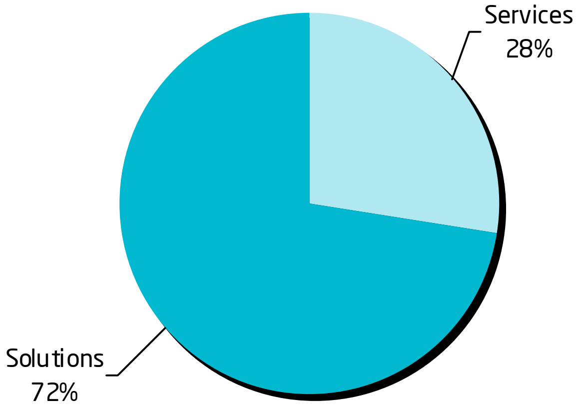
3. COMMERCIAL ACTIVITY AND REVENUES BY SEGMENT

Total revenues for the first quarter of 2009 can be broken down as follows:



SOLUTIONS

In the Solutions division, the key figures for 1Q09 and yoy comparisons are as follows:

	1Q09 (€M)	1Q08 (€M)	Variation €M	Variation %
Order Intake	601.8	584.4	17.4	***3***
Revenues	452.6	426.1	26.5	***6***
Backlog	2,215.3	2,019.7	195.6	***10***

Order intake grew 3%, outstripping revenues for the quarter by 33%. This has once again enabled the company to boost its order backlog, which climbed 10% in comparison to 1Q08. Order intake is expected to pull away further from last year's figures over the rest of the year, largely due to the forecast performance of international orders.

Highlights in the quarter include the increase of order intake for land and rail traffic management and control solutions (in which the company was awarded major contracts in Morocco, Mexico, Costa Rica, India and Ireland); e-government solutions for public administrations, solutions for healthcare management systems both in Spain and on the international market, new information systems for the banking sector, both in Spain and Latin America, and core systems for the insurance industry, primarily in Spain; and for security systems and simulation systems.

SERVICES

Commercial activity in the Services division in 1Q09 in comparison to 1Q08 was as follows:

	1Q09 (€M)	1Q08 (€M)	Variation €M	Variation %
Order Intake	286.2	253.4	32.9	***13***
Revenues	171.7	155.6	16.1	***10***
Backlog	474.6	453.0	21.6	***5***

Both order intake and revenues saw double-digit growth over the first quarter, with orders exceeding revenues by 67%, chiefly on account of the renewal of numerous rolling contracts during the period.

Key highlights during the quarter include the positive performance of application management (AM) and maintenance outsourcing, both on the domestic and international markets, in which customers are increasingly relying on a smaller number of suppliers and displaying a keen interest in curbing costs by outsourcing their application management processes. BPO also reported an impressive performance over the first quarter of the year.

This good performance has also been underpinned by the company's concerted efforts to develop Indra software factories, located in nearshore centres in Spain, Latin America and Eastern Europe, all of which are continuing to increase their levels of certification being fully capable of meeting the needs and demands of the company's customers.

4. REVENUES BY GEOGRAPHICAL MARKET: Secondary Segments

Over the first three months of 2009, the Spanish market posted a positive performance, registering growth of 5% including balloting projects (and 8% excluding these projects, due to the impact of the general elections held in Spain in March 2008). This exceeded forecast growth for the whole year in Spain. The international segment posted growth of 13%, in line with projections for both the quarter and the year.

The breakdown of revenues by geographical market is as follows:

Revenues	1Q09		1Q08		Variation	
	€M	%	€M	%	€M	%
Total revenues	624.2	100	581.7	100	42.5	7
Domestic	**409.3**	**66**	**390.7**	**67**	**18.7**	**5**
International	**214.9**	**34**	**191.0**	**33**	**23.9**	**13**
Europe	117.4	19	96.6	17	20.8	22
North America	8.6	1	14.6	3	(6.0)	(41)
Latam	57.7	9	53.8	9	3.8	7
Other	31.3	5	26.1	4	5.2	20

Despite the weak economic situation, the **domestic market** performed well. We would highlight the performance of the Energy, Public Administrations and Healthcare activities (excluding balloting projects), and particularly the Financial Services market, all of which boasted double-digit growth. Other sectors also grew over the quarter, albeit at a slower rate, with the exception of Industry, which slumped into negative figures as expected.

The trends first detected in previous quarters, such as customers' increased aversion to risk, heightened demands regarding the quality of the end product and pricing pressures, all leading to an increasingly pronounced concentration of suppliers, are continuing to play in favour of the major IT services suppliers, which include Indra.

On account of the hefty order intake in the Spanish market over the first three months of 2009, which has driven current revenue coverage relative to 2009 target to around 80%, we remain confident of achieving slightly positive growth in the domestic market in 2009.

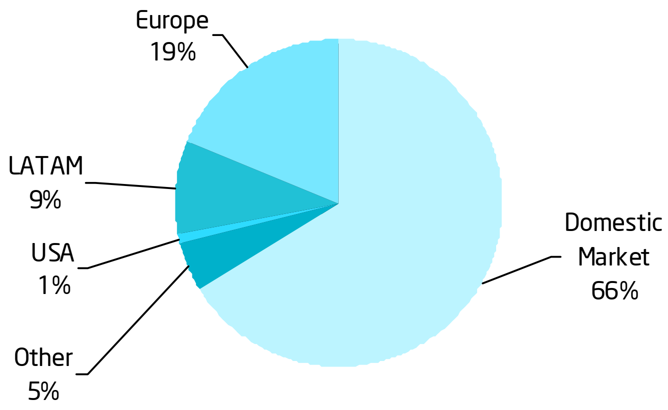
Highlights in the **international market** include:

The **European market** remains driven by the air traffic management business line, along with Security and Defense.

The strong performance throughout **Latin America -** a market currently experiencing robust growth in demand not only for IT services but also for infrastructure, where Indra has further strengthened its grip, reporting a 7% jump in revenues. The company also achieved significant growth in markets such as Mexico, Costa Rica and Brazil (with new contracts mainly in the Transport and Traffic, Telecommunications & Media and Healthcare markets).

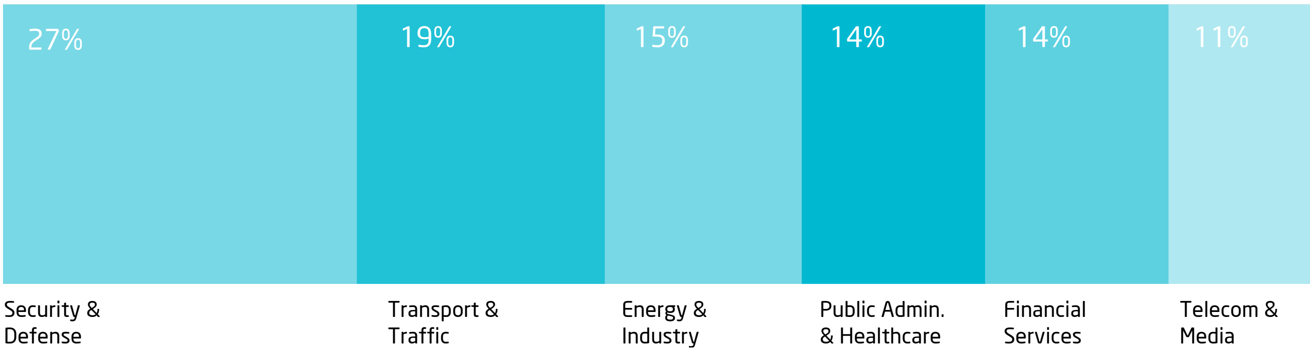
Growth in **Other countries** largely stems from the international expansion processes for transport and traffic systems. A prime example is the rail traffic control agreement signed in Morocco, a further illustration of Indra's fruitful commercial commitment to the Maghreb region. Furthermore, the contract to create a joint venture in China geared towards the radar systems market for air traffic management, coupled with the recent ticketing agreements signed in India, point to a bright future for these two key geographical markets.

On a final note, in the **US and Canada**, the simulation business for the US Navy and the Transport and Traffic business are still the mainstays of activity, but have noted a certain slowdown over the quarter. Indra does not expect revenues from the US and Canada to recover fully over the year.



5. COMMERCIAL ACTIVITY AND REVENUES BY BUSINESS AREA

Total revenues in the first quarter can be broken down as follows:



Order intake

Order intake in the first quarter of 2009 grew 6% in comparison to the same period of 2008, with the book-to-bill ratio (Order Intake for the period divided by revenues for the period) coming in at over 1.4 x for the quarter.

	1Q09 (€M)	1Q08 (€M)	Variation €M	Variation %
Order Intake	888.0	837.8	50.3	**6**

We would single out the performance of the following markets in 1Q09:

The company won a number of important air traffic contracts in countries such as Turkey and signed an agreement to create a JV in China. However, the most active segment of the Transport and Traffic business line was **land and rail traffic**, where Indra secured major contracts in Morocco (rail control system), Ireland (toll systems for heavily used motorways), Mexico and Costa Rica (toll systems) and India (ticketing).

Order intake in **Public Administrations and Healthcare** fared well over the quarter, not only within Spain (various e-government contracts) but also on the international stage (contracts to automate the land registries of Morocco and El Salvador), in addition to various contracts won in the healthcare field, such as the contract awarded by the state of Acre, in Brazil, which paves the way for future projects in that country.

Worthy of mention in the **Financial Services** segment were our international orders, both in Latin America (where we would highlight the contract secured in Chile to carry out the first implementation of SAP Banking in a country where German is not the native language) and also Asia (SAP modules for the Central Bank of Bangladesh), in addition to various outsourcing contracts, mainly in the domestic market.

The **Telecommunications & Media** market posted significant growth in Spain, thus contributing to a substantial part of the increase in orders for this vertical market. This is explained by the process of concentration of suppliers being carried out in this segment. The international market is expected to increase its contribution over the rest of the year (particularly Latin America and Eastern Europe).

Appendix 1 includes a detailed list of the main contracts won by Indra in 1Q09.

Revenues

Total revenues for the first quarter climbed 7% yoy, in the upper part of the range for projected growth for the year as a whole, as estimated at the beginning of the year.

REVENUES	1Q09 (€M)	1Q08 (€M)	Variation €M	Variation %	
Transport and Traffic	116.7	108.3	8.4	8	
Telecom and Media	69.8	63.6	6.2	10	
Public admin. And Healthcare	87.9	81.4	6.5	8	(*)
Financial Services	84.8	76.7	8.1	10	
Energy and Industry	95.8	90.0	5.8	6	
Security and Defense	169.2	161.6	7.7	5	
Total	**624.2**	**581.7**	**42.6**	**7**	

(*) Public Administrations and Healthcare, excluding balloting projects, grew by 21%.

In the **Telecommunications and Media** business, up 10% in the quarter, the domestic market remained buoyant, with sharp growth reported among our most significant accounts, thereby offsetting a poorer performance of other smaller customers. This trend was echoed in the international market, although international revenue growth did outpace the Spanish market.

The **Financial Services** market remains one of the company's strongholds of growth (10% in the quarter). We would single out the impressive increase registered in the domestic market in 1Q09 (in the banking sector and especially insurance), coupled with the healthy forecasts for the international market, thanks to the solid order intake trend in the quarter.

The **Security and Defense** and **Transport and Traffic** markets repeated their positive performance in 2008, reporting gains of 5% and 8% respectively. International revenues grew in both markets, increasing their weighting in both business lines.

The **Public Administrations and Healthcare** market performed well in both activities during the quarter, even more so if we exclude the balloting processes that accounted for €14.4m last year, in comparison to €6.7m in the first quarter of 2009.

Lastly, the **Energy and Industry** market is noteworthy for the performance of the Energy division, in stark contrast to its weakness in the last quarter of 2008, whereas revenues in the Industry division were down in the quarter yoy, despite the upward path of the international market.

Order backlog

Order intake outstripped revenues by 42% in the first quarter of 2009, pushing up the order backlog by 9% yoy at the close of 1Q09.

As a result, the order backlog at the end of the quarter accounted for more than 1.1x revenues for the previous twelve months, a similar ratio to that achieved at the close of 1Q08.

	1Q09 (€M)	1Q08 (€M)	Variation €M	Variation %
BACKLOG	2,689.9	2,472.7	217.2	**9**

6. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Attached to this report as Appendices 2, 3, 4 and 5, respectively, are the income statement, the income statement under segment reporting, the balance sheet and the cash flow statement for 1Q09 and a comparison with the 1Q08 financial statements.

Highlights from the 1Q09 income statement (Appendix 2) vs. 1Q08 include:

EBIT climbed to €67m, marking a 7% increase. The EBIT margin stood at 10.8%, on a par with the same quarter of 2008 and in line with the company's guidance of achieving an EBIT margin of between 11.3% and 11.5% in full year 2009 (11.4% in 2008).

Net profit rose 10% to €47m. In relation to net profit, it should be highlighted:

- Net financial expenses amounted to €4m, slightly above the level reported in 2008, primarily because the company's average net debt position for the quarter exceeded that of the previous year.

- The tax rate stood at 24.2%, lower than the figure for 1Q08 (25.8%), largely due to the positive impact of tax deductions for R&D activities.

Appendix 4 shows a comparison between the 1Q09 and year-end 2008 **balance sheets**.

Net working capital was €536m, equivalent to 77 days of sales, roughly in line with the 76 days reported at the close of 2008, and surpassing the 68 days reported for the same quarter of 2008. Looking ahead to year-end, the company expects net working capital to be the equivalent to around 85 days of sales.

Highlights of the 1Q09 **cash flow statement** include:

- **Operating cash flow** jumped to €75m, marking a yoy increase of 5%.
- Investment in **working capital** stood at €38m, in line with targets.
- **Investments** over the quarter totalled €28m, of which €9m relate to financial investments.
- Net investment in **treasury shares** totalled €22m. Indra closed the period with a weighted position in treasury shares amounting to 1.10% of its share capital.

At the close of the first quarter of 2009, the company had net debt of €191m (vs. €149m at the close of 2008), with an increased proportion of long term debt due to the three-year credit lines obtained.

Human Resources

The company had a **total workforce** of 25,237 as of March 31st, 2009. 77% of the workforce is located in Spain, while the remaining 23% is employed abroad (16% in Latin America). The increase in relation to the same quarter of 2008 and year-end 2008 breaks down as follows:

Employees	Variation in Consolidation Perimeter	Ordinary Variation	Total Variation	Variation (%)
From 31/03/2008	342	802	1,144	5
From 31/12/2008	283	148	431	2

The number of employees in Spain as of March 31st, 2009 grew by around 4% yoy, while other geographical areas witnessed an increase of 6%. The largest workforce growth outside Spain occurred in Latin America, where over 240 new employees were hired (+c.7%).

The **average workforce** in 1Q09 totalled 25,220, up 5% yoy. The breakdown is as follows:

Employees	Variation in Consolidation Perimeter	Ordinary Variation	Total Variation	Variation (%)
From 31/03/2008	344	897	1,241	5