


CONSOLIDATED ANNUAL ACCOUNTS

02



Consolidated Balance Sheets

at 31 December 2009 and 2008

(Thousands of Euros)

Assets	Nota	2009	2008
Property, plant and equipment	6	140,375	139,077
Goodwill	7	440,187	431,561
Intangible assets	8	133,638	87,327
Investments accounted for using the equity method	10	5,807	7,083
Other investments	11	35,588	36,099
Deferred tax assets	33	31,269	32,416
Total non-current assets		786,864	733,563
Inventories	12	197,528	199,777
Other financial assets	13	44,336	43,930
Current tax assets	33	14,273	15,406
Trade and other receivables	14	1,379,823	1,445,587
Cash and cash equivalents	15	66,500	23,160
Assets held for sale	16	205	205
Total current assets		1,702,665	1,728,065
Total assets		2,489,529	2,461,628

(Thousands of Euros)

Equity and Liabilities	Note	2009	2008
Share capital	17	32,826	32,826
Share premium		375,955	375,955
Reserves	17	14,185	22,197
Treasury shares	17	(14,165)	(64,566)
Translation differences	17	2,115	940
Retained earnings	17	325,292	231,621
Profit for the year attributable to the Parent company	17	195,590	182,419
Equity attributed to the Parent company		931,798	781,392
Minority interests	17	45,335	42,172
Total equity		977,133	823,564
Loans and borrowings	19	101,852	46,835
Other financial liabilities	20	4,836	6,312
Subvenciones de capital	21	34,412	25,919
Provisions for liabilities and charges	22	16,878	2,622
Deferred tax liabilities	33	38,232	31,096
Total non-current liabilities		196,210	112,784
Loans and borrowings	23	99,199	125,441
Trade and other payables	24	1,013,335	1,126,172
Current tax liabilities	33	23,501	35,323
Other liabilities	25	180,151	238,344
Total current liabilities		1,316,186	1,525,280
Total equity and liabilities		2,489,529	2,461,628

The accompanying notes form an integral part of the consolidated annual accounts for 2009.

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

Consolidated Income Statements

for the years ended 31 December 2009 and 2008

Thousand of Euros	Note	2009	2008
Revenue	26	2,513,247	2,379,565
Work performed by the Group and capitalised		49,495	39,210
Other revenue		11,107	19,577
Changes in inventories of finished goods and work in progress		(256)	71,13
Materials and other supplies	27	(860,493)	(879,038)
Personnel expenses	28	(1,006,862)	(977,813)
Other operating expenses		(376,643)	(343,512)
Other losses on non-current assets	29	(2,152)	(916)
Amortisation and depreciation	6 and 8	(42,039)	(37,736)
Results from operating activities		285,404	270,468
Finance income		1,712	5,048
Finance expenses		(26,613)	(27,925)
Share of profits in other investees	30	387	3,095
Net finance expense		(24,514)	(19,782)
Profit/(loss) of equity-accounted investees	10	(146)	373
Profit before tax		260,744	251,059
Income tax	33	(62,745)	(64,978)
Profit for the year		197,999	186,081
Profit attributable to the Parent company		195,590	182,419
Profit attributable to minority interests	17	2,409	3,662
Basic earnings per share (Euros)	18	1.2144	1.1394
Diluted earnings per share (Euros)	18	1.2144	1.1394

Statements of Comprehensive Income

for the years ended 31 December 2009 and 2008

Thousand of Euros	Note	2009	2008
Profit for the year		197,999	186,081
Other comprehensive income			
Translation differences		706	(1,103)
Cash flow hedges		(893)	(1,973)
Tax effect		268	592
Other comprehensive income, net of income tax		81	(2,484)
Total comprehensive income for the year		198,080	183,597
Total comprehensive income attributable to the Parent Company		195,971	180,395
Total comprehensive income attributable to minority interests		2,109	3,202

Consolidated Statements of Changes in Equity

for the years ended 31 December 2009 and 2008

	Share capital	Share premium	Other reserves	Treasury shares	Translation Differences	Retained	Total	Minority interests	Total
Balance at 31.12.07	32,826	375,955	18,683	(42,887)	1,839	310,193	696,609	42,050	738,659
Distrubution of profit for 2007									
- Dividends	-	-	-	-	-	(79,772)	(79,772)	(3,133)	(82,905)
Treasury share transactions (note 17)	-	-	4,515	(21,679)	-	-	(17,164)	-	(17,164)
Changes in consolidated group	-	-	-	-	-	-	-	124	124
Other increases and decreases	-	-	124	-	-	1,200	1,324	(71)	1,253
Total comprehensive income for the year	-	-	(1,125)	-	(899)	182,419	180,395	3,202	183,597
Balance at 31.12.08	32,826	375,955	22,197	(64,566)	940	414,040	781,392	42,172	823,564
Disribution of profit for 2008:									
- Dividends	-	-	-	-	-	(98,925)	(98,925)	(1,698)	(100,623)
Treasury share transactions (note 17)	-	-	1,278	50,401	-	-	51,679	-	51,679
Changes in consolidated group	-	-	-	-	-	-	-	3,061	3,061
Transfers between reserves	-	-	(8,845)	-	-	8,845	-	-	-
Other increases and decreases	-	-	349	-	-	1,332	1,681	(309)	1,372
Total comprehensive income for the year	-	-	(794)	-	1,175	195,590	195,971	2,109	198,080
Balance at 31.12.09	32,826	375,955	14,185	(14,165)	2,115	520,882	931,798	45,335	977,13

Statements of Cash Flows

for the years ended 31 December 2009 and 2008

(Thousands of Euros)	2009	2008		2009	2008
Profit before income tax	260,744	251,059	Payments for acquisition of non-current assets		
Adjustments for:			Property, plant and equipment	(28,764)	(29,095)
- Amortisation and depreciation, provisions			Intangible assets	(50,990)	(38,134)
and capital grants	50,147	37,367	Investments	(20,714)	(17,914)
- Other profit/(loss) on non-current assets	1,766	(2,180)	Proceeds from sale of non-current assets		
- Share of profit/(loss) of associates	146	(373)	Property, plant and equipment	-	2,570
- Net finance income	24,899	22,877	Investments	552	259
- Dividends received	170	92	Interest received	1,368	3,208
Operating profit before change in working capital	337,872	308,842	Other cash flows from investing activities	558	-
Changes in trade and other receivables	(50,924)	7,238	Cash flows used in investing activities	(97,990)	(79,106)
Changes in inventories	3,040	(71,679)	Changes in treasury shares	12,880	(21,461)
Variación en acreedores comerciales y otros	(18,529)	(13,091)	Dividends of subsidiaries paid to minority interests	(2,087)	(2,612)
Cash flows used in operating activities	(66,413)	(77,532)	Dividends of the Parent company	(98,925)	(79,772)
Income tax paid	(61,747)	(32,069)	Increase in capital grants	16,028	10,154
Net cash flows from operating activities	209,712	199,241	Increase in borrowings	25,728	-
			Decrease in borrowings	-	(12,416)
			Interest paid	(22,185)	(23,523)
			Changes in other financial assets	(113)	-
			Net cash flows used in financing activities	(68,674)	(129,630)
			Net increase/(decrease) in cash and cash equivalents	43,048	(9,495)
			Cash and cash equivalents at beginning of year	23,160	32,217
			Effect of exchange rate fluctuations	292	438
			Net increase/(decrease) in cash and cash equivalents	43,048	(9,495)
			Cash and cash equivalents at year end	66,500	23,160

1) Nature, Structure and Principal Activities of the Group

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

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

Consolidated companies, their registered offices, activities and the percentage holdings owned 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 2009.

2) Basis of Presentation

The accompanying consolidated annual accounts have been prepared by the directors of the Parent company on the basis of the accounting records of Indra Sistemas, S.A. and the subsidiaries forming the Indra Group. The consolidated annual accounts of the Group for 2009 and 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), to present fairly the equity and financial position of the Group at 31 December 2008 and 2009, and the results of its operations, its cash flows and changes in equity for the years then ended.

The directors of the Parent company consider that the consolidated annual accounts for 2009, which were prepared on 18 March 2010, will be approved by the shareholders without significant changes.

The consolidated annual accounts for 2008 were approved by the shareholders at their annual general meeting held on 25 June 2009.

Presentation and format

The accompanying consolidated annual accounts are expressed in thousands of Euros,

which is the functional and reporting currency of the Parent company. Foreign currency transactions are recorded following the principles described in note 4.w).

Relevant accounting estimates and assumptions

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

- The principal activity of the Group consists of the implementation of projects contracted with customers. The Group recognises income and expenses on contracts using the percentage of completion method. This method is based on estimates of the total project costs and income, costs to complete the project, contract risks and other parameters. Group management reviews all estimates on an ongoing basis and adjusts them accordingly.
- The Group tests for impairment of goodwill on an annual basis. The calculation of the recoverable amount of a division to which goodwill has been allocated requires the use of estimates by management. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group generally uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are based on 5-year projections that take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed to calculate these values include growth rates, the weighted average cost of capital and tax rates (see note 7).
- 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 require estimates of the expected advancement of technology, which implies a significant degree of judgement. The need to evaluate possible impairment implies taking into consideration factors such as technological obsolescence, the cancellation of certain projects and other changes in estimated circumstances.

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

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

Standards and Interpretations effective as of 2009

The Group has applied the following standards for the first time in 2009:

Review of IAS 1 Presentation of Financial Statements

The objective of the main changes in this standard is to improve the presentation of information in such a way that users of the consolidated annual accounts are able to analyse changes in equity as a result of transactions with owners when they act as such (such as dividends and repurchase of shares) separately from changes due to transactions with non-owners (transactions with third parties or income or expenses taken directly to equity). The revised standard provides the option of presenting income and expense items in a single income statement with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has chosen the second option and since it did not present any statement of recognised income and expenses in prior years, this new financial statement has been included in the accompanying consolidated annual accounts.

The standard also introduces new disclosure requirements (inclusion of an additional year in the consolidated financial statements) when an entity applies a change in accounting policy retrospectively, makes a restatement or when it reclassifies items in the previously issued financial statements. This requirement has not had any impact on the annual accounts for this year as this has not been the case.

The directors have not presented a consolidated balance sheet at 1 January 2008 as required by the revised IAS 1 because the restatement of the figures at that date does not differ from those reflected in the opening consolidated balance sheet for 2008.

Amendment to IFRS 2 Share-based Payment

The amendment to the published IFRS 2 basically aims to clarify vesting conditions and cancellations of share-based payments. Given the nature of this amendment, it has had no effect on the consolidated annual accounts.

IFRS 8 Operating segments

This standard revokes IAS 14. The main amendment in the new standard is associated with the IFRS 8 requirement for entities to adopt the management approach when reporting on the financial performance of their business segments.

In accordance with IFRS 8, the Indra Group presents information by segment, as mentioned in note 26.

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

- Amendment to IAS 32 and IAS 1 for puttable instruments and obligations arising on liquidation
- IAS 39 and IFRIC 9 amendment – Reassessment of embedded derivatives on reclassification
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Standards and interpretations issued and not applied

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

3) Distribution of Profit

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

Basis of distribution	Thousands of Euros
Profit for the year of the Parent company	189,156
Distribution:	
Dividends	108,327
Voluntary reserve	66,252
Goodwill reserve	14,577

The board of directors will propose that a dividend of Euros 0.66 per share be distributed for 2009 (ordinary dividend of Euros 0.61 per share in 2008), marking a 7.58 % increase in shareholder remuneration.

These dividends, which if made effective for all shares held would total Euros 108,327 thousand, will be distributed with a charge to profit for the year.

The distribution of profits for 2009 proposed by the directors of the Group companies is pending approval by the shareholders at their respective annual general meetings.

4) Significant Accounting Principles

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

The accounting policies set out below have been applied consistently in the periods

presented in these consolidated annual accounts.

The most significant accounting principles applied are as follows:

a) Subsidiaries

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

Subsidiaries are consolidated from the acquisition date until the date control ceases.

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

The cost of the business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Any additional consideration contingent on future events or the fulfilment of certain conditions is included in the cost of the combination provided that it is probable that an outflow of resources embodying economic benefits will be required and the amount of the obligation can be reliably estimated.

On the date of acquisition, the subsidiary's assets, liabilities and contingent liabilities are recognised at fair value. Positive differences between the cost of acquisition of the subsidiary and the market value of its assets and liabilities relating to the Parent company's interest therein is recognised as goodwill (see note 7). Negative differences are recognised in the consolidated income statement.

(i) Minority interests

Minority interests in subsidiaries acquired after 1 January 2004 are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Minority interests in subsidiaries acquired prior to the transition date were recognised at

the proportional part of the equity of the subsidiaries at the date of first consolidation. Minority interests are disclosed under equity in the consolidated balance sheet separately from equity attributed to the Parent company. The share of minority interests in the consolidated profit or loss for the year is disclosed separately in the consolidated income statement.

The profit or loss and changes in equity of the subsidiaries attributable to the Group and minority 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, for the purpose of evaluating the degree of control, the share of the Group and minority interests is determined by considering whether currently exercisable potential voting rights will eventually be exercised.

The excess of losses attributable to minority interests, which cannot be attributed to the latter as such losses exceed their interest in the net shares of the subsidiary, is recognised as a decrease in the equity of the Company, except when the minority interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profit subsequently obtained by the Group is allocated to the Company until the amount of minority interests' share in losses absorbed in prior accounting periods is recovered.

Transactions to increase or reduce minority interests in a subsidiary through the Group while maintaining control are recognised as transactions with equity instruments. Consequently, no new acquisition cost arises on increases and no results are recognised in the consolidated income statement on reductions. Rather, the difference between the consideration given or received and the carrying amount of minority interests is recognised in reserves of the investor, without prejudice to the reclassification of consolidation reserves and the reallocation of other comprehensive income between the Company and minority interests. In transactions to reduce the Group's interest in a subsidiary, minority interests are recognised at the amount of their interest in the consolidated net assets of that subsidiary.

(ii) Provisional values

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

(iii) Other aspects relating to the consolidation of subsidiaries

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

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

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

b) Joint ventures

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

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

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

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

The Group only recognises the portion of gains and losses on transactions in joint ventures that is attributable to the interests of the other venturers. In the event of

losses, the Group applies the same recognition criteria as that described in the previous paragraph.

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

c) Associates

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

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

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

d) Intangible assets

(i) Goodwill

Goodwill arising on business combinations carried out since the transition date (1 January 2004) is initially measured at an amount equivalent to the difference between the cost of the business combination and the Group's share of the net fair value of the assets acquired and liabilities and contingent liabilities assumed from the acquired subsidiary or joint venture (see note 5).

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 f) of this note are applied. After initial recognition, goodwill is

measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

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

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

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

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

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

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

- ★ Software: expenses incurred on the acquisition of software or licences, as well as

costs related to programs developed by the Group, are capitalised when these assets contribute to the generation of income.

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

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

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

e) Property, plant and equipment

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

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

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

f) Impairment

Goodwill is tested annually for impairment and the fair value of the Group's assets with finite useful lives is tested when there is any indication of impairment. An impairment

loss is recognised in the consolidated income statement when the carrying amount of the asset exceeds the realisable value, and the carrying amount is reduced to the realisable value. The realisable value of an asset is the higher of the net selling price and the value in use.

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

The Group calculates impairment on the basis of the 5-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 2009 range from 9-10%.

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

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

g) 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 balance sheet. Lease payments are recognised as an expense on a straight-line basis over the lease term.

h) Financial instruments

(i) Classification of financial instruments

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

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

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

Financial assets and financial liabilities at fair value through profit or loss comprise those classified as held for trading on initial recognition.

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

- Is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- Forms part, on initial recognition, of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- Is a derivative or a designated and effective hedging instrument, except for derivatives that are financial guarantee contracts

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Financial liabilities at amortised cost

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

(ii) Offsetting principles

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

(iii) Fair value

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

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

(iv) Impairment and uncollectibility of financial assets

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

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

Impairment of available-for-sale financial assets

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

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

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

i) Inventories

Inventories are stated at the lower of cost or 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.

j) Trade and other receivables

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

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

k) Capital grants

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

l) 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 Company 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.

m) Provisions for liabilities and charges

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

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

n) R&D loans

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

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

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

o) Trade provisions

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

p) Current/long-term

Assets and liabilities are classified in the consolidated balance sheet as follows:

- Non-current: payables falling due more than twelve months from the balance sheet date, 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 balance sheet date.

q) Income tax

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 profit (tax loss) for a period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation

authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet 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 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 which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.
- They are associated with investments in subsidiaries, associates, jointly controlled entities and interests in joint ventures over which the Parent Company is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

Deductible temporary differences are recognised provided that:

- It is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.
- The temporary differences are associated with investments in subsidiaries, associates, jointly controlled entities and interests in joint ventures which will reverse in the foreseeable future and sufficient taxable income is expected to be generated against which the temporary difference can be offset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates

and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Entity expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

r) Earnings per share

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

s) 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. Derivatives that do not meet these criteria are classified and measured as financial assets or financial liabilities at fair value through profit or loss.

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

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

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

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

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

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

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

t) 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.

u) Distribution of costs by segment

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

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

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

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.

v) Recognition of income and expenses

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

Where certificates of work completed exceed income obtained by applying the percentage of completion method, the excess is recorded under advances from customers. Conversely, where certificates issued are lower than income resulting from

the application of the percentage of completion method, uninvoiced income is recorded under trade and other receivables in the consolidated balance sheet.

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

w) 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 Group's functional and presentation currency, rounded to the nearest thousand.

(ii) Foreign currency transactions, balances and cash flows

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

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

Exchange gains or losses on monetary financial assets and financial liabilities denominated in foreign currencies are recognised in profit and loss.

(iii) Translation of foreign operations

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

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparatives, are translated at the closing rate at each balance sheet date.

- Income and expenses, including comparative figures, are translated at the exchange rates prevailing at each transaction date; and
- All resulting exchange differences are recognised as translation differences in equity.

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

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

(iv) Entities located in hyperinflationary countries

In accordance with EU-IFRS, the Venezuelan economy has been considered as hyperinflationary at the 2009 close. The financial statements of Group companies located in Venezuela have therefore been adjusted to correct the effects of inflation.

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

Historical differences between restated costs and former costs of non-monetary items accumulated at 1 January 2009 have been recognised with a credit to reserves on the consolidated balance sheet, whereas differences for 2009, along with the restatement of the income statement for 2009, have been taken to the consolidated income statement. The positive impact of these adjustments on equity in the consolidated balance sheet amounts to Euros 1,8 million.

At 31 December 2008 it was not necessary to make any adjustments to the financial statements of any Group companies to correct the effects of inflation.

5) Business Combinations

a) Subsidiaries

a.1) Incorporations

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

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

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

- On 24 March 2009 the Parent company incorporated the Spanish company Alanya Healthcare Systems, S,L,U., subscribing and paying 100% of its share capital.

Alanya Healthcare Systems, S,L,U, is engaged in the research, design and development of healthcare solutions and products that use information technologies.

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

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

a.2) Acquisitions

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

- On 1 January 2009 the Parent company acquired a 100% interest in the German company, AC-B Air Traffic Control & Business Systems GmbH for Euros 1,788 thousand.

The principal activity of AC-B Air Traffic Control & Business Systems GmbH is the design, configuration and maintenance of aeronautic communications networks, as well as providing services based on the use of information technologies.

- On 19 January 2009 the Parent company acquired a 100% interest in Intos, S,A,U, for Euros 4,846 thousand.

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

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

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

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

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

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

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

Aggregate details of the cost of business combinations, the fair value of the net assets acquired and goodwill were as follows:

Thousands of Euros	AVITECH					TOTAL
	AC-B	INTOS	COB	AG	COM, S.A	
Cost of business combination	1,788	4846	6,979	6,000	7,620	27,233
Fair value of net assets acquired	50	1,662	183	6,000	7,620	15,515
Goodwill	1,738	3,184	6,796	-	-	11,718

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

Thousands of Euros	
Assets	
Property, plant and equipment	1,251
Intangible assets	795
Customer portfolio	12,121
Investments	47
Inventories	166
Trade receivables	4,863
Current tax assets	18
Other assets	1,274
	20,535
Liabilities	
Minority interests	(2,540)
Non-current loans	(122)
Non-current provisions	(288)
Non-current payables	(666)
Suppliers	(3,198)
Other payables	(532)
Current tax liabilities	(579)
Loans and borrowings	(1,229)
Other liabilities	(2,056)
	(11,209)
Total net assets	9,326
Cost of the business combination	26,548
Expenses inherent to the acquisition	685
Cash and cash equivalents	6,188
Goodwill	11,718

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

During the year ended 31 December 2008 the main movements in the consolidated group relating to interests in subsidiaries were as follows:

- On 1 February 2008 the Parent company acquired 100% of the British company Longwater Systems Ltd, for Euros 1,033 thousand, including the total income and expenses inherent to the operation.

Longwater Systems Ltd, is engaged in the design, manufacture and integration of land-based air navigation assistance systems.

Aggregate details of the cost of business combinations, the fair value of the net assets acquired and goodwill were as follows:

Cost of the business combination	Thousands of Euros
- Cash paid	1,026
- Expenses inherent to the acquisition	7
	1,033
Fair value of net assets acquired	(86)
Goodwill	1,119

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

Assets	Thousands of Euros
Property, plant and equipment	8
Inventories	86
Trade and other receivables	32
Other assets	8
	134
Liabilities	
Non-current loans and borrowings	(42)
Loans and borrowings	(59)
Suppliers and other payables	(77)
Other liabilities	(42)
	(220)
Total net assets	(86)
Cost of the business combination	1,033
Goodwill	1,119

The fair value of all the assets and liabilities related to this business combination was considered substantially equal to the carrying amount disclosed in the financial statements at the date of the acquisition. These amounts have therefore been maintained.

- On 1 July 2008 the Parent company acquired the remaining 50% of Administradora de Archivos, S.A. for Euros 8,000 thousand, including the total income and expenses inherent to the operation, thereby becoming the sole shareholder of this company.

Aggregate details of the cost of business combinations, the fair value of the net assets acquired and goodwill were as follows:

Cost of the business combination	Thousands of Euros
- Cash paid	8,000
Fair value of net assets acquired	3,311
Goodwill	4,689

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

Assets	Thousands of Euros
Property, plant and equipment	3,324
Other fixed assets	139
Inventories	14
Trade and other receivables	1,259
Other assets	135
	4,871
Liabilities	
Grants	(191)
Non-current loans and borrowings	(2,064)
Loans and borrowings	(547)
Suppliers and other payables	(2,315)
Tax liabilities	(781)
Other liabilities	(257)
	(6,155)
Total net assets	(1,284)
Cost of the business combination	8,000
Cash and cash equivalents	4,595
Goodwill	4,689

The fair value of all the assets and liabilities related to this business combination was considered substantially equal to the carrying amount disclosed in the financial statements at the date of the acquisition. These amounts were therefore maintained.

The most relevant factors contributing to the cost of the aforementioned business combinations on which goodwill was recognised were the positioning in the European navigation radio-assistance market in the case of Longwater Systems Ltd., and Indra's positioning as an integrated supplier of documentation management services in the case of Administradora de Archivos, S.A.

Had the above-mentioned acquisitions taken place prior to 1 January 2008, the Group's revenues and consolidated profit for the year ended 31 December 2008 would have amounted to Euros 2,382,146 thousand and Euros 188,708 thousand, respectively.

a.3) Divestments

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

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

b) Joint ventures

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

Joint ventures are jointly-controlled entities that entail the creation of a corporation, partnership or similar entity, in which each venturer holds an interest.

During the year ended 31 December 2009 Ceicom, S.A. and Ceicom Europe, S.L. have been fully consolidated after the Parent company acquired a 100% interest in their respective share capital.

Movement relating to interests in proportionately consolidated joint ventures during the year ended 31 December 2008 was as follows:

- On 20 May 2008, the Parent company acquired a 50% interest in the Brazilian company Indra Esteio Sistemas S.A, by acquiring 1,000 shares of Brazilian Real 1 par value each. On 6 June 2008, the Parent company subscribed and fully paid 50% of the share capital increase carried out by this company, comprising 1,250,000 shares of Brazilian Real 1 par value each (Euros 498 thousand).
- On 20 November 2008 the Parent company acquired a 25.017% and 25% interest in Ceicom Europe, S.L. and Computación Ceicom, S.A., respectively, for Euros 52 thousand and Euros 986 thousand, thereby increasing its interest in these companies to 75.017% and 75%, respectively. At the date of preparation of the consolidated annual accounts for 2008 the aforementioned amounts were payable.

6) Property, Plant and Equipment

Details at 31 December 2009 and 2008 are as follows:

Thousands of Euros	Balance at 31.12.08	Business Combinations	Changes in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.09
Investment:								
Land	9,874	-	-	-	128	-	-	10,002
Buildings	45,067	-	-	156	1,377	(7)	421	47,014
Plant, machinery and other install.	134,109	1,233	4	11,405	10,679	(4,025)	(358)	153,047
Furniture	28,499	279	30	1,042	3,443	(347)	4	32,950
Motor vehicles	3,151	127	4	356	735	(300)	(56)	4,017
Information technology equipment	64,118	560	80	2,928	8,247	(17,008)	125	59,050
Other property, plant and equipment	4,015	136	-	(6)	1,236	(289)	175	5,267
Property, plant and equipment under construction	2,171	3	-	(1)	-	(575)	(347)	1,251
	291,004	2,338	118	15,880	25,845	(22,551)	(36)	312,598
Depreciation:								
Buildings	(14,887)	-	(1)	(12)	(1,048)	4	664	(15,280)
Plant, machinery and other install.	(78,216)	(594)	(8)	(6,032)	(9,688)	3,322	(827)	(92,043)
Furniture	(12,661)	(133)	(3)	(4,599)	(3,223)	280	23	(20,316)
Motor vehicles	(1,506)	(72)	(26)	(428)	(509)	156	(113)	(2,498)
Information technology equipment	(42,154)	(234)	(2)	(2,856)	(10,268)	16,097	111	(39,306)
Other property, plant and equipment	(2,503)	(54)	-	-	(481)	243	15	(2,780)
	(151,927)	(1,087)	(40)	(13,927)	(25,217)	20,102	(127)	(172,223)
Carrying amount:								
Land	9,874	-	-	-	128	-	-	10,002
Buildings	30,180	-	(1)	144	329	(3)	1,085	31,734
Plant, machinery and other install.	55,893	639	(4)	5,373	991	(703)	(1,185)	61,004
Furniture	15,838	146	27	(3,557)	220	(67)	27	12,634
Motor vehicles	1,645	55	(22)	(72)	226	(144)	(169)	1,519
Information technology equipment	21,964	326	78	72	(2,021)	(911)	236	19,744
Other property, plant and equipment	1,512	82	-	(6)	755	(46)	190	2,487
Property, plant and equipment under construction	2,171	3	-	(1)	-	(575)	(347)	1,251
Total	139,077	1,251	78	1,953	628	(2,449)	(163)	140,375

Thousands of Euros	Balance at 31.12.07	Changes in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.08
Investment:							
Land	10,491	-	-	-	(617)	-	9,874
Buildings	37,756	-	(286)	498	(1,942)	9,041	45,067
Plant, machinery and other install.	115,004	4,285	(1,127)	16,049	(1,911)	1,809	134,109
Furniture	28,641	85	(207)	4,757	(5,255)	478	28,499
Motor vehicles	2,715	74	(63)	636	(244)	33	3,151
Information technology equipment	83,097	1,939	(1,104)	9,980	(30,524)	730	64,118
Other property, plant and equipment	5,113	8	(360)	1,756	(1,170)	(1,332)	4,015
Property, plant and equipment under construction	12,727	213	(8)	-	(197)	(10,564)	2,171
	295,544	6,604	(3,155)	33,676	(41,860)	195	291,004
Depreciation:							
Buildings	(14,143)	-	146	(1,025)	135	-	(14,887)
Plant, machinery and other install.	(69,372)	(1,165)	565	(9,214)	1,276	(306)	(78,216)
Furniture	(15,355)	(31)	157	(2,414)	5,006	(24)	(12,661)
Motor vehicles	(1,089)	(21)	39	(593)	159	(1)	(1,506)
Information technology equipment	(61,083)	(728)	1,256	(11,157)	29,599	(41)	(42,154)
Other property, plant and equipment	(3,314)	-	187	(367)	861	130	(2,503)
	(164,356)	(1,945)	2,350	(24,770)	37,036	(242)	(151,927)
Carrying amount							
Land	10,491	-	-	-	(617)	-	9,874
Buildings	23,613	-	(140)	(527)	(1,807)	9,041	30,180
Plant, machinery and other install.	45,632	3,120	(562)	6,835	(635)	1,503	55,893
Furniture	13,286	54	(50)	2,343	(249)	454	15,838
Motor vehicles	1,626	53	(24)	43	(85)	32	1,645
Information technology equipment	22,014	1,211	152	(1,177)	(925)	689	21,964
Other property, plant and equipment	1,799	8	(173)	1,389	(309)	(1,202)	1,512
Property, plant and equipment under construction	12,727	213	(8)	-	(197)	(10,564)	2,171
Total	131,188	4,659	(805)	8,906	(4,824)	(47)	139,077

As in 2008, additions to plant, machinery and other installations in 2009 are mainly due to the continued fitting out of the new offices of the Parent company. Additions of information technology equipment in 2009 relate to outsourcing projects implemented by the Parent company.

In 2008 the Parent company signed an operating lease agreement for IT equipment, whereby a company unrelated to the Group supplies the Parent company with IT equipment as well as the renewal and maintenance thereof. Additions of information technology equipment in 2008 related to outsourcing projects implemented by the Parent company.

In 2008, due to the technological upgrading of the assets of one of these projects, the Parent company derecognised assets amounting to Euros 770 thousand and recognised a loss under asset disposals with a debit to that project. The Parent company also derecognised certain obsolete installations (mainly security-related), recognising a loss of Euros 110 thousand (see note 29).

Details by nature of assets acquired through finance leases at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Investment:		
Plant, machinery and other install	2,566	2,449
Furniture	98	98
Information technology equipment	875	3,074
Other property, plant and equipment	360	1,624
	3,899	7,245
Depreciation:		
Plant, machinery and other install.	(682)	(599)
Furniture	(23)	(21)
Information technology equipment	(407)	(933)
Other property, plant and equipment	(165)	(456)
	(1,277)	(2,009)
Carrying amount:		
Plant, machinery and other install.	1,884	1,850
Furniture	75	77
Information technology equipment	468	2,141
Other property, plant and equipment	195	1,168
Total	2,622	5,236

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

Thousands of Euros	2009			2008		
	Minimum Payments	Interest	Purchase Option	Minimum Payments	Interest	Purchase Option
Less than one year	828	20	76	2,464	322	77
One to five years	479	21	15	862	13	143
	1,307	41	91	3,326	335	220

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

At 31 December 2009 fully depreciated property, plant and equipment amount to Euros 58,114 thousand (Euros 68,088 thousand at 31 December 2008).

7) Goodwill

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

A summary of goodwill is as follows:

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

Thousands of Euros	31.12.07	Additions	Business combinations	Translation differences	Transfers	Impairment	31.12.08
Indra EWS	14,462	-	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	-	29,447
Europraxis Group	31,514	-	-	-	-	-	31,514
BMB Group	40,838	-	-	-	(2,454)	-	38,384
Azertia Group	70,129	3,400	4,689	-	-	-	78,218
Pointec Group	34,750	296	-	-	-	-	35,046
Soluziona Group	172,388	140	-	112	(34)	(790)	171,816
Other	30,769	977	1,119	-	-	(191)	32,674
Total	424,297	4,813	5,808	112	(2,488)	(981)	431,561

Additions during the year ended 31 December 2009 reflect the following operations generating goodwill:

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

Additions during the year ended 31 December 2008 reflected the following operations generating goodwill:

- On 25 March 2008 the Parent company paid the last instalment on the sale and purchase agreement relating to shares of Euroquality, S.L. The price comprised a fixed component and a variable component dependent on the increase in profit after tax for 2007. As this profit was not generated, the Parent company only paid the fixed component amounting to Euros 129 thousand.
- On 6 May 2008 the subsidiary Pointec, S.A. settled Euros 221 thousand reflecting an increase in the value of Consis Proiect SRL. This amount was the variable payment specified in the share sale and purchase agreement signed in 2007. Goodwill of Euros 221 thousand was generated on this transaction.
- On 16 December 2008 the subsidiary Pointec, S.A. acquired 4,148 shares of MECESA, S.A. for Euros 136 thousand. Goodwill of Euros 75 thousand was generated on this transaction.

- On 1 July 2008 goodwill of Euros 3,271 thousand was generated on the acquisition of a 17% interest in the Mexican company Azertia Mexico S.A. de C.V. by the Parent company for Euros 4,296 thousand.
- On 20 November 2008 the Parent company acquired a 25.017% and 25% interest in Ceicom Europe, S.L. and Computación Ceicom, S.A., respectively, for Euros 52 thousand and Euros 986 thousand, generating goodwill of Euros 26 thousand and Euros 734 thousand, respectively, thereby increasing its interest in these companies to 75.017% and 75%, respectively.
- On 22 December 2008 the Parent company acquired a 30% interest in Solucion (Kenya) Limited for Euros 650 thousand, thereby becoming the sole shareholder of this company. Goodwill of Euros 140 thousand was generated on this transaction.

Key assumptions used to calculate the value in use

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

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

These projections relate to the coming five years. Cash flows for the years not considered in the projections are estimated as perpetual income with growth of between 2% and 3%.

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

In all cases sensitivity analyses are performed in relation to the discount rate used (around 9%), and the residual growth rate (between 2 and 3%), to verify that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised.

According to the calculations, impairment of Euros 1,460 thousand occurred in 2009 (Euros 981 thousand in 2008), which were recognised under other losses on non-current assets in the income statement (see note 29).

8) Other Intangible Assets

Details at 31 December 2009 and 2008 are as follows:

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

Thousands of Euros	Balance at 31.12.07	Changes in investment	Changes in investment	Additions	Disposals	Transfers	Balance at 31.12.08
Investment:							
Industrial property	44,066	2	(16)	837	-	-	44,889
Software	62,861	343	216	14,339	(9,609)	2,037	70,187
Development expenses	31,383	-	(42)	22,725	(2,872)	(2,061)	49,133
Other intangible assets	9,706	-	(130)	141	(247)	(3)	9,467
	148,016	345	28	38,042	(12,728)	(27)	173,676
Amortisation:							
Industrial property	(40,868)	(2)	-	(985)	-	-	(41,855)
Software	(30,565)	(337)	(64)	(8,514)	9,606	(68)	(29,942)
Development expenses	(10,384)	-	-	(3,154)	2,873	194	(10,471)
Other intangible assets	(3,065)	-	-	(964)	-	(52)	(4,081)
	(84,882)	(339)	(64)	(13,617)	12,479	74	(86,349)
Carrying amount:							
Industrial property	3,198	-	(16)	(148)	-	-	3,034
Software	32,296	6	152	5,825	(3)	1,969	40,245
Development expenses	20,999	-	(42)	19,571	1	(1,867)	38,662
Other intangible assetss	6,641	-	(130)	(823)	(247)	(55)	5,386
Total	63,134	6	(36)	24,425	(249)	47	87,327

Thousands of Euros	2009	2008
Investment:		
Core banking development	27,945	20,925
Rail traffic control development	9,738	9,738
Healthcare market software development	9,489	5,413
Internal software development	8,248	-
	55,420	36,076
Amortisation:		
Rail traffic control development	(4,200)	(2,000)
	(4,200)	(2,000)
Carrying amount:		
Core banking development	27,945	20,925
Rail traffic control development	5,538	7,738
Healthcare market software development	9,489	5,413
Internal software development	8,248	-
Total	51,220	34,076

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

Additions to software reflect the capitalisation of costs incurred on internal development work performed to commercialise software.

The most significant projects capitalised are as follows:

At 31 December 2009 fully amortised intangible assets amount to Euros 16,361 thousand (Euros 51,563 thousand at 31 December 2008).

9) Financial Instruments

Classification of financial instruments (except investments in associates) by nature and maturity in 2009 and 2008 is as follows:

Financial Assets: Type/Category					2009 Thousands of Euros
	Note	Available for sale financial assets	Loans and receivables	Hedging derivatives	
Investments in non-Group companies	11	24,387	-	-	
Debt securities	11	-	5,115	-	
Other financial assets	11	-	6,086	-	
Non-current		24,387	11,201	-	
Equity instruments		205	-	-	
Debt securities	16	-	31,812	-	
Derivatives	15	-	-	1,552	
Other financial assets		-	1,402,512	-	
Current	13 and 14	205	1,434,324	1,552	
Total		24,592	1,445,525	1,552	

Financial Liabilities: Type/Category

2009 Thousands of Euros

	Note	Debts and payables	Hedging derivatives
Loans and borrowings	19	60,637	-
Derivatives	19	-	780
Other financial liabilities	20	45,271	-
Non-current liabilities		105,908	780
Loans and borrowings	23	99,199	-
Derivatives	25	-	138
Other financial liabilities	24 and 25	1,113,875	-
Current liabilities		1,213,074	138
Total		1,318,982	918

Financial Assets: Type/Category

2008 Thousands of Euros

	Note	Available for sale financial assets	Loans and receivables	Hedging derivatives
Investments in non-Group companies	11	24,044	-	-
Debt securities	11	-	4,827	-
Derivatives	11	-	-	1,330
Other financial assets	11	-	5,898	-
Non-current		24,044	10,725	1,330
Equity instruments	16	205	-	-
Debt securities	15	-	3,686	-
Derivatives		-	-	-
Other financial assets	13 and 14	-	1,489,517	-
Current		205	1,493,203	-
Total		24,249	1,503,928	1,330

Financial Liabilities: Type/Category

2008 Thousands of Euros

	Note	Debts and payables	Hedging derivatives
Loans and borrowings	19	12,233	-
Derivatives	19	-	447
Other financial liabilities	20	40,467	-
Non-current liabilities		52,700	447
Loans and borrowings	23	125,441	-
Derivatives	25	-	46
Other financial liabilities	24 and 25	1,364,470	-
Current liabilities		1,489,911	46
Total		1,542,611	493

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

10) Investments Accounted for Using the Equity Method

Details at 31 December 2009 and 2008 are as follows:

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

Thousands of Euros	Balance at 31.12.07	Change in investment	Dividends	Profit/ (Loss)	Transfers	Balance at 31.12.08
SAES Capital	2,146	-	(294)	253	-	2,105
Eurofighter Simul. System	960	-	-	(74)	-	886
Euromids	223	-	-	190	-	413
Indra Sistemas Tecnomcom	105	-	-	-	-	105
Iniciativas Bioenergéticas	3,621	-	-	(70)	(1,765)	1,786
Idetegolf	20	-	-	(6)	-	14
Trias Beltran	8	-	-	-	-	8
Inmunológica	89	-	-	-	-	89
Procrisa	34	(34)	-	-	-	-
A4 Essor	-	21	-	-	-	21
Zeronine ACI	-	400	-	81	-	481
Eólica Maritima y Portuaria	-	2	-	(1)	-	1
Huertas de Binipark	-	1,174	-	-	-	1,174
Total	7,206	1,563	(294)	373	(1,765)	7,083

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

Movement relating to investments in associates during the year ended 31 December 2008 is as follows:

- On 26 September 2008, the subsidiary of the Prointec Group, Procinsa Ingeniería, S.A., sold 45% of its interest in Procrisa Servicios, S.L. for Euros 150 thousand.
- On 9 July 2008 the subsidiary Prointec, S.A. acquired a 25.18% interest in Huertas de Binipark, S.A. for Euros 1,174 thousand.
- On 10 November 2008 the subsidiary Prointec, S.A. acquired a 40% interest in Zeronine ACI, S.L. for Euros 400 thousand.
- On 12 December 2008 the Parent company acquired 2,100 shares of the French company 179 Centelec S.A.S. for Euros 21 thousand, representing a 21% interest in that company.

11) Other Investments

Movement in other investments during the years ended 31 December 2009 and 2008 is as follows:

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

Thousands of Euros	Balance at 31.12.07	Change in investment	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.08
Investments:							
Other non-current investments in non-Group companies	43,783	-	-	1,291	(52)	(60)	44,962
Non-current loans	564	-	(1)	2,485	(77)	1,849	4,820
Non-current deposits	5,958	75	(117)	1,213	(1,124)	(151)	5,854
Loans to personnel	115	-	-	-	-	(108)	7
Cash flow hedges	304	-	-	1,026	-	-	1,330
Other investments	1	-	-	48	(5)	-	44
	50,725	75	(118)	6,063	(1,258)	1,530	57,017
Impairment:							
Other non-current investments in non-Group companies	(20,970)	-	-	-	52	-	(20,918)
	(20,970)	-	-	-	52	-	(20,918)
Carrying amount:							
Other non-current investments in non-Group companies	22,813	-	-	1,291	-	(60)	24,044
Non-current loans	564	-	(1)	2,485	(77)	1,849	4,820
Non-current deposits	5,958	75	(117)	1,213	(1,124)	(151)	5,854
Loans to personnel	115	-	-	-	-	(108)	7
Cash flow hedges	304	-	-	1,026	-	-	1,330
Other investments	1	-	-	48	(5)	-	44
Total	29,755	75	(118)	6,063	(1,206)	1,530	36,099

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

Details are as follows:

Thousands of Euros	Balance at 31.12.08	Business combinations	Additions	Disposals	Transfers	Balance at 31.12.09	Thousands of Euros	Balance at 31.12.08	Business combinations	Additions	Disposals	Transfers	Balance at 31.12.09
Investment:							Carrying amount:						
Sadiel	39	-	-	-	-	39	Sadiel	39	-	-	-	-	39
Safelayer Secure Comunications	695	-	-	-	-	695	Safelayer Secure Comunications	543	-	-	-	-	543
Marco Polo	2,753	-	-	(2,753)	-	-	Marco Polo	109	-	-	(109)	-	-
Galileo Sistemas y Servicios	138	-	-	-	-	138	Galileo Sistemas y Servicios	135	-	-	-	-	135
Banco Inversis	31,672	-	-	-	-	31,672	Banco Inversis	14,078	-	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,572	-	-	-	-	7,572	Hisdesat Servicios Estratégicos	7,052	-	-	-	-	7,052
Subgrupo Prointec	128	3	15	(15)	-	131	Subgrupo Prointec	128	3	15	(15)	-	131
Neotec	930	-	269	-	-	1,199	Neotec	930	-	269	-	-	1,199
Bansabadell Information Systems	1,021	-	49	-	-	1,070	Bansabadell Information Systems	1,021	-	49	-	-	1,070
Other	14	-	71	-	60	145	Other	9	-	71	-	60	140
	44,962	3	404	(2,768)	60	42,661	Total	24,044	3	404	(124)	60	24,387
Impairment:													
Safelayer Secure Comunications	(152)	-	-	-	-	(152)							
Marco Polo	(2,644)	-	-	2,644	-	-							
Galileo Sistemas y Servicios	(3)	-	-	-	-	(3)							
Banco Inversis	(17,594)	-	-	-	-	(17,594)							
Hisdesat Servicios Estratégicos	(520)	-	-	-	-	(520)							
Bansabadell Information Systems	-	-	-	-	-	-							
Other	(5)	-	-	-	-	(5)							
	(20,918)	-	-	2,644	-	(18,274)							

Thousands of Euros	Balance at 31.12.07	Additions	Disposals	Transfers	Balance at 31.12.08
Investments:					
Midsco	52	-	(52)	-	-
Sadiel	39	-	-	-	39
Safelayer Secure Communications	695	-	-	-	695
Marco Polo	2,753	-	-	-	2,753
Galileo Sistemas y Servicios	138	-	-	-	138
Banco Inversis	31,672	-	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	-	7,572
Subgrupo Prointec	188	-	-	(60)	128
Neotec	660	270	-	-	930
Bansabadell Information Systems	-	1,021	-	-	1,021
Other	14	-	-	-	14
	43,783	1,291	(52)	(60)	44,962
Impairment:					
Midsco	(52)	-	52	-	-
Safelayer Secure Communications	(152)	-	-	-	(152)
Marco Polo	(2,644)	-	-	-	(2,644)
Galileo Sistemas y Servicios	(3)	-	-	-	(3)
Banco Inversis	(17,594)	-	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	-	(520)

Thousands of Euros	Balance at 31.12.07	Additions	Disposals	Transfers	Balance at 31.12.08
Bansabadell Information Systems	-	-	-	-	-
Other	(5)	-	-	-	(5)
	(20,970)	-	52	-	(20,918)
Carrying amount:					
Midsco	-	-	-	-	-
Sadiel	39	-	-	-	39
Safelayer Secure Communications	543	-	-	-	543
Marco Polo	109	-	-	-	109
Galileo Sistemas y Servicios	135	-	-	-	135
Banco Inversis	14,078	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	-	7,052
Subgrupo Prointec	188	-	-	(60)	128
Neotec	660	270	-	-	930
Bansabadell Information Systems	-	1,021	-	-	1,021
Other	9	-	-	-	9
Total	22,813	1,291	-	(60)	24,044

The following operations relating to non-current investments in non-Group companies have been carried out during 2009:

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

The following operations relating to non-current investments in non-Group companies were carried out during 2008:

- On 9 July 2008 the Parent company participated in the share capital increase of Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. carried out on 30 June 2008, amounting to Euros 270 thousand. At the 2008 year end the Parent company held a 4.75% interest in this company.
- On 31 July 2008, the Parent company acquired a 19% interest in Bansabadell Information Systems, S.A. for Euros 1,000 thousand.
- On 31 October 2008 Midsco, in which the Parent company held a 7% interest, was wound up and liquidated. The profit obtained amounted to Euros 51 thousand after reversal of impairment.

b) Non-current borrowings

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

The caption also includes the updated amount of Euros 1,124 thousand (Euros 1,154 thousand in 2008) receivable by the Parent company following the increase in its percentage interest in the Jocs del Mediterrani joint venture, to offset accumulated losses.

c) Non-current guarantee deposits

This caption includes guarantee deposits for rental of buildings and property used by the Group.

Additions of Euros 816 thousand in 2009 (Euros 1,213 thousand in 2008) reflect arrangement costs relating to guarantee deposits for leased property, due to office relocation. Disposals of the same items amount to Euros 696 thousand (Euros 1,124 thousand in 2008).

12) Inventories

Details of inventories at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Goods for resale	2,996	4,623
Raw materials	6,506	5,129
Projects in progress	187,937	189,761
Finished products	89	264
Total carrying amount	197,528	199,777

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

13) Other Financial Assets, Including Derivatives

Details of other assets at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Other receivables	8,877	12,916
Advances and loans to personnel	6,919	6,820
Public entities	20,095	17,363
Prepayments	4,103	5,276
Current deposits	1,525	264
Current guarantees	1,265	1,285
Cash flow hedges (note 35a)	1,552	-
Interest receivable	-	6
Total carrying amount	44,336	43,930

Balances receivable from public entities comprise the following:

Miles de Euros	2009	2008
Taxation authorities:		
Value added tax	14,201	10,967
Sub-total	14,201	10,967
Grants receivable	5,352	5,697
Social security	542	699
Total	20,095	17,363

14) Trade and Other Receivables

Details of trade and other receivables at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Non-Group trade receivables	788,785	921,555
Non-Group trade receivables	564,117	497,314
Advances to suppliers	31,513	32,147
Other receivables	15,913	13,357
Total	1,400,328	1,464,373
Impairment	(20,505)	(18,786)
Total carrying amount	1,379,823	1,445,587

15) Cash and Cash Equivalents

Details are as follows:

Thousands of Euros	2009	2008
Current deposits and fixed-income securities	30,034	2,461
Other current investments	1,778	1,224
Sub-total	31,812	3,685
Cash	34,688	19,475
Total	66,500	23,160

At 31 December 2009 and 2008 short-term deposits and fixed-income securities generate interest at average rates of 1.15% and 3.79%, respectively, and relate to temporary investments of surplus cash.

This caption also includes a Euros 28,862 Eurodeposit which matures on 4 January 2010 and earns interest of 0.3 %.

16) Non-current Assets Held for Sale

In 2009 non-current assets held for sale comprise the interests held by the Parent company in the subsidiaries Azertia Brazil and Azertia Puerto Rico, which are in liquidation.

17) Equity

Subscribed capital

At 31 December 2009 subscribed and paid 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 Parent 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:

	31.12.09	31.12.08
Caja Madrid	20.003%	19.778%
Corporación Financiera Alba	10.019%	-
Casa Grande de Cartagena, S.L.	5.686%	5.684%
Caja de Ahorros de Asturias	5.004%	5.004%
Unión Fenosa	5.000%	18.014%

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

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

(1) Representing the shareholder Caja de Ahorros de Asturias.

(2) Representing the shareholder Gas Natural

(3) Representing the shareholder Caja Madrid

(4) Representing the shareholder Corporación Financiera Alba

Shares owned either directly or indirectly by members of the board of directors at 31 December 2008 were as follows:

Board members	Type of membership	Number of shares			% of share capital
		Direct	Indirect	Total	
Administradora Valtenas, S.L. (1)	Dominical	1,059	-	1,059	0.0006
Ms. Isabel Aguilera Navarro	Independiente	5,176	-	5,176	0.0032
Casa Grande de Cartagena, S.L.	Dominical	9,329,794	-	9,329,794	5.6843
Mediación y Diagnósticos, S.A. (2)	Dominical	6,343	-	6,343	0.0039
Mr. Luis Lada Díaz	Independiente	1,159	-	1,159	0.0007
Mr. Honorato López Isla (3)	Dominical	2,118	-	2,118	0.0013
Mr. Pedro López Jiménez (3)	Dominical	2,118	-	2,118	0.0013
Mr. Javier Monzón de Cáceres	Ejecutivo	129,325	7,872	137,197	0.0836
Mr. Regino Moranchel Fernández	Ejecutivo	74,379	-	74,379	0.0453
Mr. Joaquín Moya-Angeler	Independiente	7,371	-	7,371	0.0045
Ms. Mónica de Oriol Icaza	Independiente	1,059	-	1,059	0.0006
Participaciones y Cartera de Inversión, S.L. (2)	Dominical	6,343	-	6,343	0.0039
Mr. Pedro Ramón y Cajal Agüeras	Independiente	7,371	-	7,371	0.0045
Mr. Manuel Soto Serrano	Independiente	6,343	170,000	176,343	0.1074
Total		9,579,958	177,872	9,757,830	5.945

(1) Representing the shareholder Caja de Ahorros de Asturias.

(2) Representing the shareholder Caja Madrid

(3) Representing the shareholder Unión Fenosa

At 31 December 2009 75,482,568 shares were represented on the board of directors, which amount to 45.99% of total shares. At 31 December 2008 79,985,713 shares were represented on the board of directors, which amounted to 48.73% of total shares.

At the annual general meetings of Parent company shareholders held on 26 June 2008 and 25 June 2009, the shareholders agreed to the distribution of the consolidated profit for 2008 and 2007, respectively, as shown in the accompanying consolidated statements of changes in equity.

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

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

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

Share premium

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

Other reserves

Details are as follows:

Thousands of Euros	2009	2008
Merger reserve	1,846	1,846
Other variations in equity	9,273	8,621
Employee remuneration	3,466	10,591
Cash flow and interest rate hedges	(400)	394
First-time application reserve	-	745
Total	14,185	22,197

a) Other changes in equity

This caption comprises gains on the sale of treasury shares and dividends received in relation to shares associated with the equity swap. Gains on the sale of treasury shares during the year after tax amount to Euros 1,278 thousand (Euros 4,515 thousand in 2008).

b) Employee remuneration

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

Thousands of Euros	2009	2008
Remuneration in shares	3,001	(367)
Share options	465	10,958
Total	3,466	10,591

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

The maximum total amount of this deferred remuneration is Euros 9,600,000. In 2009, a total of 158,569 shares (143,589 shares in 2008) were delivered in respect of this plan, valued at Euros 2,389 thousand at the delivery date (Euros 2,409 thousand in 2008).

c) Exchange rate and interest rate hedging reserves

This caption comprises the hedging reserve generated by the following:
The effect of changes in fair value of exchange rate insurance contracts used to hedge highly probable future transactions or firm commitments.
The effect of changes in fair value of interest rate swap contracts.

Details are as follows:

Thousands of Euros	2009	2008
Cash flow and interest rate hedges	(571)	563
Deferred taxes for revaluation of unrealised assets and liabilities	171	(169)
Total	(400)	394

Treasury shares

As authorised by the shareholders at their annual general meeting, at 31 December 2009 the Parent company directly holds 866,640 treasury shares amounting to Euros 14,165 thousand (1,695,924 shares amounting to Euros 26,513 thousand at 31 December 2008).

At 31 December 2008 the Parent company indirectly held 2,261,000 shares amounting to Euros 38,053 thousand in connection with the equity swap contracted with a financial entity to hedge the 2005 Options Plan. These shares were acquired in 2005 (see note 25).

Details of treasury shares in 2009 and 2008 and movement are as follows:

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

Thousands of Euros	Balance at 31.12.07	Additions	Disposals	Balance at 31.12.08
Used in:				
Ordinary transactions	4,498	171,152	(149,137)	26,513
Equity Swap Options Plan 2005	38,389	-	(336)	38,053
Total	42,887	171,152	(149,473)	64,566

Details of movement in shares in 2009 and 2008 are as follows:

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

	% of total capital	Number of shares				% of total capital
		31.12.07	Additions	Disposals	31.12.08	
Used in:						
Transacciones ordinarias	0.15	243,613	10,469,613	(9,017,302)	1,695,924	1.03
Equity Swap O.P. 2005	1.39	2,281,000	-	(20,000)	2,261,000	1.38
Total	1.54	2,524,613	10,469,613	(9,037,302)	3,956,924	2.41

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

In 2008 the Parent company acquired 10,469,613 treasury shares on the stock market (3.96% of official volume for the period) and sold 9,017,302 treasury shares (3.33% of official volume for the period).

Retained earnings

Details are as follows:

Thousands of Euros	2009	2008
Legal reserve	6,954	6,565
Reserves in fully consolidated companies	33,021	28,299
Reserves in proportionately consolidated companies	338	334
Merger reserve	15,212	15,081
Reserves in equity-accounted companies	2,081	1,986
Voluntary reserves	246,129	166,893
Non-distributed reserves	21,557	12,463
Profit for the year attributable to the Parent company	195,590	182,419
Total	520,882	231,621

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 the 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 2009 and 2008 are as follows:

Thousands of Euros	2009	2008	Thousands of Euros	2009	2008
Indra Sistemas	(1,821)	(1,225)	Indra Colombia	450	506
Grupo Bmb	859	3,113	Azertia TI Venezuela	(63)	(584)
Indra Emac	(783)	59	Azertia GC Venezuela	(4,305)	(2,914)
Indra Espacio	21,259	22,956	Azertia TI Argentina	27	(16)
Indra Sistemas de Seguridad	3,689	2,661	Indra USA	(392)	109
Indra SI	(634)	(2,530)	Prointec	1,659	1,572
Indra Sistemas Chile	(1,168)	(261)	Soluziona C&S Holding (Chile)	874	(258)
Indra Sistemas Portugal	4,082	271	Soluziona Chile	(2,598)	(398)
Grupo Europraxis-Atlante	4,222	943	Indra Czech Republic	(885)	125
Inmize Capital	(70)	(164)	Indra Slovakia	(28)	(17)
Inmize Sistemas	938	1,618	Soluziona Guatemala	(2,243)	(88)
Indra Systems	(254)	(58)	Soluziona KFT (Hungary)	183	84
Indra Beijing	500	(78)	Soluziona Kenya	253	(77)
Indra Brazil	(1,760)	982	Soluziona Mexico	(263)	(2,245)
Indra Software Labs	3,606	(1)	Soluziona Uruguay	(42)	(415)
Indra México	(361)	5	Soluziona Argentina	(78)	(22)
Euroquality	-	251	Soluziona SRL (Moldava)	180	87
I.P. Sistemas	1,387	709	Indra Panama	775	554
Indra Sistemas Comunicaciones Seguras	1,696	1,132	Indra Philippines	698	297
Indra Magreb	(582)	(65)	Electrica Soluziona (Romania)	(17)	192
Indra Francia	(508)	(168)	Indra Ucrania	(383)	(90)
Indra Polonia	(7)	(2)	Soluziona SP CA (Venezuela)	1,205	198
Indra Australia	(700)	(290)	Ceicom Europe	155	-
Administradora de Archivos	2,555	793	Computación Ceicom	378	-
Seintex Venezuela	749	597	Longwater (United Kingdom)	(229)	-
Azertia TI Mexico	816	451	Total	33,021	28,299

c) Reserves in proportionately consolidated companies

Details by company of consolidation reserves at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Ceicom Europe	-	(49)
Computación Ceicom	-	50
IRB Riesgo Operacional	81	288
I3 TV	(58)	45
IESSA Brasil	315	-
Total	338	334

d) Reserves in equity-accounted companies

Details by company of consolidation reserves at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Eurofighter Simulation System	818	892
Euromids	403	213
Trias Beltrán	4	4
Indra Sistemas Tecnom	103	103
Saes Capital	753	774
Total	2,081	1,986

e) Voluntary reserves

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

f) Profit for the year attributable to the Parent company

Details of consolidated companies' profit for 2009 and 2008 are disclosed in Appendix I attached.

Minority interests

Movement in minority interests in consolidated companies during 2009 and 2008 is as follows:

Thousands of Euros	Balance at 31.12.08	New Co's	Profit/(loss). To min. Interests	Translation differences	Dividends	Change in % ownership	Profit/(loss) through equity	Other variations	Balance at 31.12.09
Indra Espacio	21,176	-	1,783	-	(1,698)	-	32	8	21,301
Inmize Capital	405	-	35	-	-	-	-	-	440
Inmize Sistemas	2,488	-	178	-	-	-	45	-	2,711
Tourism & Leisure	162	-	50	-	-	-	-	-	212
ALG Peru	37	-	-	-	-	-	-	-	37
ALG Venezuela	65	-	122	-	-	-	-	-	187
Indra BMB	1,932	-	237	-	-	-	-	-	2,169
BMB Ges.Doc.Canarias	2	-	-	-	-	-	-	-	2
I.S. Comunicaciones Seguras	638	-	141	-	-	-	-	-	779
Printec	11,935	-	(793)	(266)	-	-	92	(234)	10,734
Elektrica Soluziona	299	-	28	(21)	-	-	-	-	306
Indra Philippines	1,986	-	453	(17)	-	-	-	(77)	2,345
Inserail	238	-	41	-	-	-	-	-	279
Mecsa	118	-	(16)	-	-	(58)	-	-	44
Consis	676	-	288	(158)	-	-	-	-	806
Printec Hidrógeno	1	-	-	-	-	-	-	-	1
Uatec	14	-	(8)	-	-	-	-	-	6
Indra Radar Technology (Tianjin)	-	579	(130)	(8)	-	-	-	(5)	436
COM S.A. Peru	-	2,540	-	-	-	-	-	-	2,540
Total	42,172	3,119	2,409	(470)	(1,698)	(58)	169	(308)	45,335

Thousands of Euros	Balance at 31.12.07	New Co's	Profit/(loss) attrib. To min. Interests	Translation differences	Dividends	Change in % ownership	Profit/(loss) through equity	Balance at 31.12.08
Indra Espacio	20,353	-	3,121	-	(2,316)	-	18	21,176
Inmize Capital	359	-	46	-	-	-	-	405
Inmize Sistemas	3,656	-	(1,103)	-	-	-	(65)	2,488
Tourism & Leisure	134	-	35	-	-	-	(7)	162
ALG Perú	-	-	37	-	-	-	-	37
ALG Venezuela	-	-	65	-	-	-	-	65
Indra BMB	-	-	(38)	-	-	1,980	(10)	1,932
BMB Ges.Doc.Canarias	220	-	(74)	-	(144)	-	-	2
IP Sistemas	213	-	-	-	-	(213)	-	-
I.S. Comunicaciones Seguras	576	-	62	-	-	-	-	638
Azertia T. I. México	891	-	104	-	-	(995)	-	-
Pointec	11,637	-	808	244	(541)	-	(213)	11,935
Soluzion Kenya	528	-	78	-	-	(606)	-	-
Elektrica Soluzion	545	-	(207)	(39)	-	-	-	299
Soluzion Zimbabwe	183	-	-	(183)	-	-	-	-
Indra Philippines	1,724	-	403	(141)	-	-	-	1,986
Inserail	208	-	47	-	(17)	-	-	238
Mecsa	172	-	(2)	-	-	(59)	7	118
Consis	651	-	282	(85)	(115)	-	(57)	676
Pointec Hidrógeno	-	2	(1)	-	-	-	-	1
Uatec	-	15	(1)	-	-	-	-	14
Total	42,050	17	3,662	(204)	(3,133)	107	(327)	42,172

Balances related to minority interests at 31 December 2009 and 2008 are as follows:

	31.12.09				31.12.08			
	M.I. share capital	M.I. reserves	M.I. profit/(loss)	Total	M.I. share capital	M.I. reserves	M.I. profit/(loss)	Total
Indra Espacio	294	19,224	1,783	21,301	294	17,761	3,121	21,176
Inmize Capital	32	373	35	440	32	327	46	405
Inmize Sistemas	750	1,783	178	2,711	750	2,841	(1,103)	2,488
Tourism & Leisure	18	144	50	212	18	109	35	162
ALG Perú	17	20	-	37	17	(17)	37	37
ALG Venezuela	5	60	122	187	5	(5)	65	65
Indra BMB	1,859	74	237	2,170	1,859	111	(38)	1,932
BMB G.D.Canarias	1	1	-	2	1	75	(74)	2
I.S. Comunicaciones Seguras	50	588	141	779	50	526	62	638
Azertia T.I. México	-	-	-	-	-	(104)	104	-
Prointec	399	11,127	(793)	10,733	399	10,728	808	11,935
Solucionia Kenya	-	-	-	-	-	(78)	78	-
Elektrica Solucionia	15	263	28	306	15	491	(207)	299
Indra Filipinas	264	1,628	453	2,345	264	1,319	403	1,986
Inserail	-	238	41	279	-	191	47	238
Mecsa	-	60	(16)	44	-	120	(2)	118
Consis	-	518	288	806	-	394	282	676
Prointec Hidrógeno	-	1	-	1	-	2	(1)	1
Uatec	-	14	(8)	6	-	15	(1)	14
Indra Radar Technology	567	(1)	(130)	436	-	-	-	-
COM, S.A. Peru	242	2,298	-	2,540	-	-	-	-
Total	4,513	38,413	2,409	45,335	3,704	34,806	3,662	42,172

The main transactions with minority shareholders in 2009 are as follows:

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

The main transactions with minority shareholders in 2008 were as follows:

- On 9 April 2008, the Parent company sold a 6.5% interest in Indra bmb, S.L. generating a profit of Euros 3,075 thousand, recognised as a gain on the disposal of financial instruments. The selling price totalled Euros 7,500 thousand.
- On 1 July 2008 the Parent company acquired 17% of the Mexican company Azertia Mexico S.A. de C.V. for Euros 4,296 thousand, including the total income and expenses inherent to the operation, thereby becoming the sole shareholder of this company.
- On 2 December 2008 the subsidiary Prointec, S.A. incorporated Unmanned Aircraft Technologies, S.A. with share capital of Euros 60 thousand. Prointec, S.A. holds a 51% interest in this company and has paid up 50% of its interest.
- On 16 December 2008 the subsidiary Prointec, S.A. acquired 4,148 shares of MECSA, S.A. for Euros 136 thousand, thereby increasing its interest in this company from 72.95% to 81.97%.
- On 22 December 2008 the Parent company acquired a 30% interest in Solucionia (Kenya) Limited for Euros 650 thousand, thereby becoming the sole shareholder of this company.

18) 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 2009 and 2008 is as follows:

	Weighted average number of ordinary shares at 31.12.09	Ordinary shares at 31.12.09	Weighted average number of ordinary shares at 31.12.08	Ordinary shares at 31.12.08
Total shares issued	164,132,539	164,132,539	164,132,539	164,132,539
Treasury shares and financial instruments related to shares	(3,079,283)	(866,640)	(4,031,071)	(3,956,934)
Total shares available	161,053,256	163,265,899	160,101,468	160,175,605
Total number of diluted shares	161,053,256	163,265,899	160,101,468	160,175,605

The calculation of basic earnings per share (rounded to four decimal places) for 2009 and 2008 is as follows:

	2009	2008
Profit (thousands of Euros)	195,590	182,419
Weighted average number of ordinary shares	161,053,256	160,101,468
Basic earnings per ordinary share (Euros)	1,2144	1,1394

The calculation of diluted earnings per share (rounded to four decimal places) for 2009 and 2008 is as follows:

	2009	2008
Profit (thousands of Euros)	195,590	182,419
Weighted average number of ordinary shares	161,053,256	160,101,468
Basic earnings per ordinary share (Euros)	1,2144	1,1394

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

The calculation of earnings per ordinary share (rounded to four decimal places) for 2009 and 2008 is as follows:

	2009	2008
Profit (thousands of Euros)	195,590	182,419
Shares issued	164,132,539	164,132,539
Earnings per ordinary share (Euros)	1,1917	1,1114

19) Non-current Loans and Borrowings

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

Thousands of Euros

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

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

Details by maturity of long-term borrowings at 31 December 2008 are as follows:

Thousands of Euros

Years	Finance leases	Credit institutions	R+D loans	Total
1 to 2 years	822	8,008	8,080	16,910
2 to 3 years	37	1,281	5,437	6,755
3 to 4 years	3	100	4,667	4,770
More than 4 years	-	2,429	15,971	18,400
Total at 31.12.08	862	11,818	34,155	46,835

In 2008, a Euros 1,000 thousand loan was extended by Banco de Sabadell, S.A. This loan has accrued interest at a nominal ordinary annual rate of 2.19% since July 2009. The fair value of the two interest rate swaps at 31 December 2009 and 2008 is Euros 780 thousand and Euros 447 thousand, respectively.

20) Other Non-current Financial Liabilities

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

Thousands of Euros	2009	2008
Guarantee deposits received	17	15
Suppliers of fixed assets	3,855	6,283
Uncalled share capital	41	14
Other non-current debt	923	-
Total	4,836	6,312

At 31 December 2009 suppliers of fixed assets include Euros 3,806 thousand relating to the Jocs del Mediterrani joint venture (Euros 4,155 thousand in 2008).

21) Capital Grants

Details and movement in capital grants in 2009 and 2008 are as follows:

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

Thousands of Euros	Balance at 31.12.07	Additions	Trans. diff.	Transfers	Taken to profit/loss	Balance at 31.12.08
Capital grants	17,913	12,560	(19)	(63)	(4,472)	25,919

Capital grants have been awarded by various public entities for development projects (see note 8) and training programmes.

22) Provisions for Liabilities and Charges

Details and movement during 2009 and 2008 are as follows:

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

Thousands of Euros	Balance at 31.12.07	Trans. diff.	Charges	Applications	Transfers	Payments	Balance at 31.12.08
Provisions for taxes	1,198	(43)	131	-	(344)	(386)	556
Other provisions	7,734	(3)	291	(1,362)	(4,509)	(85)	2,066
Total	8,932	(46)	422	(1,362)	(4,853)	(471)	2,622

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

Tax provisions

Thousands of Euros

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

Tax provision

Thousands of Euros

Item	Balance at 31.12.07			Payments	Charges	Transfers	Balance at 31.12.08		Expected cancellation date
	Balance	Temporary difference	Translation differences				Balance	Temporary difference	
Appeals filed with the tax authorities	1,198	422	(43)	(386)	131	(344)	556	406	2009 y 2010
Total tax provisions	1,198	422	(43)	(386)	131	(344)	556	406	

Other provisions

Thousands of Euros

Item	Balance at 31.12.08			Applications	Charges	Transfers	New Co's	Balance at 31.12.09		Expected cancellation date
	Balance	Temporary difference	Translation differences					Balance	Temporary difference	
Trade claims	613	-	11	(314)	284	(115)	-	479	-	2011
Personnel claims	892	-	12	(352)	319	632	88	1,591	-	2011
Remuneration	561	-	-	(2,674)	6,619	9,388	-	13,894	-	2011-2016
Total other provisions	2,066	-	23	(3,340)	7,222	9,905	88	15,964	-	

Other provisions

Thousands of Euros

Item	Balance at 31.12.07			Applications	Payments	Charges	Transfers	Balance at 31.12.08		Expected cancellation date
	Balance	Temporary difference	Translation differences					Balance	Temporary difference	
Trade claims	1,327	-	-	(1,246)	-	255	277	613	-	2009 y 2010
Personnel claims	5,758	4,492	-	(116)	-	36	(4,786)	892	-	2010
Remuneration	649	-	(3)	-	(85)	-	-	561	-	2012
Total other provisions	7,734	4,492	(3)	(1,362)	(85)	291	(4,509)	2,066	-	

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

23) Current Loans and Borrowings

Details of current loans and borrowings at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Loans	89,504	111,471
Interest payable	579	1,215
Finance leases	828	2,464
Total	90,911	115,150
Official loans for research programmes (note 6)	8,288	10,291
Total	99,199	125,441

24) Trade and Other Payables

Details of trade and other payables at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Trade payables	514,740	504,544
Advances from clients	498,595	621,628
Total	1,013,335	1,126,172

25) Other Liabilities

Details of other liabilities at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
Public entities	79,473	80,643
Salaries payable	48,125	48,117
Cash flow hedges	138	46
Guarantee deposits received	260	14
Trade provisions	22,368	24,176
Accruals	1,532	2,576
Equity Swap (note 35 b)	-	38,053
Other payables	28,255	44,719
Total	180,151	238,344

Balances due to public entities comprise the following:

Thousands of Euros	2009	2008
Taxation authorities		
VAT	36,647	40,759
Withholding tax on salaries	19,449	17,145
Other taxes	2,689	1,992
Subtotal	58,785	59,896
Public entities, repayable capital grants	178	-
Social Security	20,510	20,747
Total	79,473	80,643

26) Segment Reporting

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

Thousands of Euros

Segment reporting at 31 December 2009		Solutions	%	Services	%	Un- allocated corporate	Eliminations	Total	%
External sales		1,826,654	100%	686,593	98%			2,513,247	100%
Inter-segment sales		6,034	0%	15,145	2%		(21,179)	-	-
Net sales		1,832,688	100%	701,738	100%		(21,179)	2,513,247	100%
Contribution margin		359,786	20%	116,541	17%		(350)	475,977	19%
Other unallocated corporate income and expenses						(190,573)		(190,573)	-8%
Operating results		359,786		116,541		(190,573)	(350)	285,404	11%
Other losses		(16,608)		(4,819)		(3,087)		(24,514)	-1%
Share of profits of associates		(91)		(55)		-		(146)	0%
Income tax		(90,260)		(30,583)		57,993	105	(62,745)	-2.5%
Segment result		252,827	14%	81,084	12%	(135,667)	(245)	197,999	8%
Other information									
Investments		47,121		8,839		32,432		88,392	
Amortisation/depreciation		18,676		5,676		17,687		42,039	
Balance sheet									
Assets									
Segment assets		1,798,801		363,313		288,608		2,450,722	
Investment in associates		5,749		58				5,807	
								2,456,529	
Total consolidated assets									
Liabilities									
Segment liabilities		919,781		117,093		475,522		1,512,396	
Total consolidated liabilities								1,512,396	

Thousands of Euros

2009

Geographical segment reporting at 31 December 2009

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

Thousands of Euros

Segment reporting at 31 December 2008					Un- allocated corporate	Eliminations	Total	%
	Solutions	%	Services	%				
External sales	1,750,468	100%	629,097	100%			2,379,565	100%
Inter-segment sales	6,163	0%	2,127	0%		-	-	-
Net sales	1,756,631	100%	631,224	100%		(8,290)	2,379,565	100%
Contribution margin	367,159	21%	103,341	16%		(8,290)	468,561	20%
Other unallocated corporate income and expenses	-		-		(198,093)	(1,939)	(198,093)	-8%
Operating results	367,159		103,341		(198,093)	(1,939)	270,468	11%
Other losses	(15,868)		(1,712)		(2,202)		(19,782)	-1%
Share of profits of associates	373		-		-		373	0%
Income tax	(93,704)		(31,362)		59,506	582	(64,978)	-3%
Segment result	257,960	15%	70,267	11%	(140,789)	(1,357)	186,081	8%
Other information								
Investments	38,232		7,172		26,314		71,718	
Amortisation/depreciation	12,039		9,832		15,865		37,736	
Balance sheet								
Assets								
Segment assets	1,730,113		471,827		252,605		2,454,545	
Investment in associates	6,970		113		-		7,083	
							2,461,628	
Total consolidated assets								
Liabilities								
Segment liabilities	950,948		214,045		473,283		1,638,276	
Total consolidated liabilities							1,638,276	

Thousands of Euros

2008

Geographical segment reporting at 31 December 2008

	Spain	Europe	USA and Canada	Latin America	Other	Total
External sales	1,567,309	386,509	53,371	229,325	143,051	2,379,565
Investments	58,526	1,240	22	10,065	1,865	71,718
Assets used	2,212,202	72,240	17,745	135,834	23,607	2,461,628

27) Materials and Other Supplies

The total cost of materials and other supplies used incurred by the Group during the years ended 31 December 2009 and 2008 is as follows:

	Thousands of Euros	
	2009	2008
Subcontracted work and materials consumed	860,319	878,874
Changes in inventories	174	164
Total	860,493	879,038

28) Personnel Expenses

Details of personnel expenses during the years ended 31 December 2009 and 2008 are as follows:

	Thousands of Euros	
	2009	2008
Wages and salaries	786,058	764,537
Options (note 35 b)	1,500	2,996
Social Security and other employee benefits	219,304	210,280
Total	1,006,862	977,813

The average number of employees and directors during 2009 and 2008, distributed by category, has been as follows:

	Number of people					
	2009			2008		
	Male	Female	Total	Male	Female	Total
Members of the board of directors	12	3	15	12	3	15
Senior management	10	1	11	11	1	12
Management	435	64	499	386	47	433
Graduates and engineers	13,727	5,975	19,702	13,258	5,976	19,234
Administrative staff	918	2,245	3,163	800	2,183	2,983
Labourers	989	752	1,741	1,061	609	1,670
Other	83	57	140	52	31	83
Total	16,174	9,097	25,271	15,580	8,850	24,430

29) Other Profit/losses on Non-Current Assets

Details at 31 December 2009 and 2008 are as follows:

	Thousands of Euros	
	2009	2008
Impairment of goodwill (note 7)	(1,460)	(981)
Losses on other intangible assets	(2)	(633)
Profit/(loss) on property, plant and equipment	(690)	698
	(2,152)	(916)

In 2009 losses on property, plant and equipment mainly include disposals deriving from the upgrade of the Parent company and the subsidiary Indra BMB, S.L.'s installations totalling Euros 181 thousand and Euros 358 thousand, respectively.

In 2008 losses on other intangible assets included Euros 613 thousand reflecting software disposals. Profit from property, plant and equipment included Euros 1,663 thousand for the sale of the building owned by the subsidiary Administradora de Archivos, S.A., whereas losses incurred in this regard included Euros 880 thousand for the technological renovation of facilities and equipment carried out by the Parent company (see note 6).

30) Share of Profit/(Loss) of Investees

Euros 128 thousand of the Euros 387 thousand share in profit or loss of investees in 2009 relate to the wind up of Marco Polo Investment, S.A. (see note 11), whereas Euros 66 thousand relate to the sale of Etnodiversidad del Somontano, S.L. (see note 5).

In 2008, the Euros 3,095 thousand share in profit or loss of investees included Euros 3,075 thousand for the sale of a 6.5% interest in the subsidiary Indra BMB, S.L. by the Parent company (see note 17).

31) Foreign Currency Transactions

The main transactions in currencies other than the Euro in 2009 and 2008 have been as follows:

	Thousands of Euros	
	2009	2008
Sales	406,384	368,962
Purchases	316,269	288,874

32) Guarantees

At 31 December 2009 various banks and insurance companies have extended guarantees of Euros 872,183 thousand to third parties on behalf of the Group, mainly to secure the completion of contracts. At 31 December 2008 guarantees totalled Euros 894,615 thousand.

33) Taxation

The Parent company files consolidated tax returns as the parent of tax group 26/01, which comprises the Parent company and the subsidiaries Indra Sistemas de Seguridad, S.A.U., Inmize Capital, S.L., Europraxis-Atlante, S.L.U., Indra Software Labs, S.L.U., Indra BMB, S.L., Indra Emac, S.A.U., Indra Sistemas de Comunicaciones Seguras, S.L., Advanced Logistics Group, S.L.U., Internet Protocol Sistemas Net, S.A.U., Metradis, S.L.U., Safo Sistemas, S.L.U., Indra bmb Servicios Digitales, S.A.U., Euroquality, S.L.U., Programarius, S.L.U., and Etnodiversidad del Somontano, S.L.U.

Deferred tax assets

The evolution of deferred tax assets has been as follows:

Thousands of Euros	Balance at 31.12.07	Other variations	Generated	Trans. diff	Rever-sals	Balance at 31.12.08
Deferred tax assets	34,061	(4,427)	15,711	(218)	(12,711)	32,416

Thousands of Euros	Balance at 31.12.08	Other variations	Generated	Trans. diff	Rever-sals	Balance at 31.12.09
Deferred tax assets	32,416	(514)	8,163	(29)	(8,767)	31,269

Details of deferred tax assets at 31 December 2009 and 2008 are as follows:

Item	Thousands of Euros	
	2009	2008
Charges to and application of provisions	20,950	19,191
Amortisation of goodwill	2,568	3,092
Excess amortisation/depreciation of assets	2,273	2,245
Other	5,478	7,888
Deferred tax assets	31,269	32,416

Current tax assets

Details of current tax assets at 31 December 2009 and 2008 are as follows:

Thousands of Euros	2009	2008
	Prior years' recoverable income tax	-
Recoverable income tax for the year	14,273	12,887
Total	14,273	15,406

Deferred tax liabilities

Details of deferred tax liabilities during 2009 and 2008 are as follows:

Thousands of Euros	Balance at 31.12.07	Other variations	Changes to consol. group	Generated	Trans. Diff.	Rever-sals	Balance at 31.12.08
Deferred tax liabilities	29.890	(3.432)	192	5.900	(34)	(1.420)	31.096

Thousands of Euros	Balance at 31.12.08	Other variations	Generated	Trans. Diff.	Rever-sals	Balance at 31.12.07
Pasivo por Impuestos diferidos	31.096	(134)	9.974	(64)	(2.640)	38.232

Details of deferred tax liabilities at 31 December 2009 and 2008 are as follows:

Item	Thousands of Euros	
	2009	2008
Finance lease operations	1.086	1.137
Taxable gains	3.827	4.618
Portfolio provisions	15.721	9.619
Amortisation of goodwill	16.322	12.065
Restatement of R&D loans	10	2.438
Other	1.266	1.219
Deferred tax liabilities	38.232	31.096

Current tax liabilities

Details of current tax liabilities at 31 December 2009 and 2008 are as follows:

	Thousands of Euros	
	2009	2008
Income tax (prior years)	505	437
Income tax (current year)	20.720	33.554
Income tax (companies located abroad)	2.276	1.332
Total	23.501	35.323

Income tax expense

Due to the treatment permitted by tax legislation for certain transactions, accounting profit differs from taxable income. A reconciliation of accounting profit for the year with the taxable income of the companies which form part of the Group and the income tax expense calculation at 31 December 2009 and 2008 is as follows:

Items	Thousands of Euros	
	2008	2009
A. Accounting profit before tax	260,744	251,059
Adjustments to accounting profit		
- Non-deductible provisions for/reversals of investments	358	-
Other positive differences	15,564	11,498
Other negative differences	(8,168)	(9,976)
Options	1,500	2,995
Consolidation adjustments	7,095	8,145
Total adjustments to accounting profits	16,349	12,662
B. Adjusted accounting profit	277,093	263,721
Temporary differences::		
- Positive, generated during the year	27,009	45,250
- Positive, generated in prior years	8,799	4,519
- Negative, generated during the year	(33,531)	(19,893)
- Negative, generated in prior year	(28,647)	(35,622)
Total temporary differences	(26,370)	(5,746)
C. Taxable income	250,723	257,975
D. Loss carryforwards	(2,062)	(164)

Items	Thousands of Euros	
	2008	2009
E. Adjusted taxable income	248,661	257,811
Tax payable	77,397	80,189
Deductions:		
- Internal double taxation relief	(2,303)	(101)
- International double taxation relief	(2,675)	(2,988)
- Investments in R+D+i and others	(14,048)	(13,146)
F. Credit for loss carryforwards	85	-
G. Taxes on foreign salaries	106	147
H. Total tax payable	58,562	64,101
Payments and withholdings on account	45,341	39,806
Application of deductions and capitalised loss carryforwards	-	90
Total payable	13,221	24,205
I. Deferred tax assets for the year	(8,163)	(13,643)
J. Deferred tax assets recovered	8,767	12,711
K. Deferred tax liabilities for the year	9,974	6,040
L. Deferred tax liabilities reversed	(2,640)	(1,420)
- Accrued income tax (H+I+J+K+L+M+N)	66,500	67,789
- Income tax for companies registered abroad	5,641	4,330
- Prior years' income tax	(10,154)	(7,141)
- Income tax for different tax rates	758	-
Ñ. Income tax for the year	62,745	64,978
Total profit after tax (A-Ñ)	197,999	186,081

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

	2009	
	Thousands of Euros	%
Consolidated profit before tax	260,744	
Income tax at the rate applicable in Spain	78,223	30.00%
Effect of permanent differences	4,905	1.88%
Effect of deductions	(19,026)	-7.30%
Effect of other income tax deductions from prior years	(10,154)	-3.89%
Effect of offset of prior years' loss carryforwards	85	0.03%
Income tax for companies registered abroad	5,641	2.16%
Effect of different international tax rates	3,071	1.18%
	62,745	24.06%

	2008	
	Thousands of Euros	%
Consolidated profit before tax	251,059	
Income tax at the rate applicable in Spain	75,318	30.00%
Effect of permanent differences	3,799	1.51%
Effect of deductions	(16,235)	-6.47%
Effect of other income tax deductions from prior years	(7,141)	-2.84%
Effect of offset of prior years' loss carryforwards	90	0.04%
Income tax for companies registered abroad	4,330	1.72%
Effect of different international tax rates	4,818	1.92%
	64,978	25.88%

Details of loss carryforwards pending offset and credits for investment, training and export activities at 31 December 2009 and 2008 are as follows:

	2009	
Thousands of Euros	Credits for investments and others	Loss carryforwards
2005 and prior years	1,438	11,951
2006	911	7,582
2007	3,091	9,337
2008	1,901	287
2009	3,824	1,953
Total at 31.12.09	11,165	31,110

	2008	
Thousands of Euros	Credits for investments and others	Loss carryforwards
2004 and prior years	871	7,686
2005	770	4,188
2006	911	6,937
2007	3,591	11,940
2008	2,253	1,540
Total at 31.12.08	8,396	32,291

As in 2008, the Group has no reinvestment commitments at 31 December 2009.

In accordance with Spanish tax legislation, taxes cannot be considered definitive until they have been inspected and agreed by the tax authorities or before the inspection period of four years has elapsed. The Parent company has open to inspection all applicable taxes for 2005 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.

The Group's risk management policy involves hedging 100% of expected transactions in each currency other than the functional currency. Approximately 95% of forecast sales in each of the main foreign currencies are classified as highly probable forecast transactions for hedge accounting purposes (95% in 2008).

The Group's exposure to currency risk at 31 December 2009 and 2008 is detailed below. The accompanying tables reflect the carrying amount in thousands of Euros of the Group's financial instruments or classes of financial instruments denominated in foreign currencies.

34) Financial Risk Management and Hedging Policies

Financial risk factors

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

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

a) Market risk

(i) Currency risk

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

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

Thousands of Euros

	Dollar	Pound	Swiss Franc	Mexican Peso	Argentine Peso	Chilean Peso	Others	2009 Total
Other financial assets	24	-	-	-	-	-	21	45
Total non-current assets	24	-	-	-	-	-	21	45
Trade and other receivables	51,756	1,079	-	22,081	8,223	19,832	65,338	168,309
Other financial assets	13	15	-	9	-	638	6,354	7,029
Debt securities	-	-	-	-	-	490	2,047	2,537
Total current assets	51,769	1,094	-	22,090	8,223	20,960	73,739	177,875
Total assets	51,793	1,094	-	22,090	8,223	20,960	73,760	177,920
Loans and borrowings	-	-	-	-	-	-	8,734	8,734
Other financial liabilities	-	-	-	-	-	-	287	287
Total non-current financial liabilities	-	-	-	-	-	-	9,021	9,021
Loans and borrowings	12,037	4	-	14,061	6,991	16,070	18,429	67,592
Finance lease payables	-	-	-	-	92	-	-	92
Trade and other payables	20,884	332	908	14,145	10,755	14,334	58,834	120,192
Total current liabilities	32,921	336	908	28,206	17,838	30,404	77,263	187,876
Total liabilities	32,921	336	(908)	28,206	17,838	30,404	86,284	196,897
Gross balance sheet exposure	18,872	758	(908)	(6,116)	(9,615)	(9,444)	(12,524)	(18,977)
Forecast sales in foreign currencies	69,671	2,803	-	3,448	-	40	2,432	78,394
Forecast purchases in foreign currencies	78,066	15,355	2,584	-	1,063	218	7,441	104,727
Total gross exposure	10,477	(11,794)	(3,492)	(2,668)	(10,678)	(9,622)	(17,533)	(45,310)
Derivative financial instruments - hedging								
Sales	104,718	3,287	-	5,141	-	1,169	2,796	117,111
Purchases	85,165	16,035	3,492	19	1,063	218	7,474	113,466
Net exposure	(9,076)	954	-	(7,790)	(9,615)	(10,573)	(12,855)	(48,955)

Thousands of Euros

	Dollar	Pound	Swiss Franc	Mexican Peso	Argentine Peso	Chilean Peso	Others	2008 Total
Other financial assets	23	-	-	119	79	136	453	810
Total non-current assets	23	-	-	119	79	136	453	810
Trade and other receivables	38,661	3,269	-	26,963	12,923	19,209	83,561	184,586
Other financial assets	-	94	-	-	101	658	328	1,181
Debt securities	-	-	-	3	-	-	2,112	2,115
Total current assets	38,661	3,363	-	26,966	13,024	19,867	86,001	187,882
Total assets	38,684	3,363	-	27,085	13,103	20,003	86,454	188,692
Loans and borrowings	-	6	-	-	-	-	5,953	5,959
Other financial assets	-	-	-	1,683	7	-	89	1,779
Total non-current financial liabilities	-	6	-	1,683	7	-	6,042	7,738
Loans and borrowings	8,658	1,577	-	11,834	7,873	11,284	13,813	55,039
Finance lease payables	-	-	-	1,238	31	-	-	1,269
Trade and other payables	14,272	1,316	1,265	15,100	7,583	7,549	59,958	107,043
Total current liabilities	22,930	2,893	1,265	28,172	15,487	18,833	73,771	163,351
Total liabilities	22,930	2,899	1,265	29,855	15,494	18,833	79,813	171,089
Gross balance sheet exposure	15,754	464	(1,265)	(2,770)	(2,391)	1,170	6,641	17,603
Forecast sales in foreign currencies	70,191	-	-	2,606	81	219	562	73,659
Forecast purchases in foreign currencies	63,369	8,387	4,093	-	-	-	4,420	80,269
Total gross exposure	22,576	(7,923)	(5,358)	(164)	(2,310)	1,389	2,783	10,993
Derivative financial instruments - hedging								
Sales	89,813	1,556	-	3,680	81	1,045	562	96,737
Purchases	71,916	9,827	5,358	22	-	178	4,58	91,882
Net exposure	4,679	348	-	(3,822)	(2,391)	522	6,802	6,138

(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 profits. To control this risk, the Group uses different derivative financial instruments depending on the term of the liability to be hedged. Non-current liabilities are mainly hedged through swaps that allow interest rates initially contracted as variable to be converted into fixed interest rates.

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

	2009		2008	
	Interest rate fluctuation		Interest rate fluctuation	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on profit before tax	(1.1)	1.1	(1.2)	1.2

b) Credit risk

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

The accompanying tables reflect the analysis of the ageing of past-due unimpaired financial assets at 31 December 2009 and 2008.

	Thousands of Euros				2009
	Less than 3 months	3-6 months	6 months to 1 year	More than 1 year	Total
Trade and other receivables	165,471	38,016	42,799	45,287	291,573
Total assets	165,471	38,016	42,799	45,287	291,573
	Thousands of Euros				2008
Trade and other receivables	148,827	38,390	55,558	51,099	293,874
Total assets	148,827	38,390	55,558	51,099	293,874

c) Liquidity risk

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

The Group's exposure to liquidity risk at 31 December 2009 and 2008 is shown below.
The accompanying tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

Thousands of Euros 2009

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

Thousands of Euros 2008

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
Loans and borrowings	19,076	7,688	96,213	27,414	18,112	168,503
Finance lease payables	205	411	1,848	862	-	3,326
Trade and other payables	92,567	95,196	1,138,654	-	-	1,326,417
Other financial liabilities	-	-	38,053	6,270	42	44,365
Total	111,848	103,295	1,274,768	34,546	18,154	1,542,611
Derivative financial instruments	-	-	46	447	-	493
Total	111,848	103,295	1,274,814	34,993	18,154	1,543,104

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 2009 (see note 4 (s)). These commitments are as follows:

At 31 December 2008 the Group had the following commitments:

Currency	Amount in foreign currency				Currency	Amount in foreign currency			
	Current		Non-current			Current		Non-current	
	Purchase	Sale	Purchase	Sale		Purchase	Sale	Purchase	Sale
US Dollar	77,194,569	119,138,211	20,713,809	31,250,903	US Dollar	74,462,164	95,208,149	25,623,179	29,785,294
Pound Sterling	13,395,989	2,195,704	845,000	723,074	Pound Sterling	8,057,816	1,387,496	1,302,763	94,736
Swiss Franc	4,980,368	-	200,000	-	Swiss Franc	7,156,559	-	800,000	-
Chilean Peso	158,028,000	849,040,040	-	-	Chilean Peso	-	394,015,878	158,028,000	534,888,099
Mexican Peso	353,549	94,257,356	-	3,027,999	Colombian Peso	-	448,400,000	-	-
Argentine Peso	5,150,205	-	628,074	-	Argentine Peso	-	393,287	-	-
Thai Baht	3,700,000	-	-	-	Thai Baht	28,870,000	-	-	-
Australian Dollar	746,198	-	-	-	Mexican Peso	423,549	60,462,518	-	10,367,931
Canadian Dollar	4,546,553	188,780	232,074	-	Polish Zloty	-	1,227,638	-	-
Norwegian Krone	125,508	-	-	8,066,947	Australian Dollar	860,000	-	-	-
Brazilian Real	-	752,745	-	-	Canadian Dollar	3,565,572	-	2,485,340	-
					Saudi Riyal	-	115,730	-	-
					South African Rand	-	1,325,220	-	-

At 31 December 2009 and 2008 exchange rate hedges are valued as follows:

	Thousands of Euros							
	2008				2009			
	Current		Non-current		Current		Non-current	
Exchange rate hedge	Asset		Liability		Asset		Liability	
Cash flow hedge	2,405	1,896	(241)	539	1,587	2,122	1,350	20
Fair value hedge	1,758	853	-	-	840	351	-	-
	4,163	2,749	(241)	539	2,427	2,473	1,350	20

b) Share options plan

No new share options plans have been agreed in 2009.

In 2008 the board of directors of the Parent company approved an options plan for ordinary shares of the Parent company to motivate and retain senior management, thereby encouraging growth and creating value in the medium term.

The 2008 Options Plan was approved by the directors of the Parent company's board at their meeting on 14 May 2008. In accordance with article 130 and the fourth additional provision of the Spanish Companies Act, the plan was also submitted for approval and approved by the shareholders at their annual general meeting on 26 June 2008.

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

	Number of option			Exercise price (Euros)	Maturity date
	Balance at 31.12.08	Extinguished	Exercised		
2005 options	2,228,000	(2,228,000)	-	-	16.83 from 01.04.08 to 30.06.09
2008 options	934,959	(36,586)	-	898,373	16.82 from 01.01.11 to 31.03.12
Total outstanding options	3,162,959	(2,264,586)		898,373	

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

Details of the remuneration plans based on the hedge and share values at 31 December 2008, and movement during the year, are as follows:

	Number of option		Exercise price (Euros)	Maturity date
	Balance at 31.12.07	Granted		
2005 options	2,248,000	-	(20,000)	2,228,000 16.83 from 01.04.08 to 30.06.09
2008 options	-	934,959	-	934,959 16.82 from 01.01.11 to 31.03.12
Total outstanding options	2,248,000	934,959	(20,000)	3,162,959

	Hedge	
	Equity Swap	Unit carrying amount
2005 options	2,261,000	16.83
Total	2,261,000	

In 2008 20,000 options from the 2005 options plan were exercised, with the average listed price on the exercise date standing at Euros 18.34.

At 31 December 2009 Euros 1,500 thousand have been charged to personnel expenses for the options granted (Euros 2,996 thousand in 2008) (see note 28).

36) Operating Leases

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

The most significant lease contracts are as follows:

Lessor	Address	Date contract signed	Contract expiry date	Revision	Revision %	Deposits (Thousands of Euros)
Testa Inmuebles en Renta, S.A.	Avenida de Bruselas, 35 (Alcobendas)	01/01/02	30/06/12	July	C.P.I.	1.005.41
Ayuntamiento de Alcobendas	Anabel Segura, 7 (Alcobendas)	01/09/07	31/08/14	January	C.P.I.	291.72
Banesto Renting, S.A.	Parque Empresarial La Finca, 1 (Pozuelo de Alarcón)	09/03/06	03/10/13	July	C.P.I.	432.61
Gratan, S.L.	Tanger, 120 (Barcelona)	01/07/05	01/07/10	July	C.P.I.	212
General de Edificios y Solares	Avda. de Arteixo, s/n (La Coruña)	15/05/08	31/05/13	May	C.P.I.	83
General de Edificios y Solares	Acanto, 11 (Madrid)	01/01/07	31/12/12	January	C.P.I.	209
Grupo Castellvi	Tanger 98-108, Edificio Interface (Barcelona)	01/07/08	01/10/18	June	C.P.I.	371

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

Owner	Address	Contract expiry date	2009 payments	2008 payments
Ayuntamiento de Alcobendas/Sogepima	Alcobendas (Madrid)	31/08/12	2,385	2,385
Banesto Renting	Pozuelo De Alarcón (Madrid)	03/10/13	2,869	2,759
Catalana De Occidente	Madrid	Annual	250	473
Edificio De Alcobendas, S.A.	Alcobendas (Madrid)	31/05/11	378	370
El Encinar Del Norte	Madrid	15/06/09	101	123
Ema 4, S.L.	Madrid	28/02/10	563	551
Fiact	Barcelona	08/06/13	309	356
General de Edificios y Solares	Madrid	Annual	1,631	1,311
Gratan, S.L.	Barcelona	01/07/10	1,366	1,321
Grupo Castellvi	Barcelona	01/07/18	3,182	959
Hermandad Nacional de Arquitectos	Madrid	01/05/2009	145	316
Hp Hewlett Packard, S.L.	Las Rozas (Madrid)	24/11/10	430	430
Iberdrola Inmobiliaria, S.A.U.	Barcelona	30/01/09	29	347
Inmoan, S.L.	Torrejon De Ardoz - Madrid	31/12/13	252	249
Julcam, 19 S.L.	Madrid	01/03/11	515	509
Kaliste Gestion, S.A.	Barcelona	27/07/08	-	621
New Klimt Terciario 2.001, S.L. PI.10	Barcelona	31/01/09	-	331
New Klimt Terciario 2.001, S.L. PI.9	Barcelona	31/01/09	-	303
Testa	Alcobendas (Madrid)	30/06/12	6,026	5,785
Inversiones Alpe	La Urbina (Venezuela)	31/05/11	462	450
El Remanso, S.A.	Avda. del Valle (Chile)	31/01/13	576	348
Cabi Oficinas Corporativas, S.A. de C.V.	Presidente Masarik 11 (Mexico)	06/08/12	620	439
IMOCPC	Oporto (Portugal)	01/04/12	192	331
Alfrapark	Alfragide, Lisboa (Portugal)	01/11/12	376	317
Others			7,850	8,305
			30,507	29,690

Others include all amounts lower than Euros 250 thousand.

37) Remuneration of the Board of Directors and Senior Management

1. Remuneration of board members

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

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

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

(i) Fixed amount: Euros 32 thousand for members of the board of directors; Euros 18 thousand for Delegate Committee members; Euros 24 thousand for Audit and Compliance Committee members; and Euros 18 thousand for Appointments,

Remuneration and Corporate Governance Committee members. The chairperson of each body, except the Delegate Committee, receives remuneration totalling 1.5 times these amounts.

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

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

Consequently, an itemised breakdown of total remuneration for 2009 and 2008 accrued by the members of the board of directors, in their capacity as directors of the Parent company, is as follows:

Remuneration Of Directors (€) 2009

Director	Fixed Amount		Audit And Compliance Committee	Appointments, Remuneration and Corporate Governance Committee	Total Fixed Amount	Profit Sharing (50% In Shares)	Total
	Board Of Directors	Delegate Committee					
Adm. Valtenas (1)	32,000	--	--	--	32,000	81,666	113,666
I. Aguilera	32,000	18,000	24,000	--	74,000	81,666	155,666
Casa Grande de Cartagena	32,000	--	10,000	--	42,000	81,666	123,666
D. García-pita (2)	16,000	--	--	9,000	25,000	40,833	65,833
S. Gabarró (3)	24,000	--	--	13,500	37,500	61,250	98,750
Mediacion y diagnosticos (4)	32,000	18,000	--	18,000	68,000	81,666	149,666
L. Lada	32,000	9,000	--	9,000	50,000	81,666	131,666
H. Lopez isla(5)	12,000	6,750	9,000	--	27,750	30,625	58,375
P.Lopez jimenez(6)	8,000	--	--	4,500	12,500	20,417	32,917
J. March (7)	13,333	7,500	--	--	20,833	34,028	54,861
J. Monzon	48,000	18,000	--	--	66,000	81,666	147,666
R. Moranchel	32,000	18,000	--	--	50,000	81,666	131,666
J. Moya-angeler	32,000	18,000	--	27,000	77,000	81,666	158,666
M. Oriol	32,000	--	24,000	18,000	74,000	81,666	155,666
Part. Y cartera de inversion (8)	32,000	--	24,000	--	56,000	81,666	137,666
P.Ramony cajal(9)	16,000	9,000	--	--	25,000	40,833	65,833
M. Soto	32,000	--	36,000	--	68,000	81,666	149,666
R. Sugrañes	32,000	18,000	--	--	50,000	81,666	131,666
R. Villaseca (10)	6,667	1,500	2,000	--	10,167	17,014	27,181
Total	496,000	141,750	129,000	99,000	865,750	1,225,000	2,090,750
Average remunertion per director (15 directors)					57,717	81,666	139,383

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

Remuneration Of Directors (€) 2008

Director	Board Of Directors	Delegate Committee	Fixed Amount			Total Fixed Amount	Profit Sharing (50% In Shares)	Total
			Audit And Compliance Committee	Appointments, Remuneration and Corporate Governance Committee				
Adm. Valtenas (1)	32,000	--	--	--	32,000	81,666	113,666	
I. Aguilera	32,000	18,000	12,000	--	62,000	81,666	143,666	
Casa Grande de Cartagena	32,000	--	--	--	32,000	81,666	113,666	
F. Constans (3)	16,000	9,000	18,000	--	43,000	40,833	83,833	
Mediacion y diagnosticos (2)	32,000	18,000	--	18,000	68,000	81,666	149,666	
L. Lada	32,000	--	--	18,000	50,000	81,666	131,666	
H. Lopez isla	32,000	18,000	24,000	--	74,000	81,666	155,666	
P. Lopez jimenez	32,000	--	--	18,000	50,000	81,666	131,666	
J. Monzon	48,000	18,000	--	--	66,000	81,666	147,666	
R. Moranchel	32,000	18,000	--	--	50,000	81,666	131,666	
J. Moya -angeler	32,000	9,000	--	27,000	68,000	81,666	149,666	
M. Oriol	32,000	9,000	24,000	9,000	74,000	81,666	155,666	
Part. Y cartera de inversion (2)	32,000	--	24,000	--	56,000	81,666	137,666	
P. Ramon y cajal	32,000	18,000	--	--	50,000	81,666	131,666	
M. Soto	32,000	--	30,000	9,000	71,000	81,666	152,666	
R. Sugrañes (4)	16,000	9,000	--	--	25,000	40,833	65,833	
Total	496,000	144,000	132,000	99,000	871,000	1,225,000	2,096,000	
					Average remunertion per director (15 directors)	58,067	81,666	139,733

(1)Representing Caja Asturias (2) Representing Caja Madrid (3) Until June 2008 (4) Since July 2008

Total director remuneration represents 0.73% of consolidated net operating profit and 0.80% of consolidated profit before tax for 2009, according to the accompanying consolidated annual accounts prepared by the board of directors (0.77% and 0.83%, respectively, in 2008).

During 2009 and 2008, no options on Parent company shares were granted to the members of the board of directors in their capacity as directors, nor did they exercise any options on Parent company shares. At the 2009 and 2008 year ends the members of the board of directors did not hold, in their capacity as directors, any Parent company share options.

In 2009 and 2008 the members of the board of directors did not receive any benefits or remuneration other than the aforementioned. Neither the Parent company nor any of the consolidated Group companies has assumed any pension commitments on behalf of, or extended any loans or advances to, the board of directors.

Senior management who are also members of the board of directors (executive directors) also accrue additional remuneration through their professional relationship with the Parent company and, as such, is independent of remuneration received in their capacity as directors, as established in the articles of incorporation. Details of such remuneration are provided in the following section.

2. Remuneration of senior management

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

In 2008 the board of directors approved a new remuneration framework for senior management, as proposed by the aforementioned Committee, applicable for the 3-year period from 2008 to 2010. The approved remuneration has similar components to those in the prior 3-year period, some of which are annual and some of which relate to more than one year. The terms and amounts of each item were determined in line with the following criteria: variable remuneration should represent a substantial portion of total remuneration; medium-term remuneration should be significant; and remuneration referenced to stock market value should be significant, although not excessive.

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

Medium-term remuneration is fully variable and is dependent on senior management remaining within the Company until the end of the period to which this remuneration relates. It comprises both a cash incentive and payment in the form of shares and options. The cash incentive is accrued and paid at 2010 year end, and has been established with an average central value (for all senior management) of two times the amount corresponding to fixed annual remuneration. This incentive is payable upon satisfactory evaluation by the board of the Company's performance in the 2008-2010 period as well as the management activity carried out by each of the senior managers, involving not only compliance with annual targets, but also the development and achievement of medium-term strategic objectives established for the period by the board of directors. The evaluation also considers a comparison of the Company's development with regard to the markets in which it operates and the main comparable companies within the sector. Share-based remuneration and the granting of options is limited to a net amount equivalent to between 10 and 20% of total gross remuneration (including this form of remuneration) for senior management for the period. In their 2008 annual general meeting the shareholders approved the terms and conditions for the distribution of shares and granting of options to senior management, agreeing that the shares would be distributed in 2008, 2009 and 2010 at their market value at the date of distribution, and that senior management would retain ownership thereof for a period of at least three years. The shareholders also agreed that the granting of options would take place on the first of the three years within the remuneration period (2008),

with an exercise price equal to the market value of the share on the grant date and a total duration of three years and six months, with the exercise period of 12 months beginning two years and three months (the exclusion period) after the date on which the options were granted.

Following the corresponding valuation by the board of directors, annual remuneration for 2009 and 2008 was as follows:

Thousands of Euros	2009	2008
Fixed remuneration	4,990	5,637
Variable remuneration	3,510	3,815
Remuneration in kind	273	280
Total annual remuneration for senior management	8,773	9,731
Members of senior management	11	13
Average total annual remuneration for senior management	798	749

In 2009 and 2008, Euros 1,710 thousand and Euros 1,710 thousand, respectively, of the above-mentioned amounts were payable to executive directors (senior management who are also members of the board of directors) in respect of annual remuneration and Euros 3,496 thousand and Euros 3,487 thousand in total annual remuneration, respectively. According to the accompanying annual accounts, the above annual remuneration represents 1.22% of consolidated net operating profit and 1.34% of consolidated profit before income tax for 2009 (1.29 % and 1.39%, respectively, in 2008).

In both 2009 and 2008 the Parent company made a provision of Euros 3,640 thousand for medium-term remuneration, which is accrued and will be payable (where applicable) at 2010 year end. Euros 1,710 thousand of this amount relates to executive board members.

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

general meeting:

(i) in 2009 the board of directors, as proposed by the Appointments, Remuneration and Corporate Governance Committee, agreed to distribute a total of 47,052 shares to senior management (22,405 of which to executive directors), with a value of Euros 15.06 each, which was the market value of the shares at 30 April 2009, the date on which they were distributed (this share distribution is part of the distribution of 158,659 shares to 150 members of senior management as part of the "2008-2010 Share Plan"). In 2008 a total of 43,022 shares were distributed to senior management (19,978 of which to executive directors), with a value of Euros 16.78 each, which was the market value of the shares at 30 September 2008, the date on which they were distributed (this share distribution is part of the distribution of 143,589 shares to 150 members of senior management as part of the "2008-2010 Share Plan").

(ii) in 2008 members of senior management were granted 934,959 options on the same number of Company shares (463,415 of which to executive directors), equivalent to 0.57% of share capital. The exercise price of these options is Euros 16.82, their market value at the grant date, established (pursuant to the shareholders' agreement at the annual general meeting) as the average listed price between 27 June 2008 and 26 September 2008. The granting of the options was effective as of 1 October 2008. During 2009 no share options were granted to senior management.

In 2009 and 2008 senior management did not exercise any options on Parent company shares.

In 2009 and 2008 members of senior management did not receive any benefits or remuneration other than those indicated in this note. Neither the Parent company nor any of the Group companies has assumed any pension commitments on behalf of, or extended any loans or advances to, senior management.

The Appointments, Remuneration and Corporate Governance Committee has recommended that senior management acquire (on their own account) Company shares, thereby reaching and maintaining a stable interest in the Company's share capital equivalent to at least their fixed annual remuneration. At the 2009

year end senior management held 396,692 shares with a market value at that date equivalent to 1.4 times their annual global fixed remuneration.

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

In 2009 one general manager, Mr. Javier Piera, died, and another, Mr. Ángel Lucio, left, therefore concluding their labour relations with the Company. All the terms of their respective contracts, previously approved by the board of directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee and submitted for approval to the shareholders at their general meeting, were applied. In 2008 general managers, Messrs Otero and Vilá, left the Company.

38) Information Provided by the Members of the Board of Directors as Required by amended Article 127 (4th) of the Spanish Companies Act

As required by amended section 4 of Article 127 of the Spanish Companies Act, the members of the board of directors have informed the Parent company of shares or positions held in other companies. Details are presented in Appendix II to the accompanying annual accounts.

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 2009, including capitalised projects (see note 6), amounts to Euros 175,020 thousand, equivalent to 6.96% of the Group's total sales during the year. R&D&innovation expenses incurred by the Parent company during 2009 account for approximately 89% of total expenses of this nature incurred by the Group.

In 2008, R&D&innovation expenses amounted to Euros 152,003 thousand, equivalent to 6.4% of total Group sales.

40) Environmental Issues

The Group's activities have not changed significantly in comparison with prior years, and therefore the environmental impact continues to be low. Consequently, the directors consider that no significant contingencies exist in relation to protection or improvement of the environment and therefore have made no related provision for liabilities and charges at 31 December 2009 or 2008.

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

Notwithstanding the above, one of the core pillars of Indra's Corporate Governance is its commitment to protecting the environment during the course of its activities. 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), Parque Empresarial La Finca (Pozuelo de Alarcón), Aranjuez, Barcelona (calle Roc Boronat), Anabel Segura (Alcobendas-Madrid) and Ciudad Real, in 2009 the Barcelona-Interface work centres were also certified. These work centres house the activities of two Group companies: Indra Sistemas, S.A. and Indra BMB, S.L. and the La Coruña centre houses the activities of Software Labs, S.L.U.

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

With respect to international subsidiaries, it should be noted that in 2009 the first two work centres of Indra located in Bogota (Colombia) and Lisbon (Portugal) obtained ISO14001 certification (the latter with an integrated quality and environmental management system (ISO9001 and ISO14001)). This is a significant milestone in Indra's Globalisation Plan for corporate quality and environmental management systems.

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 2009 and 2008:

Thousands of Euros

	2009			2008		
	KPMG Auditores, S.L. companies	Other KPMG	Total	KPMG Auditores, S.L. companies	Other KPMG	Total
Audit services	400	402	802	435	461	896
Other services	8	116	124	12	77	89
	408	518	926	447	538	985

The amounts in the table above include all fees for services rendered in 2009 and 2008, irrespective of the date of invoice.

42) Transactions with Related Parties

In accordance with the board of directors' regulations, transactions with related parties must be authorised by the board of directors on the basis of a report from the Appointments, Remuneration and Corporate Governance Committee evaluating whether the proposed transaction complies with the principle of equal treatment of shareholders and whether it is carried out under market conditions. Transactions of a recurrent nature carried out in the normal course of the Group's business and in market conditions need only meet general operations authorisation guidelines.

During 2009 and 2008, commercial, financial and professional services transactions have been carried out with the significant shareholders Caja Madrid, Corporación Financiera Alba, Gas Natural (Unión Fenosa in 2008) and Caja Asturias, or companies related to these, as well as with companies related to the board members Mr. Ramón y Cajal, Mr. Moya-Angeler and Ms. De Oriol.

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 and in market conditions. The transactions do not represent, either individually or in the aggregate, a significant amount of the Parent company's net sales or balance sheet at 31 December 2009 and 2008.

Details of transactions with shareholders and board members during the years ended 31 December 2009 and 2008 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.

Thousands of Euros			2009
Nature of the transaction	Shareholders (*)	Board members	Total 31.12.2009
Sale of goods and services	110,621	-	110,621
Purchase of goods and services	7,048	1,319	8,367
Interest received	19	-	19
Expenses for financial services	532	-	532
Expenses for professional services	-	15	15
	118,220	1,334	119,554

Thousands of Euros			2008
Nature of the transaction	Shareholders (*)	Board members	Total 31.12.2008
Sale of goods and services	89,007	-	89,007
Purchase of goods and services	4,980	1,404	6,384
Interest received	8	-	8
Expenses for financial services	1,758	-	1,758
	95,753	1,404	97,157

(*) Includes Inversis, in which Caja Madrid and Indra hold a joint majority interest.

a) Transactions with shareholders

All transactions with shareholders relate to operations carried out with Caja Madrid, Corporación Financiera Alba, Gas Natural (Unión Fenosa in 2008) and Caja Asturias (as well as Inversis, as indicated in the preceding note).

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

Purchase of goods and services reflects contracted services required for ordinary activity, and is broken down as follows:

Thousands of Euros	2009	2008
Gas Natural / Unión Fenosa	6,814	4,641
Caja Madrid	162	267
Inversis	72	72

The main services contracted were electricity supply (Euros 4,259 thousand in 2009 and Euros 2,259 thousand in 2008) and building rental (Euros 1,835 thousand in 2009 and Euros 1,807 thousand in 2008).

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

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

In 2009 and 2008 the Group held various financial contracts with its shareholder Caja Madrid, the most significant of which were as follows:

- Credit facility with annual maturity amounting to Euros 92,353 thousand in 2009 and Euros 73,925 thousand in 2008. The average balance drawn down in 2009 totals Euros 7,317 thousand (Euros 33,471 thousand in 2008).
- Guarantee facility with annual maturity amounting to Euros 83,797 thousand in 2008 and Euros 82,881 thousand in 2007.
- Payables discounting facility with annual maturity amounting to Euros 11,000 thousand in 2009 and Euros 11,000 thousand in 2008.
- Financing of commercial operations totalling Euros 69,819 thousand in 2009 and Euros 70,620 thousand in 2008.
- Interest rate hedge totalling Euros 6,000 thousand in 2009 and 2008.

Indra is also developing an R&D&innovation project known as ITECBAN, alongside Caja Madrid and a further seven entities. This project is financed by the Centre for Industrial Technological Development (CDTI, dependent on the Ministry of Industry, Tourism and Commerce), with no economic value between the parties.

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

Thousands of Euros	2009	2008
Caja Madrid	20,024	12,170
Corporación Financiera Alba	10,012	-
Casa Grande Cartagena	5,691	4,664
Caja Asturias	5,010	4,106
Gas Natural / Unión Fenosa	5,006	12,319

b) Transactions with directors

Transactions recognised as purchases of goods and services include:

- The rental of a building located 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 was extended in December 2007 pursuant to the terms and conditions therein. Amounts paid in 2009 and 2008 in this regard totalled Euros 253 thousand and Euros 249 thousand, respectively. The terms of the lease contract were negotiated with Mr. Moya-Angeler prior to his appointment as a director of Indra. Subsequently, as requested by Mr. Moya-Angeler, the board of directors expressly authorised this transaction, on the basis of a favourable report received from the Appointments, Remuneration and Corporate Governance Committee.
- The rental of a building located in Alcobendas, with a surface area of 4,084.12 m², from Edificios Alcobendas, S.A., a company in which Mr. Ramón y Cajal holds a 10% interest. The lease contract was signed at the end of 2005, initially until May 2011 and extendible until 2015. The amounts settled to July 2009 total Euros 188 thousand (the date in which Mr. Ramón y Cajal ceased to be a board member) and Euros 368 thousand in 2008.
- Security services rendered by Seguriber, in which Ms. De Oriol holds an indirect 41.85% interest and is sole director. The commercial relationship between Seguriber and Indra dates back to before the appointment of Ms. De Oriol as board member. Amounts paid in 2009 and 2008 in this regard totalled Euros 878 thousand and Euros 787 thousand, respectively.
- Legal advisory services provided by the law firm Ramón y Cajal Abogados – of which Mr. Ramón y Cajal is chairman and holds a non-controlling minority interest therein. The amount settled in 2009 totalled Euros 15 thousand.

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

c) Transactions with senior management

During 2009 and 2008 there have been no transactions with senior management or parties related thereto.

Details of senior management remuneration are provided in note 37.

d) Transactions with associates and joint ventures

The following transactions were carried out with associates and joint ventures in 2009 and 2008:

Thousands of Euros				2009
	Receivables	Payables	Income	Expenses
Associates	1,002	25,084	21,924	1,690
Joint ventures	8,034	5,002	16,877	8,061
	9,036	30,086	38,801	9,751

Thousands of Euros				2008
	Receivables	Payables	Income	Expenses
Associates	1,483	26,193	11,228	209
Joint ventures	6,393	1,138	7,468	4,331
	7,876	27,331	18,696	4,540

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

43) Subsequent Events

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

APPENDIX I

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

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Company	Registered offices	Activity
Internet Protocol Sistemas Net, S.A.	Paseo del Club Deportivo 1, Pozuelo de Alarcón (Madrid)	Research, development, production, installation and marketing of products, systems and applications for telecommunications, IT and internet and security networks.
Intos, S.A.U.	Calle Mallorca, 221-223 Barcelona	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technolog.
Alanya Healthcare Systems S.L.U.	Plaza de Grecia, S/N Toledo	Research, design, development, production, integration, commercialisation, operation, installation, maintenance and management of systems, solutions and products which use information, electronic, communication or other technologies which are applicable to the healthcare field, its transfer and commercialisation, training and management support and any other related service.
Ceicom Europe, S.L.	Calle Rodríguez Marín, 92 Madrid	Advisory and IT services, development of IT solutions, commercialisation and development of technological products, internet services, providing IT solutions to third parties and import and export of any of the aforementioned services and products.
Administradora de Archivos, S.A.	Azuqueca de Henares (Guadalajara)	Professional file storage, management and processing services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona, S.A. (Argentina)	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
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 (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Colombia Ltda.	Bogota (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Chile S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona C & S Holding, S.A. (Chile)	Santiago (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas México S.A. de C.V.	Mexico City. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Isolux Mexico, S.A. de C.V.	Mexico City. (Mexico)	Signage services for motorways.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
Azertia Tecnología de la Información México S.A.C.V.	Mexico City. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluzioná Mejico S.A. de C.V.	Mexico City. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Panamá, S.A	Panama	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Perú S.A.C.	Lima (Peru)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
COM, S.A.	Lima (Peru)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluzioná Uruguay , S.A.	Montevideo (Uruguay)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra USA Inc.	Philadelphia (U.S.A.)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Systems, Inc.	Orlando (U.S.A.)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
Azertia Tecnologías de la Información Venezuela S.A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Azertia Gestión de Centros Venezuela S. A.	Caracas (Venezuela)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology and document management.
Seintex Consultores S.A (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of IT-based systems, solutions and services for the legal sector.
Soluzionia, S.P., C.A. (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
AC-B air Traffic Control & Business Systems GmbH (Alemania)	Germany	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies as well as navigation and landing support and air traffic control systems.
Avitech AG	Germany	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Avitech AG s.r.o.	Prague (Czech Republic)	Design, development, production and maintenance of navigation, landing and air traffic control systems.
Indra Czech Republic S.R.O.	Prague (Czech Republic)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
Indra Eslovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra France SAS	Antony (France)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Hungary L.L.C.	Debrecen (Hungary)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Soluziona, S.R.L. (Moldova)	Chisinau (Moldova)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Polska sp.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Longwater Systems LTD	London (United Kingdom)	Design, development, production and maintenance of navigation, landing and air traffic control systems
Elektrica Soluziona S.A. (Romania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
Indra Ucraina L.L.C.	Kiev (Ukraine)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.

Details of Group Companies

at 31 December 2009

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

Details of Group Companies

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Company	Registered offices	Activity
BMB Gestión Documental Canarias, S.L.	Calle Tomás Miller, 47- 49, Las Palmas de G. Canaria	Management of back-office processes (BPO) for financial entities.
Indra BMB Servicios Digitales, S.A.	Pº. De Gracia 55. Barcelona	Data capture and digitisation .
Cob Barcelona	Calle Caspe, 12-12 Barcelona	Providing business management and IT services to third parties.
Programarius, S.L.	Pº. De Gracia 55 Barcelona	Digitisation, data capture and the design, development and distribution of software.
OUAKHA Services, Saarl AU (Morocco)	Tangiers (Morocco)	Management of back-office processes (BPO) for financial entities.
Europraxis Atlante, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional services consisting of business, technological and solutions consulting.
Tourism & Leisure Advisory Service, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional tax, financial, industrial and technical advisory and consultancy services for all types of companies and organisations.
Advanced Logistics Group, S.A.	Copmte de Urgell 240 Barcelona	Professional services consisting of business, technological and solutions consulting.
Europraxis ALG Consulting Brasil, Ltda.	Sao Paulo (Brasil)	Professional services consisting of business, technological and solutions consulting.
Europraxis ALG Consulting Mexico S.A. de C.V.	Mexico City. (Mexico)	Professional services consisting of business, technological and solutions consulting.
Advanced Logistic Group Andina, S.A.C. (Perú)	Lima (Peru)	Professional services consisting of business, technological and solutions consulting.

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Company	Registered offices	Activity
Compraxis Prestação de Serviços de Consultoria, Ltda.	Lisbon (Portugal)	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, L.t.d. (U.K.)	Slough Berkshire (United Kingdom)	Professional services consisting of business, technological and solutions consulting.
Prointec, S.A.	Avda. de Burgos 12, 28036 Madrid	Engineering and consultancy services mainly in relation to the environment, transport, construction, water and industry.
Prointec Hidrógeno, S.L.	Carril Ruipérez 52, Murcia	Technical engineering and consulting services in relation to hydrogen and oxygen.
Geoprin, S.A.	Avda. de Burgos 12, 28036 Madrid	Technical engineering services.
Inse-Rail, S.A.	Avda. de Burgos 12, 28036 Madrid	Technical engineering services.
GICSA-Goymar Ingenieros Consultores, S.L.	Avda. de Burgos 12, 28036 Madrid	Technical engineering services.
Prointec Concesiones y Servicios, S.L.	Avda. de Burgos 12, 28036 Madrid	Concession-holding and management services.
Procinsa Ingeniería, S.A.	Santa Susana 3, Oviedo	Technical engineering services.
MECSA. Marcial Echenique y Compañía, S.A.	Avda. de Burgos 12, 28036 Madrid	Technical engineering services.

Details of Group Companies

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Company	Registered offices	Activity
Teknatrans Consultores, S.L.	Portuetxe 23, Donostia	Technical engineering and architectural services.
Pointec Diseño y Construcción, S.A:	Avda. de Burgos 12, 28036 Madrid	Development, possession and management of the construction and brokerage of infrastructures, buildings and public and private services.
Unmanned Aircraft Technologies, S.A.	Avda. de Burgos 12, 28036 Madrid	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.
Pointec Extremadura, S.L.	José Luís Cotallo 1, 10001, Cáceres	Civil engineering services and consultancy.
Pointec Engenharia, Ltda.	Sao Paulo (Brazil)	Civil engineering services and consultancy.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Merida (Mexico)	Technical engineering and architectural services.
Pointec Panamá, S.A.	Ancon (Panama)	Civil engineering services and consultancy.
Pointec Usa LLC	Sacramento, California, (U.S.A.)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.
Pointec Civil Engineering Consultancy (Irlanda)	Dublin (Ireland)	Civil engineering services and consultancy.
Gibb Portugal-Consultores de Engenharia, Gestao e Ambiente, S.A.	Lisbon (Portugal)	Technical engineering services.
Consis Proiect SRL	Bucarest (Romania)	Civil engineering services and consultancy.
Pointec Romaría S.R.L. (Romanía)	Bucarest (Romania)	Civil engineering services and consultancy.
Gibb Angola, S.A.	Angola	Technical engineering services.

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Company	Registered offices	Activity
I3 Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastian de los Reyes (Madrid)	Design, development, manufacture, supply, assembly, repair, maintenance, installation and commercialisation of IT products, solutions, applications and systems for the audiovisual industry.
IRB Riesgo Operacional S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information: information technology, electronics and communication.
Indra Esteio Sistemas S.A. (Brazil)	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information: information technology, electronics and communication.
JV Indra EWS/STN Atlas Leopard 2	Calle Joaquín Rodrigo, 11 Aranjuez (Madrid)	Development, supply, installation, integration and maintenance of the Leopard 2 tank combat system.
JV Indra Dimetronic	Calle Miguel Angel, 23 Madrid	Project preparation, supply, installation and maintenance of the traffic control system and integration of systems of the Zaragoza control centre for the Madrid-Puigverd section of the Madrid-Zaragoza-Barcelona high-speed train line.
JV Manteniment Rondes	Avenida de Bruselas, 35 Alcobendas (Madrid)	Maintenance of the Llobegrat-Morrot node.
JV Saih Sur	Avenida del General Perón, 36 Madrid	Maintenance of the Cadiz-Málaga-Granada-Almería South automated hydrological information system (SAIH) network.
JV Jocs del Mediterrani	Avenida de Bruselas, 35 Alcobendas (Madrid)	Contract for the operation and development of lotteries for the Catalonia Regional Government, organised and managed by the autonomous government's games and lotteries entity.
JV Estrada	Valgrande, 6 28108 Madrid	Operation and management of the National Automated Traffic Enforcement Centre.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
JV Giss 11	Avda. de Bruselas 35, Alcobendas (Madrid)	IT services for the management of the Social Security IT platform.
JV Cledi 2	Avda. Manoteras, 46 bis. Madrid	IT support services to health authority personnel for the various administration systems operated in the course of their work.
JV Área Metropolitana	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the metropolitan area of Gran Canaria.
JV Alta Capacidad	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Maintenance of high capacity roads in Gran Canaria.
JV Zona Norte	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the North of Gran Canaria.
JV Mantenimiento Las Palmas	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road, pavement, square and pedestrianised area maintenance services in Las Palmas de Gran Canaria.
JV Segura XXI-II	C/ Sepúlveda, 6 Pol.Ind.Alcobendas 28108 Alcobendas (Madrid)	Maintenance and operation of the automated hydrological information system (SAIH) of the Segura watershed (Murcia, Albacete, Alicante, Almería and Jaén).
JV CIC TF	C/Ramón y Cajal nº3. Santa Cruz de Tenerife	Road information and maintenance centre.
JV Endesa Ingeniería-Indra Sistemas	Avda. Montesierra nº 36, 1ª planta. Sevilla	Coordination of technical information in managing incidents in the distribution networks of Sevillana Endesa, Fecsa Endesa and any other Endesa Group company in Spain.
JV CEIDECOM	Pol. Industrial Bembibre. Parque Ind. Alto de San Román. Bembibre. León.	Carrying out the measures included in the CEIDECOM Bembibre project, presented to the Institute for the Restructuring of Coal Mining (Instituto para la Reestructuración de la Minería del Carbón).
JV Indra-Eurocopter	Avenida de Bruselas 35, Alcobendas (Madrid)	Survival equipment for the Spanish navy air fleet HU-21 helicopter (AS-332, AS-532 UL).

Company	Registered offices	Activity
4.- ASSOCIATES		
Saes Capital, S.A.	Paseo de la Castellana, 55 Madrid	Through associated companies, the design, development, production, integration, maintenance and operation of electronic, IT and communications systems mainly related to naval systems and submarine acoustics.
Eurofighter Simulation System GmbH	Munich (Germany)	Development and production of flight simulators for the Eurofighter EF-2000.
Euromids SAS	Paris (France)	Development, manufacture and commercialisation of tactical communications systems.
Indra Sistemas TecnoCom, S.A de C.V.	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology.
MRCM GmbH	Ulm (Danube) (Germany)	Development of solutions for electronic warfare systems.
Trias Beltrán 4, S.L.	Calle Alcalá 261-265, Madrid	Lease of the office premises located at Plaza Carlos Trias Beltran, 4, Madrid.
Jood Consulting, S.L.	Avenida de Cataluña 9, Valencia	Sale of information technology services in Arab countries .
A4 Essor, S.A.S.	Paris (France)	Development of a radio communications security programme.
Idetegolf, S.A.	Julio Sáez de la Hoya 7, Burgos	Promotion, design, projection, management and construction of sports facilities.
Gestión de Recursos Eólicos Riojanos, S.L.	Avda. Gran Vía Ray Juan Carlos I, 26005 Logroño	Electricity production, transport and distribution, mainly based on wind power.

Details of Group Companies

at 31 December 2009

Company	Registered offices	Activity
Aerobus Arapiles, S.L.	Avda. Burgos 12, 28036, Madrid	Services for the installation of elevated railway systems with low environmental impact.
Eólica Marítima y Portuaria, S.L.	Claudio Coello 43, Madrid	Operation of renewable energy relating to the environment and geology. Technical engineering services.
Huertas de Binipark, S.A.	Carretera de S'Esглеita a Esparles Km 4,3 predio. San Quint Sa Tafona.Mallorca	Installation of energy production systems.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño, 26005 La Rioja	Study, promotion, development and execution of innovative projects relating to the environment and energy generation .
Zeronine ACI, S.L.	Durán , 27. 28002 Madrid	Creation of port management software.
Inmologística ZRC, S.L.	Aragó, 284 1 2, 08007 Barcelona	Consultancy, study and turnkey projects and promotions for logistics platforms.

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
1.- Parent company				919,028	1,931,877	189,156
Indra Sistemas						
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	3,670	16,366	2,694
Indra Espacio, S.A.	51%	-	51%	43,866	73,139	3,633
Indra Sistemas de Seguridad, S.A.	100%	-	100%	4,014	14,150	162
Inmize Capital, S.L.	80%	-	80%	1,566	0	(4)
Indra Software Labs, S.L.	100%	-	100%	20,883	108,132	3,822
BMB Group	93.50%	-	93.50%	33,321	136,600	3,637
Europraxis Group	100%	-	100%	29,022	58,112	2,140
Internet Protocol Sistemas Net, S.A.	100%	-	100%	6,445	13,871	395
Administradora de Archivos S A	100%	-	100%	7,632	10,297	1,744
Intos, S.A.U.	100%	-	100%	2,014	3,540	352
Alanya Healthcare Systems S.L.U.	100%	-	100%	3	-	-
Grupo Prointec, S.A.	60%	-	60%	28,253	104,321	(1,984)
Avitech AG	100%	-	100%	3,067	-	-
Avitech AG s.r.o.	-	100%	100%	24	-	-
Comsa	75%	-	75%	971	-	-
Ceicom Europe	100%	-	100%	194	6,471	25
Indra SI, S.A.	76%	24%	100%	2,301	22,923	(2,357)

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
Indra Sistemas Chile, S.A.	99.99%	0.01%	100%	2,137	30,561	1,234
Indra Brasil, Ltda.	100%	-	100%	5,140	23,150	1,467
Indra Sistemas México, S.A. de C.V.	100%	-	100%	1,045	31,176	90
Seintex Consultores S.A (Venezuela)	100%	-	100%	2,964	635	78
Azertia Tecnología de la Información México S.A.C.V.	100%	-	100%	5,909	23,132	1,057
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100%	7,064	12,773	(558)
Azertia Gestión de Centros Venezuela S A	100%	-	100%	601	4,585	(1,569)
Azertia Tecnología de la Información Argentina S.A.	90%	10%	100%	(156)	10,097	(659)
Soluzion México SA DE CV	100%	-	100%	(1,805)	13,049	(522)
Soluzion SP, C.A. Venezuela	100%	-	100%	5,173	12,883	796
Soluzion S.A Guatemala	100%	-	100%	(73)	69	(267)
Soluzion Chile S.A	100%	-	100%	(2,151)	3,285	(1,104)
Soluzion S.A Argentina	72%	28%	100%	1,290	2,330	(185)
Indra Panama, S.A.	100%	-	100%	2,572	5,250	179
Indra Colombia Ltda.	100%	-	100%	4,731	21,881	694
Soluzion S.A Uruguay	100%	-	100%	1,172	3,121	134
Indra Perú SAC	100%	-	100%	(154)	1,127	(83)
Indra Systems, Inc	100%	-	100%	(3,866)	14,578	(4,064)
Indra USA, Inc	100%	-	100%	(692)	1,715	(1,400)
Computación Ceicom	100%	-	100%	2,559	4,384	1,411
Indra Sistemas Portugal, S.A.	100%	-	100%	5,001	33,872	(603)

Economic data of Group companies

at 31 December 2009

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Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
AC-B air Traffic Control & Business Systems GmbH (Germany)	100%	-	100%	274	1,504	224
Indra France Sas	100%	-	100%	(220)	792	(267)
Indra Polska Sp.z.o.o	100%	-	100%	-	5	(75)
Indra Czech Republic s.r.o.	100%	-	100%	2,056	11,968	(348)
Indra Eslovakia, a.s.	100%	-	100%	543	3,478	91
Indra Hungary K.F.T.	100%	-	100%	454	428	(198)
Soluziona S.R.L (Moldava)	100%	-	100%	1,049	926	184
Electrica Soluziona S.A (Romanía)	51%	-	51%	629	2,938	56
Longwater Systems Ltd	100%	-	100%	(478)	1,443	(64)
Indra Sistemas Magreb SA RL	100%	-	100%	(445)	388	(492)
Indra Limited (Kenya)	100%	-	100%	2,114	2,667	405
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70%	-	-	-
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	729	2,603	230
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70%	1,471	0	(433)
Indra Australia Pty Limited	100%	-	100%	2,558	9,738	317
Indra Philippines INC	50%	-	50%	4,691	13,834	905
Indra Sistemas India Private Limited	100%	-	100%	70	-	-
Indra Sistemas de Comunicaciones Seguras, S.L.	-	90%	90%	7,821	4,100	1,597
Inmize Sistemas, S.L.	-	50%	50%	5,179	2,856	357
Soluziona C&S Holding S.A	-	100%	100%	1,497	0	(702)
Indra Ukraine L.L.C.	-	100%	100%	(330)	219	(82)

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
3.- Joint ventures						
I-3 Televisión SL	50%	-	50%	58	3,527	(34)
IRB Riesgo Operacional SL	33%	-	33%	-	-	182
IESSA (Brasil)	50%	-	50%	946	2,700	100
Indra Isolux México SA de CV	-	50%	50%	(7)	3,111	(9)
A4 Essor SAS	21%	-	21%	-	-	-
JV Indra EWS/STN Atlas Leopard 2	60%	-	60%	-	2,759	-
JV Indra Dimetronic	82%	-	82%	-	22	-
JV Manteniment Rondes	30%	-	30%	(199)	4,076	-
JV Saih Sur	35%	-	35%	59	0	-
JV Jocs del Mediterrani	49%	-	49%	(5,660)	5,813	-
JV Estrada	33%	-	33%	6	4,583	-
JV Giss 11	35%	-	35%	(3)	11,115	-
JV Cledi 2	40%	-	40%	244	1,125	-
JV Área Metropolitana	20%	-	20%	292	4,064	-
JV Alta Capacidad	20%	-	20%	246	3,376	-
JV Zona Norte	10%	-	10%	123	1,248	-
JV Mantenimiento Las Palmas	10%	-	10%	45	2,302	-
JV Segura XXI-II	35%	-	35%	816	3,134	-
JV CIC TF	50%	-	50%	71	1,615	-
JV Endesa Ingeniería-Indra Sistemas	49%	-	49%	212	773	-
JV CEIDECOM	60%	-	60%	11	-	-
JV Indra-Eurocopter	63%	-	63%	(11)	12,412	-

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
4.- Associates						
Saes Capital, S.A.	49.00%	-	49%	-	-	-
Indra Sistemas Tecnocon, Méjico S.A. de C.V.	50.00%	-	50%	-	-	-
Eurofighter Simulation System GmbH	26.00%	-	26%	-	-	-
Euromids SAS	25.00%	-	25%	-	-	-
MRCM GmbH	25.15%	-	25.15%	-	-	-
						201,485
BMB GROUP COMPANIES						
2.- Subsidiaries						
Indra BMB SL				30,494	114,362	
BMB Gestión Documental Canarias, S.L.	70%	-	70%	(283)	1,305	
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100%	(131)	196	
Indra BMB Servicios Digitales, S.A.	100%	-	100%	904	12,092	
Cob Barcelona	100%	-	100%	2,229	8,645	
Programarius, S.L.	-	100%	100%	(1)	-	
4.- Associates						
Trias Beltran, S.L.	40%	-	40%			

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)	
	Direct	Indirect	Total	Equity	Total operating income
EPX GROUP COMPANIES					
2.- Subsidiaries					
Europraxis Atlante, S.L.				30,878	34,209
Tourism & Leisure Advance Service, S.L.	70%	-	70%	733	4,139
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100%	182	227
Europraxis ALG Consulting, Ltda. (Brazil)	99.99%	0.01%	100%	(3,457)	3,959
Compraxis Prestação de Servicios de Consultoria Ltda.	100%	-	100%	(2,626)	1,594
Advanced Logistics Group, S.A.	100%	-	100%	1,865	13,630
Europraxis Consulting, S.R.L.	100%	-	100%	(357)	2,298
Europraxis ALG Consulting México SA de CV	100%	-	100%	2	-
Advanced Logistics Group Andina	-	90%	90%	88	440
Advanced Logistics Group Venezuela	-	90%	90%	1,463	4,889
PROINTEC GROUP COMPANIES					
Prointec				27,031	85,435
Prointec Hidrógeno, S.L.	60%	-	60%	4	-
Consis Proiect SRL (Romania)	60%	-	60%	1,523	6,111
Geoprin, S.A.	100%	-	100%	942	2,907
GIBB Angola, S.A.	-	85%	85%	57	1,481
GIBB Portugal, S.A.	98%	2%	100%	(731)	7,433
GICSA-Goymar Ingenieros Consultores, S.L.	100%	-	100%	484	1,407
Ingenieria de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	396	1,737
Inse Rail, S.A.	90%	-	90%	2,359	2,934

Economic data of Group companies

at 31 December 2009

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
Mecsa, S.A.	91%	-	91%	642	2,571	
Procinsa Ingeniería, S.A.	99%	1%	100%	810	1,599	
Pointec civil engineering Consultancy (Irlanda)	100%	-	100%	300	1,551	
Pointec Concesiones y Servicios	97%	3%	100%	(121)	-	
Pointec Engenharia, Ltda.	99.99%	-	100%	196	1,008	
Pointec Romania S.R.L. (Romania)	100.00%	-	100%	160	1,045	
Pointec Panama	75%	-	75%	-	333	
Pointec Extremadura	96.80%	3%	99.80%	(21)	29	
Teknatrans Consultores, S.L.	99%	1%	100%	2	1,359	
Pointec Diseño y Construcción, SA	99%	1%	100%	15	72	
Unmanned Aircraft Technologies, SA	51%	-	51%	29	228	
Pointec USA	100%	-	100%	-	327	
4.- Associates						
Idetegolf, S.A.	33%	-	33%	-	-	
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16%	-	-	
Iniciativas Bioenergéticas, S.L.	-	20%	20%	-	-	
Inmologística ZRC, S.L.	-	24.91%	24.91%	-	-	
Eólica Marítima y Portuaria, S.L.	-	20%	20%	-	-	
Zeronine	40%	-	40%	-	-	
Huertas de Binipark	25.18%	-	25.18%	-	-	

Economic data of Group companies

at 31 December 2008

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
1.- Parent company						
Indra Sistemas, S.A.				776,719	1,874,430	184,146
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	2,994	14,252	2,021
Indra Espacio, S.A.	51%	-	51%	43,632	65,563	6,299
Indra Sistemas de Seguridad, S.A.	100%	-	100%	3,891	19,879	957
Indra Sistemas de Comunicaciones Seguras, S.L.	90%	-	90%	6,380	2,439	622
Inmize Capital, S.L.	80%	-	80%	1,570	0	(4)
Inmize Sistemas, S.L.	-	50%	40%	4,732	2,572	469
Indra Software Labs, S.L.	100%	-	100%	17,880	79,835	3,606
Grupo BMB	93.5%	-	94%	29,776	120,141	(2,214)
Grupo Europraxis	100%	-	100%	26,891	59,743	3,415
Indra SI, S.A.	50.41%	49.59%	100%	1,558	21,558	(663)
Indra Sistemas Chile, S.A.	99.99%	0.01%	100%	683	25,632	(566)
Indra Beijing Information Technology Systems Ltd.	100%	-	100%	524	391	697
Indra Systems, Inc	100%	-	100%	66	26,254	(191)
Indra Brasil, Ltda.	99.99%	0.01%	100%	2,679	14,553	(2,246)
Indra Sistemas Portugal, S.A.	100%	-	100%	5,604	31,591	2,014
Indra Sistemas México, S.A. de C.V.	99.99%	0.01%	100%	(358)	18,276	(737)
Internet Protocol Sistemas Net, S.A.	100%	-	100%	5,921	12,128	221

Economic data of Group companies

at 31 December 2008

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
Safo SL	-	100%	100%	305	0	(1)
Metradis SL	-	100%	100%	86	0	9
Indra Sistemas Magreb S.A.R.L.	100%	-	100%	46	0	(311)
Indra France Sas	100%	-	100%	(353)	670	(460)
Indra Polska Sp.z.o.o	100%	-	100%	5	0	(5)
Interscan Navigation Systems Pty Limited	100%	-	100%	(2,178)	10,337	(507)
Longwater Ltd.	100%	-	100%	(258)	988	(161)
Indra Perú SAC	100%	-	100%	-	-	-
Euroquality S.L.	100%	-	100%	904	4,694	(465)
Administradora de Archivos S.A.	100%	-	100%	7,558	7,497	2,563
Seintex Consultores S.A. (Venezuela)	100%	-	100%	955	2,102	451
Azertia Tecnologías de la Información México S.A.C.V.	100%	0%	100%	4,846	27,601	657
Azertia Tecnologías de la Información USA Inc.	-	100%	100%	(421)	719	(287)
Azertia Tecnologías de la Información Colombia S.A.	93%	7%	100%	2,559	13,101	780
Azertia Tecnologías de la Información Venezuela S.A.	100%	-	100%	3,555	11,203	454
Azertia Gestión de Centros Venezuela S.A.	100%	-	100%	1,193	3,675	(1,442)
Azertia Tecnología de la Información Argentina S.A.	90%	10%	100%	535	10,847	318
Soluziona México S.A. DE CV	100%	-	100%	(1,007)	11,277	604
Indra USA INC	100%	-	100%	(131)	1,308	(354)

Economic data of Group companies

at 31 December 2008

Company	% ownership			(Thousands of Euros)		
	Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
Soluziona SP, C.A. Venezuela	100%	-	100%	3,568	8,233	1,079
Soluziona S.A Guatemala	99.997%	0.003%	100%	(2,111)	829	(2,229)
Soluziona Chile S.A	99.99%	0.01%	100%	(811)	3,329	(1,619)
Soluziona S.A Panama	100%	-	100%	2,483	5,007	228
Soluziona LTDA. Colombia	99.99%	0.01%	100%	1,452	9,407	90
Soluziona C&S Holding S.A	-	100%	100%	1,880	89	(1,121)
Soluziona S.A Argentina	-	100%	100%	511	2,828	221
Soluziona S.A Uruguay	100%	-	100%	680	2,111	(13)
Indra Czech Republic s.r.o.	100%	-	100%	2,357	13,277	(1,043)
Soluziona L.L.C. (Ucrania)	-	100%	100%	(259)	1,170	(293)
Indra Eslovakia, a.s.	100%	-	100%	533	3,959	(56)
Soluziona KFT Hungría	100%	-	100%	668	793	98
Soluziona S.R.L Moldavia	100%	-	100%	1,069	1,392	96
Elektrica Soluziona S.A	50.7%	-	51%	603	3,084	(420)
Soluziona Kenya Ltda	100%	-	100%	1,699	2,347	261
Soluziona Zimbabwe Ltda	70%	-	70%	-	-	-
Soluziona Philippines INC	50%	-	50%	3,973	12,416	833
Prointec, S.A.	60.40%	-	60%	31,179	119,123	2,329

3.- Joint ventures

I-3 Televisión, S.L.	50%	-	50%	92	3,380	(96)
Ceicom Europe, S.L.	75%	-	75%	(5)	2,252	164
Computación Ceicom, S.L.	75%	-	75%	1,007	1,512	315

Economic data of Group companies

at 31 December 2008

Company	% ownership			Equity	Total operating income	Individual profit/(loss) after tax
	Direct	Indirect	Total			
IRB Riesgo Operacional, S.L.	33%	-	33%	671	2,160	(245)
Indra Esteio Sistemas S.A. (Brasil)	50%	-	50%	1,298	3,655	315
JV Indra EWS/STN Atlas Leopard 2	60%	-	60%	-	833	-
JV Indra Dimetric	82%	-	82%	-	88	-
JV Indra Mantenimiento Rondes	30%	-	30%	30	4,002	-
JV Indra Mantenimiento Rondes (II)	30%	-	30%	(147)	-	-
JV Zaindu HIRU	13%	-	13%	-	1,071	-
JV Saih Sur	35%	-	35%	225	6,204	-
JV Jocs del Mediterraneo	25%	-	25%	(5,968)	6,262	-
JV Estrada	33%	-	33%	6	7,606	-
JV Giss 11	35%	-	35%	(1)	299	-
JV CLEDI 1	40%	-	40%	6	942	-
JV CLEDI 2	40%	-	40%	6	-	-
4.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Indra Sistemas Tecnom, Méjico S.A. de C.V.	50%	-	50%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
MRCM GmbH	25%	-	25%	-	-	-
					198,583	

Economic data of Group companies

at 31 December 2008

109

Company	% ownership			(Thousands of Euros)	
	Direct	Indirect	Total	Equity	Total operating income
BMB GROUP COMPANIES					
2.- Subsidiaries					
Indra BMB S.L.				28,970	105,406
BMB Gestión Documental Canarias, S.L.	70%	-	70%	(32)	1,365
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100%	(142)	240
Indra BMB Servicios Digitales, S.A.	100%	-	100%	572	11,129
Programarius, S.L.	-	100%	100%	(84)	-
Etnodiversidad Somontano, S.L.	-	100%	100%	38	450
4.- Associates					
Trias Beltran, S.L.	40%	-	40%	-	-
EUROPRAXIS GROUP COMPANIES					
2.- Subsidiaries					
Europraxis Atlante, S.L.				27,586	34,961
Tourism & Leisure Advisory Service, S.L.	70%	-	70%	540	3,901
Europraxis Consulting, Ltd. (UK)	100%	-	100%	182	585
Europraxis ALG Consulting, Ltda. (Brazil)	99.99%	0.01%	100%	(1,234)	3,737
Compraxis Prestação de Servicios de Consultoria Ltda.	100%	-	100%	(1,884)	1,325

Economic data of Group companies

at 31 December 2008

110

Company	% ownership			(Thousands of Euros)	
	Direct	Indirect	Total	Equity	Total operating income
Advanced Logistics Group, S.A.	100%	-	100%	1,404	14,416
Europraxis Consulting, S.r.l.	100%	-	100%	296	2,926
Advanced Logistics Group Andina S.A.C.	-	90%	90%	368	410
Advanced Logistics Group Venezuela S.A.	-	90%	90%	601	3,526
Europraxis Consulting ALG Mexico, S.A. de C.V.	100%	-	-	3	-
PROINTEC GROUP COMPANIES					
2.- Subsidiaries					
Prointec, S.A.				25,172	97,831
Procinsa Ingeniería, S.A.	99%	1%	100%	276	1,795
Geoprin, S.A.	99.99%	0.01%	100%	901	3,706
Asdoconsult, S.L.	99%	1%	100%	262	1,795
GICSA-Goymar Ingenieros Consultores, S.L.	99.80%	0.2%	100%	446	1,728
Inse Rail, S.A.	90%	-	90%	1,914	2,712
Ingenieria de Proyectos de Infraestructuras Mexicanas	98%	2%	100%	4	3,363
GIBB Portugal-Consultores de Engenharia Gestao	98%	2%	100%	721	7,822
Ambiente, S.A.					
Prointec Panama	75%	-	75%	-	-
Prointec ENG SRL (Romania)	100%	-	100%	-	-
Consis Proiect SRL (Romania)	60%	-	60%	1,358	5,999

Economic data of Group companies

at 31 December 2008

Company	% ownership			(Thousands of Euros)	
	Direct	Indirect	Total	Equity	Total operating income
Prointec Concesiones y Servicios	97.08%	2.91%	100%	1	-
Mecsa, S.A.	81.97%	-	82%	672	2,384
Prointec civil engineering Consultancy (Irlanda)	100.00%	-	100%	5	2,119
GIBB Pointec do Brasil, Ltda.	51.00%	-	51%	184	270
Prointec extremadura, S.L.	96.80%	3%	100%	3	3
Prointec hidrogeno, S.L.	60.00%	-	60%	5	-
Teknatrans Consultores, S.L.	99%	1%	100%	3	-
Prointec Diseño y Construcción, S.A:	99%	1%	100%	15	-
Unmanned Aircraft Technologies, S.A.	51%	-	51%	30	16

4.- Associates

Idetegolf, S.A.	33.33%	-	33%	-	-
Iniciativas Bioenergéticas, S.L.	-	20%	20%	-	-
Inmologística ZRC, S.L.	-	25%	25%	-	-
Zeronine ACI, S.L.	40.00%	-	40%	-	-
Eólica Marítima y Portuaria, S.L.	20.00%	-	20%	-	-
Huertas Binipark, S.A.	25.18%	-	25%	-	-

Information provided by the Board of Directors

in relation to Article 127 (4) of the Spanish Companies Act

APPENDIX II

	Company	Position	Shareholding
Javier Monzón de Cáceres	Banco Inversis, S.A.	Representative of Indra Sistemas, S.A..	--
	ACS Actividades de Construcción y Servicios, S.A.	Board member	0.001%
	ACS Servicios y Concesiones, S.L.	Board member	--
	YPF, S.A. (Argentina)	Nominal Director	--
	Lagardere SCA (Francia)	Member of the Supervisory Committee	0.0001%
Manuel Soto Serrano	Banco Santander,S.A.	4th Vice-chairman of the Board of Directors	0.004%
	Mercapital, S.L.	Chairman of the Advisory Council	--
	Corporación Financiera Alba, S.A.	Board member	0.064%
	Cartera Industrial REA, S.A.	Board member	3.272%
Felipe Fernández Fernández	Infocaja, S.L.	Chairman of the Board of Directors and Chairman of the Steering Committee	--
Luis Lada Díaz	Ribafuerte, S.L.	General Manager/board member	35%
	Ydilo, AVS, S.A.	Board member	--
	Telefónica I+D, S.A.U.	Board member	--
	SIDSA	Board member	--
	Telefónica O2 Czech Republic	Board member	--
	Telcel (Telefónica Venezuela)	Board member	--
	Telefónica, S.A.	Advisor	--
	TELDAT, S.A.	Advisor	--

Information provided by the Board of Directors

in relation to Article 127 (4) of the Spanish Companies Act

	Company	Position	Shareholding
Joaquín Moya-Angeler	Redsa, S.A.	Chairman of the Board of Directors	50%
	Pulsar Technologies	Chairman of the Board of Directors	32.22%
	Presenzia.Net	Chairman of the Board of Directors	49.00%
	Hildebrando (México)	Chairman of the Board of Directors	3.74%
	SCITUM	Board member	3.90%
	Bety Byte, S.L.	Board member	21.48%
Mónica de Oriol			41.85%
	Seguriber, S.L.U.	Sole Director	41.85%
Participaciones y Cartera de Inversión, S.L.	Alartec Entidad de Televigilancia S.L.U.	Sole Director	
			--
Estanislao Rodríguez-Ponga (representative of Participación y Cartera de Inversión, S.L.)	Eurobits Technologies, S.L.	Board member	--
			--
	El Corte Inglés, S.A.	Assistant Director	--
	Caja Madrid	Board member	21 shares
	Radio Popular	Board member	--
	Testa Inmuebles en Renta	Board member	--
	FINSA Financiera Maderera, S.A.	Board member	--
	Móstoles Industrial, S.A.	Board member	--
Asón Inmobiliaria de Arriendos, S.L.	Board member	--	