

## **SUPERVISORY BOARD REPORT**

Dear Shareholders,

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. It has fulfilled the duties it was entrusted with in accordance with the law, the by-laws and the rules of operation. The Supervisory Board regularly monitored and provided advice on the work of the Management Board in fiscal year 2011. 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 development of the business situation and significant business transactions, as well as the situation of the company and the group as a whole.

The Supervisory Board met for four regular meetings in 2011. 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. An additional topic of emphasis was international activities, especially the integration of the interest in Secuvita, S. L. in Spain, but also cooperation with Italian partner Sorgente S.r.l. and Izvorna Celica, d.o.o. The Supervisory Board also dealt with the merger of the 100 percent subsidiary Vita 34 AG with Vita 34 International AG.

### **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 2012, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 16 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 AG, the consolidated financial statements, the management report and the group management report. As a result it should be noted, that the financial statements 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 this fiscal year.

For the Supervisory Board

Dr. Holger Födisch  
Chairman