

SUPERVISORY BOARD REPORT

The Supervisory Board has dealt with the strategic direction and the prospects for the company, as well as special topics, extensively over the course of the last fiscal year. Likewise, the Supervisory Board monitored and provided advice on the work of the Management Board in fiscal year 2010. The basis for this was extensive reports made by the Management Board in written and oral form. In addition, the Chairman of the Supervisory Board engaged in a regular exchange of information with the Chairman of the Management Board. All decisions of significance were discussed openly with the supervisory body.

For example, the Supervisory Board was always informed concerning the intended business policy, corporate planning, the profitability of the company and course of business, as well as the situation of the company and the group as a whole.

In the autumn, there was a personnel change at the head of the Supervisory Board. We would like to thank Mr. Richard J. Neeson for his many years of trusted work as the Chairman of the Supervisory Board, which he will now continue as the Deputy Chairman of this body.

The Supervisory Board met for four regular meetings in 2010. In addition, several resolutions were passed in writing and within the context of telephone conferences. In all of the Supervisory Board meetings, the Management Board informed the Supervisory Board about the commercial and financial development of the company, including the risk situation. No member of the Supervisory Board participated in less than half of the meetings.

Emphasis of the Consultations in the Supervisory Board

Apart from the overarching topics, the board dealt with specific topics in individual areas and, when necessary, passed necessary resolutions. Clear points of emphasis in the work of the Supervisory Board in the reporting year were questions in the area of Marketing and Sales. Another point of focus was in the expansion of international activities, especially in the acquisition of the interest in Secuvita, S. L. in Spain.

Committee Work

There have been no more committees since the reduction in the number of members of the Supervisory Board to three in 2009. The duties delegated to committees have been assumed by all three members.

Corporate Governance

The Supervisory Board dealt with the further development of Corporate Governance principles in the company, thereby taking the changes to the German Corporate Governance Code dated May 26, 2010 into consideration. In March 2011, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 19 of the annual report, in the "Corporate Governance" chapter, and which has also been published on the home page of the company.

Annual and Group Financial Statements, Audit

The auditor, Ernst & Young, Wirtschaftsprüfungsgesellschaft, Stuttgart (Leipzig branch office), audited the annual financial statements of VITA 34 International AG, the consolidated financial statements, the management report and the group management report. As a result it should be noted that VITA 34 observed the rules of the German Commercial Code and the International Financial Reporting Standards. The annual financial statements and consolidated statements received an unqualified certification. The financial statement documents were thoroughly discussed in the Balance Sheet Meeting of the Supervisory Board, in the presence of and following a report from the auditor.

The Supervisory Board reviewed the annual financial statements, the management report as well as the consolidated annual financial statements and the consolidated management report. There were no objections. The Supervisory Board approved the results of the audit after its own review, accepted the annual financial statements and acknowledged the consolidated financial statements. Thus, the annual financial statements prepared by the Management Board have been accepted. We agree with the management report and, in particular, the evaluation of the further development of the company.

The Supervisory Board would like to thank the Management Board as well as the ladies and gentlemen of the staff for their work, which contributed to a successful fiscal year.

For the Supervisory Board

Dr. Holger Födisch
Chairman