Grifols, S.A.

Annual Accounts
31 December 2012

Directors' Report
2012

(With Auditors' Report Thereon)

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

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

Auditors' Report on the Annual Accounts

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

To the Shareholders of
Grifols, S.A.

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

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

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

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Bernardo Rücker-Embden

22 February 2013

GRIFOLS, S.A.

Annual Accounts and Directors' Report

31 December 2012

(With Auditors' Report Thereon)

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

GRIFOLS, S.A.

Balance Sheets

31 December 2012 and 2011

(Expressed in Euros)

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

Assets	Note	2012	2011
Intangible assets	**Note 5**	**3,050,485**	**3,882,315**
Computer software		2,683,558	3,646,164
Emission allowances		235,462	236,151
Advances		131,465	-
Property, plant and equipment	**Note 6**	**13,198,907**	**11,395,593**
Land and buildings		-	305,550
Technical installations, machinery, equipment, furniture and other items		9,424,889	9,532,493
Under construction and advances		3,774,018	1,557,550
Investment property	**Note 7**	**31,042,773**	**28,430,358**
Land		4,946,480	4,300,652
Buildings		26,096,293	24,129,706
Non-current investments in Group companies and associates		**1,174,210,966**	**1,155,627,259**
Equity instruments	Note 12	1,167,285,681	1,155,047,108
Loans to companies	Note 12	3,313,453	-
Other financial assets	Note 14	580,151	580,151
Other investments	Note 14	3,031,681	-
Non-current investments	**Note 14**	**156,670**	**3,266,162**
Derivatives	Note 15	7,668	3,091,429
Other financial assets	Note 14	149,002	174,733
Deferred tax assets	**Note 23**	**7,688,784**	**5,182,728**
Total non-current assets		**1,229,348,585**	**1,207,784,415**
Inventories	**Note 16**	**929,455**	**893,975**
Raw materials and other supplies		929,455	893,975
Trade and other receivables	**Note 14**	**54,879,071**	**21,328,239**
Trade receivables – current		611,684	713,731
Trade receivables from Group companies and associates – current		27,563,541	9,851,842
Other receivables		41,148	66,642
Personnel		23,335	17,202
Current tax assets	Note 23	17,668,859	7,161,863
Public entities, other	Note 23	8,970,504	3,516,959
Current investments in Group companies and associates	**Note 14**	**266,082,640**	**328,616,307**
Loans to companies		266,082,640	328,616,307
Current investments	**Note 14**	**4,016**	**3,619,340**
Derivatives	Note 15	-	3,619,220
Other financial assets		4,016	120
Prepayments for current assets	**Note 17**	**3,535,824**	**1,068,259**
Cash and cash equivalents		**91,109,885**	**61,362,476**
Cash		41,082,830	23,357,775
Cash equivalents		50,027,055	38,004,701
Total current assets		**416,540,891**	**416,888,596**
Total assets		**1,645,889,476**	**1,624,673,011**

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

GRIFOLS, S.A.

Balance Sheets

31 December 2012 and 2011

(Expressed in Euros)

Equity and Liabilities	*Note*	*2012*	*2011*
Capital and reserves	**Note 18**	**1,166,297,585**	**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		87,428,282	86,199,411
(Treasury stock and own equity holdings)		(3,060,444)	(1,927,038)
Profit for the year		52,369,156	167,286
Valuation adjustments		**(2,556,138)**	**(1,233,459)**
Hedging transactions	**Note 15**	(2,556,138)	(1,233,459)
Grants, donations and bequests received		**59,360**	**111,498**
Total equity		**1,163,800,807**	**1,112,861,560**
Non-current payables	**Note 21**	**370,199,432**	**409,004,525**
Loans and borrowings		356,906,593	391,663,896
Finance lease payables	**Note 8**	1,195,932	871,860
Derivatives	**Note 15**	11,669,646	16,261,992
Other financial liabilities		427,261	206,777
Deferred tax liabilities	**Note 23**	**4,394,347**	**5,009,797**
Total non-current liabilities		**374,593,779**	**414,014,322**
Current provisions	**Note 19**	**334,550**	**572,359**
Other provisions		334,550	572,359
Current payables	**Note 21**	**27,517,214**	**24,316,022**
Loans and borrowings		25,845,204	23,684,445
Finance lease payables	**Note 8**	785,794	535,733
Other financial liabilities		886,216	95,844
Group companies and associates, current	**Note 21**	**36,550,556**	**34,854,254**
Trade and other payables	**Note 21**	**43,092,570**	**38,054,494**
Current payables to suppliers		19,144,230	24,935,741
Suppliers, Group companies and associates, current		16,902,471	8,541,438
Personnel (salaries payable)		5,812,208	3,414,322
Public entities, other	**Note 23**	1,233,661	1,162,993
Total current liabilities		**107,494,890**	**97,797,129**
Total equity and liabilities		**1,645,889,476**	**1,624,673,011**

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

GRIFOLS, S.A.

Income Statements
for the years ended
31 December 2012 and 2011

(Expressed in Euros)

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

	Note	2012	2011 (reexpressed)
Revenues	**Note 26**	**143,732,319**	**127,657,715**
Services rendered		74,179,795	63,490,489
Finance income	**Note 13**	5,562,240	10,815,307
Dividends		63,990,284	53,351,919
Self-constructed assets		**821,348**	**690,442**
Supplies	**Note 26**	**(520,620)**	**(407,345)**
Raw materials and consumables used		(436,694)	(393,835)
Impairment of merchandise, raw materials and other supplies		(83,926)	(13,510)
Other operating income		**5,400,286**	**4,164,194**
Non-trading and other operating income		5,347,928	4,089,243
Operating grants taken to income		52,358	74,951
Personnel expenses		**(31,558,945)**	**(26,099,258)**
Salaries and wages		(26,720,769)	(21,669,917)
Employee benefits expense	**Note 26**	(4,838,176)	(4,429,341)
Other operating expenses		**(56.979.972)**	**(102.592.695)**
External services		(60,089,570)	(90,021,886)
Taxes		(289,876)	(252,242)
Losses, impairment and changes in trade provisions	**Note 2 (b)**	4,161,269	(11,802,974)
Other operating expenses		(761,795)	(515,593)
Amortisation and depreciation	**Notes 5, 6 and 7**	**(6,777,047)**	**(6,422,370)**
Non-financial and other capital grants	**Note 5**	**232,914**	**332,887**
Impairment and gains/(losses) on disposal of fixed assets		**(2,122,121)**	**5,024,180**
Impairment and lossess	**Note 2 (b)**	(2,117,317)	(6,538,424)
Gains/(losses) on disposal and other	**Note 7**	(4,804)	11,562,604
Results from operating activities		**52,228,162**	**2,347,750**
Finance income		**1,055,563**	**215,400**
Other investment income			
Other	**Note 13**	916,895	152,694
Finance income included in assets	**Note 6**	138,668	62,706
Finance costs	**Note 20**	**(26,424,526)**	**(28,204,033)**
Group companies and associates		(3,146,094)	(991,203)
Other		(23,278,432)	(27,212,830)
Change in fair value of financial instruments	**Notes 13 and 20**	**21,048,479**	**4,500,500**
Trading portfolio and other		21,048,479	4,500,500
Exchange gains/(losses)	**Notes 14 and 21**	**(711,788)**	**688,514**
Impairment and gains/(losses) on disposal of financial instruments		**-**	**(804.694)**
Impairment and gains/(losses)		-	(804.694)
Net finance cost		**(5.032.272)**	**(23.604.313)**
Profit/(loss) before income tax		**47,195,890**	**(21,256,563)**
Income tax	**Note 23**	**5,173,266**	**21,423,849**
Profit for the year		**52,369,156**	**167,286**

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

GRIFOLS, S.A.

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

A) Statements of Recognised Income and Expense
for the years ended
31 December 2012 and 2011 (Expressed in Euros)

(Expressed in Euros)

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

	Note	2012	2011
Profit for the year		**52,369,156**	**167,286**
Income and expense recognised directly in equity			
Cash flow hedges	Note 15	(2,716,437)	(1,762,084)
Grants, donations and bequests		158,431	350,576
Tax effect		767,402	423,452
Total income and expense recognised directly in equity		**(1,790,604)**	**(988,056)**
Amounts transferred to the income statement			
Cash flow hedges	Note 15	826,895	-
Grants, donations and bequests	Note 5	(232,914)	(332,887)
Tax effect		(178,194)	99,866
Total amounts transferred to the income statement		**415,787**	**(233,021)**
Total recognised income and expense		**50,994,339**	**(1,053,791)**

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

GRIFOLS, S.A.

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

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

(Expressed in Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock and own equity holdings	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2011	**117,882,384**	**890,354,988**	107,506,901	**(1,927,038)**	**167,286**	**(1,233,459)**	111,498	**1,112,861,560**
Recognised income and expense	-	-	-	-	52,369,156	(1,322,679)	(52,138)	50,994,339
Transactions with equity holders or owners								
Other movements	-	-	(55,092)	-	-	-	-	(55,092)
Distribution of profit for the period								
Reserves	-	-	167,286	-	(167,286)	-	-	-
Purchase/sale of treasury stock	-	-	1,133,406	(1.133,406)	-	-	-	-
Balance at 31 December 2012	**117,882,384**	**890,354,988**	**108,751,501**	**(3,060,444)**	**52,369,156**	**(2,556,138)**	**59,360**	**1,163,800,807**

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

GRIFOLS, S.A.

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

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

(Expressed in Euros)

	Registered capital	Share premium	Reserves	Treasury stock and own equity holdings	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
Balance at 31 December 2010	106,532,450	121,801,809	49,797,223	(1,927,038)	63,547,595	-	99,116	339,851,155
Recognised income and expense	-	-	-	-	167,286	(1,233,459)	12,382	(1,053,791)
Transactions with equity holders or owners								
Capital increase June 2011	8,381,168	768,553,179	(2,512,801)	-	-	-	-	774,421,546
Capital increase December 2011	2,968,766	-	(3,326,116)	-	-	-	-	(357,350)
Distribution of profit for the period								
Reserves	-	-	63,547,595	-	(63,547,595)	-	-	-
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

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

GRIFOLS, S.A.

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

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

	2012	2011
Cash flows from operating activities		
Profit/(loss) for the year before tax	**47,195,890**	**(21,256,563)**
Adjustments for:		
Amortisation and depreciation	6,777,047	6,422,370
Dividend income	(63,990,284)	(53,351,919)
Proceeds from disposals of fixed assets	(3,513)	(11,826,894)
Impairment	(2,035,634)	19,410,383
Finance income	(6,617,803)	(10,878,013)
Finance costs	26,203,113	27,829,187
Exchange gains/(losses)	711,789	(688,513)
Change in fair value of financial instruments	(21,048,479)	(4,500,500)
Other income and expenses	(219,880)	(332,887)
Changes in operating assets and liabilities		
Inventories	(35,480)	(98,053)
Trade and other receivables	(17,622,494)	(1,847,236)
Other current assets	59,050,805	(93,754,249)
Trade and other payables	5,047,030	3,423,452
Other current assets and liabilities	351,236	653,586
Other cash flows from operating activities		
Interest paid	(19,794,683)	(19,370,240)
Dividends received	63,990,284	53,351,919
Interest received	7,136,948	10,148,185
Income tax paid (received)	3,044,396	8,478,037
Cash flows from (used in) operating activities	**88,140,288**	**(88,187,948)**
Cash flows from investing activities		
Payments for investments		
Group companies and associates	(14,355,890)	(816,560,872)
Intangible assets	(1.592.860)	(1,724,359)
Property, plant and equipment	(4.180.818)	(3,025,697)
Investment property	(4.450.774)	(2,588,462)
Other financial assets	(554.420)	(584,518)
Proceeds from sale of investments		
Property, plant and equipment	5,000	26,947,446
Other financial assets	30,368,141	-
Cash flows from (used in) investing activities	**5.238.379**	**(797,536,462)**
Cash flows from financing activities		
Proceeds from and payments for equity instruments		
Issue of equity instruments	-	774,064,195
Acquisition of own equity instruments	(5,194,878)	-
Sale of own equity instruments	5,186,499	-
Grants, donations and bequests received	22,345	345,269
Proceeds from and payments for financial liability instruments		
Issue		
Loans and borrowings	302,087	438,801,731
Disposal		
Loans and borrowings	(43,611,859)	(210,990,702)
Group companies and associates	(12,400,002)	(18,438,749)
Deferred expenses arising from the derivative financial instruments relating to the acquisition of Talecris	(7,935,452)	(36,719,921)
Cash flows from (used in) financing activities	**(63.631.260)**	**947,061,823**

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

GRIFOLS, S.A.

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

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

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

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

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

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

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

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

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

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

(2) Basis of Presentation

(a) Fair presentation

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

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

(b) Comparative information

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

(i) Reclassification of comparative figures for the previous year

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

(Continued)

(c) Functional and presentation currency

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

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

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

(i) Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis when the net value of the investment exceeds the carrying amount of the subsidiary and where indications of impairment exist. Fair value of the investment is measured based on estimates made by management. The Company generally uses cash flow discounting methods to calculate this value. Discounted cash flow calculations are based on five-year projections in the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed when determining fair value include growth rates and the discount rate. The estimates, including the methodology used, could have a significant impact on values and impairment.

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

(ii) Changes in accounting estimates

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

(3) Distribution of Profit

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

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

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

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

At 31 December non-distributable reserves are as follows:

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

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

(4) Significant Accounting Policies

(a) Foreign currency transactions, balances and cash flows

(i) Foreign currency transactions, balances and cash flows

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

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

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

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

(Continued)

(b) Capitalised borrowing costs

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

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

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

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

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

(c) Intangible assets

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

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

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

(i) Computer software

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

(ii) Emission allowances

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

Emission allowances are not amortised.

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

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

(b) Secondly, through the remaining emission allowances recorded. Expenditure on this part of the obligation is measured as the weighted average cost of the emission allowances.

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

(iii) Subsequent costs

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

(iv) Useful life and amortisation rates

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

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

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

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

(v) Impairment losses

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

(d) Property, plant and equipment

(i) Initial recognition

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

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

(ii) Depreciation

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

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

	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 losses

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

(e) Investment property

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

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

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

Investment property is depreciated applying the following policies:

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

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

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

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

Impairment losses are recognised in the income statement.

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

(Continued)

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

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

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

(g) Leases

(i) Lessor accounting records

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

(ii) Lessee accounting records

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

- *Finance leases*

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

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

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

- *Operating leases*

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

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

(iii) Sale and leaseback transactions

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

(h) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

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

(ii) Offsetting principles

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

(iii) Financial assets and financial liabilities held for trading

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

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

- Originates or is acquired or incurred principally for the purpose of selling or repurchasing it in the near term

- Forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or

- Is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

(Continued)

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

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

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

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

(v) Loans and receivables

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

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

(vi) Available-for-sale financial assets

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

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

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

(vii) Investments in Group companies

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

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

(Continued)

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

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

(viii)Interest and dividends

Interest is recognised using the effective interest method.

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

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

(ix) Impairment of financial assets

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

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

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

Investments in Group companies

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

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

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

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

(Continued)

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

Impairment of available-for-sale financial assets

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

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

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

(x) Financial liabilities

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

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

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

(xi) Derecognition and modifications of financial liabilities

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

(xi) Reverse factoring

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

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

(i) Hedge accounting

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

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

(i) Cash flow hedges

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

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

(j) Own equity instruments held by the Company

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

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

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

(k) Inventories

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

(Continued)

(l) Cash and cash equivalents

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

(m) Grants

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

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

(n) Defined contribution plans

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

(o) Provisions

(i) General criteria

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

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

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

(ii) Provisions for taxes

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

(p) Revenue from the rendering of services

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

Practically all services are rendered to Group companies.

(q) Income taxes

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

(Continued)

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

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

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

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

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

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.

- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

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

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

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

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

(i) Taxable temporary differences

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

(ii) Deductible temporary differences

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

(iii) Measurement

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

(iv) Offset and classification

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

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

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

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

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

- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date.

(s) Environmental issues

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

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

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

(t) Transactions between Group companies

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

(5) Intangible Assets

Details of intangible assets and movement are as follows:

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

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

(a) Emission allowances

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

(Continued)

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

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

Movement in the number of allowances is as follows:

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

(b) Fully amortised assets

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

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

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

(6) Property, Plant and Equipment

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

(a) Capitalised borrowing costs

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

(Continued)

(b) Fully depreciated assets

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

	Euros	
	2012	2011
Technical installations and machinery	1,403,854	816,312
Other installations, equipment and furniture	2,584,745	2,158,592
Other property, plant and equipment	3,665,831	3,389,015
	7,654,430	**6,363,919**

(c) Insurance

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

(7) Investment Property

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

	Euros			
Description	Land	Buildings and other installations	Investments in adaptation and advances	Total
Cost at 1 January 2011	14,198,510	55,973,134	3,967,537	**74,139,181**
Additions	-	2,082,952	505,510	**2,588,462**
Disposals	(9,897,858)	(19,767,347)	-	**(29,665,205)**
Transfers	-	3,849,644	(3,849,644)	-
Transfers to property, plant and equipment	-	(87,676)	-	**(87,676)**
Cost at 31 December 2011	4,300,652	42,050,707	623,403	**46,974,762**
Accumulated depreciation at 1 January 2011	-	(22,754,424)	-	**(22.754.424)**
Depreciation	-	(1,972,083)	-	**(1,972,083)**
Disposals	-	6,182,103	-	**6,182,103**
Accumulated depreciation at 31 December 2011	-	(18,544,404)	-	**(18,544,404)**
Carrying amount at 31 December 2011	**4,300,652**	**23,506,303**	**623,403**	**28,430,358**

(Continued)

	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	340,278	630,107	3,480,389	**4,450,774**
Disposals	-	(71,111)	-	**(71,111)**
Transfers	305,550	494,441	(503,968)	**296,023**
Cost at 31 December 2012	4,946,480	43,104,144	3,599,824	**51,650,448**
Accumulated depreciation at 1 January 2012	-	(18,544,404)	-	**(18,544,404)**
Depreciation	-	(2,133,521)	-	**(2,133,521)**
Disposals	-	70,250	-	**70,250**
Accumulated depreciation at 31 December 2012	-	(20,607,675)	-	**(20,607,675)**
Carrying amount at 31 December 2012	**4,946,480**	**22,496,469**	**3,599,824**	**31,042,773**

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

Sale and leaseback of Spanish buildings:

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

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

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

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

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

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

(Continued)

(a) Foreign investment property

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

(b) Fully depreciated assets

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

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

(c) Income and expenses from investment property

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

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

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

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

(d) Insurance

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

(8) Finance Leases – Lessee

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

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

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

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

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

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

(9) Operating Leases – Lessee

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

The most significant lease contracts are as follows:

<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 Vallès (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 Vallès (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 time with four month's notice.

<u>Offices located in Parets del Vallès 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 give notice of their intention not to renew it, six months prior to the end of the initial term.

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

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

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

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

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

(10) Operating Leases – Lessor

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

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

(11) Risk Management Policy

(a) Financial risk factors

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

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

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

(Continued)

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

(i) Market risk

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

(ii) Currency risk

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

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

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

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

(iii) Credit risk

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

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

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions.

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

(v) Cash flow and fair value interest rate risks

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

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

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

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

(12) Investments in Equity Instruments of Group Companies

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

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

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

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

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

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

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

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

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

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

(a) Investments in Group companies

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

Subsidiaries' activities comprise the following:

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

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

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

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

(i) Foreign currency

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

(b) Other information

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

(Continued)

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

(13) Financial Assets by Category

(a) Classification of financial assets by category

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

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

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

	Euros		
2012	**Other financial assets at fair value through profit or loss**	**Loans and receivables**	**Total**
Finance revenue at amortised cost, Group companies	-	5,562,240	**5,562,240**
Finance income at amortised cost	-	916,895	**916,895**
Net gains in profit and loss	-	6,479,135	**6,479,135**
Change in fair value (note 15)	27,917,969	-	**27,917,969**
Net gains in equity	27,917,969	-	**27,917,969**
Total	27,917,969	6,479,135	**34,397,104**

	Euros		
2011	**Other financial assets at fair value through profit or loss**	**Loans and receivables**	**Total**
Finance revenue at amortised cost, Group companies	-	10,815,307	**10,815,307**
Finance income at amortised cost	-	152,694	**152,694**
Net gains in profit and loss	-	10,968,001	**10,968,001**
Change in fair value	12,708,438	-	**12,708,438**
Net gains in equity	12,708,438	-	**12,708,438**
Total	12,708,438	10,968,001	**23,676,439**

(14) Investments and Trade Receivables

(a) Investments in Group companies

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

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

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

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

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

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

(b) Investments

Details of investments are as follows:

	Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Unrelated parties				
Assets available for sale	804,694	-	804,694	-
Trading derivatives (note 15)	-	-	-	3,619,220
Interest earned on embedded derivatives (note 15)	7,668	-	3,091,429	-
Deposits and guarantees	149,002	4,016	174,733	120
Impairment	(804,694)	-	(804,694)	-
Total	**156,670**	**4,016**	**3,266,162**	**3,619,340**

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

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros	
	2012	2011
	Current	Current
Group		
Trade receivables	27,557,751	9,850,783
Associates		
Trade receivables	5,790	1,059
Unrelated parties		
Trade receivables	611,684	713,731
Other receivables	41,148	66,642
Personnel	23,335	17,202
Taxation authorities, income tax (note 23)	17,668,859	7,161,863
Public entities, other	8,970,504	3,516,959
Total	**54,879,071**	**21,357,155**

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

(d) Amounts denominated in foreign currencies

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

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

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

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

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

(Continued)

(15) Derivative Financial Instruments

Details of derivative financial instruments are as follows:

		Euros		
		Fair values		
		Assets		Liabilities
2012	Notional	Non-current	Current	Non-current
Derivatives held for trading and at fair value through profit or loss				
Interest rate swaps (Euros) (swap options)	100,000,000	7,668	-	-
Embedded floor in senior debt (note 21 (c))	198,000,000	-	-	(5,965,382)
Total derivatives at fair value through profit or loss (note 21)	**298,000,000**	**7,668**	-	**(5,965,382)**
Hedging derivatives				
Interest rate swaps (vanilla Euro-8 swaps)	100,000,000	-	-	(5,704,264)
Total hedging derivatives	100,000,000	-	-	(5,704,264)
Total derivatives		-	-	**(11.669.646)**

		Euros		
		Fair values		
		Assets		Liabilities
2011	Notional	Non-current	Current	Non-current
Derivatives held for trading and at fair value through profit or loss				
Interest rate swaps	100,000,000	-	-	(134,908)
Futures on equity instruments	37,980,780	-	3,619,220	-
Embedded floor in senior debt (note 21 (c))	438,900,000	-	-	(13,365,000)
Purchase option (USD)	-	3,091,429	-	-
Total derivatives traded on OTC markets	576,880,780	3,091,429	3,619,220	(13,499,908)
Total derivatives at fair value through profit or loss	576,880,780	3,091,429	3,619,220	(13,499,908)
Hedging derivatives				
a) Fair value hedges				
Interest rate swaps	100,000,000	-	-	(2,762,084)
Total	100,000,000	-	-	(2,762,084)
Total hedging derivatives	**100,000,000**	-	-	**(2,762,084)**

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

(a) Interest rate swaps

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

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

(b) Cash flow hedges

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

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

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

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

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

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

(Continued)

(c) Unquoted futures

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

(16) Inventories

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

(17) Prepayments

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

(18) Equity

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

(a) Capital

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

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

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

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

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

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

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

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

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

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

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

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

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

These shares are freely transferable.

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

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

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

(b) Share premium

This reserve is freely distributable.

(c) Reserves

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

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

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

(ii) Treasury stock and reserve for Company shares

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

(Continued)

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

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

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

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

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

(19) 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
Charges	-	(41,321)	(41,321)
Payments	(45,684)	(150,804)	(196,488)
At 31 December 2012	**185,517**	**149,033**	**334,550**

(a) Contingencies

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

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

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

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

(20) Financial Liabilities by Category

(a) Classification of financial liabilities by category

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

(i) Net losses and gains by financial liability category

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

2012	Euros		
	Financial liabilities at fair value through profit or loss	Debts and payables	Total
Finance costs with third parties at amortised cost	-	(23,278,432)	(23,278,432)
Finance costs at amortised cost, Group companies	-	(3,146,094)	(3,146,094)
Net losses in profit and loss	-	(26,424,526)	(26,424,526)
Change in fair value of derivative financial instruments	(6,869,490)	-	(6,869,490)
Net losses in equity	(6,869,490)	-	(6,869,490)
Total	**(6,869,490)**	**(26,424,526)**	**(33,294,016)**

2011	Euros		
	Financial liabilities at fair value through profit or loss	Debts and payables	Total
Finance costs with third parties at amortised cost	-	(27,212,830)	(27,212,830)
Finance costs at amortised cost, Group companies	-	(991,203)	(991,203)
Net losses in profit and loss	-	(28,204,033)	(28,204,033)
Change in fair value of derivative financial instruments	(8,207,938)	-	(8,207,938)
Net losses in equity	(8,207,938)	-	(8,207,938)
Total	**(8,207,938)**	**(28,204,033)**	**(36,411,971)**

(Continued)

(21) Payables and Trade Payables

(a) Group companies and associates

Details of Group companies and associates are as follows:

	Euros 2012 Current	Euros 2011 Current
Group		
Payables	9,526,901	20,445,885
Payables, tax effect (note 23)	24,349,677	11,911,215
Interest	6,094	62,133
Associates		
Loans received	2,667,884	2,435,021
Total	**36,550,556**	**34,854,254**

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

(b) Payables

Details of payables are as follows:

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

(c) Other information on payables

(i) Main characteristics of payables

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

(Continued)

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

The main amendments are basically as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Trade and other payables

Details of trade and other payables are as follows:

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

(e) Classification by maturity

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

(Continued)

(f) Amounts denominated in foreign currencies

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

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

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

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

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

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

Details of late payments to suppliers are as follows:

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

(23) Taxation

Details of balances with public entities are as follows:

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

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

(Continued)

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

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

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

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

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

(Continued)

(a) Income tax

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

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

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

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

	Euros 2012	Euros 2011
Current tax		
Present year	(4,574,255)	(20,471,555)
Previously unrecognised tax deductions	1,371,266	(291,375)
	(3,202,989)	(20,762,930)
Deferred tax		
Source and reversal of temporary differences		
Property, plant and equipment	87,926	1,955,037
Investments	1,091,812	(2,586,806)
Finance costs	(2,640,700)	-
Deductions generated	(1,072,115)	
Deductions applied	563,000	
Changes in recognised tax deductions	-	(29,150)
	(5,173,266)	**(21,423,849)**

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

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

(Continued)

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

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

(b) Value added tax

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

(Continued)

(24) Environmental Information

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

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

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

(25) Related Party Balances and Transactions

(a) Related party balances

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

Details of balances by category are provided in Appendix XI.

(b) Related party transactions

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

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

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

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

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

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

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

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

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

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

(26) Income and Expenses

(a) Revenues

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

(b) Supplies

Details of other supplies used are as follows:

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

(c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

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

(Continued)

(27) Employee Information

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

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

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

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

(28) Audit Fees

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

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

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

(29) Events after the Reporting Period

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

GRIFOLS, S.A.

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

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

2012	Euros						
	Land	Buildings	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	-	-	689,670	213,823	2,235,694	1,180,300	4,319,487
Disposals	-	-	-	(44,848)	-	(11,123)	(55,971)
Transfers	(305,550)	-	11,024	17,728	(19,226)	-	(296,024)
Cost at 31 December 2012	-	-	6,701,091	10,569,757	3,774,018	6,285,164	27,330,030
Accumulated depreciation at 1 January 2012	-	-	(2,740,146)	(5,164,131)	-	(4,062,668)	(11,966,945)
Depreciation	-	-	(898,362)	(821,660)	-	(499,503)	(2,219,525)
Disposals	-	-	-	44,223	-	11,124	55,347
Accumulated depreciation at 31 December 2012	-	-	(3,638,508)	(5,941,568)	-	(4,551,047)	(14,131,123)
Carrying amount at 31 December 2012	-	-	3,062,583	4,628,189	3,774,018	1,734,117	13,198,907

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

GRIFOLS, S.A.

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

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

	Euros						
2011	**Land**	**Buildings**	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Under construction and advances**	**Other property, plant and equipment**	**Total**
Cost at 1 January 2011	902,621	868,379	5,973,097	10,088,026	804,340	4,343,136	22,979,599
Additions	-	-	21,647	674,840	1,557,549	834,721	3,088,757
Disposals	(597,071)	(868,379)	-	(1,244,997)	(11,602)	(71,445)	(2,793,494)
Transfers	-	-	5,653	885,185	(880,413)	9,575	-
Transfers from investment property	-	-	-	-	87,676	-	87,676
Cost at 31 December 2011	305,550	-	6,000,397	10,383,054	1,557,550	5,115,987	23,362,538
Accumulated depreciation at 1 January 2011	-	(347,616)	(2,211,129)	(5,375,991)	-	(3,769,271)	(11,704,007)
Depreciation	-	(2,055)	(529,017)	(746,788)	-	(364,841)	(1,642,701)
Disposals	-	349,671	-	958,648	-	71,444	1,379,763
Accumulated depreciation at 31 December 2011	-	-	(2,740,146)	(5,164,131)	-	(4,062,668)	(11,966,945)
Carrying amount at 31 December 2011	305,550	-	3,260,251	5,218,923	1,557,550	1,053,319	11,395,593

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

GRIFOLS, S.A.

Information on Group companies
at 31 December 2012

(Expressed in Euros)

Name	Registered Offices	Activity	% shares Dir	% shares Ind	% shares Total	Capital	Reserves	Other equity items	Profit and loss for the year	Total equity	Carrying amount of investment	Dividends received in 2012
Laboratorios Grifols,S.A.	Spain	Industrial	99,998	0,001	100,0	21.798.360	4.756.981	–	(6.747.105)	19.808.236	33.798.366	–
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1.537.989	79.370.266	–	62.551.283	143.459.538	1.537.990	54.998.925
Movaco,S.A.	Spain	Commercial	99,999	0,001	100,0	2.404.601	1.451.643	–	(5.160.648)	(1.304.404)	2.404.619	4.968.726
Grifols Portugal Productos Farmacéutiocs e Hospitalares,Lda.	Portugal	Commercial	0,015	99,985	100,0	478.255	10.345.188	33.551	(5.253.623)	5.603.371	–	–
Diagnostic Grifols,s.A.	Spain	Industrial	99,998	0,002	100,0	336.560	10.886.345	–	6.843.414	18.066.319	336.561	999.982
Logister,S.A.	Spain	Services	–	100,000	100,0	105.325	261.173	–	11.161	377.659	–	–
Grifols Chile,S.A.	Chile	Commercial	99,000	–	99,0	385.453	13.666.943	2.406.583	1.292.692	17.751.671	385.453	–
Biomat,S.A.	Spain	Industrial	99,900	0,100	100,0	60.110	711.483	–	164.363	935.956	60.041	688.372
Grifols Argentina,S.A.	Argentina	Commercial	100,000	–	100,0	855.675	7.935.830	(3.003.675)	1.719.227	7.607.057	6.563.003	–
Grifols, s.r.o.	Czech Republic	Commercial	100,000	–	100,0	51.597	9.058.419	599.564	106.425	9.816.005	51.600	–
Logistica Grifols,S.A. de CV	Mexico	Services	100,000	–	100,0	92.279	1.736.294	303.004	154.074	2.285.651	235.258	–
Grifols Viajes,S.A.	Spain	Services	99,900	0,100	100,0	60.110	376.977	–	351.616	788.703	60.041	–
Grifols USA, LLC	United States	Commercial	–	100,000	100,0	561.686	(2.567.418)	(1.299.830)	1.850.496	(1.455.066)	–	–
Grifols International,S.A.	Spain	Services	99,900	0,100	100,0	2.860.154	1.117.513	–	3.488	3.981.155	2.860.085	357.398
Grifols Deutschland,GmbH	Germany	Commercial	100,000	–	100,0	15.000	15.258.958	5.409	3.039.073	18.318.440	12.864.559	–
Grifols Italia,S.p.A.	Italy	Commercial	100,000	–	100,0	2.494.762	12.576.098	(30.411)	(3.657.116)	11.383.333	12.862.540	–
Grifols UK,Ltd.	United Kingdom	Commercial	100,000	–	100,0	4.285	9.080.446	(319.713)	1.745.105	10.510.123	21.167.620	–
Grifols Brasil,Lda.	Brazil	Commercial	100,000	–	100,0	764.095	(2.900.868)	549.587	(927.729)	(2.514.915)	764.095	–
Grifols France,S.A.R.L.	France	Commercial	99,999	0,001	100,0	657.734	(11.946)	(2)	(247.963)	397.823	657.657	–
Grifols Engineering,S.A.	Spain	Services	99,950	0,050	100,0	60.120	585.437	–	292.941	938.498	60.090	1.976.879
Biomat USA,Inc.	United States	Industrial	–	100,000	100,0	0	110.199.736	(13.460.082)	14.082.656	110.822.311	–	–
Squadron Reinsurance Ltd.	Ireland	Services	99,999	0,001	100,0	1.000.000	20.375.442	(8)	3.095.567	24.471.001	1.000.000	–
Grifols,Inc.	United States	Services	100,000	–	100,0	–	962.292.054	97.124.581	(151.120.272)	908.296.363	1.026.005.280	–
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	–	100,0	362.387	10.187.658	(572.482)	6.155.084	16.132.648	714.769	–
Grifols Biologicals, Inc.	United States	Industrial	–	100,000	100,0	–	182.477.777	(2.316.319)	35.093.526	215.254.984	–	–
Grifols (Thailand), Ltd.	Thailand	Commercial	–	48,000	48,0	61.198	2.959.183	324.466	40.887	3.385.734	–	–
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100,000	–	100,0	10.714	1.489.032	225.603	359.457	2.084.806	10.714	–
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	–	30,000	30,0	30.283	905.426	104.497	(22.335)	1.017.871	–	–
Plasmacare,Inc.	United States	Industrial	–	100,000	100,0	15.241	17.358.048	(85.740)	97.707	17.385.256	–	–
Grifols México,S.A. de CV	Mexico	Industrial	100,000	–	100,0	461.397	4.088.617	36.981	1.143.096	5.730.091	461.225	–
Arrahona Optimus,S.L.	Spain	Services	100,000	–	100,0	1.925.100	1.465.779	–	70.234	3.461.113	3.388.369	–
Grifols Australia Pty Ltd	Australia	Industrial	100,000	–	100,0	1.695.072	10.853.606	259.068	(593.281)	12.214.465	34.974.212	–
Medion Diagnostic Grifols AG	Switzerland	Industrial	80,000	–	80,0	2.487.149	(2.023.365)	(179.915)	(140.035)	143.834	1.969.720	–
Medion Diagnostic GmbH	Germany	Commercial	–	80,000	80,0	1.500.000	(1.005.873)	–	–	494.127	–	–
Gri-Cel, S.A.	Spain	Research	0,001	99,999	100,0	15.060.102	2.863.688	–	(2.115.512)	15.808.278	1	–
Nanotherapix, S.L.	Spain	Research	–	51,000	–	4.887	3.429.853	–	(714.857)	2.719.883	–	–
Grifols Colombia, Ltda.	Colombia	Commercial	99,000	1,000	100,0	8.233	107.222	6.108	(67.238)	54.325	7.852	–
Grifols Nordic AB	Sweden	Commercial	100,000	–	100,0	10.391	813.437	13.380	(1.495.960)	(658.752)	1.245.045	–
Grifols Therapeutic Inc.	United States	Commercial	–	100,000	100,0	12.686.460	658.810.682	51.197.070	312.931.287	1.035.625.499	–	–
Talecris Plasma Resources Inc.	United States	Industrial	–	100,000	100,0	6	76.500.857	6.817.467	6.859.908	90.178.238	–	–
Grifols Canadá, Ltd.	Canada	Industrial	–	100,000	100,0	6	813.173	53.342	167.647	1.034.168	–	–
Talecris Overseas Corp.	United States	Services	–	100,000	100,0	6	(1.092.971)	(92.620)	(286.868)	(1.472.453)	–	–
Araclon Biotech, S.L.	Spain	Research	–	51,000	51,0	6.069	4.460.802	–	(4.257.640)	209.231	–	–
PTR Solar,S.L.	Spain	Services	–	100,000	100,0	12.012.100	(19.303)	–	82.990	12.075.787	–	–
GRI-CEI, S.A.- Producto transfusao	Brazil	Industrial	60,000	–	60,0	1.698.027	–	(147.844)	(53.793)	1.496.390	1.018.914	–
VCN Biosciences, S.L.	Spain	Research	–	40,000	40,0	47.407	1.080.483	–	(802.882)	325.008	–	–
											1.167.285.679	63.990.282

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

GRIFOLS, S.A.

Information on Group companies
at 31 December 2012

(Expressed in Euros)

Name	Registered Offices	Activity	% shares Dir	% shares Ind	% shares Total	Capital	Reserves	Other equity items	Profit and loss for the year	Total equity	Carrying amount of investment	Dividends received in 2011
Laboratorios Grifols,S.A.	Spain	Industrial	99,998	0,002	100,0	11.798.351	9.704.636	–	(4.938.135)	16.564.852	23.798.357	–
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1.537.989	61.386.066	–	72.984.199	135.908.254	1.537.990	39.999.218
Movaco,S.A.	Spain	Commercial	99,999	0,001	100,0	2.404.601	1.451.643	–	4.968.788	8.825.033	2.404.619	6.758.291
Grifols Portugal Productos Farmacêuticos e Hospitalares,Lda.	Portugal	Commercial	0,015	99,985	100,0	478.255	1.400.000	33.551	(1.573.812)	337.994	–	–
Diagnostic Grifols,s.A.	Spain	Industrial	99,998	0,002	100,0	336.560	9.805.789	–	2.080.557	12.222.906	336.561	841.471
Logister,S.A.	Spain	Services	–	100,000	100,0	105.325	348.699	–	(87.525)	366.498	–	–
Grifols Chile,S.A.	Chile	Commercial	99,000	–	99,0	385.453	12.415.504	1.363.140	1.251.440	15.415.536	385.453	–
Biomat,S.A.	Spain	Industrial	99,900	0,100	100,0	60.110	711.484	–	689.062	1.460.656	60.041	1.024.903
Grifols Argentina,S.A.	Argentina	Commercial	100,000	–	100,0	955.675	6.976.768	(1.811.174)	959.063	7.080.333	6.563.003	–
Grifols, s.r.o.	Czech Republic	Commercial	100,000	–	100,0	51.597	7.614.578	354.198	1.443.842	9.464.214	51.600	–
Logística Grifols,S.A. de CV	Mexico	Services	100,000	–	100,0	92.279	1.330.662	194.459	405.633	2.023.033	235.258	–
Grifols Viajes,S.A.	Spain	Services	99,900	0,100	100,0	60.110	268.824	–	108.153	437.087	60.041	–
Grifols USA, LLC	United States	Commercial	–	100,000	100,0	561.686	(302.854)	(1.315.053)	(2.264.564)	(3.320.784)	–	–
Grifols International,S.A.	Spain	Services	99,900	0,100	100,0	2.860.154	1.117.513	–	357.405	4.335.072	2.860.085	1.283.793
Grifols Deutschland,GmbH	Germany	Commercial	100,000	–	100,0	25.000	12.455.214	(95.451)	2.704.710	15.089.473	12.664.559	–
Grifols Italia,S.p.A.	Italy	Commercial	100,000	–	100,0	2.494.782	8.271.118	17.111	1.378.555	12.161.546	12.226.606	–
Grifols UK,Ltd.	United Kingdom	Commercial	100,000	–	100,0	4.285	7.438.255	(520.281)	1.642.191	8.564.451	21.167.620	–
Grifols Brasil,Ltda.	Brazil	Commercial	100,000	–	100,0	764.095	37.151	154.427	(2.938.019)	(1.982.346)	764.095	–
Grifols France,S.A.R.L.	France	Commercial	99,000	1,000	100,0	7.700	13.408	(2)	(25.354)	(4.248)	7.623	–
Grifols Engineering,S.A.	Spain	Services	99,950	0,050	100,0	60.120	585.437	–	1.977.868	2.623.425	60.090	3.444.242
Biomat USA,Inc.	United States	Industrial	–	100,000	100,0	0	101.585.833	(11.029.850)	8.613.904	99.169.887	–	–
Squadron Reinsurance Ltd.	Ireland	Services	99,999	0,001	100,0	1.000.000	17.031.955	(1)	3.343.487	21.375.441	1.000.000	–
Grifols,Inc.	United States	Services	100,000	–	100,0	–	1.082.849.330	94.320.298	(90.061.059)	1.087.108.570	1.026.005.280	–
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	–	100,0	362.387	7.812.713	(256.223)	2.374.946	10.293.823	714.769	–
Grifols Biologicals, Inc.	United States	Industrial	–	100,000	100,0	–	153.837.194	2.020.276	28.640.583	184.498.054	–	–
Grifols (Thailand), Ltd.	Thailand	Commercial	–	48,000	48,0	61.198	2.692.717	270.636	379.921	3.404.472	–	–
Alpha Therapeutic Italia,S.p.A.	Italy	Commercial	100,000	–	100,0	500.000	1.977.871	(47.522)	448.554	2.878.904	635.934	–
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100,000	–	100,0	10.714	1.651.574	40.703	(162.542)	1.540.450	10.714	–
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	–	30,000	30,0	30.283	851.144	87.372	54.282	1.023.081	–	–
Plasmacare,Inc.	United States	Industrial	–	100,000	100,0	15.241	17.259.039	265.094	99.009	17.638.383	–	–
Grifols México,S.A. de CV	Mexico	Industrial	100,000	–	100,0	461.397	2.138.531	(177.699)	1.950.086	4.372.315	461.225	–
Arrahona Optimus,S.L.	Spain	Services	100,000	–	100,0	1.925.100	6.110.741	–	(4.644.962)	3.390.879	3.388.370	–
Woolloomooloo Holding Pty Ltd	Australia	Services	100,000	–	100,0	24.999.881	1.060.901	14.041.434	(27.295.005)	12.807.211	34.974.212	–
Grifols Australia Pty Ltd	Australia	Industrial	–	100,000	100,0	1.695.072	7.410.443	952.054	(484.842)	9.572.727	–	–
A.C.N. 073 272 830 Pty Ltd.	Australia	Commercial	–	100,000	100,0	6	27.825	3	(28.059)	(224)	–	–
Saturn Australia Pty Ltd	Australia	Investment	–	100,000	100,0	2.898.828	5.861.278	1.628.157	(5.649.126)	4.739.136	–	–
Saturn Investments AG	Switzerland	Investment	–	100,000	100,0	66.981	5.175.250	(735.253)	101.745	4.608.723	–	–
Medion Diagnostic Grifols AG	Switzerland	Industrial	–	80,000	80,0	1.373.114	(2.933.948)	621.754	(1.244.322)	(2.183.403)	–	–
Medion Diagnostic GmbH	Germany	Commercial	–	80,000	80,0	1.983.822	(1.539.241)	173.544	–	618.125	–	–
Gri-Cel, S.A.	Spain	Research	0,002	99,998	100,0	60.102	3.992.379	–	(1.128.690)	2.923.791	1	–
Nanotherapix, S.L.	Spain	Research	–	51,000	–	4.260	2.630.296	–	(672.013)	1.962.543	–	–
Grifols Colombia, Ltda.	Colombia	Commercial	99,000	1,000	100,0	8.234	(19.487)	2.436	126.709	117.892	7.852	–
Grifols Nordic AB	Sweden	Commercial	100,000	–	100,0	10.392	423.240	(1.351)	(307.015)	125.266	2.665.150	–
Grifols Therapeutic Inc.	United States	Commercial	–	100,000	100,0	24.047.510	565.641.020	73.493.126	86.957.635	750.139.292	–	–
Talecris Plasma Resources Inc.	United States	Industrial	–	100,000	100,0	7	72.498.512	8.886.823	4.002.346	85.387.688	–	–
Talecris Biotherapeutics Ltd.	United States	Industrial	–	100,000	100,0	6	753.271	51.608	59.902	864.788	–	–
Talecris Overseas Corp.	United States	Services	–	100,000	100,0	7	(888.367)	(120.466)	(204.604)	(1.213.430)	–	–

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

(Expressed in Euros)

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

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

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

GRIFOLS, S.A.

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

(Expressed in Euros)

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

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

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

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

	Euros						
	2012						
	2013	2014	2015	2016	2017	Less current portion	Total non-current
Payables							
Loans and borrowings	25,845,204	35,216,995	107,532,004	35,843,499	178,314,095	(25,845,204)	356,906,593
Finance lease payables	785,794	766,059	388,380	35,435	6,058	(785,794)	1,195,932
Derivative financial instruments	-	-	-	5,704,264	5,965,382	-	11,669,646
Other financial liabilities	886,216	380,411	46,850	-	-	(886,216)	427,261
Trade and other payables							
Suppliers	13,595,170	-	-	-	-	(13,595,170)	-
Suppliers, Group companies	16,902,471	-	-	-	-	(16,902,471)	-
Other payables	5,549,060	-	-	-	-	(5,549,060)	-
Personnel	5,812,208	-	-	-	-	(5,812,208)	-
Total financial liabilities	**69,376,123**	**36,363,465**	**107,967,234**	**41,583,198**	**184,285,535**	**(69,376,123)**	**370,199,432**

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

GRIFOLS, S.A.

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

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

	Euros							
	2011							
	2012	2013	2014	2015	2016	Subsequent years	Less current portion	Total non-current
Payables								
Loans and borrowings	23,559,892	20,308,956	30,384,399	105,005,913	31,776.139	204,188,489	(23,559,892)	391,663,896
Finance lease payables	535,732	420,025	371,312	80,523	-	-	(535,732)	871,860
Derivatives (note 15)	-	-	2,896,992	-	13,365,000	-	-	16,261,992
Other financial liabilities	95,844	-	206,777	-	-	-	(95,844)	206,777
Group companies	34,854,254	-	-	-	-	-	(34,854,254)	-
Trade and other payables								
Suppliers	15,114,596	-	-	-	-	-	(15,114,596)	-
Suppliers, Group companies	8,541,438	-	-	-	-	-	(8,541,438)	-
Other payables	9,821,145	-	-	-	-	-	(9,821,145)	-
Personnel	3,414,322	-	-	-	-	-	(3,414,322)	-
Total financial liabilities	**95,937,223**	**20,728,981**	**33,859,480**	**105,086,436**	**45,141,139**	**204,188,489**	**(95,937,223)**	**409,004,525**

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

GRIFOLS, S.A.

Main Characteristics of Payables
for the year ended 31 December 2012
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

2012

Type	Currency	Limit in currency	Nominal rate	Maturity	Euros Total value	Carrying amount Current	Carrying amount Non-current
Group							
Cash pooling (note 21)	EUR		Euribor +1%	2013	12,194,785	12,194,785	-
					12,194,785	12,194,785	
Unrelated parties							
Senior debt - Revolving credit					-	-	-
Senior debt - Tranche A	EUR	199,375,000	5.75-3.617%	2016	193,478,875	22,765,835	170,713,040
Senior debt - Tranche B	EUR	198,000,000	6.25-3.607%	2017	185,070,545	1,876,992	183,193,553
Santander	EUR	4,200,000	4.088-3.396%	2016	4,200,000	1,200,000	3,000,000
BBVA Master	EUR	8,000,000	3.23-2.635%	2014	-	-	-
BBVA USD	USD	5,000,000	2.271-2.24%	2014	-	-	-
Banesto Master	EUR	7,000,000	3.29-2.423%	2013	-	-	-
Banco de Sabadell Master	EUR	5,300,000	4.625-3.50%	2013	-	-	-
UNICAJA	EUR	3,000,000	2.899-2.639%	2015	-	-	-
BANCO POPULAR	EUR	6,000,000	4.80%	2015	-	-	-
SCH Master	EUR	7,000,000	4.64-3.962%	2013	-	-	-
Deutsche Bank	EUR	10,000,000	2.376%	2014	-	-	-
Banca March	EUR	10,000,000	4.084%	2015	-	-	-
HSBC	USD-MULTICURRENCY	18,000,000	2.27-2.739%	2015	-	-	-
BNP MASTER	EUR	2,000,000	2.3-1.822%	2013	-	-	-
BANCO PASTOR					-	-	-
BANKINTER MASTER	EUR	3,000,000	3.57-2.50%	INDEFINITE	-	-	-
					382,749,420	25,842,827	356,906,593
Total					**394,944,205**	**38,037,612**	**356,906,593**

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

GRIFOLS, S.A.

Main Characteristics of Payables
for the year ended 31 December 2011

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

2011

Type	Currency	Limit in currency	Nominal rate	Maturity	Euros Total value	Carrying amount Current	Carrying amount Non-current
Group							
Credit facilities (note 21)	EUR	12,400,000	2.55%	2012	12,400,000	12,400,000	-
Cash pooling (note 21)	EUR		Euribor +1%	2012	10,480,906	10,480,906	-
					22,880,906	22,880,906	
Unrelated parties							
Senior debt - Revolving credit	EUR	36,666,666		2016	-	-	-
Senior debt - Tranche A	EUR	220,000,000	Euribor + 4%	2016	208,481,730	20,278,066	188,203,664
Senior debt - Tranche B	EUR	220,000,000	Euribor + 4.5%	2017	201,291,810	2,031,579	199,260,232
Santander	EUR	6,000,000	3.70-4.20%	2016	5,400,000	1,200,000	4,200,000
BBVA Master	EUR	8,000,000	1,43-3,23%	2012	-	-	-
BBVA USD	USD	5,000,000	1.21-1.30%	2012	-	-	-
Banesto Master	EUR	7,000,000	2.59-3.36%	2012	-	-	-
Banco de Sabadell Master	EUR	5,300,000	2.62-3.62%	2013	-	-	-
Caixa Catalunya	EUR	3,000,000	3.75-4.70%	2012	-	-	-
Bankia Master	EUR	6,000,000	2.94-4.36%	2012	-	-	-
SCH Master	EUR	7,000,000	2.02-4.19%	2012	-	-	-
UNNIM	EUR	2,000,000	4.50%	2011	-	-	-
Deutsche Bank	EUR	8,500,000	1.65-2.04%	2012	-	-	-
Lloyds Master	EUR	600,000	2.46-2.79%	2011	-	-	-
Banca March	EUR	2,000,000	2.23-3.56%	2011	-	-	-
HSBC	MULTICURRENCY	15,000,000	1,71-3,46%	2012	-	-	-
BNP MASTER	EUR	2,000,000	2,43-2,68%	2012	16,412	16,412	-
BANCO PASTOR	EUR	1,000,000	4.10%	2012	6,820	6,820	-
BANKINTER MASTER	EUR	3,000,000		2012	1,500	1,500	-
					415,198,272	23,534,377	391,663,896
					438,079,178	**46,415,283**	**391,663,896**

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

GRIFOLS, S.A.

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

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

	Euros						
	Income statement			Income and expense recognised directly in equity			
2012	**Increases**	**Decreases**	**Net**	**Increases**	**Decreases**	**Net**	**Total**
Income and expenses for the period			52,369,156			(1,374,817)	50,994,339
Income tax			(5,173,266)			(589,208)	(5,762,474)
Profit before income tax			47,195,890			(1,964,025)	45,231,865
Permanent differences							
Individual company	3,123,891	2,714,708	409,183	-	-	-	409,183
Tax consolidation adjustments	-	63,990,284	(63,990,284)	-	-	-	(63,990,284)
Temporary differences:							
Individual company							
originating in current year	9,261,137	955,106	8,306,031	(158,431)	(2,122,456)	1,964,025	10.270.056
originating in prior years	759,052	4,194,547	(3.435.495)	-	-	-	(3.435.495)
Tax loss			**(11,514,674)**			-	**(11,514,675)**

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

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

	Euros		
	Profit and loss	**Equity**	**Total**
Income and expenses for the period before tax	47,195,890	(1,964,025)	45,231,865
Tax at 30%	14,158,767	589,208	13.569.559
Non-taxable income			
Dividends from Group companies	(19,197,085)	-	(19,197,085)
Non-deductible expenses			
Sanctions and fines	18,212	-	18,212
Deductions and credits for the current year	(153,160)	-	(153,160)
Income tax expense/(income)			
Continuing operations	**(5,173,266)**	**589,208**	**(5.762.474)**

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

GRIFOLS, S.A.

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

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

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

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

GRIFOLS, S.A.

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

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

Director/ Related parties	Companies				Position and functions
Dagá Gelabert , T.	Medion Grifols Diagnostics AG				Chairman
	Arrahona Optimus, S.L.	Grifols,Inc.	Biomat USA, Inc.	PlasmaCare, Inc.	Board member
	Medion Diagnostics GmbH				Board member
	Araclon Biotech, S.L.				Non-executive secretary
Glanzmann, T.	Grifols, Inc.				Chairman
	Instituto Grifols, S.A.				Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.				Board member
Grifols Roura, V.	Arrahona Optimus, S.L.	Instituto Grifols, S.A.			Chairman
	Biomat,S.A.	Grifols Engineering, S.A.	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.	Grifols Italia, S.p.A.	Grifols Nordic AB	Grifols Polska Sp.z.o.o.	Grifols Malaysia Sdn Bhd	Chairman
	Grifols Argentina,S.A.	Grifols México, S.A. de CV	Logistica Grifols, S.A. de CV		Chairman
	Instituto Grifols, S.A.	Grifols Brasil, Ltda.	Biomat USA, Inc.	Grifols (Thailand) Ltd.	Board member
	Grifols Deutschland GmbH	Grifols Colombia, Ltda.	PlasmaCare, Inc.	Grifols, Inc.	Board member
	Grifols Portugal Productos	Grifols Chile, S.A.	Grifols Australia Pty Ltd.	Grifols, s.r.o.	Board member
	Farmacéuticos e Hospitalares,Lda. .	Grifols Asia Pacific Pte Ltd	Grifols UK 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.				Alternate director
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.	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 note 25 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

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

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

Director/ Related parties	Companies				Position and functions
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
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.	Medion Grifols Diagnostics AG	Board member
	Grifols Portugal Productos	Grifols Chile, S.A.	Woolloomooloo Pty Ltd.	Medion Diagnostics GmbH	Board member
	Farmacéutiocs 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.				Alternate director
	Grifols Engineering, S.A.				Director
Grifols Roura, A.	Instituto Grifols,S.A.				Co-chairman
	Laboratorios Grifols,S.A.				Director
Grifols Roura, R.	Medion Grifols Diagnostics AG	Squadron Reinsurance Ltd.			Board member
	Arrahona Optimus, S.L.	Instituto Grifols, S.A.	Nanotherapix, S.L.		Non-executive secretary
Jorba Ribes, J.	Biomat USA, Inc.	PlasmaCare, Inc.			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 note 25 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Related Party Balances
for the year ended 31 December 2012

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

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

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

GRIFOLS, S.A.

Related Party Balances
for the year ended 31 December 2011

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

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

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

GRIFOLS, S.A.

Related Party Transactions
for the year ended 31 December 2012

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

2012	Group companies	Key management personnel	Directors	Other related parties	Total
Income					
Net sales					
Operating lease income	56,596,565	-	-	-	56,596,565
Other services rendered	12,825,144	-	-	-	12,825,144
Royalties	3,946,457	-	-	-	3,946,457
Finance income	5,562,240	-	-	-	5,562,240
Dividends	63,990,284	-	-	-	63,990,284
Total income	142,920,690	-	-	-	142,920,690
Expenses					
Net purchases					
Operating lease expenses	4,115,652	-	-	-	4,115,652
Contributions to foundations	-	-	-	3,012,185	3,012,185
Expenses for licences	-	-	-	1,806,640	1,806,640
Other services received	2,309,766	-	600,000	5,457,686	8,367,452
Personnel expenses					
Remuneration (note 25)	-	3,459,385	3,087,791	-	6,547,176
Financial instruments					
Finance costs	3,146,094	-	-	-	3,146,094
Total expenses	9,571,512	3,459,385	3,687,791	10,276,511	26,995,199
Investments					
Cost of assets acquired					
Buildings and other installations	1,493,520	-	-	-	1,493,520
Total investments	1,493,520	-	-	-	1,493,520

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

GRIFOLS, S.A.

Related Party Transactions
for the year ended 31 December 2011

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

2011	Group companies	Key management personnel	Directors	Other related parties	Total
Income					
Operating lease income	11,163,692	-	-	-	11,163,692
Other services rendered	49,055,912	-	-	-	49,055,912
Royalties	2,510,354	-	-	-	2,510,354
Finance income	10,815,307	-	-	-	10,815,307
Dividends	53,351,919	-	-	-	53,351,919
Total income	126,897,184	-	-	-	126,897,184
Expenses					
Net purchases					
Purchases	2,507	-	-	-	2,507
Operating lease expenses	3,007,166	-	-	-	3,007,166
Contributions to foundations	-	-	-	652,600	652,600
Expenses for licences	-	-	-	1,712,373	1,712,373
Other services received	1,768,586	-	180,000	8,609,750	10,558,336
Personnel expenses					
Remuneration	-	3,177,171	2,241,771	-	5,418,942
Financial instruments					
Finance costs	991,203	-	-	-	991,203
Total expenses	5,769,462	3,177,171	2,421,771	10,974,723	22,343,127
Investments					
Cost of assets acquired					
Buildings and other installations	1,469,566	-	-	-	1,469,566
Total investments	1,469,566	-	-	-	1,469,566
Prepayments					
Services related to the financing of the acquisition of Talecris	-	-	-	1,578,332	1,578,332
Total others	-	-	-	1,578,332	1,578,332

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

GRIFOLS, S.A.

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

(Expressed in Euros)

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

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

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

GRIFOLS, S.A.

Directors' Report

2012

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

To the Shareholders:

1. Business performance and situation of the Company

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

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

2. Forecast

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

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

3. Treasury stock

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

4. Research and development

   The Company does not conduct any research and development activities.

5. Management of financial risks

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

6. Events after the reporting period

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

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

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DETAILS

DATE FINANCIAL YEAR ENDED: 12/31/2012

TAX NUMBER (C.I.F.): A-58389123

Company name: GRIFOLS, S.A.

MODEL ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The instructions for filling this report in given at the end of this document should be read in order to understand the model better and then draw this up properly.

A – OWNERSHIP STRUCTURE

A.1 Complete the following table on the Company's share capital:

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
12/22/2011	117,882,384.10	326,564,245	213,064,899

State whether there are different types of shares with different associated rights:

YES

Class	Number of shares	Face value per share	Unitary number of voting rights	Different rights
A	213,064,899	0.50	213,064,899	Ordinary shares.
B	113,499,346	0.10	0	1) Separate vote at a general shareholders' meeting on extraordinary matters; 2) Preference dividend; 3) Right of redemption in the event of a takeover bid; and 4) Preferential liquidation right

A.2 Give details of the direct and indirect owners of significant shareholdings and of their size at the date of closing the financial year, excluding Directors:

Personal or corporate name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
CAPITAL RESEARCH AND MANAGEMENT COMPANY	0	21,257,231	9.977
DERIA, S.A.	18,687,588	0	8.771
SCRANTON ENTERPRISES, B.V.	16,149,937	0	7.580
MR. VICTOR GRIFOLS LUCAS	0	13,112,187	6.154
BLACKROCK, INC.	0	6,571,022	3.084

Personal or corporate name of the indirect owner of the holding	Held through: Personal or corporate name of the direct owner of the holding	Number of direct voting rights	% of total voting rights
CAPITAL RESEARCH AND MANAGEMENT COMPANY	OTHER COLLECTIVE INVESTMENT INSTITUTIONS MANAGED	21,257,231	9.977
MR. VICTOR GRIFOLS LUCAS	RODELLAR AMSTERDAM B.V.	13,112,187	6.154
BLACKROCK, INC.	BLACKROCK INVESTMENT MANAGEMENT (UK) LTD	6,571,022	3.084

State the most significant changes in the shareholding structure during the financial year:

Personal or corporate name of the shareholder	Date of the operation	Description of the operation
CAPITAL RESEARCH MANAGEMENT COMPANY	06/19/2012	Dropped below 15% of the share capital
CAPITAL RESEARCH MANAGEMENT COMPANY	11/29/2012	Dropped below 10% of the share capital
AMERICAN FUNDS INSURANCE SERIES GROWTH FUND (VIG)	11/26/2012	Dropped below 3% of the share capital

BLACKROCK, INC.	03/01/2012	3% of the share capital was exceeded

A.3 Complete the following tables on the members of the Company's Board of Directors with voting rights from Company shares:

Personal or corporate name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MR. VICTOR GRIFOLS ROURA	440,450	0	0.207
MS. ANNA VEIGA LLUCH	100	0	0.000
MR. EDGAR DALZELL JANNOTTA	254,127	0	0.119
MR. JUAN IGNACIO TWOSE ROURA	119,274	0	0.056
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	100	0	0.000
MR. RAMON RIERA ROCA	169,085	0	0.079
MR. THOMAS GLANZMANN	18,561	65,000	0.039
THORTHOL HOLDINGS, B.V.	15,042,766	0	7.060
MR. TOMAS DAGA GELABERT	51,898	0	0.024

Personal or corporate name of the indirect owner of the holding	Held through: Personal or corporate name of the direct owner of the holding	Number of direct voting rights	% of total voting rights
MR. THOMAS GLANZMANN	KOLHOLMEN INVESTMENT AB	53,000	0.025
MR. THOMAS GLANZMANN	GLANZMANN ENTERPRISES GMBH	12,000	0.006

% total number of voting rights belonging to the Board of Directors	7.585

Complete the following tables on the members of the Company's Board of Directors holding rights over Company shares:

A.4 Describe, where applicable, any family, commercial, contractual or corporate relations that may exist between the owners of significant shareholdings, to the extent that these are known to the Company, unless they are not highly relevant or stem from ordinary business operations:

Type of relationship:

Family

Short description:

Mr. Víctor Grifols Lucas is the father of the partners of Deria, S.A. and uncle of the shareholders of Thorthol Holdings B.V.

Personal or corporate name connected
THORTHOL HOLDINGS, B.V.
MR. VICTOR GRIFOLS LUCAS
DERIA, S.A.

A.5 Describe, where applicable, any commercial, contractual or corporate relations existing between the owners of significant shareholdings and the Company and/or its Group, unless they are not highly relevant or stem from ordinary business operations:

Type of relationship:

Contractual

Short description:

Mr. Víctor Grifols Lucas is a partner of Marca Grifols, S.L., which is paid a fee for use of the Grifols trademark

Personal or corporate name connected
MR. VICTOR GRIFOLS LUCAS

Type of relationship:

Contractual

Short description:

The shareholders of Thorthol Holdings B.V. (Grifols Gras family) are partners of Marca Grifols, S.L which is paid a fee for use of the Grifols trademark

Personal or corporate name connected
THORTHOL HOLDINGS, B.V.

A.6 State whether the Company has been informed of any shareholders' agreements affecting this pursuant to art. 112 of the Spanish Securities Market Law (LMV). Where applicable, describe these briefly and list the shareholders bound by any such agreement:

NO

State whether the Company is aware of the existence of any concerted actions arranged by its shareholders. Where applicable, give a short description of these:

NO

In the event of there having been any amendments to or termination of said stipulations or agreements or concerted actions, expressly state this:

A.7 State whether there is any natural or legal person now exercising or who could exercise control over the Company pursuant to article 4 of the Spanish Securities Market Law. Where applicable, identify this person:

NO

A.8 Complete the following tables on the Company's treasury stock:

At the date of closing the financial year:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
174,408	0	0.053

(*) Through:

Total	0

Give details of any significant variations taking place during the financial year, in accordance with what is laid down in Royal Decree 1362/2007:

Capital gain/(loss) of the Company's treasury stock disposed of during the period (thousand euros)	1,135,594

A.9 Give details of the conditions and period of the current mandate given by the Meeting to the Board of Directors to acquire or transfer the Company's treasury stock.

At the Extraordinary General Meeting of 25th January 2011, among other points, it was agreed to authorize the Company's Board of Directors to acquire its own stock or subscription rights, by means of purchase, exchange, attribution account payment or any other form envisaged in the Law, either directly or through its subsidiaries, within the limits and with the requisites to be announced below:

(i) That, insofar as there are Class B Shares, the acquisition should be performed pro rata between Class A Shares and the Class B Shares, at the same price and under identical terms and conditions;

(ii) For the face value of the shares acquired, added to the ones already owned by the Company or its Subsidiary companies, not to exceed 10% of the Company's share capital at any time.

(iii) For the acquisition, including any shares that the Company, or person acting in their own name but on the Company's behalf, had previously acquired and had in its portfolio, not to make the net worth work out lower than the amount of the share capital plus the legally or statutorily non-disposable reserves.

(iv) For the shares acquired to be paid up in full.

(v) The maximum acquisition price will be the listed price for the Class A shares at the stock exchange session on the day the acquisition is made or, where applicable, the one authorized by the Spanish Stock Exchange Commission. The minimum price will be 100% of the face value of each Class A share.

(vi) This authorization is granted for at most five years.

(vii) The shares acquired may be intended to be given to the workers or managers of the Group, either directly or as a result of exercising any option rights to which they may be entitled.

It was also agreed to revoke and make invalid in all its terms the previous authorization for acquisition of the Company treasury stock granted by the General Shareholders' Meeting of 21st June 2010.

A.10 State, where applicable, any legal and statutory restrictions to exercising voting rights, as well as any legal restrictions on acquisition or transfer of holdings in the share capital. State whether there are any legal restrictions to exercising voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise by legal restriction	0

State whether there are any statutory restrictions to exercising voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise through statutory restriction	0

State whether there are any legal restrictions to the acquisition or transfer of holdings in the share capital:

NO

A.11 State whether the General Shareholders' Meeting has agreed to adopt any neutralization measures against a public takeover bid pursuant to the provisions of Law 6/2007.

NO

Where applicable, explain the approved measures and the terms under which the restrictions would become ineffective:

B – STRUCTURE OF THE COMPANY'S ADMINISTRATION

B.1 Board of Directors

B.1.1 Give details of the maximum and minimum number of Directors envisaged in the corporate articles:

Maximum number of Directors	15
Minimum number of Directors	3

B.1.2 Complete the following table with the members of the Board of Directors:

Personal or corporate name of Director	Representative	Post on the Board	Date 1st appoint-ment	Date last appoint-ment	Election procedure
MR. VICTOR GRIFOLS ROURA	--	CHAIRMAN AND CEO	07/08/1991	05/24/2012	VOTING AT SHAREHOLDERS' MEETING
MS. ANNA VEIGA LLUCH	--	DIRECTOR	12/09/2008	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. EDGAR DALZELL JANNOTTA	--	DIRECTOR	12/19/2006	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. JUAN IGNACIO TWOSE ROURA	--	DIRECTOR	04/13/2000	05/24/2012	VOTING AT SHAREHOLDERS' MEETING
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	--	DIRECTOR	05/24/2011	05/24/2011	VOTING AT SHAREHOLDERS' MEETING
MR. RAMON RIERA ROCA	--	DIRECTOR	04/13/2000	05/24/2012	VOTING AT SHAREHOLDERS' MEETING
MR. STEVEN MAYER	--	DIRECTOR	01/25/2011	01/25/2011	VOTING AT SHAREHOLDERS' MEETING
MR. THOMAS GLANZMANN	--	DIRECTOR	04/05/2006	05/24/2011	VOTING AT SHAREHOLDERS' MEETING
THORTHOL HOLDINGS, B.V.	MR. JOSÉ ANTONIO GRIFOLS GRAS	DIRECTOR	01/20/2000	05/24/2012	VOTING AT SHAREHOLDERS' MEETING
MR. TOMAS DAGA GELABERT	--	DIRECTOR	04/13/2000	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. W. BRETT INGERSOLL	--	DIRECTOR	01/25/2011	01/25/2011	VOTING AT SHAREHOLDERS' MEETING

Total number of Directors	11

State any members leaving the Board of Directors during the period:

B.1.3 Complete the following tables on the members of the Board and their different types:

EXECUTIVE DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment	Post held on the Company's organization chart
MR. VICTOR GRIFOLS ROURA	NOMINATING AND REMUNERATION COMMITTEE	CHAIRMAN AND CEO
MR. JUAN IGNACIO TWOSE ROURA	NOMINATING AND REMUNERATION COMMITTEE	VICE-PRESIDENT OF PRODUCTION
MR. RAMON RIERA ROCA	NOMINATING AND REMUNERATION COMMITTEE	VICE-PRESIDENT OF MARKETING AND SALES

Total number of executive Directors	3
Total % of the Board	27.273

EXTERNAL PROPRIETARY DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment	Personal or corporate name of the significant shareholder whom they represent or who proposed their appointment
THORTHOL HOLDINGS, B.V.	NOMINATING AND REMUNERATION COMMITTEE	THORTHOL HOLDINGS, B.V.

Total number of proprietary Directors	1

Total % of the Board	9.091

INDEPENDENT EXTERNAL DIRECTORS

Personal or corporate name of the Director

MS. ANNA VEIGA LLUCH

Profile

Graduate in Biology (1974-1979) and Ph. D in Biology (Cum Laude) at Barcelona Autonomous University (1991). She has been Director of the Biology Section of the Reproductive Medicine Service of the Dexeus University Institute (1982-2005). She is currently the Director of the Barcelona Stem Cell Bank at the Center of Regenerative Medicine, the Scientific Director of the Reproductive Medicine Service of the Dexeus University Institute and associate professor at the Department of Experimental and Health Sciencies of University Pompeu Fabra in Barcelona. She specialized in clinical embryology, reproductive genetics, embryonic and pluripontent stem cells research and bioethics.

Personal or corporate name of the Director

MR. EDGAR DALZELL JANNOTTA

Profile

In March 2001 he was appointed Chairman of William Blair Company L.L.C. and President of that Company's Executive Committee. He joined William Blair, an international investment bank, in 1959, he was appointed partner in 1965, and was a managing partner from 1977 to 1995. Before being appointed managing partner, he worked in the corporate finance department, in investment banking transactions and private equity. He was President of the Securities Industry Association (1982) and a board member of New York Stock Exchange Inc. He is a board member of Aon Corporation, Commonwealth Edison Company, Molex Incorporated and Sloan Valve Company. He is a graduate from Princeton University and has an MBA from Harvard Business School.

Personal or corporate name of the Director

MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA

Profile

He is a managing director of Morgan Stanley España, country head for Spain, and board member of Madrid Stock Exchange. Mr. Isasi joined Morgan Stanley, in London, in 1987. He had previously acted as executive director of First Chicago Ltd. in London and worked before that at the Latin American Department of Morgan Guaranty Trust Co. in New York. Mr. Isasi started his professional career at Abengoa, in Seville, in 1977.

Mr. Isasi is a graduate in Economic and Business Sciences from Seville University and in 1982 obtained a Master's Degree in Business Administration at the University of Columbia in New York

Total number of independent Directors	3
Total % of the Board	27.273

OTHER EXTERNAL DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment
MR. STEVEN MAYER	NOMINATING AND REMUNERATION COMMITTEE
MR. THOMAS GLANZMANN	NOMINATING AND REMUNERATION COMMITTEE
MR. TOMAS DAGA GELABERT	NOMINATING AND REMUNERATION COMMITTEE
MR. W. BRETT INGERSOLL	NOMINATING AND REMUNERATION COMMITTEE

Total number of other external Directors	4
Total % of the Board	36.364

Give the reasons why these cannot be considered proprietary or independent and their connections, either with the Company, its Directors, or its shareholders.

Personal or corporate name of Director

MR THOMAS GLANZMANN**Company, Director or shareholder with whom there is a connection**

GRIFOLS, S.A.

Grounds

His relationship does not match the current definitions of executive Director, proprietary or independent Board member. He is the majority partner at Glanzmann Enterprises GmbH, a company which has been rendering advisory services to the Group since 2011.

Personal or corporate name of Director

MR. BRETT INGERSOLL

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

On the occasion of the agreement for purchasing Talecris Biotherapeutics Holdings Corp., the majority partners of the Company agreed to vote in favor of the General Meeting agreements required to close the operation. One of these agreements covered the appointment of Mr. W. Brett Ingersoll and Mr. Steven Mayer, board members of Cerberus (majority shareholder of Talecris), although the agreement did not lay down any obligation as regards their remaining as members of the Board of Directors of the Company. In fact, under NASDAQ regulations, both board members have independent status.

Personal or corporate name of Director

MR. TOMAS DAGA GELABERT

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

His relationship does not match the current definitions of executive Director, proprietary or independent Board Member. He is a partner of the Osborne Clarke practice, which renders legal and tax services to the Group.

Personal or corporate name of Director

MR. STEVEN MAYER

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

On the occasion of the agreement for purchasing Talecris Biotherapeutics Holdings Corp., the majority partners of the Company agreed to vote in favor of the General Meeting agreements required to close the operation. One of these agreements covered the appointment of Mr. W. Brett Ingersoll and Mr. Steven Mayer, board members of Cerberus (majority shareholder of Talecris), although the agreement did not lay down any obligation as regards their remaining as members of the Board of Directors of the Company. In fact, under NASDAQ regulations, both board members have independent status.

Detail any changes which may, where applicable, have taken place in the classification of Directors during the period:

B.1.4 Explain, where applicable, the reasons why proprietary Directors have been appointed at the request of shareholders whose shareholding is under 5% of the capital.

State whether there has been any failure to address formal requests for representation on the Board made by shareholders whose stake is equal to or over that of others at whose request proprietary shareholders had been appointed. If applicable, explain the reasons why these requests were not accepted.

NO

B.1.5 State whether any Board member had left their post prior to the expiry of their term of office, whether such a person has explained their reasons to the Board and through what channels, and, in the event of having done so in writing to the whole Board, explain below at least the reasons which this person gave:

NO

B.1.6 State, where applicable, the powers that have been vested in the CEOs:

Personal or corporate name of Director

MR. VICTOR GRIFOLS ROURA

Short description

All legally and statutorily conferrable powers

B.1.7 Identify, where applicable, any Board members holding administrative or executive posts in other companies forming a part of the Group of the Company listed:

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. VICTOR GRIFOLS ROURA	ARRAHONA OPTIMUS. S.L	CHAIRMAN AND CEO
MR. VICTOR GRIFOLS ROURA	BIOMAT USA INC	DIRECTOR
MR. VICTOR GRIFOLS ROURA	BIOMAT. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	DIAGNOSTIC GRIFOLS. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRI-CEL. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS ENGINEERING. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS INC.	DIRECTOR
MR. VICTOR GRIFOLS ROURA	GRIFOLS INTERNATIONAL. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS VIAJES. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	INSTITUTO GRIFOLS. S.A.	CHAIRMAN AND CEO
MR. VICTOR GRIFOLS ROURA	LABORATORIOS GRIFOLS. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	LOGISTER. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	MOVACO. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	PLASMACARE INC.	DIRECTOR
MR. EDGAR DALZELL JANNOTTA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	ARRAHONA OPTIMUS. S.L	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	BIOMAT USA INC	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	GRIFOLS COLOMBIA. LTDA.	ALTERNATE BOARD MEMBER
MR. JUAN IGNACIO TWOSE ROURA	GRIFOLS INC.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	PLASMACARE INC.	DIRECTOR
MR. RAMON RIERA ROCA	BIOMAT USA INC	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS (THAILAND) LTD	DIRECTOR

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. RAMON RIERA ROCA	GRIFOLS ARGENTINA. S.A.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS ASIA PACIFIC PTE LTD	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS AUSTRALIA PTY LTD.	Director
MR. RAMON RIERA ROCA	GRIFOLS BRASIL LTDA	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS CHILE. S.A.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS COLOMBIA LTDA.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS DEUTSCHLAND GMBH	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS FRANCE S.A.R.L.	CO-MANAGER
MR. RAMON RIERA ROCA	GRIFOLS INC.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS INTERNATIONAL. S.A.	MANAGER
MR. RAMON RIERA ROCA	GRIFOLS ITALIA. S.P.A.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS MALAYSIA SDN BHD	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS MEXICO S.A. DE C.V.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS NORDIC AB	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS POLSKA S.P.Z.O.O.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS PORTUGAL PRODUCTOS FARMACEUTICOS E HOSPITALARES LDA.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS S.R.O.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS UK. LTD.	DIRECTOR
MR. RAMON RIERA ROCA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. RAMON RIERA ROCA	LOGÍSTICA GRIFOLS. S.A. DE C.V.	CHAIRMAN
MR. RAMON RIERA ROCA	PLASMACARE INC.	DIRECTOR
MR. THOMAS GLANZMANN	GRIFOLS INC.	CHAIRMAN
MR. THOMAS GLANZMANN	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. TOMAS DAGA GELABERT	ARRAHONA OPTIMUS. S.L	DIRECTOR

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. TOMAS DAGA GELABERT	BIOMAT USA INC	DIRECTOR
MR. TOMAS DAGA GELABERT	GRIFOLS INC.	DIRECTOR
MR. TOMAS DAGA GELABERT	MEDION GMBH	DIRECTOR
MR. TOMAS DAGA GELABERT	MEDION GRIFOLS AG	CHAIRMAN
MR. TOMAS DAGA GELABERT	PLASMACARE INC.	DIRECTOR

B.1.8 Detail, where applicable, the Directors of your Company who are also on the Board of Directors of other companies listed on official securities markets in Spain other than your Group, which have been made known to the Company:

B.1.9 State and where applicable explain whether the Company has established rules on the number of boards on which its own Directors may sit:

NO

B.1.10 As regards recommendation number 8 of the Unified Code, state the policies and general strategies of the Company that must be approved by plenary session of the Board of Directors:

The investments and financing policy	YES
The definition of the structure of the Company Group	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan, as well as the management targets and annual budget	YES
The remuneration and performance assessment policy for senior management	YES
The risk control and management policy, as well as the regular monitoring of the internal information and control systems	YES
The Company's dividends and treasury stock policy and in particular its limits	NO

B.1.11 Complete the following tables as regards the aggregate remuneration of the Directors accrued during the financial year:

a) In the Company covered by this report:

Remuneration type	Data in thousand euros
Fixed remuneration	2,647
Variable remuneration	1,041
Allowances	0
Statutory benefits	0
Stock options and/or other financial instruments	0
Others	0

Total	3,688

Other benefits	Data in thousand euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations acquired	0
Life insurance premiums	0
Guarantees created by the Company in favor of Directors	0

b) Payable through the Company's Directors belonging to other boards of Directors and/or to the senior management of companies in the Group:

Remuneration type	Data in thousand euros
Fixed remuneration	0
Variable remuneration	0
Allowances	0
Statutory benefits	0
Stock options and/or other financial instruments	0
Others	0

Total	0

Other benefits	Data in thousand euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations acquired	0
Life insurance premiums	0
Guarantees created by the Company in favor of Directors	0

c) Total remuneration by type of Director:

Type of Director	By Company	By Group
Executives	3,088	0
External, proprietary	100	0
External, independent	300	0
Other external	200	0

Total	3,688	0

d) In respect of the profit assigned to the parent Company

Total remuneration of Directors (in thousand euros)	3,688
Total remuneration of Directors/profit attributed to the parent society (stated as a %)	1.4

B.1.12 Identify any members of senior management who are not at the same time executive Directors, and state the total remuneration payable to them over the financial year:

Personal or corporate name	Position
MR. DAVID BELL	VICE-PRESIDENT OF CORPORATE OPERATIONS AND DEVELOPMENT OF GRIFOLS INC. AND U.S. SUBSIDIARIES
MR. GREGORY GENE RICH	CHAIRMAN OF GRIFOLS INC AND U.S. SUBSIDIARIES
MR. JOEL ABELSON	CHAIRMAN OF NORTH AMERICA COMMERCIAL DIVISION -GRIFOLS INC.
MS. MARY KUHN	CHAIRMAN OF MANUFACTURING OPERATIONS - GRIFOLS INC.
MR. ALFREDO ARROYO GUERRA	VICE-PRESIDENT ADMINISTRATION AND FINANCE
MS. NURIA PASCUAL LAPEÑA	DIRECTOR OF SHAREHOLDER AND INVESTOR RELATIONS
MR. ALBERT GRIFOLS ROURA	CHIEF EXECUTIVE OFFICER OF LABORATORIOS GRIFOLS, S.A.
MR. JAVIER JORBA RIBES	CHIEF EXECUTIVE OFFICER OF INSTITUTO GRIFOLS, S.A.
MR. VICENTE BLANQUER TORRE	CHIEF TECHNOLOGY OFFICER

Personal or corporate name	Position
MS. EVA BASTIDA TUBAU	CHIEF SCIENTIFIC OFFICER
MR. ANTONIO VIÑES PARES	DIRECTOR OF PLANNING AND CONTROL
MR. MATEO BORRAS HUMBERT	DIRECTOR OF HUMAN RESOURCES
MR. CARLOS ROURA FERNANDEZ	DEPUTY INDUSTRIAL VICE-PRESIDENT
MS. MONTSERRAT LLOVERAS CALVO	CHIEF ADMINISTRATIVE OFFICER AND CONTROLLER
MR. SHINJI WADA	CHAIRMAN OF PLASMA CENTERS - GRIFOLS INC.

Total remuneration of top management (in thousand euros)	7,871

B.1.13 Specify on aggregate if there are guarantee or "golden parachute" protection clauses for members of senior management, including executive Directors of the Company or its Group, in the event of dismissal or changes in control. State whether these contracts have to be made known to and/or approved by the corporate or Group governing bodies:

Number of beneficiaries	18

	Board of Directors	General Meeting
Body authorizing the clauses	YES	NO

Is the General Meeting informed about the clauses?	NO

B.1.14 Describe the process for establishing the compensation of the members of the Board of Directors and the relevant statutory provisions in the articles about this.

Process for establishing the compensation of the members of the Board of Directors and statutory clauses
Corporate Articles:

Process for establishing the compensation of the members of the Board of Directors and statutory clauses
Article 20.- Composition and remuneration of the Board of Directors.- (...) The post of Director will be paid. For this purpose, the General Meeting will establish each year or for the financial years that the Meeting itself may decide, a set amount as remuneration for the Board of Directors, which will distribute this among its members, by means of an agreement, depending on their dedication to the Company's business. Regardless of the above, the Directors shall be entitled to refunding for any expenses that they have to make as a result of performing their duties. Regulations of the Board of Directors: Chapter VIII Remuneration of the Director Article 26. Remuneration of the Director 1. A Director shall be entitled to obtain the remuneration set by the Board of Directors in accordance with statutory provisions and in accordance with the guidance of the Nominating and Remuneration Committee. 2. The Board shall ensure that Directors' remuneration is moderate in accordance with market requirements. 3. The remuneration policy passed by the Board shall attempt to give guidelines on the following issues: (a) The amount, by types of Directors, of the fixed components, breaking down, where applicable, the allowances for taking part on the Board and its Committees, and an estimation of the annual fixed remuneration to which this gives rise. (b) Variable remuneration items, specifically including: i. Types of Directors to whom this applies, as well as an explanation of the relative importance of variable remuneration items in respect of the fixed ones; ii. Criteria for assessment of results used as the basis for any entitlement to remuneration by shares, stock options or any other variable component; iii. Fundamental parameters and foundation of any annual bonus system or of other benefits not paid in cash; and iv. An estimation of the absolute amount of variable remuneration which will be entailed by the proposed remuneration plan, in accordance with the degree of fulfillment of the hypotheses or objectives taken as a reference. (c) Main characteristics of the welfare systems (e.g. complementary pensions, life insurance and similar items) with an estimation of their amount or equivalent annual cost. (d) The conditions to apply to contracts of senior management such as executive Directors, these to include: i. Duration; ii. Advance notice periods; and iii. Any other clauses as regards engagement bonuses, as well as compensation or "golden parachutes" for early

Process for establishing the compensation of the members of the Board of Directors and statutory clauses
cancellation or termination of the contractual relationship between the Company and the executive Director. 4. Any remuneration associated with the Company's results shall take into account any possible reservations made in the external auditor's report which reduce said results. 5. Variable remuneration policies shall incorporate the technical cautions required to ensure that such remuneration bears relation to the professional performance of their beneficiaries and do not simply stem from the general evolution of the markets or the Company's business sector or from other similar circumstances. Article 27. Remuneration of the external Director The Board of Directors, with the advice of the Nominating and Remuneration Committee, shall pass any measures in its power to ensure that the remuneration of external Directors is in accordance with the following directive: (a) External Directors must be paid according to their dedication, qualification and effective responsibility; (b) External Directors must be excluded from any remuneration systems based on giving shares of the Company or of Group companies, from stock options or financial instruments referenced to the value of the share, based on variable remuneration linked to the Company's performance or on benefits systems; This directive shall not, nevertheless, affect giving shares, when this is conditional upon Directors keeping them until ceasing to be a Director; (c) The amount of external Directors' remuneration must be calculated in such a way as to offer incentives for their dedication, but which does not constitute an obstacle for independence.

State whether the Board has kept for itself the passing of the following decisions at a plenary session.

At the proposal of the Company's chief executive, the appointment and possible dismissal of senior management, as well as their compensation clauses	YES
The remuneration of Directors, and, in the case of executive Directors, any additional remuneration for their executive functions and other conditions that must be met in their contracts	YES

B.1.15 State whether the Board of Directors approves a detailed remuneration policy and explain the matters covered in this:

YES

Amount of fixed components, with a breakdown, where applicable, of any allowances for participation on the Board and its Committees and an estimation of the annual fixed	YES

remuneration to which these give rise	
Variable remuneration items	YES
Main characteristics of the benefits system, with an estimation of their annual amount or equivalent cost	YES
Conditions that must be met by the contracts of persons performing senior management functions as executive Directors	YES

B.1.16 State whether the Board submits a report on the remuneration policy of its Directors to the advisory vote of the General Shareholders' Meeting, as a separate item on the agenda. If so, explain any aspects of the report as regards the remuneration policy as approved by the Board for future years, the most significant changes in such policies compared to the one applied during the financial year and an overall summary of how the remuneration policy was applied over the financial year in question. Give details of the role played by the Remuneration Committee and, if external consultancy was made use of, the identity of the external consultants who provided this:

YES

Issues covered in the remuneration policy
The remuneration policy for directors for fiscal year 2012 was prepared by the Nominating and Remuneration Committee and approved by the Board of Directors of the Company at the meeting held on 22 February 2012. It must be mentioned that, until fiscal year 2011, Grifols' remuneration policy established remunerations arising from the position as director only for the members of the Company's Board of Directors who were regarded to be external independent directors. As a consequence of the change in Grifols' remuneration policy for fiscal year 2012, from that year, external directors, except those directors who had provided paid professional services to the Company or the Group during such fiscal year, received fixed remuneration for their position as directors. It is also worth noting that those members of the Company's Board of Directors who were regarded to be executive directors received salary remuneration, which was composed of fixed and variable components, in consideration only for their exclusive employment relationship with the Company and not with other companies of the Group, as it was established in the remuneration policy for fiscal year 2011. Amount and type of the fixed components of remuneration: A. Remuneration arising from the office of director It is only received by those directors who are deemed to be external directors of the Company, except for those directors who had provided paid professional services to the Company or the Group during such fiscal year. As of the date of this report, there are six external directors who received annual fixed remuneration arising from their position as directors (3 external independent directors, 1 external propriety director and 2 other external directors). The annual fixed remuneration established by the Board of Directors for fiscal year 2012, which was submitted for approval to the Ordinary Meeting, amounted to EUR 100,000 for each director.

Issues covered in the remuneration policy
B. Remuneration arising from the employment relationship It is only received by those directors who are deemed to be executive directors and, as such, they have an employment relationship with the Company. As of the date of this report, there are three executive directors who received annual fixed remuneration arising from their employment relationship with the Company: (i) the Chairman and CEO; (ii) the Vice-President of Production and (iii) Vice-President of Marketing and Sales. A. Amount and type of the variable components of remuneration: There is none. B. Remuneration arising from the employment relationship It is only received by those directors who are deemed to be executive directors and, as such, have an employment relationship with the Company. As of the date of this report, there are three external directors who received variable remuneration arising from their employment relationship with the Company: (i) the Chairman and CEO; (ii) the Vice-President of Production and (iii) the Vice-President of Marketing and Sales. The variable salary remuneration for fiscal year 2012 consisted of a fixed amount between 30% and 75% of the fixed remuneration established for such fiscal year, linked to the fulfillment of the objectives related to the achievement of EBIT Holding.

Role of the Remuneration Committee
Although, pursuant to the provisions of section 5 of article 61 ter of the Securities Market Law (LMV), the role of the Nominating and Remuneration Committee of listed companies in the preparation of the Annual Remuneration Report has not been determined yet by the Minister of Economy and Finance or the CNMV (the Spanish Stock Exchange Commission), it has been judged opportune to submit the Annual Remuneration Report to the Nominating and Remuneration Committee of Grifols for their approval.

Has external consultancy been used?	**NO**

Identity of external consultants

B.1.17 State, where applicable, the identity of the Directors who are also members of the Board of Directors, managers or employees of companies that own significant shareholdings in the listed Company and/or in entities belonging to the business Group:

Give details, where applicable, of any relevant relations other than the ones covered in the previous point between members of the Board of Directors and significant shareholders and/or Group entities:

B.1.18 State whether any amendments were made to the Regulations of the Board during the financial year:

NO

B.1.19 State the procedures for the appointment, reappointment/reelection, assessment and removal of Directors. Give details of the competent bodies, the processes to be implemented and the criteria used in each of the procedures.

Regulations of the Board of Directors:

Article 18. Appointment of Directors

1. Directors shall be designated by the General Shareholders' Meeting or by the Board of Directors, in accordance with the provisions laid down in the Spanish Corporate Enterprises Act.

2. The proposals for appointment of Directors submitted by the Board of Directors for consideration by the General Meeting, and the decisions on appointments passed by this body pursuant to the co-optation powers that it is granted by law must be preceded by the relevant proposal of the Nominating and Remuneration Committee.

When the Board departs from the recommendations of the Nominating and Remuneration Committee, the reasons for acting this way must be given, and taken note of in the minutes.

Article 19. Appointment of external Directors

1. The Board of Directors and the Nominating and Remuneration Committee, within their spheres of competence, shall ensure that the choice of candidates involves persons of known reliability, competence and experience, having to take the greatest care as regards the persons invited to occupy the positions of independent Director as envisaged in article 6 of these Regulations.

2. The Board of Directors shall not be able to propose or appoint any persons who are connected with the Company's management or who are connected by family, professional or commercial bonds with the executive Directors or senior management of the Company to occupy a position of independent Director.

The following may specifically not be proposed as or appointed independent Directors:

(a) Any persons who have during the previous year had a significant direct or indirect working, commercial or contractual relationship with the Company, its management, proprietary Directors of companies in the Group whose shareholding interests are represented by them, credit institutions with a significant position in the Company's financing, or organizations receiving significant subsidies from the Company;

(b) Any persons who are Directors of another listed Company which has proprietary Directors in the Company;

(c) Any persons connected with executive Directors, proprietary Directors or members of the Company's management; for purposes of this Regulation, persons connected with the Directors shall be understood to mean those who are involved in any of the cases envisaged in article 231 of the Spanish Corporate Enterprises Act; and

(d) Any persons who have other relations with the Company which, in the opinion of Nominating and Remuneration Committee, might impair their independence.

Regulations of the Board of Directors:

Article 20. Reelection of Directors

Any proposals for reelection of Directors that the Board of Directors may decide to submit to the General Meeting shall have to go through a formal preparation process, which shall necessarily include a report issued by the Nominating and Remuneration Committee which shall assess the quality of the work and the dedication to the post of the Directors proposed during the preceding mandate.

Regulations of the Board of Directors:

Article 17 b. Regular assessment

Twice a year the Board shall meet in a plenary session, to assess:

(a) The quality and efficiency of the Board's operation;

(b) Starting from the report passed on to it by the Nominating Committee, the Chairman of the Board and the chief executive of the Company's performance of their functions;

(c) The performance of its Committees, starting from the reports supplied by these.

Regulations of the Board of Directors:

Article 21. Term of office

1. Directors shall hold their post for the period envisaged in the Corporate Articles, and they may be reelected.

2. Any Directors appointed by co-optation shall hold their post until the date of the first General Meeting.

3. When, after a report from the Nominating and Remuneration Committee, the Board of Directors were to understand that the Company's interests were endangered, any Director completing his or her term of office or for any other causes ceasing to perform his or her function shall not be able to render services in any other entity which may be considered a competitor of the Company for the period laid down by the Board of Directors, which shall under no circumstances be able to be over two (2) years.

In spite of the above, the Board of Directors shall, if it considers this appropriate, be able to release the leaving Director from this obligation.

Article 22. Dismissal of Directors

1. Directors shall leave their posts when the period for which they were appointed has elapsed and when this is decided by the General Meeting, making use of the powers that it is legally or statutorily conferred.

2. The Board of Directors shall refrain from proposing to the General Meeting the dismissal of external Directors (proprietary and independent) before the end of the statutory period for which they were appointed, unless there are any exceptional and justified causes, and after a report from the Nominating and Remuneration Committee.

3. Directors shall have to offer their resignation to the Board of Directors and go through with the relevant resignation, if the Board considers this fit, in the following cases:

(a) When they leave the executive positions with which their appointment as a Director was associated, except for express ratification by the Board of Directors, after a non-binding report from the Nominating and Remuneration Committee;

(b) When they are involved in any of the legally envisaged cases of incompatibility or prohibition;

(c) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act, or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities;

(d) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors;

(e) When their remaining on the Board may endanger the Company's interests or when the reasons for which they were appointed have disappeared; and

(f) In the case of a proprietary Director, when the shareholder whose shareholding interests they represent on the Board disposes of their holding in the Company or reduces this under the level reasonably justifying their appointment as such.

4. When a Director stands down from his or her post either through dismissal or for other reasons, the reasons for this shall be explained in a letter which will be sent to all the members of the Board by means of the Chairman or the Secretary.

B.1.20 State any cases in which Directors are obliged to resign.

Regulations of the Board of Directors:

Article 22. Dismissal of Directors

(...)

3. Directors shall have to offer their resignation to the Board of Directors and go through with the relevant resignation, if the Board considers this fit, in the following cases:

(a) When they leave the executive positions with which their appointment as a Director was associated, except for express ratification by the Board of Directors, after a non-binding report from the Nominating and Remuneration Committee;

(b) When they are involved in any of the legally envisaged cases of incompatibility or prohibition;

(c) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act, or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities;

(d) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors;

(e) When their remaining on the Board may endanger the Company's interests or when the reasons for which they were appointed have disappeared; and

(f) In the case of a proprietary Director, when the shareholder whose shareholding interests they represent on the Board disposes of their holding in the Company or reduces this under the level reasonably justifying their appointment as such.

B.1.21 Explain whether the function of chief executive of the Company falls upon the Chairman of the Board of Directors. If so, state the measures that have been taken to limit the risks involved with powers being concentrated in a single person:

YES

Measures to limit risks
Functions are decentralized through the existence of the Board's delegate Committees (the Auditing Committee and the Nominating and Remuneration Committee), which have their own spheres of competence. Furthermore, in accordance with article 8.1 of the Regulations of the Board of Directors, when the Chairman of the Board holds the status of chief executive, this person will be delegated all the powers that can be delegated in accordance with the Law, the Articles and these Regulations, and will be in charge of effective management of the Company's business, always in accordance with the decisions and criteria set by the General Shareholders' Meeting and the Board of Directors, in their respective spheres of competence. Also see the reference to article 8.4 of the Regulations in the following section

State and where applicable explain whether rules have been established empowering one of the independent Directors to request that a meeting of the Board should be convened, or for new items to be added to the agenda, the aim being to coordinate and reflect the concerns of the external Directors and oversee evaluation by the Board of Directors

YES

Explanation of the rules
Article 8.4 of the Regulations of the Board of Directors empowers an independent Director to coordinate and reflect the concerns of external Directors and to direct the Board's assessment of its Chairman in cases when the Chairman is in turn the chief executive.

B.1.22 Are reinforced majorities, other than legal ones, required for any type of resolution?:

NO

Describe how agreements are passed at the Board of Directors, stating at least the minimum quorum and the types of majorities required to adopt the resolutions:

Description of the agreement:
All the agreements

Quorum	%
Half plus one of the Directors	0

Type of majority	%
Absolute majority. In the event of a tie, the Chairman has the casting vote	0

B.1.23 Explain whether there are any specific requirements other than the ones regarding Directors, in order to be appointed chairman.

NO

B.1.24 State whether the chairman has the casting vote:

YES

Questions in which there is a casting vote
In all questions within the Board's competence.

B.1.25 State whether the Articles or the Regulations of the Board establish any limit to the age of Directors:

NO

Maximum age of chairman	Maximum age of the chief executive office	Maximum age of Directors
0	0	0

B.1.26 State whether the Articles or the Regulations of the Board establish any limit to the maximum term of office of independent Directors:

NO

Maximum term of office	0

B.1.27 If there are few or no female Directors, explain the reasons for this and any measures taken in order to remedy the situation

Explanation of the reasons and the measures
The Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

In particular, state whether the Nominating and Remuneration Committee has established procedures to ensure that selection processes do not suffer from implicit biases hindering any selection of female Directors and whether female candidates who meet the required profile are deliberately sought:

NO

B.1.28 State whether there are any formal processes for granting proxies at the Board of Directors. If so, provide a brief description.

Article 28.2 of the Regulations of the Board of Directors establishes Directors' general obligation to attend the meetings of the bodies to which they belong and to take an active part in any discussions in order for their opinion to make an effective contribution to decision-making. Furthermore, in the event of their not being able to attend any sessions to which they were called, on justified grounds, this article provides that any absent Director must give instructions to the Director who has to represent him/her.

B.1.29 State the number of Board meetings held during the financial year. Where applicable, also state the number of times the Board met without the chairman attending this:

Number of Board meetings	7
Number of Board meetings without the chairman's attendance	0

State the number of meetings held by the different Board Committees during the financial year:

Number of meetings of the Executive or Delegate Committee	0
Number of meetings of the Audit Committee	5
Number of meetings of the Nominating and Remuneration Committee	1

Number of meetings of the Nominating Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 State the number of Board meetings held during the year without the attendance of all Board members. Any proxies granted without specific instructions for the meeting will be considered as being absences:

Number of Directors' absences during the year	0
% of absences of the total votes cast during the year	0,000

B.1.31 State whether the individual and consolidated annual accounts presented to the Board for approval are previously certified:

YES

Identify, where applicable, the persons who certified the Company's individual and consolidated accounts for approval by the Board:

Name	**Position**
MS. MONTSERRAT LLOVERAS CALVO	CHIEF ADMINISTRATIVE OFFICER AND CONTROLLER
MR. ALFREDO ARROYO GUERRA	VICE-PRESIDENT ADMINISTRATION AND FINANCE

B.1.32 Explain, if there were any, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts drawn up by it from being presented to the General Shareholders' Meeting with reservations in the audit report.

Article 42.4 of the Regulations of the Board is transcribed below:

Article 42. Relations with auditors

(...)

4.The Board of Directors shall attempt to draw up the final accounts in such a way that there are no reservations by the auditor, and in the event of there being any, their content and scope shall be explained to shareholders by both the Chairman of the Auditing Committee and by the external auditors.

B.1.33 Is the Secretary to the Board also a Director?

NO

B.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, stating whether he/she is proposed by the Nominating Committee and approved by a plenary session of the Board.

Procedure for appointment and removal
According to article 10 of the Regulations of the Board, the Secretary does not need to be a Director. According to article 15.5 of the Regulations of the Board, it is the Nominating and Remuneration Committee's competence to inform about the appointment and removal of the Secretary and Vice-secretaries to the Board of Directors.

Does the Nominating Committee inform about the appointment?	YES
Does the Nominating Committee inform about the dismissal?	YES
Does the Board approve the appointment?	YES
Does the Board approve the dismissal at a plenary session?	YES

Does the secretary to the Board have special responsibility for ensuring that the recommendations on good governance are followed?

YES

B.1.35 State if applicable, the mechanisms established by the Company to preserve the independence of the auditor, financial analysts, and rating agencies.

Article 14 of the Regulations of the Board gives the Audit Committee the following competences as regards the external auditor:

(i) To pass on to the Board any proposals for selection, nomination, contracting and replacement of the external auditor;

(ii) To be directly in charge of the fees and supervision of the work done by the external auditor;

(iii) To regularly receive information directly from the external auditor on the progress, incidents and execution of auditing, as well as on the auditing plan and the results of its implementation and to make sure that senior management is acting on its recommendations.

(iv) To ensure the independence of the external auditor, and for this purpose:

. For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content;

. For the Company and the auditor to ensure respect for current legislation on rendering services other than auditing, the limits to concentration of the auditor's business and in general the other rules laid down for ensuring auditors' independence;

. In the event of the external auditor resigning, to examine the circumstances which had given rise to this.

Article 42 of the Regulations of the Board furthermore establishes that the Board's relations with the Company's external auditors shall be channeled through the Audit Committee. The Board of Directors shall furthermore refrain from proposing to the Meeting the contracting of any auditing firms in which the fees intended to be paid to it for all items are over ten per cent (10%) of its total income during the last financial year. This article also provides that the Board of Directors shall publicly inform, every year, of the overall fees that the Company has paid to the auditing firm for services other than auditing.

B.1.36 State whether the Company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

In the event of any disagreements with the outgoing auditor, please provide details:

NO

B.1.37 State whether the audit firm carries out other work for the Company and/or its business Group apart from auditing, and if so, state the amount of the fees received for such work and the percentage that this represents of the fees invoiced to the Company and/or its business Group:

YES

	Company	Group	Total
Amount of other non-auditing work (thousand euros)	458	478	936
Amount of other non-auditing work/total work invoiced by the auditing firm (as a %)	40,390	16,550	23,270

B.1.38 State whether the audit report of the annual accounts for the previous financial year contains reservations or qualifications. If it does, detail the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39 State the number of consecutive years for which the present audit firm has been auditing the annual accounts of the Company and/or its business Group. Likewise, give the percentage represented by the number of years the current audit firm has been auditing the accounts in respect of the total number of years for which the annual accounts have been audited:

	Company	Group
Number of consecutive years	22	22
No. of years audited by the current audit firm /No. of years that the Company has been audited (as a %)	100.0	100.0

B.1.40 State any holdings of the members of the Company's Board of Directors in the capital of entities engaged in the same, similar or complementary type of business to the one stated as the corporate purpose of either the Company or its Group, insofar as these have been made known to the Company. Also state the positions or functions that they carry out at said companies:

B.1.41 State and give details in each case of whether there is a procedure for the Directors to seek external consultancy:

YES

Detail of the procedure
This is established in article 25 of the Regulations of the Board: Article 25. Expert assistance 1. In order to be assisted in the practice of their functions, external Directors may request legal, accounting, financial or other experts to be taken on, at the Company's expense. Any such commission must necessarily involve specific problems of some scale and complexity arising during performance of the function. 2. The decision to contract must be made known to the Chairman of the Board, and may be turned down by the

Detail of the procedure
Board of Directors if it is accredited that: (a) This is not required for proper performance of the functions entrusted to the external Directors; (b) Its cost is not reasonable in view of the importance of the problem and of the assets and earnings of the Company; or (c) The technical assistance being sought can be properly given by the Company's own experts and technical staff.

B.1.42 State and, where applicable, give details as to whether there is a procedure for the Directors to be able to obtain the information needed to prepare for meetings of the governing bodies sufficiently long in advance:

YES

Detail of the procedure
In accordance with article 16.2 of the Regulations of the Board, the call for ordinary sessions shall be made in accordance with the advance notice and the procedures stipulated in the Corporate Articles. The call shall always include the agenda of the session and shall adjoin all the relevant information, properly summed up and prepared, sent long enough in advance for proper preparation of the meeting. When, in the Chairman's opinion, this proves inadvisable for security reasons, the information shall not be adjoined and the Directors will be informed of the possibility of examining this at the corporate headquarters.

B.1.43 State and where applicable give details as to whether the Company has established rules that oblige Directors to report and where appropriate resign in cases in which the image and reputation of the Company may be harmed:

YES

Explain the rules
Article 28.2 of the Regulations of the Board lays down Directors' obligation to inform the Nominating and Remuneration Committee about any criminal proceedings in which they are charged, as well as the later stages of the proceedings. Article 22.3 envisages Directors' obligation to offer their resignation to the Board and if the latter considers this appropriate, to go through with this resignation if, amongst other reasons: (i) When they resign from the executive positions with which they are associated, except if they are expressly ratified by the Board of Directors, subject to the prior issuance of a non-biding report by the Nominating and Remuneration Committee. (ii) When they are involved in any of the legally envisaged cases of incompatibility or prohibition; (iii) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act,

Explain the rules
or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities; (iv) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors; and (v) When their remaining on the Board may endanger the Company's interests. (vi) In the case of a propriety director, when the shareholder whose shareholding interest he represents on the Board disposes of his shareholding in the Company or reduces it below the level which reasonably justified his appointment as such.

B.1.44 State whether any member of the Board of Directors has informed the Company that he/she has been sentenced or formally accused of any of the offenses stipulated in article 124 of the Spanish Public Limited Companies Law:

NO

State whether the Board of Directors has analyzed the case. If so, explain the decisions made regarding whether or not the Director should remain in his/her post, giving reasons.

NO

Decision taken	Grounded explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all the Committees of the Board of Directors and their members:

AUDIT COMMITTEE

Name	Position	Type
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	CHAIRMAN	INDEPENDENT
MR. STEVEN MAYER	MEMBER	EXTERNAL
MR. W. BRETT INGERSOLL	MEMBER	EXTERNAL

NOMINATING AND REMUNERATION COMMITTEE

Name	Position	Type
MR. EDGAR DALZELL JANNOTTA	CHAIRMAN	INDEPENDENT
MS. ANNA VEIGA LLUCH	MEMBER	INDEPENDENT
MR. VICTOR GRIFOLS ROURA	MEMBER	EXECUTIVE

B.2.2 State whether the Audit Committee is endowed with the following functions.

Monitoring the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria	YES
Regularly assessing the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known	YES
Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account	YES
Establishing and overseeing a mechanism that enables employees to communicate – confidentially and where considered appropriate, anonymously – any possible irregularities that they may observe in the Company, particularly financial and accounting ones	YES
Presenting to the Board of Directors proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as the conditions under which it is contracted	YES
Regularly receiving from the external auditor information on the audit plan and the results of its implementation, and checking that the senior management takes its recommendations into account	YES
Ensuring the independence of the external auditor	YES
In the case of groups, helping to ensure that the Group auditor also assumes responsibility for the audits of individual companies in the Group	YES

B.2.3 Describe the rules covering organization, operation and responsibilities of each of the Committees attached to the Board of Directors.

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

This is established in article 15 of the Regulations of the Board: Article 15. The Nominating and Remuneration Committee 1. The Nominating and Remuneration Committee shall assess the profile of the most appropriate persons for forming part of the different Committees and pass the relevant proposals on to the Board. 2. The Nominating and Remuneration Committee shall be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors and the purposes of the Committee. The Nominating and Remuneration Committee shall in any event be made up of a majority of external Directors. 3. The Board of Directors shall appoint the Chairman of the Nominating and Remuneration Committee. The post of Chairman shall necessarily be given to an external Director and, insofar as this is possible, to an independent one. 4. The Board of Directors shall appoint the Secretary of the Nominating and Remuneration Committee, who could be (a) one of the members of said Nominating and Remuneration Committee (being a Secretary member of the Nominating and Remuneration Committee in this case), (b) any other member of the Company's Board of Directors who were not a member of the Nominating and Remuneration Committee (being a Secretary non-member of the Nominating and Remuneration Committee in this case) or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Nominating and Remuneration Committee in this case). The Secretary shall make a written record of all the agreements passed at each session of the Committee, and shall inform the plenary session of the Board of Directors through its Chairman. In the event of a tie, the Chairman of the Committee shall have the casting vote. 5. With no prejudice to any other tasks assigned by the Board, the Nominating and Remuneration Committee shall have the following basic responsibilities: (a) to draw up and review the criteria that have to be implemented for the composition of the Board of Directors and the selection of candidates, taking into account the skills, knowledge and experience necessary on the Board; (b) to make the proposals of appointments of Directors prior to submitting these to the General Meeting, or where applicable, prior to their adoption by the Board making use of its co-optation powers, informing in any event on the nature of the Director proposed; (c) to make proposals to the Board in order for the succession of the Chairman and of the chief executive to take place in a properly planned and organized manner; (d) to inform on the appointment and removal of the Secretary and Vice-Secretaries of the Board of Directors; (e) to inform about any appointments and removals of senior management that the chief executive may propose to the Board; (f) to propose to the Board the members who are to form part of each of the Committees; (g) to propose to the Board of Directors the system and amount of the annual remuneration of Directors and senior management; (h) to regularly review the remuneration schemes of senior management, considering their fitness and performance; and (i) to inform about any transactions which involve or could involve conflicts of interests and, in general, about the issues considered in Chapter IX of the Regulations of the Board of Directors. 6. Any member of the management team or the staff of the Company whose presence were required by the Chairman would be obliged to attend the sessions of the Committee and to give cooperation and access to any information available. 7. For better performance of its tasks, the Committee could seek consultancy from external professionals, for which purpose what is laid down in article 25 of the Regulations of the Board of Directors shall be applicable. 8. The Committee shall have to consider the suggestions made to it by the Chairman, the members of the Board, the executives or shareholders of the Company. In particular, (a) the Committee shall consult the Chairman and chief executive of the Company on matters to do with executive Directors and (b) any member of the Board may request the Committee to take into consideration potential candidates to cover any Director vacancies in case it considers these appropriate. 9. The Nominating and Remuneration Committee shall meet whenever the Board of Directors of the Company or its Chairman asks for a report to be issued or proposals to be adopted and, in any event, whenever it proves useful for proper performance of its functions. In any case, it shall meet once a year to prepare the information on the remuneration of the Directors that the Board of Directors has to approve and include in its annual public documents. 10. At the first plenary session of the Board after its meetings, the Nominating and Remuneration Committee shall account for its work and answer for what has been done. All the members of the Board shall receive a copy of the minutes of the sessions of the Nominating and Remuneration Committee.

Name of Committee

AUDIT COMMITTEE

Short description

As established in article 14 of the Regulations of the Board: Article 14. The Audit Committee 1. The Audit Committee will be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors as regards accounting, auditing and management or risks and the tasks of the Committee. 2. The Audit Committee shall, in any event, be made up of a majority of external Directors, with an appropriate presence of independent Directors. An attempt will also be made to ensure that all the members of the Audit Committee, including its President, have the independence, experience and any other requisite established by the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers Automated Quotation (NASDAQ). 3. The Board of Directors shall appoint the Chairman of the Audit Committee, a post which shall necessarily have to be filled by an external Director, and, where possible, an independent Director. The Chairman of the Committee shall have to be replaced every four (4) years, being able to be reelected after a period of one (1) year from his/her dismissal has elapsed. 4. The Board of Directors will appoint the Secretary of the Audit Committee, who could be (a) one of the members of said Audit Committee (in this case, being a Secretary member of the Audit Committee), (b) any other member of the Company's Board of Directors not a member of the Audit Committee (in this case, being a Secretary non-member of the Audit Committee), or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Audit Committee in this case). The Secretary shall make a record of the agreements adopted at each session of the Committee and inform the plenary session of the Board of Directors through its Chairman. In the event of any tie in the voting, the Chairman of the Committee shall have the casting vote. 5. With no prejudice to what is established in the Law, the Corporate Articles, or other tasks assigned to it by the Board of Directors, the Audit Committee shall have the following basic responsibilities: (a) In respect of the General Shareholders' Meeting: (i) To inform the General Meeting of the matters brought up in this body on matters within its competence; (b) In respect of the Board of Directors: (i) To inform the Board beforehand on the regular financial information that the Company periodically has to publish, through its status as a listed organization; in this respect, the Committee shall ensure that the interim accounts are drawn up with the same accounting criteria as the annual ones and to this end shall consider the suitability of a limited review by the external auditor; (ii) To inform beforehand on the creation or acquisition of stock in concerns with a special purpose or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency; (iii) To inform beforehand on related party operations; and (iv) To inform on any matter which has or could have any material, financial or accounting impact; (c) In respect of internal control and reporting systems: (i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria; (ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known; (iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the Head of the Internal Audit Department; proposing the budget for such Department; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account; (iv) o establish and supervise procedures for reception, retention and treatment of any complaints received by the Company in respect of accountancy, internal controls and auditing matters, as well as anonymous and confidential contributions made by employees on questionable auditing and accounting matters; (d) As regards the external auditor: (i) To have exclusive authority to propose the appointment, contracting and replacement of the external auditor to the Board of Directors, with no detriment to the competences granted by Spanish legislation to the General Meeting and the

Board itself as regards the approval of those decisions; (ii) To be directly responsible for the fees and supervision of the work done by the external auditor as regards the preparation or issue of auditing reports, or similar, on financial statements; (iii) To regularly receive information directly from the external auditor on the progress, incidents and execution of auditing, as well as on the auditing plan and the results of its implementation and to make sure that senior management is acting on its recommendations; (iv) To ensure the independence of the external auditor, and for this purpose: . For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content; . For the Company and the auditor to ensure respect for current legislation on rendering services other than auditing, the limits to concentration of the auditor's business and in general the other rules laid down for ensuring auditors' independence; . In the event of the external auditor resigning, to examine the circumstances which had given rise to this. (iv) To promote the Group auditor's assuming responsibility for the audits of the companies forming part of the Group; (e) As regards the external consultants: (i) In order to be assisted in the practice of their functions, request legal, accounting, financial or other experts to be taken on, at the Company's expense; (f) As regards internal rules of conduct: (i) To monitor compliance of the Internal Regulations on Conduct in issues connected with the Securities Markets, of these Regulations, of the norms of conduct laid down in the "Ethical Code for Grifols Group" and in the "Code of Conduct for Grifols' Employees" and, in general, of any other internal rules for governance of the Company, as well as making the proposals required for improving these. 6. The Audit Committee shall meet as often as necessary for performing its work properly. 7. Any member of the management team or the staff of the Company whose presence were required by the Chairman shall be obliged to attend the Committee sessions, and to give cooperation and access to any information available to them. The Chairman may require them to appear in the absence of any other Director. The Chairman of the Committee may require attendance of Auditors at its sessions. 8. To perform its functions better, the Audit Committee may seek consultancy from external professionals at the Company's expense. For the sake of avoiding any doubt, the requisites and limitations envisaged in article 25 of the Regulations of the Board of Directors will not apply. 9. The Company will provide the appropriate funding, in accordance with the indications of the Audit Committee, to pay the fees of external auditors and of any advisor contracted by the Audit Committee, as well as any ordinary administrative expense incurred by the Audit Committee in the performance of its functions; 10. At the first plenary session of the Board after its meetings, the Audit Committee shall report on its work and answer for the work done. All the members of the Board shall be given a copy of the minutes of the Audit Committee's sessions.

B.2.4 State the powers of each of the Committees as regards advice, consultancy and where applicable, delegations available:

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

See section B.2.3 above

Name of Committee

AUDIT COMMITTEE

Short description

See section B.2.3 above

B.2.5 State, where applicable, the existence of regulations governing the Board's Committees, the place where these are available for consultation, and any amendments that have been made during the financial year. It should also be stated whether any annual report on the work done by each Committee has voluntarily been drawn up.

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

The regulations of the Nominating and Remuneration Committee are contained in the Regulations of the Board of Directors, which may be consulted on the Company's web page (www.grifols.com).

Name of Committee

AUDIT COMMITTEE

Short description

The regulations of the Audit Committee are contained in the Regulations of the Board of Directors and in the Audit Committee by-laws, which may be consulted on the Company's web page (www.grifols.com).

B.2.6 State whether the composition of the Executive Committee reflects the participation on the Board of the different categories of Directors:

NO

If not, explain the composition of your Executive Committee
There is no Executive Committee

C – RELATED-PARTY TRANSACTIONS

C.1 State whether a plenary session of the Board has reserved for itself the function of approving transactions that the Company carries out with Directors, with significant shareholders or shareholders represented on the Board, or with related parties, following a favorable report from the Audit Committee or any other body entrusted with this task:

YES

C.2 Provide details of any relevant operations involving a transfer of assets or liabilities between the Company or Group entities and significant shareholders in the Company:

Personal or corporate name of the significant shareholder	Personal or corporate name of the Company or entity in its Group	Nature of the relation	Type of operation	Amount (thousand euros)
SCRANTON ENTERPRISES, B.V.	GRIFOLS THERAPEUTICS INC.	Scranton Enterprises USA Inc (lessor) is a company owned by Scran	leases	16,037
SCRANTON ENTERPRISES, B.V.	GRIFOLS, S.A.	Scranton Enterprises BV is the sole partner of Gripdan Invest, S.L. (lessor)	leases	8,020

C.3 Provide details of any relevant operations involving a transfer of assets or liabilities between the Company or Group entities and the Company's managers or Directors:

Personal or corporate name of the managers or Directors	Personal or corporate name of the Company or entity in its Group	Nature of the operation	Type of operation	Amount (thousand euros)
MR. THOMAS GLANZMANN	GRIFOLS, S.A.	Thomas Glanzmann is a director of Grifols, S.A.	Services rendered	1,270
THORTHOL HOLDINGS, B.V.	GRIFOLS, S.A.	CONTRACTUAL (amount received by Marca Grifols, S.L., a company owned [by Grifols, S.A.])	ID transfer and licence agreements	1,807

C.4 Give details of any relevant transactions carried out by the Company with other companies belonging to the same Group, provided they are not eliminated during the process of preparing the consolidated financial statements and do not form part of the normal business of the Company in terms of their subject and applicable terms and conditions:

C.5 State whether the members of the Board of Directors have found themselves involved in any conflict of interest during the financial year, in accordance with what is stipulated in article 127 three of the Spanish Public Limited Companies Law.

NO

C.6 Give details of any mechanisms set up to detect, determine and solve any possible conflicts of interest between the Company and/or its Group and its Directors, executives or significant shareholders.

One of the general obligations of any Director laid down in article 28.2 of the Regulations of the Board is that of clearly expressing their opposition, in particular concerning independent Directors and other Directors who are not affected by the potential *conflict* of interest, when this involves decisions which might harm the shareholders not represented on the Board.

Furthermore, article 30.2 of the Regulations of the Board establishes that a Director must consult the Nominating and Remuneration Committee before accepting any management position in another company or concern which might represent a conflict of interests or affect their dedication.

Finally, article 31 establishes the following: (i) the Director must refrain from attending and getting involved in discussions which affect matters in which he or she is personally, directly or indirectly, an interested party; and (ii) the Director shall not be able to carry out, directly or indirectly, any professional or commercial transactions with the Company unless the situation of conflict of interests is informed of in advance, and the Board approves the transaction, after receiving a report from the Nominating and Remuneration Committee.

C.7 Is more than one Company from the Group listed in Spain?

NO

Identify any subsidiaries that are listed:

D – RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the Company and/or its Group, detailing and evaluating the risks covered by the system, together with an explanation of why these systems are appropriate for each type of risk.

The Company's risk management policy focuses on identifying, evaluating, reducing and controlling the different risks that may prevent it from attaining its business goals. To this end, the Company has the organization and infrastructures able to carry out the functions required, by means of a continuous process.

Risk management is the responsibility of senior management, whose main functions in this respect are:

- The identification and evaluation of risks.
- The definition, application and regulatory development of corporate risk management policies.
- The implementation of the processes required to ensure proper management of risks, their follow-up and control.

The Audit Committee oversees the way the management monitors compliance with the Group's risk management policies and procedures, and reviews whether these policies and procedures are appropriate, considering the risks to which the Group is exposed.

The Board of Directors' meeting on 24th May 2011 approved an amendment of the Regulations, reinforcing the internal control and information mechanisms of the Audit Committee in article 14, establishing the following amongst its competences for this purpose:

(i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;

(ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;

(iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account;

(iv) To establish and monitor the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Audit Committee is assisted by the Internal Audit department in these functions.

Internal Audit performs regular reviews of the checks and risk management procedures and informs the Audit Committee of the results.

The main risk factors covered in the Management Report and the Consolidated Annual Report of Grifols for fiscal year 2012 are as follows:

- Effects of the financial crisis on the countries in which Grifols is operating
- Changes in the Public Health System that may affect the Company's activity
- Lack of raw material for product manufacturing
- Emergence of competitive products in the market
- Changes in the regulatory norms of the markets
-
- Credit, liquidity and market risk
-

The Group has the necessary departments and the backing of specialized external consultants to ensure compliance of laws and rules applicable to it. The healthcare legislation of different countries, the financial-accounting rules and anti-corruption legislation are prominent among these regulations.

The Group does not have any significant concentrations of commercial credit risk or predicts any significant insolvency risk. Despite the financial situation of some European countries, insolvency risk is low in these markets, given that most of the clients are public bodies. There is a risk of delayed payment, which is mitigated by the possibility of claiming legal interest. Apart from this, no significant insolvency problems have been detected on the markets on which the Group sells to private bodies.

As regards the credit risk with banks and financial institutions, the Group only works with institutions of known repute and requires appropriate diversification of its investments.

The Group implements cautious management of the liquidity risk, based on the availability of cash and financing facilities by means of a sufficient amount of engaged credit facilities which enable the Group to carry out its business plan and operations with stable and ensured financing sources.

The objective of management of market risk is to administer and control the Group's exposure to changes in market prices (including changes in exchange and interest rates) within reasonable parameters and at the same time, to optimize profitability.

The Group's main exposure to exchange rate risk is concentrated in the United States dollar. Since earnings in dollars represent 110% of the purchases and expenses in dollars in financial year 2012, the Group has a natural coverage of dollar fluctuations, and for this reason the risks stemming from fluctuations in the exchange rate are minimal.

The liabilities issued at variable rates expose the Group to exchange rate risk as regards cash flows. Much of the funding obtained during fiscal year 2012 is at a fixed interest rate. Moreover, in order to manage the interest rate risk in cash flows, hedging operations are carried out by contracting derivative financial instruments consisting in floating to fixed interest rate swaps. The notional amount of the swap represents a hedge of 58% of the senior debt at variable rates as of 31 December 2012.

The risk of the price of raw materials is minimized by vertical integration of the hemoderivatives business, a sector with a high level of concentration.

Apart from this, in the Bioscience division, the positive evolution of the demand for products, which is higher than the supply, guarantees suitable sales prices.

Other prominent operating risks of the Group are:

- Product liability
- Environmental responsibility
- Incidents which may occur on its premises
- The continuity of the business in the event of unexpected situations

Grifols has a quality system designed in order to guarantee the quality of our products from when the raw material is obtained until the release of the finished product for marketing. The quality controls of raw materials, production processes and finished product have been set up in order to minimize the risk of releasing onto the market a product that could have its quality, effectiveness or safety impaired.

Grifols also has a system for control of claims and pharmacovigilance, designed for early detection of any possible quality, efficiency or safety problems potentially connected with our products, and the adoption of the necessary corrective measures. Combined with the systems for monitoring product traceability on the market, this system enables fast and effective withdrawal of any batch of product from the market at any time.

The Environmental Department plans the environmental management of all the divisions in accordance with Grifols' environmental policy, which has the following objectives, amongst others:

- To minimize the environmental impacts of new products and development.
- To guarantee the compliance of applicable legal requisites and other principles to which the organization subscribes.
- To implement techniques for contamination prevention in order to minimize the environmental risks of its activities.

The system is based on the following mainstays:

- Deployment of a uniform documentary system which covers both operational and management procedures.
- The organization of Environmental Committees in each of the companies to appraise their environmental management, evaluate and decide on priority environmental measures.
- All the departments take into account any possible environmental impacts when establishing their work processes.

As regards our employees' safety, Grifols' safety standards, stricter than legal requirements, are painstakingly documented and the workers receive constant training to guarantee their uniformity and compliance.

Both the product responsibilities and possible incidents on the premises are furthermore covered by means of risk management policies and overall insurance schemes in order to guarantee appropriate and uniform protection for all the companies in the Group.

As regards the continuity of the business in the event of unexpected situations which might break off the work of any of our critical factories, Grifols has alternative premises which would allow ongoing operations at an acceptable level during the contingency. As for information technology services, a number of measures have been implemented to face up to contingency situations. All the procedures which are considered critical are backed up by the most appropriate technology in each case. Apart from this, a replication system between the centers in Spain and the United States has been implemented for some services. For the others there is a crisis recovery plan enabling service to be given to the entire Group in contingencies.

D.2 State whether any of the different types of risk affecting the Company and/or its Group (operating, technological, financial, legal, image-related, tax, etc.) materialized during the financial year.

NO

If so, state the circumstances that led to them and whether the control system established worked.

D.3 State whether there is a Committee or other governing body responsible for establishing and supervising these control devices.

YES

If so please provide details of its functions

Name of the Committee or body

AUDIT COMMITTEE

Description of its functions

As regards information and internal control systems, article 14 of the Regulations of the Board gives the following competences to the Audit Committee:

(i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;

(ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;

(iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account;

(iv) To establish and supervise procedures for reception, retention and treatment of any complaints received by the Company in respect of accountancy, internal controls and auditing matters, as well as anonymous and confidential contributions made by employees on questionable auditing and accounting matters.

D.4 Identification and description of the processes for complying with the different regulations that affect the Company and/or its Group.

The Group has the departments required to guarantee compliance with the laws and rules affecting the Company's proper operation. The healthcare legislation of different countries, the financial-accounting rules and anti-corruption legislation are prominent among these regulations.

Grifols also has external consultants helping to ensure compliance of any regulations applicable to the Group.

E – GENERAL SHAREHOLDERS' MEETING

E.1 State and where applicable provide details of whether there are any differences between the required quorum for the General Shareholders' Meeting and the quorum system laid down in the Spanish Public Limited Companies Act (LSA)

NO

	% quorum different to the one established in art. 102 of the LSA for general matters	**% quorum different to the one established in 103 LSA for special cases of art. 103**
Quorum required at 1st call	0	0
Quorum required at 2nd call	0	0

E.2 State and, where applicable, give details of any differences from the system envisaged in the Spanish Limited Companies Law (LSA) for the adoption of corporate resolutions.

NO

Describe how it is different from the system envisaged by the LSA.

E.3 List any rights held by shareholders as regards General Meetings, insofar as these are different to the ones established in the LSA.

Class B Shares have the following rights:

1) Separate vote at the General Shareholders' Meeting in respect of extraordinary matters. With no detriment to what is laid down in article 103 of the Spanish Corporate Enterprises Act and additionally, but also to protect the rights of Class B Shares, any Company agreements on the following matters shall require, apart from their approval in accordance with what is laid down in article 17 of the Corporate Articles, the approval of the majority of Class B Shares outstanding at that time:

(A) An agreement (i) authorizing the Company or any of its subsidiaries to repurchase or acquire any Class A Shares of the Company, except for pro rata repurchases which may be offered to the owners of Class B Shares on the same terms and at an offered price equal to the owners of Class A Shares or (ii) approving the redemption of Company shares and any capital reduction (through repurchasing, cancelling shares or in any other way) other than (a) any legally compulsory redemptions and (b) any redemptions similarly affecting Class A Shares and Class B Shares and in which each Class B Share is given the same treatment and granted the same terms as for each Class A Share;

(B) Any agreement approving the issue, granting or delivery of (or authorizing the Company's Board of Directors to issue, grant or deliver) (i) any shares in the Company; (ii) any voting rights or other securities which entitle the holder to purchase Company shares or which can be exchanged or converted into Company shares; or (iii) any options, warrants or other instruments granting their owner the right to acquire, convert, subscribe or receive any Company securities in any other way except, in cases (i), (ii) and (iii) above, if (a) each Class B Share is given the same treatment in the relevant issue, granting or delivery as a Class A Share, and thus has, if there are any, the same preference rights (of subscription, preferential award or of another kind) in the relevant issue, granting or delivery as a Class A Share; or (b) the issue is made according to what is established in section 6.1 of the Company's by-laws;

(C) Any agreement unconditionally approving or not (i) an operation subject to Act 3/2009 (including, with no limitations, a merger, split-off, change of address abroad or global assignment of assets and liabilities), except if each Class B Share is treated in the same way as Class A Share in all aspects in said operation; or (ii) the dissolution or liquidation of the Company, except when the agreement is legally compulsory;

(D) Any agreement passing the exclusion of any shares of the Company from listing or trading on any securities market or secondary market; and

(E) In general, any agreement and any modification of the Corporate Articles which directly or indirectly impairs or has any adverse effect on the rights, preferences or privileges of Class B Shares (including any agreement which impairs or has any adverse effect on Class B Shares in comparison with Class A Shares or which benefits or positively affects Class A Shares in comparison with Class B Shares, or which affects the provisions of these Articles in respect of Class B Shares).

The General Shareholders' Meeting is competent to decide on any matters which have been attributed to it either legally or by its articles and, in particular, for expository purposes, it shall be the only company body or organism competent to decide on the subjects considered to be "Extraordinary Matters" according to this section of these Articles.

2) Preference dividend. Each Class B Share entitles its holder to receive a minimum annual preference dividend debited to the distributable profit in each business year at the end of which the Class B Share continues to be issued equal to 0.01 euros per Class B Share.

3) Right of redemption. Each Class B Share entitles its holder to obtain its redemption in the event of a takeover bid for the full or partial amount of the company shares being made and liquidated (fully or partly) except if the owners of Class B Shares had been entitled to participate in that offer and their shares had been acquired in that offer in the same way and in the same terms as the owners of Class A Shares (including, with no limitations, for the same consideration).

4) Preferential liquidation right. Each Class B Share entitles its holder to receive, in the event of the Company's dissolution and liquidation, a sum equal to the sum of (i) the face value of the Class B Share and (ii) the issue premium paid up for issuing that Class B Share.

E.4 State, where applicable, any measures adopted to encourage participation by shareholders at General Meetings.

The General Meeting Regulations govern the following aspects:

(i) The shareholder's right to information over the web page and the request for information beforehand (art. 9);

(ii) Attendance by proxy (art. 11);

(iii) Shareholders' involvement in the Meeting (art. 16);

(iv) Split voting is allowed, in order for financial intermediaries legitimated as shareholders but acting on behalf of different clients to be able to cast their votes in accordance with the latter's wishes (art. 19);

(v) The procedures for remote voting (art. 20); and

(vi) Publishing the agreements adopted on the Company's web page (art. 23).

Additionally, pursuant to the provisions of article 528.2 of the Spanish Corporate Enterprises Act, the company opens an electronic forum of shareholders each time the General Shareholders' Meeting is called.

E.5 State whether the Chairman of the General Shareholders' Meeting coincides with the position of Chairman of the Board of Directors. Give details, where applicable, of any measures that may have been adopted in order to guarantee the independence and proper operation of the General Meeting:

YES

Details of the measures

Article 13 of the General Meeting Regulations establishes that the Committee for the General Meeting shall be made up of the members of the Board of Directors attending the General Meeting, being presided over by the Chairman and in the presence of the Secretary of the Meeting. The General Meeting shall be presided over by the Chairman of the Board of Directors or by the Director properly standing in for this person in accordance with what is laid down in the Regulations of the Board of Directors. Failing this, it shall be presided over by the attending shareholder designated for this purpose by the shareholders. In the event of being judicially called, the post of Chairman shall be determined by the competent judge. The party acting as Secretary of the General Meeting shall be the Secretary of the Board of Directors or the Vice-secretary validly standing in for this person in accordance with what is laid down in the Regulations of the Board of Directors. Failing this, the Secretary shall be the attending shareholder who is appointed for this purpose by the shareholders. If the Chairman or the Secretary were to be absent from the meeting for any reason they shall be replaced in their functions by the persons indicated above.

Moreover, article 22 of the Regulations of the Board establishes that the Secretary to the Meeting shall record the minutes of the session, which will have to be signed by the Secretary and approved by the Chairman, and subsequently incorporated into the Book of Minutes. The minutes can be approved by the General Shareholders' Meeting after the session or, otherwise, within fifteen (15) days, by the Chairman of the Shareholders' Meeting and two (2) inspectors, one representing the majority and the other representing the minority. The Board of Directors may require the presence of a Notary to draw up the minutes of the Meeting, being obliged to do so whenever this is requested by shareholders representing at least one per cent (1%) of the share capital, five (5) days prior to the date on which the Meeting is intended to be held.

E.6 State, where applicable, any changes made during the financial year to the Regulations of the General Shareholders’ Meeting.

There have not been any modifications.

E.7 Give details of attendance at General Meetings held during the financial year covered by this report:

Details of attendance					
Date of General Meeting	**% of attendance in person**	**% as proxy**	**% remote voting**		**Total**
			Electronic voting	**Others**	
05/24/2012	3.250	80.128	0.000	0.858	84.236
12/04/2012	2.488	57.982	0.001	15.831	76.302

E.8 Briefly describe the resolutions adopted at the General Shareholders’ Meetings held in the financial year covered by this report and the percentage of votes with which each resolution was adopted.

At the Ordinary General Shareholders' Meeting of 24th May 2012 each and all of the following resolutions were adopted:

One.- Examination and approval, where applicable, of the annual accounts, the individual management report and the proposal for application of the result for the Company year closing as of 31st December 2011

Vote
In favor: 99.9903%
Abstentions: 0.0045%
Against: 0.0052%

Two.- Examination and approval, where applicable, of the consolidated annual accounts and management report for the Company year closing as of 31st December 2011

Vote
In favor: 99.9750%
Abstentions: 0.0045%
Against: 0.0205%

Three.- Examination and approval, where applicable, of the work done by the Board of Directors during the financial year closing as of 31st December 2011

Vote
In favor: 99.7473%
Abstentions: 0.1725%
Against: 0.802%

Four.- Reappointment of individual accounts auditors

Vote
In favor: 99.8677%
Abstentions: 0.0473%
Against: 0.0850%

Five.- Reappointment of consolidated accounts auditors

Vote
In favor: 99.8677%
Abstentions: 0.0471%
Against: 0.0852%

Six.- Reappointment of directors

6.1.-Reappointment of Victor Grifols Roura

Vote
In favor: 79.6435%
Abstentions: 0.7850%

Against: 19.5715%

6.2.- Reappointment of Juan Ignacio Twose Roura

Vote
In favor: 81.9113%
Abstentions: 0.0201%
Against: 18.0686%

6.3.- Reappointment of Ramón Riera Roca

Vote
In favor: 81.9245%
Abstentions: 0.0201%
Against: 18.0554%

6.4.- Reappointment of Thortol Holding BV

Vote
In favor: 81.8041%
Abstentions: 0.0201%
Against: 18.1758%

Seven.- Approval of the remuneration of directors

Vote
In favor: 99.6274%
Abstentions: 0.0079%
Against: 0.3647%

Eight.- Consultative voting regarding the Annual Remuneration Report

Vote
In favor: 79.9041%
Abstentions: 0.2721%
Against: 19.8238%

Nine.- Delegation of powers for formalization and execution of the agreements passed by the Meeting

Vote
In favor: 99.9955%
Abstentions: 0.0043%
Against: 0.0002%

At the Extraordinary General Shareholders' Meeting of 4th December 2012 each and all of the following resolutions were adopted:

One.- Increasing the share capital by a nominal sum of 1,632,821.20 euros, by issuing and putting into circulation 16,328,212 new Class B Shares without voting rights of 0.10 euros face value each, with no issue premium, debited to voluntary reserves, in the proportion of 1 new Class B Share for each 20 old Class A or Class B Shares, envisaging the possibility of incomplete allocation. Modification of article 6 of the Corporate Articles (Capital Social). Approval of the balance sheet which provides the basis for the capital increase. Delegation of powers to the Board of Directors. Application to the competent national and foreign bodies for admitting the new shares for trading on the Stock

Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as on the Stock Exchange Interconnection System (Continuous Market) and on the NASDAQ

Vote

In favor: 99.7898%
Abstentions: 0.0077%
Against: 0.2025%

Two.-Split of the Company's Class A and Class B shares in the proportion of two new shares (wether they are Class A or Class B shares) for each one of the old shares (whether they are Class A or Class B shares), as the case may be, by means of reducing their nominal value and, subsequently, increasing the number of Class A and Class B shares of the Company, which will be doubled, being the total nominal amount of the share capital unchanged. Modification of article 6 of the Corporate Articles (Capital Social). Delegation of powers to the Board of Directors for one year. Application to the competent national and foreign bodies for admitting the new shares for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as on the Stock Exchange Interconnection System (Continuous Market) and on the NASDAQ.

Vote
In favor: 99.9587%
Abstentions: 0.0038%
Against: 0.0375%

Three .- To confer to the Board of Directors, with the express authority to delegate this to any of its members, the power to increase the Company's share capital, as laid down in article 297.1.b) of the Spanish Corporate Enterprises Act up to the maximum amount corresponding to 50% of the share capital at the time of this authorization, said increase to be able to be executed in one or several stages. Conferring to the Board of Directors, with express authority to delegate this power to any of its members, the power to exclude the preferential subscription right in the relevant capital increases, in accordance with article 506 of the Spanish Corporate Enterprises Act. Withdraw the powers conferred upon the Board of Directors on 2 December 2011 to increase the Company's share capital.

Vote
In favor: 53.7821%
Abstentions: 0.0062%
Against: 46.2117%

Four.- Conferring to the Board of Directors, with express authority to delegate this power to any of its members, the power to apply for the admission of Class A ordinary shares of the Company for trading on the NASDAQ.

Vote

In favor: 99.4099%
Abstentions: 0.0068%
Against: 0.5923%

Five.- Delegation of powers for formalization and execution of the agreements passed by the General Meeting

Vote

In favor: 99.9566%
Abstentions: 0.0064%

Against: 0.0370%

E.9 State whether there is any statutory restriction in the articles establishing a minimum number of shares needed to attend the General Shareholders' Meeting.

NO

Number of shares necessary for attending the General Meeting	

E.10 State and explain the policies implemented by the Company with regard to granting proxies at General Shareholders' Meetings.

Right of representation (art. 11 General Meeting Regulations):

1. Any shareholder entitled to attend according to what is laid down in article 10 of the General Meeting Regulations may be represented by someone else, even though this person were not a shareholder. In the event of representation being conferred to a legal person, the latter shall in turn have to designate a natural person to represent it, as laid down in the Law.

2. The proxy must be granted specifically for each Meeting, either in writing or by remote communication channels, on condition that the identity of the principal and the proxy is properly identified, as well as the content of the proxy being granted. The Company's web page shall include the procedures and requisites for granting remote representation.

3. Any natural shareholders who are not in full possession of their civil rights, as well as shareholders who are legal persons, shall be able to be represented by those holding legal powers of attorney, which shall have to be duly accredited.

4. The proxy shall always be revocable. Personal attendance of the shareholder represented at the Meeting shall entail automatic revocation of the proxy.

Public request for representation (art. 12 General Meeting Regulations):

1. Public requests for representation shall be governed by what is laid down in article 186 of the Spanish Corporate Enterprises Act. In the event of the Company being listed on a secondary official market, the limitations established in article 114 of the Securities Market Law as regards exercising voting rights by the proxy shall be respected.

2. In any event, the document in which the power of attorney is given must contain or have adjoined to it the agenda, as well as the request for instructions for exercising voting rights and a statement of how the proxy is to vote in the event of instructions not being given.

3. As an exception, the representative may vote differently when circumstances arise which were not known at the time of sending the instructions, entailing running a risk of harming the principal's interests. In the event of a vote not being cast as specified in the instructions, the proxy must immediately inform the principal by means of a letter explaining the reasons for the vote.

4. There will be understood to have been a public request for representation when the same person is representing over three (3) shareholders.

Remote voting (art. 20 General Meeting Regulations):

1. In accordance with what is laid down in the Corporate Articles, any shareholders entitled to attend may vote remotely, as regards the proposals included in the agenda, through the following media:

(a) by postal vote, by sending in the duly signed attendance card, proxy and/or remote vote with a statement of how they are voting;

(b) by electronic correspondence or other remote communication channels, in accordance with the instructions given on the Company's web page, on condition that the security of electronic communications is duly guaranteed and that the electronic document pursuant to which the voting right is being practiced incorporates a recognized electronic signature, as laid down in the Electronic Signature Law, or which, without meeting the requisites of the recognized electronic signature, is accepted as being sufficient by the Board of Directors through displaying suitable guarantees of authenticity and identification of the shareholder exercising his/her voting right.

2. The announcement calling the General Meeting shall contain the procedure, requisites and deadline for exercising remote voting rights.

3. A remote vote will not be valid if it is not received by the Company at least five (5) days prior to the date on which the General Meeting is intended to be held.

4. Any shareholders issuing their remote vote as stipulated in this article shall be considered to be present for purposes of constituting the Meeting. Any delegations previously issued shall consequently be understood to be revoked and any granted thereafter shall be taken as unmade.

5. In spite of the above, any vote issued remotely as referred to in this article shall be invalidated by the personal attendance of the shareholder at the meeting.

E.11 State whether the Company is aware of the institutional investor policy regarding their participation in the Company's decision-making process:

NO

E.12 State the address and means of accessing corporate governance content on the Company's website.

The address of the Company's webpage is www.grifols.com. Information on corporate governance can be accessed through the link Investors Relations on the main page, or directly at http://inversores.grifols.com/portal/grifols/home_page_investors.

F – DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the extent to which the Company follows the recommendations of the Unified Good Governance Code. If any of these are not complied with, explain the recommendations, regulations, practices or criteria that the Company applies.

1. The Corporate Articles of listed companies should not place any upper limit on the number of votes that can be cast by a single shareholder, or impose other restrictions hindering the takeover of the Company by means of purchasing its shares on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complied with

2. When a dominant and a subsidiary Company are stock market-listed, both should publicly disclose in detail:

a) The respective areas of work engaged in and possible business dealings between them, as well as those of the subsidiary Company listed with other Group companies;

b) Any mechanisms set up to settle any possible conflicts of interest that might arise.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required under Commercial Law, any decisions involving a structural corporate change should be submitted to the General Shareholders' Meeting, for approval or ratification, specifically the following ones:

a) Turning the listed companies into holding companies by means of "subsidiarization" or assigning core activities that were previously carried out by the Company itself to subsidiaries, even when the former keeps full ownership over the latter;

b) The acquisition or disposal of key operating assets that would effectively alter the Company's corporate purpose;

c) Operations that effectively amount to the liquidation of the Company.

Complied with

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in recommendation 28, should be made known at the same time as publication of the announcement convening the Meeting.

Complied with

5. Separate votes should be held at the General Meeting on materially separate items, in order for shareholders to express their voting preferences separately in each case. This rule should be applied particularly:

a) To the appointment or ratification of Directors, who should be individually voted;

b) In cases of amendments to the Articles, for each article or Group of articles which are materially independent.

See section: E.8

Complied with

6. Companies should allow split votes, so that financial intermediaries acting as nominees on behalf of different clients can issue their votes according to their clients' instructions.

See section: E.4

Complied with

7. The Board of Directors should perform its duties with unity of purpose and independent judgment, giving the same treatment to all shareholders. It should at all times be guided by the Company's interest, understood as maximizing its economic value in a sustained fashion.

It should also ensure that the Company abides by laws and regulations in its dealings with stakeholders, fulfils its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business and upholds any additional social responsibility principles to which it has voluntarily subscribed.

Complied with

8. The Board should understand the core of its mission as being to approve the Company's strategy and the organization required to put this into practice, as well as to ensure and oversee that the Management complies with the goals set, while pursuing the Company's interests and corporate purpose. To this end, a plenary session of the Board should reserve the power to approve:

a) The Company's general policies and strategies, and in particular:

i) The strategic or business plan, as well as the management targets and annual budget;

ii) The investments and financing policy;

iii) The definition of the structure of the Company Group;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The remuneration and performance assessment policy for senior management;

vii) The risk control and management policy, as well as the regular monitoring of the internal information and control systems;

viii) The Company's dividends and treasury stock policy and in particular its limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the Company's chief executive, the appointment and possible dismissal of senior management, as well as their compensation clauses

See section: B.1.14

ii) The remuneration of Directors, and, in the case of executive Directors, any additional remuneration for their executive functions and other conditions that must be met in their contracts

See section: B.1.14

iii) Any financial information that the Company must regularly disclose through its status as listed.

iv) Investments or operations of all kinds whose large amount or special characteristics mean that these have strategic importance, unless the General Meeting has to approve these;

v)The creation or acquisition of stock in concerns with special purposes or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency.

c) Operations carried out by the Company with Directors, significant shareholders or those represented on the Board or other persons linked with them ("related-party transactions").

This authorization of the Board shall not nevertheless be understood as being required in any related-party operations that simultaneously meet the following three conditions:

1. Ones carried out pursuant to contracts with standard conditions and applied on a large scale to a large number of clients;

2. Performed at prices or rates established on general terms by those supplying the goods or services in question;

3. Of an amount not exceeding 1% of the Company's annual income.

It is advisable for the Board to approve related-party operations only after a favorable report is issued by the Audit Committee or, where applicable, by any other to which the same function had been entrusted, and for the Directors involved, apart from not exercising nor delegating their voting right, to leave the meeting room while the Board discusses and votes on this.

It is recommendable for the powers attributed to the Board herein not to be delegated, except for the ones stated in points b) and c), which could be passed by the Delegate Committee for urgent cases, with later ratification by the plenary session of the Board.

See sections: C.1 and C.6

Partially complied with

Article 5 of the Regulations of the Board of Directors does not include either the dividends' policy or the Company's treasury stock and, in particular, its limits, in the Company's general policies and strategies. However, although the general policies and strategies are not included, they are actually approved by the Board of Directors. This is why it has not been judged necessary to amend article 5 of the Regulations of the Board of Directors.

9. The Board should have the right size to ensure effective operation and participation, which makes it advisable for this to comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Complied with

10. The proprietary and independent external Directors should constitute a broad majority of the Board, while the number of executive Directors should be the minimum required, taking into account the complexity of the corporate Group and the percentage of ownership interests in the Company capital that the executive Directors control.

See sections: A.2, A.3, B.1.3 and B.1.14

Explain

The Company is examining the possibility of incorporating further independent directors. Therefore, the Board of Directors, subject to a prior favourable report from the Nominating and Remuneration Committee, envisages submitting for approval the appointment of a new independent director of the Company at the Ordinary General Shareholders' Meeting of 2013. In the event that such appointment is approved, the Board of Directors of the Company will consist of 9 external directors (out of which 4 are independent directors, 1 is a proprietary director and 4 are other external directors) and 3 executive directors.

However, new directors does not necessarily have to be elected at the Ordinary General Shareholders' Meeting and, therefore, new directors may be incorporated if the Company finds the right persons.

11. In the event of there being any external Director who can neither be considered proprietary nor independent, the Company should explain this circumstance and this person's links with the Company or its senior management, or with its shareholders.

See section: B.1.3

Complied with

12. Among the external Directors, the ratio of proprietary and independent Directors should reflect the proportion between the capital of the Company represented by the proprietary Directors and the remainder of the capital.

This strict proportional criterion could be relaxed so that the weight of the proprietary Directors is greater than would actually correspond to the total percentage of capital that they represent:

1. In companies with high capitalization in which few or no equity holdings are legally considered significant, but where there are shareholders with stakes of a high absolute value.

2. When these are companies in which there is a plurality of shareholders represented on the Board but with no links between them.

See sections: B.1.3, A.2 and A.3

Explain

The Company has only one proprietary director and three independent directors (although, as it is explained in section F.10, the Company is examining the possibility of increasing the number of directors to four). Since the Company has only three executive directors, it is considered that the Company ensures an adequate representation of independent directors; however, the possibility of futher directors being elected is not excluded. Additionnally, Mr. Brett Ingersoll and Mr. Steven Mayer (other external directors) would nevertheless be independent in accordance with the NASDAQ regulations.

13. The number of independent Directors should represent at least one third of the total number of Directors.

See section: B.1.3

Explain

As it is explained in section F.10 above, the Board of Directors, subject to a prior favourable report from the Nominating and Remuneration Committee, envisages submitting for approval the appointment of a new independent director of the Company at the Ordinary General Shareholders' Meeting of 2013. In the event that such appointment is approved, the Board of Directors of the Company will be made up of 4 independent directors out of 12 directors (1/3 of the total number of directors). Moreover, Mr. Steven Mayer and Mr. W. Brett Ingersoll would nevertheless be independent in accordance with the NASDAQ regulations.

14. The status of each Director should be explained by the Board at the General Shareholders' Meeting that is to make or ratify their appointment, and annually be confirmed or where applicable reviewed in the Annual Corporate Governance Report, after being verified by the Nominating Committee. Said report should also explain the reasons why proprietary Directors have been appointed at the request of shareholders whose stake is under 5% of the capital. It should state the reasons why, where applicable, they had not entertained formal requests for presence on the Board from shareholders whose stake is equal to or over that of others at whose request proprietary Directors had been appointed.

See sections: B.1.3 and B.1 4

Complied with

15. When the number of female Directors is low or non-existent, the Board should explain the reasons and initiatives adopted to correct this situation, and specifically the Nominating Committee should take measures, when new vacancies arise, to ensure that:

a) the selection procedures do not involve any implicit bias hindering the selection of female candidates;

b) the Company is making a conscious effort to seek women meeting the professional profile being sought and includes these among potential candidates.

See sections: B.1.2, B.1.27 and B.2.3

Partially complied with

The Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

16. The Chairman, as person in charge of proper operation of the Board, shall ensure that Directors are previously given sufficient information, stimulate discussion and active participation of the Directors during Board meetings, safeguarding their right to freely take a stance and express their opinion, and to organize and coordinate with the chairmen of the relevant Commissions the regular evaluation of the Board, as well as, where applicable, that of the CEO or chief executive.

See section: B.1.42

Complied with

17. When the Chairman of the Board is also the Company's chief executive, one of the independent Directors should be empowered to request calling Board meetings or including new items on the agenda; to coordinate and reflect the concerns of external Directors, and to lead the Board's appraisal of its Chairman.

See section: B.1.21

Complied with

18. The Secretary of the Board should take care to ensure that the Board's actions:

a) Adhere to the spirit and letter of the Laws and their regulations, including the ones issued by regulatory agencies;

b) Comply with the Corporate Articles and with the regulations of the General Shareholders' Meeting, the Board of Directors and any others;

c) Take into account the recommendations on good governance given in this Unified Code which the Company had accepted.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nominating Committee and approved by the Board in a plenary session; the relevant appointment and removal procedure should be stated in the Regulations of the Board.

See section: B.1.34

Complied with

19. The Board should meet with the frequency required to properly perform its functions, in line with the schedule of dates and agendas set at the beginning of the year, each Director being able to propose further points on the agenda not previously arranged.

See section: B.1.29

Complied with

20. Absences of Directors should be kept down to unavoidable cases and be quantified in the Annual Corporate Governance Report. If their vote needs to be delegated, this should be done with instructions.

See sections: B.1.28 and B.1.3 0

Complied with

21. When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the Board meeting, a record of these should be made in the minutes at the request of the person expressing these.

Complied with

22. The Plenary session of the Board should assess once a year:

a) The quality and efficiency of the Board's operation;

b) Starting from a report submitted by the Nominating Committee, the performance of the Chairman of the Board and chief executive of the Company;

c) The performance of its Committees, starting from the reports supplied by these.

See section: B.1.19

Complied with

23. All the Directors should be able to exercise the right to obtain any further information that they may deem fit on matters within the Board's competence. Unless the Corporate Articles or the Regulations of the Board provide otherwise, any such requests should be addressed to the Chairman or the Secretary of the Board.

See section: B.1.42

Complied with

24. All the Directors should be entitled to obtain advice required for performance of their functions from the Company. The Company should provide suitable channels for exercising this right, which may in special circumstances include external advice at the Company's expense.

See section: B.1.41

Complied with

25. Companies should set up a guidance program to provide new Directors with fast and sufficient knowledge of the Company, as well as its corporate governance rules. Companies should also provide Directors with schemes for updating knowledge when circumstances make this advisable.

Complied with

26. Companies should require their Directors to devote the necessary time and effort to their function to perform this effectively and consequently:

a) The Directors should inform the Nominating Committee of any other professional obligations they may have in case these might interfere with the dedication required;

b) Companies should lay down rules on the number of boards which they Directors may sit on.

See sections: B.1.8, B.1.9 and B.1.17

Partially complied with

The Company does not establish any rules concerning the number of boards the directors may be part of because the Nominating and Remuneration Committee and the Board of Directors have already taken into account the director's abilities and availability to perform their obligations effectively at the time of proposing a new appointment o reelection.

27. The proposal for the appointment or reappointment of Directors which the Board submits to the General Shareholders' Meeting, as well as any provisional appointments by the co-optation method should be approved by the Board as follows:

a) At the proposal of the Nominating Committee, in the case of independent Directors.

b) Subject to a report from the Nominating Committee in all other cases.

See section: B.1.2

Complied with

28. Companies should publish the following details about their Directors on their web page, and keep this information updated:

a) Professional and biographical profile;

b) Other Boards of Directors to which they belong, whether these are of listed companies or not;

c) A statement of the Director's classification and, in the case of proprietary Directors, stating the shareholder that they represent or with whom they have links.

d) Date of their first and any subsequent appointments as a Company Director, and

e) Shares held in the Company and any options over these belonging to them.

Complied with

29. Independent Directors should not continue to have this status for a continuous period of more than 12 years.

See section: B.1.2

Complied with

30. Proprietary Directors should resign when the shareholders that they represent sell their entire ownership interest. They should also do so, in the proportional amount, when any such shareholder reduces their stake to a level which requires a reduction in the number of their proprietary Directors.

See sections: A.2, A.3 and B.1.2

Complied with

31. The Board of Directors should not propose the removal of independent Directors before the expiry of the term of office for which they were statutorily appointed, except when the Board considers there is just cause for this after a report has been issued by the Nominating Committee. There will specifically be presumed to be just grounds when the Director had breached the duties imposed by his or her post or comes under any of the circumstances described in point 5 of section III of the definitions in this Code.

The removal of independent Directors may also be proposed as a result of a takeover bid, merger or similar corporate operation entailing a change in the Company's capital structure, when any such changes in the structure of the Board are brought about by the proportionality criterion stated in recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complied with

32. Companies should establish rules obliging Directors to inform the Board and, where applicable, resign in any cases which may threaten the creditworthiness and reputation of the Company and specifically be obliged to inform the Board of any criminal cases in which they are charged as well as the progress of any later hearings.

Should a Director have charges brought against him or her or when a judge's order for hearing to commence is issued for any of the offenses listed in article 124 of the Spanish Limited Companies Law, the Board shall examine the case as soon as possible and, in view of the specific circumstances, decide whether it is appropriate or not for the Director to continue serving in his or her post. The Board shall describe all these circumstances with proper reasoning in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complied with

33. All the Directors should clearly express their opposition when they consider that a proposal submitted for the Board's approval may go against corporate interests. This should also be done, particularly by independent and other Directors who are not affected by the conflict of interest, when these are decisions which might harm the shareholders not represented on the Board.

When the Board adopts significant or repeated resolutions on which the Director had expressed serious reservations, the latter should come to the relevant conclusions and, if he or she opted for resigning, should explain the reasons in the letter referred to in the next recommendation.

This recommendation also covers the Secretary of the Board, whether or not this person is a Director.

Complied with

34. When a Director gives up his/her post prior to the end of his/her term of office, either through resignation or for other reasons, the reasons for this should be explained in a letter sent to all the members of the Board. The grounds for the removal should be stated in the Annual Corporate Governance Report, irrespective of whether such removal is classified as a significant event.

See section: B.1.5

Not applicable

35. The remuneration policy approved by the Board should specify at least the following points:

a) The amount of the fixed components, itemized where necessary, of the attendance fees for the Board and its Committees and an estimation of the annual fixed remuneration to which this gives rise;

b) Any variable remuneration components, including in particular:

i) Types of Directors to whom this applies, as well as an explanation of the relative importance of variable remuneration items in respect of the fixed ones.

ii) Criteria for assessment of results used as the basis for any entitlement to remuneration in shares, stock options or any other variable component;

iii) The main parameters and basis of any annual bonus system or other benefits not paid in cash; and

iv) An estimation of the sum total of the variable remuneration to which the remuneration scheme proposed would give rise, according to the degree of compliance with the hypotheses or targets taken as a reference.

c) The main characteristics of benefit schemes (for example, supplementary pensions, life insurance and similar arrangements) with an estimation of the amount involved or equivalent annual cost.

d) The conditions to apply to contracts of senior management such as executive Directors, these to include:

i) Duration;

ii) Advance notice periods; and

iii) Any other clauses as regards engagement bonuses, as well as compensation or “golden parachutes” for early cancellation or termination of the contractual relationship between the Company and the executive Director.

See section: B.1.15

Complied with

36. Remuneration involving the delivery of shares in the Company or Group companies, stock options or other share-based instruments, variable remuneration linked to the Company’s performance or benefit schemes should be restricted to executive Directors.

The delivery of shares shall not be covered by this limitation, when Directors are obliged to keep these until the end of their term of office.

See sections: A.3 and B.1.3

Complied with

37. External Directors’ remuneration should be as required to compensate them for the dedication, skills and responsibilities entailed by the post, but not so high as to compromise their independence.

Complied with

38. Any remuneration linked with the Company’s earnings should be subject to deductions calculated for any qualifications stated in the external auditors’ report.

Complied with

39. In the case of variable remuneration, the remuneration policies should include technical safeguards required to ensure that these reflect the professional performance of their beneficiaries and not stem simply from the general development of the markets or of the Company's sector or other similar circumstances.

Complied with

40. The Board should submit a report on the Directors' remuneration policy to a vote of the General Shareholders' Meeting, as a separate point on the agenda. This report should be made available to the shareholders, either separately or in any other way that the Company may consider appropriate.

This report shall in particular focus on the remuneration policy that the Board has approved for the current year as well as, where applicable, the one planned for future years. It will address all the points referred to in recommendation 35, except the ones which might entail the disclosure of commercially sensitive information. It should stress the most significant changes in said policies with respect to the one applied the previous year referred to at the General Meeting. It shall also include an overall summary of how the remuneration policy was applied over said previous year.

The role played by the Remuneration Committee in preparing the remuneration policy should be reported at the Board meeting, as well as the identity of any external consultants if any external advice had been sought.

See section: B.1.16

Complied with

41. The Report (accompanying notes) should give details of the individual remuneration of the Directors during the financial year and include:

a) A breakdown of the remuneration of each individual Director, to include where applicable:

i) Attendance fees and other fixed remuneration as a Director;

ii) Any additional remuneration as a chairman or member of one of the Board's Committees;

iii) Any payments made pursuant to profit-sharing or bonus schemes, and the grounds for paying these;

iv) Contributions made on the Director's behalf to defined benefit pension schemes, or any increase in the Director's vested rights in the case of contributions to defined benefit schemes;

v) Any compensation that may be agreed or paid as severance pay;

vi) Any remuneration collected as a Director of other companies in the Group;

vii) The remuneration that executive Directors receive for performance of senior management functions;

viii) Any kind of compensation other than the ones listed above, whatever its nature and the Group entity paying this may be, especially when it may be considered to be a related-party transaction or when its omission would distort the true image of the total remuneration received by the Director.

b) An individual breakdown of any possible deliveries to Directors of shares, stock options or other share-based instruments, detailing:

i) The number of shares or options awarded in the year and the conditions set for exercising these;

ii) Number of options exercised during the year, stating the number of shares involved and the exercise price;

iii) Number of options not yet exercised at the year end, stating their price, date and other exercising requisites;

iv) Any modification during the year in the terms for exercising any options already granted.

c) Information on the ratio in the previous year between the remuneration obtained by executive Directors and the results or other means of assessing the Company's performance.

Partially complied with

The Company considers that it partially complies with the wording of this section. Although the director's individual remuneration for year 2012 has not been included in the Annual Report, the fact remains that, pursuant to the provisions of article 61 ter of the Spanish Securities Market Law (LMV), the Board of Directors approved, and consulted with the Ordinary General Meeting on a non-binding basis, the Annual Report concerning the directors' remuneration, stating therein the individual remuneration received by the directors during fiscal year 2012. This report will be sent to the CNMV (the Spanish Stock Exchange Commission) and be at the shareholders' and investors' disposal through the Company's website,

42. When there is a Delegate or Executive Committee (hereinafter known as "Delegate Committee"), the participation structure of the different types of Directors should be similar to that of the Board itself and its secretary should be the Secretary of the Board.

See sections: B.2.1 and B.2.6

Not applicable

43. The Board should be kept fully informed of the business done and the decisions taken by the Delegate Committee and all the members of the Board should receive a copy of the minutes of the Delegate Committee's sessions.

Not applicable

44. As well as the Audit Committee required pursuant to the Securities Market Law, the Board of Directors should form from its members a Committee or two separate Committees for Nominations and Remunerations.

The rules governing the composition and operation of the Audit Committee and the Nominating and Remunerations Committee or Committees should be stated in the Regulations of the Board, and include the following:

a) The Board should appoint the members of these Committees with regard to the knowledge, skills and experience of the Directors and the purpose of each Committee; it should discuss their proposals and reports and be responsible for answering for their activity and the work done at the first plenary session of the Board following their meetings;

b) These Committees should be formed exclusively of external Directors, with a minimum of three. The above is understood not to affect the attendance of executive Directors or senior management, when this is expressly agreed by the members of the Committee.

c) The Chairpersons of such Committees should be independent Directors.

d) They may seek external advice when this is felt to be necessary for performance of their duties.

e) Minutes of each meeting should be drawn up, a copy of which should be sent to all members of the Board.

See sections: B.2.1 and B.2.3

Partially complied with

Article 15 of the Regulations of the Board of Directors of the Company provides that the Nominating and Remuneration Committee shall be mostly made up of external directors. This provision is in line with the contents of the Additional Provision number 18 of the Spanish Securities Market Law regarding the compositon of the Audit Committee, although the Unified Code recommends that these delegate committees be exclusively composed of external directors. In this sense, the Company is partially complying with the wording of this section because it considers that an executive director provides greater knowledge of the market, working conditions, remuneration, etc. when assessing the appointments and the remuneration policy.

45. Supervision of compliance with internal codes of conduct and corporate governance rules should be performed by the Audit Committee, the Nominating Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

Complied with

46. Members of the Audit Committee, and in particular its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management.

Complied with

47. Listed companies have an internal audit function, under the supervision of the Audit Committee, to ensure proper operation of the information and internal control systems.

Complied with

48. The person in charge of the internal audit function should submit an annual work program to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Complied with

49. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputation...) which the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial or economic risks;

b) Determination of the risk level that the Company sees as acceptable;

c) Measures intended to mitigate the impact of risks identified, should these materialize;

d) The internal information and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See sections: D

Complied with

50. The Audit Committee's functions should be:

1. In respect of internal control and reporting systems:

   a) To supervise the preparation process and monitor the integrity of the financial information on the Company and, where applicable, the Group, and to verify compliance of regulatory requirements, appropriate limitation of the consolidation perimeter and proper application of accounting principles.

   b) Regularly reviewing the internal monitoring and management of risks, so that the main risks can be identified, handled and properly made known.

   c) Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account.

   d) To establish and oversee a mechanism that enables employees to communicate – confidentially and where considered appropriate, anonymously – any possible important irregularities that they may observe in the Company, particularly those of financial and accounting nature.

2. As regards the external auditor:

a) To submit to the Board any proposals for selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.

b) To regularly receive information from the external auditor on the auditing plan and the results of its implementation and to make sure that the senior management is acting on its recommendations.

c) To ensure the independence of the external auditor, and for this purpose:

i) For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content.

ii) The Committee should ensure that the Company and the auditor adhere to current regulations on rendering services other than auditing, the limits to concentration of the auditor's business and in general any other requirements in force to ensure the auditors' independence;

iii) In the event of the external auditor resigning, to examine the circumstances which had given rise to this.

d) In the case of groups, helping to ensure that the Group auditor also assumes responsibility for the audits of individual companies in the Group.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complied with

51. The Audit Committee may order any employee or Director of the Company to appear before them and even do so without the presence of any other Director.

Complied with

52. The Audit Committee shall inform the Board, prior to the latter's adopting the relevant decisions, on the following matters indicated in recommendation 8:

a) Any financial information that the Company must regularly disclose through its status as listed. The Committee must ensure that the interim accounts are drawn up with the same accounting criteria as the annual statements and may ask the external auditor to perform a limited review for this purpose.

b) The creation or acquisition of stock in concerns with special purposes or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency.

c) Related-party operations, unless this preliminary reporting function had been assigned to another supervision and control Committee.

See sections: B.2.2 and B.2.3

Complied with

53. The Board of Directors should attempt to submit the annual accounts to the General Shareholders' Meeting with no reservations or qualifications in the auditing report and in exceptional cases of any of these existing, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of said reservations or qualifications.

See section: B.1.38

Complied with

54. Most of the Nominating Committee, or Nominating and Remuneration Committee if these were a single body, should be independent Directors.

See section: B.2.1

Complied with

55. The Nominating Committee should have the following functions in addition to the ones stated in earlier recommendations:

a) Evaluating the skills, knowledge and experience necessary on the Board and defining the functions and abilities necessary for the candidates to fill each vacancy, and assess the time and dedication required for them to perform their duties properly.

b) Examining or organizing, as it may deem appropriate, the succession of the Chairman and chief executive, making recommendations to the Board so the succession takes place in a well-organized and orderly manner.

c) Reporting on the appointments and removals of senior management that the chief executive proposes to the Board.

d) Reporting to the Board on any gender diversity issues as indicated in recommendation 14 of this Code.

See section: B.2.3

Partially complied with

As per paragraph d) above, the Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

56. The Nominating Committee should consult with the Chairman and the chief executive of the Company, especially on matters concerning executive Directors.

Any Director may ask the Nominating Committee to take into consideration potential candidates to fill directorship vacancies, in case it considers these appropriate.

Complied with

57. The Remuneration Committee should have the following functions apart from the ones indicated in the previous recommendations:

a) Proposing to the Board of Directors:

i) The remuneration policy for Directors and senior management.

ii) The individual remuneration and other contractual conditions of executive Directors.

iii) The standard conditions for senior management employment contracts.

b) Monitoring compliance with the remuneration policy established by the Company.

See sections: B.1.14 and B.2.3

Complied with

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters connected with executive Directors and senior management.

Complied with

G – OTHER INFORMATION OF INTEREST

If you consider that there is any relevant principle or aspect connected with the corporate governance practices applied by your Company which has not been covered by this Report, please mention and explain this below.

Include in this section any other information, explanation or qualification connected with the previous sections of the report, insofar as these are relevant and not reiterative.

Specifically state whether the Company is subject to any legislation other than Spanish law as regards its corporate government and, where applicable, include the information that you are obliged to supply other than what is required herein.

Binding definition of independent Director:

State whether any of the independent Directors has or has had any relation with the Company, its significant shareholders or its Directors, which, had this been sufficiently significant or important, would have meant that the Director could not be considered as being independent in accordance with the definition given in section 5 of the Unified Good Governance Code:

NO

Date and signature:

This corporate annual governance report has been approved by the Company's Board of Directors, at its session held on

02/21/2013

State whether there were any Directors who had voted against or abstained as regards the approval of this Report.

NO

FURTHER ACGR INFORMATION, IN ACCORDANCE WITH THE CNMV'S NOTIFICATION OF 28TH DECEMBER 2011 ("MODEL LETTER FOR LISTED PUBLIC LIMITED COMPANIES (SHARES)")

1. Any securities not traded on a regulated community market, indicating, as the case may be, the different classes of shares and the rights and duties conferred, for each class of shares.

Not applicable.

2. Any restriction on the transferability of securities and any restrictions on voting rights.

There are no restrictions on the transfer of shares.

Class B Shares are not allowed voting rights, except in any extraordinary matters stipulated in the Corporate Articles, to wit:

Separate voting at a General Shareholders' Meeting in respect of Extraordinary Matters. With no detriment to what is laid down in article 103 of the Spanish Corporate Enterprises Act and additionally, but also to protect the rights of Class B Shares, any Company agreements on the following matters (the "**Extraordinary Matters**") shall require, apart from their approval in accordance with what is laid down in article 17 of these Articles, the approval of the majority of Class B Shares outstanding:

- An agreement (i) authorizing the Company or any of its subsidiaries to repurchase or acquire any Class A Shares of the Company, except for pro rata repurchases which may be offered to the owners of Class B Shares on the same terms and at an offered price equal to the owners of Class A Shares or (ii) approving the redemption of Company shares and any capital reduction (through repurchasing, cancelling shares or in any other way) other than (a) any legally compulsory redemptions and (b) any redemptions similarly affecting Class A Shares and Class B Shares and in which each Class B Share is given the same treatment and granted the same terms as for each Class A Share;

- Any agreement approving the issue, granting or delivery of (or authorizing the Company's Board of Directors to issue, grant or deliver) (i) any shares in the Company; (ii) any voting rights or other securities which entitle the holder to purchase Company shares or which can be exchanged or converted into Company shares; or (iii) any options, warrants or other instruments granting their owner the right to acquire, convert, subscribe or receive any Company securities in any other way except, in cases (i), (ii) and (iii) above, if (a) each Class B Share is given the same treatment in the relevant issue, granting or delivery as a Class A Share, and thus has, if there are any, the same preference rights (of subscription, preferential award or of another kind) in the relevant issue, granting or delivery as a Class A Share; or (b) the issue is made according to what is established in section 6.1 above;

- Any agreement unconditionally approving or not (i) an operation subject to Act 3/2009 (including, with no limitations, a merger, split-off, change of address abroad or global assignment of assets and liabilities), except if each Class B Share is treated in the same way as Class A Share in all aspects in said operation; or (ii) the dissolution or liquidation of the Company, except when the agreement is legally compulsory;

- Any agreement passing the exclusion of any shares of the Company from listing or trading on any securities market or secondary market; and

- In general, any agreement and any modification of the Corporate Articles which directly or indirectly impairs or has any adverse effect on the rights, preferences or privileges of Class B Shares (including any agreement which impairs or has any adverse effect on Class B Shares in comparison with Class A Shares or which benefits or positively affects Class A Shares in comparison with Class B Shares, or which affects the provisions of these Articles in respect of Class B Shares).

The General Shareholders' Meeting is competent to decide on any matters which have been attributed to it either legally or by its articles and, in particular, for expository purposes, it shall be the only company body or organism competent to decide on the subjects considered to be "Extraordinary Matters" according to this section of these Articles.

3. Regulations applicable to modification of the Corporate Articles.

With no detriment to what is laid down in article 17 of the Corporate Articles (the agreements shall be adopted by an absolute majority of the capital present and/or represented), any modification of the Corporate Articles which directly or indirectly impairs or has an adverse effect on the rights, preferences or privileges of Class B Shares (including any agreement which impairs or has any adverse effect on Class B Shares in comparison with Class A Shares or which benefits or has a positive effect on Class A Shares in comparison with Class B Shares, or which affects the provisions of these Articles regarding Class B Shares) shall require the approval of the majority of the Class B Shares (at the time outstanding).

4. Significant agreements which have been entered into by the Company and which come into force, are modified or concluded in the event of a change in control of the Company through a public offering, and their effects.

<u>Operation for sale and later leasing of Spanish properties</u>

In May 2011, the Group sold properties to Gripdan Invest, S.L. (a subsidiary whose sole owner is Scranton Enterprises BV) for a total sum of 37.6 million EUR. The properties were leased to the Company later on.

In connection with this operation, the Company signed the following agreements subject to clauses on change of control of the Company: (i) Purchase Option

Contract in the Company's favor over 100% of the corporate holdings of Gripdan Invest, S.L., and (ii) leasehold contracts by the Company for the properties sold to Gripdan Invest, S.L.

<u>Operation of selling the fractionation factory in North Carolina and later leasing</u>

In December 2011, Grifols Inc. sold this to Scranton Enterprises USA Inc. (a company whose sole owner is Scranton Investments BV, which in turn is wholly owned by Scranton Enterprises BV).

In connection with that transaction, the following contracts were signed, subject to clauses on change in control at the Company: (i) Purchase Option Contract in the Company's favor over 100% of the shares in Scranton Investments BV (owner of 100% of the shares in Scranton Enterprises USA Inc.), and (ii) Agreement for Leasing the factory to Grifols Inc.ds

5. **Agreements between the Company and its administration and management or employees entitled to compensation when they resign or are unfairly dismissed or if the employment relationship reaches an end through a public offering for purchase.**

With no detriment to what is laid down in section B.1.13 of the Annual Corporate Governance Report (ACGR) about the clauses for guarantee and "golden parachutes" for cases of dismissal or changes in control in favor of members of top management (including executive directors) as of the date of this report, the Company has signed agreements with 93 administrators/employees, pursuant to which they may unilaterally cancel their employment contracts with the company and be entitled to compensation ranging from 2 to 5 years, in cases of a change of control in the Company.

6. **A description of the main features of the internal control and risk management systems in connection with the process of Internal Control over Financial Reporting (ICFR).**

Describe the mechanisms forming the systems for control and management of risks in relation with the process of Internal Control over Financial Reporting (ICFR) of your company

6.1. Company's control system

State, including their main characteristics, at least:

6.1.1. Which bodies and/or roles are responsible for: (i) the existence and maintenance of a suitable and effective ICFR; (ii) its implementation; and (iii) its supervision.

<u>Board of Directors</u>:

The Company's Board of Directors is ultimately responsible for the existence, maintenance and supervision of an appropriate and effective ICFR. In accordance with its Regulations, the Board of Directors has delegated this responsibility to the Audit Committee.

Audit Committee:

The Regulations of the Company's Board of Directors, in article 14, section 5 (c), specify the basic responsibilities of the Audit Committee as regards the systems for information and internal control, which include, amongst others, the following:

- To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;

- To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;

- To ensure the independence and efficiency of the internal audit function; to propose the selection, appointment, reappointment and removal of the Head of the Internal Audit Department; to receive regular information on its activities; and to check that the senior management takes the conclusions and recommendations of its reports into account; and

- To establish and monitor the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The members of the Audit Committee are appointed in view of their knowledge, skills and experience as regards accountancy, auditing and risk management.

The Audit Committee has an Internal Audit function which, under its supervision, reviews the reliability, integrity and consistency of financial-accounting information, appraising its risks and the controls implemented to mitigate these, and regularly informs of the results of the work done and the measures proposed for its correction.

Finance / Accounting Policies and Internal Control

The Finance department has an Accounting Policies & Internal Control function which is responsible for developing and implementing policies, procedures and controls on financial information and for supervising their compliance. This function informs of the approval of policies and internal control procedures on financial information to the Group companies and keeps the documents on procedures and controls on financial information updated.

The system for internal control of the Company's financial information is evaluated internally each year by staff members who are independent of financial functions.

6.1.2. *Whether there are, especially as regards the process of preparing financial information, the following items:*

Departments and/or mechanisms with the task of:

- *Designing and reviewing the organizational structure;*

- *Clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and*

- *Ensuring there are sufficient procedures for their proper dissemination at the organization.*

The design and review of the organizational structure and the definition of the lines of responsibility and authority is handled by the Board of Directors through the Chief Executive Officer.

The distribution of the tasks and functions is implemented with the aim of guaranteeing the efficiency and effectiveness of the operations, ensuring an appropriate segregation of functions.

The detailed organization chart of the Group functions is available to all the employees of the Group on the Company's Intranet.

Code of conduct, approval body, degree of dissemination and instruction, principles and values included (stating whether there are specific mentions of the recording of operations and preparation of financial information), body playing the role of analyzing non-compliances and proposing corrective measures and penalties.

<u>Code of Conduct</u>:

The Code of Conduct of the Group establishes the rules of conduct applicable to all the employees and members of the Board of Directors and other governing bodies of all the Group companies, both as regards their own colleagues and in respect of third parties.

Section 9 of the Code of Conduct is on the "Reliability of information and dissemination". In this respect it establishes that:

- The Company's financial statements, books, records and accounts must reflect operations reliably and in accordance with legal requisites and accounting principles. The dissemination of dishonest information, either internally or externally, is absolutely forbidden;

- In its relationship with markets the Company is committed to transparency. The public financial statements, the information for regulatory bodies and, in general, the information published in any medium must be accurate and complete in all senses.

The Code of Conduct is published as an internal regulation on the Group Intranet, available to all its employees, and on the Company's website (www.grifols.com).

Section 12 of the Code of Conduct stipulates that "Any failure to comply with the Code of Conduct by any employee or manager of the Company shall be considered a breach of their duties to the Company and in very serious cases could even be grounds for dismissal and demanding the relevant accountability".

<u>Ethical Code for Executives</u>:

The Board of Directors passed the Ethical Code for Executives in 1998 and modified this in 2008.

This Code should be considered as a general framework of basic principles for governing the conduct of employees' and others working for the Group, inspired in the ethical values by which the Company has always been governed, its main priority being the utmost safety and efficiency of its products.

The management of all the companies in the Group must annually read and accept the contents of the Ethical Code.

Failure to comply with any of the ethical principles of the Company shall be grounds for dismissal.

Any possible breaches of both the Code of Conduct and the Ethical Code shall be made known to the Audit Committee for this to analyze them and where applicable apply corrective measures or penalties.

Channel for reporting allegations, to enable informing the Audit Committee of any financial and accounting irregularities, as well as any possible breaches of the code of conduct and irregular activities in the organization, informing where applicable if this is of confidential nature.

The Company has two channels for reporting allegations which enable ethical concerns to be brought up, reporting any conduct going against the Code of Conduct, the policies or procedures of the Company or the law, confidentially and anonymously. These are currently available in Spain and the United States, in English and Spanish, and it is intended to implement them in the short term in the other countries in which the Company is present. For the other countries in which the Company has offices, there is an internal communication channel to report any behavior breaching the Code of Conduct.

The channels for allegations are managed by different external suppliers who classify such allegations in accordance with their nature. Internal Audit Management regularly reports to the Audit Committee to inform of the reception of allegations and of the results of any investigations and measures adopted.

Training and regular updating programs for staff involved in preparing and reviewing financial information, as well as in the evaluation of the ICFR, *covering at least accounting rules, audits, internal control and risk management.*

It is the responsibility of Finance Management and of the Corporate Accounting and Reporting function, which reports to the former, to ensure that all the staff involved in preparing the Group's financial statements are properly trained and given annual refresher courses in International Financial Reporting Standards and on principles of internal control of financial information. In 2012 this staff attended the annual updating seminar in the aforementioned subjects, given by an external supplier, and it regularly receives different publications to which the Company subscribes, giving updated information on the development of the business and regulation setting for the activities carried out by the Group and on the International Financial Reporting Standards and internal control.

6.2. Evaluation of financial information risks

State at least:

6.2.1. What the main features of the risk identification process are, including those of error or fraud, as to:

Whether the process exists and is documented.

The Company is subject to compliance with the United States "Sabarnes-Oxley" Act.

The process for identification of the risks of financial information is documented in the methodological guide for compliance of the United States "Sarbanes-Oxley" Act (the Company – SOX Methodology). The document details, amongst other information, the approach applied with regard to the following aspects:

- Identification of the risks and definition of the scope;
- Management controls (also known as Entity Level Controls);
- General controls on the information systems;
- Documentation of the processes; and
- Strategy of the tests on controls.

Whether the process covers all the objectives for financial information (existence and occurrence; integrity; valuation, presentation, itemization and comparability and rights and obligations), whether this is updated and how often.

Financial information risks can be classified into five categories: integrity, existence and occurrence, valuation, presentation and itemization, and rights and obligations. The aim of the first three is to make sure that the accounts contain accurately booked entries regarding real transactions. The last two are intended to ensure that rights and duties are presented and described properly in financial statements.

In 2012, Internal Control identified the risks of financial information with the data on the annual closure for the previous year, updating the analysis twice during the year, the last time with data referring to 31st December 2012.

The existence of a process for identifying the consolidation perimeter, taking into account, amongst others, the possible existence of complex company structures, instrumental entities or ones with special purposes.

The Company has a corporate register covering all the Group's direct and indirect holdings, as well as any entity in which the Group has the ability to exercise control regardless of the legal form through which such control is implemented.

The Company's consolidation perimeter is determined monthly by the management of Corporate Accounting and Reporting / Consolidation and Reporting, which report to Finance, in accordance with the information from the company register and in accordance with International Accounting Standards.

The supervision of the proper demarcation of the consolidation perimeter is the responsibility of the Audit Committee.

Whether the process takes into account the effects of other types of risks (operative, technological, financial, legal, reputational, environmental, etc.) insofar as these affect financial statements.

The process for identification of the Company's risks stems from the evaluation of the business that may affect the ledger accounts of the financial statements and their breakdown in the consolidated annual accounts.

A ledger account is considered to be significant when there is a reasonable possibility of it containing any error which, individually or on accumulation with others, has a material effect on financial statements.

To determine whether an account is significant, the Company considers both quantitative factors (size and composition of the account and volume of transactions performed) and qualitative ones (uniformity and centralization of the transactions, complexity and inherent risk). The operative, technological, financial, legal, reputational, environmental risks, etc., are considered in the qualitative valuation insofar as they affect financial statements.

What governing body of the firm supervises the process.

The process for identifying financial information risks is supervised by the Audit Committee as part of its functions as regards information and internal control systems, as detailed in section F1.1. of this report.

6.3. Control activities

State, describing its main characteristics, whether there are at least:

6.3.1. Procedures for review and authorization of financial information and the *description of the ICFR to be published on stock markets, stating the persons responsible for these, as well as the documents describing the flows of activities and controls (including any as regards the risk of fraud) of the different types of transactions which could materially affect the financial statements, including the procedure for accounting closure and specific review of judgments, estimations, valuations and relevant projections.*

The Company supplies financial information to the stock market quarterly. The information is drawn up and reviewed by the different units forming the Company's Finance department and requires approval by the Corporate Chief Financial Officer.

The Audit Committee supervises the financial information issued for the market. The Audit Committee finally informs the Board of Directors of its conclusions on financial information, and the latter approves their publication.

The internal control system for the Company's financial information was implemented with the aim of complying with section 404 of the United States "Sarbanes-Oxley" Act.

The starting point of the system are the management controls, also known as Entity Level Controls (hereinafter ELC). These controls operate transversally and are designed to supervise the effectiveness of internal control as a whole.

The Company classifies the ELC identified in accordance with the COSO control framework, which considers the following components:

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring.

The business processes which have to be documented are identified based on the analysis of the most important transactions. The Company has identified the following business processes grouping all the business of the Group:

- Closure of financial statements;
- Purchases and accounts payable;
- Sales and accounts receivable;
- R&D;
- Treasury;
- Inventory;
- Fixed assets;
- Human resources; and
- Tax.

The 9 main business processes are divided into sub-processes, adapting to the particular features of the business operations in each country or region.

The following basic components have been identified for each process/sub-process:

- Control objectives: Control requirements which have to be met in each activity in the process. They are intended to ensure the reliability of the financial information covering the premises of integrity, existence and occurrence, valuation, presentation and itemization, and rights and obligations.

- Risks: The possibility of an event or action affecting the Group's capacity to achieve the aims of its financial information, including the risk of fraud.

- Control: Policies and procedures and other resources established to make sure that the control objectives are achieved in such a way as to enable preventing or detecting any material error in the financial statements and/or any fraudulent activities. Process controls are incorporated in the operations for these.

Internal Audit has carried out tests to verify the proper operative state of the controls. Any deficiencies identified, where applicable, have been validated with the person in charge of the process, agreeing on the action plans which have been considered necessary.

Those in charge of the processes have confirmed that the controls documented are effective for mitigating the risk and were operating as of 31st December 2012.

6.3.2. Policies and procedures for internal control over the information systems (amongst others, over secure access, control of changes, operation of these, operative continuity and segregation of functions) which support the concern's relevant processes as regards the preparation and publication of financial information.

The Company's global division of Information Technology (IT) is responsible for the information systems of all the companies in the Group in the different areas in which they operate. Part of its functions is the definition and follow-up of security policies and procedures for applications and infrastructures.

The internal control system of the Company identifies the applications and infrastructures supporting the relevant processes with regard to the preparation and publication of the financial information and evaluates the reliability of its general controls.

In the evaluation of the general IT controls, the system covers the following processes:

- Environmental control and physical access to the data processing centers;

- Management of identities and access authorizations;

- Development and implementation of new projects;

- Evolutionary and corrective changes;

- Operation and monitoring of systems and applications;

- Secure configuration of infrastructures according to the best practices established by manufacturers;

- Safeguarding of information, recovery and continuity plans.

Any weaknesses detected, when compensatory controls mitigating these are not identified, are rectified by means of specific remedial plans.

For information security the Company has a number of policies and procedures which establish and define, amongst others, the following operating principles:

- Development methodology: covering everything from elicitation of requirements to testing and acceptance by the business unit, with the main aim of ensuring that the systems act as they were defined;

- Review flows and approval of specifications and documentation of the design of applications, changes to programs and systems as well as the assignation of the accesses to information;

- Monitoring the availability of systems and applications as well as the integrity of the data exchanged between the relevant applications;

- Segregation of the functions based on an incompatibility matrix, supervised by those in charge of the different business processes;

- Recovery plan for the relevant systems at a secondary location; and

- Policy for usage of the information policies.

Management of the security of information and associated technological assets, as well as the responsibility in the field of IT processes for compliance with rules and keeping the privacy of data on customers, employees and donors pertains to the following bodies:

- IT security committee: Regularly analyzes the different reports on risks, incidents and changes in regulations and puts forward the action plans that it considers fit to protect the information assets and to attain and maintain the required security level-; and.

- IT Risk Management function: Reporting directly to the IT director, with the main mission of analyzing the risks in the different processes, systems and applications and keeping these at levels accepted by the Company, developing and coordinating the implementation of controls, where necessary.

6.3.3. *Internal control policies and procedures intended to supervise the management of activities subcontracted to third parties, as well as of any aspects of evaluation, calculation or valuation handled by independent experts, which might materially affect financial statements.*

The Company requires the suppliers of main services to issue an independent report on their internal control structure in accordance with SSAE16 of the Public Company Accounting Oversight Board (PCAOB) and/or carries out tests on this directly to check the proper operation of controls, particularly the ones that affect the Company's own internal control.

When the Company uses the services of an independent expert it makes sure of its competence and technical and legal qualification. Qualified staff from the Company review these reports to validate the reasonability of their conclusions.

6.4. *Information and communication*

State, pointing out its main features, whether there is at least:

6.4.1. *A specific function with the role of defining and keeping accounting policies updated (accounting policies area or department) and solving any doubts or conflicts stemming from its interpretation, keeping smooth communication with the heads of operations in the organization as well as an updated accounting policies manual made known to the units through which the concern works.*

As part of the Finance department there is a unit known as Accounting Policies & Internal Control whose functions are, amongst others, as follows:

- Defining and keeping the Group's accounting policies updated;
- Analyzing any particular transactions performed or envisaged to determine its proper accounting treatment;
- Analyzing the impact of changes in accounting regulations on the Group's financial statements; and
- Settling any inquiry about the application of the Group's accounting policies.

The Group's accounting policies, based on International Financial Reporting Standards, are described in a manual ("Finance Manual"), which is kept constantly updated and available for all employees through the Company's Intranet.

6.4.2. *Mechanisms for collecting and drawing up financial information with uniform formats, for application and use by all the units of the concern or group, which support the main financial statements and the notes, as well as any information detailed on the ICFR.*

All the companies on the Group report their individual financial statements and the notes or breakdowns required for preparing the consolidated annual accounts to the Consolidation and Reporting unit, forming part of the Finance department.

The information is collected in uniform formats in a computer tool (BI) which uses a single accounts plan. The information in this centralized tool is automatically loaded from the SAP-FI of the Company (transactional implemented at most of the subsidiaries) or manually loaded for companies at which the system is not implemented.

The ICFR is supported on a single IT system administered by Accounting Policies & Internal Control and accessible to all the persons in charge of documented business processes.

6.5. Supervision of how the system works

State, indicating its main characteristics, at least:

6.5.1. The work for supervising the ICFR performed by the Audit Committee, as well as if the concern has an Internal Audit function whose competences include providing support for the committee in its task of supervising the internal control system, including the ICFR. Information should also be given on the scope of the evaluation of the ICFR performed in the year and the procedure by means of which the party in charge of executing the evaluation informs of its results, whether the concern has an action plan detailing any possible corrective measures and whether its impact on the financial information has been considered.

The Audit Committee is regularly informed on the internal evaluation of the ICFR, described in section F3.1. of this report. More specifically, Internal Audit reports on the scope of the evaluation, the degree of progress, and where applicable, of any deficiencies detected, on their impact on the financial information and on the action plans established. This similarly identifies and reports, should there be any, any fraud involving managers or employees.

As of 31st December 2012 no material weaknesses have been identified in the review made on the internal control system.

In accordance with the foregoing, the Company management understands that the internal control model for financial information as of 31st December 2012 is effective.

6.5.2. Whether it has a discussion procedure by means of which the auditor (in accordance with what is established in the Technical Auditing Standards or TAS), the Internal Audit function and other experts can inform the organization’s top management and the audit committee or administrators of any significant weaknesses in internal control identified during the processes for review of annual accounts or any others which they have been assigned. Also state if there is an action plan attempting to correct or mitigate any weaknesses observed.

The Internal Audit function informs top management and the Audit Committee of any significant deficiencies in internal control identified in its reviews as well as the action plans established for mitigating these.

The Group's auditor has direct access to top management and the Audit Committee, holding regular meetings intended both to obtain the information required for doing its work and to inform of any weaknesses of internal control detected.

In turn, the auditor annually submits a report to the Audit Committee in which it details any significant internal control deficiencies detected during its work.

6.6. External auditor's report

State:

6.6.1. Whether the information of the ICFR sent to the markets has been submitted for review by the external auditor, in which case the concern should include the relevant report as an Appendix. If this is not done, the grounds for this should be given.

The Company has not requested the external auditor for a review report on the information of the ICFR described in this report since, through being subject to the Sarbanes-Oxley Act, the external auditor will issue the corresponding report on the effectiveness of the internal control system for the financial information, which will be deposited along with the annual financial information at the SEC and published on the corporate web page of the Company.

GRIFOLS, S.A.

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

Signed:

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
(signed)

Jannotta, Edgar Dalzell
Board member
(signed)

Veiga Lluch, Anna
Board member
(signed)

Isasi Fernández de Bobadilla, Luis
Board member
(signed)

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

Ingersoll, W. Brett
Board member
(signed)

Grifols Roura, Raimon
Secretary to the board
(signed)