

GRIFOLS, S.A.

Annual Accounts and Directors' Report

31 December 2010

(With Auditors' Report Thereon)

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



KPMG Auditores, S.L.
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Auditors' Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the original 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 2010, the income statement, the statement of changes in equity, the statement of cash flows for the year then ended and the notes thereto. In accordance with legislation governing financial information applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein, preparation of the annual accounts 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 prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying annual accounts for 2010 present fairly, in all material respects, the equity and financial position of Grifols, S.A. at 31 December 2010, and the results of its operations and its cash flows for the year then ended, in accordance with applicable legislation governing financial information and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2010 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 2010. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

(Signed on original in Spanish)

David Ghosh Basu
Partner

22 February 2011

GRIFOLS, S.A.

Annual Accounts
and Directors' Report
for the year ended
31 December 2010

Prepared in accordance with Royal Decree
1514/2007 of 16 November 2007 which approves
the Spanish General Chart of Accounts, taking into
consideration the amendments included as a result
of Royal Decree 1159/2010 of 17 September 2010

(With Auditors' Report Thereon)

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

GRIFOLS, S.A.

Balance Sheets

31 December 2010 and 2009

(Expressed in Euros)

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

<i>Assets</i>	<i>Note</i>	<i>2010</i>	<i>2009</i>
Intangible assets	Note 5	5,731,198	8,192,477
Computer software		5,197,418	7,618,312
Greenhouse gas emission rights		533,780	493,165
Advances		-	81,000
Property, plant and equipment	Note 6	11,275,592	11,962,433
Land and buildings		1,423,384	1,429,542
Technical installations, machinery, equipment, furniture and other items		9,047,868	9,565,833
Under construction and advances		804,340	967,058
Investment property	Note 7	51,384,757	49,488,096
Land		14,198,510	14,198,510
Buildings		37,186,247	35,289,586
Non-current investments in group companies and associates	Note 12	345,024,658	342,810,445
Equity instruments		345,024,658	342,810,445
Non-current investments	Note 14	708,393	650,315
Equity instruments		533,660	500,000
Other financial assets		174,733	150,315
Deferred tax assets	Note 23	1,096,642	958,090
Total non-current assets		415,221,240	414,061,856
Inventories	Note 16	795,922	704,280
Raw materials and other supplies		795,922	704,280
Trade and other receivables	Note 14	18,259,590	21,830,291
Trade receivables – current		434,675	675,613
Trade receivables from group companies and associates – current		8,514,236	8,742,526
Other receivables		24,432	4,645,113
Personnel		29,158	22,107
Current tax assets	Note 23	6,168,039	4,178,367
Public entities, other	Note 23	3,089,050	3,566,565
Current investments in group companies and associates	Note 14	238,262,493	222,829,063
Loans to companies		238,262,493	222,829,063
Current investments	Note 14	266,787	1,920,404
Loans to companies		266,667	250,764
Derivatives		-	1,669,520
Other financial assets		120	120
Prepayments for current assets	Note 17	13,460,298	2,707,304
Cash and cash equivalents		25,063	4,213,291
Cash		25,063	4,213,291
Total current assets		271,070,153	254,204,633
Total assets		686,291,393	668,266,489

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

GRIFOLS, S.A.
Balance Sheets
31 December 2010 and 2009

(Expressed in Euros)

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

Equity and Liabilities	Note	2010	2009
Capital and reserves without valuation adjustments	Note 18	339,752,039	304,683,335
Capital			
Registered capital		106,532,450	106,532,450
Share premium		121,801,809	121,801,809
Reserves			
Legal and statutory reserves		21,306,490	18,657,461
Other reserves		28,490,733	16,929,853
(Own shares and equity holdings)		(1,927,038)	(677,212)
Profit for the year		63,547,595	73,398,709
(Interim dividend)		-	(31,959,735)
Grants, donations and bequests received		99,116	53,918
		<hr/>	<hr/>
Total equity		339,851,155	304,737,253
		<hr/>	<hr/>
Non-current payables	Note 21	134,182,088	237,100,836
Debt with financial institutions		132,877,936	235,136,830
Finance lease payables	Note 8	1,104,477	1,597,354
Other financial liabilities		199,675	366,652
Group companies and associates, non-current	Note 21	15,874,978	16,854,141
Deferred tax liabilities	Note 23	2,108,100	1,275,249
		<hr/>	<hr/>
Total non-current liabilities		152,165,166	255,230,226
		<hr/>	<hr/>
Current provisions	Note 19	488,307	1,619,151
Other provisions		488,307	1,619,151
Current payables	Note 21	111,961,413	43,243,618
Debt with financial institutions		102,570,208	38,742,947
Finance lease payables	Note 8	561,122	906,232
Derivatives	Note 15	8,560,405	3,333,190
Other financial liabilities		269,678	261,249
Group companies and associates, current	Note 21	44,025,044	43,768,034
Trade and other payables	Note 21	37,800,308	19,668,207
Current suppliers		23,227,651	10,377,365
Suppliers, group companies and associates, current		10,201,229	208,439
Personnel (salaries payable)		3,461,364	2,946,228
Public entities, other	Note 23	910,064	6,136,175
		<hr/>	<hr/>
Total current liabilities		194,275,072	108,299,010
		<hr/>	<hr/>
Total equity and liabilities		686,291,393	668,266,489
		<hr/>	<hr/>

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

GRIFOLS, S.A.
Income Statements
for the years ended
31 December 2010 and 2009

(Expressed in Euros)

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

	<i>Note</i>	<i>2010</i>	<i>2009</i>
Revenues	Note 26	147,484,852	143,674,979
Services rendered		66,966,360	64,981,012
Finance income	Note 13	4,027,438	6,468,342
Dividend		76,491,054	72,225,625
Work carried out by the company for assets		580,342	2,405,692
Supplies	Note 26	(463,777)	(449,268)
Raw materials and consumables used		(463,777)	(449,268)
Other operating income		3,073,821	3,635,856
Non-trading and other operating income		3,000,350	3,595,284
Operating grants taken to income		73,471	40,572
Personnel expenses	Note 26	(23,931,498)	(23,379,526)
Salaries and wages		(19,853,820)	(19,475,477)
Employee benefits expense		(4,077,678)	(3,904,049)
Other operating expenses		(46,734,284)	(35,167,536)
External services	Note 17	(45,709,479)	(34,109,026)
Taxes		(417,651)	(350,261)
Other operating expenses		(607,154)	(708,249)
Amortisation and depreciation	Notas 5, 6 y 7	(6,925,459)	(5,200,435)
Non-financial and other capital grants	Note 5	258,518	430,707
Impairment and losses on disposal of fixed assets	Note 26	(1,608)	(148,396)
Losses on disposal and other		(1,608)	(148,396)
Results from operating activities		73,340,907	85,802,073
Finance income		249,915	3,103,375
Other investment income		249,915	3,103,375
Other	Note 13	26,070	2,926,979
Finance income included in assets	Note 6	223,845	176,396
Finance expenses		(8,347,778)	(10,836,591)
Group companies and associates		(1,561,931)	(952,645)
Other		(6,785,847)	(9,883,946)
Change in fair value of financial instruments	Notes 13 and 20	(7,669,692)	(755,848)
Trading portfolio and other		(7,669,692)	(733,481)
Proceeds from available-for-sale financial assets		-	(22,367)
Exchange gains/losses	Notes 14 and 21	75,269	(723,016)
Impairment and gains/(losses) on disposal of financial instruments		139	(139)
Impairment and losses		139	(139)
Net finance expense		(15,692,147)	(9,212,219)
Profit before income tax		57,648,760	76,589,854
Income tax expense	Note 23	5,898,835	(3,191,145)
Profit for the year		63,547,595	73,398,709

The accompanying 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 and 2009

A) Statements of Recognised Income and Expense
for the years ended
31 December 2010 and 2009

(Expressed in Euros)

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

	<i>Note</i>	<i>2010</i>	<i>2009</i>
Profit for the year		63,547,595	73,398,709
Income and expense recognised directly in equity			
Measurement of financial instruments			
Other income/expense		-	5,465
Grants, donations and bequests	Note 5	323,086	507,733
Tax effect		(96,925)	(152,320)
		<hr/>	<hr/>
Total income and expense recognised directly in equity		226,161	360,878
Amounts transferred to the income statement			
Grants, donations and bequests	Note 5	(258,518)	(430,707)
Tax effect		77,555	129,212
		<hr/>	<hr/>
Total amounts transferred to the income statement		(180,963)	(301,495)
		<hr/>	<hr/>
Total recognised income and expense		63,592,793	73,458,092

The accompanying 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 2010 and 2009

B) Statement of Total Changes in Equity for the year ended
31 December 2010

(Expressed in Euros)

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

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

	Registered capital	Share premium	Reserves	Own shares and equity holdings	Profit for the year	Interim dividend	Grants, donations and bequests received	Total
Balance at 31 December 2009	106,532,450	121,801,809	35,587,314	(677,212)	73,398,709	(31,959,735)	53,918	304,737,253
Recognised income and expense	-	-	-	-	63,547,595	-	45,198	63,592,793
Transactions with equity holders or owners								
Distribution of profit for the period								
Reserves	-	-	14,209,909	-	(14,209,909)	-	-	-
Dividend	-	-	-	-	(27,229,065)	-	-	(27,229,065)
Interim dividend	-	-	-	-	(31,959,735)	31,959,735	-	-
Sale/purchase of own shares	-	-	-	(1,249,826)	-	-	-	(1,249,826)
Balance at 31 December 2010	106,532,450	121,801,809	49,797,223	(1,927,038)	63,547,595	-	99,116	339,851,155

The accompanying 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 2010 and 2009

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 Spanish-language version prevails.)

	Registered capital	Share premium	Reserves	Own shares and equity holdings	Profit for the year	Interim dividend	Grants, donations and bequests received	Total
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
Transactions with equity holders or owners								
Distribution of profit for the period								
Reserves	-	-	16,272,267	-	(16,272,267)	-	-	-
Dividend	-	-	-	-	(48,691,200)	-	-	(48,691,200)
Profit for the year	-	-	-	-	-	(31,959,735)	-	(31,959,735)
Purchase/sale of own shares	-	-	(5,679,297)	32,409,632	-	-	-	26,730,335
Balance at 31 December 2009	106,532,450	121,801,809	35,587,314	(677,212)	73,398,709	(31,959,735)	53,918	304,737,253

The accompanying 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 2010 and 2009

	2010	2009
Cash flows from/(used in) operating activities		
Profit for the year before tax	57,648,760	76,589,854
Adjustments for:		
Amortisation and depreciation	6,925,459	5,200,435
Dividend income	(76,491,054)	(72,225,625)
Proceeds from disposals of fixed assets	1,608	133,535
Impairment	(139)	14,861
Finance income	(4,267,187)	(9,371,436)
Finance expenses	7,510,262	9,518,501
Exchange gains	(75,269)	723,016
Change in fair value of financial instruments	7,669,692	1,093,275
Other income and expenses	-	761,467
Change in provisions	(1,097,000)	1,619,290
Changes in operating assets and liabilities		
Inventories	(91,642)	30,836
Trade and other receivables	4,862,136	(3,654,100)
Other current assets	(20,490,095)	41,386,127
Trade and other payables	23,794,207	(9,264,009)
Other current assets and liabilities	(5,841,872)	17,930,280
Other cash flows from/(used in) operating activities		
Interest paid	(5,890,730)	(9,889,079)
Dividends received	76,491,054	72,225,625
Interest received	4,051,552	6,931,769
Income tax paid (received)	2,839,730	(1,634,170)
Cash flows from operating activities	77,549,472	128,120,452
Cash flows from/(used in) investing activities		
Payments for investments		
Group companies and associates	(2,263,192)	(32,497,363)
Intangible assets	(1,021,947)	(4,373,296)
Property, plant and equipment	(378,797)	(1,834,583)
Investment property	(4,129,797)	(6,690,842)
Other financial assets	(58,078)	(250,764)
Proceeds from sale of investments		
Group companies and associates	49,118	-
Property, plant and equipment	109,501	43,746
Other financial assets	-	142,408
Cash flows used in investing activities	(7,693,192)	(45,460,694)
Cash flows from/(used in) financing activities		
Proceeds from and payments for equity instruments		
Acquisition of own equity instruments	(1,249,826)	(25,186,378)
Sale of own equity instruments	-	51,916,713
Grants, donations and bequests received	-	53,918
Proceeds from and payments for financial liability instruments		
Issue		
Debt with financial institutions	59,156,230	84,778,665
Repayment		
Debt with financial institutions	(99,505,661)	(97,650,004)
Group companies and associates	(5,216,186)	(11,779,413)
Dividends and interest on other equity instruments paid		
Dividend	(27,229,065)	(80,650,937)
Cash flows used in financing activities	(74,044,508)	(78,517,436)
Net increase/decrease in cash and cash equivalents	(4,188,228)	4,142,322
Cash and cash equivalents at beginning of year	4,213,291	70,969
Cash and cash equivalents at year end	25,063	4,213,291

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

GRIFOLS, S.A.
Notes to the Annual Accounts
31 December 2010

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

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

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

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

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

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 18 February 2011 the Company's board of directors approved the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2010 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 115,513 thousand, total assets of 1,888,982 thousand and consolidated equity of Euros 707,390 thousand (Euros 147,972 thousand, Euros 1,657,177 thousand and Euros 578,528 thousand, respectively, in 2009).

(2) Basis of Presentation

(a) Fair presentation

The accompanying annual accounts have been prepared on the basis of the accounting records of Grifols, S.A. The annual accounts for 2010 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 2010 and the results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2010 prepared on 18 February 2011 will be approved by the shareholders without significant changes.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2010 include comparative figures for 2009, which formed part of the annual accounts approved by the shareholders at the annual general meeting held on 21 June 2010.

(Continued)

Notes to the Annual Accounts**(c) Functional and presentation currency**

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

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

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

(i) Relevant accounting estimates and assumptions

The Company tests investments in group companies for impairment on an annual basis when the net value of the investment exceeds the carrying amount of the subsidiary. 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 5-year projections of the budgets approved by management. The flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed to calculate the fair value include growth rates and the discount rate. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

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

(ii) Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2010, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

Notes to the Annual Accounts

(3) Distribution of Profit

The distribution of profit and reserves of the Company for the year ended 31 December 2009, approved by the shareholders at their annual general meeting held on 21 June 2010, has been 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
Dividend	27.229.065,00
Interim dividends	<u>31.959.735,00</u>
	<u>73.398.708,55</u>

The proposed distribution of 2010 profit and other reserves 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>63,547,595,00</u>
Distribution	
Voluntary reserve	<u>63,547,595,00</u>

At 31 December non-distributable reserves are as follows:

	<u>Euros</u>	
	<u>2010</u>	<u>2009</u>
Non-distributable reserves		
Legal reserve	21,306,490	18,657,461
Other	3,020	3,020
	<u>21,309,510</u>	<u>18,660,481</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.

(Continued)

Notes to the Annual Accounts

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 into 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.

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

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

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

(c) Intangible assets

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

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

Notes to the Annual Accounts

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

(i) Computer software

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

(ii) Emission rights

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

Emission rights are not amortised.

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

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

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

(iii) Subsequent costs

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

Notes to the Annual Accounts

(iv) Useful life and amortisation rates

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

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

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

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

(v) Impairment losses

The Company measures and determines impairment to be recognised or reversed based on the criteria in note (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 carried out by the company for assets in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment.

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

(ii) Depreciation

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

Notes to the Annual Accounts

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

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

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

(iii) Subsequent costs

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

(iv) Impairment

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

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

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

Notes to the Annual Accounts**(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, upon inception, the Company assumes substantially all the risks and rewards of ownership are classified as finance leases, otherwise they are classified as operating leases.

- Finance leases

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

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

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

Notes to the Annual Accounts*- Operating leases*

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

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

(h) Financial instruments**(i) Classification and separation of financial instruments**

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

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

(ii) Offsetting principles

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

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

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

(iv) Loans and receivables

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

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

(v) Available-for-sale financial assets

The Company classifies in this category debt securities and equity instruments which do not qualify 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.

Notes to the Annual Accounts**(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 policy of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

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

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

(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 the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment of loans and receivables and debt instruments when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

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

Notes to the Annual Accounts*Investments in group companies*

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

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

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

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

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

Impairment of available-for-sale financial assets

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

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

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

(ix) Financial liabilities

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

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

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

Notes to the Annual Accounts**(x) Reverse factoring**

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

Income from financial institutions 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 without valuation adjustments in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognised in profit or loss.

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

(j) Inventories

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

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

(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 attached to them have been met or there is reasonable assurance that they will be received.

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

Notes to the Annual Accounts**(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 penalty. The effects of changes in estimates of prior years' provisions are recognised according to their nature, unless they involve the correction of an error.

(o) Revenue from the rendering of services

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

Practically all services are rendered to group companies.

(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.

Notes to the Annual Accounts

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

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

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

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

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

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

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

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

The amount of the debt relating to the subsidiaries is recognised with a debit to payables to group companies.

(i) Taxable temporary differences

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

Notes to the Annual Accounts**(ii) Deductible temporary differences**

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

(iii) Measurement

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

(iv) Offset and classification

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

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

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

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

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

(r) Environmental issues

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

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

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

Notes to the Annual Accounts

- (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			
	Computer software	Emission rights	Advances	Total
2009				
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	18,338,104	493,165	81,000	18,912,269
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	(10,719,792)	-	-	(10,719,792)
Carrying amount at 31 December 2009	7,618,312	493,165	81,000	8,192,477
	Euros			
	Computer software	Emission rights	Advances	Total
2010				
Cost at 1 January 2010	18,338,104	493,165	81,000	18,912,269
Additions	1,021,947	324,467	-	1,346,414
Disposals	(455)	(283,852)	-	(284,307)
Transfers	5,954	-	(81,000)	(75,046)
Cost at 31 December 2010	19,365,550	533,780	-	19,899,330
Accumulated amortisation at 1 January 2010	(10,719,792)	-	-	(10,719,792)
Amortisation	(3,448,795)	-	-	(3,448,795)
Disposals	455	-	-	455
Accumulated amortisation at 31 December 2010	(14,168,132)	-	-	(14,168,132)
Carrying amount at 31 December 2010	5,197,418	533,780	-	5,731,198

(Continued)

Notes to the Annual Accounts

(a) Emission rights

At 31 December 2010, emission rights allocated during the National Allocation Plan period and their annual distribution are as follows:

	2010			
	Number of rights		Thousands of Euros	
	Free of charge	Interest-bearing	Free of charge	Interest-bearing
	Number of rights		Euros	
2009	6,045	11,000	74,233	135,080
2010	25,349	-	324,467	-
Total	31,394	11,000	398,700	135,080

The Company has recognised income of Euros 258 thousand under grants reflecting emission rights used in 2010 (Euros 431 thousand in 2009).

Movement in the number of rights is as follows:

Description	Free of charge	Interest-bearing	Total
Balance at 1 January 2009	-	-	-
Additions	40,137	11,000	51,137
Disposals	(10,977)	-	(10,977)
Balance at 31 December 2009	29,160	11,000	40,160
Additions	25,349	-	25,349
Disposals	(23,115)	-	(23,115)
Balance at 31 December 2010	31,394	11,000	42,394

(b) Fully amortised assets

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

	Euros	
	2010	2009
Computer software	10,503,983	7,559,150

Fully amortised computer software in use at 31 December 2010 and 2009 mainly relates to computer licences.

Notes to the Annual Accounts

(6) Property, Plant and Equipment

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

(a) Capitalised borrowing costs

During 2010, the Company has capitalised finance expenses of Euros 224 thousand as investments in progress (Euros 176 thousand in 2009) (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:

	Euros	
	2010	2009
Technical installations and machinery	642,699	56,372
Other installations, equipment and furniture	2,936,850	2,598,180
Other property, plant and equipment	3,002,728	3,003,979
	6,582,277	5,658,531

(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.

Notes to the Annual Accounts

(7) Investment Property

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

Description	Euros			Total
	Land	Buildings and other installations	Investments in adaptation and advances	
Cost at 1 January 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	14,198,510	45,905,431	10,209,574	70,313,515
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	-	(20,825,419)	-	(20,825,419)
Carrying amount at 31 December 2009	14,198,510	25,080,012	10,209,574	49,488,096

Description	Euros			Total
	Land	Construcciones y otras instalaciones	Investments in adaptation and advances	
Cost at 1 January 2010	14,198,510	45,905,431	10,209,574	70,313,515
Additions	-	1,044,071	3,085,725	4,129,796
Disposals	-	(8,846)	-	(8,846)
Transfers	-	9,327,762	(9,327,762)	-
Transfers to property, plant and equipment	-	(295,284)	-	(295,284)
Cost at 31 December 2010	14,198,510	55,973,134	3,967,537	74,139,181
Accumulated depreciation at 1 January 2010	-	(20,825,419)	-	(20,825,419)
Depreciation	-	(1,937,851)	-	(1,937,851)
Disposals	-	8,846	-	8,846
Accumulated depreciation at 31 December 2010	-	(22,754,424)	-	(22,754,424)
Carrying amount at 31 December 2010	14,198,510	33,218,710	3,967,537	51,384,757

(Continued)

Notes to the Annual Accounts

(a) General

Additions at 31 December 2010 and 2009 primarily consist of the investments made to enlarge the Company's installations.

(b) Foreign investment property

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

Description	Euros		
	2010		
	Cost	Accumulated depreciation	Net
Offices located in Argentina	931,192	(495,433)	435,759
	931,192	(495,433)	435,759
	2009		
Offices located in Argentina	931,192	(472,189)	459,003
	931,192	(472,189)	459,003

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

(c) Fully depreciated assets

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

	Euros	
	2010	2009
Buildings	1,097,115	1,097,115
Other installations	11,392,326	10,770,931
	12,489,441	11,868,046

(Continued)

Notes to the Annual Accounts

(d) Income and expenses from investment property

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

	Euros	
	2010	2009
Revenue from lease agreements	7,927,429	7,780,372
Operating expenses Income-generating investment property	<u>(7,249,440)</u>	<u>(7,045,434)</u>
Net	<u>677,989</u>	<u>734,938</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 entirely from group companies located in Spain (see note 25).

(e) Mortgaged investment property

At 31 December 2010 investment property with a carrying amount of Euros 17,905 thousand (Euros 15,973 thousand at 31 December 2009) has been pledged as collateral for a mortgage extended by Caixa Catalunya and Caja Madrid, with a balance of Euros 11,941 thousand at 31 December 2010 (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.

Notes to the Annual Accounts

(8) Finance Leases – Lessee

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

	Euros			Total
	Technical installations and machinery	Other installations, equipment and furniture	Other assets	
<i>Initially recognised at:</i>				
Present value of minimum lease payments	2,749,211	-	400,026	3,149,237
Accumulated depreciation	(499,125)	(168,760)	(209,456)	(877,341)
Carrying amount at 31 December 2010	2,250,086	(168,760)	190,570	2,271,896
<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)
Carrying amount at 31 December 2009	1,856,832	1,093,043	341,077	3,290,952

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

	Euros	
	2010	2009
Future minimum payments	1,829,285	2,764,964
Unaccrued finance expenses	(163,686)	(261,378)
Present value	1,665,59	2,503,586

(Continued)

Notes to the Annual Accounts

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

	Euros			
	2010		2009	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	630,943	561,122	1,005,312	906,233
One to five years	1,198,342	1,104,477	1,679,359	1,517,690
Over five years	-	-	80,293	79,663
	1,829,285	1,665,599	2,764,964	2,503,586
Less current portion	(630,943)	(561,122)	(1,005,312)	(906,232)
Total non-current	1,198,342	1,104,477	1,759,652	1,597,354

(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 four 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 and can be cancelled at any moment in time with six month's notice.

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.

(Continued)

Notes to the Annual Accounts

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

	Euros	
	2010	2009
Minimum lease payments	1,862,210	2,026,999

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

	Euros	
	2010	2009
Less than one year	365,479	331,788
One to five years	86,006	83,426
Over five years	614,587	660,168
	1,066,072	1,075,382

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.

(Continued)

Notes to the Annual Accounts**(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 foreign exchange risk when operating with foreign currencies, especially the US Dollar. Foreign exchange risk affects recognised assets and liabilities and net investments in foreign companies.

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 2010, had the US Dollar weakened by 10% against the Euro, with the other variables remaining constant, profit after income tax would have been Euros 821 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.

Notes to the Annual Accounts

Interest rate risk arises from 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 cash flow interest rate risks through variable to fixed interest rate swaps. These interest rate swaps convert variable interest rates on borrowings to fixed interest rates. The Company generally obtains non-current borrowings with variable interest rates and swaps these for fixed interest rates that are normally lower than if the financing had been obtained directly with fixed interest rates. Through interest rate swaps the Company undertakes to exchange the difference between fixed interest and variable interest with other parties on a half-yearly basis. The difference is calculated based on the contracted nominal principals. The Company has an interest-rate swap for loans of Euros 50,000 thousand (see note 15).

At 31 December 2010 had interest rates been 10 base points higher, with the other variables remaining constant, profit after income tax would have been Euros 61 thousand lower, mainly because of a 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:

	Euros	
	2010	2009
	Non-current	Non-current
Group companies Investments	345,024,658	342,810,445
	<u>345,024,658</u>	<u>342,810,445</u>
Total	<u>345,024,658</u>	<u>342,810,445</u>

(Continued)

Notes to the Annual Accounts

On 3 June 2010 the Company acquired a 100% interest in Grifols Nordic AB, the statutory activity of which is the research and development, production and marketing of pharmaceutical products, medical devices and any other asset deriving from activities relating to the aforementioned.

On 3 June 2010 the Company incorporated Grifols Colombia in conjunction with another group company. The statutory activity of this new company consists of the sale, marketing and distribution of medicines, pharmaceutical (included but not limited to haemoderivatives) and hospital products, medical devices, biomedical equipment, laboratory equipment and reagents for diagnosis and/or healthcare software. The Company holds a 99% interest in this company.

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.

(a) Investments in group companies

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

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

Subsidiaries' activities comprise the following:

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

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

The percentage ownerships included in Appendix II reconcile with the voting rights the Company has in its subsidiaries, except for:

Grifols (Thailand), Ltd. (48% ownership) and Grifols Malaysia Sdn Bhd (30% ownership), in which the Company has majority voting rights through the type of shares it holds in Grifols (Thailand) and a contract entered into with the other shareholder and the pledging of this shareholder's shares in Grifols Malaysia.

(i) Foreign currency

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

Notes to the Annual Accounts

(b) Other information

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

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

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

(13) Financial Assets by Category

(a) Classification of financial assets by category

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

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

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

	Euros		
	Loans and receivables	Total	
2010			
Finance revenue at amortised cost, group companies	4,027,438	4,027,438	
Finance income at amortised cost	26,070	26,070	
Net gains/(losses) in profit and loss	4,053,508	4,053,508	
Total	4,053,508	4,053,508	
	Euros		
	Other assets at fair value through profit or loss	Loans and receivables	Total
2009			
Finance revenue 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	1,669,520	9,395,321	11,064,841
Total	1,669,520	9,395,321	11,064,841

(Continued)

Notes to the Annual Accounts

The change during the year in the fair value of financial assets 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	
	2009	
	Change for the year	Cumulative change
<i>Other assets at fair value through profit or loss</i>		
Derivative financial instruments (note 15(b))	1,669,520	1,669,520
Total	1,669,520	1,669,520

(14) Investments and Trade Receivables

(a) Investments in group companies

Details of investments in group companies are as follows:

Group	Euros	
	2010	2009
	Current	Current
Loans	229,055,651	219,366,778
Loans, tax effect	8,845,280	3,124,837
Interest	361,562	337,448
Total	238,262,493	222,829,063

At 31 December 2010 and 2009, all loans extended generate interest at variable market rates.

(Continued)

Notes to the Annual Accounts

(b) Investments

Details of investments are as follows:

	Euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Unrelated parties				
Equity instruments	533,660	-	500,000	-
Loans	-	266,667	-	250,764
Derivative trading instruments (note 15)	-	-	-	1,669,520
Deposits and guarantees	174,733	120	150,315	120
Total	708,393	266,787	650,315	1,920,404

At 31 December 2010 and 2009, equity instruments reflect the Company's investment in Cardio3 BioSciences (Belgium) acquired at the end of 2008 for Euros 500,000.

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros	
	2010	2009
	Current	Current
<i>Group</i>		
Trade receivables	8,511,059	8,742,526
<i>Associates</i>		
Trade receivables	3,177	-
<i>Unrelated parties</i>		
Trade receivables	434,675	675,613
Other receivables	24,432	4,645,113
Personnel	29,158	22,107
Taxation authorities, income tax (note 23)	6,168,039	4,178,367
Public entities, other	3,089,050	3,566,565
Total	18,259,590	21,830,291

At 31 December 2009 other receivables include delay interest receivable in relation to Social Security bodies, which has been collected during 2010.

(Continued)

Notes to the Annual Accounts

At 31 December 2010 and 2009, public entities, other almost entirely consists of value added tax receivable at year end. The Company files consolidated value added tax returns.

(d) Amounts denominated in foreign currencies

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

2010	Euros			Total
	US Dollar	Australian Dollar	Brazilian Real	
Trade and other receivables				
Trade receivables from group companies – non-current	-	153,921	-	153,921
Current investments in group companies				
Loans to companies	-	-	3,528,472	3,528,472
Cash and cash equivalents				
Cash	167	-	-	167
Total current financial assets	167	153,921	3,528,472	3,682,560
Total financial assets	167	153,921	3,528,472	3,682,560

2009	Euros	
	US Dollar	Total
Cash and cash equivalents		
Cash	871,015	871,015
Total current financial assets	871,015	871,015
Total financial assets	871,015	871,015

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

	Euros			
	2010		2009	
	Settled	Outstanding	Settled	Outstanding
<i>Trade and other receivables</i>				
Trade receivables from group companies – current	-	(9,181)	-	31
<i>Current investments</i>				
Loans to group companies	(99,770)	-	(3,301,491)	-
Total current financial assets	(99,770)	(9,181)	(3,301,491)	31
Total financial assets	(99,770)	(9,181)	(3,301,491)	31

(Continued)

Notes to the Annual Accounts

(15) Derivative financial instruments

Details of derivative financial instruments are as follows:

	Notional amount	Euros	
		Fair values	
		Assets	Liabilities
		Current	Current
2010			
Derivatives held for trading and at fair value through profit or loss (note 20)			
Interest rate swaps	50,000,000	-	(1,808,925)
Futures on equity instruments	49,591,480	-	(6,751,480)
Total derivatives traded on OTC markets	99,591,480	-	(8,560,405)
Total derivatives at fair value through profit or loss	99,591,480	-	(8,560,405)
		Euros	
		Fair values	
		Assets	Liabilities
		Current	Current
2009			
Derivatives held for trading and at fair value through profit or loss			
Interest rate swaps (note 20)	50,000,000	-	(3,333,190)
Futures on equity instruments (note 13)	49,591,480	1,669,520	-
Total derivatives traded on OTC markets	99,591,480	1,669,520	(3,333,190)
Total derivatives at fair value through profit or loss	99,591,480	1,669,520	(3,333,190)

(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 2010 and 2009 the Company has an interest rate swap for a notional amount of Euros 50,000 thousand which is renewed on a half-yearly basis and matures on 26 July 2013, and which has a negative fair value of approximately Euros 1,808 thousand at 31 December 2010 (negative fair value of Euros 3,333 thousand at 31 December 2009).

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.

(Continued)

Notes to the Annual Accounts

(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. The contracts are settled by differences between the market value of the underlying assets and the exercise price. On 30 December 2010 it was agreed to extend the futures contract under the same terms and conditions until 31 March 2011 through a novation without settlement.

At 31 December 2010 the fair value of these unquoted futures is negative by an amount of Euros 6,751 thousand.

(16) Inventories

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

(17) Prepayments

Prepayments at 31 December 2010 include Euros 10,747 thousand for costs incurred for professional services directly related to the share capital increase and debt issue expected to be made regarding the acquisition of Talecris. The costs relating to the share capital increase will be recognised as equity at the date of the increase. Costs relating to finance expenses will be deducted from the financial liability when it is recognised. Expenses of Euros 14,710 thousand incurred relating to the acquisition of Talecris have been recognised as expenses for 2010.

Prepayments also comprise prepaid insurance premiums.

(18) Equity

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

(a) Capital

At 31 December 2010 and 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:

	N° Shares	
	Ordinary shares	
	2010	2009
At 1 January	213,011,573	210,653,277
Acquisition of own shares	(105,000)	(2,176,929)
Disposal of own shares	-	4,535,225
At 31 December	212,906,573	213,011,573

(Continued)

Notes to the Annual Accounts

All shares of the Company 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:

Company	2010		2009	
	Number of shares	Percentage ownership	Number of shares	Percentage ownership
Scranton Enterprises, B.V.	-	-%	22,697,804	10.65%
Capital Research and Management company	21,353,364	10.02%	-	-%
	21,353,364	10.02%	22,697,804	10.65%

(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 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. At 31 December 2010 the legal reserve is fully appropriated.

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

(ii) Own shares and reserve for Company shares

At the ordinary meeting held on 21 June 2010 the shareholders of the Company agreed to authorise the acquisition of a maximum of shares equivalent to 10% of the Company's share capital at a minimum price equal to the par value of shares and a maximum equal to the price quoted on the stock exchange on the date of acquisition or, where applicable, the price authorised by the Spanish National Securities Commission. This acquisition has been authorised for a period of 5 months from the date this decision was taken.

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

(Continued)

Notes to the Annual Accounts

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

	Euros		
	Number	Par value	Average acquisition price
Balance at 01,01,09	2,411,622	1,205,812	33,086,844
Acquisitions	2,176,929	1,088,465	25,186,378
Disposals	(4,535,225)	(2,267,613)	(57,596,010)
Balance at 31,12,09	<u>53,326</u>	<u>26,664</u>	<u>677,212</u>
Acquisitions	<u>105,000</u>	<u>52,500</u>	<u>1,249,826</u>
Balance at 31,12,10	<u>158,326</u>	<u>79,164</u>	<u>1,927,038</u>

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

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

Movement in other provisions is as follows:

	Euros		
	Provision for taxes (note 23)	Environmental provisions	Total
At 1 January 2010	1,328,201	290,950	1,619,151
Reversal	(1,097,000)	(33,844)	(1,130,844)
At 31 December 2010	<u>231,201</u>	<u>257,106</u>	<u>488,307</u>

(a) Agreement for the acquisition of Talecris Biotherapeutics Holdings Corp. (Talecris)

On 6 June 2010 the Company entered into an agreement to acquire the American company Talecris Biotherapeutics Holdings Corp., which also specialises in the production of plasma-derived biological medication, for a total of US Dollars 3,400 million.

This agreement will become effective subject to approval by the Defence of Competition authorities. In the event that this approval is not obtained, the Company will be required to pay US Dollars 375 million as indemnity for the damages caused.

The operation will be performed through a combined offer of cash and Grifols shares without the right to vote on new share issues.

(Continued)

Notes to the Annual Accounts

The offer is made in relation to all Talecris shares and the price offered per share amounts to US Dollars 19 in cash and 0.641 shares in Grifols without the right to vote on new share issues. As a result of the ruling on the claim filed by certain shareholders of Talecris in the State of Delaware against Talecris, Cerburus, Grifols and the Agreement and Plan of Merger, appraisal rights have been granted to those Talecris shareholders who have requested them and Grifols has undertaken to issue 500,000 shares without additional voting rights which will be distributed amongst all of the shareholders of Talecris, except for Talecris Holdings LLC and the directors of Talecris. As a result of this additional share issue, the share exchange equation stands at (a) 0.641 shares without voting rights of Grifols for each Talecris share issued, at the closing date of the transaction, held by Talecris LLC and the directors of Talecris and (b) 0.6485 shares without voting rights of Grifols for each Talecris share issued, at the transaction closing date, held by the remaining shareholders.

On 6 June 2010 and in relation to this potential acquisition, the Company obtained financing commitments from six financial institutions for a total of US Dollars 4,500 million. This financing would be used to cover the cash payment of the acquisition and to refinance the existing loan.

On 23 November 2010 the Company signed loan agreements amounting to US\$ 3,400 million for the purchase of Talecris. This amount forms part of the US\$ 4,500 million collateralised on 6 June 2010. Details of this collateralised senior debt are as follows:

Non-current syndicated financing with financial institutions: loan repayable in 5 years totalling US\$ 1,500 million. Margin of 375 basis points (bp) linked to US Libor and 400 bp linked to Euribor. BB and Ba3 rating.

Non-current syndicated financing with institutional investors: 6 year bullet loan (payment of whole principal upon maturity) amounting to US\$ 1,600 million. Margin of 435 bp linked to US Libor and 450 bp linked to Euribor. BB and Ba3 rating.

Senior revolving credit facility amounting to US\$ 300 million. BB and Ba3 rating.

This debt will be effective once the Talecris purchase transaction has been completed.

(b) 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 3,812 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 severally 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.

Notes to the Annual Accounts

(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		
	Liabilities at fair value through profit or loss	Debts and payables	Total
2010			
Finance expenses at amortised cost	-	(6,785,847)	(6,785,847)
Finance expenses at amortised cost, group companies	-	(1,561,931)	(1,561,931)
Change in fair value	(7,669,692)	-	(7,669,692)
Net gains/(losses) in profit and loss	(7,669,692)	(8,347,778)	(16,017,470)
Total	(7,669,692)	(8,347,778)	(16,017,470)

	Euros		
	Liabilities at fair value through profit or loss	Debts and payables	Total
2009			
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)
Other	(22,367)	-	(22,367)
Net gains/(losses) in profit and loss	(2,425,368)	(10,836,591)	(13,261,959)
Total	(2,425,368)	(10,836,591)	(13,261,959)

(Continued)

Notes to the Annual Accounts

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

	Euros	
	Current	
	Change for the year	Cumulative change
2010		
<i>Liabilities held for trading</i>		
Derivative financial instruments (note 15)	(7,669,692)	(9,527,247)
Total	(7,669,692)	(9,527,247)
Total financial liabilities at fair value through profit or loss	(7,669,692)	(9,527,247)
2009		
<i>Liabilities held for trading</i>		
Derivative financial instruments (note 15(a))	(2,403,001)	(3,527,075)
Total	(2,403,001)	(3,527,075)
Total financial liabilities at fair value through profit or loss	(2,403,001)	(3,527,075)

(21) Payables and Trade Payables

(a) Group companies and associates

Details of group companies and associates are as follows:

	Euros			
	2010		2009	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Loans received	15,874,978	27,212,768	16,854,141	31,206,484
Payables, tax effect	-	15,259,119	-	12,395,682
Interest	-	391,261	-	165,868
<i>Associates</i>				
Loans received	-	1,161,896	-	-
Total	15,874,978	44,025,044	16,854,141	43,768,034

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

(Continued)

Notes to the Annual Accounts

(b) Payables

Details of payables are as follows:

	Euros			
	2010		2009	
	Non-current	Current	Non-current	Current
<i>Unrelated parties</i>				
Debt with financial institutions	132,877,936	102,350,433	235,136,830	38,405,459
Interest	-	219,775	-	337,488
Finance lease payables	1,104,477	561,122	1,597,354	906,232
Trading derivatives	-	8,560,405	-	3,333,190
Payables	199,675	-	366,652	-
Interest	-	263,913	-	255,482
Guarantees and deposits received	-	5,765	-	5,767
Total	134,182,088	111,961,413	237,100,836	43,243,618

(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 2010 and 2009 the Company fulfils the ratios established in this agreement. 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 severally extended a guarantee to the lending banks for the Euros 350 million syndicated loan.

Non-current and current debt with financial institutions are presented net of loan arrangement expenses, which at 31 December 2010 amount to Euros 816 thousand for non-current debt, and Euros 656 thousand for current debt (Euros 1,471 thousand non-current and Euros 815 thousand current at 31 December 2009).

Approximately 38% of current debt with financial institutions 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 190,512 thousand at 31 December 2010 (Euros 176,647 thousand at 31 December 2009).

(Continued)

Notes to the Annual Accounts

(d) Trade and other payables

Details of trade and other payables are as follows:

	Euros	
	2010	2009
	Current	Current
<i>Group</i>		
Suppliers	10,201,229	208,439
<i>Related companies</i>		
Suppliers	4,988,987	3,038,426
<i>Unrelated parties</i>		
Suppliers	18,238,664	7,338,939
Personnel	3,461,364	2,946,228
Public entities, other	910,064	6,136,175
Total	37,800,308	19,668,207

(e) Classification by maturity

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

(f) Amounts denominated in foreign currencies

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

	Euros				Total
	2010				
	US Dollar	Pound Sterling	Swiss Franc	Thai Bhat	
Current payables					
Debt with financial institutions	265,789	-	-	-	265,789
Trade and other payables					
Suppliers	3,935,721	116	6,398	8,713	3,950,948
Suppliers, group companies	8,704,300	-	-	-	8,704,300
Total current liabilities	12,905,810	116	6,398	8,713	12,921,037
Total financial liabilities	12,905,810	116	6,398	8,713	12,921,037

(Continued)

Notes to the Annual Accounts

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

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

	Euros			
	2010		2009	
	Settled	Outstanding	Settled	Outstanding
<i>Current payables</i>				
Debt with financial institutions	376,201	(7)	2,578,329	-
Suppliers	101,606	(102,840)	645	605
<i>Group companies</i>				
Suppliers, group companies	(228)	(190,512)	(265)	(871)
Total current liabilities	477,579	(293,359)	2,578,709	(266)
Total financial liabilities	477,579	(293,359)	2,578,709	(266)

(22) Disclosure of deferred payments made to suppliers. Third additional provision “reporting obligation” of Law 15/2010 of 5 July 2010.

At 31 December 2010 the balance payable exceeding the 85 days established by Law 15/2010 of 5 July 2010 amounts to Euros 1,727 thousand.

Notes to the Annual Accounts

(23) Taxation

Details of balances with public entities are as follows:

	Euros			
	2010		2009	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	1,096,642	-	958,090	-
Current tax assets	-	6,168,039	-	4,178,367
Value added tax and similar taxes	-	3,089,050	-	3,566,565
	1,096,642	9,257,089	958,090	7,744,932
Liabilities				
Deferred tax liabilities	2,108,100	-	1,275,249	-
Social Security	-	334,160	-	322,190
Withholdings	-	575,904	-	5,813,985
	2,108,100	910,064	1,275,249	6,136,175

At 31 December 2010, current tax assets comprise recoverable income tax from 2009 and 2010.

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

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

	Euros	
	2010	2009
	Current	Current
Receivables		
Instituto Grifols, S.A.	1,325,793	-
Logister, S.A.	78,757	44,765
Biomat, S.A.	781,028	676,352
Grifols International, S.A.	329,356	240,946
Movaco, S.A.	2,752,009	1,819,606
Grifols Viajes, S.A.	36,570	7,340
Grifols Engineering, S.A.	1,306,636	335,828
Arrahona Optimus, S.L.	2,235,131	-
	8,845,280	3,124,837
Payables		
Instituto Grifols, S.A.	5,271,011	6,112,323
Diagnostic Grifols, S.A.	6,750,623	4,268,391
Laboratorios Grifols, S.A.	2,677,146	1,378,370
Grifols Viajes, S.A.	13,795	13,772
Logister, S.A.	21,716	7,675
Grifols Engineering, S.A.	-	95,651
Arrahona Optimus, S.L.	411,316	509,348
Gri-Cel, S.A.	113,512	10,152
	15,259,119	12,395,682

(Continued)

Notes to the Annual Accounts

Balances receivable and payable at 31 December comprise the accrued income tax and value added tax payable for 2010 and 2009.

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

Tax	<u>Years open to inspection</u>
Income tax	2008 to 2010
Value added tax	2008 to 2010
Personal income tax	2008 to 2010
Capital gains tax	2008 to 2010
Business activities tax	2007 to 2010
Social Security	2007 to 2010
Non-residents	2008 to 2010

On 28 January 2009, the Company was notified by the taxation authorities of the start of an inspection of income tax (2004 to 2007), value added tax, personal income tax and capital gains tax (2005 to 2007). On 30 June 2010, the Company signed its acceptance of these tax assessments. The total expense, including delay interest and the sanction, amounts to Euros 554 thousand.

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

(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.

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

	<u>Euros</u>	
	<u>2010</u>	<u>2009</u>
Current income tax		
Present year	(5,920,476)	1,704,205
Dividend withholding	-	573,888
Provision for taxes	(653,288)	1,097,000
	<u>(6,573,764)</u>	<u>3,375,093</u>
Deferred tax liabilities		
Source and reversal of temporary differences		
Property, plant and equipment	843,046	292,575
Changes in deferred tax liabilities from prior years	(52,254)	-
Changes in deductions from prior years	789	-
Changes in recognised tax deductions	(116,652)	(476,523)
	<u>(5,898,835)</u>	<u>3,191,145</u>

(Continued)

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	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	53,496	30,807	(2,065,622)	(1,252,141)	(2,012,126)	(1,221,334)
Grants	-	-	(42,478)	(23,108)	(42,478)	(23,108)
Rights to tax deductions and credits	1,043,146	927,283	-	-	1,043,146	927,283
Net assets and liabilities	1,096,642	958,090	(2,108,100)	(1,275,249)	(1,011,458)	(317,159)

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

	Euros	
	2010	2009
Deferred tax assets relating to temporary differences	38,617	23,105
Total assets	38,617	23,105
Deferred tax liabilities	1,940,786	1,169,764
Net	(1,902,169)	(1,146,659)

(b) Value added tax

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

(Continued)

Notes to the Annual Accounts

(24) Environmental Information

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

Description	Euros		
	2010		
	Cost	Accumulated depreciation	Net
Sewage treatment	37,700	(37,700)	-
Water saving	311,021	(60,138)	250,883
Heating prevention	11,873	(7,322)	4,551
Waste management	229,968	(173,724)	56,244
	590,562	(278,884)	311,678
	2009		
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
	321,759	(237,566)	84,193

In 2010 environmental expenses amount to Euros 96,527 (Euros 350,108 in 2009).

(25) 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.

(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.

(Continued)

Notes to the Annual Accounts

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

During 2010 the independent members of the Company's board of directors have accrued Euros 180 thousand (Euros 240 thousand in 2009) in their capacity as such. Directors representing shareholders have not received any remuneration. The members of the Company's board of directors who have a labour relationship with the Company and senior management personnel have received total remuneration of Euros 1,977 thousand and Euros 3,233 thousand, respectively (Euros 2,055 thousand and Euros 3,274 thousand in 2009). 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 and related parties in other companies

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

Details of functions and activities performed by the directors and related parties 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.

(26) 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:

	Euros	
	2010	2009
Other supplies used		
Purchases of spare parts	555,419	418,432
Change in inventories	(91,642)	30,836
	463,777	449,268

(c) Employee benefits expense and provisions

Details of employee benefits expense and provisions are as follows:

	Euros	
	2010	2009
Employee benefits expense		
Social Security payable by the Company	3,289,404	3,112,472
Defined contribution plan contributions	59,452	52,222
Other employee benefits expenses	728,822	696,641
	4,077,678	3,861,335

(Continued)

Notes to the Annual Accounts

(27) Employee Information

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

	Number	
	2010	2009
Technical area	36	36
Administration and others	236	226
General management	22	22
Marketing	12	12
	306	296

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

	Number			
	2010		2009	
	Female	Male	Female	Male
Technical area	38	4	37	1
Administration and others	100	144	102	132
General management	13	9	13	10
Marketing	4	2	7	5
Directors	1	7	1	7
	156	166	160	155

(28) Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company and other individuals and companies related to the auditors as defined by Audit Law 19 of 12 July 1988 have invoiced the Company the following fees and expenses for professional services during the years ended 31 December 2010 and 2009:

	Euros	
	2010	2009
Audit services	577,124	120,296
Other assurance services	437,500	-
Other services	282,246	72,600
	1,296,870	192,896

Audit services detailed in the above table include the total fees for services rendered in 2010 and 2009, irrespective of the date of invoice.

(Continued)

Notes to the Annual Accounts

Fees and expenses for professional services invoiced by other KPMG Europe, LLP group companies to the Company during the year ended 31 December 2010 are as follows:

	<u>Euros</u>
Audit services	<u>5,951</u>

Fees and expenses for professional services invoiced by other companies affiliated to KPMG International to the Group during the years ended 31 December 2010 and 2009 are as follows:

	<u>Euros</u>
Audit services	<u>244,345</u>

(29) Events after the Balance Sheet Date

On 13 January 2011, the Group closed its scheduled issue of High Yield Senior Unsecured Notes for an amount of US Dollars 1,100 million, with a 7 year maturity period and an annual coupon of 8.25%. This issue, in conjunction with the already completed syndicated loan for an amount of US Dollars 3,400 million, enables the Company to have the maximum amount of US Dollars 4,500 million available, which is estimated to be the financing requirement for the acquisition of Talecris.

At the extraordinary general shareholders' meeting held on 25 January 2011, the Company agreed to increase share capital through the issue of 87 million new shares without voting rights, which it will use in its acquisition of Talecris. These shares are scheduled to be listed on the NASDAQ Global Market (United States) and the Automated Quotation System ("mercado continuo") (Spain).

The Group has therefore completed all the tranches of the proposed financial structure and concluded another of the phases in the transaction completion schedule, which is still pending approval by the US Federal Trade Commission (FTC), among others.

GRIFOLS, S.A.

**Details and Movement in Property, Plant and Equipment
for the year ended 31 December 2010**

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

	Euros						Total
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	
2010							
Cost at 1 January 2010	902,621	868,379	5,736,017	9,608,049	967,058	4,103,536	22,185,660
Additions	-	-	19,172	101,316	230,050	252,106	602,644
Disposals	-	-	-	(56,953)	(28,500)	(12,580)	(98,033)
Transfers	-	-	217,908	435,614	(653,596)	74	-
Transfers from investment property	-	-	-	-	289,328	-	289,328
Cost at 31 December 2010	902,621	868,379	5,973,097	10,088,026	804,340	4,343,136	22,979,599
Accumulated depreciation at 1 January 2010	-	(341,458)	(1,691,478)	(4,709,750)	-	(3,480,541)	(10,223,227)
Depreciation	-	(6,158)	(519,651)	(711,695)	-	(301,309)	(1,538,813)
Disposals	-	-	-	45,454	-	12,579	58,033
Accumulated depreciation at 31 December 2010	-	(347,616)	(2,211,129)	(5,375,991)	-	(3,769,271)	(11,704,007)
Carrying amount at 31 December 2010	902,621	520,763	3,761,968	4,712,035	804,340	573,865	11,275,592

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 2009**

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

	Euros					Total
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	
2009						
Cost at 1 January 2009	2,060,120	868,379	5,536,359	8,708,362	660,360	21,636,964
Additions	-	-	86,992	522,453	887,804	1,834,583
Disposals	-	-	-	(255,534)	(10,800)	(338,470)
Transfers	-	-	112,666	636,742	(784,362)	-
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	902,621	868,379	5,736,017	9,608,049	967,058	22,185,660
Accumulated depreciation at 1 January 2009	-	(465,369)	(1,156,328)	(4,295,471)	-	(9,213,944)
Depreciation	-	(6,154)	(535,150)	(662,520)	-	(1,433,311)
Disposals	-	-	-	244,264	-	289,986
Transfers to investment property	-	130,065	-	3,977	-	134,042
Accumulated depreciation at 31 December 2009	-	(341,458)	(1,691,478)	(4,709,750)	-	(10,223,227)
Carrying amount at 31 December 2009	902,621	526,921	4,044,539	4,898,299	967,058	11,962,433

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	Dir	% interest	Total	Share capital	Reserves	Other equity items	Profit/(loss) for the year	Total equity	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	--	66,787,878	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 Farmacéuticos e Hospitalares, 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	--	100.0	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	--
Logística 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	287,261	--	(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	--	1,036,798	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	12,226,608	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	7,269,380	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	69,120	225,434	--	1,491,502	1,777,056	60,090	1,307,421
Biomat USA, Inc.	USA	Industrial	100,000	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	362,387	2,468,775	(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	--	264,806,323	(860,691)	3,077,405	5,047,876	714,769	2,060,645
Grifols Biologicals, Inc.	USA	Commercial	100,000	100.000	100.0	--	94,223,018	(13,227,476)	37,605,623	118,601,165	--	--
Grifols (Thailand), Ltd.	Thailand	Industrial	--	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	(47,822)	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	100.000	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)	(288,468)	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	--
Woolcomooloo Holding Pty Ltd	Australia	Services	49,000	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	--	--
Starm 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)	(802,627)	--	--
Gr-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 2010

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

Company	Registered offices	Activity	Dir	% interest	Total	Share capital	Reserves	Other equity items	Profit/(loss) for the year	Total equity	Carrying amount of the interest	Dividends received 2009
Laboratorios Grifols, S.A.	Spain	Industrial	99,998	0.002	100.0	11,798,351	2,424,102	—	(4,719,466)	9,502,987	11,798,357	—
Instituto Grifols, S.A.	Spain	Industrial	99,998	0.002	100.0	1,537,989	39,543,156	—	61,842,911	102,924,056	1,537,990	39,999,218
Movaco, S.A.	Spain	Commercial	99,999	0.001	100.0	2,404,601	1,451,643	—	6,758,376	10,614,620	2,404,619	8,571,790
Grifols Portugal Produtos Farmacéuticos e Hospitalares, Lda.	Portugal	Commercial	0,015	99,985	100.0	926,911	—	33,551	(448,656)	511,806	228	—
Diagnostic Grifols, S.A.	Spain	Industrial	99,998	0.002	100.0	336,560	9,805,789	—	841,487	10,963,836	336,561	—
Logister S.A.	Spain	Services	—	100.000	100.0	105,325	343,473	—	5,226	454,024	—	—
Grifols Chile, S.A.	Chile	Commercial	99,000	—	99.0	385,453	8,115,114	2,479,886	4,300,389	15,280,842	385,453	2,725,849
Blomat, S.A.	Spain	Industrial	99,900	0.100	100.0	60,110	711,484	—	1,025,929	1,797,523	60,041	2,986,066
Grifols Argentina, S.A.	Argentina	Commercial	100,000	—	100.0	955,675	5,225,992	(1,528,644)	1,750,777	6,403,800	6,563,003	—
Grifols, s.r.o.	Czech Republic	Commercial	100,000	—	100.0	51,597	6,057,342	651,886	1,557,236	8,318,161	51,600	—
Logística Grifols, S.A. de CV	Mexico	Services	100,000	—	100.0	92,279	926,673	368,619	403,989	1,791,560	235,258	—
Grifols Viajes, S.A.	Spain	Services	99,900	0.100	100.0	60,110	185,470	—	73,354	328,934	60,041	—
Grifols USA, LLC	USA	Commercial	—	100.000	100.0	561,886	1,928,883	(1,129,267)	(2,231,737)	(870,435)	—	—
Grifols International, S.A.	Spain	Services	99,900	0.100	100.0	2,860,154	1,117,513	—	1,283,820	5,261,487	2,860,085	999,979
Grifols Deutschland, GmbH	Germany	Commercial	100,000	—	100.0	2,924,813	763,386	8,913	771,166	4,468,278	2,924,811	—
Grifols Italia S.p.A.	Italy	Commercial	100,000	—	100.0	2,494,762	3,189,084	17,111	5,132,034	10,782,991	12,226,806	4,000,000
Grifols UK, Ltd.	United Kingdom	Commercial	100,000	—	100.0	4,285	4,675,187	(782,194)	2,763,069	6,680,347	21,167,620	2,034,101
Grifols Brasil, Ltda.	Brazil	Commercial	100,000	—	100.0	764,095	—	17,406	37,151	818,652	764,095	7,856,470
Grifols France S.A.R.L.	France	Commercial	—	1.000	100.0	7,700	(73,316)	—	86,723	21,107	7,623	—
Grifols Engineering S.A.	Spain	Services	99,950	0.050	100.0	60,120	225,434	—	3,805,969	4,091,523	60,090	1,490,757
Blomat USA, Inc.	USA	Industrial	—	100.000	100.0	—	93,118,540	(14,419,719)	8,467,293	87,166,114	—	—
Squadron Reinsurance Ltd.	Ireland	Services	—	0.001	100.0	1,000,000	13,708,270	—	3,323,685	18,031,955	1,000,000	—
Grifols, Inc.	USA	Services	99,999	—	100.0	—	262,026,115	20,448,973	(10,725,854)	271,749,234	249,070,932	3,243,465
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	—	100.0	362,387	2,302,715	(656,032)	5,509,997	7,519,067	714,769	—
Grifols Biologicals, Inc.	USA	Industrial	—	100.000	100.0	—	131,828,842	(3,950,101)	33,757,623	161,636,164	—	—
Grifols (Thailand), Ltd.	Thailand	Commercial	—	48.000	48.0	61,198	2,185,524	339,187	704,932	3,300,841	—	—
Alpha Therapeutic Italia, S.p.A.	Italy	Commercial	100,000	—	100.0	500,000	657,243	(47,522)	1,320,629	2,430,350	635,934	500,000
Grifols Polska, Sp.z o.o.	Poland	Commercial	100,000	—	100.0	10,714	1,444,260	215,333	207,315	1,877,622	10,714	763,359
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	—	30.000	30.0	30,283	419,212	92,017	431,931	973,443	—	—
Plasmacare, Inc.	USA	Industrial	—	100.000	100.0	15,241	17,353,661	(307,214)	(94,622)	16,967,066	—	—
Grifols México, S.A. de CV	Mexico	Industrial	100,000	—	100.0	461,397	48,990	133,809	2,089,541	2,733,737	461,225	1,520,000
Arrahoria Optimus, S.L.	Spain	Services	100,000	—	100.0	1,925,100	(503,766)	—	(1,385,493)	35,841	1,926,565	—
Woolloomooloo Holding Pty Ltd	Australia	Services	49,000	—	49.0	24,999,881	(1,899,823)	11,236,092	(1,589,521)	32,746,629	25,497,336	—
Lateral Grifols Pty Ltd	Australia	Industrial	—	49.000	49.0	1,695,072	(349,286)	888,828	(1,683,128)	531,486	—	—
Australian Corp. number Pty Ltd	Australia	Commercial	—	49.000	49.0	6	136,980	3	(201,883)	(62,894)	—	—
Satum Australia Pty Ltd	Australia	Investment	—	49.000	49.0	2,898,828	623,218	1,485,827	(639,178)	4,168,695	—	—
Satum Investments AG	Australia	Investment	—	49.000	49.0	66,981	3,247,351	(667,136)	171,580	2,818,776	—	—
Medion Diagnostic Grifols AG	Switzerland	Industrial	—	39.200	39.2	1,373,114	(2,050,885)	483,775	(790,819)	(984,815)	—	—
Medion Diagnostic GmbH	Germany	Commercial	—	39.200	39.2	1,983,822	(1,523,259)	132,425	32,412	625,400	—	—
Gr-Cel, S.A.	Spain	Research	0,002	99,998	100.0	60,102	(24,817)	—	(982,804)	(947,519)	1	—
Nanotheraphix, S.L.	Spain	Research	—	51.000	—	3,634	1,452,946	—	(293,494)	1,163,086	—	—
Grifols Colombia, Ltda.	Colombia	Commercial	99,000	1.000	100.0	8,234	—	1,241	(19,487)	(10,012)	7,852	—
Grifols Nordic AB	Sweden	Commercial	100,000	—	100.0	10,392	37,879	3,104	(24,339)	26,838	2,255,250	—

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 2010

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

	Euros					
	Non-current			Current		
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value Total
2010						
<i>Loans and receivables</i>						
Loans						
Fixed rate	-	-	-	266,667	266,667	-
Floating rate	-	-	-	229,417,213	229,417,213	-
Loans, tax effect	-	-	-	8,845,280	8,845,280	-
Deposits and guarantees	174,733	174,733	174,733	120	120	120
Trade and other receivables	-	-	-	24,432	24,432	-
Trade receivables	-	-	-	8,948,911	8,948,911	-
Other receivables	-	-	-	29,158	29,158	-
Total	174,733	174,733	174,733	247,531,781	247,531,781	247,531,781
<i>Assets available for sale</i>						
Equity instruments	533,660	-	533,660	-	-	-
Unquoted (fair value not available)						
Total	533,660	174,733	533,660	-	-	-
Total financial assets	708,393	174,733	708,393	247,531,781	247,531,781	247,531,781

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 2009

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

	Euros					
	Non-current			Current		
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value Total
2009						
Other assets at fair value through profit or loss	-	-	-	-	1,669,520	1,669,520
Derivative financial instruments	-	-	-	-	-	-
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	500,000	-	500,000	-	-	-
Unquoted (fair value not available)	-	-	-	-	-	-
Total	500,000	150,315	500,000	-	-	-
Total financial assets	650,315	150,315	650,315	237,165,306	237,165,306	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.

**Details of Movement in Reserves and corresponding Profit
for the year ended 31 December 2010
(Expressed in Euros)**

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

	Legal and statutory reserve	Differences on translation of share capital to Euros	Voluntary reserves	Profit/(loss) for the year	Total
Balance at 31 December 2009	18,657,461	3,020	16,926,833	73,398,709	108,986,023
Profit for 2010	-	-	-	63,547,595	63,547,595
Distribution of profit for 2009	2,649,029	-	-	(2,649,029)	-
Appropriation to legal reserves	-	-	11,560,880	(11,560,880)	-
Reserves	-	-	-	(59,188,800)	(59,188,800)
Dividends	-	-	-	-	-
Balance at 31 December 2010	21,306,490	3,020	28,487,713	63,547,595	113,344,818

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/(loss) for the year	Total
Balance at 1 January 2009	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 2008	6,496,348	-	-	(6,496,348)	-
Appropriation to legal reserves	-	-	9,775,919	(9,775,919)	-
Reserves	-	-	-	(48,691,200)	(48,691,200)
Dividends	-	-	5,465	-	5,465
Profit on assets available for sale	-	-	(5,679,297)	-	(5,679,297)
Results of trading with own shares	-	-	-	-	-
Balance at 31 December 2009	18,657,461	3,020	16,926,833	73,398,709	108,986,023

GRIFOLS, S.A.

**Details of Financial Liabilities by Category
for the year ended 31 December 2010**

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

	Euros					
	Non-current			Current		
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value Total
2010						
<i>Liabilities at fair value through profit or loss</i>						
Derivative financial instruments	-	-	-	-	-	8,560,405
	-	-	-	-	-	8,560,405
<i>Debts and payables</i>						
Group companies						
Loans	15,874,978	15,874,978	15,874,978	44,025,044	44,025,044	44,025,044
Debt with financial institutions						
Floating rate	132,877,936	132,877,936	132,877,936	102,570,208	102,570,208	102,570,208
Finance lease payables	1,104,477	1,104,477	1,104,477	561,122	561,122	561,122
Other financial liabilities	199,675	199,675	199,675	269,678	269,678	269,678
Trade and other payables						
Suppliers	-	-	-	23,227,651	23,227,651	23,227,651
Suppliers, group companies	-	-	-	10,201,229	10,201,229	10,201,229
Other payables	-	-	-	3,461,364	3,461,364	3,461,364
Total financial liabilities	150,057,066	150,057,066	150,057,066	184,316,296	184,316,296	192,876,701

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 2009

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

	Euros					
	Non-current			Current		
	At amortised cost or cost Carrying amount	Fair value	Total	At amortised cost or cost Carrying amount	Fair value	At fair value Total
2009						
<i>Liabilities at fair value through profit or loss</i>						
Derivative financial instruments	-	-	-	-	3,333,190	3,333,190
<i>Debts and payables</i>						
Group companies						
Loans	16,854,141	16,854,141	16,854,141	43,768,034	43,768,034	43,768,034
Debt with financial institutions						
Floating rate	235,136,830	235,136,830	235,136,830	38,742,947	38,742,947	38,742,947
Finance lease payables	1,597,354	1,597,354	1,597,354	906,232	906,232	906,232
Other financial liabilities	366,652	366,652	366,652	261,249	261,249	261,249
Trade and other payables						
Suppliers	-	-	-	10,377,365	10,377,365	10,377,365
Suppliers, group companies	-	-	-	208,439	208,439	208,439
Other payables	-	-	-	2,946,228	2,946,228	2,946,228
Total financial liabilities	253,954,977	253,954,977	253,954,977	97,210,494	97,210,494	3,333,190
						100,543,684

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

GRIFOLS, S.A.
Classification of Financial Liabilities by Category
for the years ended
31 December 2010 and 2009

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

	Euros						Total non-current
	2011	2012	2013	2014	2015	Subsequent years	
Payables							
Debt with financial institutions	102,570,208	73,002,472	40,010,012	6,808,650	6,812,958	6,243,844	132,877,936
Finance lease payables	561,122	418,871	298,573	307,370	79,663	-	1,104,477
Derivatives (note 15)	8,560,405	-	-	-	-	-	(8,560,405)
Other financial liabilities	269,679	-	-	199,674	-	-	(269,678)
Group companies	44,025,044	979,163	979,163	979,163	979,163	11,958,326	15,874,978
Trade and other payables							
Suppliers	18,208,032	-	-	-	-	-	(18,208,032)
Suppliers, group companies	10,201,229	-	-	-	-	-	(10,201,229)
Other trade payables	5,019,618	-	-	-	-	-	(5,019,618)
Personnel	3,461,364	-	-	-	-	-	(3,461,364)
Total financial liabilities	192,876,701	74,400,506	41,287,748	8,294,857	7,871,784	18,202,170	(192,876,700)
							150,057,066

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

GRIFOLS, S.A.
Classification of Financial Liabilities by Category
for the years ended
31 December 2010 and 2009

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

	Euros						Total non-current
	2010	2011	2012	2013	2014	Subsequent years	
Payables							
Debt with financial institutions	38,742,947	72,258,893	73,002,472	70,010,011	6,808,650	13,056,804	235,136,830
Finance lease payables	906,232	531,436	388,155	290,728	307,370	79,665	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)
Group companies	43,768,034	979,163	979,163	979,163	979,163	12,937,489	(43,768,034)
Trade and other payables							
Suppliers	7,330,617	-	-	-	-	-	(7,330,617)
Suppliers, group companies	208,439	-	-	-	-	-	(208,439)
Other trade payables	3,046,748	-	-	-	-	-	(3,046,748)
Personnel	2,946,228	-	-	-	-	-	(2,946,228)
Total financial liabilities	100,543,684	73,859,571	74,459,869	71,279,902	8,281,677	26,073,958	(100,543,684)
							253,954,977

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 2010

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

2010	Type	Currency	Limit in currency	Nominal rate	Maturity	Total amount	Euros	
							Current	Non-current
	<u>Group</u>						<u>Carrying amount</u>	
	Loan	EUR	16,854,141	2.56 - 7.80	2011-2019	16,854,141	979,163	15,874,978
	Credit facilities	EUR	12,400,000	2.10	2011	12,400,000	12,400,000	-
	Credit facilities	EUR	4,038,519	4.68	2011	4,038,520	4,038,520	-
	Cash pooling			Euribor+1%	2011	9,795,085	9,795,085	-
						43,087,746	27,212,768	15,874,978
	<u>Unrelated parties</u>							
	Official Credit Institute	EUR	30,000,000	1.86 - 2.14	2016	21,932,873	3,978,103	17,954,770
	Syndicated loan	EUR	350,000,000	1.47 - 1.85	2013	165,590,207	66,182,100	99,408,107
	Syndicated mortgage	EUR	14,000,000	2.12 - 2.99	2018	11,732,684	1,617,625	10,115,059
	Santander	EUR	6,000,000	3.43 - 3.59	2016	6,000,000	600,000	5,400,000
	BBVA master	EUR	12,000,000	1.02 - 1.24	2011	3,892,262	3,892,262	-
	Banesto	EUR	7,000,000	1.67 - 2.45	2011	2,799,916	2,799,916	-
	BBVA USD	USD	5,000,000	1.26 - 1.35	2011	262,480	262,480	-
	Banco Sabadell	EUR	3,500,000	2.25 - 2.50	2011	520,485	520,485	-
	Caixa Catalunya	EUR	3,000,000	3.75	2011	1,485,707	1,485,707	-
	Caja Madrid	EUR	8,000,000	1.70 - 2.88	2011	7,120,624	7,120,624	-
	Banca March	EUR	2,000,000	2.14 - 2.32	2011	1,272,509	1,272,509	-
	Caixa Galicia	EUR	6,000,000	2.72 - 2.92	2011	7,036	7,036	-
	Deutsche bank	EUR	14,000,000	1.22 - 3.25	2011	1,457,935	1,457,935	-
	Lloyds Master	EUR	600,000	1.75 - 2.34	2011	109,317	109,317	-
	SCH Master	EUR	7,000,000	1.74 - 2.00	2011	1,849,852	1,849,852	-
	HSBC	EUR - USD	15,000,000	1.92 - 2.37	2011	9,194,482	9,194,482	-
						235,228,369	102,350,433	132,877,936
	Total					278,316,115	129,563,201	148,752,914

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 Spanish-language version prevails.)

2009	Type	Currency	Límite en moneda	Nominal rate	Maturity	Total amount	Euros	
							Current	Non-current
	<u>Group</u>						<u>Carrying amount</u>	
	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	-
						48,060,625	31,206,484	16,854,141
	<u>Unrelated parties</u>							
	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	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	-	-	-
						275,787,390	38,405,459	235,136,830
	Total					323,848,015	69,611,943	251,990,971

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 2010**

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

	Euros							
	Income statement		Income and expense recognised directly in equity					
	Increases	Decreases	Net	Increases	Decreases	Net	Total	
2010								
Income and expenses for the period			63,547,595				45,198	63,592,793
Income tax			(5,898,835)				19,370	(5,879,465)
Profit before income tax			57,648,760				64,568	57,713,328
Permanent differences								
Individual company	2,319,009	16,473,930	(14,154,921)	-	-	-	-	(14,154,921)
Consolidation adjustments	-	56,773,660	(56,773,660)	-	-	-	-	(56,773,660)
Temporary differences:								
Individual company								
originating in current year		2,846,971	(2,846,971)	258,518	323,086	(64,568)		(2,911,539)
originating in prior years	36,817	-	36,817	-	-	-		36,817
Taxable income/(Tax loss)			(16,089,975)				-	(16,089,975)

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

GRIFOLS, S.A.

**Reconciliation between net income and expense for the year and taxable income
for the year ended 31 December 2009**

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

	Euros						
	Income statement		Income and expense recognised directly in equity		Total		
	Increases	Decreases	Net	Increases		Decreases	Net
2009							
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	(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)	430,707	507,733	(77,026)	(1,089,128)
originating in prior years	36,817	-	36,817	-	-	-	36,817
Taxable income/(Tax loss)			7,608,594			-	7,608,594

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

GRIFOLS, S.A.

**Details of income tax expense/(recoverable tax) related to profit/(loss) for the year
for the year ended 31 December 2010**

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

	Euros		
	Profit and loss	Equity	Total
Income and expenses for the period before tax	57,648,760	64,568	57,713,328
Tax at 30%	17,294,628	19,370	17,313,998
Non-taxable income	(21,974,277)	-	(21,974,277)
Dividends from group companies	31,400	-	31,400
Non-deductible expenses	(80,808)	-	(80,808)
Sanctions and fines	(704,753)	-	(704,753)
Deductions and credits for the current year	(465,025)	-	(465,025)
Excess provision for income tax and other taxes			
Deduction for international double taxation			
Income tax expense/(recoverable tax)	(5,898,835)	19,370	(5,879,465)
Continuing operations			

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 Spanish-language version prevails.)

	Euros	
	Profit and loss	Equity Total
Income and expenses for the period	76,589,854	82,491 76,672,345
Tax at 30%	22,976,956	24,747 23,001,703
Non-taxable income	(20,913,793)	- (20,913,793)
Dividends from group companies	512,001	- 510,362
Non-deductible expenses	(1,054,907)	- (1,054,907)
Donations and others	1,097,000	- 1,097,000
Deductions and credits for the current year	573,888	- 573,888
Provision		
Withholding of dividends		
Income tax expense/(recoverable tax)	3,191,145	23,108 3,214,253
Continuing operations		

GRIFOLS, S.A.

Investments and Positions held by Directors and persons related thereto in other Companies
31 December 2009
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish language version prevails)

Director / persons related	Companies	Positions and duties
Dagà Gelabert, T.	Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Plasma Collection Center, Inc. / Woolloomooloo Pty Ltd. / Lateral Grifols Pty Ltd. / Australian Corporate Pty Ltd. / Saturn Australia Pty Ltd. / Saturn Investments AG / Medion Grifols Diagnostics AG / Medion Diagnostics GmbH	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. Biomat, S.A. / Diagnostic Grifols, S.A. / Grifols Engineering, S.A. / Grifols International, S.A. / Grifols Viajes, S.A. / Laboratorios Grifols, S.A. / Logister, S.A. / Movaco, S.A. / Biomat USA, Inc. / PlasmaCare, Inc. / Grifols, Inc. / Gri-Cel, S.A.	Chairman Director
Riera Roca, R.	Grifols Argentina S.A. / Grifols Polska Sp. z o.o. / Alpha Therapeutic Italia S.p.A. / Grifols Italia S.p.A. 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 Farmacéuticos e Hospitalares, Lda. / Woolloomooloo Pty Ltd. / Lateral Grifols Pty Ltd. / Australian corporate Pty Ltd. / Saturn Australia Pty Ltd. / Saturn Investments AG / Medion Grifols Diagnostics AG / Medion Diagnostics GmbH	Chairman Board member
Twose Roura, J.I.	Grifols France, S.A.R.L. Grifols International, S.A.	Co-manager Director
Grifols Coma-Cros, A.	Instituto Grifols, S.A. / Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Arrahona Optimus, S.L.	Board member
Grifols Deu, V.	Grifols Engineering, S.A.	Director
Grifols Roura, A.	Grifols, S.A.	Cash manager
Grifols Roura, N.	Grifols, S.A.	Management control manager
Jorba Ribes, J.	Laboratorios Grifols, S.A.	General manager
Ribes Batalla, N.	Grifols, S.A. Instituto Grifols, S.A. Grifols International, S.A.	Registers manager General manager Transfusion medicine market manager

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

GRIFOLS, S.A.

Investments and Positions held by Directors and persons related thereto in other Companies
31 December 2010
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish language version prevails)

Director / persons related	Companies	Positions and duties
Dagà Gelabert, T.	Grifols, Inc. / Biomat USA, Inc. / PlasmaCare, Inc. / Woolloomooloo Pty Ltd. / Lateral Grifols Pty Ltd. / Australian corporate Pty Ltd. / Saturn Australia Pty Ltd. / Saturn Investments AG / Medion Grifols Diagnostics AG / Medion Diagnostics GmbH	Board member
Glanzmann, T.	Gambro AB Instituto Grifols, S.A.	CEO and Chairman Board member
Grifols Gras, J.A.	Instituto Grifols, S.A.	Board member
Grifols Roura, V.	Instituto Grifols, S.A. / Arrahona Optimus, S.L. "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. / Gt-Cel, S.A.	Chairman Director
Janotta, E.D.	Instituto Grifols, S.A.	Board member
Riera Roca, R.	Grifols Argentina, S.A. / Grifols Polska Sp.z.o.o. / Alpha Therapeutic Italia, S.p.A. / Grifols Italia, S.p.A.	Chairman Board member
	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 Farmacéuticos e Hospitalares, Lda. / Woolloomooloo Pty Ltd. / Lateral Grifols Pty Ltd. / Australian Corporate Pty Ltd. / Saturn Australia Pty Ltd. / Saturn Investments AG / Medion Grifols Diagnostics AG / Medion Diagnostics GmbH / Grifols Nordic AB / Grifols Colombia, Ltda. Grifols France, S.A.R.L. Grifols International, S.A.	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
Grifols Coma-Cros, A.	Grifols, S.A.	Cash manager
Grifols Dev, V.	Grifols, S.A.	Management control manager
Grifols Roura, A.	Grifols, S.A.	Diagnostic group manager
Grifols Roura, N.	Grifols, S.A.	Registers manager
Jorba Ribes, J.	Instituto Grifols, S.A.	General manager
Ribes Batalla, N.	Grifols International, S.A.	Transfusion medicine market manager

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

GRIFOLS, S.A.

**Balances with related parties
for the year ended 31 December 2010**

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

	Euros		
	Group companies	Directors	Other related parties
2010	Total		
Non-current investments in group companies			
Equity instruments	345,024,658	-	-
			345,024,658
Total non-current assets	345,024,658	-	-
			345,024,658
Trade and other receivables			
Trade receivables from group companies – current	8,514,236	-	-
Current investments in group companies			8,514,236
Loans to companies	238,262,493	-	-
			238,262,493
Total current assets	246,776,729	-	-
			246,776,729
Total assets	591,801,387	-	-
			591,801,387
Non-current payables			
Group companies – non-current	15,874,978	-	-
			15,874,978
Total non-current liabilities	15,874,978	-	-
			15,874,978
Current payables			
Group companies - current	44,025,044	-	-
Trade and other payables		62,110	4,926,877
Suppliers	-		4,988,987
Suppliers, group companies	10,201,229	-	-
			10,201,229
Total current liabilities	54,226,273	62,110	4,926,877
			59,215,260
Total liabilities	70,101,251	62,110	4,926,877
			75,090,238

This appendix forms an integral part of note 25 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 Spanish-language version prevails.)

	Euros			
	Group companies	Directors	Other related parties	Total
2009				
Non-current investments in group companies and associates				
Equity instruments	342,810,445	-	-	342,810,445
Total non-current assets	342,810,445	-	-	342,810,445
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	231,571,589	-	-	231,571,589
Total assets	574,382,034	-	-	574,382,034
Group companies – non-current				
Total non-current liabilities	16,854,141	-	-	16,854,141
Current payables				
Group companies - current	43,768,034	-	-	43,768,034
Trade and other payables				
Suppliers	-	120,996	2,917,430	3,038,426
Suppliers, group companies	208,439	-	-	208,439
Total current liabilities	43,976,473	120,996	2,917,430	47,014,899
Total liabilities	60,830,614	120,996	2,917,430	63,869,040

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

GRIFOLS, S.A.

**Related-party transactions
for the year ended 31 December 2010**

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

2010	Group companies	Key management personnel	Directors	Other related parties	Total
Income					
Operating lease income	7,927,429	-	-	-	7,927,429
Other services rendered	56,835,914	-	-	-	56,835,914
Income from royalties	2,180,121	-	-	-	2,180,121
Finance income	4,027,438	-	-	-	4,027,438
Dividends	76,491,054	-	-	-	76,491,054
Total income	147,461,956	-	-	-	147,461,956
Expenses					
Net purchases					
Purchases	1,124	-	-	-	1,124
Operating lease expenses	1,080,423	-	-	-	1,080,423
Contributions to foundations	-	-	-	2,253,717	2,253,717
Expenses for licences	-	-	-	1,278,463	1,278,463
Other services received	371,802	-	180,000	1,229,426	1,781,228
Personnel expenses					
Salaries	-	3,232,702	1,976,607	-	5,209,309
Financial instruments					
Finance expenses	1,558,275	-	-	-	1,558,275
Total expenses	3,011,624	3,232,702	2,156,607	4,761,606	13,162,539
Investments					
Cost of assets acquired					
Buildings and other installations	44,138	-	-	-	44,138
Total investments	44,138	-	-	-	44,138
Prepayments					
Services related to financing of the acquisition of Talecris	-	-	-	2,020,506	2,020,506
Total others	-	-	-	2,020,506	2,020,506

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

GRIFOLS, S.A.

**Related-party transactions
for the year ended 31 December 2009**

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

2009	Group companies	Key management personnel	Directors	Other related parties	Total
Income					
Operating lease income	7,780,372	-	-	-	7,780,372
Other services rendered	55,616,592	-	-	-	55,616,592
Income from royalties	1,560,743	-	-	-	1,560,743
Dividends	72,225,625	-	-	-	72,225,625
Total revenue	137,183,332	-	-	-	137,183,332
Expenses					
Net purchases					
Purchases	72	-	-	-	72
Operating lease expenses	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 expenses					
Salaries	-	3,273,985	2,054,986	-	5,328,971
Financial instruments					
Finance expenses	952,645	-	-	-	952,645
Total expenses	1,650,209	3,273,985	2,294,986	5,577,963	12,797,143
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 25 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of revenues by category of activity and geographical market
for the years ended
31 December 2010 and 2009**

(Expressed in Euros)

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

	Euros									
	Domestic		Rest of European Union		United States		Rest of the world		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from the rendering of services	38,280,531	36,667,153	3,465,620	3,624,944	11,812,861	12,618,375	3,299,798	2,729,425	56,858,810	55,639,897
Lease income	7,861,897	7,718,956	-	-	-	-	65,532	61,416	7,927,429	7,780,372
Income from royalties	-	-	-	-	2,180,121	1,560,743	-	-	2,180,121	1,560,743
Finance income	3,848,651	4,981,465	171,927	109,142	-	1,148,821	6,860	228,914	4,027,438	6,468,342
Dividends	76,491,054	72,225,625	-	-	-	-	-	-	76,491,054	72,225,625
	126,482,133	121,593,199	3,637,547	3,734,086	13,992,982	15,327,939	3,372,190	3,019,755	147,484,852	143,674,979

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

GRIFOLS, S.A.
Directors' Report
2010

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

To the Shareholders:

1. Business performance and situation of the Company

Grifols, S.A. is a Spanish holding company specialising in the pharmaceutical-clinical sector, 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 the activities of its subsidiaries, 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 2010, the Company has own shares amounting to Euros 1,927 thousand, as explained in note 18 to the accompanying annual accounts. Operations performed with own shares during 2010 are detailed in note 18 to the 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.

6. Events after the balance sheet date

See note 29 Events after the balance sheet date

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 21 February 2011 and in compliance with the requirements established in article 253.2 of the Revised text of the Spanish 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 2010 to 31 December 2010. 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, 8 class, numbered from 0I0378187 to 0I0378270 and from 0H5233954 to 0H5233960 and 0H5233962.

Signed:

Grifols Roura, Víctor
(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
(Absent due to travel)
Board member

Veiga Lluch, Anna
(Absent due to travel)
Board member

Grifols Roura, Raimon
(signed)
Secretary to the board