

Report of the Supervisory Board

During the past financial year, the Supervisory Board fulfilled its duties in accordance with legislation, the Articles of Association and rules of procedure. The Supervisory Board carefully and regularly monitored and advised the Board of Management. The Board of Management regularly, promptly and comprehensively informed the Supervisory Board through written and oral reports concerning all issues of fundamental importance to the company, in particular those relating to planning, business development, corporate development, the risk position and risk management. Detailed explanations were given on any business developments deviating from the planning. The strategic direction of the company was coordinated by the Board of Management and the Supervisory Board and the progress of strategic implementation discussed at regular intervals.

The Supervisory Board met at nine regularly convened meetings during financial year 2007, one of which was conducted as a conference call. In addition to the Supervisory Board meetings, the Chairman of the Supervisory Board was regularly informed by the Chairman of the Board of Management of current business developments and major business transactions. Business transactions of major importance to the company were discussed extensively on the basis of reports by the Board of Management and the Supervisory Board was involved in decisions at an early stage. In addition to discussing the topics indicated below at Supervisory Board and Supervisory Board committee meetings and receiving written and oral explanations from the Board of Management, the Supervisory Board receives monthly written reports on the business position and business developments. These reports also include explanations concerning any deviations from current or planned developments. Beyond this, the Chairman of the Supervisory Board automatically receives all internal audit reports as well as copies of the minutes of Board of Management meetings, which are supplied on request.

Main focus of the Supervisory Board deliberations

Topics regularly discussed by the Supervisory Board included planning and the current business development of the company, as well as its strategic direction, financial position and future financing structure. The acquisition of the plasma protein business from Nabi Biopharmaceuticals Corp., now completed, constituted another focal point.

At the meeting held on 12 March 2007, the Supervisory Board reviewed current business developments, discussed the annual financial statements of Biotest AG and the consolidated financial statements with the auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, and considered individual balance sheet items in detail. The annual financial statements of Biotest AG and the consolidated financial statements were subsequently adopted. Other items on the agenda related to approval of the Report of the Supervisory Board, appointment of the auditors for the annual financial statements for financial year 2007, a discussion of the ten-year business planning as well as staff and organisational development within the company and adoption of new rules of procedure for

the Board of Management and the Supervisory Board, only a few points of which were amended. The proposal for appropriation of profits to be made at the Annual Shareholders' Meeting was also resolved. The Supervisory Board closed its meeting with a discussion on the individual items on the agenda for the 2007 Annual Shareholders' Meeting.

The Supervisory Board session, which took place on 3 May 2007 directly before the Annual Shareholders' Meeting, served to prepare the Supervisory Board for the Annual Shareholders' Meeting and property transactions were agreed. The Supervisory Board also resolved that immunological diagnostics should be hived off by establishing a new GmbH limited liability company.

Immediately after the Annual Shareholders' Meeting and following the election of members, the constituent meeting of the new Supervisory Board was held. The Chairman and the members of the Audit, Personnel and Presiding Committees were elected in this meeting.

Among other items relating to the current business position, the possibility of acquiring the plasma protein business from Nabi Biopharmaceuticals Corp. was raised for the first time at the Supervisory Board meeting held on 19 June 2007. The Supervisory Board pronounced itself to be expressly in favour of pursuing the project and further resolved to continue the Long Term Incentive Programme launched in 2006 for the Board of Management and other members of the company's management. The programme also applies to executive and senior management staff.

A Supervisory Board meeting was held on 16 July 2007 in Frankfurt/Main. The Board of Management gave a comprehensive presentation on the risks and opportunities associated with the takeover of the plasma protein activities from Nabi Biopharmaceuticals Corp. as well as the options for financing such an acquisition. It became evident that the acquisition would need to be financed by a combination of borrowed funds and the company's own resources. The Supervisory Board resolved unanimously to authorise the Board of Management to submit a binding bid and take all the necessary steps to implement a capital increase.

In its meeting on 17 September 2007, at which some members participated via telephone, the Supervisory Board deliberated on the resolution to implement a capital increase. The meeting closed with the Supervisory Board granting its approval to implement such a capital increase of up to 10% of the share capital, excluding subscription rights and maintaining the existing ratio of ordinary to preference shares.

In a conference call on 21 September 2007, the Supervisory Board resolved the final number of shares and the issue prices for ordinary and preference shares under the capital increase. Moreover, the Supervisory Board revised the Articles of Association accordingly in line with the authorisation granted by the Annual Shareholders' Meeting.

In the Supervisory Board meeting held on 28 September 2007, the Board of Management reported on the current business position and the details regarding the planned hiving off of the immunological diagnostic segment. Information and explanations were also provided regarding progress on the acquisition from Nabi Biopharmaceuticals Corp. and the current situation in the plasma market.

In the meeting of 14 December 2007, a further report was provided on the current business position. The Supervisory Board was also informed of the marketing strategy for immunoglobulins and the results from the sale of TANGO and TANGO reagents. After explanation by the Board of Management, the Supervisory Board approved the budget for financial year 2008 and the investment proposed. Among other items, this includes the expansion of the fractionation capacity in the USA. In addition, an update was given on progress with SAP implementation, along with information on the status of the corporate culture and the associated development opportunities.

Committees

The Supervisory Board was supported in its work by the Presiding Committee, the Personnel Committee and the Audit Committee established by the Supervisory Board. In addition to attending the regular Supervisory Board meetings, the Presiding Committee also met with the Board of Management three times to enable detailed preparations to be made for the Supervisory Board meetings which followed.

The Personnel Committee convened twice.

The Audit Committee held two meetings in 2007. At the first meeting on 9 March 2007, the Audit Committee reviewed and discussed the annual financial statements and the auditors' report on the key aspects of their work. The second meeting was convened on 29 October 2007 to discuss matters which included any issues relating to the 2007 annual financial statements.

Corporate Governance

In 2007, the Supervisory Board continued to monitor the development of corporate governance standards within the company. In accordance with Section 3.10 of the German Governance Code, the Board of Management and the Supervisory Board report on corporate governance within Biotest AG appears on pages 161 to 164. In March 2007, the Board of Management and Supervisory Board of Biotest AG submitted an unqualified Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 of the Stock Corporation Act (AktG).

Changes in the Board of Management and Supervisory Board

No changes have taken place in the membership of the Board of Management. At a Supervisory Board meeting held on 12 March 2007, a resolution was passed unanimously to extend the period of office of Professor Schulz from 1 April 2007 onwards by five years up to 31 March 2012.

On expiry of the terms of office of all members of the Supervisory Board as of the closing of the Annual Shareholders' Meeting on 3 May 2007, both the Annual Shareholders' Meeting on 3 May 2007 and staff held new Supervisory Board elections. Dr. Cathrin Schleussner, Dr. Thorlef Spickschen and Dr. Jochen Hückmann were re-elected as representatives of the shareholders. Mr Thomas Jakob was newly elected to the Supervisory Board to replace Mr Reinhard Eyring. Staff voted Ms Barbara Arnold-Schlosser and Ms Astrid Paluch as new members to represent them on the Supervisory Board. Mr Johannes Hartmann and Ms Kerstin Birkhahn have left the Supervisory Board as staff representatives. The Chairman of the Supervisory Board thanks the departing members of the Supervisory Board for their cooperation based on trust over many years.

Annual financial statements and consolidated financial statements

The annual financial statements of Biotest AG and the consolidated financial statements as of 31 December 2007, as well as the management report and the Group management report have been examined by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and issued with an unqualified certification. The Supervisory Board has acknowledged the results of the audit and concurs with these. The auditors' report was presented to all members of the Supervisory Board. The auditors attended the meeting of the Supervisory Board on 19 March 2008 concerning the annual financial statements and consolidated financial statements. They reported on the key findings of the audit and were also on hand to provide supplementary information. On completion of the examination, the Supervisory Board found no cause for objection. The Supervisory Board approved the annual financial statements and consolidated financial statements presented by the Board of Management. The annual financial statements and consolidated financial statements were therefore adopted. The Supervisory Board endorsed the proposal of the Board of Management for appropriation of the distributable profit.

Pages 78 to 79 of the Group management report contain details on the important provisions which take effect in the event of a change of control. The syndicated loan agreement grants the creditor banks a right to termination in the event of a change of control. Similarly, the creditors who are party to the profit-participation certificate are entitled to terminate the agreement in the event of a change of control. The service contracts of both members of the Board of Management provide for a settlement in the event that their Board of Management contracts are prematurely terminated as a result of a change of control. For further details, we make reference to the relevant passages in the Group management report, rather than repeating these at this juncture.

The Supervisory Board would like to express its thanks to the Board of Management and all employees for their dedication and the success of their accomplishments in financial year 2007.

Dreieich, 19 March 2008



The Supervisory Board
Dr. Thorlef Spickschen, Chairman