

GRIFOLS, S.A.

Annual Accounts and Directors' Report

31 December 2009

(With Auditor's Report Thereon)

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



KPMG Auditores S.L.
Edifici La Porta de Barcelona
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08034 Barcelona

Auditors' Report on the Annual Accounts

(Free 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 2009, the related income statement, the statement of changes in equity, the statement of cash flows for the year then ended and the notes thereto, the preparation of which is the responsibility of the Company's Directors. 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 generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating their overall presentation, as well as the appropriateness of the accounting principles used and the reasonableness of the accounting estimates made.

In accordance with prevailing Spanish legislation, the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows for the year ended 31 December 2009 and the notes thereto include comparative figures for the prior year which, as explained in note 2 b) to the accompanying annual accounts, differ from those included in the annual accounts approved for 2008. We express our opinion solely on the annual accounts for 2009. On 23 February 2009 we issued our unqualified auditors' report on the annual accounts for 2008, which were prepared in accordance with the accounting principles prevailing that year.

In our opinion, these annual accounts for 2009 present fairly, in all material respects, the equity and financial position of Grifols, S.A. at 31 December 2009 and the results of its operations and changes in equity and cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with generally accepted accounting principles set forth within Spanish legislation applicable to the Company, which have been applied on a basis consistent with that applied in the preparation of the prior year's figures and information which have been included in these annual accounts for comparative purposes.

The accompanying directors' report for 2009 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 2009. 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 Company's accounting records.

KPMG Auditores, S.L.

(Signed)

David Ghosh Basu
Partner

22 February 2010

GRIFOLS, S.A.
Balance Sheets
31 December 2009 and 2008
(Expressed in Euros)

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

<u>Assets</u>	<u>Note</u>	<u>2009</u>	<u>2008</u>
Intangible assets	Note 5	8,192,477	6,050,192
Software		7,618,312	6,050,192
Emission rights		493,165	-
Advances		81,000	-
Property, plant and equipment	Note 6	11,962,433	12,423,020
Land and buildings		1,429,542	2,463,130
Plant, machinery, equipment, furniture and other items		9,565,833	9,299,530
Under construction and advances		967,058	660,360
Investment property	Note 7	49,488,096	43,663,651
Land		14,198,510	13,041,011
Buildings		35,289,586	30,622,640
Non-current investments in group companies and associates	Note 12	342,810,445	310,313,220
Equity instruments		342,810,445	310,313,220
Non-current investments	Note 14	650,315	815,244
Equity instruments		500,000	522,521
Other financial assets		150,315	292,723
Deferred tax assets	Note 22	958,090	575,183
 Total non-current assets		 414,061,856	 373,840,510
 Inventories	Note 16	 704,280	 735,116
Materials and other supplies		704,280	735,116
Trade and other receivables	Note 14	21,830,291	25,196,993
Trade receivables – current		675,613	465,796
Trade receivables from group companies and associates – current		8,742,526	6,925,281
Other receivables		4,645,113	55,167
Personnel		22,107	11,550
Current tax assets		4,178,367	1,619,610
Public entities, other		3,566,565	16,119,589
Current investments in group companies and associates	Note 14	222,829,063	293,931,519
Loans to companies		222,829,063	293,931,519
Current investments	Note 14	1,920,404	120
Loans to companies		250,764	-
Derivatives		1,669,520	-
Other financial assets		120	120
Prepayments for current assets	Note 17	2,707,304	2,004,041
Cash and cash equivalents		4,213,291	70,969
Cash		4,213,291	70,969
 Total current assets		 254,204,633	 321,938,758
 Total assets		 668,266,489	 695,779,268

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.
Balance Sheets
31 December 2009 and 2008
(Expressed in Euros)

<u>Equity and Liabilities</u>	<u>Note</u>	<u>2009</u>	<u>2008</u>
Capital and reserves	Note 18	304,683,335	285,199,761
Share capital			
Registered share capital		106,532,450	106,532,450
Share premium		121,801,809	121,801,809
Reserves			
Legal and statutory reserves		18,657,461	12,161,113
Other reserves		16,929,853	12,827,766
(Own shares)		(677,212)	(33,086,844)
Profit for the year		73,398,709	64,963,467
(Interim dividend)		(31,959,735)	-
Grants, donations and legacies received		53,918	-
Total equity		304,737,253	285,199,761
Non-current payables	Note 21	237,100,836	266,636,308
Loans and borrowings		235,136,830	264,576,805
Finance lease payables		1,597,354	2,059,503
Other financial liabilities		366,652	-
Group companies and associates – non-current	Note 21	16,854,141	-
Deferred tax liabilities	Note 22	1,275,249	2,273,284
Total non-current liabilities		255,230,226	268,909,592
Current provisions	Note 19	1,619,151	-
Other provisions		1,619,151	-
Current payables	Note 21	43,243,618	22,314,089
Loans and borrowings		38,742,947	20,504,395
Finance lease payables		906,232	837,117
Derivatives	Note 15	3,333,190	795,964
Other financial liabilities		261,249	176,613
Group companies and associates – current	Note 21	43,768,034	84,642,520
Trade and other payables	Note 21	19,668,207	34,713,306
Current suppliers		7,330,617	9,163,933
Suppliers, group companies and associates - current		208,439	9,095,221
Other payables		3,046,748	2,224,667
Personnel (salaries payable)		2,946,228	2,531,197
Current tax liabilities		-	10,939,368
Public entities, other		6,136,175	758,920
Total current liabilities		108,299,010	141,669,915
Total equity and liabilities		668,266,489	695,779,268

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.

Income Statements
for the years ended
31 December 2009 and 2008

(Expressed in Euros)

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

	Note	2009	2008
Revenue	Note 25	143,674,979	138,067,594
Services rendered		64,981,012	54,724,795
Financial income		6,468,342	11,170,613
Dividends		72,225,625	72,172,186
Work performed by the entity and capitalised		2,405,692	1,731,371
Supplies	Note 25	(449,268)	(288,406)
Goods for resale used		-	(1)
Raw materials and consumables used		(449,268)	(288,405)
Other operating income		3,635,856	2,462,480
Non-trading and other administrative income		3,595,284	2,394,041
Operating subsidies taken to income		40,572	68,439
Personnel expense	Note 25	(23,379,526)	(20,482,718)
Wages and salaries		(19,475,477)	(16,815,171)
Employee benefits expense		(3,904,049)	(3,667,547)
Other operating expenses		(35,167,536)	(34,180,190)
External services		(33,758,918)	(33,428,918)
Local taxes		(350,261)	(362,485)
Other administrative expenses		(708,249)	(63,000)
Environmental expenses		(350,108)	(325,787)
Depreciation and amortisation expense	Notes 5, 6 and 7	(5,200,435)	(3,787,214)
Non-financial and other capital grants	Note 5	430,707	-
Impairment and losses on disposal of fixed assets	Note 25	(148,396)	(30,721)
Losses on disposal and other		(148,396)	(30,721)
Results from operating activities		<u>85,802,073</u>	<u>83,492,196</u>
Finance income		3,103,375	13,805
Other investment income			
Other		2,926,979	13,805
Capitalised borrowing costs	Note 6	176,396	-
Finance expenses		(10,836,591)	(18,626,023)
Group companies and associates		(952,645)	(761,203)
Other		(9,883,946)	(17,864,820)
Change in fair value of financial instruments	Notes 13 and 20	(755,848)	(1,195,724)
Financial assets held for trading and other		(733,481)	(1,195,724)
Proceeds from available-for-sale financial assets		(22,367)	-
Exchange losses		(723,016)	(1,334,808)
Impairment and losses on disposal of financial instruments		(139)	-
Impairment and losses		(139)	-
Net finance expense		<u>(9,212,219)</u>	<u>(21,142,750)</u>
Profit before income tax		76,589,854	62,349,446
Income tax expense	Note 22	(3,191,145)	2,614,021
Profit from continuing operations		<u><u>73,398,709</u></u>	<u><u>64,963,467</u></u>

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2009 and 2008A) Statements of Recognised Income and Expense
for the years ended
31 December 2009 and 2008

(Expressed in Euros)

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

	<u>2009</u>	<u>2008</u>
Profit for the year	<u>73,398,709</u>	<u>64,963,467</u>
Income and expense recognised directly in equity		
Measurement of financial instruments		
Other income/expense	5,465	(5,465)
Grants, donations and legacies	507,733	-
Tax effect	<u>(152,320)</u>	<u>-</u>
Total income and expense recognised directly in equity	<u>360,878</u>	<u>(5,465)</u>
Income and expense recognised in the income statement		
Grants, donations and legacies	(430,707)	-
Tax effect	<u>129,212</u>	<u>-</u>
Total income and expense recognised in the income statement	<u>(301,495)</u>	<u>-</u>
Total recognised income and expense	<u>73,458,092</u>	<u>64,958,002</u>

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2009 and 2008

B) Statement of Total Changes in Equity for the year ended
31 December 2009

(Expressed in Euros)

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

	<u>Registered share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Own shares</u>	<u>Profit for the year</u>	<u>Interim dividend</u>	<u>Grants, donations and legacies</u>	<u>Total</u>
Balance at 31 December 2008	106,532,450	121,801,809	24,988,879	(33,086,844)	64,963,467	-	-	285,199,761
Recognised income and expense	-	-	5,465	-	73,398,709	-	53,918	73,458,092
Operations with equity holders or owners								
Distribution of profit for the year								
Reserves	-	-	16,272,267	-	(16,272,267)	-	-	-
Dividends	-	-	-	-	(48,691,200)	-	-	(48,691,200)
Interim dividend	-	-	-	-	-	(31,959,735)	-	(31,959,735)
Purchase/sale own shares	-	-	(5,679,297)	32,409,632	-	-	-	26,730,335
Balance at 31 December 2009	<u>106,532,450</u>	<u>121,801,809</u>	<u>35,587,314</u>	<u>(677,212)</u>	<u>73,398,709</u>	<u>(31,959,735)</u>	<u>53,918</u>	<u>304,737,253</u>

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2009 and 2008

B) Statement of Total Changes in Equity for the year ended
31 December 2008

(Expressed in Euros)

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

	<u>Registered share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Own shares</u>	<u>Profit for the year</u>	<u>Total</u>
Balance at 31 December 2007	106,532,450	131,831,809	20,174,183	(28,893,132)	29,575,112	259,220,422
Recognised income and expense	-	-	(5,465)	-	64,963,467	64,958,002
Operations with equity holders or owners						
Distribution of profit for the year						
Reserves	-	-	4,837,781	-	(4,837,781)	-
Dividends	-	(10,030,000)	-	-	(24,737,331)	(34,767,331)
Purchase/sale own shares	-	-	(17,620)	(4,193,712)	-	(4,211,332)
Balance at 31 December 2008	<u>106,532,450</u>	<u>121,801,809</u>	<u>24,988,879</u>	<u>(33,086,844)</u>	<u>64,963,467</u>	<u>285,199,761</u>

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.
Statements of Cash Flows
for the years ended
31 December 2009 and 2008

(Expressed in Euros)

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

	2009	2008
Cash flows from operating activities		
Profit for the year before tax	76,589,854	62,349,446
Adjustments for:		
Amortisation and depreciation	5,200,435	3,787,214
Income from dividends	(72,225,625)	(72,172,186)
Proceeds from disposals of fixed assets	133,535	30,721
Impairment losses	14,861	-
Finance income	(9,371,436)	(11,170,613)
Finance expense	9,518,501	15,566,572
Exchange gains/losses	723,016	1,334,808
Change in fair value of financial instruments	1,093,275	1,195,723
Other income and expenses	761,467	2,126,788
Change in provisions	1,619,290	-
Changes in operating assets and liabilities		
Inventories	30,836	(116,803)
Trade and other receivables	(3,654,100)	1,697,693
Other current assets	41,386,127	(107,117,137)
Trade and other payables	(9,264,009)	6,570,687
Other non-current assets and liabilities	17,930,280	(15,798,423)
Other cash flows from operating activities		
Interest paid	(9,889,079)	(15,693,966)
Dividends received	72,225,625	72,172,186
Interest received	6,931,769	11,249,567
Income tax paid/(received)	(1,634,170)	12,362,151
	<u>128,120,452</u>	<u>(31,625,572)</u>
Cash flows from investing activities		
Payments for investments		
Group companies and associates	(32,497,363)	(1,926,565)
Intangible assets	(4,373,296)	(2,493,864)
Property, plant and equipment	(1,834,583)	(1,705,631)
Investment property	(6,690,842)	(27,888,429)
Other financial assets	(250,764)	(553,711)
Proceeds from sale of investments		
Group companies and associates	-	1,679,426
Property, plant and equipment	43,746	135,663
Other financial assets	142,408	-
	<u>(45,460,694)</u>	<u>(32,753,111)</u>
Cash flows from financing activities		
Proceeds from and payments for equity instruments		
Acquisition of own equity instruments	(25,186,378)	(4,879,700)
Sale of own equity instruments	51,916,713	668,367
Grants, donations and legacies received	53,918	-
Proceeds from and payments for financial liability instruments		
Issue		
Loans and borrowings	84,778,665	307,432,329
Group companies and associates	-	46,563,798
Disposals		
Loans and borrowings	(97,650,004)	(250,640,010)
Group companies and associates	(11,779,413)	-
Dividends and interest on other equity instruments paid		
Dividend	(80,650,937)	(34,767,331)
	<u>(78,517,436)</u>	<u>64,377,453</u>
Cash flows from/(used in) financing activities	<u>(78,517,436)</u>	<u>64,377,453</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,142,322</u>	<u>(1,230)</u>
Cash and cash equivalents at beginning of year	<u>70,969</u>	<u>72,199</u>
Cash and cash equivalents at year end	<u>4,213,291</u>	<u>70,969</u>

The notes form an integral part of the annual accounts for the year.

GRIFOLS, S.A.
Notes to the Annual Accounts
31 December 2009

(Free translation from the original in Spanish. In the event of discrepancy, the original 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, and has registered offices 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 consists of rendering administrative, management and control services to its subsidiaries.

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

Grifols, S.A.'s shares are listed on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the electronic stock market.

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 are provided in Appendix II.

On 19 February 2010 the Company's board of directors approved the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2009 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 147,972 thousand, total assets of Euros 1,657,177 thousand and consolidated equity of Euros 578,528 thousand (Euros 121,728 thousand, Euros 1,180,239 thousand and Euros 481,279 thousand, respectively, in 2008).

At 31 December 2009, Grifols, S.A. does not form part of a decision-making unit pursuant to legislation governing the preparation of annual accounts with other companies domiciled in Spain.

(2) Basis of presentation

(a) Fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Grifols, S.A. The annual accounts for 2009 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position at 31 December 2009 and the results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2009 prepared on 19 February 2010 will be approved by the Shareholders without significant changes.

(Continued)

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2009 include comparative figures for 2008, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 15 May 2009.

In accordance with the presentation criteria of the Spanish Institute of Accountants and Auditors' consultation published in September 2009, income on dividends received and interest relating to loans extended to group companies are included under Revenue, as it is understood that they form part of the Company's ordinary activity. In accordance with Recognition and Measurement Standard 22 income on the aforementioned ordinary activity for 2008, which amounted to Euros 72,172,186 and Euros 11,170,613, respectively and was recognized under Financial income on financial margin, has been reclassified under operating margin to ensure comparability of information.

(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

The preparation of annual accounts requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. A summary of the items requiring a greater degree of judgement or complexity, 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. Fair value is measured based on estimates made by management. The Company generally uses cash flow discounting methods to calculate this value. Cash flow discounting calculations are based on the five-year projections of the budgets approved by management. The flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed to calculate the fair value include growth rates and the discount rate. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

The calculation of provisions for 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 of the legal process.

(ii) Change in accounting estimate

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2009, future events may take place requiring these estimates to be modified in subsequent years. The effect on the annual accounts of modifications resulting from adjustments to be made in subsequent years are recognised prospectively.

(3) Distribution of Profit

The distribution of profit and reserves of the Company for the year ended 31 December 2008, approved by the shareholders at their annual general meeting held on 15 May 2009, has been as follows:

	<u>Euros</u>
Basis of allocation	
Profit for the year	<u>64,963,466.75</u>
Distribution	
Legal reserve	6,496,348.00
Other reserves	9,775,918.75
Dividends	<u>48,691,200.00</u>
	<u>64,963,466.75</u>

According to the minutes to the meeting of the board of directors held on 11 December 2009, an interim dividend of Euros 0.15305538 per share, totalling Euros 31,959,735 thousand, was distributed to shareholders on 18 December 2009.

The amount distributed did not exceed the profits reported by the Company since the end of the previous reporting period, after deducting the estimated income tax payable on these profits, as required by article 216 of the revised Spanish Companies Act.

GRIFOLS, S.A.

Notes to the Annual Accounts

The provisional accounting statement prepared in accordance with statutory requirements demonstrating that sufficient cash was available for distribution of the aforementioned dividend is as follows:

	<u>Euros</u>
Distributable profit for 2009:	
Projected profit before income tax to 31.12.2009	73,128,000
Less, provision required for legal reserve	<u>(2,649,000)</u>
Estimated distributable profit for the year 2009	<u>70,479,000</u>
Interim dividend	<u>(31,959,735)</u>
Forecast cash flow for the period from 11.12.2009 to 11.12.2010	
Cash and cash equivalents at 11.12.2009	53,937,000
Projected collections	208,136,000
Projected payments including interim dividends	<u>(259,227,000)</u>
Projected cash and cash equivalent balances at 11.12.2010	<u>2,846,000</u>

The proposed distribution of 2009 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	<u>Euros</u>
Basis of allocation	
Profit for the year	<u>73,398,708.55</u>
Distribution	
Legal reserve	2,649,028.52
Other reserves	11,560,880.03
Dividends	27,229,065.00
Interim dividends	<u>31,959,735.00</u>
	<u>73,398,708.55</u>

(Continued)

At 31 December non-distributable reserves are as follows:

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Non-distributable reserves		
Legal reserve	18,657,461	12,161,113
Other	3,020	3,020
	<u>18,660,481</u>	<u>12,164,133</u>

(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 previous month for all foreign currency transactions during the following month. This method does not differ significantly from applying the exchange rate at the date of the transaction.

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

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

In the statement of cash flows, foreign currency transaction cash flows have been translated to Euros using the average exchange rates for the prior month for all the flows that occur during the following 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

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

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

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

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

Capitalised borrowing costs are recognised in the income statement under the caption Borrowing costs capitalised on part of the cost of qualifying assets.

(c) Intangible assets

Intangible assets are measured at cost or cost of production. Capitalised production costs are recognised as “work performed by the entity and capitalised” in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment valuation allowances.

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) Software

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. Software maintenance costs are charged as expenses when incurred.

(ii) Emission rights

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

Emission rights are not amortised.

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

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

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

(iii) Subsequent costs

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

(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:

	<u>Amortisation method</u>	<u>Estimated useful life (years)</u>
Software	Straight-line	3

The depreciable amount of intangible assets is measured as the cost of acquisition or production.

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 valuation allowances to be recognised or reversed based on the criteria in section (f) Impairment of non-financial assets subject to depreciation or amortisation.

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

Property, plant and equipment are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of intangible assets. Capitalised production costs are recognised as “work performed by the entity and capitalised” in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment valuation allowances.

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

(ii) Depreciation

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

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

	<u>Depreciation</u> <u>method</u>	<u>Estimated</u> <u>useful life</u> <u>(years)</u>
Buildings	Straight-line	33-100
Plant and machinery	Straight-line	10
Other installations, equipment and furniture	Straight-line	3.33-10
Other property, plant and equipment	Straight-line	4-10

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

(iii) Subsequent costs

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

(iv) Impairment

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

(e) Investment property

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

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

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

Investment property is depreciated applying the following policies:

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

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

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

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

Impairment losses are recognised in profit and loss.

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

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

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

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

(g) Leases

(i) Lessee accounting records

Leases in which 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 payable.

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

- *Operating leases*

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

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

(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 substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

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

Regular way purchases or sales of financial assets, understood as those in which the reciprocal obligations of the parties must be consumed within the time frame established generally by regulation or convention in the marketplace concerned and cannot be settled by differences, are recognised, depending on the type of asset, using trade date accounting or settlement date accounting.

However, a contract which can be settled by differences is recognised as a derivative financial instrument from the contract to settlement date.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to set off 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 liabilities at fair value through profit or loss

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

(iv) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are recognised initially at fair value, including transaction costs, and 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 updating is immaterial, are measured at their nominal amount.

(v) Available-for-sale financial assets

The Company classifies in this category debt securities and equity instruments which do not comply with the requirements for inclusion in the aforementioned 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.

(vi) Investments in group companies

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

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

Investments in group companies are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including transaction costs, and are subsequently measured at cost net of any accumulated impairment losses.

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.

(vii) 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.

(viii) 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 that 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 valuation allowances for impairment of loans and receivables and debt instruments when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

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

Investments in group companies

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

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

In subsequent years, reversals in 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.

The impairment allowance for 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 in equity.

(ix) Financial liabilities

Financial liabilities, including trade and other payables, which 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 that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

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 the contract terms allow cash flows to be estimated reliably.

(x) Payables discounting

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

Income from financial entities in consideration for the acquisition of the invoices or payment documents for the trade liabilities recorded by the Company is recognised when the balances are reclassified to “other operating income” in the income statement.

(i) Own equity instruments held by the Company

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

Dividends relating to equity instruments are accounted for as a deduction in equity when approved by the shareholders.

(j) Inventories

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

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

(k) Cash and cash equivalents

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

(l) Grants

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

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

(m) Defined contribution plans

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

(n) Provisions

(i) General criteria

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

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

If it is no longer probable that an outflow of resources embodying economic resources will be required to settle an obligation, the provision is reversed.

(ii) Provisions for taxes

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

(o) Revenue from the rendering of services

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

Practically all services are rendered to group companies.

(p) Income taxes

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

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

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

Government assistance that is provided in the form of deductions and benefits in determining taxable income is recognised as a reduction in the income tax expense in the year in which they are accrued.

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

The accrued income tax expense for the companies forming the consolidated tax group is determined taking into account, in addition to the factors to consider in the case of individual taxation set out previously, the following:

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

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 under respective recognition criteria, considering the tax group as a taxable entity.

The parent company of the Group recognises the total consolidated income tax payable with a charge to receivables from group companies and associates.

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 which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.
- They are associated with investments in subsidiaries over which the Company is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that:

- It is probable that taxable profit 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 which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.
- The temporary differences are associated with investments in subsidiaries which will reverse in the foreseeable future and sufficient taxable income is expected to be generated against which the temporary difference can be offset.

(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 recognition

The Company only offsets deferred tax assets and liabilities if it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and on the same taxable entity.

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.

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

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

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

(r) Environmental issues

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

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

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

(s) Transactions between group companies

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

(5) Intangible Assets

Details of intangible assets and movement are as follows:

	Euros			
	2009			
	<u>Software</u>	<u>Emission rights</u>	<u>Advances</u>	<u>Total</u>
Cost at 1 January 2009	14,663,346	-	-	14,663,346
Additions	3,784,270	647,783	81,000	4,513,053
Disposals	(109,512)	(139,757)	-	(249,269)
Other movements	-	(14,861)	-	(14,861)
Cost at 31 December 2009	<u>18,338,104</u>	<u>493,165</u>	<u>81,000</u>	<u>18,912,269</u>
Accumulated amortisation at 1 January 2009	(8,613,154)	-	-	(8,613,154)
Amortisation	(2,110,054)	-	-	(2,110,054)
Disposals	3,416	-	-	3,416
Accumulated amortisation at 31 December 2009	<u>(10,719,792)</u>	<u>-</u>	<u>-</u>	<u>(10,719,792)</u>
Net carrying amount at 31 December 2009	<u>7,618,312</u>	<u>493,165</u>	<u>81,000</u>	<u>8,192,477</u>

	Euros	
	2008	
	<u>Software</u>	<u>Total</u>
Cost at 1 January 2008	12,169,545	12,169,545
Additions	2,493,864	2,493,864
Disposals	(63)	(63)
Cost at 31 December 2008	<u>14,663,346</u>	<u>14,663,346</u>
Accumulated amortisation at 1 January 2008	(7,054,695)	(7,054,695)
Amortisation	(1,558,459)	(1,558,459)
Accumulated amortisation at 31 December 2008	<u>(8,613,154)</u>	<u>(8,613,154)</u>
Net carrying amount at 31 December 2008	<u>6,050,192</u>	<u>6,050,192</u>

(Continued)

(a) Emission rights

At 31 December 2009, emission rights allocated during the National Allocation Plan period and their annual distribution are as follows:

	<u>Number of rights</u>		<u>Euros</u>	
	<u>Free of charge</u>	<u>Interest-bearing</u>	<u>Free of charge</u>	<u>Interest-bearing</u>
2008	3,811	-	46,799	-
2009	25,349	11,000	311,286	135,080
Total	<u>29,160</u>	<u>11,000</u>	<u>358,085</u>	<u>135,080</u>

The Company has recognised income of Euros 431 thousand under grants reflecting emission rights used in 2009 and 2008.

Movement in the number of rights is as follows:

<u>Description</u>	<u>Free of charge</u>	<u>Interest-bearing</u>	<u>Total</u>
Balance at 1 January 2009	-	-	-
Additions	40,137	11,000	51,137
Disposals	(10,977)	-	(10,977)
Balance at 31 December 2009	<u>29,160</u>	<u>11,000</u>	<u>40,160</u>

(b) Fully amortised assets

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Software	<u>7,559,150</u>	<u>6,394,120</u>

The amount recognised for fully amortised intangible assets in use at 31 December 2009 mainly comprises the cost of purchasing and implementing the integrated SAP system used by the Company and its subsidiaries to manage and control their business, along with other document management systems.

(Continued)

(6) Property, Plant and Equipment

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

(a) Capitalised finance expenses

During 2009, the Company has capitalised finance expenses of Euros 176 thousand as investments in progress (see note 4(b)).

(b) Fully depreciated assets

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Plant and machinery	56,372	10,695
Other installations, equipment and furniture	2,598,180	1,941,274
Other assets	3,003,979	3,034,249
	<u>5,658,531</u>	<u>4,986,218</u>

(c) Insurance

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

(7) Investment Property

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

Description	Euros			Total
	2009			
	Land	Buildings and other installations	Investments in adaptation and advances	
Cost at 1 January 2009	13,041,011	41,223,031	8,811,170	63,075,212
Additions	-	340,966	6,349,876	6,690,842
Disposals	-	(395,138)	(4,818)	(399,956)
Transfers	-	4,950,920	(4,950,920)	-
Transfers to property, plant and equipment	-	(218,322)	-	(218,322)
Transfers from property, plant and equipment	1,157,499	3,974	4,266	1,165,739
Cost at 31 December 2009	<u>14,198,510</u>	<u>45,905,431</u>	<u>10,209,574</u>	<u>70,313,515</u>
Accumulated depreciation at 1 January 2009	-	(19,411,561)	-	(19,411,561)
Depreciation	-	(1,657,070)	-	(1,657,070)
Disposals	-	377,254	-	377,254
Transfers from property, plant and equipment	-	(134,042)	-	(134,042)
Accumulated depreciation at 31 December 2009	<u>-</u>	<u>(20,825,419)</u>	<u>-</u>	<u>(20,825,419)</u>
Net carrying amount at 31 December 2009	<u>14,198,510</u>	<u>25,080,012</u>	<u>10,209,574</u>	<u>49,488,096</u>

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

Description	Euros			
	2008			
	Land	Buildings and other installations	Investments in adaptation and advances	Total
Cost at 1 January 2008	2,325,664	30,744,507	4,378,265	37,448,436
Additions	10,715,347	6,775,653	-	17,491,000
Enlargements or improvements	-	598,154	7,599,274	8,197,428
Disposals	-	-	(17,987)	(17,987)
Transfers	-	3,104,717	(3,104,717)	-
Transfers to property, plant and equipment	-	-	(43,665)	(43,665)
Cost at 31 December 2008	<u>13,041,011</u>	<u>41,223,031</u>	<u>8,811,170</u>	<u>63,075,212</u>
Accumulated depreciation at 1 January 2008	-	(18,188,095)	-	(18,188,095)
Depreciation	-	(1,223,466)	-	(1,223,466)
Accumulated depreciation at 31 December 2008	<u>-</u>	<u>(19,411,561)</u>	<u>-</u>	<u>(19,411,561)</u>
Net carrying amount at 31 December 2008	<u>13,041,011</u>	<u>21,811,470</u>	<u>8,811,170</u>	<u>43,663,651</u>

(a) General

Additions at 31 December 2009 primarily consist of the investments made to enlarge the Company's installations.

Additions of land and buildings at 31 December 2008 mainly relate to the acquisition of an industrial complex with a surface area of 31,000 m² in Parets del Vallés in order to boost the group's production capacity.

(Continued)

(b) Foreign investment property

Details of foreign investment property at 31 December are as follows:

				<u>Euros</u>	
				<u>2009</u>	
<u>Description</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>		
Offices located in Argentina	931,192	(472,189)	459,003		
	<u>931,192</u>	<u>(472,189)</u>	<u>459,003</u>		
				<u>Euros</u>	
				<u>2008</u>	
<u>Description</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>		
Offices located in Argentina	931,192	(448,247)	482,945		
	<u>931,192</u>	<u>(448,247)</u>	<u>482,945</u>		

The Company has leased these offices to a third party through its Argentinean subsidiary for a period not exceeding four years.

(c) Fully depreciated assets

The cost of fully depreciated investment property still in use at 31 December 2008 is as follows:

			<u>Euros</u>	
			<u>2009</u>	<u>2008</u>
Buildings	1,097,115		1,097,115	
Other installations	10,770,931		10,666,873	
	<u>11,868,046</u>		<u>11,763,988</u>	

(Continued)

(d) Income and expenses from investment property

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Revenue from lease agreements	7,780,372	3,828,492
Operating expenses		
Income-generating investments property	<u>(7,045,434)</u>	<u>(3,769,751)</u>
Net	<u>734,938</u>	<u>58,741</u>

The Company recharges costs of owned and rented buildings, applying a margin of no more than 10%, onto its subsidiaries based on the surface area occupied by each subsidiary.

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

(e) Mortgaged investment property

At 31 December 2009 investment property with a carrying amount of Euros 15,973 thousand has been pledged as collateral for a loan extended by Caixa Catalunya and Caja Madrid, with a balance of Euros 13,588 thousand at 31 December 2009.

(f) Insurance

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

(8) Finance Leases – Lessee

The Company has contracted the following assets under finance leases:

	Euros			<u>Total</u>
	<u>Plant and machinery</u>	<u>Other installations, equipment and furniture</u>	<u>Other assets</u>	
<i>Initially recognised at:</i>				
Present value of minimum lease payments	2,274,077	1,238,216	520,176	4,032,469
Accumulated depreciation	(417,245)	(145,173)	(179,099)	(741,517)
Net carrying amount at 31 December 2009	<u>1,856,832</u>	<u>1,093,043</u>	<u>341,077</u>	<u>3,290,952</u>
<i>Initially recognised at:</i>				
Present value of minimum lease payments	2,306,670	952,377	462,899	3,721,946
Accumulated depreciation	(196,628)	(40,949)	(169,246)	(406,823)
Net carrying amount at 31 December 2008	<u>2,110,042</u>	<u>911,428</u>	<u>293,653</u>	<u>3,315,123</u>

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

	Euros	
	<u>2009</u>	<u>2008</u>
Future minimum payments	2,764,964	3,289,539
Unaccrued finance expenses	(261,378)	(392,919)
Present value	<u>2,503,586</u>	<u>2,896,620</u>

(Continued)

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

	Euros			
	2009		2008	
	<u>Minimum payments</u>	<u>Present value</u>	<u>Minimum payments</u>	<u>Present value</u>
Less than one year	1,005,312	906,233	979,727	837,117
One to five years	1,679,359	1,517,690	1,908,346	1,672,470
Over five years	80,293	79,663	401,465	387,033
	2,764,964	2,503,586	3,289,538	2,896,620
Less current portion	(1,005,312)	(906,232)	(979,727)	(837,117)
Total non-current	<u>1,759,652</u>	<u>1,597,354</u>	<u>2,309,811</u>	<u>2,059,503</u>

(9) Operating Leases – Lessee

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

The most significant lease contracts are as follows:

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

The Company has leased the offices in which it operates from one of its subsidiaries since September 2009. The lease contract is valid for one year and is automatically renewed on an annual basis. The annual rent totals Euros 1,051 thousand and is adjusted each year based on the space occupied by the Company and the consumer price index.

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

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

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

This contract is valid for ten years from 2005 and can be renewed for between one and twenty years at the lessee's discretion, which the lessor is obliged to accept, and can be cancelled at any moment in time with 4 month's notice.

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

This contract is valid for 20 years from 2000 and can be renewed automatically for five-year periods at the lessee's discretion. One year's notice must be given if either party wishes to cancel the lease.

(Continued)

Offices located in Barcelona, leased from a third party

The Company vacated the offices it leased in Barcelona at the end of September 2009.

The annual rent payable under all of the above contracts is subject to review in line with the consumer price index.

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Minimum lease payments	<u>2,026,999</u>	<u>1,742,224</u>

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Less than one year	331,788	567,885
Over five years	743,594	-
	<u>1,075,382</u>	<u>567,885</u>

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

(10) Operating leases – Lessor

As described in note 7(d), 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.

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

(i) Market risk

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

The Company has signed an unquoted futures contract, the underlying asset of which is shares in the Company. It is therefore exposed to risk of value fluctuations (note 15(b)).

(ii) Currency risk

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

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

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

At 31 December 2009, had the US Dollar devalued by 10% against the Euro, with the other variables remaining constant, profit after income tax would have been Euros 612 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 and receivables from public entities for tax rebates.

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

(iv) Liquidity risk

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

Details of financial assets and financial liabilities by contracted 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 risks arise from other non-current and current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. The Company's policy involves contracting borrowings at variable interest rates.

The Company manages interest rate risks in cash flows through variable to fixed interest rate swaps. These interest rate swaps convert variable interest rates on borrowings to fixed interest rates. Generally the Company obtains other non-current borrowings with variable interest rates and swaps these for fixed interest rates. These are generally at lower rates than those which would have been obtained had the financing 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 weekly basis. The difference is calculated based on the contracted nominal principals. The Company has an interest-rate swap for loans of Euros 50,000 thousand (see note 15).

At 31 December 2009 had interest rates been 10 base points higher, with the other variables remaining constant, profit after income tax would have been Euros 78 thousand lower, mainly because of higher finance expenses for borrowings at variable interest rates.

(12) Investments in equity instruments of group companies

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

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
	<u>Non-current</u>	<u>Non-current</u>
Equity instruments in Group companies	<u>342,810,445</u>	<u>310,313,220</u>
Total	<u><u>342,810,445</u></u>	<u><u>310,313,220</u></u>

On 3 March 2009 the Company acquired 49% of the profit-sharing rights and 99% of the voting rights in a holding company of the Australian-Swiss group, Woolloomooloo Holdings Pty Ltd, thereby gaining control of this group, for Euros 25 million through a share capital increase which has been fully paid. Woolloomooloo's principal activity is the distribution of pharmaceutical products and the development and manufacture of reagents for diagnostics through its subsidiaries in Australia and Switzerland.

On 25 June 2009 the Company subscribed to the share capital increase issued by Laboratorios Grifols, S.A. (Spain) for an amount of Euros 7,000 thousand.

On 1 April 2008 the Company subscribed to the share capital increase issued by Grifols, Inc. (United States) for an amount equivalent to Euros 39,560 thousand by capitalising loans receivable from this company.

On 28 August 2008 the Company acquired 100% of the share capital of Arrahona Optimus, S.L.U., the statutory activity of which comprises the development and construction of offices and business premises, for Euros 1,926 thousand. Its sole asset is the office complex under construction in Sant Cugat del Vallés.

During 2008 Grifols UK Ltd. distributed dividends amounting to an equivalent of Euros 1,679 thousand, which the Company has recognised as a decrease in its investment in Grifols UK as it relates to dividends distributed prior to its acquisition.

(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.

(Continued)

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- Commercial activity: consists of the marketing of, mainly, products manufactured by the industrial group companies.
- Service activity: comprises the management of business trips for group companies, the preparation and implementation of engineering projects for both the Group and third parties, and the rendering of centralised services such as accounting, human resources, marketing, etc. It also includes the reinsurance of the Group's insurance policies.

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

- Woolloomooloo Holding Pty Ltd, its 49% interest, through the type of shares it holds, give it majority voting rights (99%).

(i) Foreign currency

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

(b) Other information

All subsidiaries have the same year-end date, except for Woolloomooloo Holding Pty Ltd, Diamed Australia Pty Ltd, Lateral Diagnostic Pty Ltd and Saturn Australia Pty Ltd, which close for fiscal purposes on 30 June.

Subsidiaries have been audited 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.).

Grifols France, S.A.R.L., Grifols Polska, Sp.z.o.o., 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 with the carrying amount, are provided in Appendix III.

(Continued)

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

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

	Euros		
	2009		
	<u>Other assets at fair value through profit or loss</u>	<u>Loans and receivables</u>	<u>Total</u>
Finance income ordinary at amortised cost, group companies	-	6,468,342	6,468,342
Finance income at amortised cost	-	2,926,979	2,926,979
Change in fair value	1,669,520	-	1,669,520
Net gains/(losses) in profit and loss	<u>1,669,520</u>	<u>9,395,321</u>	<u>11,064,841</u>
Total	<u>1,669,520</u>	<u>9,395,321</u>	<u>11,064,841</u>

The loss of Euros 22,367 reflects the impairment of the Company's investment in Northfield Laboratories Inc (USA), as this company has filed for bankruptcy and is being wound up.

The change in fair value during the year of financial assets measured at fair value through profit or loss and the cumulative change in the fair value of these assets since classification in this category are as follows:

Description	Euros	
	<u>Change for the year</u>	<u>Cumulative change</u>
<i>Other assets at fair value through profit or loss</i>		
Derivative financial instruments (note 15)	1,669,520	1,669,520
Total	<u>1,669,520</u>	<u>1,669,520</u>

(Continued)

(14) Investments and Trade Receivables(a) Investments in group companies

Details of investments in group companies are as follows:

	Euros	
	2009	2008
	<u>Current</u>	<u>Current</u>
Group		
Loans	219,366,778	261,456,168
Loans, tax effect	3,124,837	31,675,238
Interest	337,448	800,113
	<hr/>	<hr/>
Total	<u>222,829,063</u>	<u>293,931,519</u>

At 31 December 2009 and 2008, all loans extended generate interest at variable market rates.

(b) Investments

Details of investments are as follows:

	Euros			
	2009		2008	
	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>
Non-related companies				
Equity instruments	500,000	-	522,521	-
Loans	-	250,764	-	-
Derivative trading instruments (note 15)	-	1,669,520	-	-
Guarantee deposits	150,315	120	292,723	120
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>650,315</u>	<u>1,920,404</u>	<u>815,244</u>	<u>120</u>

At 31 December 2009 and 2008, equity instruments reflect the Company's investment in Cardio3 BioSciences (Belgium) acquired at the end of 2008 for Euros 500,000.

These instruments are classified as available-for-sale financial assets.

(Continued)

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros	
	2009	2008
	<u>Current</u>	<u>Current</u>
<i>Group</i>		
Trade receivables	8,742,526	6,925,281
<i>Non-related companies</i>		
Trade receivables	675,613	465,796
Other receivables	4,645,113	55,167
Personnel	22,107	11,550
Taxation authorities, income tax (note 22)	4,178,367	1,619,610
Public entities, other	3,566,565	16,119,589
	<hr/>	<hr/>
Total	<u>21,830,291</u>	<u>25,196,993</u>

Other receivables include delay interest receivable in relation to Social Security bodies.

At 31 December 2009 and 2008, public entities, other almost entirely consists of value added tax receivable at year end. During 2008 the Company filed consolidated value added tax returns.

(d) Classification by maturity

Other non-current financial assets, which amount to Euros 150 thousand at 31 December 2009 (Euros 293 thousand at 31 December 2008) mainly comprise guarantee deposits extended for leased premises (note 9), which expire in more than five years.

(e) Amounts denominated in foreign currencies

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

	<u>Euros</u>	
	<u>2009</u>	
	<u>US Dollar</u>	<u>Total</u>
Cash and cash equivalents		
Cash	<u>871,015</u>	<u>871,015</u>
Total current financial assets	<u>871,015</u>	<u>871,015</u>
Total financial assets	<u>871,015</u>	<u>871,015</u>

	<u>Euros</u>	
	<u>2008</u>	
	<u>US Dollar</u>	<u>Total</u>
Current investments in group companies		
Loans to companies	43,220,725	43,220,725
Cash and cash equivalents		
Cash	<u>31,281</u>	<u>31,281</u>
Total current financial assets	<u>43,252,006</u>	<u>43,252,006</u>
Total financial assets	<u>43,252,006</u>	<u>43,252,006</u>

At 31 December 2008, practically all loans in US Dollars were extended to group companies, the functional currency of which is the US Dollar.

Details of exchange differences recognised in profit or loss of financial instruments, except those measured at fair value through profit or loss, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2009		2008	
	<u>Settled</u>	<u>Outstanding</u>	<u>Settled</u>	<u>Outstanding</u>
<i>Trade and other receivables</i>				
Trade receivables – current	-	-	(6,861)	-
Trade receivables from group companies – current	-	31	1,220	(8,668)
<i>Current investments</i>				
Loans to group companies	<u>(3,301,491)</u>	<u>-</u>	<u>3,129,654</u>	<u>(3,801,842)</u>
Total current financial assets	<u>(3,301,491)</u>	<u>31</u>	<u>3,124,013</u>	<u>(3,810,510)</u>
Total financial assets	<u>(3,301,491)</u>	<u>31</u>	<u>3,124,013</u>	<u>(3,810,510)</u>

(Continued)

(15) Derivative financial instruments

Details of derivative financial instruments are as follows:

	<u>2009</u>		
	<u>Euros</u>		
	<u>Fair values</u>		
	<u>Assets</u>	<u>Liabilities</u>	
<u>Notional amount</u>	<u>Current</u>	<u>Current</u>	
Derivatives held for trading and at fair value through profit and loss (notes 13 and 20)			
Interest rate swaps	50,000,000	-	(3,333,190)
Futures	49,591,480	1,669,520	-
Total derivatives traded on OTC markets	<u>99,591,480</u>	<u>1,669,520</u>	<u>(3,333,190)</u>
Total derivatives at fair value through profit or loss	<u>99,591,480</u>	<u>1,669,520</u>	<u>(3,333,190)</u>
	<u>2008</u>		
	<u>Euros</u>		
	<u>Fair values</u>		
	<u>Assets</u>	<u>Liabilities</u>	
<u>Notional amount</u>	<u>Current</u>	<u>Current</u>	
<i>Interest rate derivatives</i>			
Interest rate swaps	50,000,000	-	(795,964)
Total derivatives traded on OTC markets	<u>50,000,000</u>	<u>-</u>	<u>(795,964)</u>

(Continued)

(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 2009 and 2008 the Company has an interest rate swap for a notional value of Euros 50,000 thousand which is renewed on a half yearly-basis and matures on 26 July 2013, and which has a negative fair value of approximately Euros 3,333 thousand at 31 December 2009 (negative fair value of Euros 796 thousand at 31 December 2008).

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

(b) Unquoted futures

During 2009 the Company contracted two unquoted futures contracts, the underlying asset of which relates to the Company's shares, with a solvent financial institution. The two contracts have underlying assets of Euros 2 million and Euros 2.2 million with an exercise price of Euros 11,6107 and Euros 11,9864, respectively. The contracts expire on 30 December 2010, although the Company may terminate them prior to this date. The contracts are settled by differences between the market value of the underlying assets and the exercise price.

At 31 December 2009 the fair value of these operations is Euros 1,670 thousand (note 13).

(16) Inventories

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

(17) Prepayments

Prepayments basically comprise prepayments of insurance premiums.

(18) Equity

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

(a) Share capital

At 31 December 2009 the share capital of Grifols, S.A. is represented by 213,064,899 ordinary shares of Euros 0.50 par value each, all fully paid. These shares have the same voting and profit-sharing rights.

Movement of issued and outstanding shares is as follows:

	<u>Number of shares</u>	
	<u>Ordinary shares</u>	
	<u>2009</u>	<u>2008</u>
At 1 January	210,653,277	210,964,436
Acquisition of own shares	(2,176,929)	(361,159)
Disposal of own shares	4,535,225	50,000
At 31 December	<u>213,011,573</u>	<u>210,653,277</u>

All shares of the Company (with a par value of Euros 0.50 each) are quoted on the Barcelona, Madrid, Valencia and Bilbao Stock Exchanges and on the electronic stock market.

These shares are freely transferable.

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

<u>Company</u>	<u>2009</u>		<u>2008</u>	
	<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Number of shares</u>	<u>Percentage ownership</u>
Scranton Enterprises, B.V.	<u>22,697,804</u>	<u>10.65%</u>	<u>22,697,804</u>	<u>10.65%</u>

(b) Share premium

This reserve is freely distributable.

(c) Reserves

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

(i) *Legal reserve*

The legal reserve has been appropriated in compliance with article 214 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.

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(ii) Own shares and reserve for Company shares

At the ordinary meetings held on 15 May 2009 and 13 June 2008 the shareholders of the Company agreed to authorise the acquisition of a maximum of shares equivalent to 5% 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 18 months from the date this decision was taken.

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

Movement in own shares during the year has been as follows:

	Euros		
	<u>Number</u>	<u>Par value</u>	<u>Average acquisition price</u>
Balance at 01.01.08	2,100,463	1,050,232	28,893,132
Acquisitions	361,159	180,580	4,879,700
Disposals	(50,000)	(25,000)	(685,988)
	<u>2,411,622</u>	<u>1,205,812</u>	<u>33,086,844</u>
Balance at 31.12.08			
Acquisitions	2,176,929	1,088,465	25,186,378
Disposals	(4,535,225)	(2,267,613)	(57,596,010)
	<u>53,326</u>	<u>26,664</u>	<u>677,212</u>
Balance at 31.12.09			

(iii) Differences on redenomination of share capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

(Continued)

(19) Other Provisions

Movement in other provisions is as follows:

	Euros			
	<u>Provision for taxes (note 22)</u>	<u>Environmental provisions</u>	<u>Others</u>	<u>Total</u>
At 1 January 2009	-	-	-	-
Charges	1,097,000	-	-	1,097,000
Others	-	290,950	231,201	522,151
At 31 December 2009	<u>1,097,000</u>	<u>290,950</u>	<u>231,201</u>	<u>1,619,151</u>

(a) Contingencies

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

The Company has extended guarantees to a third party securing the rent payable for premises leased by a group company, for a maximum amount of approximately Euros 2,790 thousand. This guarantee expires in 2014.

Grifols, S.A., Instituto Grifols, S.A., Laboratorios Grifols, S.A., Movaco, S.A., Diagnostic Grifols, S.A., Biomat, S.A., Grifols Biologicals, Inc and Biomat USA, Inc. have jointly and severely extended a guarantee to the private investors to secure the corporate bonds issued by Grifols, Inc. amounting to approximately US Dollars 600 million. 90% of this guarantee is denominated in US Dollars and the remaining 10% in Pounds Sterling and Euros. These guarantees expire as follows: US Dollars 100 million in October 2016, US Dollars 300 million in October 2019 and US Dollars 200 million in October 2021.

(20) Financial Liabilities by Category(a) Classification of financial liabilities by category

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

	Euros		
	2009		
	<u>Liabilities at fair value through profit or loss</u>	<u>Debts and payables</u>	<u>Total</u>
Finance expenses at amortised cost	-	(9,883,946)	(9,883,946)
Finance expenses at amortised cost, group companies	-	(952,645)	(952,645)
Change in fair value	(2,403,001)	-	(2,403,001)
Others	(22,367)	-	(22,367)
Net losses in profit and loss	<u>(2,425,368)</u>	<u>(10,836,591)</u>	<u>(13,261,959)</u>
Total	<u>(2,425,368)</u>	<u>(10,836,591)</u>	<u>(13,261,959)</u>

	Euros		
	2008		
	<u>Liabilities at fair value through profit or loss</u>	<u>Debts and payables</u>	<u>Total</u>
Finance expenses at amortised cost	-	(17,864,820)	(17,864,820)
Finance expenses at amortised cost, group companies	-	(761,203)	(761,203)
Change in fair value	(1,195,724)	-	(1,195,724)
Net losses in profit and loss	<u>(1,195,724)</u>	<u>(18,626,023)</u>	<u>(19,821,747)</u>
Total	<u>(1,195,724)</u>	<u>(18,626,023)</u>	<u>(19,821,747)</u>

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

The change in fair value during the year and the cumulative change since the classification of financial liabilities at fair value through profit or loss is as follows:

	<u>Euros</u>	
	<u>2009</u>	
	<u>Current</u>	
	<u>Change for</u>	<u>Cumulative</u>
	<u>the year</u>	<u>change</u>
<i>Liabilities held for trading</i>		
Derivative financial instruments (note 15(a))	<u>(2,403,001)</u>	<u>(3,527,075)</u>
Total	<u>(2,403,001)</u>	<u>(3,527,075)</u>
Total financial liabilities at fair value through profit or loss	<u>(2,403,001)</u>	<u>(3,527,075)</u>
	<u>Euros</u>	
	<u>2008</u>	
	<u>Current</u>	
	<u>Change for</u>	<u>Cumulative</u>
	<u>the year</u>	<u>change</u>
<i>Liabilities at fair value through profit or loss</i>		
Derivative financial instruments (note 15(a))	<u>(1,195,724)</u>	<u>(1,124,075)</u>
Total	<u>(1,195,724)</u>	<u>(1,124,075)</u>
Total financial liabilities at fair value through profit or loss	<u>(1,195,724)</u>	<u>(1,124,075)</u>

(Continued)

(21) Payables and Trade Payables(a) Group companies

Details of group companies are as follows:

	Euros		
	2009		2008
	<u>Non-current</u>	<u>Current</u>	<u>Current</u>
<i>Group</i>			
Loans received	16,854,141	31,206,484	59,840,657
Payables, tax effect	-	12,395,682	24,510,041
Interest	-	165,868	291,822
Total	<u>16,854,141</u>	<u>43,768,034</u>	<u>84,642,520</u>

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

(b) Payables

Details of payables are as follows:

	Euros			
	2009		2008	
	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>
<i>Non-related companies</i>				
Loans and borrowings	235,136,830	38,405,459	264,576,805	20,226,933
Interest	-	337,488	-	277,462
Finance lease payables	1,597,354	906,232	2,059,503	837,117
Trading derivatives	-	3,333,190	-	795,964
Payables	366,652	-	-	170,848
Interest	-	255,482	-	-
Guarantee deposits	-	5,767	-	5,765
Total	<u>237,100,836</u>	<u>43,243,618</u>	<u>266,636,308</u>	<u>22,314,089</u>

(Continued)

(c) Other information on payables

(i) Main characteristics of payables

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

On 26 May 2008 the Company entered into a Club Deal refinancing agreement with 24 financial entities for Euros 350 million (including the option to draw down a tranche of the loan in US Dollars), in order to refinance the non-current syndicated loan existing at 31 December 2007. This loan provides the Group with a significant margin for leverage to carry out planned investment programmes.

This syndicated loan, which matures on 26 May 2013, is subject to compliance with certain financial ratio covenants. In accordance with the agreed-upon conditions, the level of compliance with financial ratios and levels is determined at year end. The Company is required to provide financial information to the lending banks within the six-month period subsequent to 31 December of each year of the duration of the contract.

At 31 December 2009 and 2008 the Company fulfils the ratios established in this agreement.

Non-current and current loans and borrowings are presented net of loan arrangement expenses, which at 31 December 2009 amount to Euros 1,471 thousand for non-current loans and borrowings, and Euros 815 for current loans and borrowings (Euros 1,568 thousand non-current and Euros 480 thousand current at 31 December 2008).

At 31 December 2008 the Company recognised arrangement costs for the former syndicated loan as finance expenses amounting to Euros 1,177 thousand.

Approximately 80% of current loans and borrowings will be tacitly renewed for yearly periods up to a maximum of two years.

The Company has extended guarantees to banks on behalf of group companies for Euros 176,647 thousand at 31 December 2009 (Euros 224,265 thousand at 31 December 2008).

Instituto Grifols, S.A., Laboratorios Grifols, S.A., Movaco, S.A., Diagnostic Grifols, S.A., Biomat, S.A., Grifols, Inc., Grifols Biologicals, Inc and Biomat USA, Inc. have jointly and severely extended a guarantee to the lending banks for the Euros 350 million syndicated loan.

(d) Trade and Other Payables

Details of trade and other payables are as follows:

	Euros	
	<u>2009</u>	<u>2008</u>
	<u>Current</u>	<u>Current</u>
<i>Group</i>		
Suppliers	208,439	9,095,221
<i>Related companies</i>		
Trade payables	3,038,426	2,220,516
<i>Non-related companies</i>		
Suppliers	7,330,617	9,163,933
Trade payables	8,322	4,151
Personnel	2,946,228	2,531,197
Taxation authorities, income tax (note 22)	-	10,939,368
Public entities, other	6,136,175	758,920
Total	<u>19,668,207</u>	<u>34,713,306</u>

(e) Classification by maturity

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

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

(f) Amounts denominated in foreign currencies

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

	<u>Euros</u>	
	<u>2009</u>	
	<u>US Dollar</u>	<u>Total</u>
Group companies and associates – current	10,431,232	10,431,232
Trade and other payables		
Suppliers, group companies	39,581	39,581
Other payables	28,111	28,111
	<u>10,498,924</u>	<u>10,498,924</u>
Total current liabilities	<u>10,498,924</u>	<u>10,498,924</u>
Total financial liabilities	<u>10,498,924</u>	<u>10,498,924</u>

	<u>Euros</u>	
	<u>2008</u>	
	<u>US Dollar</u>	<u>Total</u>
Current payables		
Loans and borrowings	15,406,446	15,406,446
Trade and other payables		
Suppliers, group companies	2,831	2,831
Other payables	3,765	3,765
	<u>15,413,042</u>	<u>15,413,042</u>
Total current liabilities	<u>15,413,042</u>	<u>15,413,042</u>
Total financial liabilities	<u>15,413,042</u>	<u>15,413,042</u>

(Continued)

Notes to the Annual Accounts

Details of exchange differences recognised in profit or loss of financial instruments, except those measured at fair value through profit or loss, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2009		2008	
	Settled	Pending	Settled	Pending
<i>Current payables</i>				
Loans and borrowings	2,578,329	-	(179,896)	-
Group companies	-	-	-	(465,256)
<i>Suppliers</i>	645	605	(3,319)	(101)
<i>Group companies</i>				
Suppliers, group companies	(265)	(871)	(5)	266
Total current liabilities	<u>2,578,709</u>	<u>(266)</u>	<u>(183,220)</u>	<u>(465,091)</u>
Total financial liabilities	<u>2,578,709</u>	<u>(266)</u>	<u>(183,220)</u>	<u>(465,091)</u>

(22) Taxation

Details of balances with public entities are as follows:

	Euros			
	2009		2008	
	Non-current	Current	Non-current	Current
<i>Assets</i>				
Deferred tax assets	958,090	-	575,183	-
Current tax assets	-	4,178,367	-	1,619,610
Value added tax and similar taxes	-	3,566,565	-	16,070,819
Others	-	-	-	48,770
	<u>958,090</u>	<u>7,744,932</u>	<u>575,183</u>	<u>17,739,199</u>
<i>Liabilities</i>				
Deferred tax liabilities	1,275,249	-	2,273,284	-
Current tax liabilities	-	-	-	10,939,368
Social Security	-	322,190	-	305,175
Withholdings	-	5,813,985	-	453,745
	<u>1,275,249</u>	<u>6,136,175</u>	<u>2,273,284</u>	<u>11,698,288</u>

At 31 December, current tax assets comprise recoverable income tax.

At 31 December 2009, withholdings mainly relate to the interim dividend distributed in December 2009.

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

Details by company of intercompany balances receivable and payable resulting from the tax effect of filing consolidated tax returns are as follows:

	Euros	
	<u>2009</u>	<u>2008</u>
	<u>Current</u>	<u>Current</u>
Receivables		
Instituto Grifols, S.A.	-	19,156,708
Logister, S.A.	44,765	158,211
Biomat, S.A.	676,352	2,549,404
Grifols International, S.A.	240,946	1,483,734
Movaco, S.A.	1,819,606	7,272,009
Grifols Viajes, S.A.	7,340	35,125
Grifols Engineering, S.A.	335,828	1,020,047
	<u>3,124,837</u>	<u>31,675,238</u>
Payables		
Instituto Grifols, S.A.	6,112,323	13,292,863
Diagnostic Grifols, S.A.	4,268,391	5,642,075
Laboratorios Grifols, S.A.	1,378,370	5,274,720
Grifols International, S.A.	-	299,299
Grifols Viajes, S.A.	13,772	1,084
Logister, S.A.	7,675	-
Grifols Engineering, S.A.	95,651	-
Arrahona Optimus, S.L.	509,348	-
Gri-Cel, S.A.	10,152	-
	<u>12,395,682</u>	<u>24,510,041</u>

Balances receivable resulting from the tax effect at 31 December 2009 and 2008 mainly comprise the accrued income tax receivable for the year.

Balances payable resulting from the tax effect at 31 December 2009 and 2008 comprise the accrued income tax and value added tax payable for the year.

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

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

Tax	<u>Years open to inspection</u>
Income tax	2004 to 2009
Value added tax	2005 to 2009
Personal income tax	2005 to 2009
Capital gains tax	2005 to 2009
Business activities tax	2005 to 2009
Social Security	2006 to 2009
Non-residents	2005 to 2009

On 28 January 2009, Grifols, S.A. was notified by the taxation authorities of the start of an inspection of income tax (2004 to 2007), value added tax, personal income tax and capital gains tax (2005 to 2007).

Inspection is still underway at 31 December 2009. The Company expects the inspection to be concluded in mid-2010.

Due to, among other reasons, the treatment permitted by fiscal legislation of certain transactions, the Company's directors have estimated a provision of Euros 1,097 thousand, which is recognised other current provisions in the balance sheet and income tax in the income statement.

(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 and taxable income is provided in Appendix VIII.

Details of the income tax expense related to profit for the year are included in Appendix IX.

(Continued)

Details of the income tax expense/(recoverable tax) are as follows:

	Euros	
	<u>2009</u>	<u>2008</u>
Current income tax		
Present year	1,704,205	(5,570,887)
Dividend withholding	573,888	-
Provision for taxes	<u>1,097,000</u>	<u>-</u>
	<u>3,375,093</u>	<u>(5,570,887)</u>
Deferred tax liabilities		
Source and reversal of temporary differences		
Property, plant and equipment	292,575	112,681
Establishment costs	-	2,760,479
Other intangible assets	-	72,911
Financial assets at fair value through profit or loss	-	(147,627)
Provisions	-	43,300
Previously unrecognised tax deductions	-	(5,760)
Changes in recognised tax deductions	<u>(476,523)</u>	<u>120,882</u>
	<u>3,191,145</u>	<u>(2,614,021)</u>
Continuing operations	<u>3,191,145</u>	<u>(2,614,021)</u>

At 31 December 2008 the Company opted not to include the net balance of the adjustments to transition reserves in taxable income for each of the first three tax years commencing 1 January 2008 in three equal parts. Instead, it made the entire adjustment to taxable income for 2008.

GRIFOLS, S.A.

Notes to the Annual Accounts

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

	Euros					
	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Property, plant and equipment	30,807	7,542	(1,275,249)	(953,936)	(1,244,442)	(946,394)
Other intangible assets	-	2,646	-	-	-	2,646
Provisions for impairment of equity instruments	-	-	-	(1,319,348)	-	(1,319,348)
Rights to tax deductions and credits	927,283	564,995	-	-	927,283	564,995
Net assets and liabilities	<u>958,090</u>	<u>575,183</u>	<u>(1,275,249)</u>	<u>(2,273,284)</u>	<u>(317,159)</u>	<u>(1,698,101)</u>

At 31 December 2008, the deferred liability for provisions for impairment of equity instruments comprises the part pending reversal of the deductible tax effect generated as a result of the loss of capital and reserves from one period to another of Grifols Argentina, S.A. This amount was added to taxable income when the final declaration was filed.

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

	Euros	
	2009	2008
Deferred tax assets relating to temporary differences	23,105	10,188
Rights to tax deductions and credits	-	119,014
Total assets	<u>23,105</u>	<u>129,202</u>
Deferred tax liabilities	<u>1,169,764</u>	<u>2,236,467</u>
Net	<u>(1,146,659)</u>	<u>(2,107,265)</u>

(Continued)

GRIFOLS, S.A.

Notes to the Annual Accounts

(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).

(23) Environmental Information

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

Description	Euros		
	2009		
	Cost	Accumulated depreciation	Net
Sewage treatment	37,700	(34,873)	2,827
Water saving	42,218	(42,218)	-
Heating prevention	11,873	(6,134)	5,739
Waste management	229,968	(154,341)	75,627
	<u>321,759</u>	<u>(237,566)</u>	<u>84,193</u>

Description	Euros		
	2008		
	Cost	Accumulated depreciation	Net
Sewage treatment	165,531	(100,857)	64,674
Water saving	80,760	(68,234)	12,526
Heating prevention	50,434	(32,804)	17,630
Waste management	19,495	(8,123)	11,372
	<u>316,220</u>	<u>(210,018)</u>	<u>106,202</u>

(24) Balances and Transactions with Related Parties(a) Balances with related parties

Details of balances receivable from and payable to group companies and related parties and the main characteristics are disclosed in notes 14 and 21.

Details of balances by category are provided in Appendix XI.

(Continued)

(b) Transactions with related parties

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%.

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

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

During 2009 the independent members of the Company's board of directors have accrued Euros 240 thousand (Euros 180 thousand in 2008) in their capacity as such. Directors representing shareholders have not received any remuneration. The members of the board of directors who have a labour relationship with the Company and senior management personnel have received total remuneration of Euros 2,055 thousand and Euros 3,274 thousand respectively (Euros 1,909 thousand and Euros 2,455 thousand in 2008). 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.

(d) Investments and positions held by directors in other companies

The directors of the Company do not hold any investments in companies with identical, similar or complementary statutory activities to that of the Company.

Details of functions and activities performed by the directors in group companies and/or companies with identical, similar or complementary statutory activities to those of the Company are shown in Appendix X, which forms an integral part of this note to the annual accounts.

(25) Revenue 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:

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Goods for resale used		
Domestic purchases	-	1
Other supplies used		
Purchases of spare parts	418,432	405,208
Change in inventories	30,836	(116,803)
	<u>449,268</u>	<u>288,405</u>
	<u>449,268</u>	<u>288,406</u>

(c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	<u>Euros</u>	
	<u>2009</u>	<u>2008</u>
Employee benefits expense		
Social Security payable by the Company	3,155,186	2,883,391
Defined contribution plan contributions	52,222	48,003
Other employee benefits expenses	696,641	736,153
	<u>3,904,049</u>	<u>3,667,547</u>

(26) Employee information

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

	<u>Number</u>	
	<u>2009</u>	<u>2008</u>
Technical area	36	35
Administration and others	226	208
General management	22	22
Marketing	12	10
	<u>296</u>	<u>275</u>

(Continued)

Notes to the Annual Accounts

At year end the distribution by gender of Company personnel and the members of the board of directors is as follows:

	2009		2008	
	Female	Male	Female	Male
Technical area	37	1	34	1
Administration and others	102	132	95	127
General management	13	10	14	6
Marketing	7	5	7	5
Directors	1	7	1	8
	<u>160</u>	<u>155</u>	<u>151</u>	<u>147</u>

(27) Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company and other individuals and companies related to the auditors as defined by Audit Law 19 of 12 July 1988 have invoiced the Company following fees and expenses for professional services during the years ended 31 December 2009 and 2008:

	Euros	
	2009	2008
Audit services	120,296	83,948
Other services	72,600	25,750
	<u>192,896</u>	<u>109,698</u>

Audit services detailed in the above table include the total fees for services rendered during 2009 and 2008, irrespective of the date of invoice.

GRIFOLS, S.A.

Details and Movement in Property, Plant and Equipment
for the year ended 31 December 2009

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

	Euros						Total
	Land	Buildings	Plant and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	
Cost at 1 January 2009	2,060,120	868,379	5,536,359	8,708,362	660,360	3,803,384	21,636,964
Additions	-	-	86,992	522,453	887,804	337,334	1,834,583
Disposals	-	-	-	(255,534)	(10,800)	(72,136)	(338,470)
Transfers	-	-	112,666	636,742	(784,362)	34,954	-
Transfers from investment property	-	-	-	-	218,322	-	218,322
Transfers to investment property	(1,157,499)	-	-	(3,974)	(4,266)	-	(1,165,739)
Cost at 31 December 2009	<u>902,621</u>	<u>868,379</u>	<u>5,736,017</u>	<u>9,608,049</u>	<u>967,058</u>	<u>4,103,536</u>	<u>22,185,660</u>
Accumulated depreciation at 1 January 2009	-	(465,369)	(1,156,328)	(4,295,471)	-	(3,296,776)	(9,213,944)
Depreciation	-	(6,154)	(535,150)	(662,520)	-	(229,487)	(1,433,311)
Disposals	-	-	-	244,264	-	45,722	289,986
Transfers to investment property	-	130,065	-	3,977	-	-	134,042
Accumulated depreciation at 31 December 2009	<u>-</u>	<u>(341,458)</u>	<u>(1,691,478)</u>	<u>(4,709,750)</u>	<u>-</u>	<u>(3,480,541)</u>	<u>(10,223,227)</u>
Net carrying amount at 31 December 2009	<u>902,621</u>	<u>526,921</u>	<u>4,044,539</u>	<u>4,898,299</u>	<u>967,058</u>	<u>622,995</u>	<u>11,962,433</u>

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 and Movement in Property, Plant and Equipment
for the year ended 31 December 2008

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

	Euros					Total
	Land	Buildings	Plant and machinery	Other installations, equipment and furniture and advances	Under construction and equipment	
Cost at 1 January 2008	2,060,120	868,379	1,792,367	5,592,899	4,134,418	17,974,415
Additions	-	-	1,887,496	1,690,530	65,271	3,905,631
Disposals	-	-	-	(129,779)	(143,807)	(286,747)
Transfers	-	-	1,856,496	1,511,047	(3,395,522)	-
Transfers from investment property	-	-	-	43,665	-	43,665
Cost at 31 December 2008	<u>2,060,120</u>	<u>868,379</u>	<u>5,536,359</u>	<u>8,708,362</u>	<u>660,360</u>	<u>21,636,964</u>
Accumulated depreciation at 1 January 2008	-	(329,139)	(845,464)	(4,041,038)	-	(8,347,067)
Depreciation	-	(136,230)	(310,864)	(381,811)	-	(1,005,289)
Disposals	-	-	-	127,378	-	138,412
Accumulated depreciation at 31 December 2008	-	<u>(465,369)</u>	<u>(1,156,328)</u>	<u>(4,295,471)</u>	-	<u>(9,213,944)</u>
Net carrying amount at 31 December 2008	<u>2,060,120</u>	<u>403,010</u>	<u>4,380,031</u>	<u>4,412,891</u>	<u>660,360</u>	<u>12,423,020</u>

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 about Group companies
for the year ended 31 December 2009

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

Company	Registered offices	Activity	Dif	% interest ind	Total	Share capital	Reserves	Other net equity items	Profit/(loss) for the year	Total equity	Net carrying amount of the interest	Dividends received 2009
Laboratorios Grifols,S.A.	Spain	Industrial	99,998	0,002	100,0	11.798.351	5.502.765	--	(3.078.663)	14.222.453	11.798.357	--
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1.537.989	10.755.279	--	68.787.878	81.081.146	1.537.990	41.376.994
Movaco,S.A.	Spain	Commercial	99,999	0,001	100,0	2.404.601	1.451.643	--	8.571.897	12.428.141	2.404.619	8.661.301
Grifols Portugal Productos Farmaceuticos e Hospitales,Lda.	Portugal	Commercial	0,015	99,985	100,0	685.790	(6.584)	20.379	(623.582)	76.003	139	--
Diagnostic Grifols,s.A.	Spain	Industrial	99,998	0,002	100,0	336.560	9.805.789	--	2.725.898	12.868.247	336.561	3.412.755
Logister,S.A.	Spain	Services	--	100,000	100,0	105.325	290.958	--	52.515	448.798	--	--
Grifols Chile,S.A.	Chile	Commercial	99,000	--	99,0	385.453	4.988.537	470.514	3.126.577	8.971.081	385.453	--
Biomat,S.A.	Spain	Industrial	99,900	0,100	100,0	60.110	711.484	--	2.989.055	3.760.649	60.041	1.918.275
Grifols Argentina,S.A.	Argentina	Commercial	100,000	--	100,0	955.675	3.645.870	(1.613.555)	1.580.122	4.568.112	6.612.058	--
Grifols, s.r.o.	Czech Republic	Commercial	100,000	--	100,0	51.597	4.598.696	268.385	1.458.645	6.377.323	51.600	--
Logistica Grifols,S.A. de CV	Mexico	Services	100,000	--	100,0	92.279	1.030.779	180.450	(104.106)	1.199.402	235.289	--
Grifols Viajes,S.A.	Spain	Services	99,900	0,100	100,0	60.110	267.261	--	(71.792)	255.579	60.041	--
Grifols USA, LLC	USA	Commercial	--	100,000	100,0	561.686	6.185.342	(1.244.590)	(4.256.459)	1.245.979	--	--
Grifols International,S.A.	Spain	Services	99,900	0,100	100,0	2.860.154	1.080.714	--	1.096.798	4.977.666	2.860.085	--
Grifols Deutschland,GmbH	Germany	Commercial	100,000	--	100,0	2.924.813	1.010.278	8.913	(246.892)	3.697.112	2.924.811	1.000.000
Grifols Italia,S.p.A.	Italy	Commercial	100,000	--	100,0	2.494.762	1.837.760	17.111	5.301.324	9.650.957	12.226.606	2.952.000
Grifols UK,Ltd.	United Kingdom	Commercial	100,000	--	100,0	4.285	4.494.689	(1.031.232)	2.214.599	5.682.341	21.167.620	773.332
Grifols Brasil,Ltda.	Brazil	Commercial	100,000	--	100,0	764.095	140.792	379.368	5.985.105	7.269.360	764.095	2.561.022
Grifols France,S.A.R.L.	France	Commercial	99,000	1,000	100,0	7.700	56.633	--	(129.948)	(65.615)	7.623	--
Grifols Engineering,S.A.	Spain	Services	99,950	0,050	100,0	60.120	225.434	--	1.491.502	1.777.056	60.090	1.307.421
Biomat USA,Inc.	USA	Industrial	--	100,000	100,0	--	74.419.198	(20.171.151)	16.633.825	70.881.872	--	--
Squadron Reinsurance Ltd.	Ireland	Services	99,999	0,001	100,0	1.000.000	10.876.531	--	2.831.740	14.708.271	1.000.000	--
Grifols,Inc.	USA	Services	100,000	--	100,0	--	264.806.323	(43.689)	(2.977.913)	261.784.721	249.070.932	5.738.880
Grifols Asia Pacific Pte. Ltd.	Singapore	Services	100,000	--	100,0	362.387	2.468.775	(860.691)	3.077.405	5.047.876	714.769	2.060.645
Grifols Biologicals, Inc.	USA	Commercial	--	100,000	100,0	--	94.223.018	(13.227.476)	37.605.623	118.601.165	--	--
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48,000	48,0	61.198	1.810.518	(150.806)	591.999	2.312.909	--	--
Alpha Therapeutic Italia,S.p.A.	Italy	Commercial	100,000	--	100,0	500.000	318.089	(47.522)	839.154	1.609.721	635.934	463.000
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100,000	--	100,0	10.714	626.765	121.322	1.580.853	2.339.654	10.714	--
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30,000	30,0	30.283	369.391	(17.050)	49.822	432.446	--	--
Plasmacare,Inc.	USA	Industrial	--	100,000	100,0	15.241	14.755.974	(1.562.061)	2.597.687	15.806.841	--	--
Plasma Collection Centers,Inc.	USA	Industrial	--	100,000	100,0	--	16.977.091	(1.423.240)	1.551.979	17.105.830	--	--
Grifols México,S.A. de CV	Mexico	Industrial	100,000	--	100,0	461.397	(610.553)	(288.488)	2.179.543	1.741.899	461.255	--
Arrahona Optimus,S.L.	Spain	Services	100,000	--	100,0	1.925.100	(25.832)	--	(477.934)	1.421.334	1.926.565	--
Woolloomooloo Holding Pty Ltd	Australia	Services	49,000	--	49,0	24.999.881	(208.229)	5.781.058	327.114	30.899.824	25.497.336	--
Diamed Australia Pty Ltd	Australia	Industrial	--	49,000	49,0	1.695.072	(463.222)	614.255	(28.814)	1.817.291	--	--
Lateral Diagnostic Pty Ltd	Australia	Commercial	--	49,000	49,0	6	--	6.511	107.535	114.052	--	--
Saturn Australia Pty Ltd	Australia	Investment	--	49,000	49,0	2.898.828	1.024.310	810.802	(209.245)	4.524.695	--	--
Saturn Investments AG	Switzerland	Investment	--	49,000	49,0	66.981	2.160.616	4.794	(15.494)	2.216.897	--	--
Medion Grifols AG	Switzerland	Industrial	--	39,200	39,2	1.373.114	(608.249)	(7.625)	(220.767)	536.473	--	--
Medion GmbH	Germany	Commercial	--	39,200	39,2	344.752	(892.166)	56.315	(111.528)	(602.627)	--	--
Gri-Cel, S.A.	Spain	Research	0,002	99,998	100,0	60.102	(363)	--	(23.555)	36.184	1	--

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 about Group companies
for the year ended 31 December 2008

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

Company	Registered offices	Activity	Dir	% interest ind	Total	Share capital	Reserves	Other net equity items	Profit/(loss) for the year	Total equity	Net carrying amount of the interest	Dividends received 2009
Laboratorios Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	4.798.324	8.798.060	--	(3.218.244)	10.378.140	4.798.330	--
Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	1.537.989	12.196.315	(30.000.000)	69.936.766	53.671.070	1.537.990	38.998.935
Movaco, S.A.	Spain	Commercial	99,999	0,001	100,0	2.404.601	1.451.643	--	8.661.410	12.517.654	2.404.619	7.055.936
Grifols Portugal Productos Farmacéuticos e Hospitalares, Lda.	Portugal	Commercial	0,015	99,985	100,0	665.790	(32.519)	20.379	25.935	699.585	139	--
Diagnostic Grifols, S.A.	Spain	Industrial	99,998	0,002	100,0	336.660	9.803.664	--	3.414.942	13.555.166	336.561	3.499.938
Logister, S.A.	Spain	Services	--	100,000	100,0	105.325	262.729	--	28.229	396.283	--	--
Grifols Chile, S.A.	Chile	Commercial	99,000	--	99,0	385.453	3.711.020	(834.869)	1.277.517	4.539.121	385.453	--
Biomat, S.A.	Spain	Industrial	99,900	0,100	100,0	60.110	711.484	--	1.920.196	2.691.790	60.041	3.496.108
Grifols Argentina, S.A.	Argentina	Commercial	100,000	--	100,0	955.675	2.218.679	(1.085.701)	1.427.191	3.515.844	6.612.058	--
Grifols, s.r.o.	Czech Republic	Commercial	100,000	--	100,0	51.597	2.875.796	174.960	1.722.900	4.825.253	51.600	--
Logistica Grifols, S.A. de CV	Mexico	Services	100,000	--	100,0	92.279	616.858	154.886	413.920	1.277.943	235.289	2.998.040
Grifols Viajes, S.A.	Spain	Services	99,900	0,100	100,0	60.110	216.598	--	50.663	327.371	60.041	--
Grifols USA, LLC	USA	Commercial	--	100,000	100,0	561.686	1.572.843	(1.093.401)	4.612.500	5.653.628	--	--
Grifols International, S.A.	Spain	Services	99,900	0,100	100,0	2.860.154	1.572.135	--	(491.420)	3.940.869	2.860.085	848.501
Grifols Deutschland, GmbH	Germany	Commercial	100,000	--	100,0	2.924.813	913.185	8.913	1.097.093	4.944.004	2.924.811	3.000.000
Grifols Italia S.p.A.	Italy	Commercial	100,000	--	100,0	2.494.762	1.335.431	17.111	3.454.328	7.301.632	12.226.606	4.000.000
Grifols UK, Ltd.	United Kingdom	Commercial	100,000	--	100,0	4.285	4.385.892	(1.350.182)	882.129	3.922.124	21.167.620	--
Grifols Brasil, Ltda.	Brazil	Commercial	100,000	--	100,0	764.095	--	(946.538)	2.701.814	2.519.371	764.095	1.000.000
Grifols France, S.A.R.L.	France	Commercial	99,000	1,000	100,0	7.700	7.064	--	49.568	64.332	7.623	900.000
Grifols Engineering, S.A.	Spain	Services	99,950	0,050	100,0	60.120	225.434	--	1.308.075	1.593.629	60.090	1.998.829
Biomat USA, Inc.	USA	Industrial	--	100,000	100,0	--	69.761.108	(17.377.342)	4.658.090	57.041.856	--	--
Squadron Reinsurance Ltd.	Ireland	Services	99,999	0,001	100,0	1.000.000	7.416.363	--	3.460.167	11.876.530	999.999	--
Grifols, Inc.	USA	Services	100,000	--	100,0	--	248.235.452	9.431.277	24.257.990	281.924.719	249.070.932	--
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	--	100,0	362.387	1.547.990	(642.067)	2.981.430	-4.249.740	714.769	2.878.043
Grifols Biologics, Inc.	USA	Industrial	--	100,000	100,0	--	51.099.743	(8.807.870)	43.123.276	85.415.149	--	--
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48,000	48,0	61.198	1.383.361	(162.721)	642.860	1.924.698	--	--
Alpha Therapeutic Italia, S.p.A.	Italy	Commercial	100,000	--	100,0	500.000	172.456	(47.522)	608.633	1.233.567	635.934	1.000.000
Grifols Polska, Sp.z o.o.	Poland	Commercial	100,000	--	100,0	10.714	196.109	(10.718)	430.657	626.762	10.714	497.853
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30,000	30,0	30.283	292.103	(9.445)	77.287	390.228	--	--
Plasmacore, Inc.	USA	Industrial	--	100,000	100,0	15.241	12.515.469	(957.034)	2.240.484	13.814.180	--	--
Plasma Collection Centers, Inc.	USA	Commercial	--	100,000	100,0	--	16.399.961	(810.826)	577.130	16.166.265	--	--
Grifols Mexico, S.A. de CV	Mexico	Industrial	100,000	--	100,0	461.397	--	(237.598)	(610.553)	(386.754)	461.255	--
Arrahona Optimus, S.L.	Spain	Services	100,000	--	100,0	1.925.100	(13.712)	--	(12.121)	1.899.267	1.926.565	--

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 2009

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

	Euros							
	Non-current			Current				
	At amortised cost or cost Carrying amount	Fair value	At fair value	Total	At amortised cost or cost Carrying amount	Fair value	Fair value	Total
<i>Other assets at fair value through profit or loss</i>	-	-	-	-	-	-	1,669,520	1,669,520
Derivative financial instruments	-	-	-	-	-	-	1,669,520	1,669,520
Total	-	-	-	-	-	-	1,669,520	1,669,520
<i>Loans and receivables</i>								
Loans								
Fixed rate	-	-	-	-	250,764	250,764	-	250,764
Floating rate	-	-	-	-	219,704,226	219,704,226	-	219,704,226
Loans, tax effect	-	-	-	-	3,124,837	3,124,837	-	3,124,837
Guarantee deposits	150,315	150,315	-	150,315	120	120	-	120
Trade and other receivables	-	-	-	-	4,645,113	4,645,113	-	4,645,113
Trade receivables	-	-	-	-	9,418,139	9,418,139	-	9,418,139
Other receivables	-	-	-	-	22,107	22,107	-	22,107
Total	150,315	150,315	-	150,315	237,165,306	237,165,306	-	237,165,306
<i>Assets available for sale</i>								
Equity instruments								
Unquoted	500,000	500,000	-	500,000	-	-	-	-
Total	500,000	500,000	-	500,000	-	-	-	-
Total financial assets	650,315	650,315	-	650,315	237,165,306	237,165,306	1,669,520	238,834,826

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 2008

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

		Euros 2008					
		Non-current		Current			
	At amortised cost or cost Carrying amount	Fair value	At fair value	Total	At amortised cost or cost Carrying amount	Fair value	Total
<i>Loans and receivables</i>							
Loans							
Tax effect	-	-	-	-	31,675,238	31,675,238	31,675,238
Floating rate	-	-	-	-	262,256,291	262,256,291	262,256,291
Guarantee deposits	292,723	292,723	-	292,723	120	120	120
Trade and other receivables	-	-	-	-	55,167	55,167	55,167
Trade receivables	-	-	-	-	7,391,077	7,391,077	7,391,077
Other receivables	-	-	-	-	11,550	11,550	11,550
Total	<u>292,723</u>	<u>292,723</u>	<u>-</u>	<u>292,723</u>	<u>301,389,443</u>	<u>301,389,443</u>	<u>301,389,443</u>
<i>Assets available for sale</i>							
Equity instruments							
Quoted	-	-	22,521	22,521	-	-	-
Unquoted	500,000	500,000	-	500,000	-	-	-
Total	<u>500,000</u>	<u>500,000</u>	<u>22,521</u>	<u>522,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>792,723</u>	<u>792,723</u>	<u>22,521</u>	<u>815,244</u>	<u>301,389,443</u>	<u>301,389,443</u>	<u>301,389,443</u>

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 corresponding Profit
for the year ended 31 December 2009

(Expressed in Euros)

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

	Legal and statutory reserve	Differences on translation of share capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 31 December 2008	12,161,113	3,020	12,824,746	64,963,467	89,952,346
Profit for 2009	-	-	-	73,398,709	73,398,709
Distribution of profit for the year					
Appropriation to legal reserves	6,496,348	-	-	(6,496,348)	-
Reserves	-	-	9,775,919	(9,775,919)	-
Dividend	-	-	-	(48,691,200)	(48,691,200)
Profit on assets available for sale	-	-	5,465	-	5,465
Results of trading with own shares	-	-	(5,679,297)	-	(5,679,297)
Balance at 31 December 2009	<u>18,657,461</u>	<u>3,020</u>	<u>16,926,833</u>	<u>73,398,709</u>	<u>108,986,023</u>

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 corresponding Profit
for the year ended 31 December 2008
(Expressed in Euros)

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

	Legal and statutory reserve	Differences on translation of share capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 1 January 2008	9,203,602	3,020	10,967,561	29,575,112	49,749,295
Profit for 2008	-	-	-	64,963,467	64,963,467
Distribution of profit/(loss) for 2007	2,957,511	-	-	(2,957,511)	-
Appropriation to legal reserves	-	-	1,880,270	(1,880,270)	-
Reserves	-	-	-	(24,737,331)	(24,737,331)
Dividend	-	-	(5,465)	-	(5,465)
Profit on assets available for sale	-	-	(17,620)	-	(17,620)
Results of trading with own shares	-	-	-	-	-
Balance at 31 December 2008	<u>12,161,113</u>	<u>3,020</u>	<u>12,824,746</u>	<u>64,963,467</u>	<u>89,952,346</u>

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 2009

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

	Euros					
	Non-current			Current		
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	Total
<i>Liabilities at fair value through profit or loss</i>						
Derivative financial instruments	-	-	-	-	-	3,333,190
Total	-	-	-	-	-	<u>3,333,190</u>
<i>Debits and payables</i>						
Group companies						
Loans	16,854,141	16,854,141	16,854,141	43,768,034	43,768,034	-
Loans and borrowings						
Floating rate	235,136,830	235,136,830	235,136,830	38,742,947	38,742,947	-
Finance lease payables	1,597,354	1,597,354	1,597,354	906,232	906,232	-
Other financial liabilities	366,652	366,652	366,652	261,249	261,249	-
Trade and other payables						
Suppliers	-	-	-	7,330,617	7,330,617	-
Suppliers, group companies	-	-	-	208,439	208,439	-
Other payables	-	-	-	5,992,976	5,992,976	-
Total financial liabilities	<u>253,954,977</u>	<u>253,954,977</u>	<u>253,954,977</u>	<u>97,210,494</u>	<u>97,210,494</u>	<u>3,333,190</u>
						<u>100,543,684</u>

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 2008

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

	Euros						
	2008			2008			
	Non-current		Current	Non-current		Current	
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value	Total
<i>Liabilities at fair value through profit or loss</i>							
Derivative financial instruments	-	-	-	-	-	795,964	795,964
Total	-	-	-	-	-	795,964	795,964
<i>Liabilities held for trading</i>							
<i>Debts and payables</i>							
Group companies							
Loans	-	-	-	84,642,520	84,642,520	-	84,642,520
Loans and borrowings							
Floating rate	264,576,805	264,576,805	264,576,805	20,504,395	20,504,395	-	20,504,395
Finance lease payables	2,059,503	2,059,503	2,059,503	837,117	837,117	-	837,117
Other financial liabilities	-	-	-	176,613	176,613	-	176,613
Trade and other payables							
Suppliers	-	-	-	9,163,933	9,163,933	-	9,163,933
Suppliers, group companies	-	-	-	9,095,221	9,095,221	-	9,095,221
Other payables	-	-	-	4,755,864	4,755,864	-	4,755,864
Total financial liabilities	<u>266,636,308</u>	<u>266,636,308</u>	<u>266,636,308</u>	<u>129,175,663</u>	<u>129,175,663</u>	<u>795,964</u>	<u>129,971,627</u>

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 by Maturity of Payables and Trade Payables
for the years ended

31 December 2009 and 2008

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

	Euros						Less current portion	Total non- current
	2010	2011	2012	2013	2014	Subsequent years		
Payables								
Loans and borrowings	38,742,947	72,258,893	73,002,472	70,010,011	6,808,650	13,056,804	(38,742,947)	235,136,830
Finance lease payables	906,232	531,436	388,155	290,728	307,370	79,665	(906,232)	1,597,354
Derivatives (note 15(a))	3,333,190	-	-	-	-	-	(3,333,190)	-
Other financial liabilities	261,249	90,079	90,079	-	186,494	-	(261,249)	366,652
Group companies	43,768,034	979,163	979,163	979,163	979,163	12,937,489	(43,768,034)	16,854,141
Trade and other payables								
Suppliers	7,330,617	-	-	-	-	-	(7,330,617)	-
Suppliers, group companies	208,439	-	-	-	-	-	(208,439)	-
Other payables	3,046,748	-	-	-	-	-	(3,046,748)	-
Personnel	2,946,228	-	-	-	-	-	(2,946,228)	-
Total financial liabilities	<u>100,543,684</u>	<u>73,859,571</u>	<u>74,459,869</u>	<u>71,279,902</u>	<u>8,281,677</u>	<u>26,073,958</u>	<u>(100,543,684)</u>	<u>253,954,977</u>

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 by Maturity of Payables and Trade Payables
for the years ended

31 December 2009 and 2008

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

	Euros						Subsequent years	Less current portion	Total non- current
	2009	2010	2011	2012	2013	2008			
Payables									
Loans and borrowings	20,504,395	38,460,114	71,872,697	71,966,936	65,411,610	16,865,448	(20,504,395)	264,576,805	
Finance lease payables	837,117	743,554	363,337	274,850	290,728	387,034	(837,117)	2,059,503	
Derivatives (note 15(a))	795,964	-	-	-	-	-	(795,964)	-	
Other financial liabilities	176,613	-	-	-	-	-	(176,613)	-	
Group companies	84,642,520	-	-	-	-	-	(84,642,520)	-	
Trade and other payables									
Suppliers	9,163,933	-	-	-	-	-	(9,163,933)	-	
Suppliers, group companies	9,095,221	-	-	-	-	-	(9,095,221)	-	
Trade payables advanced by banks	2,224,667	-	-	-	-	-	(2,224,667)	-	
Other payables	2,531,197	-	-	-	-	-	(2,531,197)	-	
Total financial liabilities	<u>129,971,627</u>	<u>39,203,668</u>	<u>72,236,034</u>	<u>72,241,786</u>	<u>65,702,338</u>	<u>17,252,482</u>	<u>(129,971,627)</u>	<u>266,636,308</u>	

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 2009

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

Type	Currency	Limit in currency	Nominal rate	Maturity	Total amount	Carrying amount	
						Current	Non-current
Group							
Loan	EUR	16,854,141	7.80	2011 - 2019	16,854,141	-	16,854,141
Credit facilities	USD	15,000,000	8.17	2010	10,412,328	10,412,328	-
Credit facilities	EUR	12,400,000	1.75 - 2.07	2010	12,400,000	12,400,000	-
Cash pooling	EUR		Euribor + 1	2010	8,394,156	8,394,156	-
					<u>48,060,625</u>	<u>31,206,484</u>	<u>16,854,141</u>
Non-related companies							
Official Credit Institute	EUR	30,000,000	1.87 - 4.94	2016	26,000,000	3,973,795	21,932,872
Syndicated loan	EUR	350,000,000	1.26 - 3.95	2013	230,000,000	32,629,850	195,471,273
Syndicated mortgage loan	EUR	13,588,236	2.99 - 5.25	2018	13,588,236	1,617,625	11,732,685
Santander	EUR	6,000,000	4.15	2016	6,000,000	-	6,000,000
BBVA master	EUR	12,000,000	1.20 - 3.65	2010	35,654	35,654	-
Banesto	EUR	7,000,000	1.38 - 4.59	2010	35,958	29,833	-
Santander	EUR	6,450,000	1.05 - 3.90	2010	28,984	28,984	-
Caixa Sabadell	EUR	2,000,000	4.00 - 4.50	2010	6,482	6,482	-
Caixa Catalunya	EUR	3,000,000	3.75	2010	89,983	81,143	-
Caixa Galicia	EUR	6,000,000	2.73 - 3.25	2010	269	269	-
Banca March	EUR	2,000,000	1.99 - 3.87	2010	1,824	1,824	-
Caja Madrid	EUR	8,000,000	1.60 - 5.24	2011	-	-	-
Deutsche Bank	EUR	14,000,000	1.05 - 3.90	2011	-	-	-
BBVA	USD	5,000,000	1.10 - 3.85	2011	-	-	-
HSBC	EUR	15,000,000	1.77 - 2.06	2012	-	-	-
Lloyds master	EUR	600,000	1.93 - 3.19	2012	-	-	-
					<u>275,787,390</u>	<u>38,405,459</u>	<u>235,136,830</u>
Total					<u>323,848,015</u>	<u>69,611,943</u>	<u>251,990,971</u>

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 2008

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

Type	2008					
	Currency	Limit in currency	Nominal rate	Maturity	Euros	
					Total amount	Carrying amount
					Current	Non-current
Group						
Credit facilities	EUR		4.75 - 6.74	2009	15,027,178	15,027,178
Cash pooling	EUR		Euribor + 1	2009	44,813,479	-
					59,840,657	59,840,657
Non-related companies						
Official Credit Institute	EUR	30,000,000	4.94	2016	30,024,354	3,969,487
Syndicated loan	EUR	350,000,000	2.35 - 3.95	2013	225,158,525	(94,182)
Syndicated mortgage loan	EUR	14,000,000	5.25	2018	13,814,351	382,334
BBVA	USD	10,000,000	2.60	2009	2,402,432	2,344,983
Banesto	USD	10,000,000	2.76	2009	6,559,718	6,551,203
Caixa Sabadell	EUR	3,000,000	4.50	2009	6,100	6,100
HSBC	USD	10,000,000	2.62	2009	3,789,791	3,778,179
Deutsche bank	EUR	13,500,000	3.89	2009	95,029	91,562
Santander	EUR	6,450,000	5.87	2009	157,178	151,979
Banca March	EUR	2,000,000	3.88	2009	7,386	7,385
BBVA master	EUR	12,000,000	3.65	2009	361,231	344,755
Barclays	USD	10,000,000	3.13	2009	2,705,105	2,693,148
					285,081,200	20,226,933
Total					344,921,857	80,067,590
						264,576,805

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 taxable income
for the year ended 31 December 2009

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

	Euros				
	2009				
	Income statement		Income and expense recognised directly in equity		
Increases	Decreases	Net	Net	Total	
Income and expenses for the period			73,398,709	59,383	73,458,092
Income tax			3,191,145	23,108	3,214,253
Profit before income tax			76,589,854	82,491	76,672,345
Permanent differences					
Individual company	2,159,006	13,488,234	(11,329,228)	5,465	(11,334,693)
Consolidation adjustments	-	56,676,747	(56,676,747)	-	(56,676,747)
Temporary differences:					
Individual company					
originating in current year	-	1,012,102	(1,012,102)	507,733	(1,089,128)
originating in prior years	36,817	-	36,817	-	36,817
Taxable income			7,608,594	-	7,608,594

This appendix forms an integral part of note 22 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 taxable income
for the year ended 31 December 2008

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

		Euros			
		2008			
		Income and expense recognised directly in equity			
	Income statement	Increases	Decreases	Net	Total
	Increases	Decreases	Net	Total	Total
Income and expenses for the period					
	62,349,447			(23,085)	62,326,362
Profit before income tax					
Permanent differences				(23,085)	62,326,362
Individual company	8,188,335		23,085	23,085	(8,165,250)
Consolidation adjustments	58,898,249			-	(58,898,249)
Temporary differences:					
Individual company					
originating in current year	63,267			-	63,267
originating in prior years	-	9,535,747	(9,535,747)	-	(9,535,747)
Tax loss				-	(14,209,617)

This appendix forms an integral part of note 22 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of income tax expense/(recoverable tax) related to profit/(loss) for the year for the year ended 31 December 2009

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

	Euros		
	<u>Profit and loss</u>	<u>Equity</u>	<u>Total</u>
Income and expenses for the period before tax	76,159,147	430,707	76,589,854
Tax at 30%	<u>22,847,744</u>	<u>129,212</u>	<u>22,976,956</u>
Non-taxable income			
Dividends from group companies	(20,913,793)	-	(20,913,793)
Non-deductible expenses			
Donations and others	512,001	-	512,001
Deductions and credits for the current year	(1,054,907)	-	(1,054,907)
Provision	1,097,000	-	1,097,000
Withholding of dividends	<u>573,888</u>	<u>-</u>	<u>573,888</u>
Income tax expense/(recoverable tax)	<u>3,061,933</u>	<u>129,212</u>	<u>3,191,145</u>
Continuing operations			

This appendix forms an integral part of note 22 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Details of income tax expense/(recoverable tax) related to profit/(loss) for the year for the year ended 31 December 2008

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

	Euros		
	Profit and loss	Equity	Total
Income and expenses for the period	62,349,447	-	62,349,447
Tax at 30%	18,704,834	-	18,704,834
Non-taxable income			
Dividends from group companies	(20,598,713)	-	(20,598,713)
Non-deductible expenses			
Sanctions and fines	1,507	-	1,507
Deductions and credits for the current year	(715,887)	-	(715,887)
Previously unrecognised tax deductions applied	(5,762)	-	(5,762)
Income tax expense/(recoverable tax)	(2,614,021)	-	(2,614,021)
Continuing operations			

This appendix forms an integral part of note 22 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Investments and Positions held by Directors in other Companies

31 December 2009

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

Director	Companies	Positions and duties
Dagà Gelabert, T.	Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Plasma Collection Center, Inc. / Arrahona Optimus, S.L. / Woodloomooloo Pty Ltd. / Diamed Australia Pty Ltd. / Lateral Diagnostic Pty Ltd. / Saturn Australia Pty Ltd. / Saturn investments AG / Medion Grifols AG / Medion GmbH	Board member
Gianzmann, T.	Gambro AB	CEO and Chairman
Janotta, E.D.	Instituto Grifols, S.A.	Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.	Board member
Grifols Roura, V.	Instituto Grifols, S.A. / Arrahona Optimus, S.L.	Board member
Riera Roca, R.	Biomat, S.A. / Diagnostic Grifols, S.A. / Grifols Engineering, S.A. / Grifols International, S.A. / Grifols Viajes, S.A. / Laboratorios Grifols, S.A. / Logister, S.A. / Movaco, S.A. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols, Inc. / Grl-Cel, S.A.	Chairman Director
	Grifols Argentina, S.A. / Grifols Polska Sp.z.o.o. / Alpha Therapeutic Italia, S.p.A. / Grifols Italia, S.p.A.	Chairman
	Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols Chile, S.A. / Grifols México, S.A. de CV / Logística Grifols, S.A. de CV / Grifols Asia Pacific Pte Ltd / Grifols Malaysia Sdn Bhd / Grifols (Thailand) Ltd. / Grifols Deutschland GmbH / Grifols UK Ltd. / Grifols, s.r.o. / Grifols Brasil, Ltda. / Grifols Portugal Produtos Farmacêuticos e Hospitalares, Lda. / Woodloomooloo Pty Ltd. / Diamed Australia Pty Ltd. / Lateral Diagnostic Pty Ltd. / Saturn Australia Pty Ltd. / Saturn investments AG / Medion Grifols AG / Medion GmbH	Board member
	Grifols France, S.A.R.L.	Co-manager
	Grifols International, S.A.	Director
Twose Roura, J.I.	Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Arrahona Optimus, S.L.	Board member
	Grifols Engineering, S.A.	Director

This Appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Investments and Positions held by Directors in other Companies
31 December 2008

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

Director	Companies	Positions and duties
Dagà Gelibert, T.	Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Plasma Collection Center, Inc. / Arrahona Optimus, S.L.	Board member
Glanzmann, T.	Gambro AB Instituto Grifols, S.A.	CEO and Chairman Board member
Janotta, E.D.	Instituto Grifols, S.A.	Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.	Board member
Grifols Roura, V.	Instituto Grifols, S.A. / Arrahona Optimus, s.l. / Logística Grifols, S.A. de CV / Grifols México, S.A. de CV / Plasmacare, Inc. / Grifols Italia, S.p.A. Biomat, S.A. / Diagnostic Grifols, S.A. / Grifols Engineering, S.A. / Grifols International, S.A. / Grifols Viajes, S.A. / Laboratorios Grifols, S.A. / Logister, S.A. / Movaco, S.A. / Grifols Deutschland, GmbH / Grifols, s.r.o. / Grifols UK, Ltd. / Grifols Portugal Produtos Farmacéuticos e Hospitalares, Lda. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc.	Chairman Director
Purslow, C.M.C.	Grifols France, S.A.R.L. Grifols Chile, S.A.	Co-manager Board member Board member
Riera Roca, R.	Instituto Grifols, S.A. Grifols Argentina, S.A. / Grifols Polska Sp.z.o.o. / Alpha Therapeutic Italia, S.p.A. Instituto Grifols, S.A. / Grifols Italia, S.p.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols Chile, S.A. / Grifols México, S.A. de CV / Logística Grifols, S.A. de CV / Grifols Asia Pacific Pte Ltd / Grifols Malaysia Sdn Bhd / Grifols (Thailand) Ltd. Grifols France, S.A.R.L. Grifols International, S.A.	Chairman Board member Co-manager Director
Twose Roura, J.I.	Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Arrahona Optimus, S.L. Grifols Engineering, S.A.	Board member Director

This Appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Balances with related parties
for the year ended 31 December 2009
(Free translation from the original in Spanish. In the event of discrepancy, the original Spanish-language version prevails.)

	2009			
	Group companies	Directors	Other related parties	Total
Non-current investments in group companies				
Equity instruments	342,810,445	-	-	342,810,445
Total non-current assets	<u>342,810,445</u>	<u>-</u>	<u>-</u>	<u>342,810,445</u>
Trade and other receivables				
Trade receivables from group companies – current	8,742,526	-	-	8,742,526
Current investments in group companies				
Loans to companies	222,829,063	-	-	222,829,063
Total current assets	<u>231,571,589</u>	<u>-</u>	<u>-</u>	<u>231,571,589</u>
Total assets	<u><u>574,382,034</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>574,382,034</u></u>
Non-current payables				
Group companies – non-current	16,854,141	-	-	16,854,141
Trade and other payables				
Total non-current liabilities	<u>16,854,141</u>	<u>-</u>	<u>-</u>	<u>16,854,141</u>
Current payables				
Group companies - current	43,768,034	-	-	43,768,034
Trade and other payables				
Suppliers, group companies	208,439	-	-	208,439
Other payables	-	120,996	2,917,430	3,038,426
Total current liabilities	<u>43,976,473</u>	<u>120,996</u>	<u>2,917,430</u>	<u>47,014,899</u>
Total liabilities	<u><u>60,830,614</u></u>	<u><u>120,996</u></u>	<u><u>2,917,430</u></u>	<u><u>63,869,040</u></u>

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Balances with related parties
for the year ended 31 December 2008
(Free translation from the original in Spanish. In the event of discrepancy, the original Spanish-language version prevails.)

	2008			
	Group companies	Directors	Other related parties	Total
Non-current investments in group companies and associates				
Equity instruments	310,313,220	-	-	310,313,220
Total non-current assets	<u>310,313,220</u>	<u>-</u>	<u>-</u>	<u>310,313,220</u>
Trade and other receivables				
Trade receivables from group companies -- current	6,925,281	-	-	6,925,281
Current investments in group companies				
Loans to companies	293,931,519	-	-	293,931,519
Total current assets	<u>300,856,800</u>	<u>-</u>	<u>-</u>	<u>300,856,800</u>
Total assets	<u>611,170,020</u>	<u>-</u>	<u>-</u>	<u>611,170,020</u>
Current payables				
Group companies - current	84,642,520	-	-	84,642,520
Trade and other payables				
Suppliers, group companies	9,095,221	-	-	9,095,221
Other payables	-	90,000	2,130,516	2,220,516
Total current liabilities	<u>93,737,741</u>	<u>90,000</u>	<u>2,130,516</u>	<u>95,958,257</u>
Total liabilities	<u>93,737,741</u>	<u>90,000</u>	<u>2,130,516</u>	<u>95,958,257</u>

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Related-party transactions
for the year ended 31 December 2009
(Free translation from the original in Spanish. In the event of discrepancy, the original Spanish-language version prevails.)

	2009				
	<u>Group companies</u>	<u>Key management personnel</u>	<u>Directors</u>	<u>Other related parties</u>	<u>Total</u>
Revenue					
Revenue from operating leases	7,780,372	-	-	-	7,780,372
Other services rendered	55,616,592	-	-	-	55,616,592
Revenue from royalties	1,560,743	-	-	-	1,560,743
Finance income	6,468,342	-	-	-	6,468,342
Dividend	72,225,625	-	-	-	72,225,625
Total income	143,651,674	-	-	-	143,651,674
Expenses					
Net purchases					
Purchases	72	-	-	-	72
Expenses for operating leases	350,320	-	-	-	350,320
Contributions to foundations	-	-	-	1,700,000	1,700,000
Expenses for licences	-	-	-	1,469,121	1,469,121
Other services received	347,172	-	240,000	2,408,842	2,996,014
Personnel expense					
Salaries	-	3,273,985	2,054,986	-	5,328,971
Financial instruments					
Finance expenses	952,645	-	-	-	952,645
Dividend	-	-	6,152,000	-	6,152,000
Total expenses	1,650,209	3,273,985	8,446,986	5,577,963	18,949,143
Investments					
Cost of assets acquired					
Buildings and other installations	2,182,455	-	-	-	2,182,455
Total investments	2,182,455	-	-	-	2,182,455

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

Related-party transactions
for the year ended 31 December 2008
(Free translation from the original in Spanish. In the event of discrepancy, the original Spanish-language version prevails.)

	2008				
	Group companies	Key. management personnel	Directors	Other related parties	Total
Revenue					
Revenue from operating leases	3,828,492	-	-	-	3,828,492
Other services rendered	50,247,620	-	-	-	50,247,620
Revenue from royalties	648,683	-	-	-	648,683
Finance income	11,170,613	-	-	-	11,170,613
Dividends	72,172,186	-	-	-	72,172,186
Total revenue	138,067,594	-	-	-	138,067,594
Expenses					
Net purchases					
Purchases	1,283	-	-	-	1,283
Contributions to foundations	-	-	-	1,395,000	1,395,000
Expenses for licences	-	-	-	1,208,983	1,208,983
Other services received	552,891	-	180,000	1,821,523	2,554,414
Personnel expense					
Salaries	-	2,454,800	1,908,808	-	4,363,608
Financial instruments					
Finance expenses	761,203	-	-	-	761,203
Dividends	-	-	2,600,000	-	2,600,000
Total expenses	1,315,377	2,454,800	4,688,808	4,425,506	12,884,491
Investments					
Cost of assets acquired					
Buildings and other installations	3,725,539	-	-	-	3,725,539
Carrying amount and assets sold					
Machinery	(133,849)	-	-	-	(133,849)
Cost of financial instruments acquired					
Total investments	3,591,690	-	-	-	3,591,690

This appendix forms an integral part of note 24 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 2009 and 2008

(Expressed in Euros)

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

	Euros												
	Domestic			Rest of Europe			United States			Rest of the world			Total
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Revenue from the rendering of services	36,667,153	33,595,843	3,624,944	3,612,131	12,618,375	11,003,444	2,729,425	2,036,202	55,639,897	50,247,620	7,780,372	3,828,492	
Revenue from lease agreements	7,718,956	3,770,820	-	-	-	-	61,416	57,672	7,780,372	3,828,492	-	-	
Revenue from royalties	4,981,465	9,216,237	-	-	1,560,743	648,683	-	-	1,560,743	648,683	-	-	
Finance income	56,676,747	55,898,249	109,142	144,186	1,148,821	1,743,616	228,914	66,574	6,468,342	11,170,613	6,468,342	11,170,613	
Dividends	-	-	5,188,332	9,397,853	5,738,880	-	4,621,664	6,876,083	72,225,625	72,172,186	-	-	
	<u>121,593,199</u>	<u>118,755,086</u>	<u>3,734,086</u>	<u>3,756,317</u>	<u>15,327,939</u>	<u>13,395,743</u>	<u>3,019,755</u>	<u>2,160,448</u>	<u>143,674,979</u>	<u>138,067,594</u>	<u>143,674,979</u>	<u>138,067,594</u>	

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

GRIFOLS, S.A.
Directors' Report
2009

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

To the Shareholders

1. Business evolution and situation of the Company

Grifols, S.A. is a Spanish holding company specialising in the pharmaceutical-clinical sector, is parent company 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 diversifying its product portfolio.
- Provide support to the various functional areas in each group company (products division, technical division, marketing/sales division, scientific division, financial division and planning and control division).
- Lease its buildings to group companies.
- Render a series of services to its subsidiaries which they are unable to perform due to structural limitations, such as: personnel recruitment and management, communications and corporate image, IT services and maintenance.

The Company's revenues are generated from the leasing of its buildings, services rendered, and dividends obtained from its subsidiaries.

2. Forecast performance of the Company

The Company's future profits could be affected by events relating to its own activities, such as a lack of raw materials for product manufacturing, the appearance of competitor products on the market or regulatory changes in the markets in which it operates.

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. Own shares

At 31 December 2009, the Company has own shares amounting to Euros 677 thousand, as explained in note 18 to the accompanying annual accounts.

4. Research and development activities

The Company does not conduct any research and development activities.

5. Financial risk management

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

GRIFOLS, S.A.
Directors' Report
2009

6. Subsequent events

Nothing to report.

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

GRIFOLS, S.A.

At a meeting held on 19 February 2009 and in compliance with the requirements established in article 171.2, section 1, of the Spanish Limited Companies Act and article 37 of the Spanish Commercial Code, the members of the board of directors of Grifols, S.A. have prepared the annual accounts and directors' report for the period from 1 January 2009 to 31 January 2009. The annual accounts comprise the attached documents preceding this statement, all of which are drawn up and identified on sheets of paper bearing the official State seal, X class, numbered from _____ to _____.

Signed:

Grifols Roura, Victor
(signed)
Chairman

Riera Roca, Ramón (signed)
Board member

Twose Roura, Juan Ignacio
(signed)
Board member

Dagá Gelabert, Tomás
(signed)
Board member

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

Glanzmann, Thomas
(signed)
Board member

Jannotta, Edgar Dalzell
(signed)
Board member

Veiga Lluch, Anna (signed)
Board member

Grifols Roura, Raimon
(signed)
Secretary to the board

GRIFOLS, S.A.

2009 ANNUAL ACCOUNTS

FURTHER DISCLOSURES TO BE INCLUDED IN THE DIRECTORS' REPORT PURSUANT TO ARTICLE 116.BIS OF THE SPANISH SECURITIES MARKET ACT

- 1. Capital structure, including securities not traded on a European regulated market, stating where applicable the different classes of shares and, for each class of shares, the rights and obligations conferred and percentage of share capital represented**

The share capital of Grifols, S.A. (the Company) totals 106,532,449.50, represented by 213,064,899 ordinary shares of Euros 0.50 par value each, subscribed and fully paid, of the same class and series and represented by book entries.

- 2. Restrictions on the transferability of shares**

The Company's shares are freely transferable by all legal means, in accordance with article 10 of its bylaws.

- 3. Significant direct or indirect interests in capital**

At 31 December 2009 Company information on its significant shareholders is as follows:

<i>Shareholder</i>	<i>% direct ownership</i>	<i>% indirect ownership</i>	<i>% total ownership</i>
Directors			
Dagà Gelabert, Tomás	0.021%	0.000%	0.021%
Glanzmann, Thomas	0.004%	* 0.015%	0.019%
Grifols Roura, Víctor	0.204%	0.000%	0.204%
Jannotta, Edgard Dalzell	0.119%	0.000%	0.119%
Purslow, Christian M.C.	0.000%	0.000%	0.000%
Riera Roca, Ramón	0.079%	* 0.004%	0.083%
Thortol Holdings B.V.	7.060%	0.000%	7.060%
Twose Roura, Juan Ignacio	0.056%	0.000%	0.056%
Significant shareholders			
Deria, S.A.	8.771%	0.000%	8.771%
Grifols Lucas, Victor	0.000%	* 6.154%	6.154%
Novosti, S.L.	7.763%	0.000%	7.763%
Scranton Enterprises, B.V.	10.653%	0.000%	10.653%

(*) Through:

- Thomas Glanzmann:

<i>Direct shareholder</i>	<i>% of total voting rights</i>
Kolholmen Investments AB	0.015%
TOTAL	0.015%

- Ramón Riera Roca:

<i>Direct shareholder</i>	<i>% of total voting rights</i>
Laura Riera Santos	0.004%
TOTAL	0.004%

- Mr. Víctor Grifols Lucas:

<i>Direct shareholder</i>	<i>% of total voting rights</i>
Rodellar Amsterdam B.V.	6.154%
TOTAL	6.154%

4. **Restrictions on voting rights**

Voting rights are not restricted by the bylaws or general shareholders' meeting regulations.

5. **Associative arrangements**

The Company is not aware of any associative arrangements.

6. **Rules applicable to the appointment and replacement of members of the board of directors and change in Company bylaws**

6.1. Appointment and replacement of members of the board of directors

Directors are appointed and replaced in accordance with the corporate bylaws and board regulations.

(a) Statutory regulations

Article 20.- Composition and remuneration of the board of directors.- Administration and legal representation of the Company is the responsibility of a board of directors, formed by a minimum of three (3) and a maximum of fifteen (15) directors.

The directors will be appointed and removed freely by the shareholders at their general meeting and hold the position for five (5) years, without prejudice to their indefinite re-election for those periods.

(b) Board of Director Regulations

Article 18. Appointment of directors

1. Directors will be appointed at the AGM or by the board of directors, in accordance with the legal provisions of the Spanish Companies Act.

2. *Proposed appointments of directors submitted by the board of directors for consideration at the AGM and appointments approved at the AGM by the co-opting powers legally attributed to it are subject to prior proposal from the Appointments and Remuneration Committee.*

When the board departs from the recommendations of the Appointments and Remuneration Committee, its reasons for doing so should be explained and documented.

Article 19. Appointment of independent directors

1. *The board of directors and Appointments and Remuneration Committee, within their powers, will try to ensure that elected candidates are persons of known solvency, competence and experience, vetting with particular thoroughness those persons elected to the positions of independent directors foreseen by article 6 of this regulation.*
2. *The board of directors cannot propose or designate as independent directors any persons related with the management of the Company or linked for family, professional or commercial reasons with executive directors or senior management of the Company.*

In particular, persons cannot be proposed or designated as independent directors:

- (a) Who have had a significant, direct or indirect contractual, commercial or working relationship with the Group, its management, the directors representing shareholders or group companies whose interests they represent, credit institutions contributing major financing for the Company, or organisations that receive considerable funding from the Company.*
- (b) Who are directors of other listed companies which have directors representing shareholders in the Company.*
- (c) Who are connected to executive directors, directors representing shareholders or members of Company management; for the purposes of this regulation; persons are considered as connected to directors when meeting any of the criteria stipulated in article 127. Ter. 5 of the Spanish Companies Act.*
- (d) Who have other relationships with the Company which the Appointments and Remuneration Committee consider could compromise their independence.*

Article 20. Re-appointment of directors

Proposed re-appointments of directors submitted by the board of directors to the AGM are subject to a formal preparation process, including a report issued by the Appointments and Remuneration Committee assessing the quality of the work and dedication to the position of the proposed directors during the preceding term of office.

Article 21. Duration of the position

1. *The directors will hold their position for the period foreseen by the corporate bylaws and can be re-elected.*
2. *Co-opted directors will hold their position until the date of the first AGM.*

3. *When, subsequent to the report from the Appointments and Remuneration Committee, the board of directors understands that the interests of the Company are at risk, the director completing their term of office or standing down for any other reason cannot render services to another institution competing with the Company, for the period of no more than two (2) years established by the board of directors.*

Notwithstanding the above, the board of directors, where considered appropriate, can exempt the outgoing director from this obligation.

Article 22. Departures of directors

1. *Directors will relinquish their positions when the term for which they were appointed has elapsed and when decided at the AGM using the legal or statutory powers conferred to it.*
2. *The board of directors will abstain from proposing the departure of independent directors (those representing shareholders and independent directors) before they complete the statutory period for which they were appointed, except where justified by exceptional causes and subject to the report from the Appointments and Remuneration Committee.*
3. *Directors are required to place their position at the disposal of the board of directors and where the board considers appropriate, sign the corresponding letter of resignation in the following cases:*
 - (a) *When they leave the executive positions associated with their appointment as a director, except with express approval from the board of directors, subject to the non-binding report from the Appointments and Remuneration Committee.*
 - (b) *When they fulfil any of the legally foreseen criteria for incompatibility or prohibition;*
 - (c) *When charged for an alleged criminal offence or a hearing is opened against them for any of the offences identified in article 124 of the Spanish Companies Act or they are subject to a disciplinary procedure by supervisory authorities for a serious or very serious offence;*
 - (d) *When seriously reprimanded by the Audit Committee for infringing their duties as directors;*
 - (e) *When their continuation on the board could harm the interests of the Company or when the reasons for their appointment no longer exist, and;*
 - (f) *In the case of directors representing shareholders, when the shareholder whose shares are represented by that director on the board disposes of his/her interest in the Company or reduces that interest to below the level that reasonably justified his/her designation as a director representing shareholders.*
4. *When directors relinquish their position, whether resigning or for another reason, their reasons should be explained in a letter sent to all the members of the board via its chairman or secretary.*

6.2. Modification of corporate bylaws

Changes to the corporate bylaws must comply with the general requirements established by articles 103 and 144 of the Spanish Companies Act.

7. The powers of the members of the board of directors and, in particular, those with the possibility of issuing or repurchasing shares

7.1. Powers of the members of the board of directors

In accordance with article 20 of the corporate bylaws, the board of directors is responsible for the administration and representation of the Company.

7.2. Powers relating to the issue or repurchase of shares

As approved at the AGM on 15 May 2009, the Company's board of directors is also authorised, through sale and purchase agreements, swaps, foreclosure in payment or any other legally foreseen method, to acquire its own shares or subscription rights, directly or through its subsidiaries, up to the limits and in accordance with the requirements stated below:

- (i) That the par value of the shares acquired, added to those already held by the Company or its subsidiaries, at no time exceeds 5% of the Company's share capital.
- (ii) That the acquisition enables the Company to set up the reserve prescribed by rule three of article 79 of the Spanish Companies Act, without reducing the share capital or the legal reserve or other reserves unavailable according to bylaws.
- (iii) That the shares acquired are fully paid.
- (iv) The maximum purchase price will be the listed price on the stock exchange on the date of the acquisition or, as applicable, that authorised by the Spanish Securities Market Commission. The minimum price is the full par value of each share.
- (v) This authorisation is granted for a maximum of eighteen months.
- (vi) Shares acquired may be handed over to the Group's employees or directors either directly or as a result of them exercising share options they may hold.

8. Significant agreements in force in the Company are modified or terminated where control of the Company is changed as a result of a public share offering, and its consequences, except when disclosure thereof is seriously harmful for the Company.

No significant agreements are in force which could be modified or terminated as a result of a change in control over the Company.

9. Company agreements to compensate its directors, management or employees when they resign or are unfairly dismissed or relations are terminated due to a public share offering.

Three senior managers from the Group (who are not on the board) have indemnity clauses in their contracts for unfair dismissal or a change of management. This compensation comprises two years' salary, including fixed and variable remuneration.

The employment contracts of the other executive directors and senior management do not have indemnity clauses other than those foreseen in respective employment laws.

* * *