

# **Grifols, S.A.**

**Annual Accounts**  
31 December 2012

**Directors' Report**  
2012

(With Auditors' Report Thereon)

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



KPMG Auditores, S.L.  
Torre Reala  
Plaça d'Europa, 41  
08908 L'Hospitalet de Llobregat  
Barcelona

### Auditors' Report on the Annual Accounts

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

To the Shareholders of  
Grifols, S.A.

We have audited the annual accounts of Grifols, S.A. (the Company), which comprise the balance sheet at 31 December 2012, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended and the notes thereto. The Company's directors are responsible for the preparation of the annual accounts in accordance with the financial information reporting framework applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying annual accounts for 2012 present fairly, in all material respects, the equity and financial position of Grifols, S.A. at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in accordance with the applicable financial information reporting framework and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2012 contains such explanations as the directors consider relevant to the situation of Grifols, S.A., the evolution of its business and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2012. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

*(Signed on the original in Spanish)*

Bernardo Rücker-Embden  
22 February 2013

**GRIFOLS, S.A.**

Annual Accounts and Directors' Report

31 December 2012

(With Auditors' Report Thereon)  
(Free translation from the original  
in Spanish. In the event of  
discrepancy, the Spanish-language  
version prevails.)

**GRIFOLS, S.A.**  
**Balance Sheets**  
**31 December 2012 and 2011**

(Expressed in Euros)

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

<i>Assets</i>	<i>Note</i>	<i>2012</i>	<i>2011</i>
<b>Intangible assets</b>	<b>Note 5</b>	<b>3,050,485</b>	<b>3,882,315</b>
Computer software		2,683,558	3,646,164
Emission allowances		235,462	236,151
Advances		131,465	-
<b>Property, plant and equipment</b>	<b>Note 6</b>	<b>13,198,907</b>	<b>11,395,593</b>
Land and buildings		-	305,550
Technical installations, machinery, equipment, furniture and other items		9,424,889	9,532,493
Under construction and advances		3,774,018	1,557,550
<b>Investment property</b>	<b>Note 7</b>	<b>31,042,773</b>	<b>28,430,368</b>
Land		4,946,480	4,300,652
Buildings		26,096,293	24,129,706
<b>Non-current investments in Group companies and associates</b>		<b>1,174,210,966</b>	<b>1,155,627,259</b>
Equity instruments	<b>Note 12</b>	1,167,285,681	1,155,047,108
Loans to companies	<b>Note 12</b>	3,313,453	-
Other financial assets	<b>Note 14</b>	580,151	580,151
Other investments	<b>Note 14</b>	3,031,681	-
<b>Non-current investments</b>	<b>Note 14</b>	<b>156,670</b>	<b>3,266,162</b>
Derivatives	<b>Note 15</b>	7,668	3,091,429
Other financial assets	<b>Note 14</b>	149,002	174,733
<b>Deferred tax assets</b>	<b>Note 23</b>	<b>7,688,784</b>	<b>5,182,728</b>
<b>Total non-current assets</b>		<b>1,229,348,585</b>	<b>1,207,784,415</b>
<b>Inventories</b>	<b>Note 16</b>	<b>829,455</b>	<b>893,975</b>
Raw materials and other supplies		929,455	893,975
<b>Trade and other receivables</b>	<b>Note 14</b>	<b>54,879,071</b>	<b>21,328,239</b>
Trade receivables – current		611,684	713,731
Trade receivables from Group companies and associates – current		27,563,541	9,851,842
Other receivables		41,148	66,642
Personnel		23,335	17,202
Current tax assets	<b>Note 23</b>	17,668,859	7,161,863
Public entities, other	<b>Note 23</b>	8,970,504	3,516,959
<b>Current investments in Group companies and associates</b>	<b>Note 14</b>	<b>266,082,640</b>	<b>328,616,307</b>
Loans to companies		266,082,640	328,616,307
<b>Current investments</b>	<b>Note 14</b>	<b>4,016</b>	<b>3,619,340</b>
Derivatives	<b>Note 15</b>	-	3,619,220
Other financial assets		4,016	120
<b>Prepayments for current assets</b>	<b>Note 17</b>	<b>3,535,824</b>	<b>1,068,259</b>
<b>Cash and cash equivalents</b>		<b>91,109,885</b>	<b>61,362,476</b>
Cash		41,082,830	23,357,775
Cash equivalents		50,027,055	38,004,701
<b>Total current assets</b>		<b>416,540,891</b>	<b>416,888,596</b>
<b>Total assets</b>		<b>1,645,889,476</b>	<b>1,624,673,011</b>

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

**GRIFOLS, S.A.**  
**Balance Sheets**  
**31 December 2012 and 2011**

(Expressed in Euros)

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2012</i>	<i>2011</i>
<b>Capital and reserves</b>	<b>Note 18</b>	<b>1,166,297,585</b>	<b>1,113,983,521</b>
Capital			
Registered capital		117,882,384	117,882,384
Share premium		890,354,988	890,354,988
Reserves			
Legal and statutory reserves		21,323,219	21,306,490
Other reserves		87,428,282	86,199,411
(Treasury stock and own equity holdings)		(3,060,444)	(1,927,038)
Profit for the year		52,369,156	167,286
<b>Valuation adjustments</b>		<b>(2,556,138)</b>	<b>(1,233,459)</b>
Hedging transactions	<b>Note 15</b>	(2,556,138)	(1,233,459)
<b>Grants, donations and bequests received</b>		<b>69,360</b>	<b>111,498</b>
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,163,800,807</b>	<b>1,112,861,680</b>
		<hr/>	<hr/>
<b>Non-current payables</b>	<b>Note 21</b>	<b>370,199,432</b>	<b>409,004,525</b>
Loans and borrowings		356,906,593	391,663,896
Finance lease payables	<b>Note 8</b>	1,195,932	871,860
Derivatives	<b>Note 15</b>	11,689,646	16,261,992
Other financial liabilities		427,261	206,777
<b>Deferred tax liabilities</b>	<b>Note 23</b>	<b>4,394,347</b>	<b>5,009,797</b>
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>374,593,779</b>	<b>414,014,322</b>
		<hr/>	<hr/>
<b>Current provisions</b>	<b>Note 19</b>	<b>334,550</b>	<b>572,359</b>
Other provisions		334,550	572,359
<b>Current payables</b>	<b>Note 21</b>	<b>27,517,214</b>	<b>24,316,022</b>
Loans and borrowings		25,845,204	23,684,445
Finance lease payables	<b>Note 8</b>	785,794	535,733
Other financial liabilities		886,216	95,844
<b>Group companies and associates, current</b>	<b>Note 21</b>	<b>36,550,556</b>	<b>34,854,254</b>
<b>Trade and other payables</b>	<b>Note 21</b>	<b>43,092,570</b>	<b>38,054,494</b>
Current payables to suppliers		19,144,230	24,935,741
Suppliers, Group companies and associates, current		16,902,471	8,541,438
Personnel (salaries payable)		5,812,208	3,414,322
Public entities, other	<b>Note 23</b>	1,233,661	1,162,993
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>107,494,890</b>	<b>97,797,129</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>1,645,889,476</b>	<b>1,624,673,011</b>

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

**GRIFOLS, S.A.**  
**Income Statements**  
**for the years ended**  
**31 December 2012 and 2011**

(Expressed in Euros)

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

	Note	2012	2011 (reexpressed)
<b>Revenues</b>	<b>Note 26</b>	<b>143,732,319</b>	<b>127,657,715</b>
Services rendered		74,179,795	63,490,489
Finance income	<b>Note 13</b>	5,562,240	10,815,307
Dividends		63,990,284	53,351,919
<b>Self-constructed assets</b>		<b>821,348</b>	<b>690,442</b>
<b>Supplies</b>	<b>Note 26</b>	<b>(520,620)</b>	<b>(407,345)</b>
Raw materials and consumables used		(438,894)	(393,835)
Impairment of merchandise, raw materials and other supplies		(83,926)	(13,510)
<b>Other operating income</b>		<b>6,400,286</b>	<b>4,164,194</b>
Non-trading and other operating income		5,347,928	4,089,243
Operating grants taken to income		52,358	74,951
<b>Personnel expenses</b>		<b>(31,558,945)</b>	<b>(26,099,258)</b>
Salaries and wages		(26,720,769)	(21,689,917)
Employee benefits expense	<b>Note 26</b>	(4,838,176)	(4,429,341)
<b>Other operating expenses</b>		<b>(56,979,972)</b>	<b>(102,592,696)</b>
External services		(80,089,570)	(90,021,886)
Taxes		(289,876)	(252,242)
Losses, impairment and changes in trade provisions	<b>Note 2 (b)</b>	4,161,269	(11,802,974)
Other operating expenses		(761,795)	(515,593)
<b>Amortisation and depreciation</b>	<b>Notes 5, 6 and 7</b>	<b>(6,777,047)</b>	<b>(6,422,370)</b>
<b>Non-financial and other capital grants</b>	<b>Note 5</b>	<b>232,914</b>	<b>332,887</b>
<b>Impairment and gains/(losses) on disposal of fixed assets</b>		<b>(2,122,121)</b>	<b>5,024,180</b>
Impairment and losses	<b>Note 2 (b)</b>	(2,117,317)	(6,538,424)
Gains/(losses) on disposal and other	<b>Note 7</b>	(4,804)	11,562,604
<b>Results from operating activities</b>		<b>52,228,162</b>	<b>2,347,750</b>
<b>Finance income</b>		<b>1,055,563</b>	<b>215,400</b>
Other investment income		916,895	152,694
Other	<b>Note 13</b>	138,668	62,706
Finance income included in assets	<b>Note 6</b>	(26,424,526)	(28,204,033)
<b>Finance costs</b>	<b>Note 20</b>	<b>(26,424,526)</b>	<b>(28,204,033)</b>
Group companies and associates		(3,146,094)	(991,203)
Other		(23,278,432)	(27,212,830)
<b>Change in fair value of financial instruments</b>	<b>Notes 13 and 20</b>	<b>21,048,479</b>	<b>4,500,500</b>
Trading portfolio and other		21,048,479	4,500,500
<b>Exchange gains/(losses)</b>	<b>Notes 14 and 21</b>	<b>(711,788)</b>	<b>688,514</b>
<b>Impairment and gains/(losses) on disposal of financial instruments</b>		<b>-</b>	<b>(804,694)</b>
Impairment and gains/(losses)		-	(804,694)
<b>Net finance cost</b>		<b>(5,032,272)</b>	<b>(23,604,313)</b>
<b>Profit/(loss) before income tax</b>		<b>47,195,890</b>	<b>(21,256,563)</b>
<b>Income tax</b>	<b>Note 23</b>	<b>5,173,266</b>	<b>21,423,849</b>
<b>Profit for the year</b>		<b>52,369,156</b>	<b>167,288</b>

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

GRIFOLS, S.A.  
**Statements of Changes in Equity**  
for the years ended  
**31 December 2012 and 2011 (Expressed in Euros)**  
**A) Statements of Recognised Income and Expense**  
for the years ended  
**31 December 2012 and 2011 (Expressed in Euros)**  
(Expressed in Euros)

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

	Note	2012	2011
<b>Profit for the year</b>		<u><b>52,369,156</b></u>	<u><b>167,286</b></u>
<b>Income and expense recognised directly in equity</b>			
Cash flow hedges	Note 15	(2,716,437)	(1,762,084)
Grants, donations and bequests		158,431	350,576
Tax effect		<u>767,402</u>	<u>423,452</u>
<b>Total income and expense recognised directly in equity</b>		<u><b>(1,790,604)</b></u>	<u><b>(988,056)</b></u>
<b>Amounts transferred to the income statement</b>			
Cash flow hedges	Note 15	826,895	-
Grants, donations and bequests	Note 5	(232,914)	(332,887)
Tax effect		<u>(178,194)</u>	<u>89,866</u>
<b>Total amounts transferred to the income statement</b>		<u><b>415,787</b></u>	<u><b>(233,021)</b></u>
<b>Total recognised Income and expense</b>		<u><b>50,994,339</b></u>	<u><b>(1,053,791)</b></u>

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

GRIFOLS, S.A.

Statements of Changes in Equity  
for the years ended  
31 December 2012 and 2011 (Expressed in Euros)

B) Statement of Total Changes in Equity for the year ended  
31 December 2012

(Expressed in Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock and own equity holdings	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2011	117,882,384	890,364,988	107,505,901	(1,927,038)	167,286	(1,233,455)	111,498	1,112,861,560
Recognised income and expense	-	-	-	-	52,369,156	(1,322,679)	(52,138)	50,994,339
Transactions with equity holders or owners								
Other movements	-	-	(55,092)	-	-	-	-	(55,092)
Distribution of profit for the period	-	-	167,286	-	(167,286)	-	-	-
Reserves	-	-	1,133,406	(1,133,406)	-	-	-	-
Purchase/sale of treasury stock	-	-	-	-	-	-	-	-
Balance at 31 December 2012	117,882,384	890,364,988	108,751,501	(3,060,444)	52,369,156	(2,556,138)	69,360	1,163,800,807

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



GRIFOLS, S.A.

Statements of Changes in Equity  
for the years ended

31 December 2012 and 2011 (Expressed in Euros)

B) Statement of Total Changes in Equity for the year ended  
31 December 2011

(Expressed in Euros)

	Registered capital	Share premium	Reserves	Treasury stock and own equity holdings	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2010	106,532,450	121,801,809	49,797,223	(1,927,038)	63,547,595	-	99,116	339,851,155
Recognised income and expense	-	-	-	-	167,286	(1,233,459)	12,382	(1,063,791)
Transactions with equity holders or owners								
Capital increase June 2011	8,381,168	768,553,179	(2,512,801)	-	-	-	-	774,421,546
Capital increase December 2011	2,968,766	-	(3,326,116)	-	-	-	-	(357,350)
Distribution of profit for the period	-	-	-	-	(63,547,595)	-	-	-
Reserves	-	-	63,547,595	-	-	-	-	-
<b>Balance at 31 December 2011</b>	<b>117,882,384</b>	<b>890,354,988</b>	<b>107,605,901</b>	<b>(1,927,038)</b>	<b>167,286</b>	<b>(1,233,459)</b>	<b>111,498</b>	<b>1,112,851,660</b>

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

## GRIFOLS, S.A.

Statements of Cash Flows  
for the years ended

31 December 2012 and 2011 (Expressed in Euros)

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

	2012	2011
<i>Cash flows from operating activities</i>		
<b>Profit/(loss) for the year before tax</b>	<b>47,195,880</b>	<b>(21,256,563)</b>
<b>Adjustments for:</b>		
Amortisation and depreciation	6,777,047	6,422,370
Dividend income	(63,990,284)	(53,351,919)
Proceeds from disposals of fixed assets	(3,513)	(11,826,894)
Impairment	(2,035,634)	19,410,383
Finance income	(6,617,803)	(10,878,013)
Finance costs	28,203,113	27,829,187
Exchange gains/(losses)	711,789	(688,513)
Change in fair value of financial instruments	(21,048,479)	(4,500,500)
Other income and expenses	(219,880)	(332,887)
<b>Changes in operating assets and liabilities</b>		
Inventories	(35,480)	(98,053)
Trade and other receivables	(17,622,494)	(1,847,236)
Other current assets	59,050,805	(93,754,249)
Trade and other payables	5,047,030	3,423,452
Other current assets and liabilities	351,236	653,588
<b>Other cash flows from operating activities</b>		
Interest paid	(19,794,683)	(19,370,240)
Dividends received	63,990,284	53,351,919
Interest received	7,136,948	10,148,185
Income tax paid (received)	3,044,396	8,478,037
<b>Cash flows from (used in) operating activities</b>	<b>88,140,288</b>	<b>(88,187,948)</b>
<i>Cash flows from investing activities</i>		
<b>Payments for investments</b>		
Group companies and associates	(14,355,890)	(816,560,872)
Intangible assets	(1,592,860)	(1,724,359)
Property, plant and equipment	(4,180,818)	(3,025,897)
Investment property	(4,450,774)	(2,588,462)
Other financial assets	(554,420)	(584,518)
<b>Proceeds from sale of investments</b>		
Property, plant and equipment	5,000	26,947,446
Other financial assets	30,368,141	-
<b>Cash flows from (used in) investing activities</b>	<b>5,238,379</b>	<b>(797,536,462)</b>
<i>Cash flows from financing activities</i>		
<b>Proceeds from and payments for equity instruments</b>		
Issue of equity instruments	-	774,064,195
Acquisition of own equity instruments	(5,194,878)	-
Sale of own equity instruments	5,186,499	-
Grants, donations and bequests received	22,345	345,269
<b>Proceeds from and payments for financial liability instruments</b>		
<b>Issue</b>		
Loans and borrowings	302,087	438,801,731
<b>Disposal</b>		
Loans and borrowings	(43,611,859)	(210,990,702)
Group companies and associates	(12,400,002)	(18,438,749)
Deferred expenses arising from the derivative financial instruments relating to the acquisition of Talecris	(7,935,452)	(36,719,921)
<b>Cash flows from (used in) financing activities</b>	<b>(63,631,280)</b>	<b>947,061,823</b>

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

**GRIFOLS, S.A.**  
**Statements of Cash Flows**  
**for the years ended**  
**31 December 2012 and 2011 (Expressed in Euros)**

<b>Net increase in cash and cash equivalents</b>	<u>29,747,407</u>	<u>61,337,413</u>
Cash and cash equivalents at beginning of year	<u>61,362,476</u>	<u>25,063</u>
Cash and cash equivalents at year end	<u>91,109,885</u>	<u>61,362,476</u>

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

**GRIFOLS, S.A.**  
**Notes to the Annual Accounts**  
**31 December 2012**

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

**(1) Nature and Activities of the Company and Composition of the Group**

Grifols, S.A. (hereinafter the Company) was incorporated with limited liability under Spanish law on 22 June 1987. Its registered offices are in Barcelona. The Company's statutory activity consists of providing corporate and business administrative, management and control services, as well as investing in assets and property. Its principal activity involves rendering administrative, management and control services to its subsidiaries.

Its main facilities are located in Sant Cugat del Vallès (Barcelona) and Parets del Vallès (Barcelona).

Grifols, S.A.'s shares are listed on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the electronic stock market. As of 2 June 2011 the Class B non-voting shares were listed on the NASDAQ (USA) and the Automated Quotation System (SIBE/Continuous Market).

In accordance with prevailing legislation, the Company is the Parent of a Group comprising the Company and the subsidiaries listed in note 12. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies, associates and jointly controlled entities are included in Appendix II.

On 21 February 2013 the Company's board of directors approved for issue the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2012 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), which show consolidated profit attributable to the Parent of Euros 256,686 thousand, total assets of 5,627,474 thousand and consolidated equity of Euros 1,880,741 thousand (Euros 50,307 thousand, Euros 5,640,000 thousand and Euros 1,664,994 thousand, respectively, in 2011).

**(2) Basis of Presentation**

**(a) Fair presentation**

The accompanying annual accounts have been prepared on the basis of the accounting records of Grifols, S.A. The annual accounts for 2012 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position of the Company at 31 December 2012 and results of operations, changes in equity, and cash flows for the year then ended.

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

**(b) Comparative information**

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2012 include comparative figures for 2011, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 24 May 2012.

**(i) Reclassification of comparative figures for the previous year**

For comparative purposes, the Company has reclassified impairment of investments in Group companies and loans in Group companies (figures for 2011 presented under net finance expense/income) as impairment and gains/losses on disposal of fixed assets and losses, impairment and changes in trade provisions for amounts of Euros 6.5 million and Euros 11.8 million, respectively, due to the fact that they are related to the Company's core activity.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (c) Functional and presentation currency

The figures disclosed in the annual accounts are presented in Euros, the Company's functional and presentation currency, rounded off to the nearest Euro.

## (d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. 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 annual accounts is as follows:

## (i) Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis when the net value of the investment exceeds the carrying amount of the subsidiary and where indications of impairment exist. Fair value of the investment is measured based on estimates made by management. The Company generally uses cash flow discounting methods to calculate this value. Discounted cash flow calculations are based on five-year projections in the budgets approved by management. The cash flows 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 fair value include growth rates and the discount rate. The estimates, including the methodology used, could have a significant impact on values and impairment.

The calculation of provisions for litigation is subject to a high degree of uncertainty. The Company recognises provisions for liabilities when an unfavourable outcome is highly probable and can be reasonably quantified. These estimates are subject to change based on new information received due to the stage of completion.

## (ii) Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2012, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

## (3) Distribution of Profit

The distribution of profit and reserves of the Company for the year ended 31 December 2011, approved by the shareholders at their annual general meeting held on 24 May 2012, is as follows:

	<u>Euros</u>
Basis of allocation	
Profit for the year	<u>167,286</u>
Distribution	
Legal reserve	16,729
Voluntary reserve	<u>150,557</u>
	<u>167,286</u>

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

The proposed distribution of profit for the year ended 31 December 2012 to be submitted to the shareholders for approval at their annual general meeting is as follows:

	<u>Euros</u>
Basis of allocation	
Profit for the year	<u>52,369,156</u>
Distribution	
Legal reserve	2,253,259
Voluntary reserve	<u>50,115,897</u>
	<u>52,369,156</u>

At 31 December non-distributable reserves are as follows:

	<u>Euros</u>	
	<u>2012</u>	<u>2011</u>
Non-distributable reserves:		
Legal reserve	21,323,219	21,306,490
Other	<u>3,020</u>	<u>3,020</u>
	<u>21,326,239</u>	<u>21,309,510</u>

Profit recognized directly in equity cannot be distributed, either directly or indirectly.

#### (4) Significant Accounting Policies

##### (a) Foreign currency transactions, balances and cash flows

###### (i) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using average exchange rates for the prior month for all foreign currency transactions during the current month. This method does not differ significantly from applying the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

In the statement of cash flows, foreign currency transactions have been translated into Euros using average exchange rates for the prior month for all foreign currency transactions during the current month. This method does not differ significantly from applying the exchange rate at the date of the transaction.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts****(b) Capitalised borrowing costs**

As permitted by the second transitional provision of Royal Decree 1514/2007 approving the Spanish General Chart of Accounts, the Company opted to apply this accounting policy to work in progress at 1 January 2008 that will not be available for use, capable of operating or available for sale for more than one year. Until that date, the Company opted to recognise borrowing costs as an expense as they were incurred.

Borrowing costs related to specific and general financing that are directly attributable to the acquisition, construction or production of intangible assets, property, plant and equipment and investment property that will not be available for use, capable of operating or available for sale for more than one year are included in the cost of the asset.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred. Non-commercial general borrowing costs eligible for capitalisation are calculated as the weighted average of the borrowing costs applicable to the Company's outstanding borrowings during the period, other than those specifically for the purpose of obtaining a qualifying asset and the portion financed using equity. The borrowing costs capitalised cannot exceed the borrowing costs incurred during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset when it incurs expenditures for the asset, interest is accrued, and it undertakes activities that are necessary to prepare the asset for its intended use, operation or sale, and ceases capitalising borrowing costs when all or substantially all the activities necessary to prepare the qualifying asset for its intended use, operation or sale are complete, even though the necessary administrative permits may not have been obtained. Interruptions in the active development of a qualifying asset are not considered.

Capitalised borrowing costs are recognised in the income statement under capitalised borrowing costs.

**(c) Intangible assets**

Intangible assets are measured at cost or cost of production. Capitalised production costs are recognised under self-constructed assets in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Cost of production of intangible assets comprises the purchase price and any costs directly related to production.

Expenditure on activities that contribute to increasing the value of the Company's business as a whole, such as goodwill, trademarks and other similar items generated internally, as well as establishment costs, are recognised as expenses when incurred.

**(i) Computer software**

Computer software acquired and developed by the Company is recognised to the extent that costs can be clearly allocated to the assets, and expensed and distributed over time to each project and when there is evidence of technical success and economic viability. Computer software maintenance costs are charged as expenses when incurred.

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (ii) Emission allowances

Emission allowances, which are recognised when the Company becomes entitled to such allowances, are measured at cost of acquisition. Allowances acquired free of charge, or, at a price substantially lower than fair value, are carried at fair value. Any difference between fair value and the consideration given is recognised as a non-refundable grant associated with the emission allowances and credited to equity. These grants are recognised as income and matched with the associated costs which the grants are intended to compensate, using the same criteria as for capital grants.

Emission allowances are not amortised.

Provision is systematically made under current provisions for liabilities and charges for expenses related to the emission of greenhouse gases. This provision is maintained until the obligation is cancelled, through the conveyance of the corresponding allowances. Provisions released or surplus provisions reversed are recognised as operating income. The provision is determined on the basis that it will be cancelled, as follows:

- (a) Firstly, through emission allowances transferred under a National Allocation Plan to the Company's account in the National Emission Allowances Register, which are then used to cancel actual emissions in proportion to total forecast emissions for the entire period to which they have been allocated. The expense corresponding to this part of the obligation is determined based on the carrying amount of the transferred emission allowances.
- (b) Secondly, through the remaining emission allowances recorded. Expenditure on this part of the obligation is measured as the weighted average cost of the emission allowances.

If the emission of gases necessitates the acquisition or production of emission allowances because actual emissions exceed those which can be cancelled through the transfer of emission allowances under a National Allocation Plan, or through surplus emission allowances, whether acquired or produced, provision is made for the shortfall in allowances. The expense is determined using the best estimate of the amount necessary to cover the shortfall in emission allowances.

## (iii) Subsequent costs

Subsequent costs incurred on intangible assets are recognised in profit and loss, unless they increase the expected future economic benefits attributable to the intangible asset.

## (iv) Useful life and amortisation rates

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	Amortisation method	Estimated years of useful life
Computer software	Straight-line	3

(Continued)



**GRIFOLS, S.A.****Notes to the Annual Accounts**

The depreciable amount is the acquisition or production cost of an asset.

The Company reviews the useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

**(v) Impairment losses**

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (f) Impairment of non-financial assets subject to amortisation or depreciation.

**(d) Property, plant and equipment****(i) Initial recognition**

Property, plant and equipment are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of intangible assets. Capitalised production costs are recognised under self-constructed assets in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

The cost of an item of property, plant and equipment includes the estimated costs of dismantling or removal and restoration of the site on which it is located, provided that the obligation is incurred as a consequence of having used the item.

**(ii) Depreciation**

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	<b>Depreciation method</b>	<b>Estimated years of useful life</b>
Buildings	Straight-line	33-100
Technical installations and machinery	Straight-line	10
Other installations, equipment and furniture	Straight-line	3.33-10
Other property, plant and equipment	Straight-line	4-10

The Company reviews useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts****(iii) Subsequent costs**

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

**(iv) Impairment losses**

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (f) Impairment of non-financial assets subject to amortisation or depreciation.

**(e) Investment property**

The Company classifies property rented to its subsidiaries under this caption. All property is earmarked exclusively for own use or the use of Group companies.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment under development until construction or development is complete. Nevertheless, redevelopment work to extend or improve property is classified as investment property.

The Company measures and recognises investment property following the policy for property, plant and equipment.

Investment property is depreciated applying the following policies:

	<u>Depreciation method</u>	<u>Estimated years of useful life</u>
Buildings and other installations	Straight-line	10-100

When the same property is occupied by the Company and one or more Group companies, the part comprising the square metres occupied by the subsidiaries is classified as investment property while the part comprising the square metres occupied by the Company is classified as property, plant and equipment.

**(f) Impairment of non-financial assets subject to amortisation or depreciation**

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

Impairment losses are recognised in the income statement.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

A reversal of an impairment loss is recognised in the income statement. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

## (g) Leases

## (i) Lessor accounting records

Leases which, on inception, transfer to third parties substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases; otherwise they are classified as operating leases.

## (ii) Lessee accounting records

Leases in which, upon inception, the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

*- Finance leases*

At the commencement of the lease term, the Company 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. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Company by virtue of finance lease contracts are the same as those set out in sections (d) Property, plant and equipment and (e) Investment property.

*- Operating leases*

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

## (iii) Sale and leaseback transactions

Asset sale and leaseback transactions that meet the conditions for classification as a finance lease are considered as financing operations and, therefore, the type of asset is not changed and no profit or loss is recognised.

## Notes to the Annual Accounts

## (h) Financial instruments

## (i) Classification and separation 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.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

## (ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company 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) Financial assets and financial liabilities held for trading

Financial assets or financial liabilities held for trading are those which are classified as held for trading from initial recognition.

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

- Originates or is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- Forms part 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 financial guarantee contract or a designated and effective hedging instrument.

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

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts**

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. Accrual interest and dividends are recognised separately.

The Company does not reclassify any financial asset or financial liability into or out of this category while it is recognised in the balance sheet, except when there is a change in the classification of hedging financial instruments.

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

Financial assets and financial liabilities at fair value through profit or loss, which comprise derivatives, are initially recognised at fair value and after initial recognition are recognised at fair value through profit or loss.

(v) Loans and receivables

Loans and receivables comprise trade and non-trade receivables 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.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(vi) Available-for-sale financial assets

The Company classifies in this category debt securities and equity instruments which do not qualify for inclusion in the above categories.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is accounted for in income and expenses recognised in equity. On disposal of the financial assets, amounts recognised in equity or the impairment loss are reclassified to profit or loss.

(vii) Investments in Group companies

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses.

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

**GRIFOLS, S.A.****Notes to the Annual Accounts**

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs for investments in associates and jointly controlled entities, and are subsequently measured at cost net of any accumulated impairment. For investments in Group companies acquired prior to 1 January 2010 the cost of acquisition includes transaction costs.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

**(viii) Interest and dividends**

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

Interest and dividend income are classified as revenue when they form part of the Company's ordinary activity.

**(ix) Impairment of financial assets**

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

***Investments in Group companies***

An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset. Unless there is better evidence, the investee's equity is taken into consideration, corrected for any net unrealised gains existing at the measurement date.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is disclosed in the income statement unless it should be recognised in equity.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts**

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies. In the latter case, provision is made.

*Impairment of available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset at fair value through profit or loss has been accounted for in recognised income and expense, the accumulative loss is reclassified from equity to profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss reclassified from equity to profit or loss is calculated as the difference between the cost or amortised cost, less any impairment loss previously recognised in profit or loss, and the fair value.

Impairment losses for investments in equity instruments are not reversed through profit or loss. Increases in the fair value after the impairment loss was recognised are classified in equity.

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

**(x) Financial liabilities**

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs 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.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Company measures financial liabilities at amortised cost provided that reliable estimates of cash flows can be made based on the contractual terms.

**(xi) Derecognition and modifications of financial liabilities**

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor. The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms. The Company considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (x) Reverse factoring

The Company has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. Trade payables settled under the management of financial institutions are recognised under trade and other payables in the balance sheet until they are settled, repaid or have expired.

The consideration given by the financial institutions in exchange for the right to finance the customers of the Company is recorded in other operating income when accrued.

## (i) 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.

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

## (i) Cash flow hedges

The Company 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. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments.

The separate component of equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Company expects that all or a portion of a loss recognised in equity will not be recovered in one or more future periods, it reclassifies into change in fair value of financial instruments the amount that is not expected to be recovered.

## (j) Own equity instruments held by the Company

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognised in profit or loss.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a deduction from reserves, net of any tax effect.

Dividends relating to equity instruments are recognised as a reduction in equity when approved by the shareholders.

## (k) Inventories

Inventories are measured using the FIFO (first in, first out) method, and mainly comprise spares, which are stored for less than a year. When the cost of inventories exceeds replacement value, materials are written down to net realisable value.

(Continued)



**GRIFOLS, S.A.****Notes to the Annual Accounts****(l) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

**(m) Grants**

Grants are recorded in recognised income and expense when, where applicable, they have been officially awarded and the conditions attached to them have been met or there is reasonable assurance that they will be received.

The accounting treatment of grants related to emission allowances is described in section c(ii).

**(n) Defined contribution plans**

The Company recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Company. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the period, the Company only recognises that excess as an asset (prepaid expense) to the extent that the prepayments will lead to, for example, a reduction in future payments or a cash refund.

**(o) Provisions****(i) General criteria**

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) 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.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

**(ii) Provisions for taxes**

Provisions for taxes are measured at the estimated amount of tax debt calculated in accordance with the aforementioned criteria. Provision is made with a charge to income tax for the tax expense for the year, to finance costs for the late payment interest, and to other income for the penalty. The effects of changes in estimates of prior years' provisions are recognised according to their nature, unless they involve the correction of an error.

**(p) Revenue from the rendering of services**

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable.

Practically all services are rendered to Group companies.

**(q) Income taxes**

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

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts**

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.

Government assistance provided in the form of deductions and other tax relief applicable to income tax payable and considered as government grants is recognised as a reduction in the income tax expense in the year in which they are accrued.

The Company files consolidated tax returns with its Spanish subsidiaries: Laboratorios Grifols, S.A., Instituto Grifols, S.A., Diagnostic Grifols, S.A., Movaco, S.A., Biomat, S.A., Logister, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A. Arrahona Optimus and Gri-Cel, S.A.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses between companies in the tax group, are recognised by the company generating the profit or incurring the loss and are measured at the tax rate applicable thereto.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable with a debit to receivables from Group companies.

The amount of the debt relating to the subsidiaries is recognised with a credit to payables to Group companies.

(i) Taxable temporary differences

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.

(ii) Deductible temporary differences

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.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts****(iii) Measurement**

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 Company 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.

**(iv) Offset and classification**

The Company only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

**(r) Classification of assets and liabilities as current and non-current**

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date.

**(s) Environmental issues**

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Property, plant and equipment acquired by the Company for permanent use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section (d) Property, plant and equipment.

**(t) Transactions between Group companies**

Transactions between Group companies are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (5) Intangible Assets

Details of intangible assets and movement are as follows:

2011	Euros			
	Computer software	Emission allowances	Advances	Total
Cost at 1 January 2011	19,365,550	533,780	-	19,899,330
Additions	1,256,332	468,027	-	1,724,359
Disposals	-	(501,366)	-	(501,366)
Irreversible impairment losses	-	(264,290)	-	(264,290)
Cost at 31 December 2011	20,621,882	236,151	-	20,858,033
Accumulated amortisation at 1 January 2011	(14,168,132)	-	-	(14,168,132)
Amortisation	(2,807,586)	-	-	(2,807,586)
Accumulated amortisation at 31 December 2011	(16,975,718)	-	-	(16,975,718)
Carrying amount at 31 December 2011	3,646,164	236,151	-	3,882,315

2012	Euros			
	Computer software	Emission allowances	Advances	Total
Cost at 1 January 2012	20,621,882	236,151	-	20,858,033
Additions	1,461,394	158,431	131,465	1,751,290
Disposals	-	(314,355)	-	(314,355)
Irreversible impairment losses	-	155,235	-	155,235
Cost at 31 December 2012	22,083,276	235,462	131,465	22,450,203
Accumulated amortisation at 1 January 2012	(16,975,718)	-	-	(16,975,718)
Amortisation	(2,424,000)	-	-	(2,424,000)
Accumulated amortisation at 31 December 2012	(19,399,718)	-	-	(19,399,718)
Carrying amount at 31 December 2012	2,683,558	235,462	131,465	3,050,485

## (a) Emission allowances

At 31 December 2012, greenhouse gas emission allowances allocated during the National Allocation Plan period and their annual distribution are as follows:

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

	2012			
	Number of allowances		Euros	
	Free of charge	Paid	Free of charge	Paid
2010	31,394	11,000	398,700	135,080
2011	(3,415)	(2,000)	(15,759)	(17,580)
2012	3,938	(2,000)	(64,524)	(91,400)
<b>Total</b>	<b>31,917</b>	<b>7,000</b>	<b>318,417</b>	<b>26,100</b>

The Company has recognised income of Euros 233 thousand under grants reflecting emission allowances used in 2012 (Euros 333 thousand in 2011).

Movement in the number of allowances is as follows:

Description	Free of charge	Paid	Total
Balances at 1 January 2011	31,394	11,000	42,394
Additions	25,349	-	25,349
Disposals	(28,764)	(2,000)	(30,764)
<b>Balance at 31 December 2011</b>	<b>27,979</b>	<b>9,000</b>	<b>36,979</b>
Additions	25,349	-	25,349
Disposals	(21,411)	(2,000)	(23,411)
<b>Balance at 31 December 2012</b>	<b>31,917</b>	<b>7,000</b>	<b>38,917</b>

## (b) Fully amortised assets

The cost of fully amortised intangible assets in use at 31 December is as follows:

	Euros	
	2012	2011
Computer software	16,113,324	12,252,074

Fully amortised computer software in use at 31 December 2012 and 2011 mainly reflects computer licences.

## (6) Property, Plant and Equipment

Details of property, plant and equipment and movement are attached as Appendix I.

## (a) Capitalised borrowing costs

During 2012, the Company has capitalised borrowing costs of Euros 139 thousand as investments in progress (Euros 63 thousand in 2011) (see note 4(b)).

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (b) Fully depreciated assets

Details of the cost of fully depreciated property, plant and equipment in use at 31 December are as follows:

	Euros	
	2012	2011
Technical installations and machinery	1,403,854	816,312
Other installations, equipment and furniture	2,584,745	2,158,592
Other property, plant and equipment	3,665,831	3,389,015
	<b>7,664,430</b>	<b>6,363,919</b>

## (c) Insurance

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. These policies amply cover the carrying amount of the Company's assets.

## (7) Investment Property

Details of investment property and movement during the year are as follows:

Description	Euros			Total
	Land	Buildings and other installations	Investments in adaptation and advances	
Cost at 1 January 2011	14,198,510	55,973,134	3,967,537	74,139,181
Additions	-	2,082,952	505,510	2,588,462
Disposals	(9,897,858)	(19,767,347)	-	(29,665,205)
Transfers	-	3,849,644	(3,849,644)	-
Transfers to property, plant and equipment	-	(87,676)	-	(87,676)
Cost at 31 December 2011	4,300,652	42,050,707	623,403	46,974,762
Accumulated depreciation at 1 January 2011	-	(22,754,424)	-	(22,754,424)
Depreciation	-	(1,972,083)	-	(1,972,083)
Disposals	-	6,182,103	-	6,182,103
Accumulated depreciation at 31 December 2011	-	(18,544,404)	-	(18,544,404)
Carrying amount at 31 December 2011	4,300,652	23,506,303	623,403	28,430,358

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

Description	Euros			Total
	Land	Buildings and other installations	Investments in adaptation and advances	
Cost at 1 January 2012	4,300,652	42,050,707	623,403	46,974,762
Additions	340,278	630,107	3,480,389	4,450,774
Disposals	-	(71,111)	-	(71,111)
Transfers	305,550	494,441	(503,968)	296,023
Cost at 31 December 2012	4,946,480	43,104,144	3,599,824	51,650,448
Accumulated depreciation at 1 January 2012	-	(18,544,404)	-	(18,544,404)
Depreciation	-	(2,133,521)	-	(2,133,521)
Disposals	-	70,250	-	70,250
Accumulated depreciation at 31 December 2012	-	(20,607,675)	-	(20,607,675)
Carrying amount at 31 December 2012	4,946,480	22,496,469	3,599,824	31,042,773

Additions at 31 December 2012 primarily consist of the investments made to enlarge the Company's installations.

Sale and leaseback of Spanish buildings:

On 10 May 2011 Grifols, S.A. sold three properties located in Spain to Gridpan Invest, S.L., a wholly owned subsidiary of Scranton Enterprises, B.V., a company related to Grifols, S.A., for a total of Euros 37.6 million. These properties related to assets such as offices, warehouses and factory premises. As a result of this operation, the Company generated a net profit of approximately Euros 11.5 million.

One of the properties was sold together with its related mortgage loan for a total of Euros 11.5 million.

The prices paid for the properties were established based on appraisals made by independent appraisers.

At the same time, operating lease agreements for the aforementioned properties were entered into with Gridpan Invest, S.L., the key terms of which were as follows:

- Compulsory initial term of five years
- Initial rent established at market prices and subject to annual review, based on the percentage variation in the Spanish Consumer Price Index (CPI)
- Automatic extensions for five-year periods that can be terminated by either party by advance six months notice.
- Upon vacating the premises, Grifols will be compensated by the lessor for any on-site assets in which it has invested, insofar as these have a residual value and are not recoverable by Grifols.

Grifols also signed a purchase option on the shares of Gridpan Invest, S.L., which is exercisable between 10 May 2016 and 10 May 2017 and for which no consideration was required. The strike price will be calculated as the exercise date market value, as determined by independent appraisers.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (a) Foreign investment property

In 2011 the Company sold the offices located in Argentina for Euros 943 thousand, generating a net profit of approximately Euros 507 thousand.

## (b) Fully depreciated assets

The cost of fully depreciated investment property in use at 31 December is as follows:

	Euros	
	2012	2011
Buildings	1,031,791	1,002,579
Other installations	10,106,820	8,593,628
	<b>11,138,611</b>	<b>9,596,207</b>

## (c) Income and expenses from investment property

Details of income and expenses from investment property are as follows:

	Euros	
	2012	2011
Lease income	12,825,144	11,168,980
Operating expenses		
From income-generating investments	(11,918,512)	(10,252,467)
Net	<b>906,632</b>	<b>916,513</b>

The Company passes on costs of owned buildings to its subsidiaries, applying a margin of no more than 10%. It passes on the cost of rented buildings based on the surface area occupied by each subsidiary, charging a 10% management fee.

Rental income is entirely from Group companies located in Spain (see note 25).

## (d) Insurance

The Company has taken out insurance policies to cover the risk of damage to its investment property. The coverage of these policies is considered sufficient.

(Continued)



## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (8) Finance Leases – Lessee

The Company has leased the following types of property, plant and equipment under finance leases:

	Euros			Total
	Land and buildings	Technical installations and machinery	Other property, plant and equipment	
<i>Initially recognised at:</i>				
Present value of minimum lease payments	435,000	1,904,865	1,221,959	<b>3,561,824</b>
Accumulated depreciation	(738)	(1,195,297)	(232,609)	<b>(1,428,644)</b>
Carrying amount at 31 December 2012	<b>434,262</b>	<b>709,568</b>	<b>989,350</b>	<b>2,133,180</b>
<i>Initially recognised at:</i>				
Present value of minimum lease payments	-	2,190,703	592,705	<b>2,783,408</b>
Accumulated depreciation	-	(762,505)	(184,730)	<b>(947,235)</b>
Carrying amount at 31 December 2011	-	<b>1,428,198</b>	<b>407,975</b>	<b>1,836,173</b>

Future minimum lease payments are reconciled with their present value as follows:

	Euros	
	2012	2011
Future minimum payments	2,178,687	1,517,113
Unaccrued finance costs	(196,961)	(109,520)
Present value	<b>1,981,726</b>	<b>1,407,593</b>

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Euros			
	2012		2011	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	897,493	785,794	594,391	535,733
One to five years	1,281,194	1,195,932	922,721	871,860
	2,178,687	1,981,726	1,517,112	1,407,593
Less current portion	(897,493)	(785,794)	(594,391)	(535,733)
Total non-current	<b>1,281,194</b>	<b>1,195,932</b>	<b>922,721</b>	<b>871,860</b>

**(9) Operating Leases – Lessee**

The Company has contracted offices and land under operating leases from third parties, Group companies and related parties.

The most significant lease contracts are as follows:

Offices located in Sant Cugat del Vallès (Barcelona), leased from a Group company

The Company has leased the offices in which it operates from one of its subsidiaries since September 2009. The lease contract is valid for one year and is automatically renewed on an annual basis.

Land located in Parets del Vallès (Barcelona), leased from a third party

This contract is valid for 30 years from 1996 and is automatically renewable for five-year periods. One year's notice must be given if either party wishes to cancel the contract.

Offices located in Parets del Vallès (Barcelona), leased from a third party

This contract is valid for ten years from 2005 and can be renewed for between one and twenty years at the lessee's discretion, which the lessor is obliged to accept, and can be cancelled at any time with four month's notice.

Offices located in Parets del Vallès and Barcelona, leased from a related party

This contract is valid for five years from 2011 and compliance is compulsory for both parties. Once the initial term has elapsed, the contract will be automatically renewed for successive periods of five years unless the parties give notice of their intention not to renew it, six months prior to the end of the initial term.

(Continued)

## Notes to the Annual Accounts

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

	Euros	
	2012	2011
Minimum lease payments	8,615,328	6,186,529

Future minimum payments under non-cancellable operating leases are as follows:

	Euros	
	2012	2011
Less than one year	4,596,929	4,121,616
One to five years	9,087,626	12,657,948
Over five years	587,830	593,086
	<b>14,272,385</b>	<b>17,372,650</b>

The Company uses part of these premises for its own use and sub-leases the rest to its Spanish subsidiaries (see note 7 (c)).

#### (10) Operating Leases – Lessor

As described in note 7(c), the Company leases and sub-leases premises and installations that it owns and leases from third parties to its Spanish subsidiaries.

Contracts signed with its subsidiaries are renewed automatically on an annual basis and can be cancelled at any time with three months' prior notice. The minimum non-cancellable amount receivable totals Euros 3,162 thousand at 31 December 2012 (Euros 2,879 thousand in 2011).

#### (11) Risk Management Policy

##### (a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk in fair value and price risk), credit risk, liquidity risk and interest rate risk in cash flows. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

The Company's risk management policies are established in order to identify and analyse the risks to which the Company is exposed, establish suitable risk limits and controls, and control risks and compliance with limits. Risk management procedures and policies are regularly reviewed to ensure they take into account changes in market conditions and in the Company's activities. The Company's management procedures and rules are designed to create a strict and constructive control environment in which all employees understand their duties and obligations.

The Group's Audit Committee supervises how management controls compliance with

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## GRIFOLS, S.A.

## Notes to the Annual Accounts

the Group's risk management procedures and policies and reviews whether the risk management policy is suitable considering the risks to which the Group is exposed. This committee is assisted by Internal Audit which acts as supervisor. Internal Audit performs regular and ad hoc reviews of the risk management controls and procedures and reports its findings to the Audit Committee.

(i) Market risk

The Company is not exposed to market risks associated with non-financial assets.

(ii) Currency risk

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar. Currency risk is associated with recognised assets and liabilities and net investments in foreign operations.

The Company holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Company's foreign operations in US Dollars is mitigated primarily through borrowings in the corresponding currency.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 14 and 21.

At 31 December 2012 had the US Dollar weakened by 10% against the Euro, with the other variables remaining constant, post-tax profit would have been Euros 110 thousand higher, mainly as a result of translating payables to Group companies.

(iii) Credit risk

The Company's financial assets mainly comprise the trade receivables from and loans to Group companies.

The Company considers that its financial assets are not significantly exposed to credit risk.

(iv) Liquidity risk

The Company 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.

Details of financial assets and financial liabilities by contractual maturity date are provided in notes 14 and 21.

(v) Cash flow and fair value interest rate risks

As the Company does not have a considerable amount of remunerated assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk arises from current and non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. The Company's policy involves contracting borrowings at variable interest rates.

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## GRIFOLS, S.A.

## Notes to the Annual Accounts

The Company manages cash flow interest rate risks through variable to fixed interest rate swaps. These interest rate swaps convert variable interest rates on borrowings to fixed interest rates. The Company generally obtains non-current borrowings with variable interest rates and swaps these for fixed interest rates that are normally lower than if the financing had been obtained directly with fixed interest rates. Through interest rate swaps the Company undertakes to exchange the difference between fixed interest and variable interest with other parties on a monthly basis. The difference is calculated based on the contracted notional principal amount. The Company has two interest-rate swaps for loans, one of which is accounted for by the Company as a hedging instrument. The notional amount of these swaps is Euros 100,000 thousand each (see note 15).

At 31 December 2012, had interest rates been 10 basis points higher, with the other variables remaining constant, post-tax profit would have been Euros 115 thousand lower, mainly because of higher borrowing costs on variable interest debt. At the same time equity would have been higher due to the change in fair value of the financial hedging derivative (interest rate swap).

**(12) Investments in Equity Instruments of Group Companies**

Details of investments in equity instruments of Group companies are as follows:

	Euros	
	2012	2011
	Non-current	Non-current
Group companies		
Equity instruments	1,175,941,421	1,161,585,531
Participating loans	3,313,453	-
Impairment	(8,655,740)	(6,538,423)
	<u>1,170,599,134</u>	<u>1,155,047,108</u>
Total	<u>1,170,599,134</u>	<u>1,155,047,108</u>

On 30 March 2012 the Company and a partner created the Brazilian company GriCei, S.A. Productos para Trásfusao. The Company holds a 60% stake in this business, in which it invested Euros 1,019 thousand.

On 26 April 2012 the Company subscribed to the share capital increase issued by Medion Diagnostic Grifols, A.G. for an amount of Euros 1,990 thousand.

On 12 December 2012 the Company subscribed to the share capital increase issued by Laboratorios Grifols S.A. for an amount of Euros 10,000 thousand.

After an analysis of the likelihood of recovering its investment in Grifols Nordic, the Company has recognised impairment of Euros 2,117 thousand on this investment at 31 December 2012.

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**GRIFOLS, S.A.****Notes to the Annual Accounts**

On 2 June 2011 the Company acquired 100% of the share capital of the US Company Talecris Biotherapeutics Holdings Corp, which specialises in the production of plasma-derived biological medication, through its US subsidiary Grifols Inc. The cost of this acquisition totalled Euros 2,593 million (US Dollars 3,737 million). The transaction was performed through a combined offer of cash and a new issue of non-voting Grifols shares.

On 16 June 2011, Grifols S.A. acquired 100% of Talecris Biotherapeutics GmbH for Euros 9,740 thousand. The statutory activity of this company is the import, export, distribution and sale of plasma-derived biological products. This company absorbed Grifols Deutschland GmbH through a merger, adopting the name of the latter.

In August 2011, the Company acquired the remaining 51% of the share capital of Woolloomooloo Holdings Pty Ltd., the holding company of the Australian-Swiss group Lateral-Medion, of which it had already acquired 49% of share capital and 100% of voting rights on 3 March 2009, and over which it had exercised control since that date. The acquisition of the remaining 51% of share capital totalled AUS Dollars 12.5 million (Euros 9.5 million).

After an analysis of the likelihood of recovering its investment in Arrahora Optimus, S.L., the Company recognised impairment of Euros 6,538 thousand on this investment at 31 December 2011.

(a) Investments in Group companies

Details of investments in Group companies are provided in Appendix II.

Subsidiaries' activities comprise the following:

**Industrial activity:** consisting of the manufacture, preparation and sale of therapeutic products and other pharmaceutical specialities, especially haemoderivatives and parenteral solutions, reagents, chemical products for use in laboratories and healthcare centres, and medical-surgical materials, equipment and instruments; the collection and analysis of products of biological origin, and the procurement of human plasma.

**Industrial activity:** consists of the marketing of, mainly, products manufactured by the industrial Group companies.

**Commercial activity:** comprises the management of business trips for Group companies, the preparation and implementation of engineering projects for both the Group and third parties, and the rendering of centralised services such as accounting, human resources, marketing, etc.

The percentage ownerships included in Appendix II reconcile with the voting rights the Company has in its subsidiaries, except for: Grifols Thailand, Ltd. (48% ownership) and Grifols Malaysia Sdn Bhd (30% ownership), in which the Company has majority voting rights through the type of shares it holds in Grifols Thailand, Ltd and a contract entered into with the other shareholder and the pledging of this shareholder's shares in Grifols Malaysia.

(i) Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled.

(b) Other information

Subsidiaries have been audited/examined by companies associated with KPMG International in the countries in which they have their registered offices, except for Grifols Chile, S.A. (audited by Surlatina Auditores, Ltda., a member of Grant Thornton) and Grifols Argentina, S.A. (audited by Alexia Consulting Group, S.R.L.).

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**GRIFOLS, S.A.****Notes to the Annual Accounts**

Grifols France, S.A.R.L., Grifols Malaysia SDN BHD, Grifols Viajes, S.A., Logister, S.A., Arrahona Optimus, S.L. and Gri-Cel, S.A. have not been audited.

**(13) Financial Assets by Category****(a) Classification of financial assets by category**

The classification of financial assets by category and class, as well as a comparison of the fair value and the carrying amount are provided in Appendix III.

**(i) Net losses and gains by category of financial asset**

Net losses and gains by category of financial asset are as follows:

	<b>Euros</b>		
	<b>Other financial assets at fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Total</b>
<b>2012</b>			
Finance revenue at amortised cost, Group companies	-	5,562,240	<b>5,562,240</b>
Finance income at amortised cost	-	916,895	<b>916,895</b>
Net gains in profit and loss	-	6,479,135	<b>6,479,135</b>
Change in fair value (note 15)	27,917,969	-	<b>27,917,969</b>
Net gains in equity	27,917,969	-	<b>27,917,969</b>
<b>Total</b>	<b>27,917,969</b>	<b>6,479,135</b>	<b>34,397,104</b>
	<b>Euros</b>		
	<b>Other financial assets at fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Total</b>
<b>2011</b>			
Finance revenue at amortised cost, Group companies	-	10,815,307	<b>10,815,307</b>
Finance income at amortised cost	-	152,694	<b>152,694</b>
Net gains in profit and loss	-	10,968,001	<b>10,968,001</b>
Change in fair value	12,708,438	-	<b>12,708,438</b>
Net gains in equity	12,708,438	-	<b>12,708,438</b>
<b>Total</b>	<b>12,708,438</b>	<b>10,968,001</b>	<b>23,676,439</b>

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## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (14) Investments and Trade Receivables

## (a) Investments in Group companies

Details of investments in Group companies and related parties are as follows:

	Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Group				
Loans	3,313,453	262,645,854	-	324,454,558
Loans, tax effect (note 23)	-	10,554,927	-	14,783,345
Interest	-	523,566	-	1,181,379
Impairment	-	(7,641,707)	-	(11,802,975)
Deposits and guarantees	580,151	-	580,151	-
Other financial assets	3,031,681	-	-	-
<b>Total</b>	<b>6,925,285</b>	<b>266,082,640</b>	<b>580,151</b>	<b>328,616,307</b>

At 31 December 2012 and 2011, all loans have been extended under market conditions.

At 31 December 2012 and 2011 deposits and guarantees relate to the new rental contracts entered into with Gripdan Invest, S.L., a company which is 100% owned by Scranton Enterprise B.V., a company which in turn is related to Grifols, S.A. (see notes 7 and 25).

In 2012 the Company has recognised an impairment loss of Euros 7.6 million at 31 December 2012 (Euros 11.8 million in 2011) on the loan extended to Grifols Portugal Productos Farmacéuticos e Hospitalares, Lda based on its analysis of the recoverability of this balance.

At the end of December 2011 the Company also contracted a purchase option on the shares of Scranton Investments, B.V., a shareholder of Scranton Enterprises USA, Inc. This option, which cost US Dollars 4,000 thousand (Euros 3,031 thousand at 31 December 2012), can be exercised on the date on which the licence is granted by the Food and Drug Administration (FDA) for a plant owned by the company in Clayton, USA, and leased to the Group company Grifols Therapeutics, Inc. This option can also be exercised at five and ten years from that date, and on the expiry date of the lease contract. The exercise price of this option will vary depending on the market value determined on the exercise date.

## (b) Investments

Details of investments are as follows:

	Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Unrelated parties				
Assets available for sale	804,694	-	804,694	-
Trading derivatives (note 15)	-	-	-	3,619,220
Interest earned on embedded derivatives (note 15)	7,668	-	3,091,429	-
Deposits and guarantees	149,002	4,016	174,733	120
Impairment	(804,694)	-	(804,694)	-
<b>Total</b>	<b>156,870</b>	<b>4,016</b>	<b>3,266,162</b>	<b>3,619,340</b>

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## GRIFOLS, S.A.

## Notes to the Annual Accounts

The Company has an interest of less than 2% in Cardio BioSciences (Belgium), acquired in 2008. An impairment allowance has been made for the total investment at 31 December 2012 and 2011.

## (c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros	
	2012	2011
	Current	Current
<i>Group</i>		
Trade receivables	27,557,751	9,850,783
<i>Associates</i>		
Trade receivables	5,790	1,059
<i>Unrelated parties</i>		
Trade receivables	811,684	713,731
Other receivables	41,148	66,642
Personnel	23,335	17,202
Taxation authorities, income tax (note 23)	17,668,859	7,161,863
Public entities, other	8,970,504	3,516,959
<b>Total</b>	<b>54,879,071</b>	<b>21,357,155</b>

At 31 December 2012 and 2011 public entities, other almost entirely consists of value added tax and income tax recoverable. The Company files consolidated tax returns.

## (d) Amounts denominated in foreign currencies

Details of monetary financial assets denominated in foreign currencies are as follows:

2012	Euros		
	US Dollar	Swiss Franc	Total
Non-current investments in Group companies and associates			
Loans to companies	3,031,681	-	3,031,681
<b>Total non-current financial assets</b>	<b>3,031,681</b>		<b>3,031,681</b>
Trade and other receivables			
Trade receivables from Group companies and associates	45,911	3,366,836	3,412,747
<b>Total current financial assets</b>	<b>45,911</b>	<b>3,366,836</b>	<b>3,412,747</b>
<b>Total financial assets</b>	<b>3,077,592</b>	<b>3,366,836</b>	<b>6,444,428</b>

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

2011	Euros		
	US Dollar	Swiss Franc	Total
Non-current investments			
Other financial assets	3,091,429	-	3,091,429
<b>Total non-current financial assets</b>	<b>3,091,429</b>	<b>-</b>	<b>3,091,429</b>
Trade and other receivables			
Trade receivables - current	550,253		550,253
Trade receivables from Group companies and associates - current	95,260	287,633	382,893
Cash and cash equivalents			
Cash equivalents	1,385,378	-	1,385,378
<b>Total current financial assets</b>	<b>2,030,891</b>	<b>287,633</b>	<b>2,318,524</b>
<b>Total financial assets</b>	<b>5,122,320</b>	<b>287,633</b>	<b>5,409,953</b>

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2012		2011	
	Settled	Outstanding	Settled	Outstanding
<i>Investments in Group companies</i>				
Loans to Group companies	(40)	(5,797)	-	-
<b>Total non-current financial assets</b>	<b>(40)</b>	<b>(5,797)</b>	<b>-</b>	<b>-</b>
<i>Trade and other receivables</i>				
Trade receivables from Group companies – current	-	(1,314)	-	58,412
<i>Current investments</i>				
Loans to Group companies	(30,888)	-	(258,731)	-
<b>Total current financial assets</b>	<b>(30,888)</b>	<b>(1,314)</b>	<b>(258,731)</b>	<b>58,412</b>
<b>Total financial assets</b>	<b>(30,928)</b>	<b>(7,111)</b>	<b>(258,731)</b>	<b>58,412</b>

(Continued)

## Notes to the Annual Accounts

## (15) Derivative Financial Instruments

Details of derivative financial instruments are as follows:

	Euros			
	Notional	Fair values		
		Assets		Liabilities
	Non-current	Current	Non-current	
<b>2012</b>				
Derivatives held for trading and at fair value through profit or loss				
Interest rate swaps (Euros) (swap options)	100,000,000	7,668	-	-
Embedded floor in senior debt (note 21 (c))	198,000,000	-	-	(5,965,382)
<b>Total derivatives at fair value through profit or loss (note 21)</b>	<b>298,000,000</b>	<b>7,668</b>	<b>-</b>	<b>(5,965,382)</b>
<i>Hedging derivatives</i>				
Interest rate swaps (vanilla Euro-8 swaps)	100,000,000	-	-	(5,704,264)
<b>Total hedging derivatives</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>(5,704,264)</b>
<b>Total derivatives</b>		<b>-</b>	<b>-</b>	<b>(11,669,646)</b>
	Euros			
	Notional	Fair values		Non-current
		Assets		
	Non-current	Current	Non-current	
<b>2011</b>				
Derivatives held for trading and at fair value through profit or loss				
Interest rate swaps	100,000,000	-	-	(134,908)
Futures on equity instruments	37,980,780	-	3,619,220	-
Embedded floor in senior debt (note 21 (c))	438,900,000	-	-	(13,365,000)
Purchase option (USD)	-	3,091,429	-	-
<b>Total derivatives traded on OTC markets</b>	<b>576,880,780</b>	<b>3,091,429</b>	<b>3,619,220</b>	<b>(13,499,908)</b>
<b>Total derivatives at fair value through profit or loss</b>	<b>576,880,780</b>	<b>3,091,429</b>	<b>3,619,220</b>	<b>(13,499,908)</b>
<i>Hedging derivatives</i>				
<i>a) Fair value hedges</i>				
Interest rate swaps	100,000,000	-	-	(2,762,084)
<b>Total</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>(2,762,084)</b>
<b>Total hedging derivatives</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>(2,762,084)</b>

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

At 31 December 2012 the floor included in the tranche B senior debt constitutes an embedded derivative which has been measured at fair value and recognised separately from loans. In 2011 the floor included the senior debt applied to both tranches A and B (see note 21 (c)).

## (a) Interest rate swaps

The Company uses financial interest rate swaps to manage its exposure to interest rate fluctuations, mainly on bank loans.

At 31 December 2012 the Company holds two financial swap contracts, each for a notional amount of Euros 100 million. These contracts, which expire on 30 September 2014, hedge the Company against a possible rise in the variable interest rate to which the Group's financing is referenced; i.e. the Euribor. The vanilla swap complies with the requisites to qualify for hedge accounting: throughout the term of the contract its notional amount will be equal to or below the balance of the loan contracted; the term of the contract does not exceed the maturity date of the financing; and the settlement dates and terms of the derivative contract are the same as those for the repayment of the loans contracted.

## (b) Cash flow hedges

The total amount of cash flow hedges recognised in equity is as follows:

	Euros	
	Income/(expenses)	
	2012	2011
- Finance income/costs	(2,716,437)	(1,762,084)
	<u>(2,716,437)</u>	<u>(1,762,084)</u>

The total amount of cash flow hedges which has been transferred from recognised income and expense to profit and loss and details of the income statement headings under which these items have been recognised are as follows:

	Euros	
	Profit/(Loss)	
	2012	2011
Financial income/costs	(826,895)	-
	<u>(826,895)</u>	<u>-</u>

The total amount of the ineffective portion of cash flow hedges which have been recognized as changes in fair value of financial instruments in the income statement is as follows:

	Euros	
	Profit/(Loss)	
	2012	2011
Interest rate swaps	225,743	-
	<u>225,743</u>	<u>-</u>

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts****(c) Unquoted futures**

The Company has settled all unquoted futures during 2012, the underlying asset of which was the Company's shares. These futures were sold for Euros 31,537 thousand, generating a profit of Euros 27,918 thousand.

**(16) Inventories**

Inventories are mainly spares used to maintain the Company's buildings and installations.

**(17) Prepayments**

At 31 December 2012 and 2011 prepayments include advanced payments of insurance premiums and advanced payments of fees for professional services.

**(18) Equity**

Details of equity and movement during the year are shown in the statement of changes in equity.

**(a) Capital**

At 31 December 2012 the share capital of Grifols, S.A. amounts to Euros 117,882,384, represented by:

- Class A shares: 213,068,899 ordinary shares of Euros 0.50 par value each, subscribed and fully paid and of the same class and series.

- Class B shares: 113,499,346 non-voting preference shares of 0.10 Euros par value each, of the same class and series, and with the preferential rights set forth in the Company's by-laws.

On 25 January 2011 the shareholders of Grifols agreed to increase share capital by issuing 83,811,688 new shares without voting rights (class B shares) to complete the acquisition of Talecris. Class B shares without voting rights are quoted on the NASDAQ and on the Spanish Automated Quotation System (SIBE/Continuous Market).

On 1 June 2011 the Company announced that the "Nota sobre Acciones" (Securities Note) requested for the flotation of Class B Shares was registered. Grifols requested the flotation on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as on the Spanish Automated Quotation System (SIBE/ Mercado Continuo) and, through the American Depositary Shares (ADSs), on the National Association of Securities Dealers Automated Quotation (NASDAQ). The trading of Class B Shares on the Spanish Automated Quotation System and the ADSs on the NASDAQ started on 2 June 2011.

At the extraordinary meeting held on 2 December 2011 the shareholders of Grifols agreed to increase share capital by Euros 2,969 thousand by issuing 29,687,658 shares, without voting rights and charged to voluntary reserves, to remunerate shareholders.

Since 23 July 2012 the ADSs representing Grifols' Class B shares (non-voting shares) have had an exchange ratio of 1:1 in relation to Class B shares, i.e. 1 ADS represents 1 Class B share. The previous ratio was 2 ADSs per 1 Class B share.

On 4 December 2012, the shareholders of Grifols approved a share capital increase through the issue of 16,328,212 new Class B shares without voting rights and with a charge to voluntary reserves. This issue was registered by public deed on 4 January 2013 and the shares were traded on the four Spanish stock exchanges and on the Spanish Automated Quotation System on 14 January 2013 (see note 29).

The main characteristics of the Class B shares are as follows:

- Each Class B share entitles its holder to receive a minimum annual preferred dividend out of the distributable profits at the end of each year equal to Euros 0.01 per Class B share provided that the aggregate preferred dividend does not exceed the distributable profits of that year and a distribution of

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

dividends has been approved by the Company's shareholders. This preferred dividend is not cumulative if sufficient distributable profits are not obtained in the year.

- Each Class B share holder is entitled to receive, in addition to the above-mentioned preferred dividend, the same dividends and other distributions as one Grifols ordinary share.
- Each Class B share entitles the holder to its redemption under certain circumstances, if a tender offer for all or part of the shares in the Company has been made, except if holders of Class B shares have been entitled to participate in such an offer on the same terms as holders of Class A shares. The redemption terms and conditions reflected in the Company's by-laws limit the amount that may be redeemed, requiring that sufficient distributable reserves be available, and limit the percentage of shares to be redeemed in line with the ordinary shares to which the offer is addressed.
- In the event the Company were to be wound up and liquidated, each Class B share entitles the holder to receive, before any amounts are paid to holders of ordinary shares, an amount equal to the sum of (i) the par value of each Class B share, and (ii) the share premium paid for the Class B share when it was subscribed. Each holder is entitled to receive, in addition to the Class B liquidation preference amount, the same liquidation amount that is paid for each ordinary share.

These shares are freely transferable.

The Company will not be able to distribute dividends while the leverage ratio (net financial debt/adjusted EBITDA) according to the consolidated figures is higher than 4.5.

The Company's knowledge of its shareholders is based on information provided voluntarily or in compliance with applicable legislation. According to the information available to the Company, the structure of interests higher than 10% and with voting shares at 31 December 2012 and 2011 is as follows:

Company	2012		2011	
	Number of shares	Percentage ownership	Number of shares	Percentage ownership
Capital Research and Management Company	21,306,489	9.98%	31,995,955	15.02%

(b) Share premium

This reserve is freely distributable.

(c) Reserves

Details of reserves and profit and movement during the year are shown in Appendix IV.

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which 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.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(ii) Treasury stock and reserve for Company shares

At the ordinary meeting held on 24 January 2011 the shareholders of the Company agreed to authorise the acquisition of a maximum of treasury stock equivalent to 10% of the Company's share capital at a minimum price equal to the par value of shares and a maximum equal to the price quoted on the stock exchange on the date of acquisition or, where applicable, the price authorised by the Spanish National Securities Commission. This acquisition has been authorised for a period of five years from the date this decision was taken.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts**

Treasury stock acquired may be handed over to the Group's employees or directors either directly or as a result of them exercising share options they may hold.

Details of Class A and B treasury stock at 31 December 2012 and 2011 are as follows:

	Number	Euros	
		Par value	Average purchase price
Balance at 1.1.2011			
Class A shares	158,326	79,164	12
Class B shares	15,832	1,583	-
Balance at 31.12.2011	174,158	80,747	12
Acquisition of Class A and B shares	210,507	105,154	25
Disposal of Class A and B shares	(210,257)	(105,129)	-
Balance at 31.12.2012	174,408	80,771	20

The Company has received 15,832 Class B shares from the share capital increase approved by the shareholders at the extraordinary general shareholders' meeting held on 2 December 2011. The Company acquired a further 250 Class B shares in January 2012.

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (19) Other Provisions, Other Guarantees with Third Parties and Other Contingent Liabilities

Movement in other provisions is as follows:

	Euros		
	Provisions for taxes	Environment al provisions	Total
At 1 January 2012	231,201	341,158	572,359
Charges	-	(41,321)	(41,321)
Payments	(45,684)	(150,804)	(196,488)
At 31 December 2012	<b>185,517</b>	<b>149,033</b>	<b>334,550</b>

## (a) Contingencies

Contingent liabilities for bank and other guarantees are disclosed in note 21. The Company does not expect any significant liabilities to arise from these guarantees.

The Company has extended guarantees to a third party securing the rent payable for premises leased by a Group company, for a maximum amount of approximately Euros 3,812 thousand. This guarantee expires in 2014.

In the event that control is taken of the Company, the Company has agreements with 24 employees/directors whereby they can unilaterally rescind their employment contracts with the Company and are entitled to termination benefits ranging from 2 to 5 years' salary.

The Company also has a contract with a senior management who will receive a termination benefit ranging from one to two years' salary on the basis of various circumstances.

(Continued)



## GRIFOLS, S.A.

## Notes to the Annual Accounts

**(20) Financial Liabilities by Category**

## (a) Classification of financial liabilities by category

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are provided in Appendix V.

## (i) Net losses and gains by financial liability category

Net losses and gains by financial liability category are as follows:

	Euros		
	Financial liabilities at fair value through profit or loss	Debts and payables	Total
<b>2012</b>			
Finance costs with third parties at amortised cost	-	(23,278,432)	(23,278,432)
Finance costs at amortised cost, Group companies	-	(3,146,094)	(3,146,094)
Net losses in profit and loss	-	(26,424,526)	(26,424,526)
Change in fair value of derivative financial instruments	(6,869,490)	-	(6,869,490)
Net losses in equity	(6,869,490)	-	(6,869,490)
Total	(6,869,490)	(26,424,526)	(33,294,016)
<b>2011</b>			
Finance costs with third parties at amortised cost	-	(27,212,830)	(27,212,830)
Finance costs at amortised cost, Group companies	-	(991,203)	(991,203)
Net losses in profit and loss	-	(28,204,033)	(28,204,033)
Change in fair value of derivative financial instruments	(8,207,938)	-	(8,207,938)
Net losses in equity	(8,207,938)	-	(8,207,938)
Total	(8,207,938)	(28,204,033)	(36,411,971)

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (21) Payables and Trade Payables

## (a) Group companies and associates

Details of Group companies and associates are as follows:

	Euros	
	2012	2011
	Current	Current
<i>Group</i>		
Payables	9,526,901	20,445,885
Payables, tax effect (note 23)	24,349,677	11,911,215
Interest	6,094	62,133
<i>Associates</i>		
Loans received	2,667,884	2,435,021
<b>Total</b>	<b>36,550,558</b>	<b>34,854,254</b>

Details of payables to Group companies do not include trade payables to Group companies, details of which are provided in section d) of this note.

## (b) Payables

Details of payables are as follows:

	Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
<i>Unrelated parties</i>				
Loans and borrowings	356,906,593	25,842,827	391,663,896	23,534,377
Interest	-	2,377	-	150,068
Finance lease payables	1,195,932	785,794	871,860	535,733
Derivative financial instruments (note 15)	11,669,646	-	16,261,992	-
Payables	427,261	880,451	206,777	-
Interest	-	-	-	90,079
Guarantees and deposits received	-	5,765	-	5,765
<b>Total</b>	<b>370,199,432</b>	<b>27,517,214</b>	<b>409,004,525</b>	<b>24,316,022</b>

## (c) Other information on payables

## (i) Main characteristics of payables

The terms and conditions of loans and payables are provided in Appendix VII.

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts**

On 23 November 2010 the Company signed a senior debt agreement amounting to Euros 440 million. The terms and conditions of the Group's credit contract have been amended and improved through an agreement reached on 29 February 2012. The costs of refinancing the senior debt have amounted to Euros 7.9 million. The modification of the terms in the embedded derivatives of the senior debt has formed part of the refinancing and the resulting change in the fair values amounting to Euros 12.2 million have reduced the financing cost. Based on an analysis of the quantitative and qualitative factors, the Company has concluded that the renegotiation of conditions of the senior debt does not trigger a derecognition of the liability. Therefore, the net amount of the financing cost has reduced the previous amount recognised and will form part of the amortised cost over the duration of the debt.

The main amendments are basically as follows:

Reduction of interest rates, retranching and modification of the embedded floor

Removal of covenants relating to limitations in fixed assets investments and the debt service coverage ratio

Amendment to the leverage ratio limiting the distribution of dividends, improving from the current 3.75 to the new ratio of 4.5, as well as relaxing certain conditions relating to certain contracts;

The new terms and conditions of the senior secured debt are as follows:

Non-current Tranche A senior debt: initial principal of Euros 220 million, repayable in five years and accruing interest at Euribor + 350 basis points (bp) with no floor.

Non-current Tranche B senior debt: six-year loan with an initial principal of Euros 200 million, accruing interest at Euribor + 350 basis points (bp) (325 bp if the leverage ratio falls below 3.25) with a 1% Euribor floor.

Revolving credit facility: an amount of Euros 22 million has been committed and accrues interest at the Euribor plus 325 basis points.

The Company's secured senior debt is subject to compliance with certain financial ratios (covenants): leverage ratio and interest coverage ratio. At 31 December 2012 the Company has complied with these financial ratios.

**GRIFOLS, S.A.****Notes to the Annual Accounts**

The Club Deal and other loans amounting to Euros 211 million were cancelled on 2 June 2011. The deferred costs of Euros 982 thousand associated with this cancelled debt have been recognised as finance costs.

Non-current and current loans and borrowings are presented net of loan arrangement expenses, which at 31 December 2012 amount to Euros 18,093 thousand for non-current debt, and Euros 871 thousand for current debt (Euros 24,097 thousand non-current and Euros 576 thousand current at 31 December 2011).

The Company has extended guarantees to banks on behalf of Group companies for Euros 56,097 thousand at 31 December 2012 (Euros 89,494 thousand at 31 December 2011).

In conjunction with other significant Group companies, Grifols S.A. acts as guarantor for the issue of corporate bonds in Grifols Inc. for an amount of US Dollars 1,100 million for the acquisition of Talecris. Significant Group companies are those companies that contribute 85% of earnings before interest, tax, depreciation and amortisation, 85% of the Group's consolidated assets and 85% of total revenues, and those companies that represent more than 3% of the above-mentioned indicators. At 31 December 2012 and 2011 the guarantor companies are as follows: Instituto Grifols, S.A., Grifols Biologicals Inc, Biomat USA Inc, Movaco, S.A., Grifols Italia Spa, Talecris Plasma Resources Inc, Grifols Therapeutics Inc, Laboratorios Grifols, S.A., Grifols Deutschland GmbH and Diagnostic Grifols, S.A.

The Company and Grifols Inc. have pledged assets as well as the shares of certain Group companies as collateral for the senior debt.

**(d) Trade and other payables**

Details of trade and other payables are as follows:

	<b>Euros</b>	
	<b>2012</b>	<b>2011</b>
	<b>Current</b>	<b>Current</b>
<i>Group</i>		
Suppliers	16,902,471	8,541,438
<i>Related parties</i>		
Suppliers	5,549,060	9,812,524
<i>Unrelated parties</i>		
Suppliers	13,595,170	15,123,217
Personnel	5,812,208	3,414,322
Public entities, other	1,233,661	1,162,993
<b>Total</b>	<b>43,092,570</b>	<b>38,054,494</b>

**(e) Classification by maturity**

The classification of financial liabilities by maturity is included in Appendix VI.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

(f) Amounts denominated in foreign currencies

The Euro value of financial liabilities denominated in foreign currencies is as follows:

	Euros					Total
	2012					
	US Dollar	Pound Sterling	Swedish Krona	Australian Dollar	Thai Baht	
Trade and other payables						
Suppliers	1,343,529	1,225	95,177	5,914	-	1,445,845
Suppliers, Group companies	5,033	-	-	-	149	5,182
<b>Total current liabilities</b>	<b>1,348,562</b>	<b>1,225</b>	<b>95,177</b>	<b>5,914</b>	<b>149</b>	<b>1,451,027</b>
<b>Total financial liabilities</b>	<b>1,348,562</b>	<b>1,225</b>	<b>95,177</b>	<b>5,914</b>	<b>149</b>	<b>1,451,027</b>

	Euros					Total
	2011					
	US Dollar	Pound Sterling	Swiss Franc	Australian Dollar	Argentine Peso	
Current payables						
Loans and borrowings	10,281	-	-	-	-	10,281
Trade and other payables						
Suppliers	3,656,373	3,500	10,113	10,086	170,278	3,850,350
Suppliers, Group companies	-	-	-	-	10,730	10,730
<b>Total current liabilities</b>	<b>3,666,654</b>	<b>3,500</b>	<b>10,113</b>	<b>10,086</b>	<b>181,008</b>	<b>3,871,361</b>
<b>Total financial liabilities</b>	<b>3,666,654</b>	<b>3,500</b>	<b>10,113</b>	<b>10,086</b>	<b>181,008</b>	<b>3,871,361</b>

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2012		2011	
	Settled	Outstanding	Settled	Outstanding
<i>Current payables</i>				
Loans and borrowings	(578,924)	(95,175)	299,952	196,525
Suppliers	(11,440)	11,365	101,939	(151,839)
Group companies				
Suppliers, Group companies	422	3	442,678	(422)
<b>Total current liabilities</b>	<b>(589,942)</b>	<b>(83,807)</b>	<b>844,569</b>	<b>44,264</b>
<b>Total financial liabilities</b>	<b>(589,942)</b>	<b>(83,807)</b>	<b>844,569</b>	<b>44,264</b>

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

Details of late payments to suppliers are as follows:

	Payments made and payable at the reporting date			
	2012		2011	
	Amount	%	Amount	%
Within maximum legal payment term	(50,527,601)	59%	(72,186,662)	76%
Rest	(34,574,458)	41%	(22,745,469)	24%
<b>Total payments for the year</b>	<b>(85,102,059)</b>	<b>100%</b>	<b>(94,932,131)</b>	<b>100%</b>
Weighted average period payments past-due (days)	22		33	
Late payments for which the maximum legal payment term has been exceeded at the reporting date	1,118,230	17%	1,295,911	17%

## (23) Taxation

Details of balances with public entities are as follows:

	Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
<b>Assets</b>				
Deferred tax assets	7,688,784	-	5,182,728	-
Current tax assets	-	17,668,859	-	7,161,863
Value added tax and similar taxes	-	8,970,504	-	3,516,959
	<b>7,688,784</b>	<b>26,639,363</b>	<b>5,182,728</b>	<b>10,678,822</b>
<b>Liabilities</b>				
Deferred tax liabilities	4,394,347	-	5,009,797	-
Value added tax and similar taxes	-	-	-	194,249
Social Security	-	388,652	-	352,754
Withholdings	-	845,009	-	615,990
	<b>4,394,347</b>	<b>1,233,661</b>	<b>5,009,797</b>	<b>1,162,993</b>

Details by company of intercompany receivables and payables resulting from the tax effect of filing consolidated tax returns are as follows:

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

	Euros	
	2012	2011
	Current	Current
Receivables (note 14)		
Instituto Grifols, S.A.	7,079,616	9,073,671
Logister, S.A.	472,970	51,041
Biomat, S.A.	528,531	374,337
Grifols International, S.A.	199,542	228,430
Movaco, S.A.	547,927	1,962,534
Grifols Viajes, S.A.	138,691	62,292
Grifols Engineering, S.A.	458,050	795,918
Arrahona Optimus, S.L.	43,249	2,235,122
Diagnostic Grifols S.A.	1,086,351	-
	<b>10,554,927</b>	<b>14,783,345</b>
Payables (note 21)		
Biomat, S.A.	10,535	-
Instituto Grifols, S.A.	13,933,567	4,717,222
Diagnostic Grifols, S.A.	4,794,541	3,618,691
Laboratorios Grifols, S.A.	2,625,893	2,506,740
Movaco	1,181,518	-
Grifols Engineering, S.A.	19,214	-
Logister, S.A.	-	20,779
Grifols International, S.A.	497,639	409,301
Arrahona Optimus, S.L.	315,223	391,599
Gri-Cel, S.A.	971,547	246,883
	<b>24,349,677</b>	<b>11,911,215</b>

Balances receivable and payable at 31 December 2012 and 2011 comprise accrued income tax and value added tax payable.

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	Years open to inspection
Income tax	2008-2011
Value added tax	2009-2012
Personal income tax	2009-2012
Capital gains tax	2009-2012
Business activities tax	2009-2012
Social Security	2009-2012
Non-residents	2009-2012
Customs duties	2009-2012

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any case, the Company's directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (a) Income tax

The Company files consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Diagnostic Grifols, S.A., Movaco, S.A., Biomat, S.A., Logister, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A., Arrahona Optimus, S.L. and Gri-Cel, S.A.

A reconciliation of net income and expenses for the year with the taxable income/tax loss is provided in Appendix VIII.

The relationship between the tax expense/(tax income) and accounting profit/(loss) for the year is shown in Appendix IX.

Details of the tax income recognised in the income statement are as follows:

	Euros	
	2012	2011
Current tax		
Present year	(4,574,255)	(20,471,555)
Previously unrecognised tax deductions	1,371,266	(291,375)
	<u>(3,202,989)</u>	<u>(20,762,930)</u>
Deferred tax		
Source and reversal of temporary differences		
Property, plant and equipment	87,926	1,955,037
Investments	1,091,612	(2,586,806)
Finance costs	(2,640,700)	-
Deductions generated	(1,072,115)	
Deductions applied	563,000	
Changes in recognised tax deductions	-	(29,150)
	<u>(5,173,266)</u>	<u>(21,423,849)</u>

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Euros					
	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
Property, plant and equipment	30,778	40,762	(4,085,871)	(4,007,926)	(4,055,093)	(3,967,164)
Grants	-	-	(25,440)	(47,784)	(25,440)	(47,784)
Investments, Group	2,410,984	3,540,893	(283,036)	(954,087)	2,127,948	2,586,806
Financial assets at fair value through profit or loss	1,095,488	528,625	-	-	1,095,488	528,625
Non-deductible finance costs	2,640,701	-	-	-	2,640,701	-
Capital increase costs	6,006	-	-	-	6,006	-
Rights to tax deductions and credits	1,504,827	1,072,448	-	-	1,504,827	1,072,448
Net assets and liabilities	<u>7,688,784</u>	<u>5,182,728</u>	<u>(4,394,347)</u>	<u>(5,009,797)</u>	<u>3,294,437</u>	<u>172,931</u>

(Continued)



**GRIFOLS, S.A.****Notes to the Annual Accounts**

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

	Euros	
	2012	2011
Deferred tax assets relating to temporary differences	2,704,617	4,100,296
Total assets	<u>2,704,617</u>	<u>4,100,296</u>
Deferred tax liabilities	3,792,955	4,600,002
Net	<u>(1,088,338)</u>	<u>(499,706)</u>

## (b) Value added tax

Since 1 January 2008 the Company has filed consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Diagnostic Grifols, S.A., Movaco, S.A., Biomat, S.A., Logister, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A., Arrahona Optimus, S.L. and Gri-Cel, S.A. (the latter two since 1 January 2009).

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (24) Environmental Information

Details of property, plant and equipment at 31 December 2012 used to minimise the Company's impact on the environment are as follows:

Description	Euros		
	2012		
	Cost	Accumulated depreciation	Net
Sewage treatment	122,641	(12,292)	110,349
Water saving	311,021	(113,899)	197,122
Heating prevention	233,088	(41,319)	191,769
Waste management	243,427	(209,599)	33,828
	<b>910,177</b>	<b>(377,109)</b>	<b>533,068</b>
	2011		
Sewage treatment	75,908	(38,477)	37,431
Water saving	311,021	(87,019)	224,002
Heating prevention	23,239	(9,267)	13,972
Waste management	243,427	(193,662)	49,765
	<b>653,595</b>	<b>(328,425)</b>	<b>325,170</b>

Environmental expenses amount to Euros 78,171 in 2012 (Euros 95,299 in 2011).

## (25) Related Party Balances and Transactions

## (a) Related party balances

Balances receivable from and payable to Group companies and related parties and the main details of these balances are disclosed in notes 14 and 21.

Details of balances by category are provided in Appendix XI.

## (b) Related party transactions

Details of the Company's transactions with related parties are provided in Appendix XII.

Services are normally negotiated with Group companies to include a mark-up, establishing margins of between 5% and 10%.

During 2011 the Company sold certain assets totalling Euros 37.6 million to a related entity (see note 7).

The Company contributes 0.7% of pre-tax consolidated profits for each year to a non-profit organisation.

Transactions with other related parties are conducted at arm's length.

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (c) Information on the Company's directors and senior management personnel

During 2012 the independent members of the Company's board of directors have accrued Euros 500 thousand (Euros 180 thousand in 2011) in their capacity as such. Directors representing shareholders' interests have received remuneration of Euros 100 thousand during 2012 (none in 2011). The members of the Company's board of directors who have a labour relationship with the Company and senior management personnel have received total remuneration of Euros 3,087 thousand Euros 3,549 thousand, respectively (Euros 2,242 thousand and Euros 3,177 thousand in 2011). Members of the board of directors have not received any loans or advances nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors or senior management personnel. In addition, certain Company directors and senior management personnel have termination benefit commitments (see note 19).

## (d) Investments and positions held by the directors and their related parties in other companies

The directors of the Company and related parties do not hold any investments in non-Group companies with identical, similar or complementary statutory activities to that of the Company.

Details of positions held as well as functions and activities performed by the directors and parties related to them in Group companies and/or companies with identical, similar or complementary statutory activities to that of the Company are provided in Appendix X, which forms an integral part of this note to the annual accounts.

**(26) Income and Expenses**

## (a) Revenues

Details of revenues by category of activity and geographical market are shown in Appendix XIII.

## (b) Supplies

Details of other supplies used are as follows:

	Euros	
	2012	2011
Other supplies used		
Purchases of spare parts	556,099	505,398
Impairment of merchandise	83,926	13,510
Change in inventories	(119,405)	(111,563)
	<b>520,620</b>	<b>407,345</b>

## (c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	Euros	
	2012	2011
Employee benefits expense		
Social Security payable by the Company	3,771,814	3,533,873
Contributions to defined contribution plans	75,846	69,402
Other employee benefits expenses	990,516	826,066
	<b>4,838,176</b>	<b>4,429,341</b>

(Continued)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

## (27) Employee Information

The average headcount of the Company, distributed by department, is as follows:

	Number	
	2012	2011
Technical area	45	44
Administration and others	262	248
General management	23	22
Marketing	6	6
	<b>336</b>	<b>320</b>

At 31 December 2012 the distribution by gender of Company personnel and the members of the board of directors is as follows:

	Number			
	2012		2011	
	Female	Male	Female	Male
Technical area	41	5	40	5
Administration and others	102	170	96	154
General management	13	10	14	12
Marketing	4	2	4	2
Directors	1	11	1	10
	<b>161</b>	<b>198</b>	<b>155</b>	<b>183</b>

## (28) Audit Fees

KPMG Auditores, S.L, the auditors of the annual accounts of the Company have invoiced the Company the following fees and expenses for professional services during the years ended 31 December 2012 and 2011:

	Euros	
	2012	2011
Audit services	675,600	953,700
Other assurance services	420,000	741,640
Other services	38,000	-
	<b>1,133,600</b>	<b>1,695,340</b>

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

(Continued)

**GRIFOLS, S.A.****Notes to the Annual Accounts****(29) Events after the Reporting Period**

On 4 December 2012, the shareholders of Grifols approved a share capital increase to remunerate a shareholder, which was carried out through the issue of 16,328,212 new Class B shares without voting rights and with a charge to voluntary reserves. These shares were traded on the four Spanish stock exchanges on 4 January 2013 and on the Spanish Automated Quotation System on 14 January 2013. This capital increase became legally effective on 4 January 2013, the date it was registered by public deed.

(Continued)

GRIFOLS, S.A.

Details of and Movement in Property, Plant and Equipment  
for the year ended 31 December 2012

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

2012	EUROS						Total
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	
Cost at 1 January 2012	305,550	-	6,000,397	10,383,054	1,557,550	5,115,987	23,362,538
Additions	-	-	688,670	213,823	2,235,684	1,180,300	4,319,487
Disposals	-	-	-	(44,848)	-	(11,123)	(55,971)
Transfers	(305,550)	-	11,024	17,728	(19,226)	-	(296,024)
Cost at 31 December 2012	-	-	6,701,091	10,569,757	3,774,018	6,285,164	27,330,030
Accumulated depreciation at 1 January 2012	-	-	(2,740,146)	(5,164,131)	-	(4,062,668)	(11,966,945)
Depreciation	-	-	(898,362)	(821,660)	-	(499,503)	(2,219,525)
Disposals	-	-	-	44,223	-	11,124	55,347
Accumulated depreciation at 31 December 2012	-	-	(3,638,508)	(5,941,568)	-	(4,551,047)	(14,131,123)
Carrying amount at 31 December 2012	-	-	3,062,583	4,628,189	3,774,018	1,734,117	13,198,907

This appendix forms an integral part of note 6 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of and Movement in Property, Plant and Equipment  
for the year ended 31 December 2011

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

	Euros					Total
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	
<b>2011</b>						
Cost at 1 January 2011	902,621	866,379	5,973,097	10,088,026	804,340	22,979,599
Additions	-	-	21,647	674,840	1,557,548	3,088,757
Disposals	(597,071)	(868,379)	-	(1,244,997)	(11,602)	(2,793,494)
Transfers	-	-	5,653	865,185	(880,413)	-
Transfers from investment property	-	-	-	-	87,676	87,676
<b>Cost at 31 December 2011</b>	<b>305,550</b>	<b>-</b>	<b>6,000,397</b>	<b>10,383,054</b>	<b>1,557,550</b>	<b>23,362,538</b>
Accumulated depreciation at 1 January 2011	-	(347,616)	(2,211,129)	(5,375,991)	-	(11,704,007)
Depreciation	-	(2,055)	(529,017)	(748,788)	-	(1,642,701)
Disposals	-	349,671	-	958,648	-	1,379,783
<b>Accumulated depreciation at 31 December 2011</b>	<b>-</b>	<b>-</b>	<b>(2,740,146)</b>	<b>(5,164,131)</b>	<b>-</b>	<b>(11,966,945)</b>
<b>Carrying amount at 31 December 2011</b>	<b>305,550</b>	<b>-</b>	<b>3,260,251</b>	<b>6,218,923</b>	<b>1,557,550</b>	<b>11,395,593</b>

This appendix forms an integral part of note 6 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.  
Information on Group companies  
at 31 December 2012  
(Expressed in Euros)

Name	Registered Offices	Activity	Dir	% shares Ind	Total	Capital	Reserves	Other equity items	Profit and loss for the year	Total equity	Carrying amount of investment	Dividends received in 2012
Laboratorios Grifols S.A.	Spain	Industrial	99,998	0,001	100,0	21.798.360	4.756.981	—	(6.747.105)	19.808.236	33.798.366	—
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1.537.989	79.370.266	—	62.551.283	143.459.538	1.537.990	54.995.925
Movaco S.A.	Spain	Commercial	99,999	0,001	100,0	2.404.601	1.451.643	—	(5.160.648)	(1.304.404)	2.404.619	4.968.726
Grifols Portugal Produtos Farmacéuticos e Hospitalares, Lda.	Portugal	Commercial	0,015	99,985	100,0	478.255	10.345.188	33.551	(5.253.623)	5.603.371	—	—
Diagnosic Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	336.560	10.886.345	—	8.843.414	18.066.319	336.561	999.982
Logister, S.A.	Spain	Services	—	100,000	100,0	105.325	261.173	—	11.161	377.659	—	—
Grifols Chile, S.A.	Chile	Commercial	99,000	—	99,0	365.453	13.666.943	2.406.593	1.292.692	17.751.671	385.453	—
Biomat, S.A.	Spain	Industrial	99,900	0,100	100,0	60.110	711.483	—	164.363	935.956	60.041	688.372
Grifols Argentina, S.A.	Argentina	Commercial	100,000	—	100,0	955.675	7.935.830	(3.003.875)	1.719.227	7.807.057	6.563.003	—
Grifols, s.r.o.	Czech Republic	Commercial	100,000	—	100,0	51.597	8.058.419	599.564	108.425	9.816.005	51.600	—
Logística Grifols, S.A. de CV	Mexico	Services	100,000	—	100,0	92.279	1.736.294	303.004	154.074	2.285.651	235.258	—
Grifols Viajes, S.A.	Spain	Services	99,900	0,100	100,0	60.110	376.977	—	351.616	788.703	60.041	—
Grifols USA, LLC	United States	Commercial	—	100,000	100,0	561.686	(2.567.418)	(1.299.830)	1.850.496	(1.455.086)	—	—
Grifols International, S.A.	Spain	Services	99,900	0,100	100,0	2.860.154	1.117.513	—	3.488	3.981.155	—	357.398
Grifols Deutschland GmbH	Germany	Commercial	100,000	—	100,0	15.000	15.258.958	5.409	3.039.073	18.318.440	12.864.559	—
Grifols Italia S.p.A.	Italy	Commercial	100,000	—	100,0	2.494.762	12.576.088	(30.411)	(3.857.116)	11.383.333	12.862.540	—
Grifols UK, Ltd.	United Kingdom	Commercial	100,000	—	100,0	4.285	9.080.446	(319.713)	1.745.105	10.510.123	21.167.620	—
Grifols France S.A.R.L.	Brazil	Commercial	100,000	—	100,0	764.095	(2.900.868)	549.587	(927.728)	(2.514.915)	764.095	—
Grifols Engineering, S.A.	France	Commercial	99,999	0,001	100,0	657.734	(11.946)	—	(247.963)	397.823	657.657	—
Biomat USA, Inc.	Spain	Services	99,950	0,050	100,0	60.120	565.437	(2)	292.841	938.498	60.090	1.976.879
Squadron Reinsurance Ltd.	United States	Industrial	—	100,000	100,0	0	110.199.736	(13.460.082)	14.082.658	110.822.311	—	—
Grifols, Inc.	Ireland	Services	99,998	0,001	100,0	1.000.000	20.375.442	(8)	3.095.587	24.471.001	1.000.000	—
Grifols Asia Pacific Pte. Ltd.	United States	Services	100,000	—	100,0	—	962.292.054	97.124.581	(151.120.272)	908.296.363	1.026.005.280	—
Grifols Biologicals, Inc.	Singapore	Commercial	100,000	—	100,0	362.387	10.187.658	(572.482)	6.155.084	16.132.648	714.768	—
Grifols (Thailand), Ltd.	United States	Industrial	—	100,000	100,0	—	182.477.777	(2.316.319)	35.093.526	215.254.984	—	—
Grifols Polska Sp.z o.o.	Thailand	Commercial	—	48,000	48,0	61.196	2.959.183	324.466	40.887	3.385.734	—	—
Grifols Malaysia Sdn Bhd	Poland	Commercial	100,000	—	100,0	10.714	1.489.032	225.603	359.457	2.084.806	10.714	—
Pfarmare, Inc.	Malaysia	Commercial	—	30,000	30,0	30.283	905.426	104.497	(22.335)	1.017.871	—	—
Grifols México S.A. de CV	United States	Commercial	—	100,000	100,0	15.241	17.358.048	(85.740)	97.707	17.385.256	—	—
Arbhomia Oplimus, S.L.	Mexico	Industrial	100,000	—	100,0	461.397	4.088.617	36.981	1.143.086	5.730.091	461.225	—
Grifols Australia Pty Ltd	Spain	Services	100,000	—	100,0	1.925.100	1.465.779	—	70.234	3.461.113	—	—
Medlon Diagnostic Grifols AG	Australia	Industrial	100,000	—	100,0	1.695.072	10.853.606	259.068	(593.281)	12.214.465	3.388.369	—
Medion Diagnostic GmbH	Switzerland	Industrial	80,000	—	80,0	2.487.149	(2.023.365)	(179.915)	(140.035)	143.834	1.968.720	—
Grifols, S.A.	Germany	Commercial	—	80,000	80,0	1.500.000	(1.005.873)	—	(2.115.512)	494.127	—	—
Nanotherapix, S.L.	Spain	Research	0,001	99,999	100,0	15.060.102	2.663.688	—	(714.857)	15.808.278	1	—
Grifols Colombia, Ltda.	Spain	Research	—	51,000	—	4.887	3.429.853	—	(67.238)	2.719.883	—	—
Grifols Nordic AB	Colombia	Commercial	99,000	1,000	100,0	8.233	107.222	6.108	(58.752)	54.325	7.852	—
Grifols Therapeutic Inc.	Sweden	Commercial	100,000	—	100,0	10.391	813.437	13.390	(1.495.960)	(658.752)	1.245.045	—
Talecris Plasma Resources Inc.	United States	Commercial	—	100,000	100,0	12.686.460	658.810.662	51.197.070	312.931.287	1.035.625.489	—	—
Grifols Canadá, Ltd.	United States	Industrial	—	100,000	100,0	6	76.500.857	6.817.467	6.859.908	90.178.238	—	—
Talecris Overseas Corp.	Canada	Industrial	—	100,000	100,0	6	813.173	53.342	167.647	1.034.168	—	—
Aracion Biotech, S.L.	United States	Services	—	100,000	100,0	6	(1.092.971)	(82.820)	(286.868)	(1.473.453)	—	—
PTR Solar, S.L.	Spain	Research	—	51,000	51,0	6.069	4.460.802	—	(4.257.640)	209.231	—	—
GRI-CEI, S.A. - Productiva Transilvaia	Spain	Services	—	100,000	100,0	12.012.100	(19.303)	—	82.980	12.075.787	—	—
VCN Biosciences, S.L.	Brazil	Industrial	60,000	—	60,0	1.696.027	—	(147.844)	(53.793)	1.496.390	1.018.914	—
	Spain	Research	—	40,000	40,0	47.407	1.060.483	—	(602.882)	325.008	—	—
										<u>1.167.285.679</u>		<u>63.900.282</u>

This appendix forms an integral part of note 12 to the annual accounts, in conjunction with which it should be read.



**GRIFOLS, S.A.**  
Information on Group companies  
at 31 December 2012  
(Expressed in Euros)

Name	Registered Offices	Activity	Dir	% shares	Total	Capital	Reserves	Other equity items	Profit and loss for the year	Total equity	Carrying amount of investment	Dividends received in 2011
Laboratorios Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	11,798,351	9,704,636	—	(4,938,135)	16,564,852	23,798,357	—
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1,537,989	61,386,066	—	72,984,199	135,908,254	1,537,990	38,999,218
Meveco, S.A.	Spain	Commercial	99,999	0,001	100,0	2,404,601	1,451,643	—	4,968,788	6,825,033	2,404,619	6,758,291
Grifols Portugal Productos Farmacéuticos e Hospitalares Lda.	Portugal	Commercial	0,015	99,985	100,0	478,255	1,400,000	33,551	(1,573,812)	337,984	—	—
Diagnostico Grifols, s.a.	Spain	Industrial	99,998	0,002	100,0	396,560	9,805,789	—	2,080,557	12,222,906	336,561	841,471
Logister, S.A.	Spain	Services	—	100,000	100,0	105,325	348,699	—	(87,525)	366,498	—	—
Grifols Chile, S.A.	Chile	Commercial	99,000	—	99,0	385,453	12,415,504	1,363,140	1,251,440	15,415,536	385,453	—
Biomat, S.A.	Spain	Industrial	99,900	0,100	100,0	60,110	711,484	—	688,062	1,460,656	60,041	1,024,903
Grifols Argentina, S.A.	Argentina	Commercial	100,000	—	100,0	955,675	6,976,768	(1,811,174)	959,063	7,080,333	6,583,003	—
Grifols, s.r.o.	Czech Republic	Commercial	100,000	—	100,0	51,597	7,614,578	354,198	1,443,842	9,464,214	51,600	—
Logística Grifols, S.A. de CV	Mexico	Services	100,000	—	100,0	92,279	1,330,662	194,458	405,633	2,023,033	235,258	—
Grifols Viejes S.A.	Spain	Services	99,900	0,100	100,0	60,110	288,824	—	108,153	437,087	50,041	—
Grifols USA, LLC	United States	Commercial	—	100,000	100,0	581,686	(302,854)	(1,315,053)	(2,264,564)	(3,320,784)	—	—
Grifols International, S.A.	Spain	Services	99,900	0,100	100,0	2,860,154	1,117,513	—	357,405	4,335,072	2,860,085	1,283,793
Grifols Deutschland GmbH	Germany	Commercial	100,000	—	100,0	25,000	12,455,214	(95,451)	2,704,710	15,089,473	12,664,559	—
Grifols Italia, S.p.A.	Italy	Commercial	100,000	—	100,0	2,494,782	8,271,118	17,111	1,378,555	12,161,546	12,226,606	—
Grifols UK, Ltd.	United Kingdom	Commercial	100,000	—	100,0	4,285	7,438,255	(520,281)	1,642,191	8,564,451	21,167,620	—
Grifols Brasil, Ltda.	Brazil	Commercial	100,000	—	100,0	764,095	37,151	154,427	(2,938,019)	(1,962,346)	764,095	—
Grifols France, S.A.R.L.	France	Commercial	99,000	1,000	100,0	7,700	13,408	(2)	(25,354)	(4,246)	7,623	—
Grifols Engineering, S.A.	Spain	Services	99,950	0,050	100,0	60,120	985,437	—	1,977,868	2,623,425	60,090	3,444,242
Biomat USA, Inc.	United States	Industrial	—	100,000	100,0	0	101,585,833	(11,029,850)	8,613,904	99,169,887	—	—
Squatron Reinsurance Ltd.	Ireland	Services	99,998	0,001	100,0	1,000,000	17,031,955	(1)	3,343,487	21,375,441	1,000,000	—
Grifols Inc.	United States	Services	100,000	—	100,0	—	1,082,849,330	94,320,288	(90,061,059)	1,087,108,570	1,026,005,280	—
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	—	100,0	382,387	7,812,713	(266,223)	2,374,946	10,293,823	714,769	—
Grifols Biologicals, Inc.	United States	Industrial	—	100,000	100,0	—	153,837,194	2,020,276	28,640,583	184,498,054	—	—
Grifols (Thailand) Ltd.	Thailand	Commercial	—	48,000	48,0	61,198	2,692,717	270,636	379,921	3,404,472	—	—
Alpha Therapeutic Italia, S.p.A.	Italy	Commercial	100,000	—	100,0	500,000	1,977,871	(47,522)	448,554	2,878,904	635,934	—
Grifols Polska, Sp.z o.o.	Poland	Commercial	—	30,000	30,0	10,714	1,651,574	40,703	(162,542)	1,540,450	10,714	—
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	—	100,000	100,0	30,283	851,144	87,372	54,282	1,023,081	—	—
Plasmacare, Inc.	United States	Industrial	—	100,000	100,0	15,241	17,258,039	265,094	98,008	17,638,383	—	—
Grifols Mexico, S.A. de CV	Mexico	Industrial	100,000	—	100,0	461,387	2,138,531	(177,699)	1,950,086	4,372,315	461,225	—
Aranona Oplimus, S.L.	Spain	Services	100,000	—	100,0	1,925,100	6,110,741	—	(4,644,962)	3,380,879	3,388,370	—
Woolloomooloo Holding Pty Ltd	Australia	Services	100,000	—	100,0	24,999,881	1,060,901	14,041,434	(27,295,005)	12,807,211	34,974,212	—
Grifols Australia Pty Ltd	Australia	Industrial	—	100,000	100,0	1,695,072	7,410,443	952,054	(484,842)	9,572,727	—	—
A.C.N. 073 272 830 Pty Ltd.	Australia	Commercial	—	100,000	100,0	6	27,825	3	(28,059)	(224)	—	—
Salum Australia Pty Ltd	Australia	Investment	—	100,000	100,0	2,898,828	5,861,278	1,628,157	(5,649,126)	4,739,136	—	—
Salum Investments AG	Switzerland	Investment	—	100,000	100,0	66,981	5,175,250	(735,253)	101,745	4,608,723	—	—
Medion Diagnostic Grifols AG	Switzerland	Industrial	—	80,000	80,0	1,373,114	(2,933,948)	621,754	(1,244,322)	(2,163,403)	—	—
Medion Diagnostic GmbH	Germany	Commercial	—	80,000	80,0	1,983,822	(1,539,241)	173,544	—	818,125	—	—
Gri-Cal, S.A.	Spain	Research	0,002	99,998	100,0	60,102	3,992,379	—	(1,128,690)	2,923,791	1	—
Nanotherapix, S.L.	Spain	Research	—	51,000	—	4,260	2,630,296	—	(672,013)	1,962,543	—	—
Grifols Colombia, Ltda.	Colombia	Commercial	99,000	1,000	100,0	8,234	(19,487)	2,436	(307,709)	117,892	7,652	—
Grifols Nordic AB	Sweden	Commercial	100,000	—	100,0	10,392	423,240	(1,351)	(307,015)	125,266	2,665,150	—
Grifols Therapeutic Inc.	United States	Commercial	—	100,000	100,0	24,047,510	565,641,020	73,493,126	86,957,635	750,139,292	—	—
Talecris Plasma Resources Inc.	United States	Industrial	—	100,000	100,0	7	72,498,512	8,886,823	4,002,346	85,387,688	—	—
Talecris Biotherapeutics Ltd.	United States	Industrial	—	100,000	100,0	6	753,271	51,608	854,768	854,768	—	—
Talecris Overseas Corp.	United States	Services	—	100,000	100,0	7	(888,367)	(120,466)	(204,604)	(1,213,430)	—	—

This appendix forms an integral part of note 12 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Classification of Financial Assets by Category  
for the year ended 31 December 2012

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

	Euros					
	Non-current			Current		
	At cost or fair value Carrying amount	Fair value	At fair value	At amortised cost or cost Carrying amount	Fair value	At fair value
2012		Total			Total	
Other assets at fair value through profit or loss	-	-	7,668	-	-	-
Derivative financial instruments (note 15)	-	-	7,668	-	-	-
<b>Total</b>	-	-	<b>7,668</b>	-	-	-
<b>Loans and receivables</b>						
Loans						
Fixed rate	-	-	-	255,527,713	255,527,713	-
Variable rate	3,313,453	3,313,453	3,313,453	-	-	-
Loans, tax effect	-	-	-	10,554,927	10,554,927	-
Deposits and guarantees	729,153	729,153	729,153	4,016	4,016	4,016
Trade and other receivables	-	-	-	41,148	41,148	41,148
Trade receivables	-	-	-	28,175,225	28,175,225	-
Other receivables	3,031,681	3,031,681	3,031,681	23,335	23,335	-
<b>Total</b>	<b>7,074,287</b>	<b>7,074,287</b>	<b>7,074,287</b>	<b>294,326,364</b>	<b>294,326,364</b>	<b>-</b>
<b>Total financial assets</b>	<b>7,074,287</b>	<b>7,074,287</b>	<b>7,081,955</b>	<b>294,326,364</b>	<b>294,326,364</b>	<b>294,326,364</b>

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Classification of Financial Assets by Category  
for the year ended 31 December 2011

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

	Euros						
	Non-current			Current			
	At cost or fair value		At amortised cost or cost	Fair value		Total	
Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
<b>2011</b>							
Other assets at fair value through profit or loss							
Derivative financial instruments	3,091,429	3,091,429	-	3,091,429	-	3,619,220	3,619,220
<b>Total</b>	<b>3,091,429</b>	<b>3,091,429</b>	<b>-</b>	<b>3,091,429</b>	<b>-</b>	<b>3,619,220</b>	<b>3,619,220</b>
Loans and receivables							
Loans							
Fixed rate	-	-	-	-	313,832,962	313,832,962	313,832,962
Loans, tax effect	-	-	-	-	14,783,345	14,783,345	14,783,345
Deposits and guarantees	754,884	754,884	-	754,884	120	-	120
Trade and other receivables	-	-	-	-	66,642	66,642	66,642
Trade receivables	-	-	-	-	10,565,573	10,565,573	10,565,573
Other receivables	-	-	-	-	17,202	17,202	17,202
<b>Total</b>	<b>754,884</b>	<b>754,884</b>	<b>-</b>	<b>754,884</b>	<b>339,265,844</b>	<b>339,265,844</b>	<b>339,265,844</b>
Assets available for sale							
<b>Total</b>	<b>3,846,313</b>	<b>3,846,313</b>	<b>-</b>	<b>3,846,313</b>	<b>339,265,844</b>	<b>3,619,220</b>	<b>342,885,064</b>

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of Movement in Reserves and Profit  
for the year ended 31 December 2012

(Expressed in Euros)

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

	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 1 January 2012	21,306,490	3,020	86,196,391	167,286	107,673,187
Recognised income and expense	-	-	-	52,369,156	52,369,156
Distribution of profit for 2011	16,729	-	-	(16,729)	-
Appropriation to legal reserves	-	-	150,557	(150,557)	-
Reserves	-	-	5,194,877	-	5,194,877
Acquisition of treasury stock	-	-	(4,061,471)	-	(4,061,471)
Disposal of treasury stock	-	-	(55,092)	-	(55,092)
Other movements	-	-	-	-	-
Balance at 31 December 2012	<b>21,323,219</b>	<b>3,020</b>	<b>87,425,262</b>	<b>52,369,156</b>	<b>161,120,657</b>

This appendix forms an integral part of note 18 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Movement in Reserves and Profit  
for the year ended 31 December 2011**

(Expressed in Euros)

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

	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 1 January 2011	21,306,490	3,020	28,487,713	63,547,595	113,344,818
Recognised income and expense	-	-	-	167,286	167,286
Distribution of profit for 2010	-	-	63,547,595	(63,547,595)	-
Reserves	-	-	(5,838,917)	-	(5,838,917)
Other movements	-	-	-	-	-
Balance at 31 December 2011	<b>21,306,490</b>	<b>3,020</b>	<b>86,196,391</b>	<b>167,286</b>	<b>107,673,187</b>

This appendix forms an integral part of note 18 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Financial Liabilities by Category  
for the year ended 31 December 2012**

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

	Euros						
	Non-current			Current			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	Total
2012							
Derivative financial instruments (note 15)	-	-	11,669,646	11,669,646	-	-	-
<i>Debits and payables</i>							
Group companies	-	-	-	-	36,550,556	36,550,556	36,550,556
Loans							
Loans and borrowings							
Variable rate	356,906,593	356,906,593	-	356,906,593	25,845,204	25,845,204	25,845,204
Finance lease payables	1,195,932	1,195,932	-	1,195,932	785,794	785,794	785,794
Other financial liabilities	427,261	427,261	-	427,261	886,216	886,216	886,216
Trade and other payables							
Suppliers	-	-	-	-	19,144,230	19,144,230	19,144,230
Suppliers, Group companies	-	-	-	-	16,902,471	16,902,471	16,902,471
Other payables	-	-	-	-	5,812,208	5,812,208	5,812,208
<b>Total financial liabilities</b>	<b>358,529,786</b>	<b>358,529,786</b>	<b>11,669,646</b>	<b>370,199,432</b>	<b>106,926,679</b>	<b>105,926,679</b>	<b>105,926,679</b>

This appendix forms an integral part of note 20 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Financial Liabilities by Category  
for the year ended 31 December 2011**

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

	Euros					
	Non-current			Current		
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value
<b>2011</b>						
<i>Liabilities at fair value through profit or loss</i>						
Derivative financial instruments	-	-	16,261,992	16,261,992	-	-
<i>Debts and payables</i>						
Group companies	-	-	-	-	34,854,254	34,854,254
Loans	-	-	-	-	-	-
Loans and borrowings	391,663,896	391,663,896	-	391,663,896	23,684,445	23,684,445
Variable rate	871,860	871,860	-	871,860	535,733	535,733
Finance lease payables	206,777	206,777	-	206,777	95,844	95,844
Other financial liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	24,935,741	24,935,741
Suppliers	-	-	-	-	8,541,438	8,541,438
Suppliers, Group companies	-	-	-	-	-	-
Other payables	-	-	-	-	3,414,322	3,414,322
<b>Total financial liabilities</b>	<b>392,742,533</b>	<b>392,742,533</b>	<b>16,261,992</b>	<b>409,004,525</b>	<b>86,061,777</b>	<b>96,061,777</b>

This appendix forms an integral part of note 20 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**  
**Classification of Financial Liabilities by Maturity**  
**for the years ended 31 December 2012 and 2011**

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

	Euros					Total non-current
	2013	2014	2015	2016	2017	
Payables						
Loans and borrowings	25,845,204	35,216,995	107,532,004	35,843,499	178,314,095	356,906,593
Finance lease payables	785,794	766,059	388,380	35,435	6,058	1,195,932
Derivative financial instruments	-	-	-	5,704,264	5,965,382	11,669,646
Other financial liabilities	886,216	380,411	46,850	-	-	427,261
Trade and other payables						
Suppliers	13,595,170	-	-	-	-	(13,595,170)
Suppliers, Group companies	16,902,471	-	-	-	-	(16,902,471)
Other payables	5,549,060	-	-	-	-	(5,549,060)
Personnel	5,812,208	-	-	-	-	(5,812,208)
<b>Total financial liabilities</b>	<b>69,376,123</b>	<b>36,363,465</b>	<b>107,967,234</b>	<b>41,583,198</b>	<b>184,285,535</b>	<b>370,199,432</b>
					<b>Less current portion</b>	

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read.



**GRIFOLS, S.A.**

**Classification of Financial Liabilities by Maturity  
for the years ended 31 December 2012 and 2011**

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

	Euros						Total non-current
	2012	2013	2014	2015	2016	Subsequent years	
<b>Payables</b>							
Loans and borrowings	23,559,892	20,308,956	30,384,389	105,005,913	31,776,139	204,188,489	391,663,896
Finance lease payables	535,732	420,025	371,312	80,523	-	-	871,860
Derivatives (note 15)	-	-	2,896,992	-	13,365,000	-	16,261,992
Other financial liabilities	95,844	-	206,777	-	-	-	206,777
Group companies	34,854,254	-	-	-	-	-	-
Trade and other payables							
Suppliers	15,114,596	-	-	-	-	-	(15,114,596)
Suppliers, Group companies	8,541,438	-	-	-	-	-	(8,541,438)
Other payables	9,821,145	-	-	-	-	-	(9,821,145)
Personnel	3,414,322	-	-	-	-	-	(3,414,322)
<b>Total financial liabilities</b>	<b>95,937,223</b>	<b>20,728,981</b>	<b>33,859,480</b>	<b>106,086,436</b>	<b>45,141,139</b>	<b>204,188,489</b>	<b>409,004,526</b>

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Main Characteristics of Payables  
for the year ended 31 December 2012

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

2012	Type	Currency	Limit in currency	Nominal rate	Maturity	Carrying amount:		
						Total value	Current	Non-current
	Group							
	Cash pooling (note 21)	EUR		Euribor +1%	2013	12,194,785	12,194,785	-
						12,194,785	12,194,785	
	<u>Unrelated parties</u>							
	Senior debt - Revolving credit							
	Senior debt - Tranche A	EUR	199,375,000	5.75-3.617%	2016	193,478,875	22,765,835	170,713,040
	Senior debt - Tranche B	EUR	198,000,000	6.25-3.607%	2017	185,070,545	1,876,992	183,193,553
	Sanlander	EUR	4,200,000	4.088-3.396%	2016	4,200,000	1,200,000	3,000,000
	BBVA Master	EUR	8,000,000	3.23-2.635%	2014	-	-	-
	BBVA USD	USD	5,000,000	2.271-2.24%	2014	-	-	-
	Banesto Master	EUR	7,000,000	3.29-2.423%	2013	-	-	-
	Banco de Sabadell Master	EUR	5,300,000	4.625-3.50%	2013	-	-	-
	UNICAJA	EUR	3,000,000	2.899-2.639%	2015	-	-	-
	BANCO POPULAR	EUR	6,000,000	4.80%	2015	-	-	-
	SCH Master	EUR	7,000,000	4.64-3.962%	2013	-	-	-
	Deutsche Bank	EUR	10,000,000	2.376%	2014	-	-	-
	Banca March	EUR	10,000,000	4.084%	2015	-	-	-
		USD-						
		MULTICU						
	HSBC	RRENCY	18,000,000	2.27-2.739%	2015	-	-	-
	BNP MASTER	EUR	2,000,000	2.3-1.822%	2013	-	-	-
	BANCO PASTOR							
	BANKINTER MASTER	EUR	3,000,000	3.57-2.50%	INDEFINITE	-	-	-
						382,749,420	25,842,827	356,906,593
	<b>Total</b>					<b>394,844,205</b>	<b>38,037,612</b>	<b>356,906,593</b>

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Main Characteristics of Payables  
for the year ended 31 December 2011

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

2011	Type	Currency	Limit in currency	Nominal rate	Maturity	Carrying amount		
						Total value	Current	Non-current
	Group							
	Credit facilities (note 21)	EUR	12,400,000	2.55%	2012	12,400,000	12,400,000	-
	Cash pooling (note 21)	EUR		Euribor +1%	2012	10,480,906	10,480,906	-
						22,880,906	22,880,906	
	<u>Unrelated parties</u>							
	Senior debt - Revolving credit	EUR	36,666,666		2016	-	-	-
	Senior debt - Tranche A	EUR	220,000,000	Euribor + 4%	2016	208,481,730	20,278,066	188,203,664
	Senior debt - Tranche B	EUR	220,000,000	Euribor + 4.5%	2017	201,291,810	2,031,579	199,260,232
	Santander	EUR	6,000,000	3.70-4.20%	2016	5,400,000	1,200,000	4,200,000
	BBVA Master	EUR	8,000,000	1.43-3.23%	2012	-	-	-
	BBVA USD	USD	5,000,000	1.21-1.30%	2012	-	-	-
	Banesto Master	EUR	7,000,000	2.59-3.36%	2012	-	-	-
	Banco de Sabadell Master	EUR	5,300,000	2.62-3.62%	2013	-	-	-
	Caixa Catalunya	EUR	3,000,000	3.75-4.70%	2012	-	-	-
	Bankia Master	EUR	6,000,000	2.94-4.36%	2012	-	-	-
	SCH Master	EUR	7,000,000	2.02-4.19%	2012	-	-	-
	UNNIM	EUR	2,000,000	4.50%	2011	-	-	-
	Deutsche Bank	EUR	8,500,000	1.65-2.04%	2012	-	-	-
	Lloyds Master	EUR	600,000	2.46-2.79%	2011	-	-	-
	Banca March	EUR	2,000,000	2.23-3.56%	2011	-	-	-
	HSBC	MULTICU						
	BNP MASTER	RRENCY	15,000,000	1.71-3.46%	2012	-	-	-
	BANCO PASTOR	EUR	2,000,000	2.43-2.68%	2012	16,412	16,412	-
	BANKINTER MASTER	EUR	1,000,000	4.10%	2012	6,820	6,820	-
		EUR	3,000,000		2012	1,500	1,500	-
						415,198,272	23,534,377	391,663,896
						438,079,178	46,416,283	391,663,886

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Reconciliation between Net Income and Expense for the Year and the Tax Loss  
for the year ended 31 December 2012

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

2012	Euros						
	Income statement Increases	Income statement Decreases	Net	Income and expense recognised directly in equity Increases	Income and expense recognised directly in equity Decreases	Net	Total
Income and expenses for the period			52,369,156			(1,374,817)	50,994,339
Income tax			(5,173,266)			(589,208)	(5,762,474)
Profit before income tax			47,195,890			(1,964,025)	45,231,865
Permanent differences							
Individual company	3,123,891	2,714,708	409,183				409,183
Tax consolidation adjustments	-	63,990,284	(63,990,284)				(63,990,284)
Temporary differences:							
Individual company							
originating in current year	9,261,137	955,106	8,306,031	(156,431)	(2,122,456)	1,964,025	10,270,056
originating in prior years	759,052	4,194,547	(3,435,495)				(3,435,495)
Tax loss			(11,614,674)				(11,614,675)

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Reconciliation between Net Income and Expense for the Year and the Tax Loss  
for the year ended 31 December 2011

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

2011	Euros						
	Income statement Increases	Income statement Decreases	Net	Income and expense recognised directly in equity Increases	Income and expense recognised directly in equity Decreases	Net	Total
Income and expenses for the period			167,286			(1,221,077)	(1,053,791)
Income tax			(21,423,849)			(523,318)	(21,947,167)
Loss before income tax			(21,256,563)			(1,744,394)	(23,000,957)
Permanent differences							
Individual company	782,473	2,139,721	(1,357,248)	-	-	-	(1,357,248)
Consolidation adjustments	-	46,813,724	(46,813,724)	-	-	-	(46,813,724)
Temporary differences:							
Individual company							
originating in current year	11,802,975	13,958,815	(2,155,840)	(350,576)	(2,094,970)	1,744,394	(411,446)
originating in prior years	1,903,623	1,742,103	161,520	-	-	-	161,520
Tax loss			(71,421,855)			-	(71,421,855)

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of Income Tax Expense/(Tax Income) related to Profit/(Loss)  
for the year ended 31 December 2012

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

	Euros		
	Profit and loss	Equity	Total
Income and expenses for the period before tax	47,195,890	(1,964,025)	45,231,865
Tax at 30%	14,158,767	589,208	13,569,559
Non-taxable income			
Dividends from Group companies	(19,197,085)	-	(19,197,085)
Non-deductible expenses			
Sanctions and fines	18,212	-	18,212
Deductions and credits for the current year	(153,160)	-	(153,160)
Income tax expense/(income)	(5,173,266)	589,208	(5,762,474)
Continuing operations			

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Income Tax Expense/(Tax Income) related to Profit/(Loss)  
for the year ended 31 December 2011**

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

	Euros		
	Profit and loss	Equity	Total
Income and expenses for the period	(21,256,563)	(1,744,394)	(23,000,957)
Tax at 30%	(6,376,969)	523,318	(5,853,651)
Non-taxable income	(14,044,117)	-	(14,044,117)
Dividends from Group companies	232	-	232
Non-deductible expenses	(641,916)	-	(641,916)
Donations and others	(69,704)	-	(69,704)
Effect of differences in tax rates	(291,375)	-	(291,375)
Deductions and credits for the current year			
Previously unrecognised tax deductions applied			
Income tax expense/(income) Continuing operations	<b>(21,423,849)</b>	<b>523,318</b>	<b>(20,900,531)</b>

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of Positions held by the Directors and Related Parties in other Companies  
31 December 2012

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

Director/ Related parties	Companies		Position and functions
Dagá Gelabert, T.	Medion Grifols Diagnostics AG	Grifols Inc.	Chairman
	Arrahona Optimus, S.L.	Biomat USA, Inc.	Board member
	Medion Diagnostics GmbH		Board member
	Araclon Biotech, S.L.		Non-executive secretary
Glanzmann, T.	Grifols, Inc.		Chairman
	Instituto Grifols, S.A.		Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.		Board member
Grifols Roura, V.	Arrahona Optimus, S.L.	Instituto Grifols, S.A.	Chairman
	Biomat S.A.	Grifols Engineering, S.A.	Director
	Diagnostic Grifols, S.A.	Laboratorios Grifols, S.A.	Director
	Gr-Cel S.A.	Logister, S.A.	Director
	Grifols, Inc.	Movaco, S.A.	Board member
	Instituto Grifols, S.A.	Biomat USA, Inc.	Board member
		PlasmaCare, Inc.	Board member
Riera Roca, R.	Grifols Italia S.P.A.	Grifols Nordic AB	Chairman
	Grifols Argentina S.A.	Grifols México, S.A. de CV	Chairman
	Instituto Grifols, S.A.	Grifols Brasil, Ltda	Board member
	Grifols Deutschland GmbH	PlasmaCare, Inc.	Board member
	Grifols Portugal Produtos	Grifols Chile, S.A.	Board member
	Farmaceuticos e Hospitales Ltda.	Grifols Asia Pacific Pte Ltd	Board member
	Grifols France S.A.R.L.	Grifols UK Ltd.	Co-manager
	Grifols International S.A.		Director
	Arrahona Optimus, S.L.	Grifols, Inc.	Board member
	Instituto Grifols, S.A.	PlasmaCare, Inc.	Board member
	Grifols Colombia, Ltda.		Alternate director
	Grifols Dev, V.	Araclon Biotech, S.L.	GRICEI, S.A. - Producto para Transfusao
Instituto Grifols, S.A.			Co-chairman
Grifols Roura, A.	Squadron Reinsurance Ltd	Medion Diagnostics GmbH	Board member
	Arrahona Optimus, S.L.	Instituto Grifols, S.A.	Non-executive secretary
Jorba Ribes, J.	Biomat USA, Inc.	Araclon Biotech, S.L.	Board member
	Instituto Grifols S.A.	PlasmaCare, Inc.	Board member representative
	Gr-Cel, S.A.		Director
Ribas Batalla, N.	Grifols International, S.A.		Transfusion medicine market manager

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.



GRIFOLS, S.A.

Details of Positions held by the Directors and Related Parties in other Companies  
31 December 2011

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

Director/ Related parties	Companies				Position and functions
	Medion Grifols Diagnostics AG Arrahona Optimus, S.L. Medion Diagnostics GmbH	Grifols, Inc. Saturn Investments AG	Biomat USA, Inc.	PlasmaCare, Inc.	
Dagá Gelabert, T.					Chairman Board member Board member
Glanzmann, T.					Chairman Board member Board member
Grifols Gras, J.A.					Chairman Director Director Director Board member Board member
Grifols Roura, V.					Chairman Director Director Director Board member Board member
Jancolla, E.D.					Chairman Chairman Board member Board member Board member Board member Board member Board member Co-manager Director
Riera Roca, R.					Chairman Chairman Board member Board member Board member Board member Board member Board member Board member Co-manager Director
Twose Roura, J.I.					Board member Board member Alternate director Director Co-chairman Director
Grifols Roura, R.					Board member Non-executive secretary
Jorba Ribes, J.					Board member Board member representative Director
Ribas Batella, N.					Transition medicine market manager

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Related Party Balances  
for the year ended 31 December 2012**

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

2012	Euros			
	Group companies	Directors	Other related parties	Total
Non-current investments in Group companies				
Equity instruments (note 12)	1,167,285,661	-	-	1,167,285,661
Loans to companies	3,313,453	-	-	3,313,453
Deposits and guarantees	-	-	580,151	580,151
Other investments	3,031,681	-	-	3,031,681
Trade and other receivables				
<b>Total non-current assets</b>	<b>1,173,630,815</b>	<b>-</b>	<b>580,151</b>	<b>1,174,210,966</b>
Trade and other receivables (note 14)				
Trade receivables – current	27,563,541	-	-	27,563,541
Current investments in Group companies				
Loans to companies	266,082,640	-	-	266,082,640
<b>Total current assets</b>	<b>293,646,181</b>	<b>-</b>	<b>-</b>	<b>293,646,181</b>
<b>Total assets</b>	<b>1,467,276,996</b>	<b>-</b>	<b>580,151</b>	<b>1,467,857,147</b>
Current payables				
Group companies – current	36,550,556	-	-	36,550,556
Trade and other payables (note 21)	-	457,990	5,091,070	5,549,060
Suppliers				
Suppliers, Group companies and associates, non-current	16,902,471	-	-	16,902,471
<b>Total current liabilities</b>	<b>53,453,027</b>	<b>457,990</b>	<b>5,091,070</b>	<b>59,002,087</b>
<b>Total liabilities</b>	<b>53,453,027</b>	<b>457,990</b>	<b>5,091,070</b>	<b>59,002,087</b>

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Related Party Balances  
for the year ended 31 December 2011**

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

2011	Euros			
	Group companies	Directors	Other related parties	Total
Non-current investments in Group companies and associates				
Equity instruments	1,155,047,108	-	-	1,155,047,108
Debt securities	-	-	580,151	580,151
<b>Total non-current assets</b>	<b>1,155,047,108</b>	<b>-</b>	<b>580,151</b>	<b>1,155,627,259</b>
Trade and other receivables				
Trade receivables – current	9,851,842	-	-	9,851,842
Current investments in Group companies				
Loans to companies	328,616,307	-	-	328,616,307
<b>Total current assets</b>	<b>338,468,149</b>	<b>-</b>	<b>-</b>	<b>338,468,149</b>
<b>Total assets</b>	<b>1,493,515,257</b>	<b>-</b>	<b>580,151</b>	<b>1,494,095,408</b>
Current payables				
Group companies – current	34,854,254	-	-	34,854,254
Trade and other payables				
Suppliers	-	96,657	9,715,867	9,812,524
Suppliers, Group companies	8,541,439	-	-	8,541,439
<b>Total current liabilities</b>	<b>43,395,693</b>	<b>96,657</b>	<b>9,715,867</b>	<b>53,208,217</b>
<b>Total liabilities</b>	<b>43,395,693</b>	<b>96,657</b>	<b>9,715,867</b>	<b>53,208,217</b>

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Related Party Transactions  
for the year ended 31 December 2012

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

2012	Group companies	Key management personnel	Directors	Other related parties	Total
Income					
Net sales					
Operating lease income	56,596,565	-	-	-	56,596,565
Other services rendered	12,825,144	-	-	-	12,825,144
Royalties	3,946,457	-	-	-	3,946,457
Finance income	5,562,240	-	-	-	5,562,240
Dividends	63,990,284	-	-	-	63,990,284
<b>Total income</b>	<b>142,920,690</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,920,690</b>
Expenses					
Net purchases					
Operating lease expenses	4,115,652	-	-	-	4,115,652
Contributions to foundations	-	-	-	3,012,185	3,012,185
Expenses for licences	-	-	-	1,806,640	1,806,640
Other services received	2,309,766	-	600,000	5,457,686	8,367,452
Personnel expenses					
Remuneration (note 25)	-	3,459,385	3,067,791	-	6,547,176
Financial instruments					
Finance costs	3,145,094	-	-	-	3,146,094
<b>Total expenses</b>	<b>9,571,512</b>	<b>3,459,385</b>	<b>3,667,791</b>	<b>10,276,511</b>	<b>26,995,199</b>
Investments					
Cost of assets acquired					
Buildings and other installations	1,493,520	-	-	-	1,493,520
<b>Total investments</b>	<b>1,493,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,493,520</b>

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Related Party Transactions  
for the year ended 31 December 2011**

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

2011	Group companies	Key management personnel	Directors	Other related parties	Total
<b>Income</b>					
Operating lease income	11,163,692	-	-	-	11,163,692
Other services rendered	49,055,912	-	-	-	49,055,912
Royalties	2,510,354	-	-	-	2,510,354
Finance income	10,815,307	-	-	-	10,815,307
Dividends	53,351,919	-	-	-	53,351,919
<b>Total income</b>	<b>126,897,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,897,184</b>
<b>Expenses</b>					
Net purchases					
Purchases	2,507	-	-	-	2,507
Operating lease expenses	3,007,166	-	-	-	3,007,166
Contributions to foundations	-	-	-	552,600	552,600
Expenses for licences	-	-	-	1,712,373	1,712,373
Other services received	1,768,586	-	180,000	8,609,750	10,558,336
Personnel expenses					
Remuneration	-	3,177,171	2,241,771	-	5,418,942
Financial instruments					
Finance costs	991,203	-	-	-	991,203
<b>Total expenses</b>	<b>5,769,462</b>	<b>3,177,171</b>	<b>2,421,771</b>	<b>10,974,723</b>	<b>22,343,127</b>
<b>Investments</b>					
Cost of assets acquired					
Buildings and other installations	1,469,566	-	-	-	1,469,566
Total investments	1,469,566	-	-	-	1,469,566
Prepayments					
Services related to the financing of the acquisition of Telecís	-	-	-	1,578,332	1,578,332
<b>Total others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,578,332</b>	<b>1,578,332</b>

This appendix forms an integral part of note 25 to the annual accounts, in conjunction with which it should be read.

## GRIFOLS, S.A.

Details of Revenues by Category of Activity and Geographical Market  
for the years ended 31 December 2012 and 2011

(Expressed in Euros)

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

	Euros									
	Domestic		Rest of European Union		United States		Rest of the world		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	
Revenue from the rendering of services	36,936,584	34,252,498	1,539,654	1,366,345	18,286,738	11,812,861	645,218	3,299,798	57,408,194	50,731,502
Lease income	12,825,144	11,152,597	-	-	3,946,457	2,180,121	-	65,532	12,825,144	11,218,129
Royalties	-	-	-	-	266,331	3,810,748	-	-	3,946,457	2,180,121
Finance income	4,193,039	6,150,004	1,062,507	464,418	-	-	40,363	390,137	5,562,240	10,815,307
Dividends	63,990,284	53,351,919	-	-	-	-	-	-	63,990,284	52,712,656
	<b>117,945,051</b>	<b>104,267,755</b>	<b>2,602,161</b>	<b>1,830,763</b>	<b>22,499,526</b>	<b>17,803,730</b>	<b>685,581</b>	<b>3,755,467</b>	<b>143,732,319</b>	<b>127,657,715</b>

This appendix forms an integral part of note 26 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**  
**Directors' Report**  
**2012**

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

To the Shareholders:

1. Business performance and situation of the Company

Grifols, S.A. is a Spanish holding company specialising in the pharmaceutical-clinical sector. It is the Parent of the Grifols Group and its principal activities are as follows:

- Define action plans and general procedures for the entire Group.
- Plan future investments by entering new markets or through product diversification.
- Provide support to each of the various Group companies' divisions (products, technical, marketing/sales, scientific, financial and planning and control).
- Lease buildings to Group companies.
- Render services to subsidiaries which are not part of their structure, such as: personnel recruitment and management, communication and corporate image, IT services and maintenance.
- The Company obtains its revenue from leasing its buildings, rendering services, and dividends from its subsidiaries.

2. Forecast

The Company's future profits could be affected by events relating to the business activity of its affiliates, such as a shortage of raw materials to manufacture its products, the introduction of new competitor products or regulatory changes affecting its markets.

At the date of preparation of these annual accounts, the Company has taken the measures it considers appropriate to mitigate any possible effects arising from the aforementioned events.

3. Treasury stock

At 31 December 2011, the Company had treasury stock totalling Euros 3,060 thousand, as described in note 18 to the accompanying annual accounts. Transactions with treasury stock during 2012 are described in note 18 to the annual accounts.

4. Research and development

The Company does not conduct any research and development activities.

5. Management of financial risks

The financial risk management policy of the Company is mentioned in note 11 to the accompanying annual accounts.

6. Events after the reporting period

On 4 December 2012, the shareholders of Grifols approved a share capital increase to remunerate shareholders, which was carried out through the issue of 16,328,212 new Class B shares without voting rights and with a charge to voluntary reserves. These shares were traded on the four Spanish stock exchanges on 4 January 2013 and on the Spanish Automated Quotation System on 14 January 2013. This capital increase became legally effective on 4 January 2013, the date it was registered by public deed.

The Annual Corporate Governance Report, which forms part of this Directors' Report and is required of listed companies, is included as an appendix.

**GRIFOLS, S.A.**

At their meeting held on 21 February 2013, pursuant to the requirements of article 253.2 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the members of the board of directors of Grifols, S.A. authorised for issue the annual accounts and directors' report for the period from 1 January 2012 to 31 December 2012. The annual accounts comprise the documents that precede this certification,

Signed:

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Grifols Roura, Víctor  
Chairman (signed)

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Riera Roca, Ramón  
Board member (signed)

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Twose Roura, Juan Ignacio  
Board member (signed)

---

Dagá Gelabert, Tomás  
Board member  
(signed)

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Thortol Holding B.V. (J.A.  
Grifols G.)  
Board member  
(signed)

---

Glanzmann, Thomas  
Board member  
(signed)

---

Jannotta, Edgar Dalzell  
Board member  
(signed)

---

Veiga Lluch, Anna  
Board member  
(signed)

---

Isasi Fernández de  
Bobadilla, Luis  
Board member  
(signed)

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Mayer, Steven F.  
Board member  
(Absent due to business trip)

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Ingersoll, W. Brett  
Board member  
(signed)

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Grifols Roura, Raimon  
Secretary to the board  
(signed)