CONSOLIDATED ANNUAL ACCOUNTS

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Indra Sistemas, S.A. and Subsidiaries
Consolidated Statements of Financial Position at 31 December 2012 and 2011
(Expressed in thousands of Euros)

Assets	Note	2012	2011
Property, plant and equipment	6	163,139	167,357
Investment property	7	3,250	4,550
Goodwill	8	645,291	624,586
Other intangible assets	9	280,325	243,263
Equity-accounted investees	11	10,011	9,012
Non-current financial assets	12	58,525	57,424
Deferred tax assets	33	164,118	137,959
Total non-current assets		**1,324,659**	**1,244,151**
Inventories	13	417,191	330,424
Other financial assets	14	97,665	74,235
Current tax assets	33	54,871	58,155
Trade and other receivables	15	1,782,646	1,725,804
Cash and cash equivalents	16	69,829	81,947
Assets held for sale	17	9,082	10,139
Total current assets		**2,431,284**	**2,280,704**
Total assets		**3,755,943**	**3,524,855**

Equity and Liabilities	Note	2012	2011
Subscribed capital	18	32,826	32,826
Share premium	18	375,955	375,955
Reserves	18	(782)	(978)
Own shares	18	(111)	(15,187)
Translation differences	18	4,671	4,247
Retained earnings	18	543,664	467,901
Profit for the year attributable to the Parent		**132,658**	**180,999**
Equity attributable to owners of the Parent		1,088,881	1,045,763
Non-controlling interests	18	20,735	21,437
Total equity		**1,109,616**	**1,067,200**
Loans and borrowings	20	398,116	314,355
Other non-current financial liabilities	21	100,261	91,782
Government grants	22	29,356	32,602
Provisions for liabilities and charges	23	74,953	109,321
Deferred tax liabilities	33	97,729	79,546
Total non-current liabilities		**700,415**	**627,606**
Loans and borrowings	24	304,988	281,202
Trade and other payables	25	1,326,645	1,247,983
Current tax liabilities	33	18,333	20,333
Other liabilities	26	295,946	280,531
Total current liabilities		**1,945,912**	**1,830,049**
Total equity and liabilities		**3,755,943**	**3,524,855**

Indra Sistemas, S.A. and Subsidiaries
Consolidated Income Statements for the years ended 31 December 2012 and 2011
(Expressed in thousands of Euros)

	Nota	2012	2011
Revenues	27	2,940,980	2,688,495
Self-constructed assets		70,514	64,477
Other income		26,020	38,670
Changes in inventories of finished goods and work in progress		77,502	91,096
Materials and other supplies used	28	(808,541)	(885,552)
Personnel expenses	29	(1,429,454)	(1,194,027)
Other operating expenses		(603,926)	(487,979)
Other losses on non-current assets	30	(4,717)	(1,793)
Amortisation and depreciation	6 and 9	(51,169)	(45,608)
Results from operating activities		217,209	267,779
Finance income	10	13,333	4,168
Finance costs	10	(67,090)	(41,896)
Share in profit of other investees		427	2,205
Net finance cost		(53,330)	(35,523)
Profit/(loss) of equity-accounted investees	11	(587)	1,040
Profit before income tax		163,292	233,296
Income tax expense	33	(35,726)	(52,229)
Profit for the year		127,566	181,067
Profit for the year attributable to the Parent		132,658	180,999
Profit/(loss) for the year attributable to non-controlling interests	18	(5,092)	68
Basic and diluted earnings per share (in Euros)	19	0.8159	1,1129

	2012	2011
Profit for the year	127,566	181,067
Other comprehensive income:		
Translation differences	18	(89)
Cash flow hedges	8,674	(9,126)
Tax effect	(2,602)	2,738
Other comprehensive income for the year, net of tax	6,090	(6,477)
Total comprehensive income for the year	133,656	174,590
Total comprehensive income attributable to the Parent company	137,964	174,080
Total comprehensive income attributable to non-controlling interests	(4,308)	510

Indra Sistemas, S.A. and Subsidiaries
Consolidated Statements of Changes in Equity for the years ended 31 December 2012 and 2011
(Expressed in thousands of Euros)

	Subscribed capital	Share premium	Other reserves -	Own shares	Translation differences -	Retained earnings	Total	Non-controlling interests	Total
Balance at 01.01.11	32,826	375,955	11,109	(18,593)	4,866	584,830	990,993	23,028	1,014,021
Distribution of 2010 profit:									
- Dividends	-	-	-	-	-	(110,897)	(110,897)	(442)	(111,339)
Transactions with own shares (note 18)	-	-	(4,363)	3,406	-	-	(957)	-	(957)
Acquisition from non-controlling interests (note 18)	-	-	-	-	-	(5,993)	(5,993)	(2,543)	(8,536)
Other increases and decreases	-	-	(1,424)	-	-	(39)	(1,463)	884	(579)
Total comprehensive income for the year	-	-	(6,300)	-	(619)	180,999	174,080	510	174,590
Balance at 31.12.11	32,826	375,955	(978)	(15,187)	4,247	648,900	1,045,763	21,437	1,067,200
Distribution of 2011 profit:									
- Dividends	-	-	-	-	-	(109,255)	(109,255)	(174)	(109,429)
Transactions with own shares (note 18)	-	-	(1,921)	15,076	-	-	13,155	-	13,155
Acquisition from non-controlling interests (note 18)	-	-	(87)	-	(302)	809	420	695	1,115
Other increases and decreases	-	-	(3,811)	-	1,435	3,210	834	3,085	3,919
Total comprehensive income for the year	-	-	6,015	-	(709)	132,658	137,964	(4,308)	133,656
Balance at 31.12.12	32,826	375,955	(782)	(111)	4,671	676,322	1,088,881	20,735	1,109,616

Indra Sistemas, S.A. and Subsidiaries
Consolidated Statements of Cash Flow for the years ended 31 December 2012 and 2011
(Expressed in thousands of Euros)

	2012	2011
Profit before income tax	163,292	233,296
Adjustments for:		
- Amortisation, depreciation, provisions and grants	34,661	54,818
- Other (gains)/losses on non-current assets	4,289	(412)
- (Profit)/loss of associates	587	(1,040)
- Net finance cost	55,253	37,728
Operating profit before changes in working capital	258,082	324,390
Changes in trade and other receivables	67,663	(43,841)
Change in inventories	(85,411)	(90,617)
Changes in trade and other payables	(38,160)	(17,814)
Cash flows used in operating activities	(55,908)	(152,272)
Income tax paid	(49,293)	(75,202)
Net cash flows from operating activities	152,881	96,916
Payments for the acquisition of:		
Property, plant and equipment	(24,127)	(42,074)
Intangible assets	(62,295)	(85,288)
Financial assets	(68,108)	(48,242)

	2011	2011
Proceeds from the sale of:		
Property, plant and equipment	481	-
Intangible assets	344	1,247
Financial assets	15,258	2,867
Interest received	3,961	3,760
Other cash flows from investing activities	11,153	14,885
Cash flows used in investing activities	(123,333)	(152,845)
Changes in own shares	6,465	(3,596)
Dividends paid to non-controlling interests	-	(278)
Ordinary dividend of the Parent	(109,255)	(110,897)
Increase in grants	3,825	7,863
Increase in financial debt	105,328	146,444
Interest paid	(47,488)	(31,048)
Changes in other investments	435	-
Net cash flows from financing activities	(40,690)	8,488
Net decrease in cash and cash equivalents	128,983	(47,441)
Cash and cash equivalents at beginning of the year	81,947	128,983
Effect of exchange rate fluctuations on cash and cash equivalents	(976)	405
Net decrease in cash and cash equivalents	(11,142)	(47,441)
Cash and cash equivalents at year end	69,829	81,947

1. NATURE, COMPOSITION AND ACTIVITIES OF THE GROUP

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

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

The consolidated companies, their registered offices, activities and the percentage interest held by the Parent in these companies are shown in Appendix I, which forms an integral part of the notes to the consolidated annual accounts for the year ended 31 December 2012.

Details of subsidiaries incorporated by the Group during the year ended 31 December 2012 are as follows:

- On 13 January 2012 the Parent incorporated the Turkish company Indra Turkey Teknolojileri Çözümleri Anonim Sirketi, subscribing and paying up 100% of its share capital.

This subsidiary's statutory activity consists of the design, development, production, integration and maintenance of systems, solutions and services based on information technology (computing, electronics and communications).

- On 21 March 2012 the Parent incorporated the Brazilian company Indra Tecnología Brasil Ltda, subscribing and paying 99.99% of its share capital.

This subsidiary's statutory activity consists of the design, development, production, integration and maintenance of systems, solutions and services based on information, technology: computing, electronics and communications for the air traffic, defence, ground transport and traffic, shipping and railway sectors and for electoral use.

- On 7 May 2012, the subsidiary Indra BMB Servicios Digitales, S.L. set up a Spanish company, Servicios Avanzados Printing & Finishing, S.L., subscribing and paying up 100% of its capital.

Business process outsourcing (BPO) and document management services are Servicios Avanzados Printing & Finishing, S.L.'s statutory activities.

- On 26 November 2012 the Parent incorporated the Saudi company Indra Arabia Company Llc, subscribing and paying 95% of its share capital.

On the same date, the Group subsidiary Europraxis Atlante, S.L. subscribed and paid up the remaining 5%.

This subsidiary's statutory activity consists of the design, development, production, integration and maintenance of systems, solutions and services based on information technology (computing, electronics and communications).

Details of subsidiaries incorporated by the Group during the year ended 31 December 2011 are as follows:

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

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

- On 22 August 2011 the Parent incorporated the Malaysian company Indra Technology Solutions Malaysia SBN DHB, subscribing and paying up 100% of its share capital.
- On 24 August 2011 the Parent incorporated the Indonesian company PT. Indra Indonesia, subscribing 99.80% and paying up 25% of its share capital.
- On 16 October 2011 the Parent incorporated the Bahraini company Indra Bahrain Consultancy Spc, subscribing and paying 100% of its share capital.

This subsidiary's statutory activity consists of the design, development, production, integration and maintenance of systems, solutions and services based on information technology (computing, electronics and communications).

Details of investments in subsidiaries divested by the Group during the year ended 31 December 2012 are as follows:

- On 10 January 2012 the Parent sold a 30% stake in its Malaysian subsidiary Indra Technology Solutions Malasya SBN DHB.
- On 3 February 2012 the Parent sold 100% of the Spanish company Administradora de Archivos, S.A. for Euros 15,210 thousand (see note 8).

Euros 14,210 thousand was received at the date of sale. The remaining Euros 1,000 thousand has been deferred, with payment conditional upon compliance with certain financial indicators in the sold company's annual accounts for 2012.

- On 16 May 2012 the Parent dissolved its investee Longwater Systems Ltd (see note 8).
- On 17 October 2012 the subsidiary Prointec, S.A. dissolved its investee Prointec Hidrógeno, S.L.

Details of investments in subsidiaries divested by the Group during the year ended 31 December 2011 are as follows:

- On 27 January 2011 the Parent sold a 50% stake in the Spanish company Tower Air Traffic Services, S.L., for Euros 2 thousand (see note 11). As a result this company has been classified as an associate.
- On 28 July 2011 the subsidiary Prointec, S.A. sold its interest in the Portuguese company Gibb Portugal Consultores de Engenharia, Gestado e Ambiente, S.A.
- On 30 November 2011 the subsidiary Indra BMB Servicios Digitales, S.A. dissolved its Spanish investee Programarius, S.L.
- On 21 December 2011 the Parent dissolved its Spanish subsidiary Alanya Healthcare Systems, S.L.

2. BASIS OF PRESENTATION

The accompanying consolidated annual accounts have been prepared by the directors of the Parent on the basis of the accounting records of Indra Sistemas, S.A. and the subsidiaries forming the Indra Group. The consolidated annual accounts for 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), and other applicable provisions in accordance with article 48 of the Spanish Code of Commerce, to present fairly the consolidated equity and consolidated financial position of Indra Sistemas, S.A. and subsidiaries at 31 December 2012 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Group adopted EU-IFRS on 1 January 2004.

The directors of the Parent consider that the consolidated annual accounts for 2012, authorised for issue on 21 March 2013, will be approved with no changes by the shareholders at their annual general meeting.

The consolidated annual accounts for 2011 were approved by the shareholders at their annual general meeting held on 21 June 2012.

Presentation and format

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent's functional and presentation currency, rounded off to the nearest thousand. Foreign currency transactions are translated following the principles described in note 4 x)).

Relevant accounting estimates and assumptions

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts in conformity with EU-IFRS. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

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

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

- The Group estimates the useful lives of property, plant and equipment and intangible assets to calculate the corresponding depreciation and amortisation expenses. Determining the useful life of assets requires estimates of expected technological developments, which implies a significant degree of judgement. Factors such as technological obsolescence, the cancellation of certain projects and other changes in estimated circumstances must be taken into consideration when assessing possible impairment.

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

Although these estimates are calculated based on the best information available at the date on which these consolidated annual accounts were prepared, future events may require changes to these estimates in future years. Any such changes would be made prospectively and the effects recognised in the annual accounts for future years.

Standards and interpretations effective this year

Certain amendments to IFRSs took effect in 2012 and have therefore been considered in the preparation of these consolidated annual accounts. However, the measurements and disclosures in this year's consolidated annual accounts have not been significantly affected by the application of new standards, interpretations and modifications.

Standards and interpretations not yet effective

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

- IAS 19 Employee Benefits. Effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income. Effective for annual periods beginning on or after 1 July 2012.
- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2014. This IFRS replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 11 eliminates the option of accounting for joint arrangements using proportionate consolidation. Instead, the equity method should be used to account for any arrangement that meets the definition of a joint venture.

- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 1 January 2014.
- Amendments to IFRS 7 set out in Disclosures – Transfers of Financial Assets. Effective for annual periods beginning on or after 1 January 2014.
- IFRS 9 Financial Instruments. Effective for annual periods beginning on or after 1 January 2015.
- Amendments to IFRS 7 Financial Instruments: Disclosures set out in Disclosures – Offsetting Financial Assets and Financial Liabilities. These amendments apply to annual periods beginning on or after 1 January 2013.
- Amendments to IAS 32 Financial Instruments: Presentation set out in Offsetting Financial Assets and Financial Liabilities. These amendments apply to annual periods beginning on or after 1 January 2014.

The directors have assessed the potential impact of applying these standards in the future and, with the exception of IFRS 11 as described above, do not consider that they will have a significant effect on the consolidated annual accounts when they enter force.

The Group has not opted for the early adoption of any of the IFRSs that have already been issued but have not yet come into effect.

3. DISTRIBUTION OF PROFIT

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

Basis of allocation	Thousands of Euros
Profit of the Parent for 2012	138.176

Distribution	Thousands of Euros
Dividends	55.805
Voluntary reserve	68.103
Goodwill reserve	14.268

The board of directors will propose that a dividend of Euros 0.34 per share be distributed for 2012 (Euros 0.68 per share in 2011).

These dividends, which, if made effective for all shares held, would total Euros 55,805 thousand (Euros 109,255 thousand in 2011), will be distributed with a charge to profit for 2012.

The directors of the different Group companies have proposed the distribution/application of these companies' profits/losses for 2012. These proposals are pending approval by the shareholders at their respective annual general meetings.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

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

The accounting policies set out below have been applied consistently in the periods presented in these consolidated annual accounts.

The most significant principles are as follows:

a) Subsidiaries and business combinations

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

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

Subsidiaries are fully consolidated. Therefore, their assets, liabilities, income, expenses and cash flows are included in the consolidated annual accounts after adjusting and eliminating intra-Group transactions.

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

The Group has applied IFRS 3 Business Combinations revised in 2008 to transactions carried out as of 1 January 2010.

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

The Group applies the acquisition method for business combinations.

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

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

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Since 1 January 2010, acquisition costs have been recognised as an expense when incurred.

Contingent liabilities are recognised until settlement, cancellation or expiration at the higher of the initially recognised amount, less amounts which should be taken to consolidated profit or loss in accordance with revenue recognition criteria, and the amount resulting from provision measurement criteria.

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

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

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

(i) Non-controlling interests

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

The consolidated profit or loss for the year (consolidated total comprehensive income for the year) and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

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

As of 1 January 2010, profit and loss and each component of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests. When the Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets, including goodwill.

The Group recognises put options on interests in subsidiaries extended to non-controlling interests at the date of acquisition of a business combination as an advance purchase of the interests, recognising a financial liability at the present value of the best estimate of the payable, which forms part of the consideration transferred.

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

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

(ii) Provisional values

If it is only possible to determine a business combination provisionally, the identifiable net assets are initially recognised at their provisional amounts and adjustments made over the twelve months following the acquisition date are recognised as if they had been known at that date.

(iii) Other aspects relating to the consolidation of subsidiaries

Transactions and balances with Group companies and unrealised gains or losses have been eliminated upon consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and other events in similar circumstances.

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

b) Joint ventures

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

Investments in jointly controlled entities are proportionately consolidated from the date joint control is obtained until the date joint control ceases.

The Group includes its share of assets, liabilities, income, expenses, income and expenses recognised directly in equity and cash flows of the jointly controlled entity, combined line by line with similar items in its consolidated annual accounts, from the date joint control commences.

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

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

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

c) Equity-accounted investees

Associates are entities over which the Parent, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are 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 that significant influence commences until the date that significant influence ceases.

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

d) Intangible assets

(i) Goodwill

Goodwill (see note 8) on business combinations carried out subsequent to the transition date (1 January 2004) is initially measured at an amount equivalent to the difference between the cost of the business combination and the Group's share of the net fair value of the assets acquired and liabilities and contingent liabilities assumed from the acquired subsidiary or joint venture.

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

(ii) Other intangible assets

Intangible assets are measured at purchase price or production cost, less any reduction in value as described in section h) of this note. Intangible assets include the following:

> Development expenses: these are direct costs incurred for development work that is specifically attributable to individual projects.

Expenditure on 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 feasible and the Group intends to complete the intangible asset so that it will be available for use or sale.
- The Group is able to use or sell the intangible asset.
- The intangible asset is likely to generate economic benefits in the future, grants have been received for the development project; or the repayment of loans obtained to finance the development project is conditional upon commercial viability.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

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

The cost of development projects is transferred to computer software once the project is completed and amortised over the estimated useful life of the asset.

> Computer software: this is the cost of acquiring computer software or licences, as well as costs related to programs developed by the Group, which are capitalised when these assets contribute to the generation of income.

Amounts capitalised do not include costs incurred to modify or upgrade programs already used by the Group or expenses arising from review, consultancy and training services provided by third parties in relation to the adoption of a software package.

> Industrial property: this is measured at cost of acquisition and amortised over the period of use of the rights gained through ownership of the industrial property.

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Costs of expansion, modernisation or improvements which increase the productivity, capacity or efficiency or extend the useful lives of assets are capitalised as an increase in the cost of those assets. Repair and maintenance costs are recognised in the consolidated income statement when incurred.

The cost of property, plant and equipment or, where applicable, the value assigned by independent experts is depreciated on a straight-line basis over the following average estimated useful lives:

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

f) Investment property

Investment property, including assets under construction or development, is property which is totally or partially held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost, including transaction costs.
After initial recognition, investment property is measured using the cost or deemed cost criteria. The depreciation methods and useful lives are the same as those applied to property, plant and equipment.
Lease income is recognised using the criteria described in section i).

g) Foreclosed assets

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

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

h) Impairment of non-financial assets

Impairment testing is carried out annually in the case of goodwill and whenever there is any indication of impairment in the case of assets with finite useful lives.
An impairment loss is recognised in the consolidated income statement when the carrying amount of the asset exceeds the recoverable amount, and the carrying amount is written down to the recoverable amount, which is the higher of fair value less costs to sell and value in use.

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

The Group calculates impairment on the basis of the five-year strategic plans of the different cash-generating units to which the assets are allocated, applying expected growth rates and maintaining constant growth as of the fifth year. To calculate the present value of cash flows, these are discounted at a rate that considers the post-tax cost of capital of the business and of the geographical area in which the business is carried out. This calculation takes into account the present cost of money and the risk premiums generally used for each business and geographical area. The rates used in 2012 ranged from 8 to 10%.

In the case of identifiable assets that do not generate cash flows independently, the Group estimates likelihood of recovery of the CGU to which the assets belong.

Except in the case of goodwill, any reversal of an impairment loss recognised on an asset is taken to income in the consolidated income statement, with an adjustment to the provision associated with the assets.

i) Leases

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

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

j) Financial instruments

i. Classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 Financial Instruments: Presentation.
Financial instruments are classified into the following five categories: 1. financial assets and financial liabilities at fair value through profit or loss; 2. loans and receivables; 3. held-to-maturity investments; 4. available-for-sale financial assets; and 5. financial liabilities at amortised cost. Financial instruments are classified into different categories based on the nature of the instruments and management's intentions on initial recognition.

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

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

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

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

Equity instruments which do not have a quoted price in an active market and for which fair value cannot be measured reliably are not classified in this category. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

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

Loans and receivables

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

Available-for-sale financial assets

Investments in equity instruments whose fair value cannot be reliably measured, and derivative instruments that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost. Nonetheless, if the financial assets can be reliably measured subsequently, they are accounted for at fair value and any subsequent gain or loss is recognised in equity.

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

Financial liabilities at amortised cost

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

ii. Offsetting principles

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

iii. Fair value

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

- Firstly, it applies the quoted prices of the most advantageous active market to which the entity has immediate access, adjusted where appropriate to reflect any differences in counterparty credit risk between instruments traded in that market and the one being valued. The quoted market price for an asset held or liability to be issued is the current bid price and, for an asset to be acquired or liability held, the asking price. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or asking price to the net open position as appropriate.
- When current bid and asking prices are unavailable, the price of the most recent transaction is used.
- As a last resort, the Group applies generally accepted measurement techniques using, insofar as is

possible, market data and, to a lesser extent, specific Group data.

iv. Impairment and uncollectibility of financial assets

An impairment loss is recognised on a financial asset or group of financial assets when there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the asset. The Group recognises impairment and uncollectibility of loans and receivables and debt instruments by recognising an allowance account for financial assets. When impairment and uncollectibility are considered irreversible, their carrying amount is eliminated against the allowance account. The impairment loss is reversed against the allowance account.

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

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

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

k) Inventories

Inventories are measured at the lower of cost on a FIFO basis and net realisable value. Work in progress includes 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 cost, which does not differ significantly from the actual cost.

l) Receivables

Following initial recognition, receivables are measured at amortised cost using the effective interest method, provided that they have a fixed maturity date that does not fall within the next year.
The Group provides for bad debts when there is objective evidence of impairment losses.

m) Grants

Non-refundable grants received by the Group to finance research and development costs are recognised by reducing the corresponding asset by the amount received and are taken to income in line with the amortisation of projects capitalised under other intangible assets.

n) Equity-settled share-based payment transactions

Share-based payment transactions are recognised as follows:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised in full, with a corresponding increase in equity;

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

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

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

o) Provisions for liabilities and charges

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

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

The financial effect of provisions is recognised as a finance cost in profit or loss.

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

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

i. Provisions for restructuring costs

A provision for restructuring is recognised when the Group has a constructive obligation deriving from a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement the plan or announcing its main features to those affected by it. Restructuring provisions only include the direct expenditures arising from the restructuring which are not associated with the ongoing activities of the Group.

Obligations existing at the reporting date that arose as a result of past events, the amount and settlement date of which are not determined and which could have a negative effect on the Indra Group's equity are recognised as provisions for liabilities and charges under liabilities in the consolidated statement of financial position at the present value of the most probable estimated amount that the Group would be obliged to disburse to settle the obligation.

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

ii. Trade provisions

Trade provisions are made to cover the estimated cost of project repairs or revisions during the warranty period.

p) R&D loans

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

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

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

q) Classification of assets and liabilities

Assets and liabilities are classified in the consolidated statement of financial position as current and non-current, as follows:

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

- Current: assets expected to be realised, sold or consumed within the Group's normal operating cycle and payables falling due within twelve months of the date of the statement of financial position.

r) Income taxes

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

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or 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 reporting date.

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

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

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

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

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

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

s) Earnings per share

The Group calculates basic earnings per share using the weighted average number of shares outstanding during the period. Outstanding shares are issued shares not held as own shares. Diluted earnings per share are calculated taking into account the dilutive effect of convertible instruments or instruments with an equity component.

t) Derivative financial instruments and hedge accounting

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

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

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

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

The Group has arranged forward purchases and sales of foreign currency. These exchange rate insurance contracts are considered as derivative financial instruments that classify for hedge accounting, details of which are as follows:

- In the case of hedges of the exposure of the fair value of foreign currency monetary financial assets and liabilities to currency risk, changes in both the market value of derivative financial instruments designated as hedging instruments and the market value of the hedged item as a result of the hedged exposure are taken to the consolidated income statement.

- In the case of cash flow hedges, changes in the market value of hedging derivative are recognised, to the extent that these hedges are effective, in other comprehensive income in the consolidated statement of comprehensive income in the same year in which the expected transaction or firm commitment affects profit and loss.

As currencies are traded on official markets, the fair value of exchange rate insurance is calculated based on the quoted price of each currency at each reporting 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 the market values of equivalent derivative financial instruments at the reporting date. All interest rate hedges are also effective as cash flow hedges. The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and expense.

u) Termination benefits

Unless there is just cause, prevailing employment law requires companies to pay termination benefits to employees whose services are discontinued in certain circumstances. Termination benefits are expensed when the decision to terminate employment is approved and announced to the affected parties.

v) Distribution of costs by segment

The Group's activities are carried out in two main segments:

- Solutions: a wide range of systems, applications and components for compiling, processing, transmitting and presenting data and other information for use in the control and management of complex processes. The Group's solutions business is characterised by its customer-oriented approach and knowledge of the business, and involves a large degree of business consulting and technology services.

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

Inter-segment pricing is determined on an arm's length basis. The contribution margin, which is the gross margin on projects less costs to sell in the markets in which the Group offers its solutions and services and the cost of completing projects, is used to measure each segment's profit and loss and to take resource allocation decisions.

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

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

w) Recognition of project income and expenses

The Group recognises income and expenses on projects using the stage of completion method, which is based on the estimated portion of the total contract completed at the closing date. Accordingly, the total estimated profit is distributed over the period over which the contract is carried out, based on the percentage of completion at each reporting date.

The Group determines the percentage of completion of transactions, which is used as a basis for revenue recognition, as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the amounts billed exceed the income calculated by applying the percentage of total costs incurred, the difference is recognised under advances from customers. Conversely, where the amount billed is lower than the income calculated by applying the percentage of completion method, the unbilled amount is recognised under receivables in the consolidated statement of financial position.

Losses expected to be incurred on projects are recognised as soon as they become known.

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

x) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Foreign currency transactions, balances and cash flows

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

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

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

(iii) Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

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

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

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

(iv) Entities located in hyperinflationary countries

Following the criteria established in EU-IFRS, the Venezuelan economy has been considered as hyperinflationary at the 2012 close. The financial statements of Group companies located in Venezuela have therefore been adjusted to correct the effects of inflation.

As required by IAS 29, monetary items have not been restated, whereas non-monetary items (mainly property, plant and equipment and equity) have been restated based on the Venezuelan Consumer Price Index.

The differences arising from this adjustment have been taken to the consolidated income statements for 2012 and 2011.

At 31 December 2012 these adjustments have had a positive impact of Euros 472 thousand on the equity recognised in the consolidated statement of financial position (a negative impact of Euros 168 million in 2011).

5. BUSINESS COMBINATIONS

a) Subsidiaries

Details of subsidiaries acquired during the year ended 31 December 2012 are as follows:

- On 21 March 2012 the Parent acquired 100% of the Norwegian company Indra Navia, A.S. for Euros 37,660 thousand.
- On 11 October 2012, the Group subsidiary Indra BMB Servicios Digitales, S.L. acquired 100% of the Spanish companies Central de Apoyos y Medios Auxiliares S.A.U. (Caymasa) and Compañía de Medios y Servicios S.A. (C.M.S.).

These businesses were acquired by assuming obligations with a fair value equivalent to that of the net assets acquired.

Aggregated details of the cost of the business combination and the fair values of the net assets acquired, as well as the goodwill on the acquisition of Indra Navia, are as follows (see note 8):

	Thousands of Euros
	Indra Navia
Cost of the business combination: - Cash paid	37,660
	37,660
Fair value of net assets acquired	6,460
Goodwill	31,200

The total acquisition-date fair values of the assets, liabilities and contingent liabilities assumed in these acquisitions at 31 December 2012 are as follows:

Assets	Thousands of Euros
Property, plant and equipment	5,091
Intangible assets	92
Financial assets	368
Deferred tax	8,354
Inventories	13,520
Trade receivables	23,051
Other assets	3,477
	53,953

Liabilities	Thousands of Euros
Non-current provisions	(1,883)
Non-current payables	(2,093)
Non-current loans	(1,725)
Deferred tax liabilities	(389)
Suppliers	(19,794)
Other payables	(1,560)
Loans and borrowings	(8,438)
Other liabilities	(14,801)
	(50,683)

	Thousands of Euros
Total net assets	3,270
Cost of the business combination	37,660
Cash and cash equivalents	3,190
Goodwill	31,200
Cost of the business combination: - Cash paid	37,660
	37,660
Fair value of net assets acquired	6,460
Goodwill (note 8)	31,200

Had these acquisitions taken place at 1 January 2012, the Group's revenue and profit attributable to the Parent for the year ended 31 December 2012 would have amounted to Euros 2,978,202 thousand and Euros 122,904 thousand, respectively.

The business combinations acquired during 2012 generated revenue of Euros 50,355 thousand and profit of Euros 5,110 thousand since the respective dates of acquisition. These amounts have been included in the consolidated statement of comprehensive income for 2012.

Details of subsidiaries acquired by the Group during the year ended 31 December 2011 are as follows:

- On 30 March 2011, the Parent acquired 100% of the Spanish company Xtreme Satellite Communication, S.A. for Euros 11,960 thousand.
- On 28 June 2011, the Parent acquired a 77.50% interest in the Italian company Visyant Galyleo Spa (which has since changed its name to Indra Italia Spa) and recognised a put option for the remaining 22.5%, which expires in 2016. The price of this option will be calculated based on Indra Italia Spa's annual accounts for 2015. Euros 3,797 thousand was paid in 2011.
- On 13 July 2011 the subsidiary Europraxis Atlante, S.L. acquired an 80% interest in Mensor Consultoría y Estrategia, S. L. for Euros 3,385 thousand. The Group also recognised the remaining 20%, for which a put option was granted, as an advance purchase. This option expires in 2017 and gave rise to payments totalling Euros 2,339 thousand in 2011.

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

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

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

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

	Thousands of Euros				
	Xsat	Visiant Galyleo	Mensor	Politec	Total
Cost of the business combination:					
- Cash paid	11,690	3,798	2,339	1,486	19,313
- Contingent liability		20,926	1,046	68,424	90,396
	11,690	24,724	3,385	69,910	109,709
Fair value of net assets acquired	2,641	4,220	(1,709)	(60,576)	(55,424)
Goodwill	9,049	20,504	5,094	130,486	165,133

The total acquisition-date fair values of the assets, liabilities and contingent liabilities assumed in these acquisitions at 31 December 2011 were as follows:

Assets	Thousands of Euros
Property, plant and equipment	9,644
Intangible assets	20,425
Financial assets	7,968
Deferred tax	69,428
Inventories	1,649
Trade receivables	54,498
Other assets	15,999
	179,611

Liabilities	Thousands of Euros
Grants	(149)
Non-current provisions	(81,153)
Non-current payables	(11,261)
Non-current loans	(9,324)
Deferred tax liabilities	(6,382)
Suppliers	(31,743)
Other payables	(36,109)
Loans and borrowings	(30,575)
Other Liabilities	(34,356)
	(241,052)

	Thousands of Euros
Total net assets	(61,441)
Cost of the business combination	109,709
Cash and cash equivalents	6,017
Goodwill	165,133

Cost of the business combination:	
- Cash paid	19,313
- Contingent liability	90,396
	109,709
Fair value of net assets acquired	(55,424)
Goodwill (note 8)	165,133

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

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

The business combinations acquired during 2011 generated revenue of Euros 63,488 thousand and profit of Euros 575 thousand since the respective dates of acquisition. These amounts were included in the consolidated statement of comprehensive income for 2011.

b) Joint ventures

The composition of jointly controlled entities has not changed during the years ended 31 December 2012 and 2011.

6. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment at 31 December 2012 and 2011 are as follows:

Thousands of Euros	Balance at 31.12.11	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.12
Investments:							
Land	10,107	612	-	-	-	-	10,719
Buildings	46,120	3,506	90	108	-	7,294	57,118
Tech. installations, mach. and other inst.	211,575	10,626	3,362	15,203	(12,367)	3,023	231,422
Furniture	36,052	826		3,686	(889)	829	40,504
Motor vehicles	4,094	44	(19)	631	(765)	(9)	3,976
Information technology equipment	67,214	2,716	(330)	6,878	(3,237)	804	74,045
Other property, plant and equipment	11,200	33	(753)	763	(432)	(999)	9,812
Property, plant and equipment under construction	8,495			74	(6)	(8,305)	258
	394,857	18,363	2,350	27,343	(17,696)	2,637	427,854
Depreciation:							
Buildings	(15,817)	(1,009)	(28)	(1,150)	1	(73)	(18.076)
Tech. installations, mach. and other inst.	(131,518)	(9,145)	(3,216)	(16,828)	5,134	1,748	(153,825)
Furniture	(19,495)	(655)	(164)	(3,469)	572	(1,119)	(24,330)
Motor vehicles	(1,987)	(43)	6	(428)	461	16	(1,975)
Information technology equipment	(50,230)	(2,390)	176	(9,404)	3,013	(505)	(59,340)
Other property, plant and equipment	(8,155)	(30)	570	(1,204)	216	1,434	(7,169)
	(227,202)	(13,272)	(2,656)	(32,483)	9,397	1,501	(264,715)

	Thousands of Euros						
	Balance at 31.12.11	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.12
Grants							
Tech. installations, mach. and other inst.	(298)	-	-	-	298	-	-
	(298)	-	-	-	298	-	-
Carrying amount:							
Land	10,107	612	-	-	-	-	10,719
Buildings	30,303	2,497	62	(1,042)	1	7,221	39,042
Tech. installations, mach. and other inst.	79,759	1,481	146	(1,625)	(6,935)	4,771	77,597
Furniture	16,557	171	(164)	217	(317)	(290)	16,174
Motor vehicles	2,107	1	(13)	203	(304)	7	2,001
Information technology equipment	16,984	326	(154)	(2,526)	(224)	299	14,705
Other property, plant and equipment	3,045	3	(183)	(441)	(216)	435	2,643
Property, plant and equipment under construction	8,495	-	-	74	(6)	(8,305)	258
Total	167,357	5,091	(306)	(5,140)	(8,001)	4,138	163,139

	Thousands of Euros						
	Balance at 31.12.10	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:							
Land	9,990	117	-	-	-	-	10,107
Buildings	46,679	-	54	702	(439)	(876)	46,120
Tech. installations, mach. and other inst.	174,907	9,808	2,792	25,412	(2,730)	1,386	211,575
Furniture	32,402	1,717	19	3,835	(1,903)	(18)	36,052
Motor vehicles	3,471	310	(27)	546	(485)	279	4,094
Information technology equipment	63,675	3,436	34	8,039	(7,561)	(409)	67,214
Other property, plant and equipment	5,904	4,243	39	1,108	(152)	58	11,200
Property, plant and equipment under construction	285	174	6	9,006		(976)	8,495
	337,313	19,805	2,917	48,648	(13,270)	(556)	394,857
Depreciation:							
Buildings	(15,631)	-	14	(974)	345	429	(15,817)
Tech. installations, mach. and other inst.	(111,320)	(3,429)	(3,238)	(14,908)	1,018	359	(131,518)
Furniture	(17,126)	(1,067)	(53)	(3,332)	1,751	332	(19,495)
Motor vehicles	(1,511)	(151)	21	(506)	387	(227)	(1,987)
Information technology equipment	(45,076)	(2,603)	(257)	(9,480)	7,381	(195)	(50,230)
Other property, plant and equipment	(3,687)	(2,911)	(56)	(1,184)	111	(428)	(8,155)
	(194,351)	(10,161)	(3,569)	(30,384)	10,993	270	(227,202)
Grants							
Tech. installations, mach. and other inst.	(335)				37		(298)
	(335)				37		(298)
Carrying amount:							
Land	9,990	117	-	-	-	-	10,107
Buildings	31,048	-	68	(272)	(94)	(447)	30,303
Tech. installations, mach. and other inst.	63,252	6,379	(446)	10,504	(1,675)	1,745	79,759
Furniture	15,276	650	(34)	503	(152)	314	16,557
Motor vehicles	1,960	159	(6)	40	(98)	52	2,107
Information technology equipment	18,599	833	(223)	(1,441)	(180)	(604)	16,984
Other property, plant and equipment	2,217	1,332	(17)	(76)	(41)	(370)	3,045
Property, plant and equipment under construction	285	174	6	9,006		(976)	8,495
Total	142,627	9,644	(652)	18,264	(2,240)	(286)	167,357

As in 2011, additions to technical installations, machinery and other installations in 2012 are mainly due to the ongoing fitting-out of the Parent's new offices. Additions of information technology equipment in 2011 primarily related to outsourcing projects carried out by the Parent.

In June 2012 the new data processing centre in the Parent's San Fernando de Henares work centre was completed and this item was therefore reclassified from property plant and equipment under construction.

Additions to property, plant and equipment under construction in 2011 included Euros 8,297 thousand relating to this new data processing centre being installed in the Parent's work centre in San Fernando de Henares.

Details of assets acquired through finance leases, by type of asset, at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Investments:		
Buildings	2,613	-
Tech. installations, mach. and other inst.	18,993	19,460
Furniture	98	98
Information technology equipment	727	258
Other property, plant and equipment	784	909
	23,215	20,725
Depreciation:		
Buildings	(845)	-
Tech. installations, mach. and other inst.	(9,134)	(7,104)
Furniture	(45)	(35)
Information technology equipment	(236)	(139)
Other property, plant and equipment	(268)	(322)
	(10,528)	(7,600)
Carrying amount:		
Buildings	1,768	-
Tech. installations, mach. and other inst.	9,859	12,356
Furniture	53	63
Information technology equipment	491	119
Other property, plant and equipment	516	587
Total	12,687	13,125

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

Thousands of Euros	2012			2011		
	Minimum payments	Interest	Purchase option	Minimum payments	Interest	Purchase option
Less than one year	2,704	501	20	2,798	603	24
One to five years	8,846	802	556	10,557	1,152	207
	11,550	1,303	576	13,355	1,755	231

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

At 31 December 2012 fully depreciated property, plant and equipment amount to Euros 131,344 thousand (Euros 83,578 thousand at 31 December 2011).

7. INVESTMENT PROPERTY

An appraisal by an independent expert shows that the Group's investment property has been impaired by Euros 1,300 thousand in 2012 (Euros 999 thousand in 2011). This loss has been recognised in the consolidated income statement (see note 30).

8. GOODWILL

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

Thousands of Euros	2012			2011		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Indra EWS	14,462	-	14,462	14,462	-	14,462
Indra ATM	29,447	-	29,447	29,447	-	29,447
Politec	120,983	-	120,983	135,390	-	135,390
Indra Italia	20,504	-	20,504	20,504	-	20,504
Indra Navia	32,317	-	32,317	-	-	-
Europraxis Group	36,608	-	36,608	36,608	-	36,608
BMB Group	59,665	-	59,665	57,065	-	57,065
Azertia Group	68,540	(120)	68,420	76,428	(120)	76,308
Prointec Group	30,524	(894)	29,630	30,583	-	30,583
Soluziona Group	173,844	(2,831)	171,013	173,194	(2,530)	170,664
Other	62,960	(718)	62,242	54,273	(718)	53,555
Total	649,854	(4,563)	645,291	627,954	(3,368)	624,586

	Thousands of Euros						
	31.12.11	Additions	Business combinations	Translation differences	Disposals	Impairment	31.12.12
Indra EWS	14,462	-	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	-	29,447
Politec	135,390	-	-	(14,407)	-	-	120,983
Indra Italia	20,504	-	-	-	-	-	20,504
Indra Navia	-	-	31,200	1,117	-	-	32,317
Europraxis Group	36,608	-	-	-	-	-	36,608
BMB Group	57,065	2,600	-	-	-	-	59,665
Azertia Group	76,308	-	-	411	(8,299)	-	68,420
Prointec Group	30,583	-	-	(59)	-	(894)	29,630
Soluziona Group	170,664	-	-	650	-	(301)	171,013
Other	53,555	9,544	-	168	(1,025)	-	62,242
Total	624,586	12,144	31,200	(12,120)	(9,324)	(1,195)	645,291

	Thousands of Euros						
	31.12.10	Additions	Business combinations	Translation differences	Disposals	Impairment	31.12.11
Indra EWS	14,462	-	-	-	-	-	14,462
Indra ATM	29,447	-	-	-	-	-	29,447
Politec	-	-	130,486	4,904	-	-	135,390
Indra Italia	-	-	20,504	-	-	-	20,504
Europraxis Group	31,514	-	5,094	-		-	36,608
BMB Group	55,065	2,000	-	-	-	-	57,065
Azertia Group	77,882	-	-	(1,547)	-	(27)	76,308
Prointec Group	35,292	168	-	(48)	(4,829)	-	30,583
Soluziona Group	171,987	-	-	(978)	-	(345)	170,664
Other	40,678	3,280	9,049	571	-	(23)	53,555
Total	456,327	5,448	165,133	2,902	(4,829)	(395)	624,586

Additions for the year ended 31 December 2012 reflect the following transactions relating to business combinations established prior to 2010, giving rise to the recognition of new goodwill:

- On 26 April 2012, the subsidiary Indra BMB, S.L. settled the variable payment of Euros 2,600 thousand for the acquisition of COB Barcelona S.L.U., generating goodwill for the same amount.
- On 27 April 2012, the Parent settled Euros 7,158 thousand of the variable price for the acquisition of Indra Perú, recognising goodwill of Euros 9,544 thousand.

Disposals for the year ended 31 December 2012 relate to the following transactions:

- On 3 February 2012 the Parent sold 100% of the Spanish company Administradora de Archivos, S.A., derecognising the Euros 8,299 thousand goodwill associated with this investment (see note 1).
- On 16 May 2012 the Parent dissolved its investee Longwater Systems Ltd, derecognising Euros 1,025 thousand from goodwill (see note 1).

Additions for the year ended 31 December 2011 reflected the following transactions relating to business combinations established prior to 2010, giving rise to the recognition of new goodwill:

- On 15 April 2011 the Parent settled the Euros 1,096 thousand variable payment for the acquisition of Intos SLU., recognising goodwill for the same amount.
- On 15 April 2011, the subsidiary Indra BMB, S.L. settled the variable payment of Euros 2,000 thousand for the acquisition of COB Barcelona S.L.U., generating goodwill for the same amount.
- On 7 June 2011, the Parent settled Euros 1,638 thousand of the variable price for the acquisition of Indra Perú, recognising goodwill of Euros 2,184 thousand.
- On 30 June 2011 the value of Consis Proiect SRL was increased by Euros 168 thousand as a result of a payment of the same amount made by Prointec, S.A. This was the variable payment specified in the share sale and purchase agreement signed in 2007. Goodwill was recognised for the same amount.

Key assumptions used to calculate value in use

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

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

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

	Year-on-year growth rate		Discount rate		Residual growth rate	
	Income (5 years)				Income	
	2012	2011	2012	2011	2012	2011
Indra EWS	(*)	(*)	9.12%	9.09%	1%	1%
Indra ATM	1.8%	0.3%	9.12%	9.09%	2%	2%
Politec	52.3%	-	9.12%	-	2.13%	-
Indra Italia	27.4%	-	9.12%	-	2%	-
Indra Navia	4.9%	-	9.12%	-	2%	-
Europraxis Group	5.2%	3.5%	9.12%	9.09%	1.5%	1.5%
BMB Group	-2.2% to 7.1%	1% to 15.9%	9.12%	9.09%	1% to 2%	1% to 2%
Azertia Group	-3.3% to 11.5%	2.3% to 6.9%	9.12%	9.09%	2% to 2.13%	2%
Prointec Group	0.9%	0.8%	9.12%	9.09%	2%	2%
Soluziona Group	-13.1% to 23.5%	1.2%	9.12%	9.09%	2% to 2.13%	2%

(*) This CGU has a negative year-on-year growth rate of 5.5% for the five-year period because it is significantly affected by the completion of certain projects in both reporting periods (negative rate of 10.1% in 2011 due to the completion of projects that year). It is expected to record 0% revenue growth over the first five years (second to fifth year in 2011).

These projections relate to the coming five years. Cash flows for the years not considered in the projections are estimated as perpetual income with growth of between 1% and 2.13%.
When calculating the value in use, estimated cash flows are discounted to their present value using the discount rate before tax that reflects present market values relating to the time value of money and the specific risks of the assets. The present cost of money (ten-year Spanish government bonds) and the risk premiums generally used for the business by analysts are considered when calculating this rate and the geographical area is also taken into account, obtaining future discount rates of approximately 9%.

Details of the carrying and recoverable amounts of the most significant CGUs, the Azertia and Soluziona groups and Politec, at 31 December 2012 and 2011, are as follows:

	2012 Thousands of Euros		2011 Thousands of Euros	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Azertia Group	88,489	185,399	105,668	181,428
Soluziona Group	202,459	342,266	197,947	243,102
Prointec	143,318	207,119	-	-

In all cases sensitivity analyses are performed in relation to the discount rate used (around 9%), and the residual growth rate (between 1% and 2.13%), to verify that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recognised. Sensitivity analyses are also conducted on the main assumptions: sales, margins and working capital.

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

	2012			
	WACC fluctuation		Residual growth rate	
	-1%	+1%	-0.5%	+0.5%
Impact on recoverable amount of Azertia Group	28,482	(21,406)	(6,033)	6,947
Impact on recoverable amount of Soluziona Group	68,066	(50,795)	(10,698)	12,319
Impact on recoverable amount of Politec	42,927	(31,779)	(9,900)	11,423

	2012		
	Sales fluctuation	Margin	Change in days of working capital
	-8%	-1.0%	+10 días
Impact on recoverable amount of Azertia Group	(7,969)	(14,302)	(4,773)
Impact on recoverable amount of Soluziona Group	(14,372)	(51,720)	(16,685)
Impact on recoverable amount of Politec	(12,891)	(22,169)	(8,127)

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

	2011		
	Sales fluctuation	Margin	Change in days of working capital
	-8%	-1,0%	+10 días
Impact on recoverable amount of Azertia Group	(6.639)	(15.032)	(5.188)
Impact on recoverable amount of Soluziona Group	(5.982)	(29.062)	(9.319)

These calculations show that impairment of Euros 1,195 thousand has been incurred in 2012 (Euros 395 thousand in 2011). This amount has been recognised under other losses on non-current assets in the consolidated income statement (see note 30).

9. OTHER INTANGIBLE ASSETS

Details of other intangible assets at 31 December 2012 and 2011 are as follows:

Thousands of Euros

	Balance at 31.12.11	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.12
Investments:							
Industrial property	56,019	-	(1,538)	3	(11,406)	(101)	42,977
Computer software	50,526	867	(249)	6,544	(22,208)	26,146	61,626
Development expenses	221,554	-	(541)	69,801	(468)	(31,194)	259,152
Other intangible assets	32,384	-	(111)	29	12	1,067	33,381
	360,483	867	(2,439)	76,377	(34,070)	(4,082)	397,136
Amortisation:							
Industrial property	(16,303)	-	168	(2,520)	9,674	102	(8,879)
Computer software	(39,475)	(775)	144	(12,833)	21,914	(421)	(31,446)
Development expenses	(6,921)	-	280	(976)	-	1,139	(6,478)
Other intangible assets	(8,393)	-	(114)	(2,357)	13	(876)	(11,727)
	(71,092)	(775)	478	(18,686)	31,601	(56)	(58,530)
Grants							
Development expenses	(46,128)	-	-	(12,395)	242	-	(58,281)
	(46,128)	-	-	(12,395)	242	-	(58,281)
Carrying amount:							
Industrial property	39,716	-	(1,370)	(2,517)	(1,732)	1	34,098
Computer software	11,051	92	(105)	(6,289)	(294)	25,725	30,180
Development expenses	168,505	-	(261)	56,430	(226)	(30,055)	194,393
Other intangible assets	23,991	-	(225)	(2,328)	25	191	21,654
Total	243,263	92	(1,961)	45,296	(2,227)	(4,138)	280,325

Thousands of Euros	Balance at 31.12.10	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:							
Industrial property	39,457	13,593	397	10	(147)	2,709	56,019
Computer software	117,330	2,247	(1,745)	9,528	(3,284)	(73,550)	50,526
Development expenses	93,224	2,176	(37)	55,352	(1,649)	72,488	221,554
Other intangible assets	25,593	5,467	(61)	109	(12)	1,288	32,384
	275,604	23,483	(1,446)	64,999	(5,092)	2,935	360,483
Amortisation:							
Industrial property	(15,336)	(3)	36	(1,112)	112	-	(16,303)
Computer software	(30,761)	(1,709)	410	(8,929)	1,953	(439)	(39,475)
Development expenses	(4,343)	(330)	19	(3,141)	2,440	(1,566)	(6,921)
Other intangible assets	(5,292)	(473)	55	(2,042)	3	(644)	(8,393)
	(55,732)	(2,515)	520	(15,224)	4,508	(2,649)	(71,092)
Grants:							
Development expenses	(26,809)	-	-	(19,319)	-	-	(46,128)
	(26,809)	-	-	(19,319)	-	-	(46,128)
Provisiones:							
Development expenses	-	(543)	-	-	543	-	-
	-	(543)	-	-	543	-	-
Carrying amount:							
Industrial property	24,121	13,590	433	(1,102)	(35)	2,709	39,716
Computer software	86,569	538	(1,335)	599	(1,331)	(73,989)	11,051
Development expenses	62,072	1,303	(18)	32,892	1,334	70,922	168,505
Other intangible assets	20,301	4,994	(6)	(1,933)	(9)	644	23,991
Total	193,063	20,425	(926)	30,456	(41)	286	242,263

The most significant projects capitalised are as follows:

	2012	2011
Investments		
Banking core development	30,922	30,922
Railway traffic control development	-	9,738
Healthcare market software development	15,046	14,886
Internal software development	17,114	16,292
Energy market sales management systems	54,040	31,179
	117,122	103,017
Amortisation:		
Railway traffic control development	-	(9,069)
Internal software development	(705)	-
	(705)	(9,069)
Carrying amount:		
Banking core development	30,922	30,922
Railway traffic control development	-	669
Healthcare market software development	15,046	14,886
Internal software development	16,409	16,292
Energy market sales management systems	54,040	31,179
Total	116,417	93,948

In 2012, as in 2011, the Parent has continued to invest in internal developments in all areas of activity, particularly in the energy market.

In 2012 and 2011 the Parent has incurred internal development expenses on workbenches, which, once completed, have been reclassified to machinery under property, plant and equipment, accounting for Euros 4,076 of the balance under transfers.

In 2012, industrial property includes the following assets acquired from third parties for a total amount of Euros 37,095 thousand:

- software maintenance rights acquired by the Parent for Euros 23,170 in 2010, and
- industrial property of Euros 13,711 thousand recognised on the acquisition of Politec Tecnología da InformaÇao, S.A.

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

Thousands of Euros	Balance at 31.12.12	Costs incurred internally		Acquisitions from third parties		
		Finite useful life	Amortisation rate	Indefinite useful life	Finite useful life	Amortisation rate
Carrying amount						
Industrial property	34,098	-	-	21,650	12,448	10%
Computer software	30,180	25,126	20-25%	1,401	3,653	25%
Development expenses	194,393	188,446	20%	-	5,947	10-25%
Other intangible assets	21,654	-	-	-	21,654	10%
	280,325	213,572		23,051	43,702	

Thousands of Euros	Balance at 31.12.11	Costs incurred internally		Acquisitions from third parties		
		Finite useful life	Amortisation rate	Indefinite useful life	Finite useful life	Amortisation rate
Valor neto:						
Industrial property	39,716	-	-	30,033	9,683	10%
Computer software	11,051	5,753	20-25%	1,806	3,492	25%
Development expenses	168,505	166,952	20%	675	878	10-25%
Other intangible assets	23,991	-	-	-	23,991	10%
	243,263	172,705		32,514	38,044	

At 31 December 2012 fully amortised intangible assets amount to Euros 27,927 thousand (Euros 33,743 thousand at 31 December 2011).

10. FINANCIAL INSTRUMENTS

The classification of financial instruments (except investments in associates) by class and maturity date in 2012 and 2011 is as follows:

		2012 Thousands of Euros		
Financial Assets: Nature/Category	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Other investments in non-Group companies	12	27,116	-	-
Derivatives	14	-	-	5
Debt securities	12	-	2,421	-
Other financial assets	12	-	28,983	-
Non-current		27,116	31,404	5
Equity instruments	17	9,082	-	-
Debt securities	16	-	1,139	-
Derivatives	14		-	22
Other financial assets	14 y 15	-	1,818,190	-
Current		9,082	1,819,329	22
Total		36,198	1,850,733	27

Financial Liabilities: Nature/Category	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Loans and borrowings	20		296,885	-
Derivatives	20		-	5,980
Other financial liabilities	20 and 21		195,512	-
Non-current payables/financial liabilities			492,397	5,980
Loans and borrowings	24		304,988-	-
Derivatives	26		-	3,726
Other financial liabilities	25 and 26		1,485,608	-
Current payables/financial liabilities			1,790,596	3,726
Total			2,282,993	9,706

2011 Thousands of Euros

Financial Assets: Nature/Category	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Other investments in non-Group companies	12	30,305	-	-
Debt securities	12	-	11,974	-
Other financial assets	12	-	15,145	-
Non-current		30,305	27,119	-
Equity instruments	17	10,139	-	-
Debt securities	16	-	544	-
Derivatives	14	-	-	19
Other financial assets	14 and 15	-	1,757,616	-
Current		10,139	1,758,160	19
Total		40,444	1,785,279	19

Financial Liabilities: Nature/Category	Note	Available-for-sale financial assets	Loans and receivables	Hedging derivatives
Loans and borrowings	20		226,601	-
Derivatives	20		-	7,599
Other financial liabilities	20 and 21		171,937	-
Non-current payables/financial liabilities			398,538	7,599
Loans and borrowings	24		281,202	-
Derivatives	26		-	7,801
Other financial liabilities	25 and 26		1,399,712	-
Current payables/financial liabilities			1,680,914	7,801
Total			2,079,452	15,400

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

A breakdown of the net finance cost recognised in the consolidated income statements for 2012 and 2011 is as follows:

Thousands of Euros	2012	2011
Finance costs relating to loans and borrowings	31,654	30,337
Other finance costs	17,276	3,473
Financial liabilities at fair value through profit or loss	14,045	6,204
Exchange losses	4,115	1,882
Total finance costs	67,090	41,896
Other finance income	13,333	4,168
Total finance income	13,333	4,168

11. EQUITY-ACCOUNTED INVESTEES

Details of equity-accounted investees at 31 December 2012 and 2011 are as follows:

Thousands of Euros	Balance at 31.12.11	Changes in cons. group	Investment	Dividends	Profit/(loss)	Transfers	Balance at 31.12.12
SAES Capital	2,377	-	-	(392)	515	-	2,500
Eurofighter Simulation Systems	3,339	-	-	-	(287)	-	3,052
Euromids	257	-	-	-	(7)	-	250
Iniciativas Bioenergéticas	1,228	-	650	-	(459)	(9)	1,410
Idetegolf	6	-	-	-	(3)	9	12
Trias Beltran	8	-	-	-	-	-	8
Huertas de Binipark	-	-	-	-	(23)	1,228	1,205
A4 Essor	(14)	-	-	-	111	-	97
Eólica Maritima y Portuaria	(19)	-	-	-	(1)	-	(20)
Tower Air Traffic System	500	-	-	-	1	-	501
Oyauri Investment	1,322	-	-	-	(494)	-	828
Indra Sistemas de Tesorería	8	-	-	-	51	-	59
Logistica Marítima de Tuxpan	-	150	-	-	-	-	150
Romskog Utvickling AS	-	7	-	-	-	-	7
Natming	-	3	-	-	-	-	3
Indra Isolux México	-	-	-	-	9	(7)	2
Visión Inteligente Aplicada	-	-	-	-	-	(52)	(52)
EFI Túneles Necaxa	-	-	-	-	-	(1)	(1)
Total	9,012	160	650	(392)	(587)	1,168	10,011

Thousands of Euros	Balance at 31.12.10	Changes in cons. group	Investment	Dividends	Profit/(loss)	Balance at 31.12.11
SAES Capital	2,472	-	-	(490)	395	2,377
Eurofighter Simulation Systems	2,459	-	-	-	880	3,339
Euromids	285	-	-	-	(28)	257
Indra Sistemas Tecnocom	32	(2)	-	-	(30)	-
Iniciativas Bioenergéticas	1,248	-	-	-	(20)	1,228
Idetegolf	11	-	5	-	(10)	6
Trias Beltran	8	-	-	-	-	8
Inmunologística	348	(348)	-	-	-	-
A4 Essor	73	-	-	-	(87)	(14)
Zeronine ACI	195	(151)	-	-	(44)	-
Eólica Maritima y Portuaria	(18)	-	-	-	(1)	(19)
Tower Air Traffic System	-	500	-	-	-	500
Oyauri Investment	-	1,500	-	-	(178)	1,322
Indra Sistemas de Tesorería	-	5	-	-	3	8
Total	7,113	1,504	5	(490)	880	9,012

Movement relating to investments in associates during the year ended 31 December 2012 is as follows:

- On 29 February 2012 the subsidiary Prointec, S.A. subscribed and paid up Euros 650 thousand of the share capital increase carried out by its investee Iniciativas Bioenergéticas, S.L.
- On 31 March 2012 the subsidiary Prointec, S.A. subscribed and paid up 25% of the capital of the Mexican company Logística Marítima de Tuxpan S.A.P.I de C.V. for Euros 150 thousand.

The following movements took place in investments in associates during the year ended 31 December 2011:

- The Parent's subsidiary Indra Sistemas Tecnocom Mexico S.A. de C.V. was dissolved on 11 January 2011.
- On 27 January 2011 the Parent sold a 50% stake in the Spanish company Tower Air Traffic Services, S.L. for Euros 2 thousand.

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

- On 3 May 2011 the subsidiary Prointec, S.A. sold its entire interest in the Spanish company Zeronine ACI, S.L. for Euros 61 thousand.
- On 30 June 2011, the Indra Group subsidiary Prointec, S.A. dissolved the company Inmologística 2RC, incurring a loss of Euros 352 thousand.
- On 8 July 2011, the Parent acquired a 49% interest in the Spanish company Indra Sistemas de Tesorería, S.L. for Euros 5 thousand.
- On 4 August 2011, the Parent acquired a 33% interest in the Spanish company Oyauri Investment, S.L. for Euros 1,500 thousand.
- On 1 November 2011 the Indra Group subsidiary Prointec, S.A. settled unpaid share capital in the company IdeteGolf, S.A.

12. NON-CURRENT FINANCIAL ASSETS

Movement in other investments during the years ended 31 December 2012 and 2011 is as follows:

Thousands of Euros	Balance at 31.12.11	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.12
Investments:							
Other non-current investments in non-Group companies	48,592	64	-	984	(4,237)	-	45,403
Non-current loans	4,718	-	(94)	157	(400)	(1,960)	2,421
Non-current security deposits	14,837	295	(717)	9,618	(1,797)	697	22,933
Cash flow hedges	-	-	-	5	-	-	5
Other financial assets	7,564	9	(179)	447	(1,500)	(291)	6,050
	75,711	368	(990)	11,211	(7,934)	(1,554)	76,812
Impairment:							
Other non-current investments in non-Group companies	(18,287)	-	-	-	-	-	(18,287)
	(18,287)	-	-	-	-	-	(18,287)
Carrying amount:							
Other non-current investments in non-Group companies	30,305	64	-	984	(4,237)	-	27,116
Non-current loans	4,718	-	(94)	157	(400)	(1,960)	2,421
Non-current security deposits	14,837	295	(717)	9,618	(1,797)	697	22,933
Cash flow hedges	-	-	-	5	-	-	5
Other financial assets	7,564	9	(179)	447	(1,500)	(291)	6,050
Total	57,424	368	(990)	11,211	(7,934)	(1,554)	58,525

Thousands of Euros	Balance at 31.12.10	Business combinations	Translation differences	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:							
Other non-current investments in non-Group companies	48,338	-	-	503	(170)	(79)	48,593
Non-current loans	4,940	815	(76)	41	(1,355)	353	4,718
Non-current security deposits	7,180	5,656	(620)	3,381	(1,426)	666	14,837
Loans to personnel	7	-	-	-	(7)	-	-
Cash flow hedges	25	-	2	-	(27)	-	-
Other financial assets	1,169	1,497	(88)	7,555	(342)	(2,227)	7,564
	61,659	7,968	(782)	11,480	(3,327)	(1,287)	75,711
Impairment:							
Other non-current investments in non-Group companies	(18,274)	-	-	-	-	(13)	(18,287)
	(18,274)	-	-	-	-	(13)	(18,287)
Carrying amount:							
Other non-current investments in non-Group companies	30,064	-	-	503	(170)	(92)	30,305
Non-current loans	4,940	815	(76)	41	(1,355)	353	4,718
Non-current security deposits	7,180	5,656	(620)	3,381	(1426)	666	14,837
Loans to personnel	7	-	-	-	(7)	-	-
Cash flow hedges	25	-	2	-	(27)	-	-
Other financial assets	1,169	1,497	(88)	7,555	(342)	(2,227)	7,564
Total	43,385	7,968	(782)	11,480	(3,327)	(1,300)	57,424

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

Details are as follows:

Thousands of Euros	Balance at 31.12.11	Additions	Disposals	Balance at 31.12.12
Investments:				
Safelayer Secure Comunications	564	-	(88)	476
Galileo Sistemas y Servicios	138	-	-	138
Banco Inversis	31,672	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	7,572
Prointec sub-group	145	-	(15)	130
Neotec	2,214	952	-	3,166
Bansabadell Information Systems	1,119	32	-	1,151
Volcat	1,000	-	-	1,000
Plataforma Tecnológica para el Emprendimiento Microempresarial	4,134	-	(4,134)	-
Other	40	64	-	104
	48,598	1,048	(4,237)	45,409
Impairment:				
Safelayer Secure Comunications	(152)	-	-	(152)
Galileo Sistemas y Servicios	(3)	-	-	(3)
Banco Inversis	(17,594)	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	(520)
Prointec sub-group	(6)	-	-	(6)
Other	(18)	-	-	(18)
	(18,293)	-	-	(18,293)
Carrying amount:				
Safelayer Secure Comunications	412	-	(88)	324
Galileo Sistemas y Servicios	135	-	-	135
Banco Inversis	14,078	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	7,052
Prointec sub-group	139	-	(15)	124
Neotec	2,214	952	-	3,166
Bansabadell Information Systems	1,119	32	-	1,151
Volcat	1,000	-	-	1,000
Plataforma Tecnológica para el Emprendimiento Microempresarial	4,134	-	(4,134)	-
Other	22	64	-	86
Total	30,305	1,048	(4,237)	27,116

Thousands of Euros	Balance at 31.12.10	Additions	Disposals	Transfers	Balance at 31.12.11
Investments:					
Sadiel	39	-	(39)	-	-
Safelayer Secure Comunications	695	-	(131)	-	564
Galileo Sistemas y Servicios	138	-	-	-	138
Banco Inversis	31,672	-	-	-	31,672
Hisdesat Servicios Estratégicos	7,572	-	-	-	7,572
Prointec sub-group	145	-	-	-	145
Neotec	1,738	476	-	-	2,214
Bansabadell Information Systems	1,095	24	-	-	1,119
Volcat	1,002	-	-	(2)	1,000
Plataforma Tecnológica para el Emprendimiento Microempresarial	4,134	-	-	-	4,134
Other	114	3	-	(77)	40
	48,338	503	(170)	(79)	48,598
Impairment:					
Safelayer Secure Comunications	(152)	-	-	-	(152)
Galileo Sistemas y Servicios	(3)	-	-	-	(3)
Banco Inversis	(17,594)	-	-	-	(17,594)
Hisdesat Servicios Estratégicos	(520)	-	-	-	(520)
Prointec sub-group	(6)	-	-	-	(6)
Other	(5)	-	-	(13)	(18)
	(18,274)	-	-	(13)	(18,293)
Carrying amount:					
Sadiel	39	-	(39)	-	-
Safelayer Secure Comunications	543	-	(131)	-	412
Galileo Sistemas y Servicios	135	-	-	-	135
Banco Inversis	14,078	-	-	-	14,078
Hisdesat Servicios Estratégicos	7,052	-	-	-	7,052
Prointec sub-group	139	-	-	-	139
Neotec	1,738	476	-	-	2,214
Bansabadell Information Systems	1,095	24	-	-	1,119
Volcat	1,002	-	-	(2)	1,000
Plataforma Tecnológica para el Emprendimiento Microempresarial	4,134	-	-	-	4,134
Other	109	3	-	(90)	22,
Total	30,064	503	(170)	(92)	30,305

The main transactions involving non-current investments in non-Group companies in 2012 are as follows:

- On 30 January 2012 the capital of Plataforma Tecnológica para el Emprendimiento Microempresarial, S.L. was reduced by the same amount as the Parent's interest in this company, Euros 4,134 thousand.

- On 6 June and 18 July 2012 the Parent made two additional payments of Euros 476 thousand each to increase the share capital of Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. At the reporting date its interest in the share capital of this company is the same as in the prior year.

The main transactions involving non-current investments in non-Group companies in 2011 were as follows:

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

- On 1 August 2011 the Parent made an additional payment of Euros 476 thousand to subscribe a capital increase by Neotec Capital Riesgo Sociedad de Fondos S.A. S.C.R. At the reporting date its interest in the share capital of this company was the same as in the prior year.

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

b) Non-current loans

The caption reflects the restated amount of Euros 1,204 thousand (Euros 1,180 thousand in 2011) receivable by the Parent as a result of increasing its percentage interest in the Jocs del Mediterrani joint venture to offset accumulated losses.

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

c) Non-current deposits and guarantees

This caption includes both deposits and guarantees placed to secure the rental of buildings and properties used by the Group and those relating to employment-related claims.

Additions include Euros 1,497 thousand (Euros 3,381 thousand in 2011) reflecting deposits placed for leased property due to the relocation of activities, which also resulted in disposals of Euros 1,547 thousand (Euros 1,426 thousand in 2011).

d) Other financial assets

Euros 6,005 thousand of other financial assets (Euros 7,256 thousand in 2011) reflects the estimated fair value of the asset arising from the nine-year marketing agreement arranged as part of the sale of Gibb Portugal Consultores de Engenharia, Gestado e Ambiente, S.A.

13. INVENTORIES

Details of inventories at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Merchandise	2,945	802
Raw materials	8,364	7,644
Work in progress	405,882	321,978
Total carrying amount	417,191	30,424

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

14. OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES

Details of other assets at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Other receivables	8,587	7,699
Advances and loans to personnel	10,126	14,036
Public entities (note 33)	62,099	42,404
Prepayments	8,114	6,901
Current deposits	5,175	1,932
Current security deposits	3,542	1,244
Cash flow hedges (note 35 a))	22	19
Total carrying amount	97,665	74,235

15. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Trade receivables, non-Group	948,079	919,655
Receivables, billable production	833,322	772,512
Advances to suppliers	15,778	21,754
Other receivables	23,533	38,639
Total	1,820,712	1,752,560
Impairment	(38,066)	(26,756)
Total carrying amount	1,782,646	1,725,804

16. CASH AND CASH EQUIVALENTS

Details are as follows:

Thousands of Euros	2012	2011
Current deposits and fixed-income securities	23,629	42,559
Other current investments	1,139	4,845
Subtotal	24,768	47,404
Cash	45,061	34,543
Total	69,829	81,947

Deposits and fixed-income securities include several Euro deposits totalling Euros 20,725 thousand (Euros 42,169 thousand in 2011), which mature in January 2013 and earn interest at Euribor plus a spread of 0.20% (the interest rate ranged from 1.35% to 4% in 2011).

17. NON-CURRENT ASSETS HELD FOR SALE

This balance includes land with a value of Euros 8,877 thousand (Euros 9,934 thousand in 2011) obtained on the acquisition of Politec Tecnología da InformaÇao, S.A., as this investment has been put up for sale.

It also includes Euros 205 thousand reflecting the Parent's interests in the subsidiaries Azertia Brasil and Azertia Puerto Rico, which are currently undergoing liquidation.

18. EQUITY

Subscribed capital

At 31 December 2012 subscribed and paid-in share capital amounts to Euros 32,826,507.80, represented by 164,132,539 ordinary shares represented by book entries with a par value of Euros 0.20 each.

The share capital has been subscribed and fully paid.

All of the Parent's shares has been admitted for trading on the Madrid, Barcelona, Valencia and Bilbao stock exchanges. They are listed on the electronic trading platform and IBEX-35 index.

The Parent does not have a register of the percentage interests held by shareholders and can only verify its shareholding structure when this information is provided directly by shareholders or made public in compliance with prevailing legislation on significant shareholdings (which generally requires the disclosure of interests exceeding 3% of share capital), or through the information provided by Iberclear when shareholders' meetings are held.

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

	31.12.12	31.12.11
Banco Financiero y de Ahorros	20.136%	20.129%
Corporación Financiera Alba	11.324%	11.324%
Fidelity Management & Research LLC	9.962%	9.962%
Liberbank	5.015%	5.012%
Casa Grande de Cartagena, S.L.	5.007%	5.004%

Details of the shareholdings held directly or indirectly by members of the board of directors at 31 December 2012 are as follows:

		Number of shares			
Board member	Membership type	Direct	Indirect	Total	% of share capital
Administradora Valtenas, S.L. (1)	Proprietary	17,783	-	17,783	0.011
Isabel Aguilera Navarro	Independent	24,427	-	24,427	0.015
Javier de Andrés González	Executive	88,584	-	88,584	0.054
Casa Grande de Cartagena, S.L.	Proprietary	8,212,998	-	8,212,998	5.004
Daniel García-Pita	Independent	30,209	12,600	42,809	0.026
Luis Lada Díaz	Independent	18,362	-	18,362	0.011
Juan March de la Lastra (2)	Proprietary	14,149	-	14,149	0.009
Mediación y Diagnósticos,S.A. (3)	Proprietary	24,871	-	24,871	0.015
Javier Monzón de Cáceres	Executive	298,777	-	298,777	0.182
Mónica de Oriol Icaza	Independent	17,783	-	17,783	0.011
Participaciones y Cartera de Inversión, S.L. (3)	Proprietary	24,270	-	24,270	0.015
Ignacio Santillana	Independent	7,288	-	7,288	0.004
Rosa Sugrañes	Independent	19,091	-	19,091	0.012
Alberto Terol	Independent	10,038	-	10,038	0.006
Total		8,808,630	12,600	8,821,230	5.375

(1) Representing the shareholder Liberbank, S.A.
(2) Representing the shareholder Corporación Financiera Alba.
(3) Representing the shareholder Banco Financiero y de Ahorros, S.A.

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

		Number of shares			
Board member	Membership type	Direct	Indirect	Total	% of share capital
Administradora Valtenas, S.L. (1)	Proprietary	12,749	-	12,749	0.008
Isabel Aguilera Navarro	Independent	17,937	-	17,937	0.011
Javier de Andrés	Executive	53,228	-	53,228	0.032
Casa Grande de Cartagena, S.L.	Proprietary	8,212,998	-	8,212,998	5.004
Daniel García-Pita	Independent	8,886	14,546	23,432	0.014
Luis Lada Díaz	Independent	12,849	-	12,849	0.008
Juan March (2)	Proprietary	7,953	-	7,953	0.005
Mediación y Diagnósticos,S.A. (3)	Proprietary	18,675	-	18,675	0.011
Javier Monzón de Cáceres	Executive	219,971	7,872	227,843	0.139
Regino Moranchel Fernández	Executive	137,656	-	137,656	0.084
Mónica de Oriol Icaza	Independent	12,749	-	12,749	0.008
Participaciones y Cartera de Inversión, S.L. (3)	Proprietary	18,461	-	18,461	0.011
Ignacio Santillana	Independent	1,380	-	1,380	0.001
Rosa Sugrañes	Independent	11,895	-	11,895	0.007
Alberto Terol	Independent	12,111	-	12,111	0.007
Total		8,759,498	22,418	8,781,916	5.350

(1) Representing the shareholder Liberbank, S.A.
(2) Representing the shareholder Corporación Financiera Alba.
(3) Representing the shareholder Banco Financiero y de Ahorros, S.A

At 31 December 2012 the board of directors represents 68,615,091 shares or 41.80% of total share capital. At 31 December 2011 the board of directors represented 68,408,447 shares or 41.68% of total share capital.

At the annual general meetings held on 21 June 2012 and 21 June 2011, the shareholders of the Parent agreed to the distribution of the profit for 2011 and 2010, respectively, shown in the consolidated statements of changes in equity.

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

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

Share premium

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

Other reserves

Details of other reserves are as follows:

	Thousands of Euros 2012	2011
Merger reserves	1,846	1,846
Other changes in equity	1,860	3,781
Employee remuneration	(590)	1,786
Cash flow and interest rate hedges	(3,898)	(8,391)
Total	(782)	(978)

a) Other changes in equity

Any gains or losses on the sale of own shares are recognised in this account. The balance has been reduced by Euros 1,921 thousand as a result of sales of own shares in 2012 (Euros 4,363 thousand in 2011).

b) Employee remuneration

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

	Thousands of Euros 2012	2011
Share-based remuneration	(590)	(1,424)
Share options	-	3,210
Total	(590)	1,786

As well as the established remuneration policy, the figure for 2011 also included remuneration deferred over the medium term through the delivery of shares in the Parent, which are accrued from September that year until the end of 2013 (similarly, the policy established in 2008 considered remuneration deferred over the medium term through the delivery of shares accrued from September that year to the 2010 year end).

A total of 346,221 shares (238,204 shares in 2011) have been transferred as part of this plan, valued at Euros 3,062 thousand at the transfer date (Euros 2,969 thousand in 2011).

c) Exchange rate and interest rate hedging reserves

This caption comprises the hedging reserve generated by the following:

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

Details are as follows:

Thousands of Euros	2012	2011
Cash flow and interest rate hedges	(616)	(8,622)
Deferred tax on unrealised asset and liability revaluations	(3,282)	(1,353)
Branches	-	1,584
Total	(3,898)	(8,391)

Own shares

As authorised by the shareholders at their annual general meeting, at 31 December 2012 the Parent directly holds 11,041 own shares amounting to Euros 111 thousand (1,332,549 shares amounting to Euros 15,187 thousand at 31 December 2011).

Details of own shares and movement during 2012 and 2011 are as follows:

Thousands of Euros	Balance at 31.12.11	Additions	Disposals	Balance at 31.12.12
Used in:				
-Ordinary transactions	15,187	54,845	(69,921)	111

Thousands of Euros	Balance at 31.12.10	Additions	Disposals	Balance at 31.12.11
Used in:				
-Ordinary transactions	18,594	87,778	(91,185)	15,187

Details of movement in own shares in 2012 and 2011 are as follows:

	% ownership	Number of shares 31.12.11	Additions	Disposals	31.12.12	% ownership
Used in:						
-Ordinary transactions	0.81	1,332,549	6,549,003	(7,870,511)	11,041	0.01

	% ownership	Number of shares 31.12.10	Additions	Disposals	31.12.11	% ownership
Used in:						
-Ordinary transactions	0.83	1,368,400	6,940,600	(6,976,451)	1,332,549	0.81

In 2012 the Parent has acquired 6,549,003 own shares on the stock market (2.27% of the official volume for the period) and sold 7,870,511 own shares (2.73% of official volume for the period).

In 2011 the Parent acquired 6,940,600 own shares on the stock market (2.43% of the annual volume) and sold 6,976,451 own shares (2.44% of annual volume).

Retained earnings

Details of retained earnings are as follows:

Thousands of Euros	2012	2011
Legal reserve	6,954	6.954
Reserves in fully consolidated companies	(12,714)	13.111
Reserves in proportionately consolidated companies	687	920
Merger reserve	15,212	15.212
Reserves in equity-accounted investees	4,353	3.884
Voluntary reserves	466,374	381.820
Undistributed reserves	62,798	46.000
Profit for the year attributable to the Parent	132,658	180.999
Total	676,322	648.900

a) Legal reserve

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

b) Reserves in fully consolidated companies

Details by company of consolidation reserves at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Indra Sistemas	(9,510)	(13,924)
BMB Group	(15,884)	(7,421)
Indra Emac	(935)	(565)
Indra Sistemas de Seguridad	4,723	3,702
Indra SI	957	(1,255)
Indra Sistemas Chile	1,738	459
Indra Sistemas Portugal	4,698	4,609
Europraxis-Atlante Group	18,386	14,896
Inmize Capital	(104)	(30)
Inmize Sistemas	1,882	1,613
Indra Systems	(13,146)	(9,959)
Indra Beijing	981	769
Indra Brazil	(43,869)	(2,960)
Indra Software Labs	18,939	11,492
Indra México	3,541	3,549
Indra Sistemas Comunicaciones Seguras	3,159	2,804
Indra Magreb	(369)	(369)
Indra France	(1,089)	(478)
Indra Poland	(50)	(49)
Indra Australia	(503)	850
Administradora de Archivos	-	2,306
Seintex Venezuela	-	2,688
Azertia TI Mexico	5,385	6,273
Indra Colombia	3,309	2,726
Azertia TI Venezuela	(1,677)	(1,445)
Azertia GC Venezuela	(7,196)	(5,920)
Azertia TI Argentina	(6,042)	(4,664)
Indra USA	(1,704)	(2,368)
Prointec	(3,452)	461

Thousands of Euros	2012	2011
Soluziona C&S Holding (Chile)	365	663
Soluziona Chile	(10,092)	(8,950)
Indra Czech Republic	(912)	(1,073)
Indra Slovakia	(77)	29
Soluziona Guatemala	437	58
Soluziona KFT (Hungary)	863	781
Indra Kenya	1,187	886
Soluziona Mexico	(1,515)	(1,098)
Soluziona Uruguay	157	55
Indra Sisteme SRL	433	401
Indra Panama	529	946
Indra Philippines	2,061	1,561
Electrica Soluziona (Romania)	764	909
Indra Ucrania	(517)	(469)
Soluziona SP CA (Venezuela)	3,334	3,382
Computación Ceicom	3,035	2,428
Longwater (UK)	-	105
Intos	-	2,196
Indra Company Perú	606	193
Indra Peru	4,273	1,898
AC-B	637	414
Indra Radar Technology	(889)	(609)
Indra India	(1,583)	(187)
Avitech Technology	233	244
Indra P+D	2,671	558
Indra Malaysia	(24)	-
Indra Bahrain	3,663	-
Indra Indonesia	(1)	-
Indra Italy	1,106	-
Politec	14,374	-
Total	12,714	13,111

c) Reserves in proportionately consolidated companies

Details by company of consolidation reserves at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
IRB Riesto Operacional	339	277
I3 TV	(154)	(118)
IESSA Brasil	502	761
Total	687	920

d) Reserves in equity-accounted investees

Details by company of consolidation reserves at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Eurofighter Simulator System	3,271	2,391
Euromids	247	275
Trias Beltrán	7	4
Indra Sistemas Tecnocom	-	30
Saes Capital	1,037	1,132
A4 Essor SAS	(34)	52
Oyauri Investment	(178)	-
Indra sistemas de Tesorería	3	-
Total	4,353	3,884

e) Voluntary reserves and merger reserves

These reserves are freely distributable except for the amount of development costs recognised in the Parent's statement of financial position (see note 9), the distribution of which is prohibited by prevailing legislation.

f) Profit for the year attributable to the Parent

Details of the consolidated companies' profits/losses for 2012 and 2011 are disclosed in Appendix I.

Non-controlling interests

Movement in non-controlling interests in consolidated companies during 2012 and 2011 is as follows:

Thousands of Euros	Balance at 31.12.11	Additions to cons. group	Profit/(loss) attributable to NCIs	Translation differences	Dividends	Change in % ownership	Profit/(loss) in equity	Other changes	Balance at 31.12.12
Inmize Capital	580	-	57	-	-	-	-	-	637
Inmize Sistemas	3,440	-	271	-	-	-	-	-	3,711
Tourism & Leisure	217	-	(52)	-	-	-	-	-	165
ALG Perú	73	-	(11)	3	-	-	-	-	65
ALG Venezuela	247	-	97	11	-	-	-	-	355
ALG Maroc	-	160	(123)	-	-	-	-	-	37
BMB Ges.Doc.Canarias	(41)	-	9	-	-	32	-	-	-
Prointec	6,480	-	(5,739)	(69)	-	(420)	57	-	309
Elektrica Soluziona	603	-	85	(21)	-	-	-	-	667
Indra Philippines	3,817	-	828	165	(174)	-	-	-	4,636
Inserail	301	-	14	-	-	-	-	-	315
Prointec Hidrógeno	(1)	-	(2)	-	-	-	-	3	-
Uatec	44	-	(6)	-	-	-	-	3	41
Indra Radar Technology (Tianjin) Co., Ltd.	246	-	(191)	-	-	-	-	-	55
Indra Perú	5,506	-	688	543	-	-	-	2,386	9,123
IFOS	13	-	53	(3)	-	-	-	-	63
Indra Kazakhstan	600	-	(82)	30	-	-	-	-	548
Indra Malaysia	-	-	(117)	4	-	28	-	-	(85)
Normeka (Indra Navia)	-	894	132	28	-	-	-	-	1,054
Search (politec)	(688)	-	1003	37	-	-	-	693	(961)
Total	21,437	1,054	5,092	728	(174)	(360)	57	3,085	20,735

Thousands of Euros	Balance at 31.12.10	Additions to cons. group	Profit/(loss) attributable to NCIs	Translation differences	Dividends	Change in % ownership	Profit/(loss) in equity	Other changes	Balance at 31.12.11
Inmize Capital	511	-	69	-	-	-	-	-	580
Inmize Sistemas	3,100	-	340	-	-	-	-	-	3,440
Tourism & Leisure	277	-	(87)	-	-	-	27	-	217
ALG Perú	123	-	(58)	8	-	-	-	-	73
ALG Venezuela	173	-	113	(39)	-	-	-	-	247
Indra BMB	1,791	-	(126)	-	-	(1,665)	-	-	-
BMB Ges.Doc.Canarias	3	-	(44)	-	-	-	-	-	(41)
Prointec	8,042	-	(1,777)	(27)	-	-	(96)	338	6,480
Elektrica Soluziona	590	-	163	(7)	(143)	-	-	-	603
Indra Philippines	3,091	-	704	122	(100)	-	-	-	3,817
Inserail	293	-	8	-	-	-	-	-	301
Consis	841	-	3	89	(199)	(734)	-	-	-
Prointec Hidrógeno	1	-	(2)	-	-	-	-	-	(1)
Uatec	31	-	13	-	-	-	-	-	44
Indra Radar Technology (Tianjin) Co., Ltd.	349	-	(120)	17	-	-	-	-	246
Indra Peru	3,810	-	794	375	-	-	(19)	546	5,506
IFOS	2	-	11	-	-	-	-	-	13
Indra Kazakhstan	-	600	-	-	-	-	-	-	600
Search (politec)	-	(744)	64	(8)	-	-	-	-	(688)
Total	23,028	(144)	68	530	(442)	(2,399)	(88)	884	21,437

A breakdown of non-controlling interests at 31 December 2012 and 2011 is as follows:

	31.12.12				31.12.11			
Thousands of Euros	NCI capital	NCI reserves	NCI profit/ (loss)	Total	NCI capital	NCI reserves	NCI profit/ (loss)	Total
Inmize Capital	32	548	57	637	32	479	69	580
Inmize Sistemas	750	2,690	271	3,711	750	2,350	340	3,440
Tourism & Leisure	18	199	(52)	165	18	286	(87)	217
ALG Perú	17	59	(11)	65	17	114	(58)	73
ALG Venezuela	5	253	97	355	5	129	113	247
ALG Maroc	472	(312)	(123)	37	-	-	-	-
Indra BMB	-	-	-	-	1,859	(1,733)	(126)	-
BMB Ges.Doc.Canarias	1	(10)	9	-	1	2	(44)	(41)
Prointec	396	5,652	(5,739)	309	399	7,858	(1,777)	6,480
Elektrica Soluziona	15	567	85	667	15	425	163	603
Indra Philippines	264	3,544	828	4,636	264	2,849	704	3,817
Inserail	6	295	14	315	6	287	8	301
Consis	-	-	-	-	-	(3)	3	-
Prointec Hidrógeno	3	(1)	(2)	-	-	1	(2)	(1)
Uatec	18	29	(6)	41	15	16	13	44
Indra Radar Technology (Tianjin) Co., Ltd.	567	(321)	(191)	55	567	(201)	(120)	246
Indra Peru	242	8,193	688	9,123	242	4,470	794	5,506
IFOS	1	9	53	63	1	1	11	13
Indra Kazakhstan	600	30	(82)	548	600	-	-	600
Indra Malaysia	35	(3)	(117)	(85)	-	-	-	-
Normeka (Indra Navia)	-	922	132	1,054	-	-	-	-
Search (politec)	933	(891)	(1,003)	(961)	241	(993)	64	(688)
Total	4,375	21,452	(5,092)	20,735	5,032	16,337	68	21,437

The main transactions with non-subsidiary investees in 2012 are as follows:

- A 66% stake in the Norwegian company Normeka A.S. was acquired as a result of the Parent's acquisition of 100% of another Norwegian business, Indra Navia, A.S., on 21 March 2012.
- On 19 November 2012 the subsidiary Indra BMB, S.L. acquired a further 30% interest in its Spanish subsidiary BMB Gestión Documental de Canarias, S.L., increasing its ownership to 100%. BMB Gestión Documental de Canarias, S.L. was merged into Indra BMB, S.L. on the same date.
- On 28 December 2012 the subsidiary Prointec, S.A.'s capital was increased through the issue of 17,500 new shares with a par value of Euros 1 thousand each. The Parent paid up this new share capital in full, thereby increasing its interest in this company from 60.4% to 97.86%.

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

- On 4 March 2011 the subsidiary Prointec, S.A. acquired a further 40% interest in its Romanian subsidiary Consis Proiect SRI for Euros 169 thousand to become the sole shareholder in this company.
- Furthermore, on 8 March 2011 Prointec, S.A. acquired an additional 6.5% interest in Indra BMB, S.L. for Euros 8,500 thousand to become this company's sole shareholder.
- On 3 July 2011 the Parent subscribed 51% of the share capital of the Kazakh company Indra Kazakhstan Engineering Llp, paying up 35% or Euros 600 thousand.

19. NET EARNINGS PER SHARE

The calculation of the weighted average number of ordinary shares outstanding and the weighted average number of diluted shares at 31 December 2012 and 2011 is as follows:

	Weighted average number of ordinary shares at 31.12.12	Ordinary shares at 31.12.12	Weighted average number of ordinary shares at 31.12.11	Ordinary shares at 31.12.11
Total shares issued	164,132,539	164,132,539	164,132,539	164,132,539
Own shares and financial instruments linked to shares	(1,538,122)	(11,041)	(1,491,128)	(1,332,549)
Total outstanding and diluted shares	162,594,417	164,121,498	162,641,411	162,799,990

The calculation of basic and diluted earnings per share (rounded to four decimal places) for 2012 and 2011 is as follows:

	2012	2011
Profit attributable to the Parent (in thousands of Euros)	132,658	180,999
Weighted average number of ordinary shares outstanding	162,594,417	162,641,411
Basic earnings per ordinary share (in Euros)	0.8159	1.1129

Diluted earnings per share are the same as basic earnings per share, as the Parent has not issued any convertible or any other similar instruments.
The calculation of earnings per ordinary share (rounded to four decimal places) for 2012 and 2011 is as follows:

	2012	2011
Profit attributable to the Parent (in thousands of Euros)	132,658	180,999
Shares issued	164,132,539	164,132,539
Earnings per ordinary share (in Euros)	0.8082	1.1028

20. NON-CURRENT LOANS AND BORROWINGS

Details by maturity of non-current loans and borrowings at 31 December 2012 are as follows:

Years	Finance lease payables	Credit institutions	R&D loans	Total
1 to 2 years	2,422	43,334	9,769	55,525
2 to 3 years	2,384	165,962	10,107	178,453
3 to 4 years	1,683	73,246	11,014	85,943
More than 4 years	2,357	5,497	70,341	78,195
Total at 31.12.12	8,846	288,039	101,231	398,116

Details by maturity of non-current loans and borrowings at 31 December 2011 are as follows:

Years	Finance lease payables	Credit institutions	R&D loans	Total
1 to 2 years	2,601	5,773	7,063	15,437
2 to 3 years	2,321	88,144	8,693	99,158
3 to 4 years	2,286	18,144	8,114	28,544
More than 4 years	3,349	111,582	56,285	171,216
Total at 31.12.11	10,557	223,643	80,155	314,355

In 2012 the Group has arranged loans of Euros 194,050 thousand, which have been included under credit institutions. The interest rate on these loans is pegged to the three-month Euribor.

This account also includes the Euros 3,232 thousand mortgage loan assumed by the subsidiary Prointec, S.A. in relation to the properties acquired in 2010 (see note 7). This mortgage loan has a grace period until 31 January 2013 and falls due on 31 January 2019, accruing interest at Euribor plus a spread of 0.75%, which is settled annually.

The balance under credit institutions also includes interest rate swaps used by the Parent to manage its exposure to interest rate fluctuations, mainly on non-current banks loans arranged at floating rates. The fair value of these swaps, Euros 5,126 thousand (Euros 2,330 thousand in 2011) has been determined based on the market values of equivalent financial derivatives at the reporting date.

21. OTHER NON-CURRENT LIABILITIES

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

Thousands of Euros	2012	2011
Guarantees and deposits received	190	25
Suppliers of property, plant and equipment	82,436	83,222
Other non-current payables	17,635	8,535
Total	100,261	91,782

Suppliers of property, plant and equipment include outstanding payables relating to acquisitions of subsidiaries that took place in 2011 (see note 5 a)), particularly a balance of Euros 71,009 thousand relating to the acquisition of Politec Tecnología da InformaÇao, S.A., which falls due in 2014 (Euros 71,868 thousand in 2011).

22. GOVERNMENT GRANTS

Details of government grants and movement in 2012 and 2011 are as follows:

	Balance at 31.12.11	Additions	Transfers	Taken to p/l	Balance at 31.12.12
Grants	32,602	1,976	73	(5,295)	29,356

	Balance at 31.12.10	Additions	Repayments	Transfers	Taken to p/l	Balance at 31.12.11
Grants	25,620	9,315	(298)	(49)	(1,986)	32,602

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

23. PROVISIONS FOR LIABILITIES AND CHARGES

Details of provisions for liabilities and charges and movement during 2012 and 2011 are as follows:

Thousands of Euros	Balance at 31.12.11	Business comb.	Translation diff.	Charges	Applications	Payments	Transfers	Balance at 31.12.12
Provisions for taxes	11,711	1,571	(682)	284	(3,566)	(128)	(2,411)	6,779
Other provisions	97,610	1,474	(7,759)	3,084	(15,747)	(24)	(10,464)	68,174
Total	109,321	3,045	(8,441)	3,368	(19,313)	(152)	(12,875)	74,953

Thousands of Euros	Balance at 31.12.10	Business comb.	Translation diff.	Charges	Applications	Payments	Transfers	Balance at 31.12.11
Provisions for taxes	4,687	13,117	1,027	350	(7,467)	-	(3)	11,711
Provisions for pensions	29	-	-	-	-	-	(29)	-
Other provisions	15,084	68,036	1,998	3,786	(6,294)	(220)	15,220	97,610
Total	19,800	81,153	3,025	4,136	(13,761)	(220)	15,188	109,321

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

Provision for taxes	Balance at 31.12.11 Balance	Temporary difference	Business comb.	Translation differences	Charges	Applications	Payments	Transfers	Balance at 31.12.12 Balance	Temporary difference
Issue										
Appeals filed with taxation authorities	11,711	415	1,571	(682)	284	(3,566)	(128)	(2,411)	6,779	415
Total provision for taxes	11,711	415	1,571	(682)	284	(3,566)	(128)	(2,411)	6,779	415

Provision for taxes	Balance at 31.12.10 Balance	Temporary difference	Business comb.	Translation differences	Charges	Applications	Transfers	Balance at 31.12.11 Balance	Temporary difference
Issue									
Appeals filed with taxation authorities	4,687	415	13,117	1,027	350	(7,467)	(3)	11,711	415
Total provision for taxes	4,687	415	13,117	1,027	350	(7,467)	(3)	11,711	415

Other provisions	Balance at 31.12.11 Balance	Temporary difference	Bus. comb.	Trans. diff.	Charges	Applications	Payments	Transfers	Balance at 31.12.12 Balance	Temporary difference	Expected cancel. date
Issue											
Trade claims	388	388	-	-	372	(383)	-	(143)	234	212	2014
HR claims	32,114	6,850	-	(3,219)	887	(5,305)	(24)	(3,826)	20,627	4,464	2013-2016
Salaries	23,039	23,039	1,434	52	219	-	-	(4,251)	20,493	19,128	2013-2016
Contingencies	42,069	7,273	40	(4,592)	1,606	(10,059)	-	(2,244)	26,820	4,907	2013-2016
Total other provisions	97,610	37,550	1,474	(7,759)	3,084	(15,747)	(24)	(10,464)	68,174	28,711	

Other provisions	Balance at 31.12.10 Balance	Temporary difference	Bus. comb.	Trans. diff.	Charges	Applications	Payments	Transfers	Balance at 31.12.11 Balance	Temporary difference	Expected cancel. date
Issue											
Trade claims	288	133	-	-	291	(191)	-	-	388	388	2013
HR claims	2,672	719	29,954	666	761	(5,670)	(220)	3,951	32,114	6,850	2013-2016
Salaries	12,124	12,124	-	-	-	-	-	10,915	23,039	23,039	2013-2016
Contingencies	-	-	38,082	1,332	2,734	(433)	-	354	42,069	7,273	2013-2016
Total other provisions	15,084	12,976	68,036	1,998	3,786	(6,294)	(220)	15,220	97,610	37,550	

The amounts relating to appeals pending resolution by courts and city councils have been discounted using the discount rate applicable to late payment interest for each year.

The most significant amounts under business combinations in 2011 related to the acquisition of Politec Tecnología da InformaÇao, S.A.

24. CURRENT LOANS AND BORROWINGS

Details of current loans and borrowings at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Loans	292,738	269,079
Interest payable	2,347	2,027
Finance leases	2,704	2,798
Total	297,789	273,904
Official loans for research programmes (note 9)	7,199	7,298
Total	304,988	281,202

25. TRADE AND OTHER PAYABLES

Details of trade and other payables at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Purchases and services received	634,695	681,152
Advances from customers	691,950	566,831
Total	1,326,645	1,247,983

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

Details of the Spanish Group companies' payments at 31 December 2012 and 31 December 2011 are as follows:

Thousands of Euros	2012		2011	
	Amount	%	Amount	%
Within maximum legal payment term (*)	759,854	41.55%	1,284,357	87.10%
Rest	1,069,105	58.45%	190,183	12.90%
Total payments for the year	1,828,959	100.00%	1,474,540	100.00%
Weighted average late payment days	49		76	

Details of the payment terms applicable to the Spanish Group companies' outstanding payables at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012		2011	
Within maximum legal payment term (*)	444,155	88.39%	694,535	92.47%
Rest	58,340	11.61%	56,563	7.53%
Total outstanding balance	502,495	100.00%	751,098	100.00%

* The maximum legal payment period is, in each case, determined by the nature of the goods or services received by the company in accordance with Law 15/2010 of 5 July 2010 (which modified Law 3/2004 of 29 December 2004), containing measures to combat late payments in commercial transactions. This legal maximum period will be reduced, following an established schedule, over an adaptation period that ends on 1 January 2013. The legal maximum payment period applicable from the date on which Law 15/2010 entered into force until 31 December 2012 was 75 days.

26. OTHER LIABILITIES

Details of other liabilities at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Public entities (note 33)	133,257	121,001
Salaries payable	78,665	73,836
Cash flow hedges	3,726	7,801
Guarantees and deposits received	135	206
Trade provisions	37,841	41,797
Accruals	2,637	1,355
Suppliers of property, plant and equipment	1,166	19,230
Other payables	38,519	15,305
Total	295,946	280,531

27. SEGMENT REPORTING

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

Segment reporting at 31 December 2012:	Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
External sales	1,881,139	100%	1,059,841	98%	-	-	2,940,980	100%
Inter-segment sales	1,174	0%	18,044	2%	-	(19,218)	-	-
Net sales	1,882,313	100%	1,077,885	100%	-	(19,218)	2,940,980	100%
Contribution margin	314,617	16.7%	152,793	14.2%	-	(59)	467,351	16%
Other income and expenses (corporate and unallocated)	-		-		(250,201)	59	(250,142)	-9%
Results from operating activities	314,617		152,793		(250,201)	-	217,209	7%
Other losses	(36,422)		(16,749)		(159)		(53,330)	-2%
Share in loss of associates	(587)		-		-	-	(587)	0.0%
Income tax	(75,081)		(35,734)		75,089	-	(35,726)	-1.2%
Segment profit/(loss)	202,527	11%	100,310	9%	(175,271)	-	127,566	4%
Other information						-		
Investments	74,643		13,297		15,780		103,720	
Amortisation and depreciation	15,026		18,318		17,825		51,169	
Balance sheet								
Assets								
Segment assets	1,675,856		758,556		1,311,520	-	3,745,932	
Assets in associates	9,443		568		-	-	10,011	
Total consolidated assets							3,755,943	
Liabilities						-		
Segment liabilities	1,254,101		1,154,668		258,295	-	2,667,064	
Total consolidated liabilities							2,667,064	

Geographical segment reporting at 31 December 2012:	Domestic	Europe	USA and Canada	Latin America	Rest	Total
External sales	1,257,794	423,044	33,900	745,010	481,232	2,940,980
Investments	91,168	4,500	76	5,979	1,997	103,720
Assets employed	2,651,625	203,394	20,309	707,317	173,298	3,755,943

Segment reporting at 31 December 2011:	Solutions	%	Services	%	Unallocated corporate	Eliminations	Total	%
External sales	1,810,752	100%	877,743	99%	-	-	2,688,495	100%
Inter-segment sales	6,609	0%	13,279	1%	-	(19,888)	-	-
Net sales	1,817,361	100%	891,022	100%	-	(19,888)	2,688,495	100%
Contribution margin	331,020	18.2%	133,270	15.0%	-	165	464,455	17%
Other income and expenses (corporate and unallocated)	-		-		(196,511)	(165)	(196,676)	-7%
Results from operating activities	331,020		133,270		(196,511)	-	267,779	10%
Other losses	(25,901)		(9,604)		(18)	-	(35,523)	-1%
Share in profit/(loss) of associates	1,067		(27)		-	-	1,040	0.0%
Income tax	(72,927)		(34,753)		55,451	-	(52,229)	-1.9%
Segment profit/(loss)	233,259	13%	88,886	10%	(141,078)	-	181,067	7%
Other information								
Investments	74,364		14,262		42,772	-	131,398	
Amortisation and depreciation	15,278		15,033		15,297	-	45,608	
Balance sheet								
Assets								
Segment assets	1,600,871		717,401		1,197,571	-	3,515,843	
Assets in associates	8,496		516		-	-	9,012	
Total consolidated assets							3,524,855	
Liabilities								
Segment liabilities	1,125,405		1,074,552		257,698	-	2,457,655	
Total consolidated liabilities							2,457,655	

Geographical segment reporting at 31 December 2011:	Domestic	Europe	USA and Canada	Latin America	Rest	Total
External sales	1,525,683	446,233	35,932	484,686	195,961	2,688,495
Investments	114,765	2,112	45	7,239	7,237	131,398
Assets employed	2,734,852	136,998	13,105	492,308	147,592	3,524,855

28. MATERIALS AND OTHER SUPPLIES USED

The total cost of materials and other supplies used by the Group during the years ended 31 December 2012 and 2011 is as follows:

Thousands of Euros	2012	2011
Subcontracted work and materials consumed	807,067	885,816
Change in inventories	1,474	(264)
Total	808,541	885,552

29. PERSONNEL EXPENSES

Details of personnel expenses during the years ended 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Salaries and wages	1,129,021	927,174
Social Security and other employee benefits expenses	300,433	266,853
Total	1,429,454	1,194,027

The average headcount of the Parent and its directors in 2012 and 2011, distributed by category, is as follows:

	2012			2011		
Number of employees	Male	Female	Total	Male	Female	Total
Board members	12	3	15	12	3	15
Senior management	8	1	9	8	1	9
Management	456	68	524	443	66	509
Graduates and other qualified staff	19,830	9,254	29,084	16,945	7,613	24,558
Administrative staff	1,349	2,217	3,566	1,190	2,205	3,395
Factory employees	2,120	1,516	3,636	1,533	1,028	2,561
Other	46	55	101	26	19	45
Total	28,821	13,114	36,935	20,157	10,935	31,092

Details of the staff employed by the Spanish companies in 2012 and 2011 with a percentage of disability equal to or higher than 33%, distributed by category, are as follows:

	2012			2011		
Number of employees	Male	Female	Total	Male	Female	Total
Management	2	-	2	3	-	3
Graduates and other qualified staff	87	30	117	95	25	120
Administrative staff	14	21	35	8	31	39
Factory employees	7	-	7	11	4	15
Other	-	-	-	1	-	1
Total	110	51	161	118	60	178

30. OTHER LOSSES ON NON-CURRENT ASSETS

Details of other losses on non-current assets at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Impairment of goodwill (note 8)	(1,195)	(395)
Losses on other intangible assets	(1,702)	(36)
Losses on property, plant and equipment	(1,820)	(1,362)
	(4,717)	(1,793)

In 2012, losses on property, plant and equipment include impairment losses of Euros 1,300 thousand (Euros 999 thousand in 2011) on investment property, specifically on housing owned by the subsidiary Prointec, S.A. (see note 7).

This caption also includes disposals of Euros 520 thousand (Euros 242 thousand in 2011) due to equipment replaced by the Parent.

31. FOREIGN CURRENCY TRANSACTIONS

The main transactions in non-Euro currencies in 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Sales	996,736	641,455
Purchases	564,351	426,795

32. DEPOSITS AND GUARANTEES

At 31 December 2012 several different banks and insurance companies have deposited guarantees totalling Euros 887,930 thousand with third parties on behalf of the Group, mainly to secure the completion of contracts. At 31 December 2011 these guarantees totalled Euros 903,399 thousand.

33. TAXATION

The Parent files consolidated income tax returns as the parent of tax group 26/01, which comprises the Parent 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.U., Indra Emac, S.A.U., Indra Sistemas de Comunicaciones Seguras, S.L.U, Advanced Logistics Group, S.L.U., Indra BMB Servicios Digitales, S.L.U., Vialogos Gestión de la Comunicación, S.L.U. and Mensor Consultoría Estratégica, S.L.

Deferred tax assets

Details of movement in deferred tax assets are as follows:

Thousands of Euros	Balance at 31.12.11	Business comb.	Translation differences	Generated	Reversals	Other movements	Balance at 31.12.12
Deferred tax assets	137.959	8.355	(7,509)	63,863	(35,857)	(2,693)	164,118

Thousands of Euros	Balance at 31.12.10	Business comb.	Translation differences	Generated	Reversals	Other movements	Balance at 31.12.11
Deferred tax assets	50,261	69,428	2,643	27,386	(18,169)	6,410	137,959

Details of deferred tax assets at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Charges to and application of provisions	88,272	99,814
Amortisation of goodwill	2,799	2,732
Excess amortisation/depreciation	4,091	2,629
Other	68,956	32,784
Deferred tax assets	164,118	137,959

At 31 December 2012 the "other" category includes capitalised tax losses and deductions totalling Euros 47,715 thousand (Euros 18,736 at 31 December 2011).

Current tax assets

Details of income tax assets at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Prior years' income tax recoverable	14,193	18,351
Current year's income tax recoverable	40,678	39,804
Total	54,871	58,155

Deferred tax liabilities

Details of movement in deferred tax liabilities during 2012 and 2011 are as follows:

Thousands of Euros	Balance at 31.12.11	Business comb.	Cambio de perímetro	Translation differences	Generated	Reversals	Other movements	Balance at 31.12.12
Deferred tax liabilities	79,546	389	-	(2,042)	52,287	(36,289)	3,838	97,729

Thousands of Euros	Balance at 31.12.10	Business comb.	Cambio de perímetro	Translation differences	Generated	Reversals	Other movements	Balance at 31.12.11
Deferred tax liabilities	50,725	6,382	82	106	29,112	(8,802)	1,941	79,546

Details of deferred tax liabilities at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Finance leases	1,120	865
Taxable gains	4,661	4,709
Portfolio provisions	50,923	35,301
Amortisation of goodwill	23,567	24,533
Other	17,458	14,138
Deferred tax liabilities	97,729	79,546

Current tax liabilities

Details of income tax liabilities at 31 December 2012 and 2011 are as follows:

Thousands of Euros	2012	2011
Income tax (prior years)	697	3,425
Income tax (current year)	11,286	11,876
Income tax (companies located abroad)	6,350	5,032
Total	18,333	20,333

Income tax expense

Due to the treatment permitted by fiscal legislation of certain transactions, accounting profit differs from taxable income. A reconciliation of accounting profit for the year with the taxable income of the companies which form part of the Group, including the income tax expense calculation at 31 December 2012 and 2011, is as follows:

Thousands of Euros	2012	2011
A.- Accounting profit before tax	163,292	233,296
Adjustments to accounting profit:		
- Other positive differences	10,442	37,442
- Other negative differences	(219)	(20,371)
- Consolidation adjustments	-	(3)
Total adjustments to accounting profit	10,223	17,068
B.- Adjusted accounting profit	173,515	250,364
Temporary differences:		
- Positive, generated during the year	122,065	51,262
- Positive, generated in prior years	120,805	27,167
- Negative, generated during the year	(177,966)	(93,050)
- Negative, generated in prior years	(117,448)	(59,665)
Total temporary differences	(52,544)	(74,286)
C.- Taxable income	120,971	176,078
D.- Tax loss carryforwards for offset	(2,111)	(4,595)
E.- Adjusted taxable income	118,860	171,483
Income tax payable	48,817	67,042
Deductions:		
- Internal double taxation relief	(414)	(147)
- International double taxation relief	(4,575)	(3,823)
- Investments in R&D&i and others	(33,265)	(26,375)
F.- Credit for loss carryforwards	21,587	187
G.- Local taxes abroad	211	836
H.- Total tax payable	32,361	37,720
Withholdings and payments on account	61,753	64,745
Total payable/(recoverable)	(29,392)	(27,025)
I.- Deferred tax assets (current year)	(35,857)	(15,018)
J.- Deferred tax assets recovered	36,690	18,169
K. - Deferred tax liabilities (current year)	52,287	29,112
L.- Deferred tax liabilities recovered	(36,289)	(8,803)
Accrued income tax (H+I+J+K+L)	49,192	61,180
Income tax (companies located abroad)	10,098	6,629
Prior years' income tax	1,510	(3,048)
Income tax, differences in tax rates	(1,673)	(164)
Deductions capitalised	(23,401)	(12,368)
M.- Income tax for the year	35,726	52,229
Profit for the year after tax (A-M)	127,566	181,067

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

	2012 Thousands of Euros	%
- Consolidated profit (before tax)	163,292	
- Income tax at the rate applicable in Spain	48,988	30.00%
- Effect of permanent differences	3,067	1.88%
- Effect of deductions	(38,254)	(23.43)%
- Effect of other income tax adjustments from prior years	1,510	0.92%
- Effect of tax loss carryforwards	21,587	13.22%
- Effect of deductions capitalised	(23,401)	(14.33)%
- Income tax on companies located abroad	10,098	6.18%
- Effect of different international tax rates	12,131	7.43%
	35,726	21.88%

	2011 Thousands of Euros	%
- Consolidated profit (before tax)	233,296	
- Income tax at the rate applicable in Spain	69,989	30.00%
- Effect of permanent differences	5,120	2.19%
- Effect of deductions	(30,345)	(13.01)%
- Effect of other income tax adjustments from prior years	(3,048)	(1.31)%
- Effect of tax loss carryforwards	187	0.08%
- Effect of deductions capitalised	(12,368)	(5.30)%
- Income tax on companies located abroad	6,629	2.84%
- Effect of different international tax rates	16,065	6.89%
	52,229	22.39%

Details of deductions for investment, training and export activities at 31 December 2012 and 2011 are as follows:

Thousands of Euros Deductions for investments and other reasons			
Year	2012	Year	2011
2008 and prior years	2,219	2007 and prior years	2,309
2009	552	2008	447
2010	534	2009	552
2011	11,505	2010	534
2012	16,733	2011	11,448
Total 2012	31,543	Total 2011	15,290

The Group has not recognised deferred tax assets amounting to Euros 4,378 thousand of the total balance under deductions for investment and other reasons (Euros 3,912 thousand at 31 December 2011).

As in 2011, the Group has no reinvestment commitments at 31 December 2012.

Details of loss carryforwards available for offset and and not yet capitalised at 31 December 2012 and 2011 are as follows:

Thousands of Euros Tax loss carryforwards for offset			
Year	2012	Year	2011
2008 and prior years	26,159	2007 and prior years	26,135
2009	2,478	2008	9,955
2010	9,122	2009	8,262
2011	43,319	2010	10,288
2012	34,616	2011	43,424
Total 2012	115,694	Total 2011	98,064

Spanish tax legislation caps the amount of tax loss carryforwards available for offset by the companies forming part of the tax group headed by Indra Sistemas, S.A. in 2012 and 2013 at 25% of taxable income prior to offset. For the rest of the Spanish companies, this percentage varies depending on the volume of transactions and revenues. For these same periods goodwill may only be amortised up to one hundredth of its amount per year and the amortisation of intangible assets with indefinite useful lives is capped at one fiftieth of the amount. Furthermore, for 2013 and 2014 property, plant and equipment, intangible assets and investment property may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes.

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the prescription period has elapsed in accordance with the prevailing legislation in each of the countries in which the Group operates. The Parent has open to inspection all applicable taxes for 2008 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 prevailing tax legislation, although the companies do not expect that any such discrepancies would be significant to the consolidated annual accounts.

Balances with public entities

Balances receivable from public entities comprise the following:

Thousands of Euros	2012	2011
Taxation authorities:		
Value added tax	31,144	34,463
Other taxes	19,599	30
Subtotal	50,743	34,493
Grants receivable	6,872	7,092
Social Security receivable	4,484	819
Total (note 14)	62,099	42,404

Details of balances payable to public entities are as follows:

Thousands of Euros	2012	2011
Taxation authorities:		
Value added tax	67,659	62,655
Personal income tax withholdings	27,908	25,288
Other taxes	6,692	6,464
Subtotal	102,259	94,407
Refundable grants	64	212
Social Security payable	30,934	26,382
Total	133,257	121,001

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 the potential adverse effects on the Group's profits.

Risk management is controlled by the Group's Finance and Control departments. Internal standards include policies on global risk management and on specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments, and investments of cash surpluses.

To ensure that the above-mentioned risks are managed appropriately, the Group maintains control over financial information using an internal system that is highly efficient in all major respects.

a) Market risk

(i) Currency risk

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

To control currency risk the Group uses forward currency sale and purchase contacts. No derivative financial instruments are used for speculative ends.

The Group's risk management policy involves hedging 100% of expected transactions in each currency other than the functional currency. Approximately 95% (95% in 2011) of forecast transactions in each of the main foreign currencies are classified as highly probable forecast transactions for hedge accounting purposes.

Details of the Group's exposure to currency risk at 31 December 2012 and 2011 are provided in the following tables, which show the carrying amount (in thousands of Euros) and type of the Group's financial instruments denominated in foreign currencies.

	2012							
Thousands of Euros	US Dollar	Pounds Sterling	Mexican Peso	Argentine Peso	Chilean Peso	Brazilian Real	Rest	Total
Other financial assets	3,267	-	755	823	172	15,493	443	20,953
Total non-current assets	3,267	-	755	823	172	15,493	443	20,953
Trade and other receivables	71,729	5,431	104,907	28,635	39,190	132,110	212,938	594,940
Other financial assets	555	-	-	176	933	1,744	2,367	5,775
Debt securities	2,526	-	12,121	1,223	1,668	42,771	22,258	82,567
Total current assets	74,810	5,431	117,028	30,034	41,791	176,625	237,563	683,282
Total assets	78,077	5,431	117,783	30,857	41,963	192,118	238,006	704,235
Loans and borrowings	-	-	-	-	-	5,696	-	5,696
Other financial liabilities	32	-	-	-	-	83,866	823	84,721
Total non-current financial liabilities	32	-	-	-	-	89,562	823	90,417
Loans and borrowings	9,269	-	28,101	13,560	10,811	75,588	10,886	148,215
Finance lease payables	16	-	-	84	-	18	87	205
Trade and other payables	37,622	1,597	53,743	20,874	25,137	99,952	129,710	368,635
Total current liabilities	46,907	1,597	81,844	34,518	35,948	175,558	140,683	517,055
Total liabilities	46,939	1,597	81,844	34,518	35,948	265,120	141,506	607,472
Gross balance sheet exposure	31,138	3,834	35,939	(3,661)	6,015	(73,002)	96,500	96,763
Forecast sales in foreign currency	263,622	19,060	185,147	83,201	57,965	356,086	517,817	1,482,898
Forecast purchases in foreign currency	63,861	14,210	110,951	20,456	17,788	65,419	305,628	598,313
Total gross exposure	230,899	8,684	221,086	(3,661)	6,015	217,665	308,689	981,348
Derivative financial instruments - hedged								
Sales	236,836	19,060	22,569	208	4,962	3,053	41,608	328,296
Purchases	50,205	14,210	-	432	135	-	110,540	175,522
Net exposure	44,268	3,834	198,517	(3,437)	1,053	214,612	377,621	828,574

				2011				
Thousands of Euros	US Dollar	Pounds Sterling	Mexican Peso	Argentine Peso	Chilean Peso	Brazilian Real	Rest	Total
Other financial assets	-	-	98	631	152	7,808	218	8,907
Total non-current assets	-	-	98	631	152	7,808	218	8,907
Trade and other receivables	60,192	3,991	73,768	37,046	23,728	84,591	114,452	397,768
Other financial assets	119	18	7,193	3,571	1,048	6,774	10,963	29,686
Debt securities	-	-	11,059	27	1,262	13,226	9,036	34,610
Total current assets	60,311	4,009	92,020	40,644	26,038	104,591	134,451	462,064
Total assets	60,311	4,009	92,118	41,275	26,190	112,399	134,669	470,971
Loans and borrowings		-	-	-	-	9,509	-	9,509
Other financial liabilities	26	-	-	80	-	72,130	161	72,397
Total non-current financial liabilities	26	-	-	80	-	81,639	161	81,906
Loans and borrowings	9,813	796	24,985	14,124	5,999	53,049	15,371	124,137
Finance lease payables	134	-	-	77	-	-	8	219
Trade and other payables	8,768	4,456	24,725	20,046	12,162	43,183	52,233	165,573
Total current liabilities	18,715	5,252	49,710	34,247	18,161	96,232	67,612	289,929
Total liabilities	18,741	5,252	49,710	34,247	18,161	177,871	67,773	371,835
Gross balance sheet exposure	41,570	(1,243)	42,408	7,028	8,029	(65,472)	66,896	99,136
Forecast sales in foreign currency	173,578	17,684	6,455	-	-	44	23,805	221,566
Forecast purchases in foreign currency	58,772	15,733	-	-	-	74	6,253	80,832
Total gross exposure	156,376	708	48,863	7,028	8,029	(65,502)	84.448	239,870
Derivative financial instruments - hedged								
Sales	260,895	20,736	9,623	69	65	51	27.370	318,809
Purchases	64,117	16,430	18	2,926	84	75	3.340	86,990
Net exposure	(40,402)	(3,598)	39,258	9,885	7,964	(65,478)	60,418	8,051

(ii) Interest rate risk

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

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

	2012 Interest rate fluctuation		2011 Interest rate fluctuation	
Effect on pre-tax profit	+0.5%	-0.5%	+0.5%	-0.5%
	(1.85)	1.85	(1.76)	1.76

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, evaluating and hedging financial risks.

These tables present details of the ageing of past-due unimpaired financial assets at 31 December 2012 and 2011.

	2012 (Thousands of Euros)				
	Less than 3 months	3 to 6 months	6 months to 1 year	More than 1 year	Total
Trade and other receivables	150,368	65,275	34,172	67,828	317,643
Total assets	150,368	65,275	34,172	67,828	317,643

	2011 (Thousands of Euros)				
	Less than 3 months	3 to 6 months	6 months to 1 year	More than 1 year	Total
Trade and other receivables	159,802	84,965	72,896	114,682	432,345
Total assets	159,802	84,965	72,896	114,682	432,345

c) Liquidity risk

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

Details of the Group's exposure to liquidity risk at 31 December 2012 and 2011 are provided in the following tables, which show an analysis of financial liabilities by maturity date:

			2012 (Thousands of Euros)			
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans and borrowings	21,982	159,661	120,641	337,490	51,780	3691,554
Finance lease payables	134	1,386	1,184	7,822	1,024	11,550
Trade and other payables	56,331	196,287	1,236,716	-	-	1,489,334
Other financial liabilities	-	-	-	94,281	-	94,281
Total	78,447	357,334	1,358,541	439,593	52,804	2,286,719
Derivative financial instruments	-	517	3,209	5,980	-	9,706
Total	78,447	357,851	1,361,750	445,573	52,804	2,296,425

			2011 (Thousands of Euros)			
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans and borrowings	12,621	14,074	251,767	244,742	58,998	582,202
Finance lease payables	209	712	1,819	7,985	2,630	13,355
Trade and other payables	47,282	1,229,437	130,794	-	-	1,407,513
Other financial liabilities	-	-	-	84,177	6	84,183
Total	60,112	1,244,223	384,380	336,904	61,634	2,087,253
Derivative financial instruments	-	7,279	522	7,599	-	15,400
Total	60,112	1,251,502	384,902	344,503	61,634	2,102,653

35. COMMITMENTS AND OTHER CONTINGENT LIABILITIES

a) Foreign currency commitments

The Group has arranged forward currency sale and purchase agreements to cover open foreign currency positions at 31 December 2012 (see note 4 t)). These commitments are as follows:

	Amount in foreign currency			
	Current		Non-current	
Currency	Purchase	Sale	Purchase	Sale
US Dollar	59,941,529	270,443,236	6,299,184	42,037,723
Pound Sterling	9,276,006	3,890,098	2,321,160	11,664,797
Swiss Franc	4,852,060	-	-	-
Chilean Peso	85,200,000	3,132,043,710	-	-
Mexican Peso	-	350,372,738	-	37,463,679
Argentine Peso	2,799,810	1,345,784	-	-
Australian Dollar	455,786	15,524,404	-	9,153,037
Canadian Dollar	854,355	6,108,827	300,000	1,856,492
Polish Zloty	415,446	28,066,003	-	-
Norwegian Krone	-	4,850,649	-	-
Brazilian Real	-	8,254,481	-	-
Colombian Peso	2,558,195,514	3,923,351,264	-	313,024,841
Moroccan Dirham	-	8,352,695	-	-
Czech Koruna	10,870,390	-	4,420,609	-
Kuwaiti Dinar	-	2,471,519	-	1,085,771
Peruvian Nuevo Sol	-	1,401,912	-	-
South African Rand	-	3,800,000	-	-
Hungarian Forint	466,128,089	1,524,864,721	-	-

At 31 December 2011 the Group had the following commitments:

	Amount in foreign currency			
	Current		Non-current	
Currency	Purchase	Sale	Purchase	Sale
US Dollar	70,934,964	259,162,637	12,025,453	78,409,709
Pound Sterling	11,357,086	5,649,877	2,366,644	11,670,766
Swiss Franc	5,360,131	-	975,000	-
Chilean Peso	56,406,547	44,000,000	-	-
Mexican Peso	333,549	173,715,503	-	-
Argentine Peso	15,237,429	387,585	1,111,533	-
Australian Dollar	4,021,104	14,886,701	-	13,102,722
Canadian Dollar	5,218,340	3,002,143	673,975	7,521,601
Polish Zloty	449,464	10,428,871	-	-
Colombian Peso	414,428,513	9,674,321,725	-	-
Moroccan Dirham	-	8,352,695	-	-
Kuwaiti Dinar	-	1,874,758	-	1,085,771
Peruvian Nuevo Sol	-	4,968,825	-	-
South African Rand	-	3,800,000	-	-

At 31 December 2012 and 2011 exchange rate hedges are valued as follows:

	2012				2011			
	Current		Non-current		Current		Non-current	
Exchange rate hedges	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	43	7,281	5	9,495	19	7,538	-	7,585
Fair value hedges	(21)	(3,555)	-	(3,515)	-	263	-	14
Total (note 10)	22	3,726	5	5,980	19	7,801	-	7,599

b) Share options plan

No new share option plans were agreed in 2012 or 2011.

Details of the remuneration plan linked to share price at 31 December 2012 and movement during the year then ended are as follows:

	Number of options					
	Balance at 31.12.11	Extinguished	Exercised	Balance at 31.12.12	Exercise price (Euros)	Maturity date
2008 options	870,045	(870,045)	-	-	16.82	from 01.01.11 to 31.03.12

Details of the remuneration plan linked to share price at 31 December 2011 and movement during the year then ended were as follows:

	Number of options					
	Balance at 31.12.10	Extinguished	Exercised	Balance at 31.12.11	Exercise price (Euros)	Maturity date
2008 options	870,045	-	-	870,045	16.82	from 01.01.11 to 31.03.12

No personnel expenses have been recognised in relation to this plan in 2012 or 2011.

36. OPERATING LEASES

The Group has contracted various assets under operating leases from third parties. The most significant lease contracts are as follows:

Lessor	Leased premises	Contract signature date	Contract expiry date	Review	Review %	Deposits (thousands of Euros)
Testa Inmuebles en Renta, S.A.	Avenida de Bruselas, 35 (Alcobendas)	01/01/02	30/06/22	July	CPI	1,005
Ayuntamiento de Alcobendas	Anabel Segura, 7 (Alcobendas)	01/09/07	31/08/14	January	CPI	423
Gratan, S.L.	Tanger, 120 (Barcelona)	01/07/05	01/07/14	July	CPI	660
General de Edificios y Solares	Avda. de Arteixo, s/n (La Coruña)	15/05/08	31/05/13	May	CPI	83
Grupo Castellvi	Tanger 98-108, Edificio Interface (Barcelona)	01/07/08	01/10/18	June	CPI	371

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

Owner	Location	Contract expiry date	2012 expense	2011 expense
Testa	Alcobendas (Madrid)	30/06/22	5,860	5,799
Alcobendas town council/Sogepima	Alcobendas (Madrid)	31/08/14	3,288	2,872
Castellvi Group	Barcelona	01/10/18	2,889	2,744
Gratan, S.L.	Barcelona	01/07/14	1,333	1,440
Mapfre Vida, S.A.	Madrid	Anual	1,139	2,142
Obenque	Madrid	31/12/21	962	-
Inversiones Monterrosa	Torre Metálica Mezanina 2 (Venezuela)	25/04/13	924	247
Portocarrio, S.L.	Madrid	07/04/16	665	-
El Remanso, S.A.	Avda. del Valle (Chile)	31/01/13	656	572
M. Ruiz Clavijo, S.L.	Torrejon De Ardoz (Madrid)	01/06/13	598	-
General de Edificios y Solares	La Coruña	31/05/13	521	-
Edificio De Alcobendas, S.A.	Alcobendas (Madrid)	31/05/12	451	404
Alleanza Toro Spa	Rome (Italy)	30/09/16	389	305
Inmobiliaria Lorena, S.L.	Madrid	31/05/13	373	363
Adper, S.L.	Valencia	01/03/13	373	-
General de Edificios y Solares	Madrid	31/12/12	359	1,162
Alfrapark	Alfragide, Lisbon (Portugal)	30/11/17	354	381
Hermandad Nacional de Arquitectos	Madrid	31/03/14	348	334
Rentiber Internacional	San Fernando de Henares (Madrid)	31/03/13	297	-
Criber 2000, S.L.	Madrid	31/03/21	274	-
Inmoan, S.L.	Torrejon De Ardoz (Madrid)	31/12/13	262	262
Ema 4, S.L.	Madrid	28/02/12	195	584
Banesto Renting	Pozuelo De Alarcón (Madrid)	31/07/12	-	1,275
Catalana De Occidente	Madrid	Anual	-	380
El Encinar Del Norte	Madrid	01/08/12	-	482
Fiact	Barcelona	08/06/13	-	273
Hp Hewlett Packard, S.L.	Las Rozas (Madrid)	30/05/12	-	248
Credit Suisse	Madrid	01/03/11	-	261
Cabi Oficinas Corporativas, S.A. de C.V.	Presidente Masarik 11 (Mexico)	06/08/12	-	554
Altocapital Inversiones, S.L.U.	Azuqueca de Henares (Guadalajara)	31/07/18	-	534
Sorensen Capital, S.A.	Yunquera (Guadalajara)	06/07/20	-	252
Ponswinnecke Emprendimientos e participaÇiones	Sao Paulo (Brazil)	30/09/14	-	335
Other			10,714	9,987

"Other" includes all amounts lower than Euros 250 thousand.

37. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

1. Remuneration of board members

The remuneration of the members of the board of directors is governed by the articles of association and board regulations, as well as agreements adopted by the shareholders at their general meetings.

The Parent follows a practice of reviewing the remuneration received by its board members and the underlying criteria on a regular basis to ensure that these are kept in line with best practices and recommendations at all times, considering the characteristics of the Parent, the profiles of its board members, the dedication required to carry out a member's duties diligently and the responsibility inherent to membership, as well as the requirement set out in the board member regulations that the remuneration of external members should be an incentive to reward dedication, qualification and responsibility, but must not compromise independence in the case of independent members.

The existing remuneration system was established in 2011 based on prevalent corporate governance criteria on remuneration and the most widespread practices among comparable companies, supported by independent expert advice from Egon Zehnder and PwC.

The criteria underpinning this remuneration system are as follows:

- The remuneration received by board members, with the exception of executive board members, should not be linked to profits or share price, thus ensuring that remuneration is entirely detached from short-term targets and variables, and is settled entirely in cash.

- Considering the members' high rate of attendance at board and committee meetings and the high level of dedication and availability required by Indra from its board members, each member receives a fixed sum based on his or her individual duties.

In 2011, in accordance with article 27 of the articles of association, the shareholders set the maximum annual amount of this fixed sum at Euros 2,400,000. This limit will remain in force indefinitely unless modified by the shareholders at a general meeting, and the board expects it to remain unchanged for at least three years unless there is any major change in the circumstances.

The maximum annual limit of Euros 2,400,000 approved by the shareholders has been calculated by multiplying the maximum number of board members stipulated by the articles of association (16) by Euros 150,000, considered to be a reasonable annual average sum per member.

Adhering to this annual maximum limit, as foreseen in the articles of association and considering the responsibility and dedication required from its members, the board of directors agreed to distribute this fixed sum among its members as follows: Euros 100 thousand for members of the board of directors; Euros 30 thousand for Delegate Committee members; Euros 50 thousand for Audit and Compliance Committee members; and Euros 30 thousand for Appointments, Remuneration and Corporate Governance Committee members. The chair of each body receives 1.5 times these amounts.

The board also agreed that if the Parent failed to meet its published annual targets, the members' remuneration would be reconsidered and submitted once again to the shareholders.

Through its Appointments, Remuneration and Corporate Governance Committee, the board requested that two firms of independent experts in this field, PwC and Egon Zehnder, give their opinions on the remuneration scheme for 2011 onwards approved by the shareholders and the board itself. Their conclusions were that "the remuneration concepts and amounts are suitable and reflect market levels" and "follow the best practices and most recent recommendations in this area". Egon Zehnder reiterated these declarations in the evaluation for 2012.

An itemised breakdown of total remuneration received by the members of the board of directors in 2012 and 2011 in their capacity as board members of the Parent is as follows:

Remuneration Of Directors 2012

	Fixed Amount				
Board Member	Board Of Directors	Delegate Committee	Audit and Compliance Committee	Appointments, Remuneration And Corporate Governance Committee	Total
Adm. Valtenas (1)	100,000	30,000	--	--	130,000
I. Aguilera	100,000	17,500	29,167	12,500	159,167
J. De Andrés	100,000	31,250	--	--	131,250
Casa Grande De Cartagena	100,000	--	50,000	--	150,000
D. García-Pita	100,000	30,000	--	45,000	175,000
Mediacion Y Diagnosticos (2)	100,000	30,000	--	30,000	160,000
L. Lada	100,000	30,000	20,833	--	150,833
J. March	100,000	30,000	--	30,000	160,000
J. Monzon	150,000	--	--	--	150,000
R. Moranchel(3)	91,667	41,250	--	--	132,917
M. Oriol	100,000	12,500	--	17,500	130,000
Participaciones Y Cartera De Inversion (2)	100,000	--	50,000	--	150,000
I.Santillana	100,000	--	50,000	--	150,000
R. Sugrañes	100,000	30,000	--	30,000	160,000
A. Terol	100,000	--	75,000	--	175,000
Total	1,541,667	282,500	275,000	165,000	2,264,167
Average remuneration per board member (14.9 members)					151,957

(1) Representing Liberbank (2) Representing Banco Financiero y de Ahorros (3) Board member until November 2012

REMUNERATION OF DIRECTORS (IN EUROS) 2011

	Fixed Amount				
Board Member	Board Of Directors	Delegate Committee	Audit And Compliance Committee	Appointments, Remuneration And Corporate Governance Committee	Total
Adm. Valtenas (1)	100,000	30,000	--	---	130,000
I. Aguilera	100,000	30,000	50,000	--	180,000
J. De Andrés(2)	50,000	15,000	--	--	65,000
Casa Grande De Cartagena	100,000	--	50,000	--	150,000
D. García-Pita	100,000	30,000	--	45,000	175,000
Mediacion Y Diagnosticos (3)	100,000	30,000	--	30,000	160,000
L. Lada	100,000	30,000	--	--	130,000
J. March	100,000	30,000	--	30,000	160,000
J. Monzon	150,000	--	--	--	150,000
R. Moranchel	100,000	45,000	--	--	145,000
M. Oriol	100,000	--	--	30,000	130,000
Participaciones Y Cartera De Inversion(3)	100,000	--	50,000	--	150,000
I.Santillana (2)	50,000		25,000		75,000
M. Soto(4)	50,000	--	37,500	--	87,500
R. Sugrañes	100,000	30,000	--	30,000	160,000
A. Terol	100,000	--	62,500	--	162,500
Total	1,500,000	270,000	275,000	165,000	2,210,000
Average remuneration per board member (14.5 members)					152,414

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

During 2012 and 2011 no options on Parent shares were granted to the members of the board of directors, nor did they exercise any options on Parent shares. At the 2012 and 2011 year ends the members of the board of directors do not hold any Parent share options.

In 2012 and 2011 the members of the board of directors have not received any benefits or remuneration other than those disclosed above. Neither the Parent nor any of the consolidated group companies have assumed any pension commitments on behalf of directors or extended any loans or advances to the members of the board.

Remuneration of senior managers who are also members of the board of directors (executive directors) is accrued through their professional relationship with the Parent and, as such, is independent from remuneration they receive as directors, as established in article 27.3 of the articles of association. Details of the salaries received by executive directors are provided in section 2.

Although, as stated above, board member remuneration is settled entirely in cash, all of the board members have informed the Parent of their decision to use a significant part of the sum received (a third of gross remuneration, equivalent to approximately 50% of the net amount received by an individual member) to purchase Indra shares and have committed to retain ownership of these shares until the end of their mandate. The Spanish National Stock Market Commission was informed of this decision in a price sensitive information report filed on 28 July 2011, and the members of the board have fulfilled these commitments in 2012 and 2011.

2. Remuneration of senior management

The remuneration of the Company's senior management, which comprises both executive directors and general managers, is determined on an individual basis by the board of directors based on proposals by the Appointments, Remuneration and Corporate Governance Committee. Since 2002 the Parent has established the remuneration received by senior management on a medium-term basis, usually for a period of three years, over which fixed remuneration has not changed.

In 2011 the board of directors established the remuneration framework for senior management, as proposed by the aforementioned Committee, for the three-year period from 2011 to 2013. The committee and board, advised by independent experts from Egon Zehnder, aimed to ensure that the items and amounts of remuneration, and other items associated with the professional relationship with senior management were at all times in line with best practices on the market, thereby encouraging the directors to remain in service and orientate their management practices to the situation, prospects and objectives of the Parent.

The remuneration framework in force includes both annual and multi-year components.

Annual remuneration comprises: (i) a fixed sum paid in cash; (ii) a variable remuneration component, also in cash, depending on the extent to which established annual targets have been reached and the evaluation of each executive's performance; and (iii) remuneration in kind.

(i) Fixed remuneration will remain unchanged for the entire three-year period, unless an executive's responsibility level changes or specific circumstances arise that warrant a review.

(ii) Annual variable remuneration is determined at each year end and is based on the percentage of fixed annual remuneration established for each senior executive, provided that the board is satisfied with his or her performance in terms of budgets, targets and individual management. This percentage is between 50% and 100% of annual fixed remuneration.

The extent to which each member of senior management has met his or her targets is determined considering both the Company's overall targets and the executive's own qualitative and quantitative targets for his or her area of responsibility, using matrices based on a number of different parameters to assess quantitative targets and considering the comparative performance of the market and main sector firms.

(iii) Remuneration in kind mainly consists of a life insurance policy covering death or incapacity and a health insurance policy.

Medium-term remuneration is fully variable and is dependent on the senior executive remaining within the Company until the end of the period to which the sum relates. This amount consists of: (i) a cash incentive linked to the Company's performance and achievement of targets, as well as the management performance of each senior executive, and (ii) a share-based payment, in order to link part of this remuneration to the Company's share price.

(i) The medium-term cash remuneration has been established at 1.9 to 3 times fixed annual remuneration. This incentive will be received provided that the board is satisfied with the Company's performance in 2011-2013 and with the management of each senior executive, based not only on whether annual targets have been met, but also on the development and achievement of strategic and medium-term objectives established for the period by the board of directors. In this evaluation, the board also compares the Company's performance on the markets in which it operates with that of the main comparable companies in the sector. The methods and criteria used to determine the extent to which medium-term targets have been met are similar to those outlined above for annual variable remuneration. This medium-term remuneration is accrued over the three-year period set and, where applicable, settled after the 2013 year end.

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

To determine the variable remuneration received by executive directors, the top end of each of the above ranges is used.

The terms and amounts of these remuneration components are based on the following criteria: fixed remuneration should remain constant throughout the period and variable remuneration should represent a substantial – i.e. comparatively above average market level –portion of total remuneration. Medium-term remuneration should also represent a significant proportion of total remuneration and the portion linked to share price should be significant but not excessive.

The board understands that this is an efficient scheme that ensures that the remuneration received by senior management of the Parent is in line with best practices and market conditions, encouraging executives to remain in its employment, orientating and challenging their management practices and focusing particularly on the medium term, linked to a reasonable extent – and solely in the medium term – to the share price, and taking into account the Parent's present situation, prospects and sustainable growth targets.

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

The Group had nine senior executive personnel in 2012, with the exception of the last month of the year as detailed below:

Position	Name
Chairman	Javier Monzón
Vice-Chairman	Regino Moranchel
Managing Director	Javier de Andrés
Corporate General Manager	Juan Carlos Baena
Corporate General Manager	Emma Fernández
General Manager – Operations	Emilio Díaz
General Manager – Operations	Rafael Gallego
General Manager – Operations	Santiago Roura
General Manager – Operations	Carlos Suárez

Regino Moranchel left the Company, and, consequently, the position of Executive Vice-Chairman, in November 2012.

As the Chairman, Vice-Chairman and Managing Director also sit on the board of directors of the Company, they are classed as executive directors. Pursuant to the articles of incorporation, the salaries received for their roles as senior executives are independent from their remuneration as board members. The figures disclosed below reflect the salaries received by executive directors in their capacity as senior executive personnel.
Following the corresponding evaluation by the board of directors, annual remuneration for 2012 and 2011 is as follows:

	Total senior management		Chairman		Vice-Chairman (1)		Managing Director (2)	
	2012	2011	2012	2011	2012	2011	2012	2011
Fixed remuneration	4.446	4.475	1.000	1.000	596	650	450	225
Variable remuneration	3.025	3.128	850	900	596	585	383	203
Remuneration in kind	267	238	49	41	38	45	18	11
Total remuneration	7.738	7.841	1.899	1.941	1.230	1.280	851	439
Average number of senior management personnel	8,9	9						
Total average remuneration per member of senior management	869	871						

(1) The 2012 figure reflects 11 months prior to this executive's departure. As detailed later in this report, he also received total gross compensation of Euros 9.1 million on completion of his employment with the Parent.
(2) The amount for 2011 solely reflects the second half of the year (the present managing director was appointed in June).

The total remuneration received by the three executive directors represents 1.83% of consolidated net operating profit and 2.44% of consolidated profit before income tax for 2012 (1.37 % and 1.57%, respectively, in 2011).

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

The cash component of medium-term remuneration will be accrued and settled after the 2013 year end. In 2012 the Parent has recognised a Euros 3,746 thousand provision for this cash payment. The amounts corresponding to executive directors are as follows: Euros 1,000 thousand (Chairman), Euros 596 thousand (Vice-Chairman) and Euros 450 thousand (Managing Director). In 2011 the Company recognised a Euros 3,750 thousand provision for this cash payment The executive directors accounted for the following amounts: Euros 1,000 thousand (Chairman), Euros 650 thousand (Vice-Chairman) and Euros 225 thousand (Managing Director (six-month period)).

As stated above, in 2011 the shareholders authorised the board of directors to distribute, based on a proposal by the Appointments, Remuneration and Corporate Governance Committee, 232,404 shares to senior management in 2012 (executive directors: 65,125 to the Chairman, 38,856 to the Vice-Chairman and 30,322 to the Managing Director). In 2011 senior management received 174,137 shares in total (executive directors: 51,315 (Chairman), 33,529 (Vice-Chairman) and 21,183 (Managing Director)). No share options have been granted to senior management in 2012 or 2011.

No options on Parent shares have been exercised by senior management personnel in 2012 or 2011. The exercise period for the options granted on 1 October 2008 ended on 31 March 2012 and these options have therefore been extinguished. Senior executives no longer hold any options on Indra shares.

In 2012 and 2011 members of senior management did not receive any benefits, compensation or remuneration other than those indicated in this note. Neither the Parent nor any of the Group companies has assumed any pension commitments on behalf of or extended any loans or advances to senior management.

However, the Appointments, Remuneration and Corporate Governance Committee has recommended that senior management acquire Parent shares on their own account so as to reach and maintain a stable interest in its share capital equivalent to at least their fixed annual remuneration. At the 2012 year end senior management personnel hold a total of 664,534 shares. The year-end market value of these shares is equivalent to 1.7 times the annual fixed remuneration received by senior management.

The board of directors, through its Appointments, Remuneration and Corporate Governance Committee, requested an opinion on the remuneration of senior management for 2012 from the independent firm Egon Zehnder. This renowned and prestigious firm in this area, concluded that the remuneration scheme is "appropriate, with a moderate fixed component and a proportionately large variable component, as well as significant medium-term remuneration, largely linked to business performance".

Each member of senior management has signed a contract with the Parent regulating the conditions applicable to his or her professional relationship. The Parent has published details of these contracts since 2006, and since 2007 they have been authorised by the board of directors after receipt of a favourable report and proposal from the Appointments, Remuneration and Corporate Governance Committee, and have been presented to the shareholders at their ordinary general meeting. By virtue of these contracts, should their professional relationship with the Parent be terminated, except in the case of voluntary departure or when there are grounds for dismissal, members of senior management are entitled to compensation, depending on their length of service, of between one (three in the case of the Chairman and Executive Vice-Chairman) and three-and-a-half times their total annual salary (the basic salary established in the corresponding contract). Furthermore, the executive directors and general managers of operations have signed non-competition agreements, which are effective for two years from the termination of their professional relationship with the Parent and entitle them to compensation of 0.75 times their total annual basic salary for each year of non-competition. This compensation is 0.5 times in the case of general managers, who, at the Company's discretion, may be required to assume these commitments on leaving its employment.

The handover plans designed by the Parent and published in the remuneration reports for 2010 and 2011 provided for the departure of the Executive Vice-Chairman at the end of 2012. On 30 November 2012 the Parent filed a price sensitive information report stating that the employment relationship with its Executive Vice-Chairman, which dated back to 1972, had been terminated, and that, as foreseen in article 27.3 of the articles of association and the terms of the corresponding contract, this executive was entitled to total gross compensation of Euros 9.1 million, an amount fully subject to personal income tax and for which the Parent had made full provision.

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

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

Name of board member	Company	% ownership	Position or duties
Felipe Fernández(1)	Infocaja, S.L	--	Chairman of the board of directors and chairman of the executive committee
Participaciones y Cartera de Inversión, S.L.	Eurobits Tecnologies, S.L. New Truro España, S.L.	49,98 (2) 5% (3)	Board member Board member
Mediación y Diagnósticos, S.A.	Eurobits Tecnologies, S.L. New Truro España, S.L.	49,98 (2) 5% (3)	Board member Board member
Luis Lada	Telefónica I+D, S.A.U	--	Board member

(1) Representative of the board member Administradora Valtenas, S.L.
(2) This interest is held indirectly through Bankia, S.A.
(3) This interest is held indirectly through Inmogestión y Patrimonios, S.A

39. R&D&INNOVATION ACTIVITIES

R&D&innovation expenditure is incurred on a significant part of the activities carried out by the Indra Group. These expenses are taken to the consolidated income statement when they are incurred (see note 4).

In total Euros 193,040 was incurred on R&D&innovation projects, including capitalised projects (see note 9), in 2012, equivalent to 6.6% of the Group's total sales for the year. R&D&innovation expenses incurred by the Parent account for approximately 97% of total expenses of this nature incurred by the Group during the year.

In 2011, R&D&innovation expenses amounted to Euros 189,298 thousand, equivalent to 7.0% of total Group sales.

40. ENVIRONMENTAL INFORMATION

At 31 December 2012 and 2011 the Group has no assets related to environmental protection and improvement and has not incurred any expenses in this respect. No environment-related grants have been received in 2012 or 2011.

The directors of the Parent consider that no significant contingencies exist in relation to the protection and improvement of the environment and therefore do not consider it necessary to make any environment-related provision for liabilities and charges.

However, as part of its commitment to corporate responsibility, Indra seeks to protect the environment during the course of its activities, as is demonstrated by the environmental management system based on UNE-EN ISO 14001 implemented in the Group's different work centres. Since its introduction, this project has primarily focused on the Parent's main work centres. In addition to certification under this standard obtained in previous years in Arroyo de la Vega (Alcobendas), San Fernando de Henares, Torrejón de Ardoz, Triángulo (Alcobendas), Aranjuez, Barcelona (calle Roc Boronat), Barcelona-Interface, La Coruña, Anabel Segura (Alcobendas-Madrid), Ciudad Real, Sevilla, Erandio (Bilbao). and Baracaldo (Bilbao), in 2012 this recognition was achieved by the C/Alcalá, CAI de Santa Perpetua (Barcelona) and CAI de Leganés work centres, where the subsidiary Indra BMB Servicios Digitales, S.L. operates, as well as the centre in C/Julián Camarillo used by the Parent and the subsidiary Indra Software Labs, S.L.

In addition to these three companies, the subsidiary Indra Sistemas de Seguridad, S.A. had already been certified to operate in these centres. Indra Emac, S.A. and Advanced Logistics Group, S.A. were also awarded certification for the San Fernando de Henares and Barcelona-Interface centres, respectively, in 2012.

With regard to international subsidiaries, in 2012 the environmental initiatives introduced to two work centres in Buenos Aires in 2011 were continued, and similar initiatives were adopted in two centres in Brazil, as part of the Indra Group's Globalisation Plan for corporate quality and environmental management systems. These activities will be maintained over the coming years and the Group plans to introduce further environmental initiatives among its international subsidiaries.

2012 also saw the introduction of a number of initiatives relating to energy efficiency and "green IT" to the Group's installations and activities. The project introduced in 2010 to reduce greenhouse gas emissions from the Indra Group facilities also remained on track.

41. AUDIT FEES

KPMG Auditores, S.L., the auditors of the consolidated annual accounts of the Group, and other companies affiliated with KPMG International have invoiced the following net fees for professional services during the years ended 31 December 2012 and 2011:

	2012				2011			
Thousands of Euros	KPMG Auditores, S.L.	KPMG Europe, LLP	Other KPMG	Total	KPMG Auditores, S.L.	KPMG Europe, LLP	Other KPMG	Total
Audit services	488	17	640	1,145	439	15	554	1,008
Other services	7	4	288	299	8	-	108	116
	495	21	928	1,444	447	15	662	1,124

Audit services detailed in the above table include the total fees for services rendered in 2012 and 2011, irrespective of the date of invoice.

Other auditors charged total fees for audit services of Euros 96 thousand in 2012 (Euros 139 thousand in 2011).

42. RELATED PARTY TRANSACTIONS

Related party transactions with significant shareholders and board members do not represent, either individually or collectively, a significant amount of the Parent's revenues or statement of financial position at 31 December 2012 or 2011. All of these transactions took place in the normal course of the Parent's business and in market conditions, and were authorised by the board of directors as required by the board regulations. However, it is Parent policy to published detailed information on these transactions.

The regulations governing the board of directors require that transactions with related parties be assessed in consideration of the principle of equal treatment of shareholders and the application of market conditions. Under article 38 of these regulations, any such transactions must be authorised by the board of directors on the basis of a report from the Appointments, Remuneration and Corporate Governance Committee.

During 2012 and 2011 commercial, financial and service transactions were carried out with Banco Financiero y de Ahorros, Banca March (a major shareholder in Corporación Financiera Alba), Liberbank, all of which are major shareholders or entities related to major shareholders, and with entities related to the board member Ms de Oriol.

Details of related party transactions in 2012 and 2011, by type of transaction, are shown in the table below:

2012 (Thousands of Euros)

Type of transaction	With shareholders	With board members	With other parties	Total 31.12.2012
Sale of goods and services	11,346	11	4,019	15,376
Purchase of goods and services	336	2,881	-	3,217
Finance income received	196	-	-	196
Expenses for financial services	437	-	-	437
	12,315	2,892	4,019	19,226

2011 (Thousands of Euros)

Type of transaction	With shareholders	With board members	With other parties	Total 31.12.2011
Sale of goods and services	13,481	33	3,906	17,420
Purchase of goods and services	871	987	72	1,930
Finance income received	6	-	-	6
Expenses for financial services	831	-	-	831
	15,189	1,020	3,978	20,187

a) Transactions with shareholders

All transactions with shareholders were carried out with Banco Financiero y de Ahorros, Banca March and Liberbank, or with companies belonging to their respective groups.

Sale of goods and services reflect services commissioned to the Indra Group in the ordinary course of business. Purchases of goods and services reflects services commissioned as required in the ordinary course of business.

Finance income reflects the interest earned on current financial deposits with Bankia (a Banco Financiero y de Ahorros Group company).

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

In both 2012 and 2011 the Indra Group has held several financial contracts with Banco Financiero y de Ahorros Group companies and Banca March. Details of the main contracts are as follows:

- Banco Financiero y de Ahorros: a credit facility with annual maturity and a maximum limit of Euros 16,521 thousand in 2012 and Euros 15,305 thousand in 2011, and average drawdowns of Euros 7,760 thousand and Euros 12,064 thousand, respectively; a guarantee and credit card facility with annual maturity totalling Euros 72,248 thousand in 2012 and Euros 78,065 thousand in 2011; a reverse factoring facility with annual maturity and a maximum limit of Euros 10,000 thousand in 2012 and Euros 12,000 thousand in 2011; financing of commercial operations totalling Euros 69,819 thousand in 2012 and Euros 87,819 thousand in 2011; an interest rate hedge for a maximum amount of Euros 15,000 thousand in 2012 and Euros 15,060 thousand in 2011.

- Banca March: a guarantee facility with annual maturity amounting to Euros 10,990 thousand in 2012 and Euros 13,853 thousand in 2011.

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

Thousands of Euros	2012	2011
Banco Financiero y de Ahorros	22,347	22,329
Corporación Financiera Alba	12,639	11,183
Liberbank, S.A.	5,595	5,590
Casa Grande Cartagena	5,587	5,581

b) Transactions with board members

Ms de Oriol accounts for the entire balance listed under transactions with board members.

Sales of goods and services reflect security services provided by companies belonging to the Seguriber-Umano Group in 2012 and Seguriber in 2011. Ms de Oriol is the chairwoman of this group, in which she also holds a 58% interest (direct and indirect). Separate commercial relationships have existed between Seguriber and Umano and the Indra Group since before the appointment of Ms de Oriol as a board member (Seguriber since 2006 and Umano since 2000). The increase in 2012 mainly reflects the fact that these transactions now include business with Umano Group companies as a result of their integration into Seguriber at the beginning of the year.

Amounts paid in 2012 and 2011 in this regard totalled Euros 2,881 thousand and Euros 987 thousand, respectively. Transactions with Indra represent 2.11% of the Seguriber-Umano Group's total revenues for 2012 and 1.31% of Seguriber's total revenues for 2011. Indra commissions these services annually, basing its choice of provider on strict market criteria. Considering the nature and characteristics of this activity and Ms de Oriol's circumstances and professional profile, the business with Indra is of little importance to Ms de Oriol as a Seguriber-Umano shareholder.

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

c) Transactions with other related parties

All transactions with other related parties are with Banco Inversis, S.A. a company in which the Parent and Bankia hold respective interests of 12.77% and 38.48%.

d) Transactions with senior management

No transactions with senior management personnel or their related parties have taken place in 2012 or 2011.

Details of senior management remuneration are provided in note 37

e) Transactions with associates and joint ventures

The following transactions were carried out with associates and joint ventures in 2012 and 2011:

	2012 (Thousands of Euros)			
	Receivables	Payables	Income	Expenses
Associates	3,219	12,125	12,428	3,326
Joint ventures	2,578	3,022	12,350	10,817
	5,797	15,147	24,778	14,143

	2011 (Thousands of Euros)			
	Receivables	Payables	Income	Expenses
Associates	1,523	33,511	14,445	9,242
Joint ventures	5,557	7,029	20,690	15,916
	7,080	40,540	35,135	25,158

Note: receivables and payables reflect the amounts recognised at 31 December each year.

43. EVENTS AFTER THE REPORTING PERIOD

On 8 February 2013 the Venezuelan government announced the devaluation of the country's currency, the Bolivar, by 31.7%. The Group has assessed the impact of this devaluation, concluding that it will not have a significant impact on its consolidated financial statements

APPENDIX I

Indra Sistemas , S.A. y Sociedades Filiales
Cuentas Anuales Consolidadas al 31 de diciembre de 2012
Detalle de las Sociedades que componen el Grupo al 31 de diciembre de 2012

Company	Registered offices	Activity
1.- Parent		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
2.- Subsidiaries		
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)	Engineering and maintenance of aerial defence systems and other related areas.
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 Barcelona	Design, development, integration and maintenance of systems and solutions for surveillance and installation security.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacturing, development, sale, installation, maintenance and repair of security equipment, devices and systems for data communication, encoding systems, encrypting, signals and command and control centres.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, marketing and sale of defence systems.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, marketing and sale of defence systems.
Indra Software Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, manufacture and testing of IT system development products.
Teknatrans Consultores, S.L.	Portuetxe, 23, Donostia	Technical architecture and engineering services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
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 technology: computing, electronics and communications.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consultancy services and technical assistance in systems analysis, development and implementation of programmes for computing equipment.
Indra Brasil, Ltda.	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Politec Tecnología da Informacao SL	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Search Informatica Ltda	Brasilia (Brazil)	Advisory and consultancy services for IT-based business management, software development and the sale of equipment and software.
Ultracom Consultoría	Sao Paulo (Brazil)	Customisation, development, adaptation and maintenance of IT programs and systems. IT advisory, consultancy and training services; IT localisation services, software installation, implementation and technical support services; software design and the sale of IT materials and accessories.
Indra Tecnología Brasil LTDA	Brasilia (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on information, technology: computing, electronics and communications for the air traffic, defence, ground transport and traffic, shipping and railway sectors and for electoral use.
Politec Argentina, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Politec Chile	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.

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Politec USA	Atalnta (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Colombia LTDA.	Bogota (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona Chile S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona C & S Holding, S.A. (Chile)	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas México S.A. de C.V.	México D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Isolux Mexico, S.A. de C.V.	México D.F. (Mexico)	Signage services for motorways.
Azertia Tecnología de la Información México S.A.C.V.	México, D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona México S.A. de C.V.	México D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Panamá, S.A. (Panamá)	Panama	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Company Perú SAC	Lima (Perú)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Perú, S.A.	Lima (Perú)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluciones y Servicios Indra Company Uruguay S.A.	Montevideo (Uruguay)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra USA Inc.	Filadelfia (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Systems, Inc.	Orlando (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Azertia Tecnologías de la Información Venezuela S.A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Azertia Gestión de Centros Venezuela S. A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications and document management services.
Soluziona, S.P. C.A. (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.de la información: informática, electrónica y comunicaciones.

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Company	Registered offices	Activity
AC-B air Traffic Control & Business Systems GmbH (Alemania)	Germany	Design, development, production and maintenance of systems, solutions and services based on the use of information technologies as well as navigation and landing support and air traffic control systems.
Avitech AG	Germany	Design, development, production and maintenance of navigation and landing support and air traffic control systems.
Indra Italia Spa	Rome (Italy)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Italia Lab SRL	Rome (Italy)	Information technology products and projects and other related activities.
Indra Navia AS (Park Air, Noruega)	Oslo (Norway)	Design, development, production and maintenance of navigation and landing support and air traffic control systems.
Normeka, AS	Rømskog (Norway)	Design, development, production and maintenance of navigation and landing support and air traffic control systems.
Indra Czech Republic s.r.o.	Prague (Czech Republic)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Eslovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra France SAS	Paris (France)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Hungary L.L.C.	Debrecen (Hungary)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sisteme S.R.L.	Chisinau (Moldova)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Polska sp.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Elektrica Soluziona S.A. (Rumania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Ucrania L.L.C.	Kiev (Ukraine)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Kazakhstan Engineering Llp	Astana (Kazakhstan)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Turkey Teknolojileri Çözümleri Anonim Sirketi	Istambul (Turkey)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Radar Technology (Tianjin) Co., Ltd.	Tianjin (China)	Design, development, production and maintenance of navigation and landing support and air traffic control systems.

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Company	Registered offices	Activity
Indra Philippines, Inc.	Quezon (Philippines)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Technology Solutions Malasya Sdn Bhd	Kuala Lumpur (Malaysia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Indonesia	Jakarta (Indonesia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas India Private Limited	New Dheli (India)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Bahrain Consultancy SPC	Manama (Bahrain)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Arabia LLC co.	Jeddah (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Magreb S.A.R.L	Rabat (Morocco)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Limited (Kenya)	Nairobi (Kenya)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona Professional Services (Private) LTD	Harare (Zimbabwe)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Technology South Africa	Johannesburg (South Africa)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Australia Pty Limited	Australia	Design, development, production and maintenance of navigation and landing support and air traffic control systems.
Indra BMB, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO), document management services and morgage management.
Indra BMB Servicios Digitales, S.A.	Pº. De Gracia 55. Barcelona	Data capture and digitisation.
Servicios Avanzados Printing & Finishing, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO), and document management services.
Compañía de Medios y Servicios, S.A	Carretera de la Torre, S/N, Bollullos de la Mitación (Sevilla)	Business process outsourcing (BPO).
Central de Apoyos y Medios Auxiliares, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Business process outsourcing (BPO).
Caymasa El Sendero, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Business process outsourcing (BPO).
Telemarketing, Catálogos y Promoción, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Business process outsourcing (BPO).
OUAKHA Services, Saarl AU (Marruecos)	Tánger (Marruecos)	Back-office process outsourcing (BPO) for financial institutions.
Viálogos Servicios de Comunicación, S.L.	Carretera de Zaragoza, 3. Cordovilla (Navarra)	Business process outsourcing (BPO), document management services and morgage management.

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Company	Registered offices	Activity
Tasai, S.A.	Parque Tecnologico de Derio, 807 PB. Derio (Vizcaya)	Business process outsourcing (BPO), document management services and morgage management..
IFOS (International Financial Operational Services), S.A.	Buenos Aires, Argentina	Business process outsourcing and management and design, development, production, integration and maintenance of systems for financial institutions.
Europraxis Atlante, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional services consisting of business, technological and solutions consultancy.
Tourism & Leisure Advisory Service, S.L.	Calle Carabela la Niña, 12 Barcelona	Professional tax, financial, industrial and technical advisory and consultancy services for all types of companies and organisations.
Advanced Logistics Group, S.A.	Copmte de Urgell 240 Barcelona	Preparation of studies, technical projects and reports on transport engineering, consultancy and logistics.
Mensor Consultoría y Estrategia S.L.	Anabel Segura 11, Alcobendas (Madrid)	Consultancy, strategy, management and support services in the development and implementation of technology solutions for companies, as well as teaching activities and continuous training for post-graduates and professionals.
Europraxis ALG Maroc	Morocco	Professional services consisting of business, technological and solutions consultancy.
Europraxis ALG Consulting Brasil, Ltda.	Sao Paulo (Brazil)	Professional services consisting of business, technological and solutions consultancy.
Europraxis ALG Consulting Mexico S.A. de C.V.	Mexico City (Mexico)	Professional services consisting of business, technological and solutions consultancy.
Advanced Logistic Group Andina, S.A.C. (Perú)	Lima (Perú)	Professional services consisting of business, technological and solutions consultancy.
Advanced Logistic Group Venezuela, S.A.	Colinas del Bello Monte (Venezuela)	Professional services consisting of business, technological and solutions consultancy.
Europraxis Consulting, S.r.l.	Milan (Italy)	Professional services consisting of business, technological and solutions consultancy.
Europraxis ALG Consulting, Ltd (U.K.)	Slough, Berkshire (UK)	Professional services consisting of business, technological and solutions consultancy.
Prointec, S.A.	Avda de Burgos 12, Madrid	Engineering and consultancy services mainly in relation to the environment, transport, construction, water and industry.
Geoprin, S.A.	Avda de Burgos 12, Madrid	Technical geological services.
Inse-Rail, S.A.	Avda de Burgos 12, Madrid	Technical engineering services.
GICSA-Goymar Ingenieros Consultores, S.L.	Avda de Burgos 12, Madrid	Technical engineering services.
Procinsa Ingeniería, S.A.	Santa Susana 3, Oviedo	Technical engineering services.

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MECSA - Marcial Echenique y Compañía, S.A.	Avda de Burgos 12, Madrid	Technical engineering services.
Prointec Diseño y Construcción, S.A.	Avda de Burgos 12, Madrid	Development, holding and construction management and intermediation in infrastructures, buildings and public and private services.
Unmanned Aircraft Technologies, S.A.	Avda de Burgos 12, Madrid	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.
Prointec Extremadura, S.L.	José Luís Cotallo 1, Cáceres	Civil engineering services and consultancy.
Prointec Engenharia, Ltda.	Sao Paulo (Brazil)	Civil engineering services and consultancy.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (Mexico)	Technical architecture and engineering services.
Prointec Panamá, S.A.	Ancon (Panamá)	Civil engineering services and consultancy.
Prointec Usa LLc	Sacramento, California (USA)	Research and development of autopilot systems and advanced solutions in unmanned aircraft systems.
Prointec Civil Engineering Consultancy	Dublin (Ireland)	Civil engineering services and consultancy.
(Irlanda)	Bucharest (Romania)	Civil engineering services and consultancy.
Consis Proiect SRL	Bucharest (Romania)	Civil engineering services and consultancy.
Prointec Romaría S.R.L. (Rumanía)		

Joint ventures

I3 Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastian de los Reyes (Madrid)	Design, development, manufacture, supply, assembly, repair, maintenance, installation and marketing ofIT products, solutions, applications and systems for the audiovisual industry.
IRB Riesgo Operacional S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Esteio Sistemas S.A. (Brasil)	Sao Paulo (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
UTE 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.
UTE Manteniment Rondes	Avenida de Bruselas, 35 Alcobendas (madrid)	Maintenance of the Llobegrat-Morrot nodes.
UTE Copsa-Indra	Cami de la Gran (Andorra)	Execution of works on phase IV of the Dels Valieres tunnel.

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Company	Registered offices	Activity
UTE 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 its autonomous games and lotteries entity.
UTE mantenimiento Semafórico de Torrejón de Ardoz	Calle Príncipe de Vergara 135 (Madrid)	Repair and maintenance, supply and installation of automatic traffic lights.
UTE CDTA	Calle Valgandre, 6 (Madrid)	Operation of the automated complaint handling centre.
UTE Indicadores Ambientales Delta del Ebro	Avenida Diagonal, 211 (Barcelona)	Executions of works included in urgent project 4.3 C "Indicadores Delta del Ebro".
UTE Área Metropolitana	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the Metropolitan Area of Gran Canaria.
UTE Mantenimientos Rondes 2012	Carrer de les Tápies, 4 (Barcelona)	Comprehensive maintenance services of the Dalt and coastal ringroads in Barcelona.
UTE Mantenimiento Las Palmas	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road, pavement, square and pedestrianised area maintenance services in Las Palmas de Gran Canaria.
UTE Segura XXI-II	C/ Sepúlveda, 6 Pol.Ind.Alcobendas, Alcobendas (Madrid)	Maintenance and operation of the automated hydrological information system (SAIH) of the Segura watershed (Murcia, Albacete, Alicante, Almeria and Jaen).
UTE CIC TF	C/Ramón y Cajal nº3. Santa Cruz de Tenerife	Road information and maintenance centre.
UTE CEIDECOM	Pol. Industrial Bembibre. Parque Ind. Alto de San Román. Bembibre. León.	Execution of the measures included in the CEIDECOM Bembibre project, presented to the Institute for the Restructuring of Coal Mining (Instituto para la Reestructuración de la Minería del Carbón).
UTE Indra-Eurocopter	Avenida de Bruselas 35, Alcobendas (Madrid)	Survival equipment for the Spanish navy air fleet HU-21 helicopter (AS-332, AS-532 UL).
UTE Saih CHJ	C/ Polígono 43, Aldaya (Valencia)	Operation, maintenance, renovation and upkeep of the automated hydrological information system (SAIH) network of the Jucar basin.
UTE Telvent-Indra-Atos	Avenida Pio XII, 83 Madird	Development of an interface with the Bluemassmed pilot project.
UTE Instalación VSM Instalazioak	C/ Henao 2, Bilbao	Construction of the control centre installations of the Variante Sur Metropolitana motorway.

Associates

Saes Capital, S.A.	Paseo de la Castellana 55, Madrid	Through associates, 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.

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Company	Registered offices	Activity
Trias Beltrán 4, S.L.	Calle Alcalá 261-265, Madrid	Lease of the office premises located at Plaza Carlos Trias Beltran, 4, Madrid.
Jood Consulting, S.L.	Avenida de Cataluña 9, Valencia	Sale of information technology services in Arab countries.
Tower Air Traffic Services, S.L.	Carretera de Loeches 9, Torrejon de Ardoz (Madrid)	Airfield transit services for the management of airborne traffic.
A4 Essor, S.A.S.	Paris (France)	Development of a security programme for radiocommunications.
Indra Sistemas de Tesorería, S.L.	Pº de la Castellana 89, Madrid	Design, development, production, integration, operation, repairs and maintenance and marketing of systems, solutions and products based on the use of information technology. Professional services consisting of business, management, technology and training consultancy.
Oyauri Investment, S.L.	Duque de Sevilla 11, Madrid	Investment in companies operating in the information technology and communications sector.
Idetegolf, S.A.	Julio Sáez de la Hoya 7, Burgos	Design, management and construction of sports facilities.
Gestión de Recursos Eólicos Riojanos, S.L.	Avda. Gran Vía Ray Juan Carlos I, Logroño	Generation – particularly from wind power – transport and distribution of electricity.
Aerobus Arapiles, S.L.	Avda. Burgos 12, Madrid	Services for the installation of elevated railway systems with low environmental impact.
Eólica Marítima y Portuaria, S.L.	Claudio Coello 43, Madrid	Operation of renewable energy relating to the environment and geology. Technical engineering services.
Huertas de Binipark, S.A.	Carretera de S´Esgleita a Esparles Km 4,3 predio. San Quint Sa Tafona (Mallorca)	Installation of power generation systems.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño (La Rioja)	Study, promotion, development and execution of groundbreaking projects relating to the environment and energy generation.
Logística marítima de Tuxpan S.A.P.I. de C.V.	Veracruz (Mexico)	Engineering and consultancy services rendered to port infrastructures.

APPENDIX II

Indra Sistemas, S.A. and Subsidiaries
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Company		Interest			Total	Individual
Parent	Direct	Indirect	Total	Equit	operating revenue	post-tax profit/ (loss).
Indra Sistemas				1,122,763	1,987,955	138,176
Subsidiaries						
Indra Emac, S.A.	100%	-	100 %	2,831	15,139	1,888
Indra Sistemas de Seguridad, S.A.	100%	-	100 %	6,162	12,702	1,159
Indra Sistemas de Comunicaciones Seguras, S.L.	-	100%	100 %	9,034	3,260	1,213
Inmize Capital, S.L.	80%	-	80 %	1,554	-	(4)
Inmize Sistemas, S.L.	-	50%	50 %	7,178	2,489	541
Indra Software Labs, S.L.	100%	-	100 %	39,503	169,467	13,648
Teknatrans Consultores, S.L.	100 %	-	100 %	671	663	193
BMB Group	100%	-	100 %	17,213	172,294	(1,423)
Europraxis Group	100%	-	100 %	37,894	62,608	(1,278)
Prointec Group	98%	-	98 %	20,756	(72,158)	(246)
Indra Brazil Group	100%	-	100 %	44,254	275,347	(11,347)
Indra SI, S.A.	76%	24%	100 %	2,991	40,388	(3,309)
Politec Argentina	95%	5%	100 %	215	1,563	(92)
Azertia Tecnología de la Información Argentina S.A.	100%	-	100 %	131	12,918	(1,685)
Computación Ceicom	100%	-	100 %	4,789	13,386	1,725
Indra Colombia LTDA.	100%	-	100 %	9,690	49,560	1,412
Indra Sistemas Chile, S.A.	100%	-	100 %	5,241	46,555	1,395
Soluziona Chile S.A.	100%	-	100 %	847	2,148	951

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Company	Interest					
Subsidiaries	Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Politec Chile	-	100%	100 %	313	1,493	(340)
Soluziona C&S Holding S.A.	-	100%	100 %	1,438	-	42
Soluziona S.A. Guatemala	100%	-	100 %	103	-	(175)
Indra Sistemas México, S.A. de C.V.	100%	-	100 %	9,708	91,826	4,750
Azertia Tecnología de la Información México S.A. de C.V.	100%	-	100 %	10,364	30,634	384
Soluziona México S.A. de C.V.	100%	-	100 %	(1,623)	12,197	(1,492)
Indra Panama, S.A.	100%	-	100 %	2,868	11,899	470
Indra Company Perú SAC	100%	-	100 %	1,963	7,546	815
Indra Perú, S.A.	75%	-	75 %	12,609	40,457	3,536
Soluciones y Servicios Indra Company Uruguay S.A.	100%	-	100 %	1,627	3,224	(196)
Indra USA, Inc	100%	-	100 %	1,942	9,655	965
Indra Systems, Inc	100%	-	100 %	(15,517)	2,232	(2,181)
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100 %	5,135	4,282	(1,481)
Azertia Gestión de Centros Venezuela, S.A.	100%	-	100 %	(2,421)	6,800	(1,206)
Soluziona SP, C.A. Venezuela	100%	-	100 %	7,601	18,994	235
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100 %	988	1,615	289
Avitech AG	100%	-	100 %	3,299	12,036	923
Indra Italia Spa	78%	-	78 %	9,478	58,072	4,146
Indra Navia AS	100%	-	100 %	11,633	45,291	5,074

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Parent Subsidiaries	Interest Direct	 Indirect	 Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Indra Czech Republic s.r.o.	100%	-	100 %	3,205	9,419	731
Indra Eslovakia, a.s.	100%	-	100 %	801	3,701	212
Indra France Sas	100%	-	100 %	321	2,984	132
Indra Hungary K.F.T.	100%	-	100 %	82	722	(102)
Indra Sisteme S.R.L. (Moldavia)	100%	-	100 %	527	827	36
Indra Polska Sp.z.o.o	100%	-	100 %	(103)	94	(66)
Indra Sistemas Portugal, S.A.	100%	-	100 %	7,253	29,399	688
Electrica Soluziona S.A. (Rumanía)	51%	-	51 %	1,368	2,809	172
Indra Ukraine L.L.C.	-	100%	100 %	52	-	(16)
Indra Kazakhstan Engineering Llp	51%	-	51 %	1,114	2,194	(167)
Indra Turkey Teknolojileri Çözümleri Anonim Sirketi	100%	-	100 %	300	1,810	(652)
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100 %	1,337	2,885	102
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70 %	206	682	(637)
Indra Philippines INC	50%	-	50 %	9,350	28,097	1,741
Indra Technology Solutions Malasya Sdn Bhd.	100%	-	100 %	(290)	-	(388)
Indra Indonesia	100%	-	100 %	(404)	1	(767)
Indra Sistemas India Private Limited	100%	-	100 %	(970)	5,952	(963)
Indra Bahrain Consultancy SPC	100%	-	100 %	3,812	10,049	(150)
Indra Arabia LLC co.	95%	5%	100 %	99	-	-

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Company	Interest					
Subsidiaries	Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Indra Sistemas Magreb S.A.R.L.	100%	-	100 %	360	1,091	100
Indra Limited (Kenya)	100%	-	100 %	2,612	3,863	557
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70 %	-	-	-
Indra Australia Pty Limited	100%	-	100 %	5,201	38,149	1,977
3. Joint ventures						
I-3 Televisión S.L.	50%	-	50 %	118	3,406	28
IRB Riesgo Operacional S.L.	33%	-	33 %	471	78	(26)
IESSA (Brasil)	50%	-	50 %	979	5,460	15
UTE Indra EWS/STN Atlas Leopard 2	60%	-	60 %	-	-	-
UTE Manteniment Rondes	30%	-	30 %	38	20	46
UTE Jocs del Mediterrani	49%	-	49 %	(3,884)	869	(586)
UTE Área Metropolitana	20%	-	20 %	277	477	176
UTE Mantenimiento Las Palmas	10%	-	10 %	(29)	56	(10)
UTE Segura XXI-II	35%	-	35 %	4	31	3
UTE Indra-Eurocopter ECE	63%	-	63 %	444	1,536	430
UTE Saih CHJ	25%	-	25 %	(119)	498	73

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Company	Interest					
Joint ventures	Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
UTE CIC-TF	50%	-	50 %	259	200	(71)
UTE CEIDECOM	60%	-	60 %	(335)	-	(57)
UTE Instalación VSM Instalazioak	25%	-	25 %	283	-	(261)
UTE Mantenimiento Semafórico de Torrejón de Ardoz	50%	-	50 %	4	63	1
UTE CTDA	33%	-	33 %	-	-	-
UTE Indicadores Ambientales Delta del Ebro	33%	-	33 %	595	797	-
UTE Mantenimiento Rondes 2012	30%	-	30 %	(192)	1,001	(193)
UTE Copsa-Indra	50%	-	50 %	81	2,330	50
UTE Telvent-Indra-Atos	33%	-	33 %	-	1,961	-
4. Associates						
Saes Capital, S.A.	49%	-	49 %	-	-	-
Eurofighter Simulation System GmbH	26%	-	26 %	-	-	-
Euromids SAS	25%	-	25 %	-	-	-
A4 Essor SAS	21%	-	21 %	-	-	-
Tower Air traffic	50%	-	50 %	-	-	-
Indra Sistemas de Tesorería, S.A.	49%	-	49 %	-	-	-
Oyauri Investmet, S.L.	33%	-	33 %	-	-	-
						159,633

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Company	Interest Direct	Interest Indirect	Interest Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Composición Grupo BMB Subsidiaries						
Indra BMB S.L.	100%	-	100 %	11,338	18,558	(5,222)
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100 %	(248)	-	(9)
Indra BMB Servicios Digitales, S.A.	-	100%	100 %	42,781	119,559	3,714
Compañía de Medios y Servicios, S.A	-	100%	100 %	1,595	817	119
Central de Apoyos y Medios Auxiliares, S.A.U. (CAYMASA)	-	100%	100 %	5,107	4,398	446
Caymasa El Sendero, S.A.U.	-	100%	100 %	(609)	386	(1,098)
Telemarketing, Catálogos y Promoción, S.A.U.	-	100%	100 %	1,359	223	(71)
Servicios Avanzados Printing & Finishing, S.L.	100%	-	100 %			
Viálogos Servicios de Comunicación, S.L.	100%	-	100 %	2,131	3,432	316
TASAI, S.A.	80%	-	80 %	(880)	2,393	(18)
IFOS (Argentina)				320	3,138	264
4. Associates						
Trias Beltran, S.L.	40%	-	40 %	-	-	-
Europraxis Group composition						
Subsidiaries						
Europraxis Atlante, S.L.	-	-	-	42,432	37,670	1,841
Tourism & Leisure Advance Service, S.L.	70%	-	70 %	561		(174)

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Company Europraxis Group composition Subsidiaries	Interest Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100 %	97	310	(78)
Europraxis ALG Consulting, Ltda. (Brasil)	99.99%	0.01%	100 %	(2,617)	2,545	(1,484)
Advanced Logistics Group, S.A.	100%	-	100 %	(175)	13,176	(733)
Advanced Logistics Group Andina	-	90%	90 %	601	338	(113)
Advanced Logistics Group Venezuela	-	90%	90 %	3,582	1,488	974
Europraxis Consulting, S.R.L.	100%	-	100 %	(82)	924	(638)
Europraxis ALG Consulting México SA de CV	100%	-	100 %	675	1,535	203
Mensor Consultoría y Estrategia S.L.	80%	-	80 %	(1,449)	2,609	(312)
Europraxis Alg Maroc	67%	-	67 %	110	371	(361)

Composición Indra Brasil

2. Subsidiaries

Company	Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Indra Brasil, LTDA	100%	-	100 %	11,058	81,193	(32,285)
Indra P+D Brasil LTDA	100%	-	100 %	9,043	12,911	2,693
Politec Tecnología da Informacao,SL				4,491	170,062	(6,562)
Search Informática Ltda.	51%	-	51 %	(1,694)	2,148	(3,644)
Ultracom-Consultoría em Tecnología da InformaÇao Ltda.	100%	-	100 %	(269)	3,613	(145)
Politec U.S.A.	100%	-	100 %	2,126	3,927	76

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Company Prointec Group composition 2. Subsidiaries	Interest Direct	 Indirect	 Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Prointec, S.A.				28,675	40,409	(11,661)
Prointec Hidrógeno, S.L.	60 %	-	60 %	-	-	(5)
Consis Proiect SRL (Rumanía)	100 %	-	100 %	1,600	1,048	47
Geoprin, S.A.	99.99 %	0.01%	100 %	(1,934)	165	(554)
GICSA-Goymar Ingenieros Consultores, S.L.	99.80 %	0.2%	100 %	(1,161)	45	(587)
Ingenieria de Proyectos de Infraestructuras Mexicanas	98 %	2 %	100 %	1,640	2,686	93
Inse Rail, S.A.	90 %	-	90 %	3,171	1,281	143
Mecsa, S.A.	99 %	1 %	100 %	(681)	930	(550)
Procinsa Ingeniería, S.A.	99 %	1 %	100 %	936	1,143	(109)
Prointec civil engineering Consultancy (Irlanda)	100 %	-	100 %	606	7	(23)
Prointec Romaría S.R.L. (Rumanía)	100 %	-	100 %	(29)	1,177	89
Prointec Engenharia, Ltda.	99.99 %	-	100 %	574	217	246
Prointec Panama	75 %	-	75 %	-	-	-
Prointec Extremadura, S.L.	97 %	3 %	100 %	15	64	2
Prointec Diseño y Construcción, S.A.	99 %	1 %	100 %	(633)	-	(97)
Unmanned Aircraft Technologies, S.A.	51 %	-	51 %	80	170	(12)
Prointec USA	100 %	-	100 %	198	1,201	92

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Company Prointec Group composition 4. Associates	Direct	Interest Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Idetegolf, S.A.	33%	-	33 %	-	-	-
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16 %	-	-	-
Iniciativas Bioenergéticas, S.L.	-	20%	20 %	-	-	-
Eólica Marítima y Portuaria, S.L.	-	20%	20 %	-	-	-
Huertas de Binipark	25%	-	25 %	-	-	-

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Company Parent	Direct	Interest Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Indra Sistemas				1,073,035	2,029,774	205,526
2. Subsidiaries						
Indra Emac, S.A.	100%	-	100 %	2,806	15,385	1,869
Indra Sistemas de Seguridad, S.A.	100%	-	100 %	5,053	26,236	1,212
Indra Sistemas de Comunicaciones Seguras, S.L.	-	100%	100 %	9,209	3,172	1,382
Inmize Capital, S.L.	80%	-	80 %	1,558	-	(5)
Inmize Sistemas, S.L.	-	50%	50 %	6,638	2,947	697
Indra Software Labs, S.L.	100%	-	100 %	33,315	153,759	12,141
Intos, S.A.U.	100%	-	100 %	1,780	4,593	112
Administradora de Archivos, S.A.	100%	-	100 %	6,477	10,907	1,790
Teknatrans Consultores, S.L.	100 %	-	100 %	647	861	169
BMB Group	100%	-	100 %	18,682	137,777	8,738
Europraxis Group	100%	-	100 %	38,562	62,026	3,424
Grupo Prointec, S.A.	60%	-	60 %	20,756	(72,158)	(246)
Indra SI, S.A.	100%	-	100 %	7,560	56,520	2,921
Azertia Tecnología de la Información Argentina S.A.	100%	-	100 %	2,060	11,661	(979)
Computación Ceicom	100%	-	100 %	3,555	9,093	599
Indra Brasil, LTDA	100%	-	100 %	6,757	55,855	(38,256)
Indra P+D Brasil LTDA	100%	-	100 %	7,107	21,015	2,113

Company Subsidiaries	Interest Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Grupo Politec	100%	-	100 %	(34,915)	39,104	(447)
Indra Colombia LTDA.	100%	-	100 %	7,669	43,325	1,613
Indra Sistemas Chile, S.A.	100%	-	100 %	3,526	32,691	1,145
Soluziona Chile S.A.	100%	-	100 %	(95)	1,717	(836)
Soluziona C&S Holding S.A.	-	100%	100 %	1,280	10	(369)
Soluziona S.A. Guatemala	100%	-	100 %	286	-	(12)
Indra Sistemas México, S.A. de C.V.	100%	-	100 %	4,720	52,203	35
Azertia Tecnología de la Información México S.A. de C.V.	100%	-	100 %	9,501	23,348	1,400
Soluziona México S.A. de C.V.	100%	-	100 %	(125)	10,577	1,177
Indra Panama, S.A.	100%	-	100 %	2,445	6,690	(427)
Indra Company Perú SAC	100%	-	100 %	1,101	10,949	438
Indra Perú, S.A.	75%	-	75 %	8,729	32,850	3,821
Soluciones y Servicios Indra Company Uruguay S.A.	100%	-	100 %	1,656	3,807	100
Indra USA, Inc	100%	-	100 %	996	10,619	664
Indra Systems, Inc	100%	-	100 %	(13,599)	2,026	(3,189)
Azertia Tecnología de la Información Venezuela S.A.	100%	-	100 %	5,602	7,972	11
Azertia Gestión de Centros Venezuela, S.A.	100%	-	100 %	(993)	3,413	(1,261)
Seintex Consultores S.A. (Venezuela)	100%	-	100 %	1,778	11	(221)
Soluziona SP, C.A. Venezuela	100%	-	100 %	4,384	14,830	(2,473)
AC-B air Traffic Control & Business Systems GmbH (Alemania)	100%	-	100 %	699	1,737	234
Avitech AG	100%	-	100 %	3,061	9,657	755
Indra Italia Spa (Visiant Galyleo Spa)	78%	-	-	5,332	23,395	1,112
Indra Czech Republic s.r.o.	100%	-	100 %	2,434	10,668	149
Indra Eslovakia, a.s.	100%	-	100 %	639	3,105	40

Company	Interest					
Subsidiaries	Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Indra France Sas	100%	-	100 %	189	3,020	(86)
Indra Hungary K.F.T.	100%	-	100 %	150	304	(212)
Indra Sisteme S.R.L. (Moldavia)	100%	-	100 %	1,269	948	32
Indra Polska Sp.z.o.o	100%	-	100 %	(51)	-	-
Indra Sistemas Portugal, S.A.	100%	-	100 %	6,566	36,544	581
Longwater Systems Ltd	100%	-	100 %	(721)	-	(18)
Electrica Soluziona S.A. (Rumanía)	51%	-	51 %	1,237	3,988	347
Indra Ukraine L.L.C.	-	100%	100 %	(420)	18	(48)
Indra Kazakhstan Engineering Llp	51%	-	51%	1,225	-	-
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100 %	1,244	2,575	212
Indra Radar Technology (Tianjin) Co., Ltd.	70%	-	70 %	850	460	(401)
Indra Philippines INC	50%	-	50 %	7,627	16,253	1,400
Indra Technology Solutions Malasya Sdn Bhd.	100%	-	100 %	97	-	(24)
Indra Indonesia	100%	-	100 %	368	-	(1)
Indra Bahrain Consultancy SPC	100%	-		4,027	14,750	3,664
Indra Sistemas Magreb S.A.R.L.	100%		100 %	263	1,312	256
Indra Limited (Kenya)	100%	-	100 %	2,610	2,857	455
Soluziona Professional services (private) Limited (Zimbabwe)	70%	-	70 %	-	-	-
Indra Australia Pty Limited	100%	-	100 %	3,234	18,486	512
Indra Sistemas India Private Limited	100%		100 %	(7)	6,144	(1,396)
Joint ventures		-				
I-3 Televisión S.L.	50%	-	50 %	89	3,278	(18)
IRB Riesgo Operacional S.L.	33%	-	33 %	423	138	(37)

Company Joint ventures	Interest Direct	 Indirect	 Total	Equity	Total operating revenue	Individual post-tax profit/(loss)
IESSA (Brasil)	50%	-	50 %	1,080	6,611	220
UTE Indra EWS/STN Atlas Leopard 2	60%	-	60 %	-	1,114	-
UTE Manteniment Rondes	30%	-	30 %	254	4,236	251
UTE Saih Sur	35%	-	35 %	3	-	-
UTE Jocs del Mediterrani	49%	-	49 %	(7,051)	2,979	(571)
UTE Estrada	33%	-	33 %	6	3,061	-
UTE Giss 11	35%	-	35 %	(8)	301	(1)
UTE Cledi 2	40%	-	40 %	43	-	37
UTE Área Metropolitana	20%	-	20 %	438	4,096	429
UTE Alta Capacidad	20%	-	20 %	787	3,992	778
UTE Zona Norte	10%	-	10 %	131	1,567	122
UTE Mantenimiento Las Palmas	10%	-	10 %	(243)	1,340	(252)
UTE Segura XXI-II	35%	-	35 %	1,010	1,589	41
UTE Indra-Eurocopter ECE	63%	-	63 %	(14)	5,879	-
UTE Saih CHJ	25%	-	25 %	117	2,132	114
UTE Endesa Ingnieria-Indra Sistemas	49%	-	49 %	232	-	-
UTE CIC-TF	50%	-	50 %	189	711	183
UTE CEIDECOM	60%	-	60 %	(464)	70	(378)
UTE Instalación VSM Instalazioak	25%	-	25 %	1,718	12,906	1,708
UTE Mantenimiento Semafórico de Torrejón de Ardoz	50%	-	50 %	(44)	123	(44)
UTE CTDA	33%	-	33 %	-	3,702	-
UTE IND. AMB. DELTA DEL EBRO	33%	-	33 %	144	8,269	138
UTE SALLEN	70%	-	70 %	132	743	132

Company Associates	Direct	Interest Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Saes Capital, S.A.	49%	-	49 %	-	-	-
Eurofighter Simulation System GmbH	26%	-	26 %	-	-	-
Euromids SAS	25%	-	25 %	-	-	-
A4 Essor SAS	21%	-	21 %	-	-	-
Tower Air traffic	50%	-	50 %	-	-	-
Indra Sistemas de Tesorería, S.A.	33%	-	33 %	-	-	-
Oyauri Investmet, S.L.	49%	-	49 %	-	-	-
Composición Grupo BMB						
Subsidiaries						
Indra BMB S.L.				12,219	96,080	(9,581)
BMB Gestión Documental Canarias, S.L.	70%	-	70 %	(151)	1,116	(137)
OUAKHA Services, Saarl AU (Marruecos)	100%	-	100 %	(240)	-	(61)
Indra BMB Servicios Digitales, S.A.	100%	-	100 %	5,840	34,559	89
Cob Barcelona, S.L.	100%	-	100 %	4,678	13,491	1,157
Viálogos Servicios de Comunicación, S.L.	100%	-	100 %	2,273	3,703	509
TASAI, S.A.	100%	-	100 %	(862)	2,523	(742)
IFOS (Argentina)	80%	-	80 %	65	2,121	54
Associates						
Trias Beltran, S.L.	40%	-	40%	-	-	-

Company Europraxis Group composition Subsidiaries	Interest Direct	 Indirect	 Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Europraxis Atlante, S.L.	-	-		40,539	37,605	3,412
Tourism & Leisure Advance Service, S.L.	70%	-	70 %	735	4,535	(291)
Europraxis ALG Consulting, Ltd. (UK)	100%	-	100 %	175	292	(13)
Europraxis ALG Consulting, Ltda. (Brasil)	99.99%	0.01%	100 %	(1,416)	3,660	(1,457)
Advanced Logistics Group, S.A.	100%	-	100 %	406	13,363	(188)
Europraxis Consulting, S.R.L.	100%	-	100 %	557	1,942	248
Europraxis ALG Consulting México SA de CV	100%	-	100 %	442	1,228	256
Advanced Logistics Group Andina	-	90%	90 %	687	705	(582)
Advanced Logistics Group Venezuela	-	90%	90 %	2,878	2,180	1,133
Mensor Consultoría y Estrategia S.L.	80%	-	80 %	(1,137)	1,258	522

Composición Grupo Politec

Subsidiaries						
Indra Politec				(33,473)	39,104	(1,697)
Search Informática Ltda.	51%	-	51 %	(377)	183	131
Ultracom-Consultoría em Tecnología da InformaÇao Ltda.	100%	-	100 %	(138)	931	(219)
Politec U.S.A.	100%	-	100 %	1,968	1,164	31
Politec Chile	100%	-	100 %	414	487	(19)
Politec Argentina	100%	-	100 %	329	422	26

Prointec Group composition

Subsidiaries						
Prointec, S.A.				22,694	60,691	1,211
Prointec Hidrógeno, S.L.	60 %	-	60 %	(2)	-	(5)

Company Prointec Group composition Subsidiaries	Interest Direct	Indirect	Total	Equity	Total operating revenue	Individual post-tax profit/ (loss)
Consis Proiect SRL (Rumanía)	100 %	-	100 %	1,606	2,239	36
Geoprin, S.A.	99.99 %	0.01%	100 %	(1,380)	717	(537)
GICSA-Goymar Ingenieros Consultores, S.L.	99.80 %	0.2%	100 %	(574)	527	(576)
Ingenieria de Proyectos de Infraestructuras Mexicanas	98 %	2 %	100 %	(264)	1,678	(467)
Inse Rail, S.A.	90 %	-	90 %	3,028	1,488	74
Mecsa, S.A.	99.00 %	1 %	100 %	(132)	1,049	(455)
Procinsa Ingeniería, S.A.	99 %	1 %	100 %	1,045	1,242	49
Prointec civil engineering Consultancy (Irlanda)	100 %	-	100 %	629	92	24
Prointec Romaría S.R.L. (Rumanía)	100 %	-	100 %	(124)	596	(282)
Prointec Engenharia, Ltda.	99.99 %	-	100 %	(449)	225	(393)
Prointec Panama	75.00 %	-	75 %	-	-	-
Prointec Extremadura, S.L.	96.80 %	3 %	100 %	(18)	66	(20)
Prointec Diseño y Construcción, S.A.	99 %	1 %	100 %	(776)	1,033	(762)
Unmanned Aircraft Technologies, S.A.	51 %	-	51 %	92	331	26
Prointec USA	100 %	-	100 %	108	900	77

Associates						
Idetegolf, S.A.	33%	-	33 %	-	-	-
Gestión de Recursos Eólicos Riojanos, S.L.	-	16%	16 %	-	-	-
Iniciativas Bioenergéticas, S.L.	-	20%	20 %	-	-	-
Eólica Marítima y Portuaria, S.L.	-	20%	20 %	-	-	-
Huertas de Binipark	25.18%	-	25 %	-	-	-