GRIFOLS, S.A.

Balance Sheet

30 September 2012

(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 2012 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 3 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 2012 presents fairly, in all material respects, the equity and financial position of Grifols, S.A. at 30 September 2012, 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 the original in Spanish)

Bernardo Rücker-Embden

26 October 2012

GRIFOLS, S.A.

Balance Sheets

30 September 2012 and 31 December 2011

(Expressed in Euros)

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

Assets	*Note*	*30/09/2012*	*31/12/2011*
Intangible assets	**Note 4**	**3,090,886**	**3,882,315**
Computer software		2,802,185	3,646,164
Emission rights		288,701	236,151
Property, plant and equipment	**Note 5**	**12,943,008**	**11,395,593**
Land and buildings		-	305,550
Technical installations, machinery, equipment, furniture and other items		9,485,346	9,532,493
Under construction and advances		3,457,662	1,557,550
Investment property	**Note 6**	**29,737,971**	**28,430,358**
Land		4,821,453	4,300,652
Buildings		24,916,518	24,129,706
Non-current investments in Group companies and associates		**1,164,728,681**	**1,155,627,259**
Equity instruments	**Note 11**	1,158,055,743	1,155,047,108
Loans to companies	**Note 13**	3,306,058	-
Other financial assets	**Note 13**	3,366,880	580,151
Non-current investments	**Note 13**	**161,279**	**3,266,162**
Derivatives		-	3,091,429
Other financial assets		161,279	174,733
Deferred tax assets	**Note 21**	**7,116,615**	**5,182,728**
Total non-current assets		**1,217,778,440**	**1,207,784,415**
Inventories	**Note 15**	**912,704**	**893,975**
Raw materials and other supplies		912,704	893,975
Trade and other receivables	**Note 13**	**26,088,072**	**21,328,239**
Trade receivables – current		533,971	713,731
Trade receivables from Group companies and associates – current		9,406,656	9,851,842
Other receivables		26,866	66,642
Personnel		83,236	17,202
Current tax assets	**Note 21**	11,032,831	7,161,863
Public entities, other	**Note 21**	5,004,512	3,516,959
Current investments in Group companies and associates	**Note 13**	**271,960,027**	**328,616,307**
Loans to companies		271,960,027	328,616,307
Current investments	**Note 13**	**4,016**	**3,619,340**
Derivatives	**Note 14**	-	3,619,220
Other financial assets		4,016	120
Prepayments for current assets	**Note 16**	**3,256,262**	**1,068,259**
Cash and cash equivalents		**114,402,855**	**61,362,476**
Cash		56,376,115	23,357,775
Cash equivalents		58,026,740	38,004,701
Total current assets		**416,623,936**	**416,888,596**
Total assets		**1,634,402,376**	**1,624,673,011**

The accompanying explanatory notes form an integral part of the Balance Sheet at 30 September 2012.

GRIFOLS, S.A.

Balance Sheets

30 September 2012 and 31 December 2011

(Expressed in Euros)

Equity and Liabilities	*Note*	*30/09/2012*	*31/12/2011*
Capital and reserves without valuation adjustments	**Note 17**	**1,170,755,081**	**1,113,983,521**
Capital			
Registered capital		117,882,384	117,882,384
Share premium		890,354,988	890,354,988
Reserves			
Legal and statutory reserves		21,323,219	21,306,490
Other reserves		86,336,069	86,199,411
(Own shares and equity holdings)		(1,929,161)	(1,927,038)
Profit for the year		56,787,582	167,286
Valuation adjustments		**(2,667,934)**	**(1,233,459)**
Hedging transactions	**Note 14**	(2,667,934)	(1,233,459)
Grants, donations and bequests received		**59,360**	**111,498**
Total equity		**1,168,146,507**	**1,112,861,560**
Non-current payables	**Note 20**	**374,793,317**	**409,004,525**
Loans and borrowings		362,169,752	391,663,896
Finance lease payables	**Note 7**	1,029,064	871,860
Derivatives	**Note 14**	11,129,075	16,261,992
Other financial liabilities		465,426	206,777
Deferred tax liabilities	**Note 21**	**4,059,232**	**5,009,797**
Total non-current liabilities		**378,852,549**	**414,014,322**
Current provisions	**Note 18**	**369,744**	**572,359**
Other provisions		369,744	572,359
Current payables	**Note 20**	**28,163,253**	**24,316,022**
Loans and borrowings		27,288,457	23,684,445
Finance lease payables	**Note 7**	708,191	535,733
Other financial liabilities		166,605	95,844
Group companies and associates, current	**Note 20**	**18,599,452**	**34,854,254**
Trade and other payables	**Note 20**	**40,270,871**	**38,054,494**
Current suppliers		19,876,777	24,935,741
Suppliers, Group companies and associates, current		5,961,752	8,541,438
Personnel (salaries payable)		5,009,506	3,414,322
Current tax liabilities		8,464,973	-
Public entities, other	**Note 21**	957,863	1,162,993
Total current liabilities		**87,403,320**	**97,797,129**
Total equity and liabilities		**1,634,402,376**	**1,624,673,011**

The accompanying explanatory notes form an integral part of the Balance Sheet at 30 September 2012.

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

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

Its main facilities are located in Sant Cugat del 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 2012 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 2012 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 2012, authorised for issue on 26 October 2012, 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:

(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.

(Continued)

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 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 2012, 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.

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 and investment properties, 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.

(Continued)

(c) Intangible assets

Intangible assets are measured at cost or cost of production. 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.

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.

(Continued)

(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:

	Depreciation method	Estimated years of useful life
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.

(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:

	Depreciation method	Estimated years of useful life
Buildings	Straight-line	33-100
Technical installations and machinery	Straight-line	10
Other installations, equipment and furniture	Straight-line	3,33-10
Other property, plant and equipment	Straight-line	4-10

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

(Continued)

(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.

(e) Investment property

The Company classifies property leased 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:

	Depreciation method	**Estimated years of useful life**
Buildings and other installations	10-100	Straight-line

(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.

(Continued)

(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.

(ii) Sale and leaseback transactions

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

(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.

(Continued)

(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)

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.

Impairment of available-for-sale financial assets

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

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

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

(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.

(Continued)

(i) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. However, transaction costs are recognised subsequently in profit or loss, when they do not form part of the effective variation in the hedge.

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

The Company recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and expense. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments.

(j) Own equity instruments held by the Company

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves 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.

(k) Inventories

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

When the cost of inventories exceeds net realisable value, materials are written down to net realisable value.

(l) Cash and cash equivalents

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

(m) Grants

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

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

(n) Defined contribution plans

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

(Continued)

(o) Provisions

(i) General criteria

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the 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 costs 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.

(p) Income tax

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

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 GriCel, 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.

(Continued)

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

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

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

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

(i) Taxable temporary differences

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

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that 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.

(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.

(Continued)

(q) 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.

(r) 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.

(s) 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.

(Continued)

(4) Intangible Assets

Details of intangible assets and movement are as follows:

2012	Euros Computer software	Emission rights	Total
Cost at 1 January 2012	20,621,882	236,151	**20,858,033**
Additions	1,034,950	158,431	**1,193,381**
Disposals	-	(314,356)	**(314,356)**
Other	-	208,475	**208,475**
Cost at 30 September 2012	21,656,832	288,701	**21,945,533**
Accumulated amortisation at 1 January 2012	(16,975,718)	-	**(16,975,718)**
Amortisation	(1,878,929)	-	**(1,878,929)**
Accumulated amortisation at 30 September 2012	(18,854,647)	-	**(18,854,647)**
Carrying amount at 30 September 2012	**2,802,185**	**288,701**	**3,090,886**

(b) Fully amortised assets

The cost of fully amortised intangible assets in use at 30 September 2012 is as follows:

	Euros
Computer software	14,408,151

Fully amortised computer software in use at 30 September 2012 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 2012 the Company has capitalised borrowing costs of Euros 92 thousand as investments in progress.

(Continued)

(b) Fully depreciated assets

Details of the cost of fully depreciated property, plant and equipment in use at 30 September 2012 are as follows:

	Euros
Technical installations and machinery	1,403,854
Other installations, equipment and furniture	2,307,526
Other property, plant and equipment	3,649,205
	7,360,585

(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.

(6) Investment Property

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

	Euros			
Description	**Land**	**Buildings and other installations**	**Investments in adaptation and advances**	**Total**
Cost at 1 January 2012	4,300,652	42,050,707	623,403	**46,974,762**
Additions	215,251	169,041	2,224,037	**2,608,329**
Disposals	-	(5,215)	-	**(5,215)**
Transfers (note 5)	305,550	494,441	(503,969)	**296,022**
Cost at 30 September 2012	4,821,453	42,708,974	2,343,471	**49,873,898**
Accumulated depreciation at 1 January 2012	-	(18,544,404)	-	**(18,544,404)**
Depreciation	-	(1,595,878)	-	**(1,595,878)**
Disposals	-	4,355	-	**4,355**
Accumulated depreciation at 30 September 2012	-	(20,135,927)	-	**(20,135,927)**
Carrying amount at 30 September 2012	**4,821,453**	**22,573,047**	**2,343,471**	**29,737,971**

Additions at 30 September 2012 primarily consist of the investments made to expand the Company's installations.

(a) Fully depreciated assets

The cost of fully depreciated investment property still in use at 30 September 2012 is as follows:

	Euros
Buildings	1,031,791
Other installations	8,673,665
	9,705,456

(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 property, plant and equipment under finance leases:

	Euros		
	Technical installations and machinery	**Other property, plant and equipment**	**Total**
Initially recognised at:			
Present value of minimum lease payments	2,111,450	1,180,237	**3,291,687**
Accumulated depreciation	(1,220,897)	(158,487)	**(1,379,384)**
Carrying amount at 30 September 2012	890,553	1,021,750	**1,912,303**

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

	Euros
Future minimum payments	1,846,087
Unaccrued finance costs	(108,832)
Present value	**1,737,255**

(Continued)

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

	Euros	
	Minimum payments	Present value
Less than one year	774,548	708,191
One to five years	1,071,539	1,029,064
	1,846,087	1,737,255
Less current portion	(774,548)	(708,191)
Total non-current	**1,071,539**	**1,029,064**

(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:

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

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.

<u>Land located in Parets del Vallés (Barcelona), leased from a third party</u>

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.

<u>Offices located in Parets del Vallés (Barcelona), leased from a third party</u>

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.

<u>Offices located in Parets del Vallés and Barcelona, leased from a related party</u>

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.

<u>Industrial buildings located in Parets del Vallés (Barcelona), leased from a third party</u>

This contract is valid for twenty years from 2000 and can be renewed for five year periods at the lessee's discretion and can be cancelled at any moment in time with six month's notice.

(Continued)

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

	Euros
Less than one year	4,096,929
One to five years	10,048,695
Over five years	598,991
	14,744,615

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 and can be cancelled at any time with three month′s prior notice. The minimum non-cancellable amount payable totals Euros 1,020 thousand at 30 September 2012.

(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.

(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.

(Continued)

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 currency.

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.

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 monthly basis. The difference is calculated based on the contracted notional principal amount. The Company has two interest rate swaps for loans. The Company applies hedge accounting to one of these swaps. The notional amount of these swaps is Euros 100,000 thousand each (see note 14).

(11) Investments in Equity Instruments of Group Companies

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

	Euros
	Non-current
Group companies	
Investments	1,164,594,166
Loans	3,306,058
Impairment	(6,538,423)
	1,161,361,801
Total	**1,161,361,801**

(Continued)

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

In conjunction with another partner, on 30 March 2012 the Company incorporated "GriCei, S.A. Productos para transfusao" located in Brazil and in which it holds a 60% interest. The total investment amounts to Euros 1,019 thousand.

During 2011 the Company recognised impairment of Euros 6,538 thousand on the investment in Arrahona Optimus, S.L. based on an analysis of its recoverability.

(a) Investments in Group companies.

Details of investments in Group companies are provided in Appendix II. The financial information of the Group companies corresponds to the nine-month period ended 30 September 2012 and has not been audited.

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.

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

(i) Foreign currency

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

(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.

(Continued)

(13) Investments and Trade Receivables

(a) Investments in Group companies and related parties

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

	Euros	
	Non-current	**Current**
Group		
Loans	3,306,058	260,682,035
Loans, tax effect	-	25,124,982
Interest	-	806,722
Impairment	-	(14,653,712)
Other financial assets	2,786,729	-
Deposits and guarantees	580,151	-
Total	**6,672,938**	**271,960,027**

At 30 September 2012, all loans extended generate interest at variable market rates.

At 30 September 2012 deposits and guarantees relate to the rental contracts entered into with Gripdan Invest, S.L., a company which is 100% owned by Scranton Enterprise B.V., a company which in turn is related to Grifols, S.A.

During 2011 the Company recognised impairment of Euros 11,803 thousand on the loan extended to Grifols Portugal Productos Farmacéuticos e Hospitalares, Lda based on its analysis of the recoverability of this balance.

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

(b) Investments

Details of investments are as follows:

	Euros	
	Non-current	**Current**
Unrelated parties		
Assets available for sale	804,694	-
Deposits and guarantees	161,279	4,016
Impairment	(804,694)	-
Total	**161,279**	**4,016**

The Company has an interest of less than 2% in Cardio3 BioSciences (Belgium), acquired in 2008. An impairment allowance has been made for the total investment at 30 September 2012.

(Continued)

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros
	Current
Group	
Trade receivables	9,404,161
Associates	
Trade receivables	2,495
Unrelated parties	
Trade receivables	533,971
Other receivables	26,866
Personnel	83,236
Taxation authorities, income tax (note 21)	11,032,831
Public entities, other	5,004,512
Total	**26,088,072**

At 30 September 2012 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:

	Euros		
	US Dollar	Swiss Franc	Total
Non-current investments in Group companies and associates			
Loans to companies	-	3,306,058	**3,342,425**
Non-current investments			
Other financial assets	2,786,730	-	**3,093,581**
Trade and other receivables			
Trade receivables from Group companies and associates	222,026	34,666	**256,692**
Total financial assets	**3,008756**	**3,377,091**	**6,692,698**

(Continued)

(14) Derivative Financial Instruments

Details of derivative financial instruments are as follows:

2012	Notional amount (Euros)	Euros Fair values Liabilities Non-current
Interest rate swaps (swap option)	100,000,000	(4,401)
Embedded floor	198,500,000	(5,600,000)
Total derivatives at fair value through profit or loss		**(5,604,401)**
Interest rate swaps (swap vanilla)	100,000,000	(5,524,674)
Total hedging derivatives		(5,524,674)
Total derivatives (note 20)		**(11,129,075)**

The floor included in the tranche B syndicated financing constitutes 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.

On 30 September 2012 the Company has two financial swaps, each with a notional amount of Euros 100 million. These swaps mature on 30 September 2014 and hedges the Company against a possible rise in the variable interest rate to which the Group′s financing is referenced; i.e. the Euribor. Swap vanilla also complies with all the prerequisites to qualify for hedge accounting: throughout the term of this contract its notional amount will be equal to or below the balance of the loan contracted; the term of the contract does not exceed the maturity date of the financing; and the settlement dates and terms of the derivative contract are the same as those for the repayment of the loans contracted.

(a) Unquoted futures

During the nine-month period ended 30 September 2012 the Company has settled all the unquoted futures, obtaining a total of Euros 31,537 thousand on the sale , which has generated a profit of Euros 27,918 thousand during the period.

(Continued)

(15) Inventories

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

(16) Prepayments

At 30 September 2012 prepayments include advanced payments of insurance premiums and advanced payments of fees for professional services.

(17) Equity

Details of equity and movement are shown in Appendix X.

(a) Capital

At 30 September 2012 the share capital of Grifols S.A. amounts to Euros 117,882,384 represented by:

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

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

On 1 June 2011 the Company announced that the "Nota sobre Acciones" (Securities Note) requested for the flotation of Class B Shares was registered. Grifols requested the flotation 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 Depositary Shares (ADSs), on the National Association of Securities Dealers Automated Quotation (NASDAQ). The trading of Class B Shares on the Spanish Automated Quotation System and the ADSs on the NASDAQ started on 2 June 2011.

Since 23 July 2012 the ADS representing Class B shares (non-voting shares) of the company have an exchange ratio in relation to the Class B shares of 1 to 1, this means 1 ADS represents 1 Class B share. The previous ratio was 2 ADS to 1 Class B share.

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

- Each Class B share entitles its holder to receive a minimum annual preferred dividend out of the distributable profits at the end of each year equal to Euros 0.01 per Class B share provided that the aggregate preferred dividend does not exceed the distributable profits of that year and a distribution of dividends has been approved by the Company's shareholders. This preferred dividend is not cumulative if sufficient distributable profits are not obtained in the period.

- Each Class B share is entitled to receive, in addition to the abovementioned preferred dividend, the same dividends and other distributions as one Grifols ordinary share.

- Each Class B share entitles the holder to its redemption under certain circumstances, if a tender offer for all or part of the shares in the Company has been made, except if holders of Class B shares have been entitled to participate in such an offer on the same terms as holders of Class A shares. The redemption terms and conditions reflected in the Company's by-laws limit the amount that may be redeemed, requiring that sufficient distributable reserves be available, and limit the percentage of shares to be redeemed in line with the ordinary shares to which the offer is addressed.

- In the event the Company were to be wound up and liquidated, each Class B share entitles the holder to receive, before any amounts are paid to holders of ordinary shares, an amount equal to the sum of (i) the par value of each Class B share, and (ii) the share premium paid for the Class B share when it was subscribed. Each holder is entitled to receive, in addition to the Class B liquidation preference amount, the same liquidation amount that is paid for each ordinary share.

(Continued)

These shares are freely transferable.

The Company′s knowledge of its shareholders is based on information provided voluntarily or in compliance with applicable legislation. According to the information available to the Company, the structure of significant shares with voting rights at 30 September 2012 is as follows:

Company	Number of shares	Percentage ownership
Capital Research and Management company	31,949,082	15.00%

(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.

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 shares

At the ordinary meeting held on 24 January 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)

Details of class A and B own shares at 30 September 2012 are as follows:

		Euros	
	Number	Nominal	Average purchase price
Class A shares	158,326	79,163	12.17
Class B shares	15,832	1,583	
Balance at 31.12.2011	174,158	80,746	
Acquisition of Class B shares	250	25	8,49
Balance a t 30.09.2012	**174,408**	**80,771**	
Class A shares	**158,326**	**79,163**	
Class B shares	**16,082**	**1,608**	

The Company received 15,832 class B shares from the share capital increase approved by the shareholders at their extraordinary meeting held on 2 December 2011 and in January 2012 the Company acquired 250 class B shares.

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

(d) Statement of Recognised Income and Expense

The statement of recognised income and expense for the nine-month period ended 30 September 2012 is as follows:

	Note	*30/09/2012*
Profit for the year		**56,787,582**
Income and expense recognised directly in equity		
Cash flow hedges	Nota 14	(2,566,863)
Grants, donations and bequests		(112,773)
Tax effect		803,891
Total income and expense recognised directly in equity		**(1,875,745)**
Amounts transferred to the income statement		
Cash flow hedges	Nota 14	517,613
Grants, donations and bequests		38,290
Tax effect		(166,771)
Total amounts transferred to the income statement		**389,132**
Total recognised income and expense		**55,300,969**

(Continued)

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

Movement in other provisions is as follows:

	Euros		
	Provisions for taxes	Environmental provisions	Total
At 1 January 2012	231,201	341,158	572,359
Charge	-	(156,931)	(156,931)
Payments	(45,684)	-	(45,684)
At 30 September 2012	**185,517**	**184,227**	**369,744**

(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.

The Company has agreements with 24 employees/directors stipulating that they can unilaterally rescind their employment contracts with the Company and are entitled to indemnities ranging from 2 to 5 years' salary should the Company change control.

(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.

(20) Payables and Trade Payables

(a) Group companies and associates

Details of Group companies and associates are as follows:

	Euros
	Current
Group	
Payables	3,398,096
Payables, tax effect (note 21)	12,068,507
Interest	4,224
Associates	
Loans received	3,128,625
Total	**18,599,452**

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.

(Continued)

(b) Payables

Details of payables are as follows:

	Euros	
	Non-current	Current
Unrelated parties		
Loans and borrowings	362,169,752	27,153,466
Interest	-	134,991
Finance lease payables (note 7)	1,029,064	708,191
Derivative financial instruments (note 14)	11,129,075	-
Payables	465,426	160,840
Guarantees and deposits received	-	5,765
Total	**374,793,317**	**28,163,253**

(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 senior debt agreement amounting to Euros 440 million for the purchase of Talecris. On 29 February 2012 the Company closed the negotiations to amend and improve the terms and conditions of the Credit Agreement. The Company has incurred costs amounting to Euros 7.9 million in the refinancing of the senior debt. The modification of the terms in the embedded derivatives of the senior debt has formed part of the refinancing and the resulting change in the fair values amounting to Euros 12.2 million have reduced the financing cost. Based on the analysis of the quantitative and qualitative factors, Grifols has concluded that the renegotiation of conditions of the senior debt do not trigger for a derecognition of the liability. Therefore, the net amount of the financing cost have reduced the previous amount recognized and will form part of the amortized cost over the duration of the debt.

The main amendments are basically as follows:

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

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

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

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

- Non-current senior debt Tranche A: loan repayable in 5 years. Initial principal totalling Euros 220 million and accruing interest of Euribor+350 basis points (bp) with no Euribor floor.

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

- Revolving line of credit: An amount of Euros 22 million has been committed and accrues interest of Euribor+325 basis points.

The senior debt is subject to compliance with certain covenants, leverage ratios and the interest coverage ratio. At 30 September 2012 the Company complies with these covenants.

(Continued)

Non-current and current loans and borrowings, net of loan arrangement costs, amount to Euros 19,430 thousand and Euros 904 thousand, respectively at 30 September 2012.

At 30 September 2012, the Company has extended bank guarantees to Group companies for an amount of Euros 86,185 thousand.

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

To secure the senior debt, the Company and Grifols Inc. have a guarantee on their assets and a pledge on shares of certain Group companies.

(d) Trade and other payables

Details of trade and other payables are as follows:

	Euros
	Current
Group	
Suppliers	5,961,752
Related parties	
Suppliers	5,355,232
Unrelated parties	
Suppliers	14,521,545
Personnel	5,009,506
Taxation authorities, income tax (note 21)	8,464,973
Public entities, other	957,863
Total	**40,270,871**

(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:

	Euros				
	US Dollar	**Pound sterling**	**Thai Baht**	**Argentine Peso**	**Total**
Trade and other payables					
Suppliers	1,281,622	1,253	151	156,145	1,439,171
Total current liabilities	1,281,622	1,253	151	156,145	1,439,171
Total financial liabilities	**1,281,622**	**1,253**	**151**	**156,145**	**1,439,171**

(Continued)

(21) Taxation

Details of balances with public entities are as follows:

	Euros	
	Non-current	**Current**
Assets		
Deferred tax assets	7,116,615	-
Current tax assets	-	11,032,831
Value added tax and similar taxes	-	5,004,512
	7,116,615	16,037,343
Liabilities		
Deferred tax liabilities	4,059,232	-
Current tax liabilities	-	8,464,973
Social Security	-	384,050
Withholdings	-	573,813
	4,059,232	**9,422,836**

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

	Euros
	Current
Receivables (note 13)	
Diagnostic Grifols	1,086,350
Instituto Grifols,S.A.	20,765,909
Logister,S.A.	34,817
Biomat,S.A.	391,223
Grifols International,S.A.	335,493
Movaco,S.A.	2,020,163
Grifols Viajes,S.A.	130,568
Grifols Engineering,S.A.	267,283
Arrahona Optimus, S.L.	93,176
	25,124,982
Payables (note 20)	
Biomat, S.A.	35,762
Instituto Grifols,S.A.	4,398,605
Diagnostic Grifols,S.A.	2,211,897
Laboratorios Grifols,S.A.	3,910,287
Grifols Engineering, S.A.	129,910
Logister,S.A.	70,604
Grifols International,S.A.	410,298
Arrahona Optimus,S.L.	320,153
Gri-Cel,S.A.	580,991
	12,068,507

Balances receivable and payable at 30 September 2012 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:

(Continued)

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

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any case, the Company's directors do not consider that any such liabilities that could arise would have a significant effect on the balance sheet at 30 September 2012.

(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 GriCel, S.A.

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

	Euros	
	Assets	**Liabilities**
Property, plant and equipment	55,075	(3,712,457)
Grants	-	(25,443)
Investments, Group	4,396,114	(321,332)
Financial assets at fair value through profit or loss	1,143,400	-
Rights to tax deductions and credits	1,522,026	-
Net assets and liabilities	**7,116,615**	**(4,059,232)**

The Company has an unrecognised deferred tax asset of Euros 1.9 million relating to the investment portfolio of Arrahona Optimus, S.L. due to the fact that there is no foreseeable recovery date and therefore, it does not meet the criteria to be recognised as an asset.

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

	Euros
Deferred tax assets relating to temporary differences	6,647,189
Deferred tax liabilities	3,685,277
Net	**2,961,912**

(Continued)

(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 GriCel, S.A. (the latter two since 1 January 2009).

(22) 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 2012, the independent directors of the Company′s board of directors and directors representing shareholders have accrued an amount of Euros 450 thousand in their capacity as such. 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 2,315 thousand Euros 2,650 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 that do not belong to the Group with identical, similar or complementary statutory activities to that of the Company.

Details of functions and activities performed by the directors and their related parties in Group companies and/or companies with identical, similar or complementary statutory activities to that of the Company are shown in Appendix VIII, which forms an integral part of this note to the balance sheet.

(23) 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 2012:

	Euros
Audit services	101,010
Other assurance services	431,600
Other services	38,500
	571,110

Services detailed in the above table include the total fees for services rendered during the nine-month period ended 30 September 2012, irrespective of the date of invoice.

(24) Events After the Balance Sheet Date

No significant events have occurred after the balance sheet date.

Appendix I

GRIFOLS, S.A.

Details and Movement in Property, Plant and Equipment
at 30 September 2012

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

	Euros					
	Land	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Under construction and advances**	**Other property, plant and equipment**	**Total**
Cost at 1 January 2012	305,550	6,000,397	10,383,054	1,557,550	5,115,987	**23,362,538**
Additions	-	588,629	82,391	1,915,482	961,967	**3,548,469**
Disposals	-	-	(41,026)	-	(11,123)	**(52,149)**
Transfers (note 6)	(305,550)	11,024	13,874	(15,370)	-	**(296,022)**
Cost at 30 September 2012	-	6,600,050	10,438,293	3,457,662	6,066,831	**26,562,836**
Accumulated depreciation at 1 January 2012	-	(2,740,146)	(5,164,131)	-	(4,062,668)	**(11,966,945)**
Depreciation	-	(736,216)	(620,088)	-	(348,422)	**(1,704,726)**
Disposals	-	-	40,721	-	11,123	**51,844**
Accumulated depreciation at 30 September 2012	-	(3,476,362)	(5,743,498)	-	(4,399,967)	**(13,619,827)**
Carrying amount at 30 September 2012	**-**	**3,123,688**	**4,694,795**	**3,457,662**	**1,666,863**	**12,943,008**

This appendix forms an integral part of explanatory note 5 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

Appendix II

GRIFOLS, S.A.
Information on Group Companies
at 30 September 2012
(Expressed in Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Name	Registered offices	Activity	% ownership Dir	% ownership Ind	% ownership Total	Capital	Reserves	Other equity items	Profit/(loss) for the year	Total capital and reserves	Carrying amount of investment	Dividend received 2012
Laboratorios Grifols,S.A.	Spain	Industrial	99.998	0.002	100	11,798,351	4,766,501	--	(5,474,841)	11,090,011	23,798,357	--
Instituto Grifols, S.A.	Spain	Industrial	99.998	0.002	100	1,537,989	79,370,266	--	50,611,451	131,519,706	1,537,990	54,998,925
Movaco,S.A.	Spain	Commercial	99.999	0.001	100	2,404,601	1,451,643	--	2,107,341	5,963,585	2,404,619	4,968,726
Grifols Portugal Productos Farmacéutiocs e Hospitalares,Lda.	Portugal	Commercial	0.015	99.985	100	478,255	(173,811)	33,551	(4,522,632)	(4,184,637)	--	--
Diagnostic Grifols,s.A.	Spain	Industrial	99.998	0.002	100	336,560	10,886,345	--	5,104,165	16,327,070	336,561	999,982
Logister,S.A.	Spain	Services	--	100.000	100	105,325	261,173	--	(161,140)	205,358	--	--
Grifols Chile,S.A.	Chile	Commercial	99.000	--	99	385,453	13,666,943	3,098,765	1,058,908	18,210,069	385,453	--
Biomat,S.A.	Spain	Industrial	99.900	0.100	100	60,110	711,484	--	164,206	935,800	60,041	688,372
Grifols Argentina,S.A.	Argentina	Commercial	100.000	--	100	955,675	7,935,831	(2,493,984)	1,460,688	7,858,210	6,563,003	--
Grifols, s.r.o.	Czech Republic	Commercial	100.000	--	100	51,597	9,058,419	600,793	322,456	10,033,265	51,600	--
Logística Grifols,S.A. de CV	Mexico	Services	100.000	--	100	92,279	1,736,295	382,899	207,936	2,419,409	235,258	--
Grifols Viajes,S.A.	Spain	Services	99.900	0.100	100	60,110	376,977	--	182,663	619,750	60,041	--
Grifols USA, LLC	USA	Commercial	--	100.000	100	561,686	(2,567,418)	(1,333,757)	2,630,076	(709,413)	--	--
Grifols International,S.A.	Spain	Services	99.900	0.100	100	2,860,154	1,117,513	--	808,985	4,786,652	2,860,085	357,398
Grifols Deutschland,GmbH	Germany	Commercial	100.000	--	100	15,000	15,069,064	5,409	(1,259,219)	13,830,254	12,664,559	--
Grifols Italia,S.p.A.	Italy	Commercial	100.000	--	100	2,494,762	9,649,673	17,111	(1,384,730)	10,776,816	12,226,606	--
Grifols UK,Ltd.	United Kingdom	Commercial	100.000	--	100	4,285	9,080,446	(86,587)	1,135,383	10,133,527	21,167,620	--
Grifols Brasil,Ltda.	Brazil	Commercial	100.000	--	100	764,095	(2,900,868)	474,802	(837,242)	(2,499,213)	764,095	--
Grifols France,S.A.R.L.	France	Commercial	99.000	1.000	100	7,700	(11,946)	(2)	(253,108)	(257,356)	7,623	--
Grifols Engineering,S.A.	Spain	Services	99.950	0.050	100	60,120	585,437	--	285,205	930,762	60,090	1,976,879
Biomat USA,Inc.	USA	Industrial	--	100.000	100	0	110,199,736	(11,199,564)	9,678,132	108,678,305	--	--
Squadron Reinsurance Ltd.	Ireland	Services	99.999	0.001	100	1,000,000	20,375,442	(8)	2,433,358	23,808,792	1,000,000	--
Grifols,Inc.	USA	Services	100.000	--	100	--	960,830,449	117,143,674	(286,562,001)	791,412,122	1,026,005,280	--
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100.000	--	100	362,387	10,187,658	(241,011)	5,612,363	15,921,398	714,769	--
Grifols Biologicals, Inc.	USA	Industrial	--	100.000	100	--	182,477,777	1,954,479	39,056,177	223,488,433	--	--
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48.000	48	61,198	2,959,183	370,687	(20,116)	3,370,952	--	--
Alpha Therapeutic Italia,S.p.A.	Italy	Commercial	100.000	--	100	500,000	2,426,425	(47,522)	216,334	3,095,237	635,934	--
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100.000	--	100	10,714	1,489,032	211,290	452,011	2,163,047	10,714	--
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30.000	30	30,283	905,426	123,600	(93,770)	965,539	--	--
Plasmacare,Inc.	USA	Industrial	--	100.000	100	15,241	17,358,049	284,807	424,179	18,082,276	--	--
Grifols México,S.A. de CV	Mexico	Industrial	100.000	--	100	461,397	4,088,617	234,609	887,547	5,672,170	461,225	--
Arrahona Optimus,S.L.	Spain	Services	100.000	--	100	1,925,100	1,465,779	--	42,117	3,432,996	3,388,369	--
Woolloomooloo Holding Pty Ltd	Australia	Services	100.000	--	100	24,999,881	(25,147,305)	13,316,688	105,666	13,274,930	34,974,212	--
Grifols Australia Pty Ltd	Australia	Industrial	--	100.000	100	11,203,903	(2,261,337)	481,541	502,554	9,926,661	--	--
A.C.N. 073 272 830 Pty Ltd.	Australia	Commercial	--	100.000	100	92,776	(81,748)	(11,258)	--	(230)	--	--
Saturn Australia Pty Ltd	Australia	Investment	--	100.000	100	8,957,626	(5,970,216)	1,879,355	(88,604)	4,778,161	--	--
Saturn Investments AG	Switzerland	Investment	--	100.000	100	66,981	2,403,939	587,998	--	3,058,918	--	--
Medion Diagnostic Grifols AG	Switzerland	Industrial	--	80.000	80	2,160,712	(1,696,926)	(178,374)	(423,290)	(137,878)	1,989,720	--
Medion Diagnostic GmbH	Germany	Commercial	--	80.000	80	1,500,000	(1,005,873)	(6,843)	--	487,284	--	--
Gri-Cel, S.A.	Spain	Research	0.001	99.999	100	15,060,102	2,863,689	--	(1,493,892)	16,429,899	1	--
Nanotherapix, S.L.	Spain	Research	--	51.000	51	4,887	3,432,853	--	(436,635)	3,001,105	--	--
Grifols Colombia, Ltda.	Colombia	Commercial	99.000	1.000	100	8,234	107,222	7,324	45,318	168,098	7,852	--
Grifols Nordic AB	Sweden	Commercial	100.000	--	100	10,392	116,225	534	(900,769)	(773,618)	2,665,150	--
Grifols Therapeutic Inc.	USA	Commercial	--	100.000	100	12,686,461	658,810,682	71,145,431	379,276,486	1,121,919,060	--	--
Talecris Plasma Resources Inc.	USA	Industrial	--	100.000	100	7	76,500,857	8,649,133	9,465,418	94,615,415	--	--
Grifols Canadá, Ltd.	Canada	Industrial	--	100.000	100	6	813,173	90,138	122,900	1,026,217	--	--
Talecris Overseas Corp.	USA	Services	--	100.000	100	7	(1,092,971)	(121,475)	(362,770)	(1,577,209)	--	--
Araclon Biotech, S.L.	Spain	Research	--	51.000	51	6,069	4,460,802	--	(2,345,545)	2,121,326	--	--
PTR Solar,S.L.	Spain	Services	--	100.000	100	12,012,100	(19,303)	--	27,774	12,020,571	--	--
GRI-CEI, S.A.- Producto transfusao	Brazil	Industrial	60.000	--	60	1,698,027	--	(102,453)	(41,333)	1,554,241	1,018,914	--
VCN Biosciences, S.L.	Spain	Research	--	40.000	40	47,407	1,080,483	--	(515,550)	612,340	--	--
											1,158,055,742	63,990,282

This appendix forms an integral part of explanatory note 11 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Classification of Financial Assets by Category
at 30 September 2012

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

	Euros					
	Non-current			Current		
	At cost or fair value			At cost or fair value		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
Loans and receivables						
Loans						
Variable rate	3,306,058	3,306,058	**3,306,058**	246,835,045	246,835,045	**246,835,045**
Loans, tax effect	-	-	**-**	25,124,982	25,124,982	**25,124,982**
Deposits and guarantees	741,430	741,430	**741,430**	4,016	4,016	**4,016**
Trade and other receivables	-	-	**-**	26,866	26,866	**26,866**
Trade receivables	-	-	**-**	9,940,627	9,940,627	**9,940,627**
Other receivables	2,786,729	2,786,729	**2,786,729**	83,236	83,236	**83,236**
Total financial assets	**6,834,213**	**6,834,213**	**6,834,213**	**282,014,772**	**282,014,772**	**282,014,772**

This appendix forms an integral part of explanatory note 12 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of Movement in Reserves and corresponding Profit at 30 September 2012

(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 for the year**	**Total**
Balance at 31 December 2011	21,306,490	3,020	86,196,391	167,286	107,673,187
Recognised income and expense	-	-	-	56,787,582	56,787,582
Distribution of profit for 2011					
Reserves	-	-	167,286	(167,286)	-
Other movements	-	-	(13,899)	-	(13,899)
Balance at 30 September 2012	**21,306,490**	**3,020**	**86,349,778**	**56,787,582**	**164,446,870**

This appendix forms an integral part of explanatory note 17 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of Financial Liabilities by Category
at 30 September 2012

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

	Euros					
	Non-current			Current		
	At cost or fair value			At cost or fair value		
	Carrying amount	**Fair value**	**Total**	**Carrying amount**	**Fair value**	**Total**
Derivative financial instruments (note 14)	-	11,129,075	11,129,075	-	-	-
	-	11,129,075	11,129,075	-	-	-
Debts and payables						
Group companies						
Variable rate	-	-	-	18,599,452	18,599,452	18,599,452
Loans and borrowings						
Variable rate	362,169,752	362,169,752	362,169,752	27,288,457	27,288,457	27,288,457
Finance lease payables	1,029,064	1,029,064	1,029,064	708,191	708,191	708,191
Other financial liabilities	465,426	465,426	465,426	166,605	166,605	166,605
Trade and other payables						
Suppliers	-	-	-	19,876,777	19,876,777	19,876,777
Suppliers, Group companies	-	-	-	5,961,752	5,961,752	5,961,752
Other payables	-	-	-	5,009,506	5,009,506	5,009,506
Total financial liabilities	**363,664,242**	**374,793,317**	**374,793,317**	**77,610,740**	**77,610,740**	**77,610,740**

This appendix forms an integral part of explanatory note 19 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Classification of Financial Liabilities by Maturity
at 30 September 2012
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Euros						
	2013	**2014**	**2015**	**2016**	**2017**	**Less current portion**	**Total non-current**
Payables							
Loans and borrowings	27,288,457	32,471,221	115,329,376	37,816,908	176,552,247	(27,288,457)	362,169,752
Finance lease payables	708,191	650,235	377,121	1,708	-	(708,191)	1,029,064
Derivative financial instruments	-	3,965,104	-	1,563,971	5,600,000	-	11,129,075
Other financial liabilities	166,605	368,429	96,997	-	-	(166,605)	465,426
Group companies and associates	18,599,452	-	-	-	-	(18,599,452)	-
Trade and other payables							
Suppliers	14,000,080	-	-	-	-	(14,000,080)	-
Suppliers, Group companies	5,961,752	-	-	-	-	(5,961,752)	-
Other payables	5,876,697	-	-	-	-	(5,876,697)	-
Personnel	5,009,506	-	-	-	-	(5,009,506)	-
Total financial liabilities	**77,610,740**	**37,454,989**	**115,803,494**	**39,382,587**	**182,152,247**	**(77,610,740)**	**374,793,317**

This appendix forms an integral part of explanatory note 20 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Main characteristics of payables at 30 September 2012

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

					Euros		
						Carrying amount	
Type	**Currency**	**Limit in currency**	**Nominal rate**	**Maturity**	**Total value**	**Current**	**Non-current**
Group							
Credit facilities (note 20)	EUR				-	-	-
Cash-pooling (note 20)	EUR		Euribor + 1%	2013	6,526,721	6,526,721	-
					6,526,721	6,526,721	
Unrelated parties							
Senior debt revolving credit	EUR				-	-	-
Tranche A senior debt	EUR	220,000,000	5,75-3,617%	2016	199,699,363	24,055,593	175,643,770
Tranche B senior debt	EUR	185,591,511	6,25-4,5%	2017	184,795,922	1,869,940	182,925,982
Santander	EUR	6,000,000.00	4,204-3,396%	2016	4,800,000	1,200,000	3,600,000
BBVA master	EUR	8,000,000.00	3,23-2,635%	2014	-	-	-
BBVA USD	USD	5,000,000.00	2,271-2,24%	2014	-	-	-
Banesto Master	EUR	7,000,000.00	3,29-2,423%	2013	-	-	-
Banco de Sabadell Master	EUR	5,300,000.00	4,625-3,5%	2013	-	-	-
BANCO POPULAR	EUR	6,000,000.00	4.80%	2015	-	-	-
Bankia Master	EUR	6,000,000.00	5.809%	2012	27,934	27,934	-
SCH Master	EUR	7,000,000.00	4,64-4,1%	2013	-	-	-
UNICAJA MASTER	EUR	3,000,000.00		2015	-	-	-
Deutsche bank	EUR	10,000,000	2.376%	2014	-	-	-
Lloyds Master					-	-	-
Banca March	EUR	2,000,000.00	4.084%	2012	-	-	-
HSBC	MULTIDIVISA	15,000,000	2,425-2,257%	2015	-	-	-
BNP MASTER	EUR	2,000,000.00	2,447-1,822%	2012	-	-	-
BANCO PASTOR					-	-	-
BANKINTER MASTER	EUR	3,000,000.00	3,57-2,78%	2012	-	-	-
					389,323,219	27,153,467	362,169,752
Total					**395,849,940**	**33,680,188**	**362,169,752**

This appendix forms an integral part of explanatory note 20 to the Balance Sheet at 30 September 2012, 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 2012

(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.	Medion Grifols Diagnostics AG				Chairman
	Arrahona Optimus, S.L.	Grifols,Inc.	Biomat USA, Inc.	PlasmaCare, Inc.	Board member
	Medion Diagnostics GmbH	Saturn investments AG			Board member
	Araclon Biotech, S.L.				Non-executive secretary
Glanzmann, T.	Grifols, Inc.				Chairman
	Instituto Grifols, S.A.				Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.				Board member
Grifols Roura, V.	Arrahona Optimus, S.L.	Instituto Grifols, S.A.			Chairman
	Biomat,S.A.	Grifols Engineering, S.A.	Laboratorios Grifols, S.A.		Director
	Diagnostic Grifols, S.A	Grifols International, S.A.	Logister, S.A.		Director
	Gri-Cel, S.A.	Grifols Viajes, S.A.	Movaco, S.A.		Director
	Grifols, Inc.	Biomat USA, Inc.	PlasmaCare, Inc.		Board member
Janotta, E.D.	Instituto Grifols, S.A.				Board member
Riera Roca, R.	Alpha Therapeutic Italia, S.p.A.	Grifols Italia, S.p.A.	Grifols Nordic AB	Grifols Polska Sp.z.o.o.	Chairman
	Grifols Argentina,S.A.	Grifols México, S.A. de CV	Logística Grifols, S.A. de CV	Grifols Malaysia Sdn Bhd	Chairman
	Instituto Grifols, S.A.	Grifols Brasil, Ltda.	Biomat USA, Inc.	Saturn investments AG	Board member
	Grifols Deutschland GmbH	Grifols Colombia, Ltda.	PlasmaCare, Inc.		Board member
	Grifols Portugal Productos Farmacéutiocs	Grifols Chile, S.A.	Woolloomooloo Pty Ltd.		Board member
	e Hospitalares,Lda. .	Grifols Asia Pacific Pte Ltd	A.C.N. 073 272 830 Pty Ltd.		Board member
	Grifols, s.r.o.	Grifols (Thailand) Ltd.	Grifols Australia Pty Ltd.		Board member
	Grifols UK Ltd.	Grifols, Inc.	Saturn Australia Pty Ltd.		Board member
	Grifols France,S.A.R.L.				Co-manager
	Grifols International,S.A.				Director
Twose Roura, J.I.	Arrahona Optimus, S.L.	Grifols, Inc.	PlasmaCare, Inc.	Biomat USA, Inc.	Board member
	Instituto Grifols, S.A.				Board member
	Grifols Colombia, Ltda.				Substitute board member
Grifols Deu, V.	Araclon Biotech, S.L.	GRI-CEI,S.A. - Producto para Transfusao			Board member
Grifols Roura, A.	Instituto Grifols,S.A.				Co-Chairman
Grifols Roura, R.	Medion Grifols Diagnostics AG	Squadron Reinsurance Ltd.	Medion Diagnostics GmbH		Board member
	Arrahona Optimus, S.L.	Instituto Grifols, S.A.	Nanotherapix, S.L.	VCN Biosciences, S.L.	Non-executive secretary
Jorba Ribes, J.	Biomat USA, Inc.	PlasmaCare, Inc.	Araclon Biotech, S.L.		Board member
	Instituto Grifols,S.A.				Board member representative
	Gri-Cel, S.A.				Director
Ribas Batalla, N.	Grifols International, S.A.				Transfusion medicine market manager

This appendix forms an integral part of explanatory note 22 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Balances with related parties
at 30 September 2012

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

	Euros			
	Group companies	**Directors**	**Other related parties**	**Total**
Non-current investments in Group companies				
Equity instruments	1,158,055,743	-	-	1,158,055,743
Loans to companies	3,306,058	-	-	3,306,058
Deposits and guarantees		-	580,151	580,151
Other financial assets		-	2,786,729	2,786,729
Total non-current assets	1,161,361,801	-	3,366,880	1,164,728,681
Trade receivables - current	9,406,656	-	2,495	9,409,151
Loans to companies	271,960,027	-	-	271,960,027
Total current assets	281,366,683	-	2,495	281,369,178
Total assets	**1,442,728,484**	**-**	**582,646**	**1,446,097,859**
Current payables				
Payables	18,599,452	-	-	18,599,452
Suppliers	5,961,752	300,000	5,055,232	11,316,984
Total current liabilities	24,561,204	300,000	5,055,232	29,916,436
Total liabilities	**24,561,204**	**300,000**	**5,055,232**	**29,916,436**

This appendix forms an integral part of explanatory note 22 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

Statement of Changes in Equity
for the nine-month period ended 30 September 2012
(Expressed in Euros)

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

	Registered capital	Share premium	Reserves	Own shares and equity holdings	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2011	**117,882,384**	**890,354,988**	**107,505,901**	**(1,927,038)**	**167,286**	**(1,233,459)**	**111,498**	**1,112,861,560**
Recognised income and expense	-	-	-	-	56,787,582	(1,434,475)	(52,138)	**55,300,969**
Transactions with equity holders or owners								
Other movements	-	-	(13,899)	-	-	-	-	**(13,899)**
Distribution of profit/(loss) for the period								
Reserves	-	-	167,286	-	(167,286)	-	-	**-**
Acquisition of own shares	-	-	-	(2,123)	-	-	-	**(2,123)**
Balance at 30 September 2012	**117,882,384**	**890,354,988**	**107,659,288**	**(1,929,161)**	**56,787,582**	**(2,667,934)**	**59,360**	**1,168,146,507**

This appendix forms an integral part of explanatory note 17 to the Balance Sheet at 30 September 2012, in conjunction with which it should be read.

GRIFOLS, S.A.

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

Pursuant to the requirements of article 303 of the Revised Spanish Companies Act, at their meeting held on 26 October 2012 the Directors of Grifols, S.A. authorised for issue the Balance Sheet at 30 September 2012. The Balance Sheet comprises the documents that precede this certification.

Signed:

Grifols Roura, Victor Chairman (signed)	Riera Roca, Ramón Board member (signed)	Twose Roura, Juan Ignacio Board member (signed)
Dagá Gelabert, Tomás Board member (signed)	Thortol Holding B.V. (J.A. Grifols G.) Board member (signed)	Glanzmann, Thomas Board member (not signed as attended by conference call)
Jannotta, Edgar Dalzell Board member (signed)	Veiga Lluch, Anna Board member (signed)	Luis Isasi Fernández de Bobadilla Board member (signed)
Steven F. Mayer Board member (not signed as attended by conference call)	W. Brett Ingersoll Board member (not signed as attended by conference call)	Grifols Roura, Raimon Secretary to the board (signed)