

GRIFOLS, S.A.

Balance Sheet

30 September 2011

(With Auditors' Report Thereon)

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



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### **Auditors' Report on the Balance Sheet**

**(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 balance sheet of Grifols, S.A. (the "Company") at 30 September 2011 and the explanatory notes thereto (the balance sheet"). The Company's directors are responsible for the preparation of the balance sheet in accordance with the financial information reporting framework applicable to the entity (specified in note 2 to the accompanying explanatory notes) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on the balance sheet, 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 balance sheet and evaluating whether its 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 balance sheet at 30 September 2011 presents fairly, in all material respects, the equity and financial position of Grifols, S.A. at 30 September 2011, in accordance with the applicable financial information reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Without qualifying our audit opinion, we draw your attention to explanatory note 2, which states that the Company's Directors have prepared the accompanying balance sheet as required by article 303 of the Revised Spanish Companies Act as part of the proposed capital increase described in the aforementioned note.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Bernardo Rücker-Emden

26 October 2011

**GRIFOLS, S.A.**  
**Balance Sheet**  
**30 September 2011**

(Expressed in Euros)

<b>Assets</b>	<b>Note</b>	<b>30/09/2011</b>
<b>Intangible assets</b>	<b>Note 4</b>	<b>4,338,922</b>
Computer software		3,960,063
Emission rights		378,859
<b>Property, plant and equipment</b>	<b>Note 5</b>	<b>10,341,395</b>
Land and buildings		305,550
Technical installations, machinery, equipment, furniture and other items		9,659,913
Under construction and advances		375,932
<b>Investment property</b>	<b>Note 6</b>	<b>28,356,692</b>
Land		4,300,652
Buildings		24,056,040
<b>Non-current investments in group companies and associates</b>	<b>Note 11</b>	<b>1,147,165,682</b>
Equity instruments		1,141,585,531
Loans to companies		5,000,000
Other financial assets		580,151
<b>Non-current investments</b>	<b>Note 13</b>	<b>174,733</b>
Other financial assets		174,733
<b>Deferred tax assets</b>	<b>Note 21</b>	<b>1,665,195</b>
		<hr/>
<b>Total non-current assets</b>		<b>1,192,042,619</b>
		<hr/>
<b>Inventories</b>	<b>Note 15</b>	<b>904,613</b>
Raw materials and other supplies		904,613
<b>Trade and other receivables</b>	<b>Note 13</b>	<b>36,512,819</b>
Trade receivables – current		375,148
Trade receivables from group companies and associates – current		9,270,806
Other receivables		14,299,168
Personnel		98,609
Current tax assets	<b>Note 21</b>	7,400,687
Public entities, other	<b>Note 21</b>	5,068,401
<b>Current investments in group companies and associates</b>	<b>Note 13</b>	<b>399,567,442</b>
Loans to companies		399,567,442
<b>Current investments</b>	<b>Note 13</b>	<b>7,607,182</b>
Derivatives		7,607,062
Other financial assets		120
<b>Prepayments for current assets</b>	<b>Note 16</b>	<b>2,128,918</b>
		<b>37,315,973</b>
<b>Cash and cash equivalents</b>		<b>37,915</b>
Cash		37,315,973
		<hr/>
<b>Total current assets</b>		<b>484,036,947</b>
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<b>Total assets</b>		<b>1,676,079,566</b>
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The accompanying explanatory notes form an integral part of the Balance Sheet at 30 September 2011.

**GRIFOLS, S.A.**  
**Balance Sheet**  
**30 September 2011**

(Expressed in Euros)

<b>Equity and Liabilities</b>	<b>Note</b>	<b>30/09/2011</b>
<b>Capital and reserves without valuation adjustments</b>	<b>Note 17</b>	<b>1,139,691,992</b>
Capital		
Registered capital		114,913,618
Share premium		890,354,988
Reserves		
Legal and statutory reserves		21,306,490
Other reserves		89,565,325
(Own shares and equity holdings)		(1,927,038)
Profit for the year		25,478,609
<b>Grants, donations and bequests received</b>		<u>111,498</u>
<b>Total equity</b>		<b><u>1,139,803,490</u></b>
<b>Non-current payables</b>	<b>Note 20</b>	<b>412,509,877</b>
Debt with financial institutions		398,365,792
Finance lease payables	<b>Note 7</b>	997,395
Derivatives	<b>Note 14</b>	12,939,913
Other financial liabilities		206,777
<b>Deferred tax liabilities</b>	<b>Note 21</b>	<b><u>2,638,063</u></b>
<b>Total non-current liabilities</b>		<b><u>415,147,940</u></b>
<b>Current provisions</b>	<b>Note 18</b>	<b>572,359</b>
Other provisions		572,359
<b>Current payables</b>	<b>Note 20</b>	<b>18,481,937</b>
Debt with financial institutions		17,827,757
Finance lease payables	<b>Note 7</b>	560,444
Other financial liabilities		93,736
<b>Group companies and associates, current</b>	<b>Note 20</b>	<b>49,715,343</b>
<b>Trade and other payables</b>	<b>Note 20</b>	<b>52,358,497</b>
Current suppliers		21,010,328
Suppliers, group companies and associates, current		11,496,312
Personnel (salaries payable)		3,931,884
Current tax liabilities		3,756,414
Public entities, other	<b>Note 21</b>	<u>12,163,559</u>
<b>Total current liabilities</b>		<b><u>121,128,136</u></b>
<b>Total equity and liabilities</b>		<b><u>1,676,079,566</u></b>

The accompanying explanatory notes form an integral part of the Balance Sheet at 30 September 2011.

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(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 and tax 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 Vallés (Barcelona) and Parets del Vallés (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 11.

**(2) Basis of Presentation****(a) Fair presentation**

The Balance Sheet has been prepared on the basis of the accounting records of Grifols, S.A. The Balance Sheet at 30 September 2011 has 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 30 September 2011 and for the exclusive purposes of what is established in article 303 of the revised Spanish Companies Act regarding capital increases charged to reserves.

The directors consider that the Balance Sheet at 30 September 2011, prepared on 20 October 2011, will be approved by the shareholders without significant changes.

**(b) Functional and presentation currency**

The figures disclosed in the Balance Sheet are expressed in Euros, the Company's functional and presentation currency, rounded off to the nearest unit.

**(c) 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 Balance Sheet. 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 Balance Sheet is as follows:

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(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. Cash flow discounting calculations are based on the 5-year projections of the budgets approved by management. The 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 to calculate the fair value include growth rates and the discount rate. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

The calculation of provisions for litigations 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 30 September 2011, future events may require changes to these estimates in subsequent years. Any effect on the Balance Sheet of adjustments to be made in subsequent years would be recognised prospectively.

**(3) 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.

Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Exchange gains 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.

**(b) Capitalised borrowing costs**

In accordance with the second transitional provision of Royal Decree 1514/2007 enacting the Spanish General Chart of Accounts, the Company has opted to apply this accounting policy to work in progress at 1 January 2008, which 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.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

Borrowing costs related with specific and general financing that are directly attributable to the acquisition, construction or production of intangible assets; property, plant and equipment; investment properties; and inventories which 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 the caption borrowing costs capitalised on part of the cost of qualifying assets.

(c) Intangible assets

Intangible assets are measured at cost or cost of production. Capitalised production costs are recognised as work carried out by the company for assets in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and accumulated 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, is 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.

(ii) Emission rights

Emission rights, which are recognised when the Company becomes entitled to such rights, are measured at cost of acquisition. Rights 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 rights 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 rights are not amortised.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

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 rights. 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 rights transferred under a National Allocation Plan to the Company's account in the National Emission Rights 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 rights.
- (b) Secondly, through the remaining emission rights recorded. Expenditure on this part of the obligation is measured as the weighted average cost of the emission rights.

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

**(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:

	<b>Amortisation method</b>	<b>Estimated years of useful life</b>
Computer software	Straight-line	3

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.



**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(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 as work carried out by the company for assets in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment.

The cost of an item of property, plant and equipment includes the estimated costs of its 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 an 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.

**(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**

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.

(Continued)

## GRIFOLS, S.A.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

## (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:

	<b>Depreciation method</b>	<b>Estimated years of useful life</b>
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 profit and loss.

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 for other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. 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.

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(g) Leases****(i) 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) and (e) (Property, plant and equipment or 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.

**(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 liability, a financial asset 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 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 and loss.

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(iv) 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 recognised initially at fair value, including transaction costs, and 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.

**(v) 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 various 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.

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.

**(vi) 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.

**(vii) 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 a reduction or delay is incurred in the estimated future cash flows, 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.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011***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 or 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 latent unrecorded goodwill 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.

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.

**(viii) 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.

**(ix) 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.

**(i) 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 without valuation adjustments in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognised in profit or loss.

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

**(j) Inventories**

Inventories are measured using the FIFO (first in, first out) method, and mainly comprise spares which are stored for less than a year.

The Company adjusts the value of inventories when cost exceeds market value.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(k) 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.

**(l) 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 with emission rights is described in section c(ii).

**(m) 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.

**(n) 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 risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

If it is no longer probable that an outflow of resources embodying economic 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 expenses for the delay 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.

**(o) Income taxes**

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

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

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

Government assistance that is provided in the form of deductions and benefits in determining taxable income 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, S.L. 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 company 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 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.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(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 current 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 asset and settle the liability 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.

**(p) 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 of the balance sheet 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 of the balance sheet date.

**(q) 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 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.

**(r) 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.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

**(4) Intangible Assets**

Details of intangible assets and movement are as follows:

2011	Euros		
	Computer software	Emission rights	Total
Cost at 1 January 2011	19,365,550	533,780	<b>19,899,330</b>
Additions	864,043	468,026	<b>1,332,069</b>
Disposals	-	(501,366)	<b>(501,366)</b>
Irreversible impairment losses	-	(121,581)	<b>(121,581)</b>
Cost at 30 September 2011	20,229,593	378,859	<b>20,608,452</b>
Accumulated amortisation at 1 January 2011	(14,168,132)	-	<b>(14,168,132)</b>
Amortisation	(2,101,398)	-	<b>(2,101,398)</b>
Accumulated amortisation at 30 September 2011	(16,269,530)	-	<b>(16,269,530)</b>
Carrying amount at 30 September 2011	<b>3,960,063</b>	<b>378,859</b>	<b>4,338,922</b>

## (a) Emission rights

At 30 September 2011, emission rights allocated during the National Allocation Plan period and their annual distribution are as follows:

	2011			
	Number of rights		Thousands of Euros	
	Free of charge	Interest-bearing	Free of charge	Interest-bearing
2009	6,045	11,000	74,233	135,080
2010	25,349	-	324,467	-
30 September 2011	5,585	(11,000)	101,740	(135,080)
Total	<b>36,979</b>	-	<b>500,440</b>	-

Movement in the number of rights is as follows:

Description	Free of charge	Interest-bearing	Total
Balance at 1 January 2011	31,394	11,000	<b>42,394</b>
Additions	34,349	-	<b>34,349</b>
Disposals	(28,764)	(11,000)	<b>(39,764)</b>
Balance at 30 September 2011	<b>36,979</b>	-	<b>36,979</b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(b) Fully amortised assets**

The cost of fully amortised intangible assets in use at 30 September 2011 is as follows:

	<u>Euros</u>
Computer software	<u>11,123,731</u>

Fully amortised computer software in use at 30 September 2011 relates to computer licences.

**(5) Property, Plant and Equipment**

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

**(a) Capitalised borrowing costs**

At 30 September 2011 the Company has capitalised borrowing costs of Euros 101 thousand as investments in progress.

**(b) Fully depreciated assets**

Details of the cost of fully depreciated property, plant and equipment in use at 30 September 2011 are as follows:

	<u>Euros</u>
Technical installations and machinery	687,836
Other installations, equipment and furniture	2,005,245
Other property, plant and equipment	<u>3,383,573</u>
	<b><u>6,076,654</u></b>

**(c) Insurance**

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

(Continued)

## GRIFOLS, S.A.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

**(6) 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	<b>74,139,181</b>
Additions	-	291,191	1,625,197	<b>1,916,388</b>
Disposals	(9,897,858)	(19,767,348)	-	<b>(29,665,206)</b>
Transfers	-	136,582	(136,582)	-
Transfers from assets held for sale	-	-	(1,546)	<b>(1,546)</b>
Cost at 30 September 2011	<b>4,300,652</b>	<b>36,633,559</b>	<b>5,454,606</b>	<b>46,388,817</b>
Accumulated depreciation at 1 January 2011	-	(22,754,424)	-	<b>(22,754,424)</b>
Depreciation	-	(1,459,806)	-	<b>(1,459,806)</b>
Disposals	-	6,182,105	-	<b>6,182,105</b>
Accumulated depreciation at 30 September 2011	-	(18,032,125)	-	<b>(18,032,125)</b>
Carrying amount at 30 September 2011	<b>4,300,652</b>	<b>18,601,434</b>	<b>5,454,606</b>	<b>28,356,692</b>

Additions at 30 September 2011 primarily consist of the investments made to enlarge the Company's installations. Disposals relate to the sale of certain buildings and their installations.

Sale and leaseback of Spanish properties

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., in turn a related party of Grifols, S.A., for Euros 37.6 million. These properties related to non-core assets such as offices, warehouses and factory premises. Profit of approximately Euros 11.5 million has been generated on this sale.

One of the properties was sold together with the associated mortgage loans totalling Euros 11.5 million.

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

At the same time, operating lease agreements for the aforementioned properties were entered into with Gridpan Invest, S.L., the main 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 unless either of the parties gives six-months' advance notice of their intention not to renew
- Upon vacating the premises, the lessor will compensate Grifols for any on-site assets in which the latter has invested, insofar as these have a residual value and are not recoverable by Grifols.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

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

**(a) Fully depreciated assets**

The cost of fully depreciated investment property still in use at 30 September 2011 is as follows:

	<u>Euros</u>
Buildings	1,002,579
Other installations	<u>8,688,291</u>
	<b><u>9,690,870</u></b>

**(b) Insurance**

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

**(7) Finance Leases – Lessee**

The Company has leased the following types of assets under finance leases:

	<u>Euros</u>			
	<b>Technical installations and machinery</b>	<b>Other installations, equipment and furniture</b>	<b>Other property, plant and equipment</b>	<b>Total</b>
<i>Initially recognised at:</i>				
Present value of minimum lease payments	2,190,703	-	592,705	<b>2,783,408</b>
Accumulated depreciation	(635,250)	(72,488)	(147,933)	<b>(855,671)</b>
Carrying amount at 30 September 2011	<u>1,555,453</u>	<u>(72,488)</u>	<u>444,772</u>	<b><u>1,927,737</u></b>

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

	<u>Euros</u>
Future minimum payments	1,685,936
Unaccrued finance expenses	<u>(128,097)</u>
Present value	<b><u>1,557,839</u></b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

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

	<b>Euros</b>	
	<b>Minimum payments</b>	<b>Present value</b>
Less than one year	625,179	560,444
One to five years	1,060,757	997,395
	1,685,936	1,557,839
Less current portion	(625,179)	(560,444)
Total non-current	<b>1,060,757</b>	<b>997,395</b>

**(8) Operating Leases - Lessee**

The Company has contracted offices and land under operating leases from third parties and group companies.

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 Vallés (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 Vallés and 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 moment in time with four month's notice.

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 notify of their intention not to renew it, within six months of the end of the initial term.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

Industrial buildings located in Parets del Vallés (Barcelona), leased from a third party. This contract is valid for 20 years from 2000 and can be renewed automatically for five-year periods at the lessee's discretion and can be cancelled at any moment in time with six month's notice.

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

	<u>Euros</u>
Less than one year	2,247,240
One to five years	86,006
Over five years	<u>598,461</u>
	<b><u>2,931,707</u></b>

The Company uses part of these premises for its own use and sub-leases the rest to its Spanish subsidiaries.

**(9) Operating Leases – Lessor**

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.

**(10) 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 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.

The Company has signed an unquoted futures contract, the underlying asset of which is shares in the Company. It is therefore exposed to risk of value fluctuations (note 14 (b)).

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

## (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 foreign currencies.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes (13) and (20).

## (iii) Credit risk

The Company's financial assets mainly comprise the trade receivables from and loans to group companies and receivables from public entities for tax rebates.

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 (13) and (20).

## (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.

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 half-yearly basis. The difference is calculated based on the contracted notional principal amount. The Company has an interest-rate swap for loans of Euros 50,000 thousand (see note 14).

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(11) Investments in Equity Instruments of Group Companies**

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

	<u>Euros</u>
	<u>Non-current</u>
Group companies	
Investments	1,141,585,531
Participating loan	<u>5,000,000</u>
	<u>1,146,585,531</u>
Total	<u><b>1,146,585,531</b></u>

On 1 June 2011 the Company subscribed to the share capital increase issued by Grifols Inc for an amount of Euros 776 thousand.

On 2 June 2011, through its American subsidiary, Grifols Inc, the Company acquired 100% of the share capital of the American company Talecris Biotherapeutics Holdings Corp., which specialises in the production of plasma-derived biological medication, for a total of Euros 2,593 million (US Dollars 3,736 million). The operation was performed through a combined offer of cash and Grifols shares without the right to vote on new share issues (see note 17).

In August 2011 the Company acquired 100% of the Australian-Swiss company (Lateral –Medion) for Euros 9.5 million. In 2009 Grifols acquired 49% of Lateral Medion for Euros 25 million with the aim of penetrating the Australian and New Zealand market, promoting its Diagnostic division and commencing the sale of haemoderivative products, specifically immunoglobulin, in that region. The investment also included the acquisition of Medion, a Swiss company that had developed the cards.

On 16 June 2011, Grifols S.A. acquired 100% of Talecris Biotherapeutics GMBH for Euros 9,739 thousand, the statutory activity of which is the import, export, distribution and sale of plasma-derived biological products.

**(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.

-Commercial activity: consists of the marketing of, mainly, products manufactured by the industrial group companies.

-Service 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.

It also includes the reinsurance of the Group's insurance policies.

(Continued)



**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

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) 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.

**(12) 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.

**(13) Investments and Trade Receivables**

## (a) Investments in group companies

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

	<b>Euros</b>	
	<b>Non-current</b>	<b>Current</b>
Group and related parties		
Loans	5,000,000	358,536,705
Loans, tax effect (note 21)	-	39,776,814
Guarantees and deposits	580,151	-
Interest	-	1,253,923
<b>Total</b>	<b>5,580,151</b>	<b>399,567,442</b>

At 30 September 2011, all loans extended generate interest at variable market rates. At 30 September 2011 guarantees and deposits relate to the lease of buildings (see note 6).

## (b) Investments

Details of investments are as follows:

	<b>Euros</b>	
	<b>Non-current</b>	<b>Current</b>
Unrelated parties Assets available for sale	804,694	-
Trading derivatives (note 14)	-	7,607,062
	754,884	120
Guarantees and deposits Impairment	(804,694)	-
<b>Total</b>	<b>754,884</b>	<b>7,607,182</b>

The Company has an interest of less than 2% in Cardio3 BioSciences (Belgium), acquired in 2008 for Euros 500,000, which is fully impaired at 30 September 2011.

(Continued)

## GRIFOLS, S.A.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

## (c) Trade and other receivables

Details of trade and other receivables are as follows:

	<b>Euros</b>
	<b>Current</b>
	<hr/>
<i>Group</i>	
Trade receivables	9,266,998
<i>Associates</i>	
Trade receivables	3,808
<i>Related parties</i>	
Other receivables	13,842,343
<i>Unrelated parties</i>	
Trade receivables	375,148
Other receivables	456,825
Personnel	98,609
Taxation authorities, income tax (note 21)	7,400,687
Public entities, other (note 21)	5,068,401
	<hr/>
Total	<b>36,512,819</b>
	<hr/>

Other receivables with related parties at 30 September 2011 relate to the deferred current receivable from Gripdan, S.L. for the sale of buildings.

At 30 September 2011 public entities, other almost entirely consists of value added tax recoverable. The Company files consolidated value added tax returns.

## (d) Amounts denominated in foreign currencies

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

	<b>Euros</b>		
	<b>US Dollar</b>	<b>Swiss Franc</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
Trade and other receivables			
Trade receivables from group companies and associates	88,869	287,302	376,171
	<hr/>	<hr/>	<hr/>
Total non-current financial assets	88,869	287,302	376,171
	<hr/>	<hr/>	<hr/>
Total financial assets	88,869	287,302	376,171
	<hr/>	<hr/>	<hr/>

(Continued)

## GRIFOLS, S.A.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

**(14) Derivative financial instruments**

Details of derivative financial instruments are as follows:

	Notional amount (Euros)	Euros	
		Fair values	
		Assets	Liabilities
		Current	Non-current
Derivatives held for trading and at fair value through profit or loss			
Interest rate swaps	50,000,000	-	(1,213,992)
Futures on equity instruments	41,134,455	7,607,062	-
Embedded floor	440,000,000	-	(11,725,921)
<b>Total derivatives traded on OTC markets (notes 13 and 20)</b>	<b>531,134,455</b>	<b>7,607,062</b>	<b>(12,939,913)</b>
<b>Total derivatives at fair value through profit or loss</b>	<b>531,134,455</b>	<b>7,607,062</b>	<b>(12,939,913)</b>

Because the floor included in the tranche A and B syndicated financing (see note 20) is in the money, these contracts have an embedded derivative which has been measured at fair value and recognised separately from loans.

**(a) Interest rate swaps**

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

At 30 September 2011 the Company has a swap for a notional amount of Euros 50,000 thousand which is renewed on a half-yearly basis and matures on 26 July 2013, and which has a negative fair value of approximately Euros 1,213 thousand at 30 September 2011.

The fair value of financial swaps is based on the market values of equivalent derivative financial instruments at the balance sheet date. The Company does not apply hedge accounting to these swaps.

**(b) Unquoted futures**

During 2009 the Company contracted two unquoted futures contracts, the underlying asset of which relates to the Company's shares, with a solvent financial institution. The two contracts initially had underlying assets of Euros 2 million and Euros 2.2 million with an exercise price of Euros 11.6107 and Euros 11.9864, respectively. The contracts expire on 30 December 2010. The contracts are settled by differences between the market value of the underlying assets and the exercise price. On 30 December 2010 it was agreed to extend the futures contract under the same terms and conditions until 31 March 2011 through a novation without settlement.

During the period from January to September 2011, a total of 728,382 shares were sold for the contract of 2 million shares, and therefore this contract is for an underlying asset of 1.3 million at 30 September 2011. On 31 March 2011 it was agreed to extend the futures contracts until 30 December 2011.

At 30 September 2011 the fair value of these unquoted futures is positive by an amount of Euros 7,607 thousand.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(15) Inventories**

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

**(16) Prepayments**

Prepayments mainly relate to prepayments for professional services and insurance premiums.

**(17) Equity**

Details of equity and movement during the year are shown in the statement of changes in equity (see Appendix X).

**(a) Capital**

At the extraordinary general shareholders' meeting held on 25 January 2011, the Company agreed to increase share capital through the issue of 83,811,688 million new shares without voting rights, which it will use to complete its acquisition of Talecris (see note 11). This capital increase was carried out on 1 June 2011.

At 30 September 2011 the share capital of Grifols S.A. amounts to Euros 114,913,618 represented by:

- Class A shares: 213,064,899 ordinary shares of Euros 0.50 par value each, subscribed and fully paid and of the same class and series.
- Class B Shares: 83,811,688 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 1 June 2011 Grifols, S.A. informed that the "Nota sobre Acciones" (Securities Note) requested for the admission to trading of Class B Shares was registered. Grifols requested the admission to trading of the Class B Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia as well as on the Spanish Automated Quotation System ("mercado continuo") and, through the American Depository 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.

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 if the aggregate preferred dividend does not exceed the distributable profits of that year. This preferred dividend is not cumulative if no sufficient distributable profits are obtained in the year.
- Each Class B share is entitled to receive, in addition to the abovementioned preferred dividend referred to above, the same dividends and other distributions as one Grifols ordinary share.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

- 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.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company are as follows:

<b>Company</b>	<b>Number of shares</b>	<b>Percentage ownership</b>
Capital Research and Management company	31,995,955	15.02%

(b) Share premium

This reserve is freely distributable.

(c) Reserves

Details of reserves and profit/loss 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. At 30 September 2011 the legal reserve is fully appropriated.

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) Own shares and reserve for Parent company shares

At the ordinary meeting held on 24 May 2011 the shareholders of the Company agreed to authorise the acquisition of a maximum of shares 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 5 months from the date this decision was taken.

Shares 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.

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

There has been no movement in own shares during the nine-month period ended 30 September 2011. Details of own shares at 30 September 2011 are as follows:

<b>Number</b>	<b>Euros</b>	
	<b>Nominal</b>	<b>Average purchase price</b>
<b>158,326</b>	<b>79,164</b>	<b>1,927,038.00</b>

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

**(18) Other Provisions, Other Guarantees with Third Parties and Other Contingent Liabilities**

Movement in other provisions is as follows:

	<b>Provisions for taxes</b>	<b>Euros Environmental provisions</b>	<b>Total</b>
At 1 January 2011	231,201	257,106	488,307
Charge	-	84,052	84,052
At 30 September 2011	<b>231,201</b>	<b>341,158</b>	<b>572,359</b>

(a) Contingencies

Contingent liabilities for bank and other guarantees are disclosed in note 20 Payables and trade payables. 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.

**(19) 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.

(Continued)

## GRIFOLS, S.A.

**Explanatory Notes to the Balance Sheet at  
30 September 2011**

**(20) Payables and Trade Payables**

## (a) Group companies and associates

Details of group companies and associates are as follows:

	<b>Euros Current</b>
<i>Group</i>	
Payables	21,965,761
Payables, tax effect (note 21)	25,780,583
Interest	61,857
<i>Associates</i>	
Loans received	<u>1,907,142</u>
 Total	 <b><u>49,715,343</u></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:

	<b>Euros</b>	
	<b>Non-current</b>	<b>Current</b>
<i>Unrelated parties</i>		
Debt with financial institutions	398,365,792	17,681,946
Interest	-	145,811
Finance lease payables	997,395	560,444
Derivative financial instruments (note 14)	12,939,913	-
Payables	206,777	-
Interest	-	87,971
Guarantees and deposits received	-	<u>5,765</u>
 Total	 <b><u>412,509,877</u></b>	 <b><u>18,481,937</u></b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

## (c) Other information on payables

## (i) Main characteristics of payables

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

On 23 November 2010 the Company signed a loan agreement amounting to Euros 440 million. Details of this debt are as follows:

-Non-current syndicated financing Tranche A: principal of Euros 220 million, repayable in five years and accruing interest at Euribor + 400 basis points (bp) with a floor of Euribor +1.75%.

-Non-current syndicated financing Tranche B: six-year loan (payment of entire principal upon maturity) with a principal of Euros 220 million, accruing interest at Euribor + 450 basis points (bp) with a floor of Euribor +1.75%.

Revolving credit facility An amount of Euros 36 million has been committed and accrues interest of 400 basis points.

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

Non-current and current debt with financial institutions, net of loan arrangement costs, amount to Euros 25,150 thousand and Euros 594 thousand, respectively at 30 September 2011.

At 30 September 2011, the Company has extended bank guarantees to group companies for an amount of Euros 83,443 thousand.

In conjunction with other significant group companies, Grifols S.A. acts as guarantor for the new debt arranged on 23 November 2011 (total amount of US Dollars 3,400 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.



**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

## (d) Trade and other payables

Details of trade and other payables are as follows:

	<u>Euros</u> <u>Current</u>
<i>Group</i>	
Suppliers	11,496,312
<i>Related companies</i>	
Suppliers	7,311,123
<i>Unrelated parties</i>	
Suppliers	13,699,205
Personnel	3,931,884
Taxation authorities, income tax (note 21)	3,756,414
Public entities, other	<u>12,163,559</u>
Total	<b><u>52,358,497</u></b>

## (e) Classification by maturity

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

## (f) Amounts denominated in foreign currencies

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

	<u>Euros</u> <u>US Dollar</u>	<u>Total</u>
Current payables		
Debt with financial institutions	1,245	1,245
Trade and other payables		
Suppliers	1,938,848	1,938,848
Suppliers, group companies	98,946	98,946
Total current liabilities	<u>2,039,039</u>	<u>2,039,039</u>
Total financial liabilities	<b><u>2,039,039</u></b>	<b><u>2,039,039</u></b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(21) Taxation**

Details of balances with public entities are as follows:

	<b>Euros</b>	
	<b>Non-current</b>	<b>Current</b>
<b>Assets</b>		
Deferred tax assets	1,665,195	-
Current tax assets	-	7,400,687
Value added tax and similar taxes	-	5,068,401
	<b>1,665,195</b>	<b>12,469,088</b>
<b>Liabilities</b>		
Deferred tax liabilities	2,638,063	-
Current tax liabilities (note 20(d))	-	3,756,414
Value added tax and similar taxes	-	11,376,810
Social Security	-	348,700
Withholdings	-	438,049
	<b>2,638,063</b>	<b>15,919,973</b>

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

	<b>Euros</b>
	<b>Current</b>
<b>Receivables (note 13)</b>	
Instituto Grifols, S.A.	21,346,979
Logister, S.A.	13,746
Biomat, S.A.	762,422
Grifols International, S.A.	564,671
Movaco, S.A.	5,250,655
Grifols Viajes, S.A.	109,454
Grifols Engineering, S.A.	1,524,839
Arrahona Optimus, S.L.	9,520,886
Laboratorios Grifols S.A.	642,971
Gri-Cel S.A.	40,191
	<b>39,776,814</b>
<b>Payables (note 20)</b>	
Biomat, S.A.	123,192
Instituto Grifols, S.A.	11,490,302
Diagnostic Grifols, S.A.	5,448,896
Laboratorios Grifols, S.A.	4,304,163
Movaco, S.A.	682,135
Grifols Viajes, S.A.	6,879
Logister, S.A.	100,128
Grifols Engineering, S.A.	283,750
Arrahona Optimus, S.L.	3,086,272
Gri-Cel, S.A.	254,866
	<b>25,780,583</b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

Balances receivable and payable at 30 September 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	<u>Years open to inspection</u>
Income tax	2008-2011
Value added tax	2008-2011
Personal income tax	2008-2011
Capital gains tax	2008-2011
Business activities tax	2007-2011
Social Security	2007-2011
Non-residents	2008-2011

On 28 January 2009, the Company was notified by the taxation authorities of the start of an inspection of income tax (2004 to 2007), value added tax, personal income tax and capital gains tax (2005 to 2007). On 30 June 2010, the Company signed its acceptance of these tax assessments.

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 Balance Sheet.

## (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.

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

	<b>Euros</b>	
	<u>Assets</u>	<u>Liabilities</u>
Property, plant and equipment	31,981	(2,590,275)
Grants	-	(47,788)
Provisions for impairment of equity instruments	241,408	-
Rights to tax deductions and credits	1,391,806	-
Net assets and liabilities	<b>1,665,195</b>	<b>(2,638,063)</b>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

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

	<u>Euros</u>
Deferred tax assets relating to temporary differences	<u>261,838</u>
Total assets	<u>261,838</u>
Deferred tax liabilities	<u>2,177,379</u>
Net	<u><b>(1,915,541)</b></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).

**(22) Environmental Information**

Details of property, plant and equipment at 30 September 2011 used to minimise the Company's impact on the environment are as follows:

<u>Description</u>	<u>Euros</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Sewage treatment	37,700	(37,700)	-
Water saving	311,021	(80,299)	230,722
Heating prevention	11,873	(8,212)	3,661
Waste management	229,968	(188,004)	41,964
	<u>590,562</u>	<u>(314,215)</u>	<u>276,347</u>

(Continued)

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011****(23) Balances and Transactions with Related Parties****(a) Balances with related parties**

Details of balances receivable from and payable to group companies and related parties and the main characteristics are disclosed in notes 13 and 20.

Details of balances by category are provided in Appendix IX.

**(b) Information on the Company's directors and senior management personnel**

During the nine-month period ended 30 September 2011, the independent directors of the Company's board of directors have accrued the amount of Euros 120 thousand in their capacity as such. Directors representing shareholders have not received any remuneration. 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 1,681 thousand and Euros 2,382 thousand, respectively. 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.

**(c) Investments and positions held by directors and related parties in other companies**

The directors of the Company and related parties do not hold any investments in 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 those of the Company are provided in the accompanying Appendix VIII.

**(24) Employee Information**

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

	<u>Number</u>
Technical area	44
Administration and others	247
General management	22
Marketing	<u>6</u>
	<b><u>319</u></b>

**GRIFOLS, S.A.****Explanatory Notes to the Balance Sheet at  
30 September 2011**

At 30 September 2011 the distribution by gender of Company personnel and the members of the board of directors is as follows:

	<b>Number</b>	
	<b>Female</b>	<b>Male</b>
Directors	2	9
Technical area	38	5
Administration and others	97	153
General management	11	10
Marketing	4	2
	<b>152</b>	<b>179</b>

**(25) Audit Fees**

KPMG Auditores, S.L., the auditors of the annual accounts of the Company and other individuals and companies related to the auditors as defined by Audit Law 19 of 12 July 1988 have invoiced the Company the following fees and expenses for professional services during the nine-month period ended 30 September 2011:

	<b>Euros</b>
Audit services	338,440
Other assurance services	547,148
Other services	42,903
	<b>928,491</b>

Services detailed in the above table include the total fees for services rendered during the nine-month period ended 30 September 2011, irrespective of the date of invoice.

Fees and expenses for professional services invoiced by other KPMG Europe, LLP group companies to the Company during the nine-month period ended 30 September 2011 are as follows:

	<b>Euros</b>
Audit services	8,500

Fees and expenses for professional services invoiced by other companies affiliated to KPMG International to the Company during the nine-month period ended 30 September 2011 are as follows:

	<b>Euros</b>
Audit services	34,905

**(26) Events after the Balance Sheet Date**

No significant events have occurred after the balance sheet date.

**GRIFOLS, S.A.**  
**Details and Movement in Property, Plant and Equipment**  
**at 30 September 2011**

	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 2011	902,621	868,379	5,973,097	10,088,026	804,340	4,343,136	22,979,599
Additions	-	-	14,387	510,031	364,329	771,838	1,660,585
Disposals	(597,071)	(868,379)	-	(1,244,997)	-	(68,137)	(2,778,584)
Transfers	-	-	-	789,766	(792,737)	2,971	-
Transfers from investment property	-	-	1,547	-	-	-	1,547
<b>Cost at 30 September 2011</b>	<b>305,550</b>	<b>5,989,031</b>	<b>10,142,826</b>	<b>375,932</b>	<b>5,049,808</b>	<b>21,863,147</b>	
Accumulated depreciation at 1 January 2011	-	(347,616)	(2,211,129)	(5,375,991)	-	(3,769,271)	(11,704,007)
Depreciation	-	(2,054)	(396,845)	(537,339)	-	(257,960)	(1,194,198)
Disposals	-	349,670	-	958,647	-	68,136	1,376,453
Accumulated depreciation at 30 September 2011	-	-	(2,607,974)	(4,954,683)	-	(3,959,095)	(11,521,752)
<b>Carrying amount at 30 September 2011</b>	<b>305,550</b>	<b>-</b>	<b>3,381,057</b>	<b>5,188,143</b>	<b>375,932</b>	<b>1,090,713</b>	<b>10,341,395</b>

This appendix forms an integral part of explanatory note 5 to the Balance Sheet, in conjunction with which it should be read.

## GRIFOLS, S.A.

Appendix II

**Information on Group Companies  
at 30 September 2011**

(Expressed in Euros)

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

Name	Registered offices	Activity	% of ownership		Total	Capital	Reserves	Other equity items	Profit/(loss) at 30.09.2011	Total capital and reserves	Carrying amount of investment	Dividend received 2011
			Dir	Ind								
Laboratorios Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	11,798,351	(2,295,364)	--	(4,010,826)	5,492,161	11,798,357	--
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1,537,989	61,386,066	--	59,624,376	122,548,431	1,537,990	39,999,218
Movaco, S.A.	Spain	Commercial	99,999	0,001	100,0	2,404,601	1,451,643	--	6,517,558	10,373,803	2,404,619	6,758,291
Grifols Portugal Produtos Farmacéuticos e Hospitalares, Lda.	Portugal	Commercial	0,015	99,985	100,0	960,462	(448,656)	--	82,617	594,423	228	--
Diagnostic Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	336,560	9,805,789	--	1,699,921	11,842,270	336,561	841,471
Logister, S.A.	Spain	Services	--	100,000	100,0	105,325	348,699	--	(183,012)	271,012	--	--
Grifols Chile, S.A.	Chile	Commercial	99,000	--	99,0	285,004	13,339,813	--	828,534	14,453,351	385,453	--
Biomat, S.A.	Spain	Industrial	99,900	0,100	100,0	60,110	711,484	--	592,427	1,364,021	60,041	1,024,903
Grifols Argentina, S.A.	Argentina	Commercial	100,000	--	100,0	229,055	4,450,787	1,312,683	980,041	6,972,567	6,563,003	--
Grifols, s.r.o.	Czech Republic	Commercial	100,000	--	100,0	80,795	8,340,191	--	1,031,686	9,452,672	51,600	--
Logistica Grifols, S.A. de CV	Mexico	Services	100,000	--	100,0	26,891	1,567,520	--	292,344	1,886,755	235,258	--
Grifols Viajes, S.A.	Spain	Services	99,900	0,100	100,0	60,110	268,824	--	88,609	417,543	60,041	--
Grifols USA, LLC	USA	Commercial	--	100,000	100,0	555,432	(1,564,144)	147,375	(1,217,173)	(2,078,510)	--	--
Grifols International, S.A.	Spain	Services	99,900	0,100	100,0	2,860,154	1,117,513	--	825,950	4,803,617	2,860,085	1,283,793
Grifols Deutschland, GmbH	Germany	Commercial	100,000	--	100,0	25,000	19,544,362	(4,584)	(3,264,881)	16,299,897	12,664,559	--
Grifols Italia, S.p.A.	Italy	Commercial	100,000	--	100,0	2,496,000	8,040,802	246,189	1,719,972	12,502,963	12,226,606	--
Grifols UK, Ltd.	United Kingdom	Commercial	100,000	--	100,0	3,461	3,068,631	3,542,529	1,267,372	7,881,994	21,167,620	--
Grifols Brasil, Ltda.	Brazil	Commercial	100,000	--	100,0	487,254	237,014	--	(2,993,458)	(2,269,190)	764,095	--
Grifols France, S.A.R.L.	France	Commercial	99,000	1,000	100,0	7,700	13,406	--	(1,496)	19,610	7,623	--
Grifols Engineering, S.A.	Spain	Services	99,950	0,050	100,0	60,120	585,437	--	1,877,290	2,522,847	60,090	3,444,242
Biomat USA, Inc.	USA	Industrial	--	100,000	100,0	0	32,868,724	53,387,191	6,424,918	92,680,833	--	--
Squadron Reinsurance Ltd.	Ireland	Services	99,999	0,001	100,0	1,000,000	17,031,955	--	2,593,933	20,625,888	1,000,000	--
Grifols, Inc.	USA	Services	100,000	--	100,0	1	252,596,770	883,244,501	(59,797,466)	1,076,043,805	1,026,005,280	--
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	--	100,0	307,308	6,297,188	836,057	1,415,900	8,856,452	714,769	--
Grifols Biologicals, Inc.	USA	Industrial	--	100,000	100,0	1	117,186,827	30,185,837	21,778,358	169,151,023	--	--

This appendix forms an integral part of explanatory note 11 to the Balance Sheet, in conjunction with which it should be read.



**Information on Group Companies  
at 30 September 2011**

(Expressed in Euros)

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

Name	Registered offices	Activity	% of ownership		Total	Capital	Reserves	Other equity items	Profit/(loss) at 30.09.2011	Total capital and reserves	Carrying amount of investment	Dividend received 2011
			Dir	Ind								
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48.000	48.0	59,456	2,685,756	193,826	266,502	3,205,539	--	--
Alpha Therapeutic Italia, S.p.A.	Italy	Commercial	100.000	--	100.0	500,000	1,930,349	--	577,897	3,008,246	635,934	--
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100.000	--	100.0	11,351	1,685,883	--	(302,327)	1,394,907	10,714	--
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30.000	30.0	34,793	889,834	--	82,127	1,006,754	--	--
Plasmacare, Inc.	USA	Industrial	--	100.000	100.0	14,812	16,775,082	--	91,865	16,881,759	--	--
Grifols México, S.A. de CV	Mexico	Industrial	100.000	--	100.0	134,455	2,298,452	--	1,152,351	3,585,258	461,225	--
Arrahona Optimus, S.L.	Spain	Services	100.000	--	100.0	1,925,100	(1,889,259)	--	(4,683,079)	(4,647,238)	1,926,565	--
Woolloomooloo Holding Pty Ltd	Australia	Services	100.000	--	100.0	24,999,881	1,320,460	10,454,957	(856,753)	35,918,545	34,974,212	--
Grifols Australia Pty Ltd	Australia	Industrial	--	100.000	100.0	1,695,072	(1,924,304)	732,446	731,451	1,234,665	--	--
Australian Corp.number Pty Ltd	Australia	Commercial	--	100.000	100.0	6	(59,557)	2	(205)	(59,754)	--	--
Satum Australia Pty Ltd	Australia	Investment	--	100.000	100.0	2,898,828	416,332	631,788	(25,473)	3,921,475	--	--
Satum Investments AG	Switzerland	Investment	--	100.000	100.0	66,981	3,237,069	(396,124)	102,171	3,010,097	--	--
Medion Diagnostic Grifols AG	Switzerland	Industrial	--	80.000	80.0	1,373,114	(2,690,545)	291,197	(786,645)	(1,812,879)	--	--
Medion Diagnostic GmbH	Germany	Commercial	--	80.000	80.0	1,983,822	(1,411,544)	52,765	--	625,043	--	--
Gri-Cel, S.A.	Spain	Research	0.002	99.998	100.0	60,102	(1,007,621)	--	(858,167)	(1,805,687)	1	--
Nanotherapix, S.L.	Spain	Research	--	51.000	--	4,260	2,630,296	--	(432,432)	2,202,124	--	--
Grifols Colombia, Ltda.	Colombia	Commercial	99.000	1.000	100.0	7,687	(17,929)	--	103,159	92,916	7,852	--
Grifols Nordic AB	Sweden	Commercial	100.000	--	100.0	10,801	15,187	393,981	(204,457)	215,512	2,665,150	--
Grifols Therapeutic Inc.	USA	Commercial	--	100.000	100.0	24,047,510	584,762,130	41,951,395	17,012,823	667,773,858	--	--
Talecris Plasma Resources Inc.	USA	Industrial	--	100.000	100.0	7	55,147,047	22,701,587	8,117,126	85,965,767	--	--
Talecris Biopharmaceuticals Ltd.	Canada	Commercial	--	100.000	100.0	6	747,329	3,154	52,067	802,556	--	--
Talecris Overseas Corp.	USA	Services	--	100.000	100.0	7	(888,367)	(68,465)	(144,607)	(1,101,432)	--	--
											1,141,585,531	53,351,918

This appendix forms an integral part of explanatory note 11 to the Balance Sheet, in conjunction with which it should be read.

## GRIFOLS, S.A.

Classification of Financial Assets by Category  
at 30 September 2011

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

	Euros						
	Non-current			Current			
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value Total	
Other assets at fair value through profit or loss	-	-	-	-	-	7,607,062	7,607,062
Derivative financial instruments	-	-	-	-	-	7,607,062	7,607,062
<b>Total</b>	-	-	-	-	-	7,607,062	7,607,062
<i>Loans and receivables</i>							
Loans							
Variable rate	5,000,000	5,000,000	5,000,000	359,790,628	359,790,628	-	359,790,628
Loans, tax effect	-	-	-	39,776,814	39,776,814	-	39,776,814
Deposits and guarantees	754,884	754,884	754,884	120	120	-	120
Trade and other receivables	-	-	-	14,299,168	14,299,168	-	14,299,168
Trade receivables	-	-	-	9,645,954	9,645,954	-	9,645,954
Other receivables	-	-	-	98,609	98,609	-	98,609
<b>Total</b>	5,754,884	5,754,884	5,754,884	423,611,293	423,611,293	-	423,611,293
<b>Total financial assets</b>	<b>5,754,884</b>	<b>5,754,884</b>	<b>5,754,884</b>	<b>423,611,293</b>	<b>423,611,293</b>	<b>7,607,062</b>	<b>431,218,355</b>

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

## GRIFOLS, S.A.

**Details of Movement in Reserves and corresponding Profit/(Loss)  
at 30 September 2011**

(Expressed in Euros)

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

	Legal and statutory reserve	Differences on translation of share capital to Euros	Voluntary reserves	Profit/(loss) for the period	Total
Balance at 31 December 2010	21,306,490	3,020	28,487,713	63,547,595	113,344,818
Distribution of profit for 2010 Reserves	-	-	61,074,592	(63,547,595)	(2,473,003)
Recognised income and expense	-	-	-	25,478,609	25,478,609
Balance at 30 September 2011	<u>21,306,490</u>	<u>3,020</u>	<u>88,999,019</u>	<u>25,478,609</u>	<u>136,350,424</u>

This appendix forms an integral part of explanatory note 17 to the Balance Sheet, in conjunction with which it should be read.

## GRIFOLS, S.A.

Details of Financial Liabilities by Category  
at 30 September 2011

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

	Euros							
	Non-current			Current				
	At amortised cost or cost Carrying amount	Fair value	At fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value	Total
Derivative financial instruments	-	-	12,939,913	12,939,913	-	-	-	-
<i>Debts and payables</i>								
Debt with financial institutions								
Fixed rate	-	-	-	-	49,715,343	49,715,343	-	49,715,343
Variable rate	398,365,792	398,365,792	-	398,365,792	17,827,757	17,827,757	-	17,827,757
Finance lease payables	997,395	997,395	-	997,395	560,444	560,444	-	560,444
Other financial liabilities	206,777	206,777	-	206,777	93,736	93,736	-	93,736
Trade and other payables								
Suppliers	-	-	-	-	21,010,328	21,010,328	-	21,010,328
Suppliers, group companies	-	-	-	-	11,496,312	11,496,312	-	11,496,312
Other payables	-	-	-	-	3,931,884	3,931,884	-	3,931,884
Total financial liabilities	<b>399,569,964</b>	<b>399,569,964</b>	<b>12,939,913</b>	<b>412,509,877</b>	<b>104,635,805</b>	<b>104,635,805</b>	<b>-</b>	<b>104,635,805</b>

This appendix forms an integral part of explanatory note 19 to the Balance Sheet, in conjunction with which it should be read.

## GRIFOLS, S.A.

Classification of Financial Liabilities by Maturity  
at 30 September 2011

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

	Euros							
	2012	2013	2014	2015	2016	Subsequent years	Less current portion	Total non- current
Payables								
Debt with financial institutions	17,827,757	21,716,419	27,609,606	113,193,962	32,757,293	203,088,512	(17,827,757)	398,365,792
Finance lease payables	560,444	440,567	397,126	159,702	-	-	(560,444)	997,395
Financial instruments derivatives	-	1,213,992	-	-	11,725,921	-	-	12,939,913
Other financial liabilities	93,736	-	206,777	-	-	-	(93,736)	206,777
Group companies and associates	49,715,343	-	-	-	-	-	(49,715,343)	-
Trade and other payables								
Suppliers	13,699,205	-	-	-	-	-	(13,699,205)	-
Suppliers, group companies	11,496,312	-	-	-	-	-	(11,496,312)	-
Other payables	7,311,123	-	-	-	-	-	(7,311,123)	-
Personnel	3,931,884	-	-	-	-	-	(3,931,884)	-
<b>Total financial liabilities</b>	<b>104,635,804</b>	<b>23,370,978</b>	<b>28,213,509</b>	<b>113,353,664</b>	<b>44,483,214</b>	<b>203,088,512</b>	<b>(104,635,804)</b>	<b>412,509,877</b>

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

## GRIFOLS, S.A.

Main characteristics of payables  
at 30 September 2011

(Expressed in Euros)

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

Type	Currency	Limit in currency	Nominal rate	Maturity	Total value	Carrying amount	
						Current	Non-current
Group							
Credit facilities	EUR	12,400,000.00	2.55%	2012	12,400,000	12,400,000	-
Cash pooling	EUR		Euribor +1%	2012	11,472,903	11,472,903	-
					23,872,903	23,872,903	-
Unrelated parties							
Revolving credit	EUR	36,666,666.00		2016	-	-	-
Tranche A	EUR	220,000,000	5.75%	2016	207,707,463	13,379,825	194,327,638
Tranche B	EUR	220,000,000	6.25%	2017	201,264,471	2,026,316	199,238,155
Santander	EUR	6,000,000.00	3.702%-4.204%	2016	6,000,000	1,200,000	4,800,000
BBVA master	EUR	8,000,000.00	1.438%-2.00%	2012	-	-	-
BBVA USD	USD	5,000,000.00	1.211%-1.303%	2012	-	-	-
Banesto Master	EUR	7,000,000.00	2.595%-3.00%	2012	115,331	115,331	-
Banco de Sabadell Master	EUR	5,300,000.00	2.625%-3.500%	2013	-	-	-
Caixa Catalunya	EUR	3,000,000.00	3.75%-4.485%	2012	-	-	-
Bankia Master	EUR	6,000,000.00	2.949%-3.500%	2012	-	-	-
SCH Master	EUR	7,000,000.00	2.029%-4.042%	2014	9,915	9,915	-
UNNIM	EUR	2,000,000.00	4.50%	2011	-	-	-
Deutsche bank	EUR	8,500,000.00	1.65%-2.04%	2012	691,704	691,704	-
Lloyds Master	EUR	600,000.00	2.468%-2.790%	2011	240,106	240,106	-
Banca March	EUR	2,000,000.00	2.232%-3.563%	2012	-	-	-
HSBC	MULTIDIVIS	15,000,000.00	1.711%-3.460%	2012	-	-	-
	A						
BNP MASTER	EUR	2,000,000.00	2.433%-2.686%	2012	16,874	16,874	-
BANCO PASTOR	EUR	1,000,000.00	4.10%	2012	1,875	1,875	-
					416,047,731	17,681,941	398,365,790
Total					439,920,641	41,554,849	398,365,792

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

## GRIFOLS, S.A.

**Details of investments and positions held by directors and their related parties  
in other companies at 30 September 2011**

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

Director/related parties	Companies	Positions and functions
Dagà Gelabert , T.	Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Saturn investments AG / Medion Grifols Diagnostics AG / Medion Diagnostics GmbH	Board member
Glanzmann, T.	Instituto Grifols, S.A.	Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.	Board member
Grifols Roura, V.	Instituto Grifols, S.A. / Arrahona Optimus, S.L.	Chairman
Janotta, E.D.	Biomat, S.A. / Diagnostic Grifols, S.A. / Grifols Engineering, S.A. / Grifols International, S.A. / Grifols Viajes, S.A. / Laboratorios Grifols, S.A. / Logister, S.A. / Movaco, S.A. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols, Inc. / Gri-Cel, S.A.	Director
Riera Roca, R.	Instituto Grifols, S.A. Grifols Argentina, S.A. / Grifols Polska Sp.z.o.o. / Alpha Therapeutic Italia, S.p.A. / Grifols Italia, S.p.A. / Grifols México, S.A. de CV / Logística Grifols, S.A. de CV / Grifols Malaysia Sdn Bhd / Grifols Nordic AB Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols Chile, S.A. Grifols Asia Pacific Pte Ltd / Grifols (Thailand) Ltd. / Grifols Brasil Ltda. / Grifols Colombia Ltda / Grifols, s.r.o. / Grifols Deutschland GmbH / Grifols Portugal Ltda. / Grifols UK Ltd / Woolloomooloo Holdings Pty Ltd / Grifols Australia Pty Ltd / Saturn Australia Pty Ltd / ACN 073272830 Pty Ltd	Board member  Chairman  Board member
Twose Roura, J.I.	Grifols France, S.A.R.L. Grifols International, S.A.	Board member Director
Jorba Ribes, J.	Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Arrahona Optimus, S.L.	Board member
Ribes Batalla, N.	Grifols Engineering, S.A. Instituto Grifols, S.A. Grifols International, S.A.	Director Dtor. General Transfusion medicine market manager

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

## GRIFOLS, S.A.

Balances with related parties  
at 30 September 2011

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

	Euros			Total
	Group companies	Directors	Other related parties	
Non-current investments in group companies				
Equity instruments	1,141,585,531	-	-	1,141,585,531
Loans to companies	5,000,000	-	-	5,000,000
Guarantees and deposits	-	-	580,151	580,151
<b>Total non-current assets</b>	<b>1,146,585,531</b>	<b>-</b>	<b>580,151</b>	<b>1,147,165,682</b>
Trade and other receivables				
Trade receivables - current	9,270,806	-	-	9,270,806
Other receivables	-	-	13,842,343	13,842,343
Current investments in group companies				
Loans to companies	399,567,442	-	-	399,567,442
<b>Total current assets</b>	<b>408,838,248</b>	<b>-</b>	<b>-</b>	<b>408,838,248</b>
<b>Total assets</b>	<b>1,555,423,779</b>	<b>-</b>	<b>14,422,494</b>	<b>1,569,846,273</b>
Current payables				
Group companies - current	49,715,343	-	-	49,715,343
Trade and other payables	-	1,039	7,310,084	7,311,123
Suppliers (note 20 d)	11,496,312	-	-	11,496,312
Suppliers, group companies				
<b>Total current liabilities</b>	<b>61,211,654</b>	<b>1,039</b>	<b>7,310,084</b>	<b>68,522,777</b>
<b>Total liabilities</b>	<b>61,211,654</b>	<b>1,039</b>	<b>7,310,084</b>	<b>68,522,777</b>

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



## GRIFOLS, S.A.

Statement of Changes in Equity  
for the nine-month period ended 30 September 2011  
(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	Own shares and equity holdings	Profit/(loss) for the period	Grants, donations and bequests received	Total
<b>Balance at 31 December 2010</b>	106,532,450	121,801,809	49,797,223	(1,927,038)	63,547,595	99,116	339,851,155
Recognised income and expense	-	-	-	-	25,478,609	12,382	25,490,991
Transactions with equity holders or owners	8,381,168	768,553,179	-	-	-	-	776,934,347
Capital increases	-	-	61,074,592	-	(63,547,595)	-	(2,473,003)
Distribution of profit for the period	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-
<b>Balance at 30 September 2011</b>	<b>114,913,618</b>	<b>890,354,988</b>	<b>110,871,815</b>	<b>(1,927,038)</b>	<b>25,478,609</b>	<b>111,498</b>	<b>1,139,803,490</b>

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

**GRIFOLS, S.A.**

Pursuant to the requirements of article 303 of the Revised Spanish Companies Act, at their meeting held on 20 October 2011 the Directors of Grifols, S.A. authorised for issue the Balance Sheet at 30 September 2011. The Balance Sheet comprises the documents that precede this certification.

Signed:

---

Grifols Roura, Victor  
(signed)  
Chairman

---

Riera Roca, Ramón (signed)  
Board member

---

Twose Roura, Juan  
Ignacio (signed)  
Board member

---

Dagá Gelabert, Tomás  
(signed)  
Board member

---

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

---

Glanzmann, Thomas  
(signed)  
Board member

---

Jannotta, Edgar Dalzell  
(signed)  
Board member

---

Veiga Lluch, Anna (signed)  
Board member

---

Grifols Roura, Raimon  
(signed)  
Secretary to the board

---

Steven F. Mayer  
Board Member (signed)

---

W. Brett Ingersoll Board  
Member (absent due to travel)

