

REPORT OF THE SUPERVISORY BOARD FOR 2011

During the past financial year, the Supervisory Board fulfilled its duties in accordance with the law, the Articles of Association and rules of procedure. It supervised the Board of Management regularly and carefully and provided advice. The Board of Management regularly, promptly and comprehensively informed the Supervisory Board, both orally and in writing, of all issues of fundamental importance to the Company. These included issues relating to planning, business performance, development, the risk situation and risk management. Whenever the business did not perform as projected, the Board of Management explained these discrepancies in detail and worked closely with the Supervisory Board to coordinate and implement the strategy within the Company.

In financial year 2011 the Supervisory Board held five regular meetings. One Supervisory Board resolution was adopted by written circular in lieu of a meeting. In addition to the Supervisory Board meetings, the Chairman of the Board of Management regularly informed the Chairman of the Supervisory Board about current business developments and major business transactions. Business transactions of major importance to the Company were discussed in detail on the basis of reports prepared by the Board of Management, and the Supervisory Board was involved in decisions at an early stage. As required, the Board of Management submitted for approval detailed documentation on business transactions for which the consent of the Supervisory Board was required. In addition to discussing the topics indicated below at Supervisory Board and committee meetings and the written and oral explanations given by the Board of Management, the Supervisory Board received monthly reports in writing on the business situation and business developments. These reports also included explanations of any deviations from current or planned developments. Furthermore, the Chairman of the Supervisory Board receives, and on request, copies of the minutes of Board of Management meetings. All internal audit reports are automatically forwarded to the Chairman of the Supervisory Board and the Chairman of the Audit Committee. No conflicts of interest involving members of the Board of Management and Supervisory Board, which must be immediately disclosed to the Supervisory Board and reported to the Annual Shareholders' Meeting, arose during the reporting year.

MAIN FOCUS OF SUPERVISORY BOARD DELIBERATIONS

Topics regularly discussed by the Supervisory Board included planning and the Company's current business performance, as well as its strategic direction, various transactions and financial position.

At the meeting held on 17 March 2011, the Supervisory Board reviewed current business performance, discussed Biotest AG's single-entity financial statements and the consolidated financial statements for financial year 2010 with the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main ("KPMG"), and addressed individual financial statement items in detail. The single-entity financial statements of Biotest AG and the consolidated financial statements for financial year 2010 were subsequently approved. The annual financial statements were thereby adopted. Other agenda items included a resolution regarding appropriation of net profit, the adoption of the Supervisory Board report and the Corporate Governance report as well as a unanimous recommendation to the Annual Shareholders' Meeting to select Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main ("Ernst & Young") as the auditors for financial year 2011. The auditors should only be changed for corporate governance reasons. In addition, a new instalment of the 2011 Long Term Incentive Programme was approved and the proposed resolutions were added to the agenda for the 2011 Annual Shareholders' Meeting. In addition, the Supervisory Board approved the sale of the worldwide activities of the Microbiological Monitoring segment to Merck KGaA Group. It made a final determination regarding the achievement of targets by the Board of Management members in financial year 2010 and presented the objectives agreed for the Board of Management for 2011. Due to the passage of time, the Supervisory Board also adjusted the Articles of Association with regard to the authorisation to utilise authorised capital.

The Supervisory Board, by circular resolution on 21 March 2011, approved an amendment to the contract for the sale of the activities of the Microbiological Monitoring segment.

In the Supervisory Board meeting held prior to the Annual Shareholders' Meeting on 12 May 2011, the Supervisory Board made preparations for the Annual Shareholders' Meeting and discussed the current business situation and technical problems during commissioning of the plant in Boca Raton, USA.

In the meeting of the Supervisory Board of 08 June 2011, the Supervisory Board once again discussed the current business situation and the improved situation at the Boca Raton facility. In addition, the Board of Management reported on the progress of negotiations for the further development of the monoclonal antibody BT-061 with Abbott. The Supervisory Board voted unanimously to enter into a contract with Abbott for the worldwide development and marketing of the monoclonal antibody BT-061. The Supervisory Board also approved the establishment of a subsidiary in the United Arab Emirates for the purpose of facilitating payments with countries in the Arab world. The head of plasma procurement at the Biotest Group went on to discuss the strategy for ensuring a cheap yet safe and reliable plasma supply. The Board of Management also reported on the progress of its strategy development efforts. The Supervisory Board and Board of Management agreed that the adopted growth strategy should be further developed.

In the meeting of the Supervisory Board of 23 September 2011, the Board of Management informed the Supervisory Board of the current business situation, particularly with regard to the performance of the Plasma Proteins segment. The CEO of Biotest Pharmaceuticals Corporation, Boca Raton, USA ("BPC"), then reported on the current status of the expansion work at the Boca Raton plant. This was followed by a description of the US market by the Director of Marketing and Sales at BPC. The Board of Management presented the strategy of the Biotest Group through 2020. Biotest will focus on the development, manufacture and sale of biological drugs in three therapeutic areas of haematology, clinical immunology and emergency medicine. The Supervisory Board agreed, with one abstention. The Board of Management explained that the development pipeline was quite full and that a functional organisational structure would be implemented for the Biotest Group. Thus, in the future, the previously separate activities of plasma proteins and biotherapeutics will be functionally merged in order to take advantage of potential synergies. The Chairman of the Supervisory Board announced that the Company would pay each member of the Board of Management a discretionary bonus of €50,000 for the successful sale of the activities of the Microbiological Monitoring segment and the signing of the agreement with Abbott, as contractually agreed.

In the Supervisory Board meeting held on 6 December 2011, the Board of Management reported on the current business situation, including sales performance by plasma protein product as well as the current status of marketing authorisation at BPC. Finally, the budget for financial year 2012 was discussed. The Supervisory Board approved the 2012 budget as presented by the Board of Management. The Board of Management also went into greater detail on the 2020 strategy and introduced the "Centers of Excellence" for the three therapeutic areas. These expert teams will be tasked with determining future requirements for these therapeutic areas, licensing new products and initiating suitable business acquisitions. The Board of Management also presented its sales projections for both existing and pipeline products for the period from 2012 to 2020, as well as projected changes in inventory and receivables through 2020.

The main focus areas for the audit of the 2011 financial statements were also established in coordination with Ernst & Young. The Board of Management also discussed risk management and the ten largest risks.

COMMITTEES

The Supervisory Board was assisted in its work by the committees formed by it: the Personnel and Presiding Committee and the Audit Committee.

The Personnel and Presiding Committee held four meetings with the Board of Management. At the first meeting on 17 March 2011, the sale of the activities of the Microbiological Monitoring segment, the situation at BPC, the search for a Director of R&D, the achievements of the Board of Management in 2010 and the new objectives for the Board of Management for 2011 were discussed. In the second meeting on 12 May 2011, the group discussed the progress of the negotiations with Abbott, as well as possible alternatives. In the third meeting on 8 June 2011, the Board of Management reported on the search for a Director of R&D, the status of the search for candidates for the Supervisory Board, the status of agreement with Abbott for the licensing of the monoclonal antibody BT-061 and the status of the strategic discussion on the further development of the Biotest Group. In the fourth meeting on 6 December 2011, interviews with potential Supervisory Board candidates and a pay increase for the members of the Supervisory Board were discussed. The Board reported on the 2012 budget and the strategic realignment of the Biotest Group with a focus on three therapeutic areas as part of the new “Centers of Excellence”.

The Audit Committee met on two occasions in 2011. In the first meeting held on 16 March 2011, it discussed the single-entity and consolidated financial statements for financial year 2010 as well as the findings of the financial statement auditors. In the second meeting on 23 November 2011, the Committee defined the focus areas for the 2011 annual financial statement audit, reviewed the Internal Audit report, adopted the 2012 audit plan and examined the ten largest risks. Furthermore, the Audit Committee has prepared the changing of the auditing firm to a large extent.

CORPORATE GOVERNANCE

The Supervisory Board monitored the development of corporate governance standards within the Company in 2011 on a continual basis. The Board of Management and Supervisory Board report on Corporate Governance in accordance with Section 3.10 of the German Corporate Governance Codex on pages 118 to 122. In March 2012, the Board of Management and Supervisory Board of Biotest AG issued a declaration of compliance with regard to the recommendations of the German Corporate Governance Codex Government Commission in accordance with Section 161 of the German Stock Corporation Act (AktG).

CHANGES IN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

There were no changes in the membership of the Board of Management.

Ms Barbara Arnold-Schlosser stepped down from the Supervisory Board on 1 August 2011 following the sale of the Microbiological Monitoring segment. The Company has applied to the District Court of Offenbach for judicial appointment of a new Supervisory Board member. On 22 September 2011, Jürgen Heilmann was appointed to the Supervisory Board as the new employee council representative.

The Chairman of the Supervisory Board would like to thank Ms Arnold-Schlosser for her many years of hard work and dedication.

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS

Ernst & Young has examined the single-entity financial statements of Biotest AG and the consolidated financial statements as of 31 December 2011, along with the management report and Group management report, and issued an unqualified opinion thereon. The abovementioned documents, the auditor's report and the Board of Management's proposal on the appropriation of net profit were submitted to all members of the Supervisory Board in a timely manner. They were discussed in detail at the meeting of the Audit Committee on 15 March 2012 as well as at the meeting of the Supervisory Board on 20 March 2012. In both meetings, the auditors reported on the main results of the audit and were on hand to answer questions and provide additional information.

After reviewing and discussing the single-entity and consolidated financial statements, the management report and Group management report and the Board of Management's proposal on the appropriation of the net profit, the Supervisory Board raised no objections and approved the auditor's report. The Supervisory Board approved the single-entity and consolidated financial statements for financial year 2011 as prepared by the Board of Management. The annual financial statements are thereby adopted. The Supervisory Board approved the Board of Management's proposal on the appropriation of net profit.

The Supervisory Board would like to thank the Board of Management and all employees for their commitment and successful work in financial year 2011.

Dreieich, Germany, March 2012

A handwritten signature in black ink, appearing to read 'T. Spickschen', written in a cursive style.

The Supervisory Board
Dr. Thorlef Spickschen, Chairman