CONSOLIDATED ANNUAL ACCOUNTS

Total assets (thousands of euros)

2,461,628

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

Assets	**Note**	**2008**	**2007**
Property, plant and equipment	6	139,077	131,188
Goodwill	7	431,561	424,297
Intangible assets	8	87,327	63,134
Investments accounted for using the equity method	10	7,083	7,206
Other financial assets	11	36,099	29,755
Deferred tax assets	34	32,416	34,061
Total non-current assets		**733,563**	**689,641**
Inventories	12	199,777	128,461
Other financial assets	13	43,930	43,088
Current tax assets	34	15,406	4,576
Trade and other receivables	14	1,445,587	1,462,344
Cash and cash equivalents	15	23,160	32,217
Assets held for sale	16	205	462
Total current assets		**1,728,065**	**1,671,148**
Total assets		**2,461,628**	**2,360,789**

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

Equity and liabilities	**Note**	**2008**	**2007**
Share capital	17	32,826	32,826
Share premium		375,955	375,955
Reserves	17	22,197	18,683
Treasury shares	17	(64,566)	(42,887)
Translation differences	17	940	1,839
Retained earnings	17	231,621	162,395
Profit for the year attributable to the Parent company	17	182,419	147,798
Equity attributable to the Parent company		**781,392**	**696,609**
Minority interest	17	42,172	42,050
Total equity		**823,564**	**738,659**
Loans and borrowings	19	46,835	46,207
Other financial liabilties	20	6,312	41,259
Capital grants	21	25,919	17,913
Provisions for liabilities and charges	22	2,622	8,932
Deferred tax liabilities	33	31,096	29,890
Total non-current liabiltiies		**112,784**	**144,201**
Loans and borrowings	23	125,441	136,448
Trade and other payables	24	1,126,172	1,137,570
Current tax liabilities	33	35,323	5,136
Other liabilities	25	238,344	198,775
Total current liabilities		**1,525,280**	**1,477,929**
Total equity and liabilities		**2,461,628**	**2,360,789**

Thousands of euros

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

Profit for the year

+24.5%

2008 > 1.1394 euros

2007 > 0.9155 euros

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Note	2008	2007
Revenue	26	2,379,565	2,167,614
Capital grants		6,350	6,236
Work performed by the Group and capitalised		39,210	29,971
Other income		13,227	1,899
Changes in inventories of finished goods and work in progress		71,131	36,208
Materials and other supplies used	27	(879,038)	(814,244)
Personnel expense	28	(977,813)	(873,234)
Other operating expenses		(343,512)	(297,017)
Other losses on non-current assets	29	(916)	(248)
Depreciation and amortisation expense	6 y 8	(37,736)	(33,958)
Results from operating activities		**270,468**	**223,227**
Finance income		5,048	4,168
Finance expense		(27,925)	(16,912)
Share of profit of investees	30	3,095	367
Net finance expense		**(19,782)**	**(12,377)**
Profit of equity-accounted investees	10	373	1,340
Profit before income tax		**251,059**	**212,190**
Income tax expense	33	(64,978)	(57,409)
Profit for the year		**186,081**	**154,781**
Profit attributable to the Parent company		**182,419**	**147,798**
Profit attributable to minority interest	17	3,662	6,983
Basic earnings per share (in euros)	18	1.1394	0.9155
Diluted earnings per share (in euros)	18	1.1394	0.9155

Thousands of euros

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

Operating cash-flow

+23.4%

2008 > 308.842 thousands of euros

2007 > 250.220 thousands of euros

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	2008	2007
Profit before income tax	251,059	212,190
Adjustments for:		
- Amortisation and depreciation. provisions and capital grants	37,367	26,666
- Other losses on non-current assets	(2,180)	(119)
- Share of losses of associates	(373)	(1,340)
- Net finance income	22,877	12,744
+ Dividends received	92	79
Operating profit before change in working capital	**308,842**	**250,220**
Changes in trade and other receivables	7,238	(97,467)
Changes in inventories	(71,679)	(40,932)
Changes in trade and other payables	(13,091)	92,751
Cash flows from operating activities	**(77,532)**	**(45,648)**
Income tax paid	(32,069)	(56,347)
Net cash flows from operating activities	**199,241**	**148,225**
Payments for acquisition of non-current assets:		
Property, plant and equipment	(29,095)	(40,051)
Intangible assets	(38,134)	(31,104)
Investments	(17,914)	(7,525)
Proceeds from the sale of non-current assets:		
Property, plant and equipment	2,570	84
Investments	259	-
Deposits	-	1,589
Interest received	3,208	1,070
Net cash used in investing activities	**(79,106)**	**(75,937)**

	2008	2007
Changes in treasury shares	(21,461)	1,047
Dividends of subsidiaries paid to minority interests	(2,612)	(2,871)
Dividends of the Parent company	(79,772)	(125,893)
Increase in capital grants	10,154	9,902
Increase in borrowings	-	49,693
Decrease in borrowings	(12,416)	-
Interest paid	(23,523)	(13,615)
Net cash used in financing activities	**(129,630)**	**(81,737)**
Net decrease in cash and cash equivalents	**(9,495)**	**(9,449)**
Cash and cash equivalents at beginning of year	**32,217**	**42,300**
Effect of exchange rate fluctuations	438	(634)
Net decrease in cash and cash equivalents	(9,495)	(9,449)
Cash and cash equivalents at year end	**23,160**	**32,217**

Thousands of euros

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Subscribed capital	Other reserves	Treasury shares	Translation differences	Retained earnings	Total	Minority interest	Total
Balance at 31 December 2007	**32,826**	**394,638**	**(42,887)**	**1,839**	**310,193**	**696,609**	**42,050**	**738,659**
Distribution of 2007 profit:								
- Dividends	-	-	-	-	(79,772)	**(79,772)**	(3,133)	**(82,905)**
Changes in consolidated group	-	-	-	-	-	-	124	**124**
Other increases and decreases	-	4,639	(21,679)	-	1,200	**(15,840)**	(71)	**(15,911)**
Recognised income and expense:								
- Translation differences	-	-	-	(899)	-	**(899)**	(204)	**(1,103)**
- Cash flow and interest rate hedges	-	(1,125)	-	-	-	**(1,125)**	(256)	**(1,381)**
Total recognised income and expense	-	(1,125)	-	(899)	-	**(2,024)**	(460)	**(2,484)**
Profit for the year ended 31 December 2008	-	-	-	-	182,419	**182,419**	3,662	**186,081**
Balance at 31 December 2008	**32,826**	**398,152**	**(64,566)**	**940**	**414,040**	**781,392**	**42,172**	**823,564**

	Subscribed capital	Other reserves	Treasury shares	Translation differences	Retained earnings	Total	Minority interest	Total
Balance at 31 December 2006	**29,238**	**66,889**	**(39,800)**	**(1,065)**	**290,497**	**345,759**	**26,322**	**372,081**
Distribution of 2006 profit:								
- Dividends	-	-	-	-	(127,813)	**(127,813)**	(2,870)	**(130,683)**
- Reserves	-	(504)	-	-	504	-		-
Share capital increase	3,613	322,247	-	-	-	**325,860**	-	**325,860**
Share capital reductions	(25)	(844)	-	-	-	**(869)**	-	**(869)**
Changes in consolidated group	-	-	-	-	-	-	11,672	**11,672**
Other increases and decreases	-	6,265	(3,087)	-	(793)	**2,385**	(119)	**2,266**
Recognised income and expense:								
- Translation differences	-	-	-	2,904	-	**2,904**	101	**3,005**
- Cash flow and interest rate hedges	-	585	-	-	-	**585**	(39)	**546**
Total recognised income and expense	-	585	-	2,904		**3,489**	62	**3,551**
Profit for the year ended 31 December 2007	-	-	-	-	147,798	**147,798**	6,983	**154,781**
Balance at 31 December 2007	**32,826**	**394,638**	**(42,887)**	**1,839**	**310,193**	**696,609**	**42,050**	**738,659**

Thousands of euros

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

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.

In 2008 the Indra Group has continued the legal restructuring process it commenced in 2007 with a view to integrating its business structure.

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 2008.

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 2008 and 2007 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 2007, 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 these consolidated annual accounts for 2008, formulated on 26 March 2009, will be approved by the shareholders at their annual general meeting without significant changes.

The consolidated annual accounts for 2007 were approved by the shareholders at their annual general meeting held on 26 June 2008.

Presentation and format

The accompanying consolidated annual accounts are expressed in thousands of euros, which is the functional 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 capital rate and tax rates.
- 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."
- 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.

Standards and interpretations issued and not applied

The following standards, which have not yet been adopted by the European Union, have not been adopted in advance by the Group:

- IFRS 3 Business Combinations and amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures and IAS 21 The Effects of Changes in Foreign Exchange Rates.
- IAS 32 Financial Instruments – Presentation (amendments relating to redeemable financial instruments and obligations arising on settlement).
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IAS 39 Financial Instruments – Recognition and Measurement.

From 1 January 2009 onwards the Group will adopt the following standards, which would not have had a significant impact had they been applied in 2008:

- IFRS 8 Operating Segments.
- IAS 23 Borrowing Costs.
- IAS 1 Presentation of Financial Statements.
- IFRIC 13 Customer Loyalty Programmes interpretation.
- IFRS 2 Share-based Payment.

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	184,145
Distribution	
Legal reserve	389
Dividends	100,121
Voluntary reserve	69,195
Goodwill reserve	14,440

The board of directors will propose that a dividend of euros 0.61 per share be distributed for 2008 (euros 0.50 per share in 2007), marking a 22% increase in shareholder remuneration.

This dividend, effective for all shares held, totals euros 100,121 thousand and will be distributed with a charge to profit for the year.

The distribution of profits for 2008 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 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 are disclosed under equity in the consolidated balance sheet separately from equity attributed to the Parent Company. The share of minority interests in the profit or loss for the year is disclosed separately in the consolidated income statement.

(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.

Significant 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 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 costs: 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 to complete production of the intangible asset so that it is available for use or sale.
- There is a clear intention to complete production of the intangible asset, 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.
- 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.
- Grants have been received for the development project.
- The repayment of loans obtained to finance the development project is conditional upon commercial viability and estimated sales revenues would permit amortisation of the amount capitalised over a maximum period of five years.

In no case may the total costs capitalised exceed the final amount of grants or financing received to fund the development project.

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

- 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 recoverable 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 2008 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. If the asset has previously been revalued, the reversal is recognised under reserves.

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 on 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.

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 recognised in the consolidated income statement 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 accrued expenses.

In subsequent years the loan revaluation is recognised under financial 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.

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.

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.

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 fair value hedges, changes in both the market value of derivative 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, the gain or loss arising from changes in the market value of effective hedging derivatives are recognised in equity in the consolidated balance sheet.

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 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 in Spain, Europe, the United States and Canada, Latin America and other countries have been designated secondary segments.

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 recorded as soon as the amount is 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 euros 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 euros 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.

In the consolidated statement of cash flows, the cash flows, including comparative figures, of foreign subsidiaries and joint ventures are translated to euros using the exchange rates prevailing at the date the cash flows were produced.

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.

5. Business Combinations

a) Subsidiaries

The Group has carried out the following business combinations during the year ended 31 December 2008:

- 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:

	Thousands of euros
Cost of the business combination:	
- 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 recognised at the date of acquisition of the assets, liabilities and contingent liabilities is as follows:

	Thousands of euros
Assets	
Property. plant and equipment	8
Inventories	86
Trade and other receivables	32
Other assets	8
	134
Liabilities	
Non-current financial debt	(42)
Loans and borrowings	(59)
Trade 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:

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

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

	Thousands of euros
Assets	
Property. plant and equipment	3,324
Other assets	139
Inventories	14
Trade and other receivables	1,259
Other assets	135
	4,871
Liabilities	
Grants	(191)
Non-current financial debt	(2,064)
Loans and borrowings	(547)
Trade 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 have therefore been maintained.

The most relevant factors contributing to the cost of the aforementioned business combinations on which goodwill has been recognised are 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 ordinary income 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.

During the year ended 31 December 2007 the main movements in the consolidated group relating to interests in subsidiaries were as follows:

- On 12 January 2007, the Parent Company increased share capital by issuing 18,068,171 shares, to proceed with the integration of the Soluziona Group (see note 17). The fair value of this share capital increase amounted to euros 328,660 thousand.

  Aggregate details of the cost of this business combination and the fair value of the net assets acquired were as follows:

	Thousands of Euros
Cost of the business combination:	
- Fair value of the shares issued (•)	328,660
- Expenses inherent to the acquisition	4,378
	333,038
Fair value of net assets acquired	128,969
Goodwill	**204,069**

(•)Value calculated on the basis of the fair value of Indra Sistemas, S.A. at the date the deed was executed.

The amounts recognised at the date of acquisition of the assets, liabilities and contingent liabilities were as follows:

	Thousands of euros
Assets	**Fair value**
Intangible assets	12,974
Property. plant and equipment	15,004
Other investments	2,268
Deferred tax assets	3,808
Inventories	2,541
Trade and other receivables	257,381
Other assets	14,593
	308,569
Liabilities	
Other deferred income	(12)
Provisions for liabilities and charges	(14,150)
Other non-current payables	(1,335)
Deferred tax liabilities	(4,280)
Income tax liabilities	(1,861)
Trade and other payables	(105,979)
Other liabilities	(39,645)
	(167,262)
Total net assets	**141,307**
Minority interests	**(14,091)**
Cost of the business combination	**(333,038)**
Cash and cash equivalents	**1,753**
Non-current borrowings	(1,562)
Loans and borrowings	(28,558)
Current investments	18,087
Cash	13,786
Goodwill	**(204,069)**

Purchase price distribution was determined through analysis of fixed assets, working capital, financial assets and financial liabilities, trademarks, corporate IT systems, patents and copyrights, customer relations and various commitments specified in the contract. However, the Group has not identified significant differences between the fair value and the carrying amount of the net assets acquired.

In this process the Group has not identified any intangible assets that qualify for recognition separately from goodwill, as the Group does not exercise control over these assets. The main intangible asset is the workforce.

- On 28 February 2007, the Parent Company acquired the remaining 50% of BMB Gestión Documental, S.L.U. Goodwill of euros 24,506 thousand was generated on this acquisition. This company was fully consolidated until its absorption by the Parent Company on 1 October 2007.
- On 28 March 2007, BMB Gestión Documental, S.L.U. acquired the remaining 32.86% of CDS Corporación de Servicios Externos, S.L.U. This company was subsequently absorbed by the Parent Company. Goodwill of euros 203 thousand was generated on this transaction.
- On 25 July 2007, Indra bmb, S.L.U. acquired 100% of the share capital of Indra BMB Servicios Digitales, S.A.U. (which in turn is the sole owner of Etnodiversidad Somontano, S.L.U. and Programarius, S.L.U.) for euros 1,000 thousand. Goodwill of euros 792 thousand was generated on this acquisition.
- On 31 August 2007, the Parent Company acquired 100% of the Australian company Interscan Navigation Systems for euros 405 thousand. The purchase price included the acquisition price of the shares in this company and repayment of part of this company's debt to the former shareholders. Goodwill of euros 1,521 thousand was generated on this transaction. This company is fully consolidated.

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.

Movement relating to interests in proportionately consolidated joint ventures during the year ended 31 December 2008 is 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 formulation of these consolidated annual accounts the aforementioned amounts are payable.

6. Property, Plant and Equipment

Details of property, plant and equipment at 31 December 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.07	Changes in cons. group	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.08
Investments							
Land	10,491	-	-	-	(617)	-	9,874
Buildings	37,756	-	(286)	498	(1,942)	9,041	45,067
Plant. mach, 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 equip.	83,097	1,939	(1,104)	9,980	(30,524)	730	64,118
Other property. plant and equip.	5,113	8	(360)	1,756	(1,170)	(1,332)	4,015
Work in progress	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. mach, 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 equip.	(61,083)	(728)	1,256	(11,157)	29,599	(41)	(42,154)
Other property. plant and equip.	(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. mac, 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 equip.	22,014	1,211	152	(1,177)	(925)	689	21,964
Other property. plant and equip.	1,799	8	(173)	1,389	(309)	(1,202)	1,512
Work in progress	12,727	213	(8)	-	(197)	(10,564)	2,171
Total	**131,188**	**4,659**	**(805)**	**8,906**	**(4,824)**	**(47)**	**139,077**

Thousands of euros

	Balance at 31.12.06	New Co's	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.07
Investments							
Land	9,731	-	-	738	-	22	10,491
Buildings	28,179	9,462	50	182	-	(117)	37,756
Plant. mach, and other install.	103,045	1,088	(653)	13,371	(850)	(997)	115,004
Furniture	20,598	4,695	(113)	3,783	(322)	-	28,641
Motor vehicles	1,786	658	(32)	648	(390)	45	2,715
Information technology equip.	55,057	14,059	(64)	11,690	(586)	2,941	83,097
Other property. plant and equip.	4,793	-	(89)	1,235	(108)	(718)	5,113
Work in progress	3,215	150	-	9,904	(22)	(520)	12,727
	226,404	**30,112**	**(901)**	**41,551**	**(2,278)**	**656**	**295,544**
Depreciation							
Land	-	-	-	-	-	-	-
Buildings	(11,385)	(1,798)	(63)	(825)	(14)	(58)	(14,143)
Plant. mach,and other install.	(67,222)	(564)	319	(7,219)	623	(176)	(74,239)
Furniture	(11,422)	(2,286)	102	(2,045)	296	-	(15,355)
Motor vehicles	(843)	(126)	17	(335)	188	10	(1,089)
Information technology equip.	(39,656)	(7,768)	182	(10,842)	837	(175)	(57,422)
Other property. plant and equip.	(1,916)	-	72	(407)	102	41	(2,108)
Work in progress	-	-	-	-	-	-	-
	(132,444)	**(12,542)**	**629**	**(21,673)**	**2,032**	**(358)**	**(164,356)**
Carrying amount							
Land	9,731	-	-	738	-	22	10,491
Buildings	16,794	7,664	(13)	(643)	(14)	(175)	23,613
Plant. mach, and other install.	35,823	524	(334)	6,152	(227)	(1,173)	40,765
Furniture	9,176	2,409	(11)	1,738	(26)	-	13,286
Motor vehicles	943	532	(15)	313	(202)	55	1,626
Information technology equip.	15,401	6,291	118	848	251	2,766	25,675
Other property. plant and equip.	2,877	-	(17)	828	(6)	(677)	3,005
Work in progress	3,215	150	-	9,904	(22)	(520)	12,727
Total	**93,960**	**17,570**	**(272)**	**19,878**	**(246)**	**298**	**131,188**

Additions to plant, machinery, other installations and work in progress during 2008, as in 2007, mainly reflect the refurbishment of the Parent Company's new offices in Barcelona and the building of new offices in Torrejón de Ardoz (Madrid).

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

In 2008, due to the technological updating of 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 (see note 29).

The Parent Company also derecognised certain obsolete installations (mainly security-related), recognising a loss of euros 110 thousand (see note 29).

In 2007 euros 263 thousand was transferred to non-current assets held for sale (see note 16).

Euros 126 thousand of total additions in 2007 due to depreciation amounting to euros 21,673 thousand reflects impairment of machinery. This impairment was recognised under other losses on non-current assets in the income statement. The remaining euros 21,547 thousand was recognised under depreciation.

Details by nature of assets acquired through finance leases at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Investments		
Land	-	1,532
Buildings	-	2,500
Plant, machinery and other installations	2,449	3,576
Furniture	98	98
Information technology equipment	3,074	1,868
Other property, plant and equipment	1,624	803
	7,245	**10,377**
Depreciation		
Buildings	-	(542)
Plant, machinery and other installations	(599)	(974)
Furniture	(21)	(19)
Information technology equipment	(933)	(1,293)
Other property, plant and equipment	(456)	(359)
	(2,009)	**(3,187)**
Carrying amount		
Land	-	1,532
Buildings	-	1,958
Plant, machinery and other installations	1,850	2,602
Furniture	77	79
Information technology equipment	2,141	575
Other property, plant and equipment	1,168	444
Total	**5,236**	**7,190**

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

Thousands of euros

	2008			2007		
	Minimum payments	Interest	Purchase option	Minimum payments	Interest	Purchase option
Less than one year	2,464	322	77	1,417	203	-
One to five years	862	13	143	2,013	89	220
	3,326	**335**	**220**	**3,430**	**292**	**220**

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

At 31 December 2008 fully depreciated property, plant and equipment amount to euros 68,088 thousand (euros 89,774 thousand at 31 December 2007).

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

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

Thousands of euros

	31.12.06	Additions	Business combination	Translation differences	Disposals	Impairment	31.12.07
Indra EWS	14,462	-	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	-	29,447
Grupo Europraxis	28,789	2,725	-	-	-	-	31,514
Grupo BMB	14,293	1,247	25,298	-	-	-	40,838
Grupo Azertia	68,534	1,595	-	-	-	-	70,129
Grupo Prointec	-	3,069	31,681	-	-	-	34,750
Grupo Soluziona	-	-	172,388	-	-	-	172,388
Otros	29,047	216	1,521	-	(15)	-	30,769
Total	**184,572**	**8,852**	**230,888**	**-**	**(15)**	**-**	**424,297**

Additions during the year ended 31 December 2008 reflect 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 Prointec, 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 Prointec, S.A. acquired 4,148 shares of MECSA, 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 and thereby increasing its interest in these companies to 75.017% and 75%, respectively.
- On 22 December 2008 the Parent Company acquired 30% of Soluziona (Kenya) Limited for euros 650 thousand, thereby becoming the sole shareholder of this company. Goodwill of euros 140 thousand was generated on this transaction.

The following operations generating goodwill were carried out during the year ended 31 December 2007:

- On 3 April and 30 May 2007, Azertia Tecnologías de la Información S.A.U. (which merged with Indra in 2007) settled euros 661 thousand and euros 689 thousand, respectively, reflecting variable payments for the acquisition of Dimensión Informática, S.L.U.
- On 28 May 2007, the Parent Company acquired a 3.568% interest in Internet Protocol Sistemas Net, S.A. for euros 428 thousand, thereby increasing its interest in this company to 96.44%.
- On 22 June 2007, Europraxis Atlante, S.L.U. acquired the remaining 49% of Advanced Logistics Group, S.L. for euros 4,163 thousand, including variable payments. This transaction generated goodwill on consolidation of euros 2,725 thousand.

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 changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised.

According to the calculations, two cases of impairment occurred in 2008, amounting to euros 981 thousand, which were recognised under other losses on non-current assets in the income statement (see note 29).

8. Other Intangible Assets

Details of other intangible assets at 31 December 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.07	Changes in cons. group	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.08
Investments							
Patents	44,066	2	(16)	837	-	-	44,889
Software	62,861	343	216	14,339	(9,609)	2,037	70,187
Development costs	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							
Patents	(40,868)	(2)	-	(985)	-	-	(41,855)
Software	(30,565)	(337)	(64)	(8,514)	9,606	(68)	(29,942)
Development costs	(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							
Patents	3,198	-	(16)	(148)	-	-	3,034
Software	32,296	6	152	5,825	(3)	1,969	40,245
Development costs	20,999	-	(42)	19,571	1	(1,867)	38,662
Other intangible assets	6,641	-	(130)	(823)	(247)	(55)	5,386
Total	**63,134**	**6**	**(36)**	**24,425**	**(249)**	**47**	**87,327**

Thousands of euros

	Balance at 31.12.06	New Co's	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.07
Investments							
Patents	36,727	7,832	(45)	30	(35)	(443)	44,066
Software	34,606	16,025	(232)	18,477	(8,376)	2,361	62,861
Development costs	31,239	2,065	(56)	12,125	(12,330)	(1,660)	31,383
Other intangible assets	6,957	3,544	(92)	472	(42)	(1,133)	9,706
	109,529	**29,466**	**(425)**	**31,104**	**(20,783)**	**(875)**	**148,016**
Amortisation							
Patents	(34,349)	(3,905)	75	(2,731)	35	7	(40,868)
Software	(24,049)	(8,334)	142	(7,276)	8,342	610	(30,565)
Development costs	(20,759)	(407)	14	(1,813)	12,323	258	(10,384)
Other intangible assets	(1,059)	(964)	68	(591)	42	(561)	(3,065)
	(80,216)	**(13,610)**	**299**	**(12,411)**	**20,742**	**314**	**(84,882)**
Carrying amount							
Patents	2,378	3,927	30	(2,701)	-	(436)	3,198
Software	10,557	7,691	(90)	11,201	(34)	2,971	32,296
Development costs	10,480	1,658	(42)	10,312	(7)	(1,402)	20,999
Other intangible assets	5,898	2,580	(24)	(119)	-	(1,694)	6,641
Total	**29,313**	**15,856**	**(126)**	**18,693**	**(41)**	**(561)**	**63,134**

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

Capitalised development costs have been financed or subsidised by the Spanish State through relevant public entities (see note 21).

At 31 December 2008 fully amortised intangible assets amount to euros 51,563 thousand (euros 36,920 thousand at 31 December 2007).

9. Financial instruments

Classification of financial instruments (except investments in associates) by nature and maturity date in 2008 and 2007 is as follows:

2008 Thousands of euros

FINANCIAL ASSETS: NATURE/CATEGORY	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Other 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	-
Other financial assets	13 and 14	-	1,489,517	-
Current		**205**	**1,493,203**	**-**
Total		**24,249**	**1,503,928**	**1,330**

FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	Debits and payables	Hedging derivatives
Loans and borrowings	19	12,233	-
Derivatives	19	-	447
Other financial liabilities	20	40,467	-
Non-current debt / non-current financial liabilities		**52,700**	**447**
Loans and borrowings	23	125,441	-
Derivatives	25	-	46
Other financial liabilities	24 and 25	1,364,470	-
Current debt / current financial liabilities		**1,489,911**	**46**
Total		**1,542,611**	**493**

2007 Thousands of euros

FINANCIAL ASSETS: NATURE/CATEGORY	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Other investments in non-Group companies	11	22,813	-	-
Debt securities	11	-	679	-
Derivatives	11	-	-	304
Other financial assets	11	-	5,959	-
Non-current		**22,813**	**6,638**	**304**
Equity instruments	16	462	-	-
Debt securities	15	-	8,457	-
Derivatives		-	-	3,113
Other financial assets	13 and 14	-	1,502,319	-
Current		**462**	**1,510,776**	**3,113**
Total		**23,275**	**1,517,414**	**3,417**

FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	Debits and payables	Hedging derivatives
Loans and borrowings	19	9,741	-
Derivatives	19	-	98
Other financial liabilities	20	39,238	-
Non-current debt / non-current financial liabilities		**48,979**	**98**
Loans and borrowings	23	136,448	-
Other financial liabilities	24 and 25	1,336,375	-
Current debt / current financial liabilities		**1,472,823**	**-**
Total		**1,521,802**	**98**

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 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.06	Change in consol. group	Profit / (loss)	Balance at 31.12.07	Change in consol. group	Dividends	Profit / (loss)	Transfers	Balance at 31.12.08
SAES Capital	1,078	-	1,068	2,146	-	(294)	253	-	2,105
Eurofighter Simulation Systems	730	-	230	960	-	-	(74)	-	886
Euromids	219	-	4	223	-	-	190	-	413
Indra Sistemas Tecnocom	95	-	10	105	-	-	-	-	105
Iniciativas Bioenergéticas	-	3,625	(4)	3,621	-	-	(70)	(1,765)	1,786
Idetegolf	-	20	-	20	-	-	(6)	-	14
Trías Beltrán	4	4	-	8	-	-	-	-	8
Inmunologística	-	89	-	89	-	-	-	-	89
Procrisa	-	2	32	34	(34)	-		-	-
179 Centelec SAS	-	-	-	-	21	-		-	21
Zeronine ACI	-	-	-	-	400	-	81	-	481
Eólica Marítima y Portuaria	-	-	-	-	2	-	(1)	-	1
Huertas de Binipark	-	-	-	-	1,174	-	-	-	1,174
Total	**2,126**	**3,740**	**1,340**	**7,206**	**1,563**	**(294)**	**373**	**(1,765)**	**7,083**

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.

During the year ended at 31 December 2007, the movements related to investments in associated companies were made solely by subsidiaries of the Prointec subgroup.

11. Other Investments

Movement in other investments during the years ended 31 December 2008 and 2007 is as follows:

Thousands of euros

	Balance at 31.12.07	Change in cons. group	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 borrowings	564	-	(1)	2,485	(77)	1,849	4,820
Non-current guarantee 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 borrowings	564	-	(1)	2,485	(77)	1,849	4,820
Non-current guarantee 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**

Thousands of euros

	Balance at 31.12.06	New Co's	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.07
Investments							
Other non-current investments in non-Group companies	43,385	63	-	397	(54)	(8)	43,783
Non-current borrowings	741	22	(58)	4	(145)	-	564
Share options	1,095	-	-	-	(1,095)	-	-
Non-current guarantee deposits	3,284	218	(60)	2,319	(2,212)	2,409	5,958
Loans to personnel	40	-	8	107	(40)	-	115
Cash flow hedges	288	-	-	16	-	-	304
Other investments	-	-	-	1	-	-	1
	48,833	**303**	**(110)**	**2,844**	**(3,546)**	**2,401**	**50,725**
Impairment							
Other non-current investments in non-Group companies	(21,020)	-	-	-	50	-	(20,970)
	(21,020)	**-**	**-**	**-**	**50**	**-**	**(20,970)**
Carrying amount							
Other non-current investments in non-Group companies	22,365	63	-	397	(4)	(8)	22,813
Fixed-income securities	741	22	(58)	4	(145)	-	564
Share options	1,095	-	-	-	(1,095)	-	-
Non-current guarantee deposits	3,284	218	(60)	2,319	(2,212)	2,409	5,958
Loans to personnel	40	-	8	107	(40)	-	115
Cash flow hedges	288	-	-	16	-	-	304
Other investments	-	-	-	1	-	-	1
Total	**27,813**	**303**	**(110)**	**2,844**	**(3,496)**	**2,401**	**29,755**

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

Details are as follows:

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 Comunications	695	-	-	-	695
Marco Polo	2,753	-	-	-	2,753
Galileo Sistemas y Servicios	138	-	-	-	138
Inversis Networks	31,672	-	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	-	7,572
Prointec Subgroup	188	-	-	(60)	128
Neotec	660	270	-	-	930
Bansabadell Information Systems	-	1,021	-	-	1,021
Others	14	-	-	-	14
	43,783	**1,291**	**(52)**	**(60)**	**44,962**
Impairment					
Midsco	(52)	-	52	-	-
Safelayer Secure Comunications	(152)	-	-	-	(152)
Marco Polo	(2,644)	-	-	-	(2,644)
Galileo Sistemas y Servicios	(3)	-	-	-	(3)
Inversis Networks	(17,594)	-	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	-	(520)
Bansabadell Information Systems	-	-	-	-	-
Others	(5)	-	-	-	(5)
	(20,970)	**-**	**52**	**-**	**(20,918)**
Carrying amount					
Midsco	-	-	-	-	-
Sadiel	39	-	-	-	39
Safelayer Secure Comunications	543	-	-	-	543
Marco Polo	109	-	-	-	109
Galileo Sistemas y Servicios	135	-	-	-	135
Inversis Networks	14,078	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	-	7,052
Prointec Subgroup	188	-	-	(60)	128
Neotec	660	270	-	-	930
Bansabadell Information Systems	-	1,021	-	-	1,021
Others	9	-	-	-	9
Total	**22,813**	**1,291**	**-**	**(60)**	**24,044**

Thousands of euros

	Balance at 31.12.06	New Co's	Additions	Disposals	Transfers	Balance at 31.12.07
Investments:						
Midsco	52	-	-	-	-	52
Sadiel	39	-	-	-	-	39
Safelayer Secure Comunications	695	-	-	-	-	695
Marco Polo	2,753	-	-	-	-	2,753
Galileo Sistemas y Servicios	138	-	-	-	-	138
Inversis Networks	31,672	-	-	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	-	-	7,572
Prointec Subgroup	-	63	125	-	-	188
Neotec	390	-	270	-	-	660
Bussitel	50	-	-	(50)	-	-
Others	24	-	2	(4)	(8)	14
	43,385	**63**	**397**	**(54)**	**(8)**	**43,783**
Impairment:						
Midsco	(52)	-	-	-	-	(52)
Safelayer Secure Comunications	(152)	-	-	-	-	(152)
Marco Polo	(2,644)	-	-	-	-	(2,644)
Galileo Sistemas y Servicios	(3)	-	-	-	-	(3)
Inversis Networks	(17,594)	-	-	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	-	-	(520)
Bussitel	(50)	-	-	50	-	-
Others	(5)	-	-	-	-	(5)
	(21,020)	**-**	**-**	**50**	**-**	**(20,970)**
Carrying amount:						
Midsco	-	-	-	-	-	-
Sadiel	39	-	-	-	-	39
Safelayer Secure Comunications	543	-	-	-	-	543
Marco Polo	109	-	-	-	-	109
Galileo Sistemas y Servicios	135	-	-	-	-	135
Inversis Networks	14,078	-	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	-	-	7,052
Prointec Subgroup	-	63	125	-	-	188
Neotec	390	-	270	-	-	660
Bussitel	-	-	-	-	-	-
Others	19	-	2	(4)	(8)	9
Total	**22,365**	**63**	**397**	**(4)**	**(8)**	**22,813**

- 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 holds 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 was wound up and liquidated. The Parent Company formerly held a 7% interest in this company. The profit obtained amounted to euros 51 thousand after reversal of impairment.

The main non-Group non-current investment transaction in 2007 reflects the Parent Company's participation in the share capital increase of Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. on 10 October 2007, in which the Parent Company subscribed shares amounting to euros 270 thousand. At the 2007 year end the Parent Company held a 4.49% interest in this company.

b) Share options

In 2007 share options comprised the underlying valuation of the embedded derivative in the share capital increase used to hedge the 2002 Options Plan, 2nd tranche (see note 35 b).

c) 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 1,309 thousand. A discount rate of 5.34% was used.

The caption also includes the updated amount of euros 1,154 thousand receivable by the Parent Company following the increase in its percentage interest in the Jocs del Mediterrani joint venture, to offset accumulated losses. This amount will be collected on expiry of the contract or in 2013.

d) Non-current guarantee deposits

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

Additions of 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 1,124 thousand.

Disposals in 2007 amounted to euros 2,212 thousand, including euros 1,397 thousand that the Parent Company pledged to guarantee possible adjustments in the acquisition price of shares in Internet Protocol Sistemas Net, S.A.

Additions of euros 2,319 thousand in 2007 reflected arrangement costs relating to guarantee deposits for leased property, due to office relocation.

12. Inventories

Details of inventories at 31 December 2008 and 2007 are as follows:

		Thousands of euros
	2008	**2007**
Merchandise	4,623	5,909
Raw materials	5,942	2,007
Projects in progress	189,761	121,198
Finished products	264	270
Impairment	(813)	(923)
Carrying amount	**199,777**	**128,461**

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

13. Other Financial Assets, including Derivatives

Details of other assets at 31 December 2008 and 2007 are as follows:

		Thousands of euros
	2008	**2007**
Other receivables	12,916	12,814
Advances and loans to personnel	6,820	6,677
Public entities	17,363	16,679
Prepayments	5,276	2,389
Current deposits	264	843
Current guarantee deposits	1,285	140
Cash flow hedges (note 34a)	-	3,113
Interest receivable	6	433
Carrying amount	**43,930**	**43,088**

Balances receivable from public entities comprise the following:

	Thousands of euros	
	2008	**2007**
Taxation authorities:		
Value added tax	10,967	7,084
Other taxes	-	6,529
Subtotal	**10,967**	**13,613**
Capital grants receivable from public entities	5,697	2,410
Social security	699	656
Total	**17,363**	**16,679**

14. Trade and Other Receivables

Details of trade and other receivables at 31 December 2008 and 2007 are as follows:

	Thousands of euros	
	2008	**2007**
Non-Group trade receivables	921,555	905,766
Unbilled work in progress	497,314	544,492
Advances to suppliers	32,147	21,698
Other receivables	13,357	8,436
Total	**1,464,373**	**1,480,392**
Impairment	(18,786)	(18,048)
Carrying amount	**1,445,587**	**1,462,344**

15. Cash and Cash Equivalents

Details are as follows:

	Thousands of euros	
	2008	**2007**
Current deposits and fixed-income securities	2,461	8,457
Other current investments	1,224	-
Subtotal	**3,685**	**8,457**
Cash	19,475	23,760
Total	**23,160**	**32,217**

At 31 December 2008 and 2007 current deposits and fixed-income securities generate interest at average rates of 3.79% and 3.99%, respectively, and relate to short-term investments of surplus cash.

16. Non-current Assets Held for Sale

In 2008 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 2008 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 Automated Trading System and listed on the IBEX-35 index.

On 12 January 2007 the share capital increase approved by the shareholders at their annual general meeting on 20 December 2006 was raised in a public deed.

The share capital increase, which excluded pre-emptive rights, comprised the issue and floating of 18,068,171 new ordinary shares of euros 0.20 par value each, with a share premium of euros 15.30 per share issued.

The share capital increase was subscribed and fully paid by Unión Fenosa, S.A. through the contribution of the information technology consulting business Soluziona, which comprises the companies Soluziona Consultoría y Tecnologías de la Información, S.L.U., Soluziona Seguridad, S.A.U. and Soluziona Internacional Servicios Profesionales, S.L.U.

The new shares were admitted for trading on 29 January 2007.

In 2007, 100,660 class-C redeemable shares and 133,222 class-D redeemable shares were converted into ordinary class-A shares in connection with the exercise of options from the 2002 Options Plan. The remaining class-C and class-D shares were redeemed on 14 September 2007 (80,910 shares and 42,648 shares, respectively).

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 Company, the significant shareholders of the Company with an interest exceeding 3%, excluding any interest held on behalf of third parties, are as follows:

	31.12.08	**31.12.07**
Caja Madrid	19.778%	14.830%
Unión Fenosa	18.014%	15.000%
Casa Grande de Cartagena, S.L.	5.684%	5.684%
Caja de Ahorros de Asturias	5.004%	5.004%

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

		Shares owned			**% of share**
Directors	**Type**	**Direct**	**Indirect**	**Total**	**capital**
Administradora Valtenas, S.L. [1]	Proprietary	1,059	-	1,059	0.0006
Mrs. Isabel Aguilera Navarro	Independent	5,176	-	5,176	0.0032
Casa Grande de Cartagena, S.L.	Proprietary	9,329,794	-	9,329,794	5.6843
Mediación y Diagnósticos, S.A. [2]	Proprietary	6,343	-	6,343	0.0039
Mr. Luis Lada Díaz	Independent	1,159	-	1,159	0.0007
Mr. Honorato López Isla [3]	Proprietary	2,118	-	2,118	0.0013
Mr. Pedro López Jiménez [3]	Proprietary	2,118	-	2,118	0.0013
Mr. Javier Monzón de Cáceres	Executive	129,325	7,872	137,197	0.0836
Mr. Regino Moranchel Fernández	Executive	74,379	-	74,379	0.0453
Mr. Joaquín Moya-Angeler	Independent	7,371	-	7,371	0.0045
Mrs. Mónica de Oriol Icaza	Independent	1,059	-	1,059	0.0006
Participaciones y Cartera de Inversión, S.L. [2]	Proprietary	6,343	-	6,343	0.0039
Mr. Pedro Ramón y Cajal Agüeras	Independent	7,371	-	7,371	0.0045
Mr. Manuel Soto Serrano	Independent	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

Shares owned either directly or indirectly by members of the board of directors at 31 December 2007 were as follows:

Directors	Type	Shares owned Direct	Shares owned Indirect	Shares owned Total	% of share capital
Javier Monzón de Cáceres	Executive	69,496	7,872	77,368	0.0471
Mediación y Diagnósticos, S.A. [1]	Proprietary	4,225	-	4,225	0.0026
Manuel Soto Serrano	Independent	4,225	120,000	124,225	0.0757
Casa Grande de Cartagena, S.L.	Proprietary	9,328,735	-	9,328,735	5.6837
Isabel Aguilera Navarro	Independent	3,058	-	3,058	0.0019
Luis Lada Díaz	Independent	100	-	100	0.0001
Francisco Constans Ros	Independent	5,253	-	5,253	0.0032
Regino Moranchel Fernández	Executive	48,368	-	48,368	0.0295
Joaquín Moya-Angeler Cabrera	Independent	5,253	-	5,253	0.0032
Pedro Ramón y Cajal Agüeras	Independent	5,253	-	5,253	0.0032
Participaciones y Cartera de Inversión, S.L. [1]	Proprietary	4,225	-	4,225	0.0026
Total		**9,478,191**	**127,872**	**9,606,063**	**5.8527**

(1) Representing the shareholder Caja Madrid

At 31 December 2008 79,985,713 shares were represented on the board of directors, which amount to 48.73% of total shares. At 31 December 2007 66,783,307 shares were represented on the board of directors, which amount to 40.68% of total shares.

At the annual general meetings of Parent Company shareholders held on 26 June 2008 and 21 June 2007, the shareholders agreed to the distribution of the consolidated profit for 2007 and 2006, respectively, as is 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.

First-time application reserve

This reserve, which at 31 December 2008 amounts to Euros 745 thousand, comprises adjustments made to the opening balance sheet at 1 January 2004 in accordance with International Financial Reporting Standards (EU-IFRS).

Other reserves

Details are as follows:

	Thousands of Euros 2008	Thousands of Euros 2007
Share premium	375,955	375,955
Merger reserve	1,846	1,846
Other variations in equity	8,621	5,234
Employee remuneration	10,591	8,536
Cash-flow and interest rate hedges	394	1,165
First-time application reserve	745	1,902
Total	**398,152**	**394,638**

a) 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.

b) 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 4,515 thousand.

c) 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

	2008	2007
Remuneration in shares	(367)	547
Share options	10,958	7,989
Total	**10,591**	**8,536**

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 the current year and 31 December 2010.

The maximum total amount of this deferred remuneration is euros 9,600,000.

In 2008, a total of 143,589 shares were delivered in respect of this plan, valued at euros 2,409 thousand at the delivery date.

d) 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

	2008	2007
Cash flow and interest rate hedges	563	1,689
Deferred taxes for revaluation of unrealised assets and liabilities	(169)	(524)
Total	**394**	**1,165**

Treasury shares

As authorised by the shareholders at their annual general meeting, at 31 December 2008 the Parent Company directly holds 1,695,924 treasury shares amounting to euros 26,513 thousand (243,613 shares amounting to euros 4,498 thousand at 31 December 2007).

At 31 December 2008 the Parent Company indirectly holds 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 2008 and 2007 and movement are as follows:

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**

Thousands of euros

	Balance at 31.12.06	Additions	Disposals	Balance at 31.12.07
Used in:				
- Ordinary transactions	1,411	110,035	(106,948)	4,498
- Equity Swap Options Plan 2005	38,389	-	-	38,389
Total	**39,800**	**110,035**	**(106,948)**	**42,887**

Details of movement in shares in 2008 and 2007 are as follows:

	% of total capital	Number of shares 31.12.07	Additions	Disposals	31.12.08	% of total capital
Used in:						
- Ordinary transactions	0.15	243,613	10,469,613	(9,017,302)	1,695,924	1.03
- Equity Swap Options Plan 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**

	% of total capital	Number of shares 31.12.06	Additions	Disposals	31.12.07	% of total capital
Used in:						
- Ordinary transactions	0.05	76,697	5,960,708	(5,793,792)	243,613	0.15
- Equity Swap Options Plan 2005	1.56	2,281,000	-	-	2,281,000	1.39
Total	**1.61**	**2,357,697**	**5,960,708**	**(5,793,792)**	**2,524,613**	**1.54**

In 2008 the Parent Company acquired 10,469,613 treasury shares on the stock market (3.96% of annual volume) and sold 9,017,302 treasury shares (3.33% of annual volume). The Equity Swap has been reduced by 20,000 shares as the same number of 2005 Plan options was exercised (see note 36 b).

In 2007 the Parent Company acquired 5,960,708 treasury shares on the stock market (2.26% of official volume for the period) and sold 5,758,911 treasury shares (2.19% of official volume for the period).

Retained earnings

Details are as follows:

Thousands of euros

	2008	2007
Legal reserve	6,565	6,176
Reserves in fully consolidated companies	28,299	26,990
Reserves in proportionately consolidated companies	334	89
Merger reserve	15,081	15,081
Reserves in equity-accounted companies	1,986	968
Voluntary reserves	166,893	104,853
Non-distributed reserves	12,463	8,238
Total	**231,621**	**162,395**

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 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Indra Sistemas	(1,422)	(1,191)
Grupo Bmb	3,113	1,379
Indra Emac	59	1
Indra Espacio	22,956	19,429
Indra Sistemas de Seguridad	2,661	2,161
Indra SI	(2,530)	(186)
Indra Sistemas Chile	(261)	-
Indra Sistemas Portugal	271	(5)
Grupo Europraxis-Atlante	943	(255)
Inmize Capital	(164)	(97)
Inmize Sistemas	1,618	1,192
Indra Systems	(58)	34
Indra Beijing	(78)	(7)
Indra Brazil	579	779
Indra Software Labs	(1)	(1)
Indra Mexico	5	370
Dimensión Informática	-	1,772

(continuación)	2008	2007
Radiología Digital	-	8
Euroquality	251	188
I.P. Sistemas	709	531
Indra Sistemas Comunicaciones Seguras	1,132	568
Indra Magreb	(65)	1
Indra France	(168)	(203)
Indra Poland	(2)	(2)
Interscan	(290)	-
Administradora de Archivos	793	169
Seintex Venezuela	597	54
Azertia TI Mexico	451	(373)
Azertia TI Colombia	1,024	224
Azertia TI Venezuela	(584)	23
Azertia GC Venezuela	(2,914)	123
Azertia TI Argentina	(16)	2
Azertia USA	98	302
Indra USA	11	-
Prointec	1,572	-
Soluziona C&S Holding (Chile)	(258)	-
Soluziona Chile	(398)	-
Soluziona Brazil	403	-
Soluziona Colombia	(518)	-
Indra Czech Republic	125	-
Indra Slovakia	(17)	-
Soluziona Guatemala	(88)	-
Soluziona KFT (Hungary)	84	-
Soluziona Kenya	(77)	-
Soluziona Mexico	(2,245)	-
Soluziona Uruguay	(415)	-
Soluziona Argentina	(22)	-
Soluziona SRL (Moldova)	87	-
Indra Panama	554	-
Indra Philippines	297	-
Electrica Soluziona (Romania)	192	-
Indra Ucrania	(90)	-
Soluziona SP CA (Venezuela)	198	-
Soluziona Professional Services (Zimbawe)	197	-
Total	**28,299**	**26,990**

c) Reserves in proportionately consolidated companies

Details by company of consolidation reserves at 31 December 2008 and 2007 are as follows:

	Thousands of euros	
	2008	**2007**
Ceicom Europe	(49)	20
Computación Ceicom	50	74
IRB Riesgo Operacional	288	-
I3 TV	45	(5)
Total	**334**	**89**

d) Merger reserve

This reserve relates to the downstream merger of the Parent Company with its solely-owned subsidiary Indra ATM, S.L., Sociedad Unipersonal, in 2006.

e) Reserves in equity-accounted companies

Details by company of consolidation reserves at 31 December 2008 and 2007 are as follows:

	Thousands of euros	
	2008	**2007**
Eurofighter Simulation System	892	662
Euromids	213	209
Trías Beltrán	4	4
Indra Sistemas Tecnocom	103	93
Saes Capital	774	-
Total	**1,986**	**968**

f) 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.

Profit for the year attributable to the Parent Company

Details of the consolidated companies' contribution to profit for 2008 and 2007 are disclosed in Appendix I attached.

Minority interests

Movement in minority interests in consolidated companies during 2008 and 2007 is as follows:

Thousands of euros

	Balance at 31.12.07	New Comps.	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 Peru	-	-	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. Mexico	891	-	104	-	-	(995)	-	-
Prointec	11,637	-	808	244	(541)	-	(213)	11,935
Soluziona Kenya	528	-	78	-	-	(606)	-	-
Elektrica Soluziona	545	-	(207)	(39)	-	-	-	299
Soluziona 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
Prointec Hidrógeno	-	2	(1)	-	-	-	-	1
Uatec	-	15	(1)	-	-	-	-	14
Total	**42,050**	**17**	**3,662**	**(204)**	**(3,133)**	**107**	**(327)**	**42,172**

Thousands of euros

	Balance at 31.12.06	New Comps.	Profit/(loss) attrib. to min. interests	Translation differences	Dividends	Change in % ownership	Profit/(loss) through equity	Balance at 31.12.07
Indra Espacio	19,283	-	3,386	-	(2,316)	-	-	20,353
Inmize Capital	312	-	47	-	-	-	-	359
Inmize Sistemas	3,138	-	518	-	-	-	-	3,656
Tourism & Leisure	89	-	45	-	-	-	-	134
BMB Ges. Doc. Canarias	75	-	70	-	-	75	-	220
CDS Corp. Serv. Ext.	336	-	-	-	-	(336)	-	-
IP Sistemas	406	-	25	-	-	(218)	-	213
I.S. Comunicaciones Seguras	513	-	63	-	-	-	-	576
Azertia T.I. Mexico	756	-	101	34	-	-	-	891
Azertia T.I. USA	89	-	(88)	(1)	-	-	-	-
Advanced Logistics Group	1,325	-	108	-	-	(1,433)	-	-
Prointec	-	10,443	1,979	(73)	(554)	(119)	(39)	11,637
C & S Chile	-	1,557	(165)	-	-	(1,392)	-	-
Soluziona Kenya	-	468	65	(5)	-	-	-	528
Elektrica Soluziona	-	391	187	(33)	-	-	-	545
Soluziona Zimbabwe	-	14	84	85	-	-	-	183
Soluziona Philippines	-	1,334	296	94	-	-	-	1,724
Inserail	-	152	56	-	-	-	-	208
Mecsa	-	146	26	-	-	-	-	172
Consis	-	471	180	-	-	-	-	651
Total	**26,322**	**14,976**	**6,983**	**101**	**(2,870)**	**(3,423)**	**(39)**	**42,050**

Balances related to minority interests at 31 December 2008 and 2007 are as follows:

Thousands of euros

	31.12.08				31.12.07			
	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	17,761	3,121	21,176	294	16,673	3,386	20,353
Inmize Capital	32	327	46	405	32	280	47	359
Inmize Sistemas	750	2,841	(1,103)	2,488	750	2,388	518	3,656
Tourism & Leisure	18	109	35	162	18	71	45	134
ALG Peru	17	(17)	37	37	-	-	-	-
ALG Venezuela	5	(5)	65	65	-	-	-	-
Indra BMB	1,859	111	(38)	1,932	-	-	-	-
BMB G.D. Canarias	1	75	(74)	2	1	149	70	220
IP Sistemas	-	-	-	-	32	156	25	213
I.S. Comunicaciones Seguras	50	526	62	638	50	463	63	576
Azertia T.I. Mexico	-	(104)	104	-	220	570	101	891
Azertia T.I. U.S.A.	-	-	-	-	356	(268)	(88)	-
Advanced Logistics Group	-	-	-	-	-	(108)	108	-
Prointec	399	10,728	808	11,935	399	9,259	1,979	11,637
C & S Chile	-	-	-	-	-	165	(165)	-
Soluziona Kenya	-	(78)	78	-	-	463	65	528
Elektrica Soluziona	15	491	(207)	299	15	343	187	545
Soluziona Zimbabwe	-	-	-	-	-	99	84	183
Indra Philippines	264	1,319	403	1,986	264	1,164	296	1,724
Inserail	-	191	47	238	-	152	56	208
Mecsa	-	120	(2)	118	-	146	26	172
Consis	-	394	282	676	-	471	180	651
Prointec Hidrógeno	-	2	(1)	1	-	-	-	-
Uatec	-	15	(1)	14	-	-	-	-
Total	**3,704**	**34,806**	**3,662**	**42,172**	**2,431**	**32,636**	**6,983**	**42,050**

The main transactions with minority shareholders are 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 México 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 Soluziona (Kenya) Limited for euros 650 thousand, thereby becoming the sole shareholder of this company.
- On 18 May and 24 September 2007, Soluziona Chile, S.A. acquired the remaining 40% of Soluziona CYS Holding, S.A. for euros 1,254 thousand. A negative consolidation difference of euros 122 thousand was generated on this acquisition.
- On 25 May 2007, Europraxis Atlante, S.L.U. acquired the remaining 25% of the share capital of Compraxis – Prestaçao de Serviços de Consultoria, Ltda. for euros 200, by exercising a purchase option.
- On 28 May, the Parent Company acquired a 3.568% interest in Internet Protocol Sistemas Net, S.A., generating goodwill of euros 216 thousand and thereby increasing its interest in this company to 96.44%. This company is fully consolidated.
- On 14 June 2007, Europraxis Atlante, S.L.U. acquired the remaining 49% of Advanced Logistics Group, S.A. for euros 4,163 thousand, including variable payments. Goodwill of euros 2,725 thousand was generated on this transaction.

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 2008 and 2007 is as follows:

	Weighted average number of ordinary shares at 31.12.08	Ordinary shares at at 31.12.08	Weighted average number of ordinary shares at 31.12.07	Ordinary shares at at 31.12.07
Total shares issued	164,132,539	164,132,539	164,132,539	164,132,539
Treasury shares and financial instruments related to shares	(4,031,071)	(3,956,934)	(2,695,341)	(2,524,613)
Total shares available	**160,101,468**	**160,175,605**	**161,437,198**	**161,607,926**
Total number of diluted shares	**160,101,468**	**160,175,605**	**161,437,198**	**161,607,926**

The calculation of basic earnings per share (rounded to four decimal places) for 2008 and 2007 is as follows:

	2008	2007
Net profit (thousands of euros)	182,419	147,798
Weighted average number of ordinary shares available	160,101,468	161,437,198
Basic earnings per ordinary share (euros)	**1.1394**	**0.9155**

The calculation of diluted earnings per share (rounded to four decimal places) for 2008 and 2007 is as follows:

	2008	2007
Net profit (thousands of euros)	182,419	147,798
Weighted average number of ordinary diluted shares available	160,101,468	161,437,198
Diluted earnings per share (euros)	**1.1394**	**0.9155**

The calculation of earnings per ordinary share (rounded to four decimal places) for 2008 and 2007 is as follows:

	2008	2007
Net profit (thousands of euros)	182,419	147,798
Shares issued	164,132,539	164,132,539
Earnings per ordinary share (euros)	**1.1114**	**0.9005**

19. Non-current Loans and Borrowings

Details by maturity of non-current 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 accrues interest at a nominal ordinary annual rate of 6.18%.

Details by maturity of long-term borrowings at 31 December 2007 are as follows:

Thousands of euros

Years	Finance leases	Credit institutions	R&D loans	Total
1 to 2 years	1,377	2,434	9,639	13,450
2 to 3 years	378	2,287	7,460	10,125
3 to 4 years	165	1,591	4,601	6,357
More than 4 years	93	1,514	14,668	16,275
Total at 31.12.07	**2,013**	**7,826**	**36,368**	**46,207**

In 2007 the Parent Company contracted a euros 7,000 thousand loan which falls due on 19 February 2013. This loan accrues interest at variable rates and is payable in monthly instalments. To reduce the interest rate risk associated with this loan, the Parent Company has arranged a swap contract with the same nominal amount and due date as the loan to which it relates. By virtue of this contract, Euribor is received monthly in exchange for payment of a fixed interest rate. Due to interest rate differences, in 2007 interest accrued on this swap amounted to an average rate of 3.89%.

In 2007 the swap contract arranged to reduce the interest rate risk associated with the euros 3,000 thousand loan extended in 2005, which falls due on 15 October 2010, was prematurely rescinded. A new swap contract for a nominal amount of euros 2,000 thousand was signed, which matures on 26 March 2009. By virtue of this swap contract, variable Euribor established at the start of each quarter is received on a quarterly basis, in exchange for annual payment of a fixed interest rate, provided that the average variable quarterly interest rate does not exceed a pre-established reference amount. In this event, the average variable quarterly interest rate would be payable. Interest payable on this swap amounted to an average rate of 4.44%.

The fair value of the two interest rate swaps at 31 December 2008 and 2007 is euros 447 thousand and euros 98 thousand, respectively.

20. Other non-current payables

Details of other non-current payables are as follows:

Thousands of euros

	2008	2007
Equity swap	-	38,389
Guarantee deposits received	15	15
Suppliers of fixed assets	6,283	2,549
Uncalled share capital	14	14
Other non-current debt	-	292
Total	**6,312**	**41,259**

At 31 December 2008 suppliers of fixed assets include euros 4,155 thousand relating to the Jocs del Mediterrani joint venture (euros 2,101 thousand in 2007).

Equity swap relates to debt for the financial instrument used to hedge the 2005 Options Plan (see note 16). At 2008 year end the balance of this caption in the consolidated balance sheet was transferred to the corresponding current liability caption.

21. Capital Grants

Details and movement in capital grants in 2008 and 2007 are as follows:

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

Thousands of euros

	Balance at 31.12.06	Additions	New Co's	Transfers	Taken to profit/loss	Balance at 31.12.07
Capital grants	11,788	12,839	12	(245)	(6,481)	17,913

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 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.07	Trans. diff.	Charges	Applic-ations	Transfers	Payments	Balance at 31.12.08
Provision 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**

Thousands of euros

	Balance at 31.12.06	New Co's	Charges	Applic-ations	Payments	Balance at 31.12.07
Provision for taxes	1,080	4	510	(199)	(197)	1,198
Other provisions	3,592	1,226	5,001	(2,046)	(39)	7,734
Total	**4,672**	**1,230**	**5,511**	**(2,245)**	**(236)**	**8,932**

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

Thousands of euros

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

Thousands of euros

Tax provisions	**Balance at 31.12.06**						**Balance at 31.12.07**		
Item	**Balance**	**Temporary difference**	**New companies**	**Aplicaciones**	**Payments**	**Charges**	**Balance**	**Temporary difference**	**Expected cancellation date**
Appeals filed with the tax authorities	1,080	797	4	(199)	(197)	510	1,198	422	2008 and 2009
Total tax provisions	**1,080**	**797**	**4**	**(199)**	**(197)**	**510**	**1,198**	**422**	

Thousands of euros

Other provisions	**Balance at 31.12.07**							**Balance at 31.12.08**		
Item	**Balance**	**Temporary difference**	**Trans. diff.**	**Applic-ations**	**Payments**	**Charges**	**Transfers**	**Balance**	**Temporary difference**	**Expected cancellation date**
Trade claims	1,327	-	-	(1,246)	-	255	277	613	-	2009 and 2010
Personnel claims	5,758	4,492	-	(116)	-	36	(4,786)	892	-	2010
Remuneration	649	-	(3)	0	(85)	-	-	561	-	2012
Total other provisions	**7,734**	**4,492**	**(3)**	**(1,362)**	**(85)**	**291**	**(4,509)**	**2,066**	**-**	

Thousands of euros

Other provisions	**Balance at 31.12.06**						**Balance at 31.12.07**		
Item	**Balance**	**Temporary difference**	**New companies**	**Applications**	**Payments**	**Charges**	**Balance**	**Temporary difference**	**Expected cancellation date**
Trade claims	2,282	423	-	(2,046)	-	1,091	1,327	-	2008 and 2009
Personnel claims	1,310	1,023	663	-	-	3,785	5,758	4,492	2009
Remuneration	-	-	563	-	(39)	125	649	-	2012
Total other provisions	**3,592**	**1,446**	**1,226**	**(2,046)**	**(39)**	**5,001**	**7,734**	**4,492**	

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

23. Current Borrowings

Details of current borrowings at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Loans	111,471	121,245
Interest payable	1,215	1,821
Finance leases	2,464	1,417
Total	**115,150**	**124,483**
Official loans for research programmes (note 6)	10,291	11,965
Total	**125,441**	**136,448**

24. Trade and Other Payables

Details of trade and other payables at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Trade payables	504,544	514,979
Advances from clients	621,628	622,591
Total	**1,126,172**	**1,137,570**

25. Other Current Liabilities

Details of other current liabilities at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Public entities	80,643	81,478
Salaries payable	48,117	51,263
Cash flow hedges	46	-
Guarantee deposits received	14	14
Trade provisions	24,176	13,688
Accruals	2,576	3,739
Equity Swap (note 36 b)	38,053	-
Other payables	44,719	48,593
Total	**238,344**	**198,775**

Balances due to public entities comprise the following:

Thousands of euros

	2008	2007
Tax authorities		
VAT	40,759	47,445
Withholding tax on salaries	17,145	16,852
Other taxes	1,992	2,359
Subtotal	**59,896**	**66,656**
Social security	20,747	14,822
Total	**80,643**	**81,478**

26. Segment Reporting

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

2008 — Thousands of euros

Segment reporting at 31 December 2008:	**Solutions**	**%**	**Services**	**%**	**Unallocated corporate**	**Eliminations**	**Total**	**%**
External sales	1,750,468	100%	629,097	100%	-	-	2,379,565	100%
Inter-segment sales	6,163	0%	127	0%	-	(6,290)	-	-
Net sales	**1,756,631**	**100%**	**629,224**	**100%**	**-**	**(6,290)**	**2,379,565**	**100%**
Contribution margin	**367,159**	**21%**	**103,341**	**16%**	**-**	**(1,939)**	**468,561**	**20%**
Other unallocated corporate income and expenses	-		-		(200,032)	1,939	(198,093)	-8%
Operating results	**367,159**		**103,341**		**(200,032)**	**-**	**270,468**	**11%**
Share of profits of associates	373		-		-	-	373	0%
Segment result	**367,532**	**21%**	**103,341**	**16%**	**(200,032)**	**-**	**270,841**	**11%**
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	
Total consolidated assets							**2,461,628**	
Liabilities								
Segment liabilities	950,948		214,045		473,071	-	1,638,064	
Total consolidated liabilities							**1,638,064**	

2008 — Thousands of euros

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

2007

Thousands of euros

Segment reporting at 31 December 2007:	**Solutions**	**%**	**Services**	**%**	**Unallocated corporate**	**Eliminations**	**Total**	**%**
External sales	1,595,401	100%	572,213	99%	-	-	2,167,614	100%
Inter-segment sales	6,747	0%	4,518	1%	-	(11,265)	-	-
Net sales	**1,602,148**	**100%**	**576,731**	**100%**	**-**	**(11,265)**	**2,167,614**	**100%**
Contribution margin	**332,203**	**21%**	**90,626**	**16%**	**-**	**(4,996)**	**417,834**	**19%**
Other unallocated corporate income and expenses	-		-		(199,603)	4,996	(194,607)	-9%
Operating results	**332,203**		**90,626**		**(199,603)**	**-**	**223,227**	**10%**
Share of profits of associates	1,330		10		-	-	1,340	0%
Segment result	**333,533**	**21%**	**90,636**	**16%**	**(199,603)**	**-**	**224,567**	**10%**
Other information								
Investments	31,812		3,793		37,050	-	72,655	
Amortisation/depreciation	10,292		7,814		15,852	-	33,958	
Balance sheet								
Assets								
Segment assets	1,571,576		430,955		351,052	-	2,353,583	
Investment in associates	7,092		114		-	-	7,206	
Total consolidated assets							**2,360,789**	
Liabilities								
Segment liabilities	849,090		192,158		580,882	-	1,622,130	
Total consolidated liabilities							**1,622,130**	

2007

Thousands of euros

Geographical segment reporting at 31 December 2007:	**Spain**	**Europe**	**USA and Canada**	**Latin America**	**Other**	**Total**
External sales	1,469,863	359,385	57,004	197,286	84,076	2,167,614
Investments	62,736	617	223	8,666	413	72,655
Assets used	2,173,392	44,080	6,446	121,649	15,222	2,360,789

27. Materials and Other Supplies

The total cost of materials and other supplies used incurred by the Group during the years ended 31 December 2008 and 2007 is as follows:

Thousands of euros

	2008	2007
Subcontracted work and materials consumed	878,874	813,470
Changes in inventories	164	774
Total	**879,038**	**814,244**

28. Personnel Expenses

Details of personnel expenses during the years ended 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Wages and salaries	764,537	684,366
Options (note 35 b)	2,996	2,985
Social security and other social charges	210,280	185,883
Total	**977,813**	**873,234**

The average number of employees and directors during 2008 and 2007, distributed by category, has been as follows:

Number of people

	2008			2007		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Members of the board of directors	12	3	15	13	2	15
Senior management	11	1	12	12	1	13
Management	386	47	433	186	17	203
Graduates and engineers	13,258	5,976	19,234	12,869	6,713	19,582
Administrative staff	800	2,183	2,983	696	1,087	1,783
Labourers	1,061	609	1,670	326	99	425
Other	52	31	83	36	13	49
Total	**15,580**	**8,850**	**24,430**	**14,138**	**7,932**	**22,070**

29. Other Losses on Non-current Assets

Details at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Impairment of goodwill (note 7)	(981)	-
Losses on other intangible assets	(633)	(7)
Profit/(loss) on property. plant and equipment	698	(241)
	(916)	**(248)**

Losses on other intangible assets of euros 613 thousand have been recognised, reflecting software disposals.

Profit from property, plant and equipment includes 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 include 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

Details at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Profit on other investments (note 17)	3,095	588
Losses on valuation adjustments to available-for-sale financial assets	-	(221)
	3,095	**367**

Profit from other investments in 2008 includes euros 3,075 thousand for the sale of 6.5% of the subsidiary Indra bmb, S.L. by the Parent Company (see note 17).

The euros 221 thousand loss in 2007 reflects impairment of non-current assets held for sale of TCAR and AGS. These companies are being liquidated and no gains are expected to be generated.

31. Foreign Currency Transactions

The main transactions in foreign currencies other than the euro in 2008 and 2007 have been as follows:

Thousands of euros

	2008	2007
Sales	368,962	282,208
Purchases	288,874	224,162

32. Guarantees

At 31 December 2008 various banks and insurance companies have extended guarantees of euros 894,615 thousand to third parties on behalf of the Group, mainly to secure the completion of contracts. At 31 December 2007 guarantees totalled euros 841,416 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 31.12.06	New Co's	Generated	Reversals	Balance at 31.12.07	Other variations	Generated	Trans. diff.	Reversals	Balance at 31.12.08
Deferred tax assets	33,972	5,641	10,736	(16,288)	34,061	(4,427)	15,711	(218)	(12,711)	32,416

Details of deferred tax assets at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Charges to and application of provisions	19,191	22,487
Amortisation of goodwill	3,092	4,111
Excess amortisation/depreciation of assets	2,245	3,087
Application of pending deductions	-	2,231
Other	7,888	2,145
Deferred tax assets	**32,416**	**34,061**

Current income tax receivable

Details of tax assets at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Prior years' recoverable income tax	2,519	763
Recoverable income tax for the year	12,887	3,813
Total	**15,406**	**4,576**

Deferred tax liabilities

Details of deferred tax liabilities in 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.06	New Co's	Generated	Reversals	Balance at 31.12.07	Other variations	Changes to consol. Group	Generated	Trans. diff.	Reversals	Balance at 31.12.08
Deferred tax liabilities	15,504	3,988	11,434	(1,036)	29,890	(3,432)	192	5,900	(34)	(1,420)	31,096

Details of deferred tax assets at 31 December 2008 and 2007 are as follows:

Thousands of euros

	Balance at 31.12.08	Balance at 31.12.07
Finance lease operations	1,137	1,019
Taxable gains	4,618	2,313
Portfolio provisions	9,619	14,105
Amortisation of goodwill	12,065	7,434
Restatement of R&D loans	2,438	2,424
Other	1,219	2,595
Deferred tax liabilities	**31,096**	**29,890**

Income tax payable

Details of income tax payable at 31 December 2008 and 2007 are as follows:

Thousands of euros

	2008	2007
Income tax (prior years)	437	14
Income tax (current year)	33,554	4,380
Income tax (companies located abroad)	1,332	742
Total	**35,323**	**5,136**

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 2008 and 2007 is as follows:

Thousands of Euros

Items	2008	2007
A,- Accounting profit before tax	**251,059**	**212,190**
Adjustments to accounting profit:		
- Non-deductible provisions for/reversals of investments	-	1,211
- Other positive differences	11,498	10,927
- Other negative differences	(9,976)	(2,848)
- Gains on treasury shares	-	1,724
- Options	2,995	2,985
- Consolidation adjustments	8,145	4,769
Total adjustments to accounting profit	**12,662**	**18,768**
B,- Adjusted accounting profit	**263,721**	**230,958**
Temporary differences:		
- Positive generated during the year	45,250	32,693
- Positive generated in prior years	4,519	4,083
- Negative generated during the year	(19,893)	(38,213)
- Negative generated in prior yearses	(35,622)	(41,248)
Total temporary differences	**(5,746)**	**(42,685)**
C,- Taxable income	**257,975**	**188,273**
D,- Loss carryforwards	(164)	(184)
E,- Adjusted taxable income	**257,811**	**188,089**
Tax payable	**80,189**	**68,648**
Deductions:		
- Internal double taxation relief	(101)	(2,576)
- International double taxation relief	(2,988)	(2,651)
- Investments in R+D+I and others	(13,146)	(19,450)
F,- Credit for loss carryforwards	**-**	**(44)**
G,- Taxes on foreign salaries	**147**	**1,076**
H,- Total tax payable	**64,101**	**45,003**
Payments and withholdings on account	39,806	40,043
Application of deductions and capitalised loss carryforwards	90	2,977
Total recoverable	**24,205**	**1,983**
I,- Deferred tax assets for the year	(13,643)	(10,736)
J,- Deferred tax assets recovered	12,711	13,311
K,- Deferred tax liabilities for the year	6,040	11,434
L,- Deferred tax liabilities reversed	(1,420)	(1,036)
M,- Credits in respect of loss carryforwards generated	-	142
Accrued income tax (H+I+J+K+L+M+N)	**67,789**	**58,118**
Income tax for companies registered abroad	**4,330**	**2,882**
Prior years' income tax	**(7,141)**	**(2,111)**
Income tax for adjustments in equity	**-**	**(1,312)**
Income tax for different tax rates	**-**	**(168)**
O,- Income tax for the year	**64,978**	**57,409**
Total profit after tax (A-O)	**186,081**	**154,781**

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

	2008	
	Thousands of euros	**%**
- Consolidated profit before tax	**251,059**	
- Income tax at the rate applicable in Spain	75,318	30.00%
- Efffect 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%**

	2007	
	Thousands of euros	**%**
- Consolidated profit before tax	**212,190**	
- Income tax at the rate applicable in Spain	68,962	32.50%
- Efffect of permanent differences	6,100	2.87%
- Effect of deductions	(24,677)	-11.63%
- Effect of other income tax deductions from prior years	(2,111)	-0.99%
- Effect of offset of prior years' loss carryforwards	2,933	1.38%
- Income tax for companies registered abroad	142	0.07%
- IFRS adjustments	(1,312)	-0.62%
- Income tax for companies registered abroad	2,882	1.36%
- Effect of different international tax rates	4,490	2.12%
	57,409	**27.06%**

Details of loss carryforwards pending offset and credits for investment, training and export activities at 31 December 2008 and 2007 are as follows:

	2008 (Thousands of euros)	
Year of origin	**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**

	2007 (Thousands of euros)	
Year of origin	**Credits for investments and others**	**Loss carryforwards**
2003 and prior years	1,846	17,365
2004	14	3,310
2005	827	7,142
2006	911	2,677
2007	3,562	11,200
Total at 31.12.07	**7,160**	**41,694**

At 31 December 2008, as in 2007, the Group has no reinvestment commitments.

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 2004 and subsequent years.

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

34. Financial Risk Management and Hedging Policies

Financial risk factors

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

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

a) Market risk

(i) Currency risk

The Group operates internationally, and is therefore exposed to currency risks when operating with foreign currencies, especially the US Dollar. Currency risk arises from future commercial transactions and recognised assets and liabilities which are presented in a foreign currency other than the Company's functional currency.

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

The Group's risk management policy involves hedging 100% of expected transactions in each currency other than the functional currency. Approximately 95% of forecast revenues in each of the main foreign currencies are classified as highly probable forecast transactions for hedge accounting purposes (the same amount as in 2007).

The Group's exposure to currency risk at 31 December 2008 and 2007 is detailed below.
The accompanying tables reflect the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currencies.

								2008
	Dollar	**Pound**	**Swiss Franc**	**Mexican Peso**	**Argentine Peso**	**Chilean Peso**	**Others**	**Total**
Other financial assets	23	-	-	119	79	136	453	810
Total non-current assets	**23**	**-**	**-**	**119**	**79**	**136**	**453**	**810**
Trade and other rceivables	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 liabilities	-	-	-	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 liabilities	-	-	-	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	4,581	91,882
Net exposure	**4,679**	**348**	**-**	**(3,822)**	**(2,391)**	**522**	**6,802**	**6,138**

								2007
	Dollar	**Pound**	**Swiss Franc**	**Mexican Peso**	**Argentine Peso**	**Chilean Peso**	**Others**	**Total**
Other financial assets	-	-	-	99	36	62	3,303	3,500
Total non-current assets	**-**	**-**	**-**	**99**	**36**	**62**	**3,303**	**3,500**
Trade and other receivables	29,953	3,285	-	35,369	9,518	16,207	53,743	148,075
Other financial assets	-	-	-	12	115	439	120	686
Debt securities	-	-	-	404	-	251	1,073	1,728
Total current assets	**29,953**	**3,285**	**-**	**35,785**	**9,633**	**16,897**	**54,936**	**150,489**
Total assets	**29,953**	**3,285**	**-**	**35,884**	**9,669**	**16,959**	**58,239**	**153,989**
Finance lease liabilities	86	-	-	-	-	5	113	204
Other financial liabilities	-	-	-	-	-	-	165	165
Total non-current financial liabilities	**86**	**-**	**-**	**-**	**-**	**5**	**278**	**369**
Loans and borrowings	5,006	-	-	10,411	131	10,005	15,406	40,959
Finance lease liabilities	-	-	-	-	112	59	0	171
Trade and other payables	8,401	1,510	573	143,760	4,398	4,576	31,875	195,093
Total current liabilities	**13,407**	**1,510**	**573**	**154,171**	**4,641**	**14,640**	**47,281**	**236,223**
Total liabilities	**13,493**	**1,510**	**573**	**154,171**	**4,641**	**14,645**	**47,559**	**236,592**
Gross balance sheet exposure	**16,460**	**1,775**	**(573)**	**(118,287)**	**5,028**	**2,314**	**10,680**	**(82,603)**
Forecast sales in foreign currencies	64,209	2,052	-	1,917	-	2,265	-	70,443
Forecase purchases in foreign currencies	43,231	11,789	4,573	5	-	218	1,082	60,898
Total gross exposure	**37,438**	**(7,962)**	**(5,146)**	**(116,375)**	**5,028**	**4,361**	**9,598**	**(73,058)**
Derivative financial instruments - hedging								
Sales	90,142	5,067	-	2,077	-	2,702	-	99,988
Purchases	50,532	13,207	5,146	5	98	218	1,082	70,288
Net exposure	**(2,172)**	**178**	**-**	**(118,447)**	**5,126**	**1,877**	**10,680**	**(102,758)**

(ii) Interest rate risk

The Group's interest rate risk arises from current and non-current financial liabilities at variable interest rates. Interest rate risk management aims to reduce the impact of interest rate fluctuations on the INDRA Group profits. The Group mainly uses swap contracts to control interest rate risk related to non-current liabilities.

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

	2008	
	Interest rate	
	+0,5%	**-0,5%**
Effect on profit before tax	(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 Group's exposure to past-due unimpaired assets at 31 December 2008 and 2007 is detailed below. The accompanying tables reflect the analysis of the ageing of past-due unimpaired financial assets at 31 December 2008 and 2007.

2008 Thousands of euros

	Less than 3 months	**3-6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
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**

2007 Thousands of euros

	Less than 3 months	**3-6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Trade and other receivables	143,515	32,199	35,867	55,993	267,574
Total assets	**143,515**	**32,199**	**35,867**	**55,993**	**267,574**

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 2008 and 2007 is shown below. The accompanying tables reflect the analysis of financial liabilities by remaining contractual maturity dates:

2008 Thousands of euros

	Less than 1 month	**1-3 months**	**3 months to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Loans and borrowings	19,076	7,688	96,213	27,414	18,112	168,503
Finance lease liabilities	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**

2007 Thousands of euros

	Less than 1 month	**1-3 months**	**3 months to 1 year**	**1-5 years**	**More than 5 years**	**Total**
Loans and borrowings	22,545	9,546	102,940	28,580	15,516	179,127
Finance lease liabilities	118	236	1,063	1,920	93	3,430
Trade and other payables	101,420	68,719	1,166,236	-	-	1,336,375
Other financial liabilities	-	-	-	41,210	49	41,259
Total	**124,083**	**78,501**	**1,270,239**	**71,710**	**15,658**	**1,560,191**
Derivative financial instruments	-	-	-	98	-	98
Total	**124,083**	**78,501**	**1,270,239**	**71,808**	**15,658**	**1,560,289**

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 2008 (see note 4 (s)). These commitments are as follows:

	Amount in foreign currency			
	Current		Non-current	
Currency	**Purchase**	**Sale**	**Purchase**	**Sale**
US Dollar	74,462,164	95,208,149	25,623,179	29,785,294
Pound Sterling	8,057,816	1,387,496	1,302,763	94,736
Swiss Franc	7,156,559	-	800,000	-
Chilean Peso	-	394,015,878	158,028,000	534,888,099
Colombian Peso	-	448,400,000	-	-
Argentine Peso	-	393,287	-	-
Thai Baht	28,870,000	-	-	-
Mexican Peso	423,549	60,462,518	-	10,367,931
Polish Zloty	-	1,227,638	-	
Australian Dollar	860,000	-	-	-
Canadian Dollar	3,565,572	-	2,485,340	-
Saudi Riyal	-	115,730	-	-
South African Rand	-	1,325,220	-	-

At 31 December 2007 the Group had the following commitments:

	Amount in foreign currency			
	Current		Non-current	
Currency	**Purchase**	**Sale**	**Purchase**	**Sale**
US Dollar	62,377,244	109,153,783	12,011,383	23,544,547
Pound Sterling	9,126,639	3,715,337	558,374	-
Swiss Franc	3,742,214	-	4,772,485	-
Chilean Peso	-	1,033,128,784	158,028,000	928,903,977
Colombian Peso	450,000	-	-	-
Thai Baht	47,409,528	-	-	-
Mexican Peso	81,597	33,374,802	-	-

At 31 December 2008 and 2007 exchange rate hedges are valued as follows:

Thousands of euros

	2008				2007			
	Current		Non-current		Current		Non-current	
Exchange rate hedge	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Cash flow hedge	1,587	2,122	1,350	20	4,997	3,554	888	584
Fair value hedge	840	351	-	-	2,284	614	-	-
	2,427	**2,473**	**1,350**	**20**	**7,281**	**4,168**	**888**	**584**

b) Share options plan

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 approved by the shareholders at their annual general meeting on 26 June 2008.

The main conditions of the options plans are as follows:

- The options granted entitle the holder to acquire ordinary shares of the Parent Company, provided that certain conditions are met. Each option represents one share.
- The 2008 Options Plan has been exclusively directed at senior management of the Parent Company.
- 934,959 options were granted, equivalent to 934,959 ordinary shares with a par value of Euros 0.20 each and representing 0.57% of share capital.
- The exercise price of options granted is Euros 16.82, which is equivalent to the average quotation price of shares during Stock Exchange sessions from 27 June 2008 to 26 September 2008.
- The exclusion period is 27 months, from the date on which the options were granted (1 October 2008).
- The options granted may be exercised within a period of 15 months, from 1 January 2011 to 31 March 2012.
- Options are exercised through the acquisition of shares.
- The value of the option on the grant date is Euros 3.69, in accordance with the Plan's characteristics and considering share volatility.

- Senior management members must maintain their employment relationship with Indra throughout the exclusion period in order to exercise their options. Should the employment relationship be terminated prior to this date, for a reason attributable to the senior manager in question, all options which had previously been granted will be relinquished. If, however, the employment relationship was terminated for any other cause, the senior manager may exercise the number of options proportional to the portion of the exclusion period for which the employment relationship had been in force.

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

	Number of options				Exercise price (Euros)	Maturity date
	Balance at 31.12.07	**Granted**	**Exercised**	**Balance at 31.12.08**		
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.

Details of the remuneration plans based on the hedge and share values at 31 December 2007, and movement during the year, are as follows:

	Number of options			Exercise price (Euros)	Maturity date
	Balance at 31.12.06	**Exercised**	**Balance at 31.12.07**		
Plan 2002 tranche 1	100,660	(100,660)	-	7.27	31-03-07
Plan 2002 tranche 2	132,222	(132,222)	-	6.59	31-03-07
2005 options	2,248,000	-	2,248,000	16.83	from 01.04.08 to 30.06.09
Total outstanding options	**2,480,882**	**(232,882)**	**2,248,000**		

	Hedge	
	Equity Swap	**Unit carrying amount**
Plan 2002 tranche 1	-	7.27
Plan 2002 tranche 2	-	6.59
2005 options	2,281,000	16.83
Total	**2,281,000**	

At 31 December 2008 euros 2,996 thousand has been charged to personnel expenses for the options granted under the 2008 and 2005 Options Plans (euros 2,985 thousand in 2007) (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
Testa Inmuebles en Renta, S.A.	Avenida de Bruselas, 35 (Alcobendas)	01/01/02	30/06/12	July	I.G.P.C.	1,005.41
Ayuntamiento de Alcobendas	Anabel Segura, 7 (Alcobendas)	01/09/07	31/08/12	January	I.G.P.C.	291.72
Banesto Renting, S.A.	Parque Empresarial La Finca,1 (Pozuelo de Alarcón)	09/03/06	03/10/13	July	I.G.P.C.	432.61
Gratan, S.L.	Tanger, 120 (Barcelona)	01/07/05	01/07/10	July	I.G.P.C.	212
General de Edificios y Solares	Avda. de Arteixo, s/n (La Coruña)	15/05/08	31/05/13	May	I.G.P.C.	83
General de Edificios y Solares	Acanto, 11 (Madrid)	01/01/07	31/12/11	January	I.G.P.C.	209

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

OWNER	Location	Contract expiry date	2008 payments	2007 payments
Alcobendas council/Sogepima	Alcobendas (Madrid)	31/08/12	2,385	1,523
Banesto Renting	Pozuelo de Alarcón (Madrid)	03/10/13	2,759	1,160
Catalana de Occidente	Madrid	Annual	473	454
Edificio de Alcobendas, S.A.	Alcobendas (Madrid)	31/05/11	370	355
El Encinar del Norte	Madrid	01/02/10	123	422
Ema 4, S.L.	Madrid	28/02/09	551	530
Fiact	Barcelona	08/06/11	356	351
General de Edificios y Solares	Madrid	Annual	1,311	1,270
Gratan, S.L.	Barcelona	01/07/10	1,321	959
Grupo Castellvi	Barcelona	01/07/18	959	-
Hermandad Nacional de Arquitectos	Madrid	01/05/09	316	100
Hp Hewlett Packard, S.L.	Las Rozas (Madrid)	24/11/10	430	412
Iberdrola Inmobiliaria, S.A.U.	Barcelona	14/11/09	347	334
Inmoan, S.L.	Torrejón de Ardoz - Madrid	31/12/13	249	212
Julcam,19 S.L.	Madrid	01/03/09	509	114
Kaliste Gestion, S.A.	Barcelona	27/07/08	621	654
New Klimt Terciario 2.001, S.L. Pl.10	Barcelona	10/09/10	331	344
New Klimt Terciario 2.001, S.L. Pl.9	Barcelona	10/09/10	303	354
Testa	Alcobendas (Madrid)	30/06/12	5,785	5,376
Angel Luiñas	La Urbina (Venezuela)	31/05/11	450	286
El Remanso, S.A.	Avda, del Valle (Chile)	31/01/13	348	-
Cabi Oficinas Corporativas, S.A. de C.V.	Presidente Masarik 11 (México)	06/08/12	439	40
IMOCPC	Oporto (Portugal)	01/04/12	331	322
Alfrapark	Alfragide. Lisboa (Portugal)	01/11/12	317	10
Otros			8,305	6,340

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 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 2005, the shareholders agreed to set the maximum amount for fixed remuneration at euros 600 thousand, and to limit profit-sharing, which was statutorily established at 1% of consolidated net profit, to a maximum of 1.4 times the amount of the fixed sum, with 50% of the gross amount distributable as Parent Company shares. These amounts were based on a board comprising 12 members, resulting in an average of euros 50 thousand per annum per board member as fixed remuneration, and a maximum of euros 70 thousand for profit-sharing. This shareholder agreement was valid for and applicable to 2005, 2006 and 2007.

At their ordinary general meeting held in 2007, the shareholders agreed to increase the number of directors to 15 and to adjust the total remuneration for the board of directors in line with this new number. The amount was thus increased proportionately with the growth in the number of directors. However, as the number of directors during the first half of 2007 was 14, the shareholders exceptionally established a maximum fixed amount of euros 725 for 2007, along with a maximum amount for profit sharing purposes of 1.4 times the amount of the fixed sum, therefore totalling euros 1,015 thousand.

As agreed by the board of directors, which is duly empowered to distribute to its members the global amount of remuneration established by the shareholders, from 2005 to 2007 remuneration authorised by the shareholders at their annual general meeting has been distributed as follows:

i) Fixed amounts: Euros 27 thousand for members of the board of directors; euros 15 thousand for Delegate Committee members; euros 20 thousand for Audit and Compliance Committee members; and euros 15 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 equally distributed between the board members depending on the effective time during which they held their position during the year, with 50% of the gross amount being paid through shares at market value. In 2007 this meant that 2,118 shares were distributed per board member (1,059 for those who had only held their position for half of the year).

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 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 Parent Company generating sufficient profits. Each year the board of directors has agreed to reconsider the amount of profit sharing in the event that the annual growth and profitability targets are not achieved, and to propose any necessary adjustments to the shareholders at the ordinary general meeting. This situation has not arisen in any year since 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 will continue to be distributed in equal amounts between all the board members, depending on the amount of time they have held their position. The board has agreed to the possibility of adjusting this distribution should there be just cause for doing so.

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 2008 and 2007 accrued by the members of the board of directors, in light of their position as directors of the Parent Company, is as follows:

REMUNERATION OF DIRECTORS (€ thousand) 2008

		Fixed amount					
Director	**Board of directors**	**Delegate committee**	**Audit and compliance committee**	**Appointments, remuneration and corporate governance committee**	**Total fixed amount**	**Profit-sharing (50% in shares)**	**Total**
ADM. VALTENAS (1)	32	--	--	--	32	82	114
I. AGUILERA	32	18	12	--	62	82	144
CASA GRANDE DE CARTAGENA	32	--	--	--	32	82	114
F. CONSTANS (3)	16	9	18	--	43	41	84
MEDIACIÓN Y DIAGNÓSTICOS (2)	32	18	--	18	68	82	150
L. LADA	32	--	--	18	50	82	132
H. LÓPEZ ISLA	32	18	24	--	74	82	156
P. LÓPEZ JIMÉNEZ	32	--	--	18	50	82	132
J. MONZÓN	48	18	--	--	66	82	148
R. MORANCHEL	32	18	--	--	50	82	132
J. MOYA-ANGELER	32	9	--	27	68	82	150
M. ORIOL	32	9	24	9	74	82	156
PART. Y CARTERA DE INVERSIÓN (2)	32	--	24	--	56	82	138
P. RAMÓN Y CAJAL	32	18	--	--	50	82	132
M. SOTO	32	--	30	9	71	82	153
R. SUGRAÑES (4)	16	9	--	--	25	41	66
TOTAL	**496**	**144**	**132**	**99**	**871**	**1,225**	**2,096**
Average remuneration by director (15 directors)					**58**	**82**	**140**

(1) Representing Caja Asturias (2) Representing Caja Madrid (3) Director until June 2008 (4) Director since July 2008

REMUNERATION OF DIRECTORS (€ thousand) 2007

		Fixed amount					
Director	**Board of directors**	**Delegate committee**	**Audit and compliance committee**	**Appointments, remuneration and corporate governance committee**	**Total fixed amount**	**Profit-sharing (50% in shares)**	**Total**
ADM. VALTENAS (1)(2)	13	--	--	--	13	35	48
I. AGUILERA	27	15	--	--	42	70	112
M. AZPILICUETA (3)	13	7	--	7	28	35	63
CASA GRANDE DE CARTAGENA (2)	13	--	--	--	13	35	48
F. CONSTANS	27	15	28	--	70	70	140
H. FIGAROLA (3)	13	--	--	--	13	35	48
MEDIACIÓN Y DIAGNÓSTICOS	27	15	--	15	57	70	127
L. LADA (2)	13	--	--	7	21	35	56
H. LÓPEZ ISLA	27	7	20	--	54	70	124
P. LÓPEZ JIMÉNEZ	27	7	--	15	49	70	119
J. MONZÓN	40	15	--	--	55	70	125
R. MORANCHEL	27	15	--	--	42	70	112
J. MOYA-ANGELER	27	--	--	22	49	70	119
M. ORIOL (2)	13	7	10	--	31	35	66
PART. Y CARTERA DE INVERSIÓN	27	--	20	--	47	70	117
P. RAMÓN Y CAJAL	27	15	--	--	42	70	112
M. SOTO	27	--	22	15	64	70	134
J.C. URETA (3)	13	--	10	--	23	35	58
TOTAL	**405**	**120**	**110**	**82**	**717**	**1,015**	**1,732**
Average remuneration by director (14.5 directors)					**49**	**70**	**119**

(1) Representing Caja Asturias (2) Representing Caja Madrid (3) Director until June 2007 (4) Director until June 2007

Total director remuneration represents 0.77% of consolidated net operating profit and 0.83% of consolidated profit before tax for 2008, according to the accompanying consolidated annual accounts prepared by the board of directors (0.77% and 0.82%, respectively, in 2007).

During 2008 and 2007 no options on Parent Company shares were granted to the members of the board of directors in light of their position as directors. At 2008 and 2007 year ends the members of the board of directors did not hold, in their capacity as directors, any Parent Company share options.

In 2008 and 2007 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 any pension commitments to the directors, nor have any loans or advances been extended in this regard.

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

2. Remuneration of senior management

The remuneration of the Parent 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 make a review advisable. 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 2008 and 2007 was as follows:

	Thousands of euros	
	2008	**2007**
Fixed remuneration	5,637	4,446
Variable remuneration	3,815	5,048[1]
Remuneration in kind	280	241
Total annual remuneration for senior management	9,731	9,735
Members of senior management	13	14
Average total annual remuneration for senior management	749	695

(1) Euros 1,818 thousand, reflecting the net amount after the corresponding tax withholding, was settled by conveyance of Company shares.

The amounts corresponding to executive board members (senior management who are also members of the board of directors) comprise fixed annual remuneration of euros 1,710 thousand in 2008 and euros 1,540 thousand in 2007, and total annual remuneration of euros 3,487 thousand in 2008 and euros 4,502 thousand in 2007 (euros 1,228 (net) was paid in the form of shares). As the executive vice-chairman resigned from his position on 30 June 2007, the average annual remuneration of executive board members was euros 1,744 thousand in 2008 and euros 1,801 thousand in 2007. According to the annual accounts, the aforementioned amounts represent 1.29% of consolidated net operating profit and 1.39% of consolidated profit before tax for 2008 (2.01% and 2.12%, respectively, in 2007).

In 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, as proposed by the Appointments, Remuneration and Corporate Governance Committee, in 2008 the board of directors agreed:

i) To distribute a total of 43,022 shares to senior management, 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"); and
ii) To grant 934,959 options on the same number of Company shares, 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 shares was effective as of 1 October 2008.

No share options were granted to senior management in 2007.

In 2008 senior management did not exercise any options on Parent Company shares. During 2007 39,916 options relating to the 2002 Options Plan were exercised, with an average exercise price of euros 6.93 (market price at the grant date).

In 2008 and 2007 members of senior management did not receive any benefits or remuneration other than those indicated in this note. Neither the Parent Company nor any of the Group companies has any pension commitments towards senior management, nor have they extended any loans or advances.

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 2008 year end senior management held 381,254 shares with a market value at that date equivalent to 1.1 times their annual global fixed remuneration.

Each member of senior management has signed a contract with the Parent Company, regulating the conditions applicable to their professional relationship. These contracts have been authorised by the board of directors, following a favourable report and proposal from the Appointments, Remuneration and Corporate Governance Committee, and were submitted for approval by the shareholders at their annual general meeting in 2007. By virtue of these contracts, senior management are entitled to an indemnity equivalent to that established by article 56 of the workers' statute, that is, 45 days of their annual salary for every year of service to the Company, up to a limit of 3.5 annual payments, in the event that labour relations with the Parent Company are terminated. 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.

At 2008 year end the general managers Mr. Otero and Mr. Vilá terminated their employment relationships with the Company, each applying the terms established for each of the aforementioned circumstances.

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 2008, including capitalised projects (see note 6), amounts to euros 152,003 thousand, equivalent to 6.4% of the Group's total revenues during the year. R&D&innovation expenses incurred by the Parent Company during 2007 account for approximately 89% of total expenses of this nature incurred by the Group.

In 2007, R&D&innovation expenses amounted to euros 136,507 thousand, equivalent to 6.3% of total Group revenues.

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 consequently have made no related provision for liabilities and charges at 31 December 2008.

Similarly, as in 2007 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. The Group has neither requested nor received any environmental grants during the year ended 31 December 2008.

Notwithstanding the above, one of the core pillars of Indra's Corporate Governance is its commitment to protect 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 and Barcelona (calle Roc Boronat), in December 2008 the Anabel Segura (Alcobendas-Madrid) and Ciudad Real centres were also certified. These two centres house the activities of three Group companies: Indra Sistemas, S.A. and Indra bmb, S.L. (Anabel Segura) and Indra Software Labs, S.L.U. (Ciudad Real).

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

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 2008 and 2007:

Thousands of euros

	2008			2007		
	KPMG Auditores S.L.	**Other KPMG companies**	**Total**	**KPMG Auditores S.L.**	**Other KPMG companies**	**Total**
Audit services	435	461	896	454	515	969
Other services	12	77	89	8	21	29
	447	**538**	**985**	**462**	**536**	**998**

The amounts in the table above include all fees for services rendered in 2008 and 2007, 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 2008 and 2007, commercial, financial and professional services transactions have been carried out with the significant shareholders Caja Madrid, Unión Fenosa and Caja Asturias, or companies related to these, as well as with four companies related to the board members Mr. Ramón y Cajal, Mr. Moya-Angeler, Ms. De Oriol and Mr. Ureta.

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 overall, a significant amount of the Parent Company's net revenues or balance sheet at 31 December 2008 and 2007.

Details of transactions with shareholders and board members during the years ended 31 December 2008 and 2007 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.

2008 Thousands of euros

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**

2007 Thousands of Euros

Nature of the transaction	Shareholders (*)	Board members	Total 31.12.2007
Sale of goods and services	81,817	-	81,817
Purchase of goods and services	4,096	1,158	5,254
Interest received	36	-	36
Expenses for financial services	1,201	50	1,251
Expenses for professional services	-	44	44
	87,150	**1,252**	**88,402**

(*) 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 Unión Fenosa, Caja Madrid 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

	2008	2007
Unión Fenosa	4,641	3,770
Caja Madrid	267	326
Inversis	72	-

The main services contracted were electricity supply (euros 2,259 thousand in 2008 and 1,342 thousand in 2007) and building rental (euros 1,807 thousand in 2008 and 1,422 thousand in 2007).

Financial income reflects the interest received on short-term 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 2008 and 2007 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 73,925 thousand in 2008 and euros 72,261 thousand in 2007. The average balance drawn down in 2008 totals euros 33,471 thousand (euros 5,382 thousand in 2007).
- Guarantee facility with annual maturity amounting to euros 82,881 thousand in 2008 and euros 84,100 thousand in 2007.
- Payables discounting facility with annual maturity amounting to euros 11,000 thousand in 2008 and euros 21,850 thousand in 2007.
- Financing of commercial operations totalling euros 70,620 thousand in 2008.
- Interest rate hedge totalling euros 6,000 thousand in 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, governed by 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	
	2008	**2007**
Caja Madrid	12,170	18,139
Unión Fenosa	12,319	16,918
Casa Grande Cartagena	4,664	6,570
Caja Asturias	4,106	6,406

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. The amounts paid in 2008 and 2007 were euros 249 thousand and euros 229 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 an 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 thereafter until 2015. The amounts paid in 2008 and 2007 totalled euros 368 thousand and euros 384 thousand, respectively.
- 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 2008 and 2007 in this regard totalled euros 787 thousand and euros 545 thousand, respectively.

In 2007 expenses for financial services reflect the amount paid for financial brokerage services to Renta 4 Sociedad de Valores y Bolsa, S.A. (in which Mr. Ureta held a 60.4% interest and was chairman and managing director). Mr. Ureta was a member of the Parent Company's board of directors until June 2007.

In 2007 expenses for professional services included the amount paid for legal advisory services to the lawyers practice Ramón y Cajal Abogados (of which Mr. Ramón y Cajal is chairman and in which he holds a minority non-controlling interest).

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

c) Transactions with senior management

During 2008 and 2007 there have been no transactions with senior management or related parties.

Details of senior management remuneration are provided in note 37.

d) Transactions with associates and business combinations

The following transactions were carried out with associates and business combinations in 2008 and 2007:

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

2007				Thousands of euros
	Receivables	**Payables**	**Income**	**Expenses**
Associates	1,964	4,236	6,055	-
Business combinations	6,395	1,839	6,941	1,698
	8,359	**6,075**	**12,996**	**1,698**

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

Details of Group companies at 31 December 2008

Name	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)	Maintenance and engineering of systems for use in air defence 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 Sotware Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, manufacture and testing of IT system development products
Internet Protocol Sistemas Net, S.A.	Paseo del Club Deportivo, 1 Pozuelo de Alarcón (Madrid)	Research, development, production, installation and marketing of products, systems and applications for telcommunications, IT and internet and security networks
Metradis, S.L.U.	Paseo del Club Deportivo, 1 Pozuelo de Alarcón (Madrid)	Distribution, sale, manufacture and installation of software and hardware systems, as well as related training and advisory services
Safo Sistemas, S.L.	Paseo del Club Deportivo, 1 Pozuelo de Alarcón (Madrid)	Distribution, sale, manufacture and installation of IT, software, hardware, telecommunications and audiovisual systems, as well as related training and advisory services
Euroquality, S.L.	Calle María de Molina, 37 (Madrid)	Professional services consisting of quality, environmental and safety in the workplace consulting
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)	Professional services consisting of technological and solutions consulting
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)	Professional services consisting of technological and solutions consulting
Soluziona C & S Holding, S.A. (Chile)	Santiago (Chile)	Professional services consisting of technological and solutions consulting

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

Name	Registered offices	Activity
Indra Brasil, Ltda.	São Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology
Indra Sistemas Mexico 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
Azertia Tecnología de la Información Mexico 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
Soluziona Mejico S.A. de C.V.	Mexico City (Mexico)	Professional services consisting of technological and solutions consulting
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
Seintex Consultores S.A (Venezuela)	Caracas (Venezuela)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology and document management
Soluziona, S.P., C.A. (Venezuela)	Caracas (Venezuela)	Professional services consisting of technological and solutions consulting
Azertia Tecnologías de la Información Colombia S.A.	Bogotá (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology
Soluziona Ltda. (Colombia)	Bogotá (Colombia)	Professional services consisting of technological and solutions consulting
Soluziona, S.A. (Guatemala)	Guatemala (Guatemala)	Professional services consisting of technological and solutions consulting
Indra Panamá, S.A. (Panamá)	Panama	Professional services consisting of technological and solutions consulting
Indra USA Inc.	Philadelphia (USA)	Professional services consisting of technological and solutions consulting
Azertia Tecnologías de la Información USA Inc.	New York (USA)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Indra Systems, Inc.	Orlando (USA)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Indra Peru S.A.C.	Lima (Peru)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Soluziona, S.A. (Uruguay)	Montevideo (Uruguay)	Professional services consisting of technological and solutions consulting
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 Sistemas Polska sp.zo.o	Warsaw (Polonia)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Indra Czech Republic s.r.o.	Prague (Czech Republic)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Soluziona, kft (Hungría)	Debrecen (Hungary)	Professional services consisting of technological and solutions consulting
Soluziona, S.R.L. (Moldavia)	Chisinau (Moldavia)	Professional services consisting of technological and solutions consulting
Elektrica Soluziona S.A. (Rumania)	Bucharest (Romania)	Professional services consisting of technological and solutions consulting

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Name	Registered offices	Activity
Indra France SAS	Antony (France)	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
Indra Ucrania L.L.C.	Kiev (Ukraine)	Design, development, production, integration, and maintenance of systems, solutions and services based on information, electronic and communications technology
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Professional services consisting of technological and solutions consulting
Soluziona Kenya, Ltd.	Nairobi (Kenya)	Professional services consisting of technological and solutions consulting
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 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
Interscan Navigation Systems Pty Limited	Australia	Design, development, production and maintenance of navigation, landing and air traffic control systems
Soluziona Professional Services (Private) Ltd.	Harare (Zimbabwe)	Professional services consisting of technological and solutions consulting
Indra Philippines, Inc.	Quezon (Philippines)	Professional services consisting of technological and solutions consulting
Indra BMB, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO) and management, rendering of document and mortgage management services
BMB Gestión Documental Canarias, S.L.	Calle Tomás Miller, 47- 49 (Las Palmas de G. Canaria)	Management of back-office processes (BPO) for financial entities.
Indra BMB Servicios Digitales, S.A.	Pº. de Gracia 55. (Barcelona)	Data capture and digitisation
OUAKHA Services, Saarl AU (Marruecos)	Tangier (Morrocco)	Management of back-office processes (BPO) for financial entities
Etnodiversidad del Somontano, S.L.	Pozán de Vero (Huesca)	Digitisation, classification, processing, recording, data and documentation indexing and other related services. Technical support telephone services and customer service for third parties.
Programarius, S.L.	Pº. de Gracia, 55 (Barcelona)	Digitisation, data capture and the design, development and distribution of IT platforms
Europraxis Atlante, S.L.	Calle Carabela la Niña, 12 (Barcelona)	Professional services consisting of business, technological and solutions consulting
Europraxis ALG Consulting Brazil, Ltda.	São Paulo (Brazil)	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
Europraxis ALG Consulting, Ltd. (U.K.)	Slough, Berkshire (United Kingdom)	Professional services consisting of business, technological and solutions consulting
Compraxis Prestaçao de Serviços de Consultoría, Ltda..	Lisbon (Portugal)	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
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.	Cobme d'Urgell 240 (Barcelona)	Preparation and performance of all types of studies, technical projects and reports concerning transport engineering, consulting and logistics
Advanced Logistic Group Venezuela, S.A.	Colinas del Bello Monte (Venezuela)	Professional services consisting of business, technological and solutions consulting.
Advanced Logistic Group Andina, S.A.C. (Peru)	Lima (Peru)	Professional services consisting of business, technological and solutions consulting.
Prointec, S.A.	Avda de Burgos, 12. 28036 (Madrid)	Engineering and consultancy services mainly in relation to the environment, transport, construction, water and industry

Name	Registered offices	Activity
Prointec Hidrógeno, S.L.	Carril Ruipérez, 52 (Murcia)	Technical engineering and consulting services in relation to hydrogen and oxygen.
Asdoconsult Ingenieros, S.L.	Sant Pere Mes Alt., 1. 08003 (Barcelona)	Technical engineering services
Geoprin, S.A.	Avda de Burgos, 12. 28036 (Madrid)	Technical geological 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
Procinsa Ingeniería, S.A.	Santa Susana, 3 (Oviedo)	Technical engineering services
Gibb Portugal-Consultores de Engenharia, Gestao e Ambiente, S.A.	Lisbon (Portugal)	Technical engineering services
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (Mexico)	Technical engineering and architectural services
Prointec Concesiones y Servicios, S.L.	Avda de Burgos, 12. 28036 (Madrid)	Concession-holding and management services
Consis Proiect SRL	Bucarest (Romania)	Civil engineering services and consultancy
MECSA-Marcial Echenique y Compañía, S.A.	Avda de Burgos, 12. 28036 (Madrid)	Technical engineering services
Prointec Panamá, S.A.	Ancon (Panama)	Civil engineering services and consultancy
Prointec Civil Engineering Consultancy (Irlanda)	Dublin (Ireland)	Civil engineering services and consultancy
Prointec ENG S.R.L.	Bucharest (Romania)	Civil engineering services and consultancy
Prointec Usa LLc	Sacramento, California (USA)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems
Teknatrans Consultores, S.L.	Portuetxe, 23 (San Sebastián)	Technical engineering and architectural services
Prointec 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. Burgos, 12. 28036 (Madrid)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems
Prointec Extremadura, S.L.	José Luís Cotallo, 1. 10001 (Cáceres)	Civil engineering services and consultancy
Prointec Engenharia, Ltda.	São Paulo (Brazil)	Civil engineering services and consultancy

3.- Joint ventures

I3 Televisión, S.L.	Avda. Isla Graciosa, 13. San Sebastián 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
Ceicom Europe, S.L.	Calle Rodríguez Marín, 92 (Madrid)	Consultancy and IT services, development of IT solutions, development and marketing of technological products, Web services, operation of IT solutions for third parties and the import and export of any of these products and services.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consultancy and technical assistance in systems analysis, development and introduction of programmes for computer equipment
Indra Esteio Sistemas S.A. (Brasil)	São Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, electronic and communications technology
JV Indra EWS/STN Atlas Leopard 2	Calle Joaquín Rodrigo, 11. Aranjuez (Madrid)	Development, supply, installation, integration and maintenance of the Leopard 2 tank combat system

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

Name	Registered offices	Activity
JV Indra Dimetronic	Calle Miguel Ángel, 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 Zaindu Hiru	Poligono Industrial Torrelarragoiti Zamudio (Vizcaya)	Maintenance and operation of the high capacity network (Metropolitan area - Area 4).
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
JV Giss 11	Avenida de Bruselas, 35. Alcobendas (Madrid)	IT services for the management of the Social Security IT platform
JV Cledi	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 Cledi 2	Avda. Manoteras, 46 bis (Madrid)	Additional services for the operaiton of various IT systems used in the health and administrative sector and to increase efficiency in assisted management.

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 Trías Beltrán, 4, Madrid
Jood Consulting, S.L.	Avenida de Cataluña, 9 (Valencia)	Sale of information technology services in Arab countries
179 Centelec SAS	Paris (France)	Development of a security programme for radiocommunications
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 Rey Juan Carlos I. 26005 (Logroño)	Electricity production, transport and distribution, mainly based on wind power
Aerobús 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´Esgleita a Esparles (07190) Km 4,3 predio. San Quint Sa Tafona (Majorica)	Installation of energy production systems
Iniciativas Bioenergéticas, S.L.	Gran Vía Rey 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 2RC, S.L.	Aragó, 284 1 2. 08007 (Barcelona)	Consultancy, study and turnkey projects and promotions for logistics platforms

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

Details of Group companies at 31 December 2008

	% ownership					
Company	**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	21,558.00	(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
Safo S.L.	-	100%	100%	305	0	(1)
Metradis S.L.	-	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)

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

	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individual profit/(loss) after tax**
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 C.V.	100%	-	100%	(1,007)	11,277	604
Indra USA Inc.	100%	-	100%	(131)	1,308	(354)
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. Panamá	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..	-	100%	100%	1,880	89	(1,121)
Soluziona S.. 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.	60.4%	-	60.4%	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
IRB Riesgo Operacional, S.L.	33%	-	33%	671		(245)
Indra Esteio Sistemas S.A. (Brasil)	50%	-	50%	1,298	2,160	315
UTE Indra EWS/STN Atlas Leopard 2	60%	-	60%	-	3,655	-
UTE Indra Dimetronic	82%	-	82%	-	833	-
UTE Indra Mantenimiento Rondes	30%	-	30%	30	88	-
UTE Indra Mantenimiento Rondes (II)	30%	-	30%	(147)	4,002	-
UTE Zaindu HIRU	13%	-	13%	-	-	-

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

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
UTE Saih Sur	35%	-	35%	225	1,071	-
UTE Jocs del Mediterraneo	25%	-	25%	(5,968)	6,204	-
UTE Estrada	33%	-	33%	6	6,262	-
UTE Giss 11	35%	-	35%	(1)	7,606	-
UTE CLEDI 1	40%	-	40%	6	299	-
UTE CLEDI 2	40%	-	40%	6	942	-
4.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Indra Sistemas Tecnocom. Méjico S.A. de C.V.	50%	-	50%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-		-
Euromids SAS	25%	-	25%	-	-	-
MRCM Gmbh	25%	-	25%	-	-	-
						198,583
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.- Asociadas						
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. (Brasil)	99.99%	0.01%	100%	(1,234)	3,737	
Compraxis Prestaçao de Servicios de Consultoria Ltda.	100%	-	100%	(1,884)	1,325	
Advanced Logistics Group, S.A.	100%	-	100%	1,404	14,416	
Europraxis Consulting, S.r.l.	100%	-	100%	296	2,926	

	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individual profit/(loss) after tax**
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%	-	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 Ambiente, S.A.	98%	2%	100%	721	7,822	
Prointec Panamá	75%	-	75%	-	-	
Prointec ENG SRL (Rumanía)	100%	-	100%	-	-	
Consis Proiect SRL (Rumanía)	60%	-	60%	1,358	5,999	
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 Hidrógeno. 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 2RC, 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%	-	-	

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

Details of Group companies at 31 December 2007

Company	% ownership Direct	Indirect	Total	Equity	Total operating income	Individual profit/(loss) after tax
1.- Parent company						
Indra Sistemas, S.A.				688,268	1,709,654	148,372
2.- Subsidiaries						
Indra Emac, S.A.	100%	-	100%	3,955	16,665	2,982
Indra Espacio, S.A.	51%	-	51%	41,940	59,051	6,958
Indra Sistemas de Seguridad, S.A.	100%	-	100%	2,923	19,184	526
Indra Sistemas de Comunicaciones Seguras, S.L.	-	90%	90%	5,758	2,069	627
Inmize Capital, S.L.	80%	-	80%	1,575	-	(3)
Inmize Sistemas. S.L.	-	50%	40%	4,362	3,011	475
Indra Software Labs. S.L.	100%	-	100%	9,415	21,922	90
Grupo Bmb	100%	-	100%	31,686	28,883	2,118
Grupo Europraxis	100%	-	100%	19,193	46,914	2,143
Indra SI, S.A.	100%	-	100%	869	15,176	408
Indra Sistemas Chile, S.A.	100%	-	100%	(407)	15,698	(790)
Indra Beijing Information Technology Systems Co. Ltd.	100%	-	100%	(200)	563	(221)
Indra Systems, Inc	100%	-	100%	237	21,885	47
Indra Brasil, Ltda.	100%	-	100%	(975)	4,662	(422)
Indra Sistemas Portugal, S.A.	100%	-	100%	3,590	25,826	(707)
Indra Sistemas México, S.A. de C.V.	100%	-	100%	(78)	9,276	(421)
Internet Protocol Sistemas Net, S.A.	96%	-	96%	5,699	15,535	351
Safo Sistemas, S.L.	-	100%	100%	306	10	(17)
Metradis, S.L.	-	100%	100%	77	230	4
Indra Sistemas Magreb S.A.R.L.	100%	-	100%	(3)	-	(220)
Indra France Sas	100%	-	100%	(292)	310	(561)
Indra Polska Sp.z.o.o	100%	-	100%	11	-	0
Interscan Navigation Systems Pty Ltd.	100%	-	100%	(1,944)	73	(887)
Seintex Consultores S.A. (Venezuela)	100%	-	100%	469	1,831	179
Azertia Tecnologías de la Información México S.A. de C.V.	83.00%	-	83.00%	5,396	24,755	1,637
Azertia Tecnologías de la Información USA Inc.	-	61%	61%	(111)	1,448	(292)
Azertia Tecnologías de la Información Colombia S.A.	92.82%	7.18%	100%	2,082	9,417	800
Azertia Tecnologías de la Información Venezuela S.A.	100%	-	100%	2,438	8,406	(1,271)
Azertia Gestión de Centros Venezuela S.A.	100%	-	100%	2,765	2,985	(2,673)

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

Company	Direct (% ownership)	Indirect (% ownership)	Total (% ownership)	Equity	Total operating income	Individual profit/(loss) after tax
Euroquality S.L.	100%	-	100%	1,376	4,856	63
Dimensión Informática S.L.	100%	-	100%	2,793	22,327	(1,446)
Radiología Digital y Comunicaciones, S.L.		100%	100%	(14)	401	(21)
Azertia Tecnologías de la Información Argentina S.A.	100%		100%	194	5,559	(283)
Soluziona Ltda. Brasil	100%	-	100%	4,741	14,419	140
Soluziona México S.A. de C.V.	100%	-	100%	(2,485)	10,163	(7,458)
Indra USA Inc.	100%	-	100%	251	788	11
Soluziona SP, C.A. Venezuela	100%	-	100%	2,424	5,613	(158)
Soluziona S.A. (Guatemala)	100%	-	100%	169	2,112	(483)
Soluziona Chile S.A.	100%	-	100%	649	6,795	(5,183)
Soluziona S.A. Panamá	100%	-	100%	2,156	4,281	508
Soluziona Ltda. Colombia	100%	-	100%	690	7,119	(1,486)
Soluziona C&S Holding S.A.	-	100%	100%	3,194	1,239	(796)
Soluziona S.A. Argentina	-	100%	100%	252	2,828	(22)
Soluziona S.A. Uruguay	-	100%	100%	(145)	1,410	(415)
Indra Czech Republic s.r.o.	100%	-	100%	3,356	11,644	40
Indra Ucrania L.L.C.	-	100%	100%	(85)	2,601	(90)
Indra Eslovakia, a.s.	100%	-	100%	530	2,660	(160)
Soluziona KFT Hungría	100%	-	100%	605	1,214	84
Soluziona S.R.L. Moldavia	100%	-	100%	843	1,272	87
Elektrica Soluziona S.A. (Rumanía)	50.7%	-	50.7%	1,102	6,025	360
Soluziona Kenya Ltda.	70%	-	70%	1,758	1,794	93
Soluziona Zimbabwe Ltda.	70%	-	70%	607	278	112
Soluziona Philippines Inc.	49.99%	-	49.99%	3,451	10,290	628
Prointec, S.A.	60.4%	-	60.4%	28,778	92,215	4,873
3.- Joint ventures						
Administradora de Archivos, S. A.	50%	-	50%	2,729	4,126	624
I-3 Televisión, S.L.	50%	-	50%	188	2,758	72
Ceicom Europe, S.L.	50%	-	50%	(112)	891	(190)
Computación Ceicom, S.L.	50%	-	50%	199	660	(67)
IRB Riesgo Operacional, S.L.	33%	-	33%	470	-	(225)
UTE Indra EWS/STN Atlas Leopard 2	60%	-	60%	-	47,089	-
UTE Indra Dimetronic	82%	-	82%	-	1,047	-

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

	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individual profit/(loss) after tax**
UTE Indra Manteniment Rondes	30%	-	30%	6	3,600	-
UTE Zaindu HIRU	13%	-	13%	-	-	-
UTE Saih Sur	35%	-	35%	3	1,490	-
UTE Jocs del Mediterrani	25%	-	25%	(5,048)	6,438	-
UTE Estrada	33%	-	33%	6	7,215	-
UTE Giss 11	35%	-	35%	5	10,929	-
4.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Indra Sistemas Tecnocom, México S.A. de C.V.	50%	-	50%	-	-	-
Eurofighter Simulation System GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
MRCM Gmbh	25.15%	-	25%	-	-	-
						148,444
BMB Grupo companies						
2.- Subsidiaries						
Indra BMB, S.L.	100%	-	100%	29,977	28,883	
BMB Gestión Documental Canarias, S.L.	70%	-	70%	732	2,288	
Formaliza Servicios de Formalización y Gestión, S.L.	100%	-	100%	931	10,289	
Sociedad de Procesos y Formalización 2004, S.L.	100%	-	100%	8	1,594	
GIPSA, S.L.	100%	-	100%	3	2,594	
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100%	(186)	-	
Indra BMB Servicios Digitales, S.A.	100%	-	100%	200	825	
Programarius, S.L.	-	100%	100%	(32)	226	
Etnodiversidad Somontano, S.L.	-	100%	100%	18	231	
4.- Associates						
Trías Beltrán, S.L.	40%	-	40%	-	-	
EPX Group companies						
2.- Subsidiaries						
Europraxis Atlante, S.L.				23,743	30,379	
Tourism & Leisure Advisory Services, S.L.	70%	-	70%	438	2,993	
Europraxis Consulting, Ltd. (UK)	100%	-	100%	361	391	
Europraxis Consulting, Ltda. (Brasil)	100%	-	100%	(687)	2,091	

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	% ownership					
Company	**Direct**	**Indirect**	**Total**	**Equity**	**Total operating income**	**Individual profit/(loss) after tax**
Europraxis Consulting Argentina, S.A.	100%	-	100%	693	-	
Compraxis Prestaçao de Servicios de Consultoria Ltda.	100%	-	100%	(1,375)	858	
Advanced Logistics Group, S.A.	100%	-	100%	998	10,586	
Europraxis Consulting, S.r.l.	100%	-	100%	283	2,619	
Advanced Logistics Group Andina. S.A..,	-	90%	90%	(3)	28	
Advanced Logistics Group Venezuela, S.A.	-	90%	90%	(77)	40	
Prointec Group companies						
Prointec, S.A.						
Procinsa Ingeniería, S.A.	99%	1%	100%	273	711	
Geoprin, S.A.	99.99%	0.01%	100%	901	3,203	
Asdoconsult, S.L.	99%	1%	100%	261	2,871	
GICSA-Goymar Ingenieros Consultores, S.L.	100%	0%	100%	446	2,256	
Inse Rail, S.A.	90%	-	90%	2,080	3,050	
GIBB Portugal-Consultores de Engenharia Gestao Ambiente, S.A.	98%	2%	100%	756	5,976	
Ingenieria de Proyectos de Infraestructuras Mexicana, S.A. de C.V.	98%	2%	100%	4	-	
Prointec Panamá, S.A.	75%	-	75%	-	-	
Prointec ENG SRL (Rumanía)	100%	-	100%	-	-	
Consis Proiect SRL (Rumanía)	60%	-	60%	1,442	2,830	
Prointec Concesiones y Servicios, S.L.	97%	3%	100%	2	600	
Mecsa, S.A.	73%	-	73%	639	2,713	
Prointec Civil Engineering Consultancy (Irlanda)	100%	-	100%	-	-	
GIBB Pointec do Brasil, Ltda.	51%	-	51%	-	-	
4.- Associates						
Idetegolf, S.A.	33%	-	33%	60	-	
Iniciativas Bioenergéticas, S.L.	-	20%	20%	8,980	-	
Inmologística 2RC, S.L.	-	25%	25%	355	-	
Procrisa Servicios, S.L.	-	45%	45%	76	170	
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16%			

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

Appendix II

Information provided by the Board of Directors in relation to Article 127 (4) of the Spanish Companies Act

	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.	Director	0.001%
	ACS Servicios y Concesiones, S.L.	Director	--
	YPF, S.A.	Nominal Director	--
	Lagardere SCA (Francia)	Member of the Supervisory Committee	0.00%
Pedro López Jiménez	Unión Fenosa , S.A.	Chairman of the Board of Directors	0.098%
	ACS Actividades de Construcción y Servicios, S.A.	Director	0.615%
	ACS Servicios y Concesiones, S.L.	Director	--
	Dragados, S.A.	Vice-Chairman	--
	Grupo Terratest	Chairman (through Fapindus, S.L.)	45%
	Compañía Española de Petroleros, S.A.	Director	--
Manuel Soto Serrano	Banco Santander,S.A.	4th Vice-chairman of the Board of Directors	--
	Grupor Lar Inversiones Inmobiliarias, S.A.	Director	0.2%
	Mercapital, S.L.	Chairman of the Advisory Council	--
	Corporación Financiera Alba, S.A.	Director	0.064%
	Cartera Industrial REA, S.A.	Director	3.272%
Felipe Fernández Fernández	Infocaja, S.L.	Vice-chairman of the Board of Directors and Chairman of the Steering Commitee	--
Luis Lada Díaz	Ribafuerte, S.L.	General Manager/Administrator	--
	Ydilo, AVS, S.A.	Director	--
	Telefónica I+D, S.A.U.	Director	--
	TELDAT, S.A.	Advisor	--
Honorato López Isla	R Cable y Telecomunicaciones Galicia, S.A.	Chairman (representative of Unión Fenosa)	--
	Fundación Centro Tecnoloxico de Eficiencia e Sostibilidades Enerxetica	Patron	--
Joaquín Moya-Angeler	Redsa, S.A.	Chairman of the Board of Directors	50%
	Pulsar Technologies	Chairman of the Board of Directors	32%
	Presenzia, Net.	Chairman of the Board of Directors	85%
	Hildebrando (México)	Chairman of the Board of Directors	2.92%
	Scitum	Director	3.90
	Bety Byte, S.L.	Director	22%
Mónica de Oriol	Seguriber, S.L.U.	Sole Administrator	41.85%
	Alartec Entidad de Televigilancia S.L.U.	Sole Administrator	41.85%
Pedro Ramón y Cajal	Antena 3 Televisión, S.A.	Director and Vice-chairman of the Audit and Control Commitee	--
Participaciones y Cartera de Inversión, S.L.	Eurobits Tecnologies, S.L.	Director	--
Estanislao Rodríguez-Ponga (representative of Participación y Cartera de Inversión, S.L.)	El Corte Inglés, S.A.	Assistant Director	
	Caja Madrid	Vice-chairman of the Board of Directors	
	Radio Popular	Director	21 shares
	Testa Inmuebles en Renta	Director	
	UTISA-Tableros del Mediterráneo	Director	
	Asón Inmobiliaria de Arriendos	Director	

This appendix forms an integral part of note 38 to the consolidated annual accounts. in conjunction with which it should be read,