

REPORT OF THE SUPERVISORY BOARD FOR 2010

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 advised the Board of Management and carefully and regularly monitored its activities. The Board of Management regularly, promptly and comprehensively informed the Supervisory Board in written and oral reports of all issues of fundamental importance to the Company, particularly those relating to planning, business performance, development, the risk situation and risk management. Wherever performance deviated from plan, the Board of Management explained these deviations in detail. The Supervisory Board was continuously involved along with the Board of Management in the coordination and implementation of the Company's strategy.

In financial year 2010 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. 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 from 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 automatically receives all internal audit reports and, on request, copies of the minutes of Board of Management meetings. Internal audit reports are also provided to 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 orientation and financial position. An additional focal point was the further development of the Plasma Proteins and Biotherapeutic segments.

At the meeting held on 18 March 2010, the Supervisory Board reviewed current business performance, discussed Biotest AG's single-entity financial statements and the consolidated financial statements for financial year 2009 with the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, ("KPMG") and addressed individual items of the financial statements in detail. The single-entity financial statements of Biotest AG and the consolidated financial statements for financial year 2009 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 KPMG as the auditors for financial year 2010. In addition, the second tranche of the 2010 Long Term Incentive (LTI) programme was approved. The Supervisory Board also approved resolution recommendations for the agenda of the 2010 Annual Shareholders' Meeting and made a final determination regarding the achievement of targets by Board of Management members in financial year 2009 as well as in respect of a one-off payment based on the sale of the Medical Diagnostic division. The Supervisory Board also presented the Board of Management targets set for financial year 2010. In addition, the Chairman of the Board of Management reported on the implementation status of the growth strategy agreed upon with the Supervisory Board.

The Supervisory Board held a meeting prior to the Annual Shareholders' Meeting on 6 May 2010 to prepare for the Annual Shareholders' Meeting and to discuss the current business situation.

At the start of the meeting of the Supervisory Board on 11 June 2010 the Supervisory Board discussed the extension of the contracts of the members of the Board of Management in their absence. The Supervisory Board agreed to extend the contract of Prof. Dr. Gregor Schulz until 31 December 2013 and the contract of

Dr. Michael Ramroth until 31 December 2015. The Supervisory Board also decided on the remuneration of both Board of Management members. With the members of the Board of Management, the Supervisory Board then discussed the current business situation and the decline in sales and earnings in the Plasma Proteins segment. The takeover of the world's third-largest plasma protein manufacturer, Talecris, by Spain's Grifols was also discussed. Furthermore, the Board of Management reported on R&D projects in the Plasma Proteins and Biotherapeutic segments as well as strategic options in the Microbiological Monitoring segment. The presentation of the Five Year Plan was postponed until the next meeting. The Board of Management reported that Biotest AG had increased D&O liability insurance deductibles for Board of Management members as of 1 July 2010 in accordance with statutory regulations.

The Supervisory Board adopted a resolution by written circular dated 5 August 2010 approving the purchase of all shares in the Brazilian distribution company.

In the meeting of the Supervisory Board of 24 September 2010, 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 Board of Management launched numerous cost-saving measures and notified the Supervisory Board thereof. In addition, the Board of Management reported on the status of the expansion of the production facility in Boca Raton. Due to new regulatory requirements, especially with regard to fire safety, leading to additional expense, the Board of Management approved an increase in the original investment budget. The increase in capital expenditure was approved by the Supervisory Board. The Board of Management also informed the Supervisory Board regarding the status of partnering efforts in Biotherapeutics and plasma protein development projects in Dreieich. Finally, the Supervisory Board discussed the forward projection and update of Biotest AG's Five Year Plan from May 2010. The Supervisory Board also approved the founding of a Biotest company in Russia. In a separate resolution, the Supervisory Board approved insolvency protection measures for company pension claims and established a maximum cost for company vehicles for members of the Board of Management of Biotest AG.

In the Supervisory Board meeting held on 6 December 2010, the Board of Management reported on the current business situation, particularly the current performance of the Plasma Proteins and Microbiological Monitoring segment. Strategic considerations regarding the future of the latter segment were also discussed. The Board of Management further reported that construction work on the expansion of production facilities in Boca Raton is nearly complete. Finally, the budget for financial year 2011 was discussed. The Supervisory Board approved the 2011 budget as presented by the Board of Management. The Board of Management also discussed risk management and the ten largest risks. The main focus areas for the audit of the 2010 financial statements were also established in coordination with KPMG. The Board of Management, the Chairman of Audit Committee and the Chairman of the Supervisory Board recommended that the selection of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the new auditor for the Biotest Group be put to a vote at the Annual Shareholders' Meeting. The main factors behind the recommendation included the firm's detailed proposal and its experience in the pharmaceutical and biotechnology industries.

COMMITTEES

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

The Presiding Committee held one meeting with the Board of Management. The Personnel and Presiding Committees met with the Board of Management on two occasions, during which remuneration-related issues and target agreements for financial year 2010, concerns regarding possible structural and organisational changes in the Biotest Group, current developments and partnering activities in Biotherapeutics and the development of this segment as part of the Five Year Plan were discussed. The Personnel Committee also met on 11 June 2010.

The Audit Committee met on two occasions in 2010. In the first meeting held on 15 March 2010, it discussed the single-entity and consolidated financial statements for financial year 2009 as well as the findings of the external auditors. The internal control system was also discussed. The second meeting held on

26 November 2010 dealt with issues such as risk management and the ten largest risks, the establishment of areas of focus for the audit of the 2010 financial statements, internal audit reports and the decision regarding the 2011 audit plan.

CORPORATE GOVERNANCE

The Supervisory Board monitored the development of corporate governance standards within the Company in 2010 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 107 to 111. In March 2011, 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). Pursuant to Section 5.4.7 of the German Corporate Governance Codex, it was noted that one member of the Supervisory Board did not attend one Supervisory Board meeting. Prior to this meeting, the Supervisory Board member submitted his votes on the items on the agenda to the Chairman of the Supervisory Board.

CHANGES IN THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

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

Ms Paluch resigned from the Supervisory Board on 6 January 2010 after the sale of Medical Diagnostics became effective. Upon Ms Paluch's resignation, the works council held a vote to appoint a new employee representative to the Supervisory Board of Biotest AG. As a result of the vote, Ms Kerstin Birkhahn was elected employee representative to the Supervisory Board on 27 April 2010.

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, examined the single-entity financial statements of Biotest AG and the consolidated financial statements as of 31 December 2010, along with the management report and Group management report, and issued an unqualified opinion thereon. The above-mentioned 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 16 March 2011 as well as at the meeting of the Supervisory Board on 17 March 2011. 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 2010 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 2010.

Dreieich, Germany, March 2011



The Supervisory Board
Dr. Thorlef Spickschen, Chairman