 Essor, S.A.S.	Paris (France)	Development of a security programme for radiocommunications.
Indra Sistemas de Teserorería, S.L.	Pº de la Castellana 89 (Madrid, Spain)	Design, development, production, integration, operation, repairs and maintenance and marketing of systems, solutions and products based on the use of information technology. Professional services consisting of business, management, technology and training consultancy.
Oyauri Investment, S.L.	Duque de Sevilla 11 (Madrid, Spain)	Investment in companies operating in the information technology and communications sector.
Idetegolf, S.A.	Julio Sáez de la Hoya 7 (Burgos, Spain)	Design, management and construction of sports facilities.
Gestión de Recursos Eólicos Riojanos, S.L.	Avda. Gran Vía Rey Juan Carlos I (Logroño, Spain)	Generation - particularly from wind power - transport and distribution of electricity.
Aerobus Arapiles, S.L.	Avda. Burgos 12 (Madrid, Spain)	Services for the installation of elevated railway systems with low environmental impact.
Eólica Marítima y Portuaria, S.L.	Claudio Coello 43 (Madrid, Spain)	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 (Majorca, Spain)	Installation of power generation systems.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño (La Rioja, Spain)	Study, promotion, development and execution of innovative projects relating to the environment and energy generation.
Logística marítima de Tuxpan S.A.P.I. de C.V.	Veracruz (Mexico)	Engineering and consultancy services rendered to port infrastructures.

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
1.- Parent company						
Indra Sistemas				1,073,035	2,029,774	205,526
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	2,806	15,385	1,869
Indra Sistemas de Seguridad, S.A.	100%	-	100%	5,053	26,236	1,212
Indra Sistemas de Comunicaciones Seguras, S.L.	-	100%	100%	9,209	3,172	1,382
Inmize Capital, S.L.	80%	-	80%	1,558	-	-5
Inmize Sistemas, S.L.	-	50%-	100%	6,638	2,947	697
Indra Software Labs, S.L.	100%	-	100%	33,315	153,759	12,141
Intos, S.A.U.	100%	-	100%	1,78	4,593	112
Administradora de Archivos, S A	100%	-	100%	6,477	10,907	1,790
Teknatrans Consultores, S.L.	100%	-	100%	647	861	169
BMB Group	**100%**	**-**	**100%**	**18,682**	**137,777**	**8,738**
Europraxis Group	**100%**	**-**	**100%**	**38,562**	**62,026**	**3,424**
Prointec, S.A. Group	**60%**	**-**	**60%**	**20,756**	**-72,158**	**-246**
Indra SI, SA	100%	-	100%	7,560	56,520	2,921
Azertia Tecnología de la Información Argentina S.A.	100%	-	100%	2,060	11,661	-979
Computación Ceicom	100%	-	100%	3,555	9,093	599
Indra Brasil, LTDA	100%	-	100%	6,757	55,855	-38,256
Indra P+D Brasil LTDA	100%	-	100%	7,107	21,015	2,113
Politec Group	**100%**	**-**	**100%**	**-34,915**	**39,104**	**-447**
Indra Colombia LTDA.	100%	-	100%	7,669	43,325	1,613

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
Indra Sistemas Chile, S.A.	100%	-	100%	3,526	32,691	1,145
Soluziona Chile S.A.	100%	-	100%	-95	1,717	-836
Soluziona C&S Holding S.A.	-	100%	100%	1,280	10	-369
Soluziona S.A. Guatemala	100%	-	100%	286	-	-12
Indra Sistemas México, S.A. de C.V.	100%	-	100%	4,72	52,203	35
Azertia Tecnología de la Información México S.A. de C.V.	100%	-	100%	9,501	23,348	1,400
Soluziona México S.A. de C.V.	100%	-	100%	-125	10,577	1,177
Indra Panama, S.A.	100%	-	100%	2,445	6,690	-427
Indra Company Perú SAC	100%	-	100%	1,101	10,949	438
Indra Perú, S.A.	75%	-	75%	8,729	32,850	3,821
Soluciones y Servicios Indra Company Uruguay S.A.	100%	-	100%	1,656	3,807	100
Indra USA, Inc	100%	-	100%	996	10,619	664
Indra Systems, Inc	100%	-	100%	-13,599	2,026	-3,189
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100%	5,602	7,972	11
Azertia Gestión de Centros Venezuela, S.A.	100%	-	100%	-993	3,413	-1,261
Seintex Consultores S.A. (Venezuela)	100%	-	100%	1,778	11	-221
Soluziona SP, C.A. Venezuela	100%	-	100%	4,384	14,830	-2,473

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
AC-B Air Traffic Control & Business Systems GmbH (Germany)	100%	-	100%	699	1,737	234
Avitech AG	100%	-	100%	3,061	9,657	755
Indra Italia Spa (Visiant Galyleo Spa)	78%	-	-	5,332	23,395	1,112
Indra Czech Republic s.r.o.	100%	-	100%	2,434	10,668	149
Indra Eslovakia, a.s.	100%	-	100%	639	3,105	40
Indra France Sas	100%	-	100%	189	3,02	-86
Indra Hungary K.F.T.	100%	-	100%	150	304	-212
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	1,269	948	32
Indra Polska Sp.z.o.o	100%	-	100%	-51	-	-
Indra Sistemas Portugal, S.A.	100%	-	100%	6,566	36,544	581
Longwater Systems Ltd	100%	-	100%	-721	-	-18
Electrica Soluziona S.A. (Romania)	51%	-	51%	1,237	3,988	347
Indra Ukraine L.L.C.	-	100%	100%	-420	18	-48
Indra Kazakhstan Engineering Llp	51%	-	-	1,225	-	-
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	,1244	2,575	212
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70%	850	460	-401
Indra Philippines INC	50%	-	50%	7,627	16,253	1,400
Indra Technology Solutions Malasya Sdn Bhd.	100%	-	-	97	-	-24
Indra Indonesia	100%	-	-	368	-	-1
Indra Bahrain Consultancy SPC	100%	-	-	4,027	14,750	3,664
Indra Sistemas Magreb S.A.R.L.	100%	-	100%	263	1,312	256
Indra Limited (Kenya)	100%	-	100%	2,61	2,857	455
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Sistemas India Private Limited	100%	-	100%	3,234	18,486	512
Indra Sistemas India Private Limited	100%	-	100%	-7	6,144	-1,396

	% ownership					
Company	Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
3.- Joint ventures						
I-3 Televisión S.L.	50%	-	50%	89	3,278	-18
IRB Riesgo Operacional S.L.	33%	-	33%	423	138	-37
IESSA (Brazil)	50%	-	50%	1,08	6,611	220
UTE Indra EWS/STN Atlas Leopard 2	60,00%	-	60%	-	1,114	-
UTE Manteniment Rondes	30,00%	-	30%	254	4,236	251
UTE Saih Sur	35,00%	-	35%	3	-	-
UTE Jocs del Mediterrani	49,00%	-	49%	-7,051	2,979	-571
UTE Estrada	33,00%	-	33%	6	3,061	-
UTE Giss 11	35,00%	-	35%	-8	301	-1
UTE Cledi 2	40,00%	-	40%	43	-	37
UTE Área Metropolitana	20,00%	-	20%	438	4,096	429
UTE Alta Capacidad	20,00%	-	20%	787	3,992	778
UTE Zona Norte	10,00%	-	10%	131	1,567	122
UTE Mantenimiento Las Palmas	10,00%	-	10%	-243	1,340	-252
UTE Segura XXI-II	35,00%	-	35%	1,010	1,589	41

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
UTE Indra-Eurocopter ECE	63,00%	-	63%	-14	5,879	-
UTE Saih CHJ	25,00%	-	25%	117	2,132	114-
UTE Endesa Ingnieria-Indra Sistemas	49,00%	-	49%	232	-	
UTE CIC-TF	50,00%	-	50%	189	711	183
UTE CEIDECOM	60,00%	-	60%	-464	70	-378
UTE Instalación VSM Instalazioak	25,00%	-	25%	1,718	12,906	1,708
UTE Mantenimiento Semafórico de Torrejón de Ardoz	50,00%	-	50%	-44	123	-44
UTE CTDA	33,00%	-	33%	-	3,702	-
UTE IND. AMB. DELTA DEL EBRO	33,00%	-	33%	144	8,269	138
UTE SALLEN	70,00%	-	70%	132	743	132
4.- Associates						
Saes Capital, S.A.	49,00%	-	49%	-	-	-
Eurofighter Simulation System GmbH	26,00%	-	26%	-	-	-
Euromids SAS	25,00%	-	25%	-	-	-
A4 Essor SAS	21%	-	21%	-	-	-
Tower Air traffic	50%		50%	-	-	-
Indra Sistemas de Tesorería, S.A.	33%		33%	-	-	-
Oyauri Investmet, S.L.	49%		49%	-	-	-
						214,791

	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individ. profit/(loss) after tax**
BMB GROUP COMPOSITION						
2.- Subsidiaries						
Indra BMB S.L.				12,219	96,080	-9,581
BMB Gestión Documental Canarias, S.L.	70%	-	70%	-151	1,116	-137
OUAKHA Services, Saarl AU (Morocco)	100%	-	100%	-240	-	-61
Indra BMB Servicios Digitales, S.A.	100%	-	100%	5,84	34,559	89
Cob Barcelona, S.L.	100%	-	100%	4,678	13,491	1,157
Viálogos Servicios de Comunicación, S.L.	100%	-	100%	2,273	3,703	509
TASAI, S.A.	100%	-	100%	-862	2,523	-742
IFOS (Argentina)	80%	-	80%	65	2,121	54
4.- Associates						
Trias Beltran, S.L.	40%	-	40%	-	-	-

EPX GROUP COMPOSITION						
2.- Subsidiaries						
Europraxis Atlante, S.L.	-	-		40,539	37,605	3,412
Tourism & Leisure Advance Service, S.L.	70%	-	70%	735	4,535	-291
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100%	175	292	-13
Europraxis ALG Consulting, Ltda. (Brasil)	99,99%	0,01%	100%	-1,416	3,660	-1,457
Advanced Logistics Group, S.A.	100%	-	100%	406	13,363	-188
Europraxis Consulting, S.R.L.	100%	-	100%	557	1,942	248
Europraxis ALG Consulting México SA de CV	100%	-	100%	442	1,228	256
Advanced Logistics Group Andina	-	90%	90%	687	705	-582
Advanced Logistics Group Venezuela	-	90%	90%	2,878	2,180	1,133
Mensor Consultoría y Estrategia S.L.	80%	-	80%	-1,137	1,258	522

	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individ. profit/(loss) after tax**
POLITEC GROUP COMPOSITION						
2.- Subsidiaries						
Indra Politec				-33,473	39,104	-1,697
Search Informática Ltda.	51%	-	51%	-377	183	131
Politec U.S.A.	100%	-	100%	-138	931	-219
Ultracom-Consultoría em Tecnología da InformaÇao Ltda.	100%	-	100%	1,968	1,164	31
Politec Chile	100%	-	100%	414	487	-19
Politec Argentina	100%	-	100%	329	422	26
		-				
PROINTEC GROUP COMPOSITION						
2.- Subsidiaries						
Prointec, S.A.				22,694	60,691	1,211
Prointec Hidrógeno, S.L.	60%	-	60%	-2	-	-5
Consis Proiect SRL (Romania)	100%	-	100%	1,606	2,239	36
Geoprin, S.A.	99,99%	0,01%	100%	-1,380	717	-537
GICSA-Goymar Ingenieros Consultores, S.L.	99,80%	0,20%	100%	-574	527	-576
Ingenieria de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	-264	1,678	-467
Inse Rail, S.A.	90%	-	90%	3,028	1,488	74

Mecsa, S.A.	99,00%	1%	100%	-132	1,049	-455
Procinsa Ingeniería, S.A.	99%	1%	100%	1,045	1,242	49
Prointec Civil Engineering Consultancy (Ireland)	100%	-	100%	629	92	24
Prointec Romaría S.R.L. (Romania)	100%	-	100%	-124	596	-282
Prointec Engenharia, Ltda.	99,99%	-	100%	-449	225	-393
Prointec Panama	75%	-	75%	-	-	-
Prointec Extremadura, S.L.	96,80%	3%	100%	-18	66	-20
Prointec Diseño y Construcción, S.A.	99%	1%	100%	-776	1,033	-762
Unmanned Aircraft Technologies, S.A.	51%	-	51%	92	331	26
Prointec USA	100%	-	100%	108	900	77
4.- Associates						
Idetegolf, S.A.	33%	-	33%	-	-	-
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16%	-	-	-
Iniciativas Bioenergéticas, S.L.	-	20%	20%	-	-	-
Eólica Marítima y Portuaria, S.L.	-	20%	20%	-	-	-
Huertas de Binipark	100%	-	25%	-	-	-

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
1.- Parent company						
Indra Sistemas, S.A.				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
Indra Sistemas de Comunicaciones Seguras, S.L.	-	100%	100%	8,846	3,654	1,025
Inmize Capital, S.L.	80%	-	80%	1,563	-	-4
Inmize Sistemas, S.L.	-	50%	50%	5,94	3,200	721
Indra Software Labs, S.L.	100%	-	100%	25,84	125,588	7,008
Intos, S.A.U.	100%	-	100%	2,388	5,653	720
Internet Protocol Sistemas Net, S.A.	100%	-		6,432	10,743	381
Administradora de Archivos S A	100%	-		7,643	10,476	1,706
Alanya Healthcare Systems S.L.U.	100%	-		-18	-	-21
BMB Group	**93,50%**	**-**	**94%**	**27,48**	**157,655**	**-5,826**
Europraxis Group	**100%**	**-**	**100%**	**35,16**	**58,766**	**6,291**
Prointec, S.A. Group	**60%**	**-**	**60%**	**20,47**	**90,980**	**-6,504**
Indra SI, SA	100%	-	100%	4,207	40,542	1,893
Azertia Tecnología de la Información Argentina S.A.	100%	-	100%	-284	11,692	-127
Soluziona S.A Argentina	100%	-		595	2,254	-744
Computación Ceicom	100%	-	100%	3,093	6,640	484
Indra Brasil, LTDA	100%	-	100%	7,129	47,729	1,243

Indra P+D Brasil LTDA	100%	-	100%	920	6,687	558
Indra Colombia LTDA.	100%	-	100%	6,150	29,883	604
Indra Sistemas Chile, S.A.	100%	-	100%	2,474	29,291	-63
Soluziona Chile S.A	100%	-	100%	-2,383	3,57	163
Soluziona C&S Holding S.A	-	100%	100%	1,71	-	-66
Soluziona S.A Guatemala	100%	-	100%	-119	-	-41
Indra Sistemas México, S.A. de C.V.	100%	-	100%	5,112	61,211	3,867
Azertia Tecnología de la Información México S.A. de C.V.	100%	-	100%	8,903	29,34	2,118
Soluziona México S.A. de C.V.	100%	-	100%	-1,365	7,692	-1,241
Indra Panama, S.A.	100%	-	100%	2,812	6,411	39
Indra Company Perú SAC	100%	-	100%	585	6,547	350
Indra Perú, S.A.	75%	-	75%	4,323	20,087	3,174
Soluziona Uruguay, S.A.	100%	-	100%	1,398	3,642	69
Indra USA, Inc	100%	-	100%	-955	4,234	-1,442
Indra Systems, Inc	100%	-	100%	-9,849	7,571	-5,719
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
Seintex Consultores S.A. (Venezuela)	100%	-	100%	1,441	128	-572
Soluziona SP, C.A. Venezuela	100%	-	100%	5,223	14,255	1,404

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Indra Sistemas de Seguridad, S.A.	100%	-	100%	3,818	12,787	-174
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Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
AC-B Air Traffic Control & Business Systems GmbH (Germany)	100%	-	100%	465	1,795	190
Avitech AG	100%	-	100%	2,865	8,591	449
Indra Czech Republic s.r.o.	100%	-	100%	2,336	10,660	169
Indra Eslovakia, a.s.	100%	-	100%	598	3,235	55
Indra France Sas	100%	-	100%	275	1,351	225
Indra Hungary K.F.T.	100%	-	100%	383	296	-59
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	1,166	1,004	32
Indra Polska Sp.z.o.o	100%	-	100%	-36	-	-15
Indra Sistemas Portugal, S.A.	100%	-	100%	5,985	36,089	984
Longwater Systems Ltd	100%	-	100%	-682	-	-127
Electrica Soluziona S.A. (Romania)	51%	-	51%	1,197	3,478	577
Indra Ukraine L.L.C.	-	100%	100%	-359	96	-4
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 Philippines INC	50%	-	50%	6,177	15,748	1,005
Indra Sistemas Magreb S.A.R.L.	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 Australia Pty Limited	100%	-	100%	2,604	9,689	-464
Indra Sistemas India Private Limited	100%	-	100%	-112	1,208	-187

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
3.- Joint ventures						
I-3 Televisión S.L.	50%	-	50%	107	3,403	50
IRB Riesgo Operacional S.L.	33%	-	33%	462	1	-94
IESSA (Brazil)	50%	-	50%	945	2,512	-119
UTE Indra EWS/STN Atlas Leopard 2	60%	-	-	-	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	3,75	312
UTE Alta Capacidad	20%	-	-	1,175	4,598	1,166
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 EC	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

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
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%	-	-	-
						213,768
BMB GROUP COMPOSITION						
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 (Morocco)	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%	2,28	3,661	866
Viálogos Servicios de Comunicación, S.L.	100%	-	100%	1,764	2,319	139
Tasai, S.A.	100%	-	100%	-227	939	13
IFOS (Argentina)	80%	-	80%	9	348	6
Inforsistem, S.A.	100%	-	100%	4,41	5,052	893
Programarius, S.L.	-	100%	100%	-4	-	-5

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
4.- Associates						
Trias Beltran, S.L.	40%	-	40%	-	-	-
EPX GROUP COMPOSITION						
2.- Subsidiaries						
Europraxis Atlante, S.L.				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%	1,70	2,350	508

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individ. profit/(loss) after tax
PROINTEC GROUP COMPOSITION						
2.- Subsidiaries						
Prointec, S.A.				21,574	72,557	-5,035
Prointec Hidrógeno, S.L.	60%	-	60%	3	-	-1
Consis Proiect SRL (Romania)	60%	-	100%	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%	0,20%	100%	-48	1,142	-103
Ingenieria de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	406	1,183	10
Inse Rail, S.A.	90%	-	90%	2,905	2,228	141
Mecsa, S.A.	99%	1%	100%	339	2,239	-73
Procinsa Ingeniería, S.A.	99%	1%	100%	982	1,256	29
Prointec Civil Engineering Consultancy (Ireland)	100%	-	100%	604	643	16
Prointec Concesiones y Servicios	97,08%	2,91%	100%	-271	-	-76
Prointec Romaría S.R.L. (Romania)	####	-	100%	-	-	-
Prointec Engenharia, Ltda.	99,99%	-	100%	14	1,102	-160

Prointec Panama	75%	-	75%	-	-	-
Prointec Extremadura, S.L.	96,80%	3%	100%	-11	159	20
Teknatrans Consultores, S.L.	99%	1%	100%	452	1,463	202
Prointec Diseño y Construcción, S.A.	99%	1%	100%	-23	858	-14
Unmanned Aircraft Technologies, S.A.	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%	-	-	-