

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 7 of this Circular apply throughout this Circular, including this cover page.

ACTION REQUIRED

1. This entire Circular is important and should be read with particular attention to the section entitled "Action required by BioScience Shareholders" which commences on page 5.
2. If you are in any doubt as to what action to take as regards this Circular, please consult your Broker, CSDP, banker, accountant, legal advisor or other financial advisor as soon as possible.
3. If you have disposed of all of your BioScience Shares, please forward this Circular to the purchaser of such BioScience Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
4. BioScience Shareholders who have already Dematerialised their BioScience Shares through a CSDP or Broker and who wish to attend and/or be represented at the General Meeting, must timeously request their CSDP or Broker to provide them with the necessary letter of representation to enable them to attend and/or be represented at the General Meeting or must instruct their CSDP or Broker to vote on their behalf in terms of their respective Custody Agreements.

BioScience does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Beneficial Owner of BioScience Shares to notify such Beneficial Owner of the General Meeting and the Specific Share Issue the subject of this Circular.



BIOSCIENCE BRANDS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2005/005805/06

ISIN: ZAE000115036

Share code: BIO

("BioScience" or "the Company")

CIRCULAR TO BIOSCIENCE SHAREHOLDERS

regarding:

- A Specific Share Issue of 460 062 389 new BioScience Shares (at par of 0.01 cent) to Akacia in settlement of obligations pursuant to the management agreement; and
- Administrative matters to be addressed by the Company pursuant to the coming into effect of the new Companies Act; being
 - Placing unissued shares under the control of directors;
 - Financial assistance in terms of section 44 and section 45 of the Companies Act and the Listing Requirements

and incorporating:-

- **a Notice of the General Meeting;** and
- **the Form of Proxy in respect of the General Meeting for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only.**

Designated Advisor



Attorneys to BioScience



Reporting Accountants



Date of issue: 27 January 2012

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of BioScience and the offices of the Transfer Secretaries at their respective addresses set out in the "Corporate Information and Advisors" section of this Circular from the date of issue hereof until the date of the General Meeting.

CORPORATE INFORMATION AND ADVISORS

<p>Registered office of BioScience and incorporation 4 Brewery Street Isando, 1609, South Africa (Incorporated in Pretoria, South Africa on 22 February 2005)</p>	<p>Designated Advisor PricewaterhouseCoopers Corporate Finance (Proprietary) Limited (Registration number 1970/003711/07) 2 Eglin Road Sunninghill, 2157, South Africa (Private Bag X36, Sunninghill, 2157, South Africa)</p>
<p>Company secretary Statucor (Proprietary)Limited (Registration number 1989/005394/07) 7 West Street Houghton 2198 South Africa (PO Box1574, Houghton,2193, South Africa)</p>	<p>Reporting Accountants and auditors Deloitte & Touche (Practice number 902276) Deloitte Place 2 Pencarrow Crescent Pencarrow Park, La Lucia Ridge Office Estate La Lucia, 4051 South Africa</p>
<p>Attorneys to BioScience Shepstone and Wylie Attorneys 124 Richefond Circle, Ridgeside Office Park Umhlanga Rocks, 4319, South Africa (PO Box 305, La Lucia, 4153, South Africa)</p>	<p>Independent Expert Grant Thornton Advisory Services (Proprietary) Limited (Registration number 2002/002/635/07) Grant Thornton Office Park 137 Daisy Street Sandown,2196, South Africa (Private Bag X28, Benmore, 2010, South Africa)</p>
<p>Transfer secretaries Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07) 70 Marshall Street Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa)</p>	

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ACTION REQUIRED BY BIOSCIENCE SHAREHOLDERS

The definitions and interpretations commencing on page 7 of this Circular apply to this action required by BioScience Shareholders section.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other financial advisor. If you have disposed of all of your BioScience Shares, this Circular should please be handed to the purchaser of such BioScience Shares or the Broker, CSDP or other agent through who you disposed of your BioScience Shares.

Please take careful note of the following provisions regarding the action to be taken by Shareholders:

The General Meeting of BioScience Shareholders will be held at 10:00 on Monday, 27 February 2012 at 4 Brewery Street, Isando, Johannesburg, South Africa to consider and, if deemed fit, to pass the resolutions contained in the Notice and dealing, inter alia, with the Specific Share Issue.

1. IF YOU HAVE DEMATERIALIZED YOUR BIOSCIENCE SHARES AND DO NOT HAVE “OWN-NAME”

REGISTRATION:

1.1 Voting at the General Meeting

- 1.1.1 If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the Custody Agreement between you and your CSDP or Broker.
- 1.1.2 If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement between you and your CSDP or Broker.
- 1.1.3 You must not complete the attached Form of Proxy (yellow).

1.2 Attendance and representation at the General Meeting

- 1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
 - 1.2.1.1 attend, speak and vote at the General Meeting; or
 - 1.2.1.2 send a proxy to represent you at the General Meeting.
- 1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

2. IF YOU HAVE NOT DEMATERIALIZED YOUR BIOSCIENCE SHARES OR IF YOU HAVE DEMATERIALIZED YOUR BIOSCIENCE SHARES WITH “OWN-NAME” REGISTRATION

Voting, attendance and representation at the General Meeting

You may attend, speak and vote at the General Meeting in person (or if you are a company or other body corporate be represented by a duly authorised natural person). Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (yellow) in accordance with its instructions and returning it to the Transfer Secretaries, namely, Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (P O Box 61051, Marshalltown, 2107, South Africa) to be received by them by not later than 10:00 on Thursday, 23 February 2012.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this Circular apply to this important dates and times section.

2012

Record Date for purposes of the Notice being 17:00 on	Friday, 20 January
Circular posted to BioScience Shareholders and notice convening the General Meeting published on SENS and on the respective websites of BioScience and the ALT ^x on	Friday, 27 January
Last day to trade BioScience Shares in order to be recorded in the Register on the Record Date on	Friday, 10 February
Record Date for purposes of voting at the General Meeting being 17:00 on	Friday, 17 February
Completed Forms of proxy to be lodged by 10:00 on	Thursday, 23 February
General Meeting held at 10:00 on	Monday, 27 February
Results of General Meeting published on SENS and on the respective websites of BioScience on	Monday, 27 February
Expected listing of First Tranche of Shares on the Alt ^x comprising the Specific Share Issue on or about	Thursday, 1 March

Notes:

1. The above dates and times are subject to such changes as may be agreed to by BioScience and approved by the JSE. Any changes will be published on SENS and on the respective websites of BioScience (www.bioscience.co.za) and the ALT^x.
 2. BioScience Shareholders should note that, as trade in BioScience Shares on the JSE is settled through Strate, settlement of trades takes place five Business Days after the date of such trades. Therefore, Shareholders who acquire Shares on the JSE after the last day to trade in BioScience Shares in order to be recorded in the Register on the Record Date will not be entitled to vote at the General Meeting.
 3. Dematerialised Shareholders, other than those with "own-name" registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements.
 4. No Dematerialisation or Rematerialisation of Shares may take place from the Business Day following the LDT.
 5. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
 6. All times referred to in this Circular are references to South African Standard Time.
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DEFINITIONS AND INTERPRETATIONS

In this Circular, unless inconsistent with the context, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Akacia”	Akacia Healthcare (Proprietary) Limited (Registration number 2002/00167/07) formerly Thebe Healthcare (Proprietary) Limited, a Black Economic Empowerment private profit company duly incorporated and registered under the company laws of South Africa and owning 16,52% of the issued share capital of BioScience; Akacia is wholly owned by Carecross Health (Proprietary) Limited;
“ALT ^X ”	the Alternative Exchange Board administered, managed and forming part of the JSE;
“Associate”	an associate as defined in terms of the JSE Listing Requirements;
“Beneficial Owner”	a person on whose behalf any Dematerialised Share (not held in “own-name” form) is held by a CSDP or Broker or a nominee of a CSDP or Broker in accordance with a Custody Agreement;
“BioScience” or “the Company”	BioScience Brands Limited (Registration number 2005/005805/06), a public profit company duly incorporated and registered under the company laws of South Africa the shares of which are listed on the JSE’s ALT ^X ;
“BioScience Board”	the board of BioScience Directors from time to time;
“BioScience Directors”	the directors of BioScience from time to time, it being recorded that the names of the directors as at the Last Practicable Date are set out in paragraph 3.7 of this Circular;
“BioScience Group” or “the Group”	collectively, BioScience and its subsidiary companies and any other company which is directly or indirectly controlled or jointly controlled by BioScience;
“BioScience Shareholders” or “Shareholders”	registered holders of BioScience Shares;
“BioScience Shares” or “Shares”	ordinary shares of 0.01 cent each in the issued and unissued share capital of BioScience;
“Broker”	a “stockbroker”, as defined in the Securities Services Act, or its nominee;
“Business Day”	a day which is not a Saturday, Sunday or official public holiday in South Africa;
“cent”	South African cent, being one-hundredth of a Rand;
“Certificated Share”	a BioScience Share that has not yet been Dematerialised, title to which is evidenced by a Document of Title;
“Certificated Shareholder”	a BioScience Shareholder who holds Certificated Shares;

“Circular”	this bound document, dated Monday, 27 January 2012, addressed to BioScience Shareholders and which includes the Notice and Form of Proxy;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time, which came into force and effect in South Africa on 1 May 2011;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Conditions Precedent”	the conditions precedent to which the Specific Share Issue is subject, as set out in paragraph 2.4 of this Circular;
“CSDP”	a “participant” as defined in the Securities Services Act appointed for purposes of and in regard to JSE settlement procedures;
“Custody Agreement”	a custody mandate agreement between a BioScience Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on a sub-register of BioScience Shareholders administered by a CSDP or Broker on behalf of that BioScience Shareholder;
“Deed of Security”	the deed of security dated 29 July 2011 between Bioharmony (Proprietary) Limited, BioScience Trading (Proprietary) Limited, (name changed to Vitamology (Proprietary) Limited), Aldabri 53 (Pty) Ltd, BioScience (“the Pledgers”) and Akacia and Herbal-Homeopathic (Pty) Limited (“the Pledgees”) in relation to the Management Agreement;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in BioScience’s uncertificated securities register maintained by the CSDP;
“Dematerialised Share”	a BioScience share that has been Dematerialised or has been issued in Dematerialised form, and is held on a sub-register of BioScience;
“Dematerialised Shareholder”	a BioScience shareholder who holds Dematerialised Shares;
“Document of Title”	a share certificate, certified transfer deed, balance receipt or any other document of title acceptable to BioScience in respect of BioScience Shares;
“First Tranche”	the first issue of shares to Akacia being, 137 966 461 ordinary BioScience shares
“Form of Proxy”	the form of proxy (<i>yellow</i>) attached to and forming part of this Circular, for use by Certificated Shareholders and own name Dematerialised Shareholders at the General Meeting;
“General Meeting”	the general meeting of BioScience Shareholders to be held at 10:00 on Monday, 27 February 2012 at 4 Brewery Street, Isando, Johannesburg, South Africa to consider and, if deemed fit, approve the resolutions contained in the Notice;

“H&H”	Herbal-Homeopathic (Proprietary) Limited (registration number 2002/003282/07) a private profit company duly incorporated and registered under the company laws of South Africa, a subsidiary of Beige Holdings Limited which holds 61.41%;
“Heads of Agreement”	the agreement dated 14 February 2011 and addendums thereto between BioScience and Akacia in relation to the Management Agreement;
“Independent Expert”	Grant Thornton Advisory Services (Proprietary) Limited (registration number 2000/002046/07), a private profit company duly incorporated and registered under the company laws of South Africa;
“JSE”	the exchange, licensed under the Securities Services Act, operated by JSE Limited (registration number 2005/022939/06), a public, profit company duly incorporated and registered under the company laws of South Africa;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Thursday, 12 January 2012;
“LDT”	being the last day to trade BioScience Shares on the JSE in order to be recorded in the Register on the Record Date, being 17:00 on Friday, 10 February 2012;
“Letter of Undertaking”	the letter of undertaking between BioScience and Akacia dated 12 March 2011;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
Loan Agreements	Collectively, the H&H and Akacia loans signed on Monday, 16 May 2011;
“Management Agreement”	the agreement between BioScience and Akacia comprising the substantive transaction agreements namely, the Letter of Undertaking, the Heads of Agreement and, all effective from 1 April 2011;
“MOI”	the Memorandum of Incorporation of BioScience;
“Notice”	the notice of General Meeting attached to and forming part of this Circular;
“Rand” or “R”	the South African Rand, the official currency of South Africa;
“Record Date”	the latest time and date to be recorded in the Register as a BioScience Shareholder in order to be eligible to attend, speak and vote at the General Meeting, or any adjournment thereof, being 17:00 on Friday, 17 February 2012;
“Register”	BioScience’s share register, including all sub-share registers;
“Rematerialise” or “Rematerialisation”	the reverse process to Dematerialisation;

“Securities Services Act”	the Securities Services Act, No. 36 of 2004 of South Africa, as amended from time to time;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Specific Share Issue”	the specific share issue of up to a maximum of 460 062 389 new BioScience Shares to be issued to Akacia in terms of the Management Agreement subject to the fulfillment of the Conditions Precedent;
“Strate”	Strate Limited (registration number 1998/022242/06), a public profit company duly incorporated and registered under the company laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
“the Transaction”	the allotment and issue to Akacia or its nominee, at par of 0.01 cent (which is at a discount to the current trading price), of 460 062 389 shares as mentioned in the management agreement in paragraph 2; and
“Transfer Secretaries”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private profit company duly incorporated and registered under the company laws of South Africa.

BIOSCIENCE BRANDS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2005/005805/06
ISIN: ZAE000115036 Share code: BIO
("BioScience" or "the Company")

Directors:

M G Allan (*Chief Executive Officer and acting
Financial Director*)

Non-executive:

J J Fenster (*Chairman*)[#]

Y Bhayat

S Schutz

Independent[#]

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide BioScience Shareholders with all relevant information regarding:

- the Management Agreement and related Specific Share Issue;
- the resolutions necessary to effect the Specific Share Issue;
- the additional resolutions required to be passed by the Company as a consequence of the coming into effect of the new Companies Act; and
- the required General Meeting at which the resolutions necessary to deal with the aforementioned matters, as contained in detail in the Notice, will be considered.

2. THE MANAGEMENT AGREEMENT AND SPECIFIC SHARE ISSUE

2.1. Background and Rationale

It was announced on SENS on 18 February 2011 that the Management Agreement had been concluded between BioScience and Akacia.

The Management Agreement, provides, *inter alia*, that effective 1 April 2011, the management of the major part of the head office operational functions of the BioScience Group has been outsourced to Akacia. As part of such process, the Company had taken the decision to close its Durban office and to relocate to its current Johannesburg registered office, namely, 4 Brewery Street, Isando, Johannesburg, 1609, South Africa effective from 1 April 2011.

Akacia is the owner of a large range of pharmaceutical products, over-the-counter medicines and consumer products. BioScience and Akacia, both call on largely the same customers, have several common suppliers and service providers and also run similar IT systems. Notwithstanding these connections, Akacia and Bioscience are not competitors and Akacia is the Company's Black Empowerment partner. The outsourcing to Akacia includes sales, distribution management, administration, supply chain management including logistics and procurement, regulatory and quality management and brand marketing. It however excludes strategic planning, corporate finance functions, investor and securities exchange relationships, legal, SARS relationships as well as financial reporting.

The Management Agreement is the overriding agreement covering the substantive agreements dealing with the terms for the outsourcing; a loan by Akacia to BioScience ("the Akacia loan"); a loan by H&H to BioScience ("the H&H loan") and the Specific Share Issue.

The H&H loan, the Akacia loan, together with the proceeds of the sale by BioScience of the Phyto Nova brand to Akacia for R2,5 million, announced on SENS on 21 February 2011, is being utilized to fund ongoing restructuring costs, the repayment of liabilities and funding of working capital for the BioScience Group.

The Management Agreement, which commenced retroactively on 1 April 2011, will continue for an initial period of three years and will thereafter continue indefinitely subject to certain performance criteria inherent in agreements of such nature. The performance criteria consist of the following Key Performance Indicators ("KPI's"), agreed annually in advance by the BioScience board as part of the annual budget for BioScience;

- Net sales by brand
- Contribution to Fixed Costs
- Debtors Days Outstanding
- Creditors days Outstanding
- Average stock cover in days.

In the event that Akacia fails to deliver on all or some of the KPI's then BioScience may elect to terminate the management contract and give 6 month's written notice. (The BioScience board (excluding the Akacia representatives) shall determine whether or not Akacia has failed to deliver on the KPI's.) Notice may only be given after the completion of the first twelve months of the initial period.

As consideration for the due and proper fulfillment by Akacia of its obligations in terms of the Management Agreement, Bioscience is liable for the following:

- an annual management fee of R5 million payable monthly at the end of each month. The first installment commenced on 30 April 2011; and
- Either
 - an incentive bonus equal to 20% of BioScience's net profit before tax, as will be reported in the audited annual financial statements which will be calculated and paid bi-annually starting 1 October 2011 in arrears on 1 April and 1 October of every year; or depending on shareholder approval being obtained
 - the allotment and issue to Akacia or its nominee, at par of 0.01 cent (which is at a discount to the current trading price), of the following :
 - on 1 September 2011, or as soon as possible thereafter, 137 966 461 BioScience Shares, being equal to 5% of the total issued share capital of BioScience (First Tranche), as at the date of signature of the Management Agreement;
 - on 1 March 2012, as soon as possible thereafter, 151 727 583 BioScience Shares, being equal to 5% of the total issued share capital of BioScience as at the date of signature of the Management Agreement, and after taking account of the issue of the BioScience Shares of 1 September 2011; and
 - on 1 March 2013, or as soon as possible thereafter, 170 368 345 BioScience Shares, being equal to 5% of the total issued share capital of BioScience as at the date of signature of the Management Agreement, and after taking account of the issue of the BioScience Shares of 1 March 2012.

- If at any time before 31 March 2013, Bioscience proposes to issue additional new shares for purposes of its business or in connection with any corporate action, Akacia will be granted an opportunity to acquire an additional number of shares in BioScience at the same terms and conditions applicable to the independent parties, equating to 15% of the proposed issue to such independent parties.

Should Bioscience shareholders approve the specific issue of shares, Akacia will be required to repay any incentive bonus received.

2.2. Deferred loans from Akacia and H&H

2.2.1. Loan from Akacia

The Management Agreement provides that Akacia lend to BioScience an initial amount of R2 million, which amount BioScience will, subject to the approval of the required resolution, in terms of section 45(2) of the Companies Act, at the General Meeting, on lend to its subsidiaries, as necessary (“the Akacia Loan”).

Repayment of the Akacia Loan will take place by way of equal monthly installments commencing on the last day of the month in which the final draw down of the Akacia Loan will have taken place or, by no later than 1 July 2011.

In the event that BioScience should require additional working capital after having drawn down the maximum amounts available to it in respect of the Akacia Loan and the H&H Loan dealt with below, BioScience will be entitled to request Akacia to defer the payment of the monthly management fees referred to above for up to a maximum amount of R1 million.

2.2.2. Loan from H&H

Simultaneously with the conclusion of the Akacia Loan, BioScience has concluded a deferred loan agreement with H&H (“the H&H Loan”).

In terms of the agreement, H&H undertakes to lend and advance to BioScience up to R2.5 million by way of deferring payment of amounts due and owing to H&H by BioScience for products sold and received by BioScience from H&H.

Accordingly, the H&H Loan is the substance of a form of deferred payment for invoices rendered by H&H to BioScience for products sold and delivered to BioScience.

2.3. Shareholder approval

In order to process and approve the various matters the subject of this Circular, a General Meeting has been convened in terms of the Notice attached to and forming part of this Circular.

A brief explanation of the resolutions for which approval is being sought from BioScience Shareholders is as follows:

- ***Specific Share Issue***

In terms of sections 5.51 and 5.52 of the Listings Requirements, the extinguishing of a liability, obligation, commitment or debt through the issuing of shares of a company or the issuing of shares specifically to a party, in this case, Akacia, requires the approval of shareholders of a company in the form of a specific approval.

In this regard, notwithstanding that the Listings Requirements require the resolution for the Specific Share Issue to be an ordinary resolution of the Company, as Akacia is a related party to BioScience, the requirements of section 41(1) of the Companies Act applies in that the resolution must be in the form of a special resolution. Accordingly, the required special resolution is contained in the Notice as Special Resolution Number 1.

- ***Authority to enable the BioScience Board to issue authorized but unissued Shares in the Company***

In terms of the Companies Act and the Listings Requirements, shareholders are required to approve the placing of unissued shares under the control of the directors in order to facilitate

potential acquisitions or issues of shares for cash. This approval is the subject of Ordinary Resolution Number 1 contained in the Notice.

- **Authority to enable the BioScience Board to authorize the provision of financial assistance**

In order that the BioScience Board is able to extend financial assistance for example to any BioScience Group company, should the need so arise, it is necessary that the appropriate authorities be sought in terms of sections 44 and 45 of the Companies Act.

As far as the granting of any such financial assistance by the BioScience Board is concerned, the BioScience Board undertakes that, in so far as the Companies Act requires, it will not adopt a directors resolution to authorise such financial assistance, unless the BioScience Board is satisfied that:

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

These approvals are the subject of Special Resolution Number 2 contained in the Notice.

2.4. Conditions precedent

The Transaction is subject the approval of the resolutions set out the Notice of General Meeting attached to this Circular, by achieving a 75% majority of BioScience's shareholders at the general meeting.

2.5. Financial information

2.5.1. Unaudited Pro forma financial effects

The table below illustrates the unaudited *pro forma* financial effects of the Transaction on BioScience based on the audited financial results for the year ended 30 June 2011.

The preparation of the unaudited *pro forma* financial effects is the responsibility of the directors of BioScience. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only to provide information on how the Transaction may have impacted on BioScience's results and financial position and, due to the nature thereof, may not give a fair reflection of BioScience's results and financial position after the Transaction.

The reporting accountants' limited assurance report on the financial effects is set out in Annexure 2 to this Circular.

Per share (cents)	Before ¹ the Transaction	After the Transaction	% change
Losses ²	-1.00	-0.90	10%
Diluted Loss ^{2,4}	-1.00	-0.90	10%
Headline Loss ²	-0.43	-0.35	19%
Diluted headline Loss ^{2,4}	-0.43	-0.35	19%
Net asset value ³	0.68	0.63	-8%
Net tangible asset value ³	-0.74	-0.72	2%
Weighted average number of shares ²	2,621,362,758	2,759,329,219	5%
Diluted weighted average number of shares ⁴	2,621,362,758	2,759,329,219	5%
Number of issued shares ³	2,621,362,758	2,759,329,219	5%

Notes:

1. *(Loss) per share ("LPS"), diluted (Loss) per share ("DLPS"), headline (Loss) per share ("HLPS") and diluted headline (Loss) per share ("DHEPS") before the Transaction are based on the audited financial results for the year ended 30 June 2011.*
2. *LPS, DLPS, HLPS and DHEPS are based on the assumption that the Transaction was implemented on 1 July 2010, with the share based payments expense of the First Tranche shares in terms of the transaction (R1 379 665) being adjusted for, and the First Tranche shares in terms of the transaction (137 966 461 shares) being included in the weighted average number of shares in issue. This analysis does not show the impact on the share issues in year two and three, for 151 727 583 and 170 368 345 shares respectively, and the related expense of R1 517 276 and R1 703 683 respectively.*
3. *Net Asset Value and Net Tangible Asset value are based on the assumption that the Transaction was implemented on 30 June 2011, and the shares in issue have been adjusted for the first year's shares in terms of the transaction (137 966 461 shares). Taking into consideration the remaining shares to be issued in year 2 and 3 (322 095 928 shares) and share based payment expense associated with these shares (R3 220 959), net asset value per share would decrease to 0.46 cents per share and net tangible asset value per share would decrease to (0.75) cents per share.*
4. *Due to the loss situation that the company is in, the remaining shares to be issued in year 2 and 3 (322 095 928 shares) are anti-dilutive as they decrease loss per share.*

2.5.2. Unaudited Pro forma statement of comprehensive income and statement of financial position

The unaudited *pro forma* condensed Group statement of comprehensive income and condensed Group statement of financial position, based on the audited condensed consolidated financial results for the year ended 30 June 2011 are presented in Annexure 1 to this Circular.

The reporting accountants' report on the unaudited *pro forma* condensed Group statement of comprehensive income and condensed Group statement of financial position are set out in Annexure 2 to this Circular.

3. INFORMATION RELATING TO THE COMPANY

3.1. Group Profile

BioScience Brands' primary business is the development and marketing of consumer brands within the complimentary medicines and fast moving consumer goods categories.

BioScience Brands has three operating subsidiaries, being Bioharmony (Pty) Ltd, Aldabri 53 (Pty) Ltd and Vitamology (Pty) Ltd and owns four brands in the nutritional supplements category, being Bioharmony, Muscle Science, Herbology and KGB.

3.1.1. Brand summary

- *Bioharmony*

Bioharmony consists of a comprehensive range of nutraceutical and herbal products designed to complement today's modern lifestyle. It is a brand that has achieved a level of uniqueness in its sector.

- *Muscle Science*

Muscle Science is a brand in the sports nutrition sector. Muscle Science has a strong following in the body-building industry and has recently launched into the female/lifestyle market with its "Lean Body" sub-brand and into the endurance sports sector with "Staminade" and "Xplode".

- *Herbology*

A brand of nutritional supplements launched in South Africa in 2001, focusing on libido, mobility and joint products.

- *KGB*

KGB is an anti-hangover product which revolutionised the 'over indulgence' sector.

3.2. Prospects

BioScience has weathered the difficult trading environment of the past year and is much better placed to succeed in 2012 with its vastly reduced cost base and Akacia's large sales force offering BioScience the opportunity to extend its reach in the South African market and to benefit from the added scale when dealing with the large retailers in the retail pharmacy sector.

BioScience continues to seek opportunities to consolidate with other similar, small companies in the nutritional supplements sector who are experiencing similar difficulties of insufficient scale when dealing with large retailers. Based on the successful outcome of the strategy of outsourced operations and consolidation with similar companies, the directors are of the opinion that the group will continue as a going concern.

3.3. Share Capital

3.3.1. *Authorised and issued share capital*

The authorised and issued share capital of BioScience, before and after the issue of shares is set out below.

Group	R
Authorised share capital before and after issue of shares	
5,000,000,000 ordinary shares of 0.01 cent each	500,000
Issued share capital before issue of shares	
2,621,362,758 ordinary shares of 0.01 cent each	262,136
Share premium	113,138,607
Issued share capital after the first issue of shares (as soon as JSE and share shareholder approval is received)	
2,759,329,219 ordinary shares of 0.01 cent each	275,933
Share premium	114,504,475
Issued share capital after the second issue of shares (on 1 March 2012)^	
2,911,056,802 ordinary shares of 0.01 cent each	291,106
Share premium	116,006,578
Issued share capital after the third issue of shares (on 1 March 2013)^	
3,081,425,147 ordinary shares of 0.01 cent each	308,143
Share premium	117,693,225

^These figures are on the assumption that no other shares are issued over the course of the next two years

The company does not hold any treasury securities

3.3.2. *Share Issues*

Full details of the authorised, issued and un-issued share capital and premium of the company as at 30 June 2011 are detailed in notes 10 and 11 of the annual financial statements.

72 734 700 shares related to Executive Options and approved by shareholders on 1 September 2008, and were listed and issued on 7 January 2011.

3.3.3. Material changes

The BioScience Directors report that there have been no material changes in the financial or trading position of the Company or its subsidiaries between 21 December 2011, being the date of the last published audited annual results of the Company for the year ended 30 June 2011 and the last practicable date.

3.4. Litigation

With the exception of the following 2 matters, there are no material legal proceedings that are pending or threatened. BioScience is currently contesting an Arbitrator's Award granting Patrick Holford the right to terminate the Patrick Holford licence agreement in favour of Bioharmony and a 2006 claim for R 1 425 417 by a previous supplier against Bioharmony. The directors believe that the supplier claim will be successfully defended and Bioharmony is no longer producing and distributing Patrick Holford products.

3.5. Material contracts

No material contracts, other than contracts entered into in the ordinary course of business, and those that are the subject of this Circular, were entered into during the prior two years.

3.6. Share price history

The price history of the shares of BioScience on the JSE since 31 December 2008 until the last practicable date is set out in Annexure 4 to this Circular.

3.7. Directors

Name of director	Address	Designation	Curriculum Vitae
Michael Garth Allan(47)	4 Brewery Street, Isando	Chief Executive Officer and Acting Financial Director	Michael obtained a Bachelor of Commerce degree from the University of KwaZulu-Natal and thereafter qualified as a management accountant, having completed the Associated Chartered Management Accountant qualification through The UK Chartered Institute of Management Accountants. Michael joined Unilever in 1987 as an accountant and was promoted to Financial Director following a career in South Africa and Europe. Just prior to joining BioScience, Michael headed up new business development at Unilever and among other achievements successfully formed a new franchise division under a leading brand to enhance and expand the product range. Michael's particular interest lies in building and managing the infrastructures that support a portfolio of brands. Michael has taken up the position of acting Financial Director in the interim.

Name of director	Address	Designation	Curriculum Vitae
Yaseen Bhayat (53)	4 Brewery Street, Isando	Non-executive Director	<p>Yaseen is a Chartered Accountant and has a Masters of Business Administration from the University of Cape Town. He has been a member of the Thebe Group since 1995 and is a founder Shareholder of Thebe Medicare. He has significant experience in the Health Care and Corporate Investment sectors and was responsible for all healthcare (supply of product and services) strategic initiatives for Thebe Investment Corporation ('TIC'). Yaseen is the CEO of Akacia, previously Thebe Health Care and Thebe MediCare and serves on the board of Directors of Care Cross Health. Yaseen's previous positions held include:</p> <ul style="list-style-type: none"> • Divisional Financial Director - South African Druggists (Aspen Pharmacare) • General Manager - Lonrho Mozambique • Financial Controller - Abbott Laboratories
Jonathan Julius Fenster (45)	4 Brewery Street, Isando	Chairman Independent Non-executive	<p>Jonathan holds a Masters of Business Administration from the Heriot-Watt University (Edinburgh Business School), as well as Bachelor of Commerce Honours and Bachelor of Arts degrees from the Universities of South Africa and Witwatersrand respectively. He has over twenty years development capital experience, with over ten years specialist focus on corporate recovery and private equity styled investments. Jonathan's experience includes a wide range of sectors, including retail and residential property developments, mining and beneficiation, information technology, media and advertising. Jonathan has additionally led recovery and asset maximization projects in the textile and food sectors, as well as the health, medical and financial services sectors.</p>

Name of director	Address	Designation	Curriculum Vitae
Stephen Schutz(44)	4 Brewery Street, Isando	Non-executive	<p>Stephen is a Chartered Accountant and holds a BCom (Hons) CTA degree from the University of Pretoria. He joined Akacia HealthCare (previously Thebe Medicare) in 2009 where he currently serves as Financial Director. Before this, he was the divisional managing director of Iliad Africa Ltd (Ceramics Division). Prior to joining Iliad, Stephen spent more than 15 years in the Health Care sector where he was co-founder, and director, of the following Health Care companies subsequently disposed of to JSE listed companies:</p> <ul style="list-style-type: none"> • Compu Pharmaceuticals – a company focussed on the manufacture and distribution of generic pharmaceuticals in the private and public sector. • Raptor Solutions/Predictive Med - a company employing neural networks in the evaluation of medical risk and medical claim profiling with a view to detecting fraud/abuse. • Dumont Healthcare – a company focussed on the financing and management of medical aid claims on behalf of medical practitioners
<i>All directors are South African</i>			

3.8. Directors' interest in the Transaction

Except for Yaseen Bhayat and Stephen Schutz (who are directors of Akacia) none of the directors have any interest in any transaction which is or was unusual in its nature or conditions, or material to the business of the Company, and that was effected during the current or immediately preceding financial year, which remains in any respect outstanding or unperformed.

3.9. Directors' interests in securities

The directors held in aggregate direct and indirect beneficial interests' of 8.9% in the issued share capital of the Company at year end 30 June 2011.

Except for Yaseen Bhayat, none of the directors of BioScience, has or will be participating in the specific issue of shares relating to the Transaction and their direct and indirect beneficial interest in the issued share capital of the Company will not change as a result of the Transactions.

As at the last practicable day the direct and indirect interests of the directors in the Company and those who have resigned during the last 18 months in the issued ordinary share capital are reflected below.

	Direct Beneficial	Indirect Beneficial	Associates	Percentage
M Allan ¹	196,605,372	-	-	7.5%
Y Bhayat	-	15,713,070		0.6%
J Fenster	-	800,000	33,205,237	1.3%
S Schutz	3,914,579	-	-	0.1%
Total	184,549,896	16,513,070	33,205,237	8.9%

1. M G Allan holds 27 185 854 (2009: 11 215 798) in a fiduciary capacity as shares to be issued to other senior management at the Board's discretion.

Directors no longer on the Board:

- PA Ireland resigned effective 30 April 2011. As at the financial year ended 30 June 2010, he held 15,728,475 ordinary shares (direct beneficial) representing 0,60%;
- MM Di Nicola resigned 1 February 2011. As at the financial year end being 30 June 2010, he held 99,069,222 ordinary shares (direct and indirect beneficial and associates) representing 3,78%;
- M Strydom was not re-elected at the annual general meeting on 7 December 2010. As at the financial year ended 30 June 2010, he held 139,833,616 ordinary shares (direct beneficial), representing 5.33%.

3.10. Directors' remuneration

There will be no variation in the remuneration receivable by any of the directors of BioScience as a consequence of the Transaction.

3.11. Public shareholders

As at the last practicable date and after the Transaction, the number of public shareholders in the issued share capital is:

Equity securities	Before the issue	No. of Shareholders	%	After the issue	No. of Shareholders	%
Public	1,558,838,464	850	59.5%	1,558,838,464	850	50.6%
Non-Public						
<i>Shareholders holding more than 10% of*</i>	828,799,106	2	31.6%	1,288,861,495	2	41.8%
Directors and Associates	233,725,188	5	8.9%	233,725,188	5	7.6%
Total	2,621,362,758	857	100.0%	3,081,425,147	857	100.0%

* Non-Public holder holding more than 10% are Peregrine Equities holding 16.48% and Akacia holding 15.14%

In terms of the management agreement Akacia will, for the duration of the agreement, be entitled to nominate and have representation of two directors on the BioScience Board of Directors.

4. CORPORATE GOVERNANCE

BioScience is committed to the principles of integrity, transparency, responsibility and accountability in its dealings with all stakeholders and supports the code of corporate practices and conduct incorporated in the King Report on Corporate Governance for South Africa (King III) and the JSE Listings Requirements. The primary objective of any system of corporate governance is to ensure that directors and managers, to whom the running of company has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the company and society ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation.

Further details relating to Corporate Governance can be found in Annexure 5.

5. ISSUE EXPENSES

The estimated costs of concluding and implementing the Transaction are approximately R557,195 (exclusive of VAT) and include the following:

Nature of Fee and payable to	Amount (R)
Preparation of Circular by Designated Advisor – PricewaterhouseCoopers Corporate Finance (Proprietary) Limited	250,000
Reporting accountants' report on pro-forma information - Deloitte & Touche	100,000
Fairness Opinion on the specific issue of shares – Grant Thornton Advisory Services (Proprietary) Limited	160,000
Attorneys – Shepstone and Wylie	3,984
Documentation Inspection fee – JSE Limited	12,188
Listing fee for the First Tranche of Shares - JSE Limited	1,023
Estimated Printing and publishing	30,000
Total	557,195

6. OPINIONS AND RECOMMENDATIONS

The directors have considered the rationale and the terms and conditions of the issue of shares and are of the opinion that they are beneficial to the Company. The directors unanimously recommend that shareholders vote in favour of the resolutions to implement the Transaction at the general meeting.

All the directors, who hold BioScience's shares and are able to vote at the general meeting, intend to vote in favour of the resolutions necessary to implement the Transaction.

7. IRREVOCABLE LETTERS OF UNDERTAKING

The following directors, management, and shareholders of the Company, being duly entitled/ authorised, have signed irrevocable letters of undertaking to vote in favour of the Transaction and all other resolutions in regard thereto to be proposed at the general meeting:

<i>Shareholder</i>	Number of shares	% of issued share capital
Private Equity Partners (Pty) Ltd	120,315,614	4.60%
Ms Carol Ansara	80,648,504	3.08%
Mr RH Weissenberg	46,774,570	1.78%
Mrs Stiliany Papadopoulos-Fenster	33,205,237	1.30%
Mr Alan John Tew	26,666,686	1.02%
Mr Ronald Yadin Lowenthal	24,050,001	0.92%
Total	331,660,612	12.65%

Copies of the signed irrevocable letters of undertaking are available for inspection in the manner indicated in paragraph 11 below.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names appear in paragraph 3.7 above, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted that would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the law and Listings Requirements of the JSE.

9. CONSENTS

Each of the independent reporting accountants, independent expert, designated advisor, and attorneys have consented in writing to act in the capacity stated and to their names being stated in this Circular and have not withdrawn their consent prior to the issue of this Circular.

The independent reporting accountants have consented in writing to the inclusion of their report in this Circular in the form and context in which it appears and have not withdrawn such consents prior to the publication of this Circular.

10. GENERAL MEETING AND ACTION REQUIRED

A notice convening a General Meeting of the Company is contained in this Circular, as well as a form of proxy for those shareholders who will be unable to attend the general meeting but wish to be represented thereat. The General Meeting will be held at 10:00 on Monday, 27 February 2012 at 4 Brewery Street, Isando, Johannesburg, 1609.

Certificated or own name dematerialised shareholders who are unable to attend the general meeting but wish to be represented thereat are required to complete and return the form of proxy so as to be received by Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by 10h00 on Thursday, 23 February 2012.

In terms of the custody agreements entered into by dematerialised shareholders and their CSDPs or stockbrokers:

- dematerialised shareholders, other than own name shareholders, who wish to attend the general meeting must instruct their CSDP or stockbroker to issue them with the necessary letter of representation to attend the general meeting;
- dematerialised shareholders, other than own name shareholders, who wish to be represented at the general meeting by way of proxy must provide their CSDP or stockbroker with their voting instructions by the cut-off time or date advised by their CSDP or stockbroker for transactions of this nature.

As indicated in paragraph 7 above, shareholders holding and/or representing a combined shareholding of 54.4% of the issued share capital of BioScience have given irrevocable letters of undertaking to vote in favour of all of the resolutions to be proposed at the general meeting.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on business days (excluding Saturdays, Sundays and public holidays) at the registered offices of BioScience at 4 Brewery Street, Isando, Johannesburg, 1609 from Friday, 27 January 2012 to Monday, 27 February 2012.

- the Memorandum of Incorporation of BioScience and its subsidiaries;
- the audited financial statements of the Company for the three years ended 30 June 2011, 30 June 2010 and 30 June 2009 and the unaudited interim results for the period ended 31 December 2010;
- the report of the independent reporting accountants on the *pro forma* financial information of BioScience;
- the management agreements and loan agreements referred to in paragraph 2.2;
- Directors service agreements;
- Irrevocable undertakings referred to in paragraph 7;
- the consent letters referred to in paragraph 9; and
- a signed copy of this Circular.

By order of the BioScience Board

Michael Garth Allan

Executive Director

27 January 2012

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma consolidated statement of financial position* of BioScience based on the audited financial results as at 30 June 2011, and the consolidated statement of comprehensive income for BioScience for the financial year ended 30 June 2011 are set out below.

The preparation of the unaudited *pro forma* financial effects is the responsibility of the directors of BioScience. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only to provide information on how the Transaction may have impacted on BioScience's results and financial position and, due to the nature thereof, may not give a fair reflection of BioScience's results and financial position after the Transaction.

The reporting accountants' limited assurance report on the financial effects is set out in Annexure 2 to this Circular.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME	Column "A" Audited Results for the year ended 30 June 2011 Before the transaction ¹	Column "B" (Adjustments) Elimination of non-recurring overheads due to transaction ²	Column "C" (Adjustments) Management fee to Akacia ³	Column "D" (Adjustments) Interest expense on loans ⁴	Column "E" (Adjustments) Costs of transaction and Circular ⁵	Column "F" Before the issue of the First Tranche of shares ⁶	Column "G" (Adjustments) Issue of the First Tranche of shares ⁷	Column "H" After the transaction ⁸
	R	R	R	R	R	R	R	R
Revenue	29,762,219	-	-	-	-	29,762,219	-	29,762,219
Cost of sales	-16,402,250	-	-	-	-	-16,402,250	-	-16,402,250
Gross profit	13,359,969	-	-	-	-	13,359,969	-	13,359,969
Operating expenses	-23,219,510	9,248,657	-3,750,000	-	-557,195	-18,278,047	-	-18,278,047
Trading Profit	-9,859,541	9,248,657	-3,750,000	-	-557,195	-4,918,078	-	-4,918,078
Share Based Payment Expense	-	-	-	-	-	-	-1,379,665	-1,379,665
Impairment of intangible asset	-14,926,333	-	-	-	-	-14,926,333	-	-14,926,333
Operating loss	-24,785,874	9,248,657	-3,750,000	-	-557,195	-19,844,411	-1,379,665	-21,224,076
Net finance costs	-1,833,092	-	-	-552,722	-	-2,385,814	-	-2,385,814
Loss before taxation	-26,618,966	9,248,657	-3,750,000	-552,722	-557,195	-22,230,225	-1,379,665	-23,609,890
Taxation	279,036	-2,589,624	1,050,000	154,762	-	-1,105,826	-	-1,105,826
Total loss and comprehensive loss for the period	-26,339,930	6,659,033	-2,700,000	-397,960	-557,195	-23,336,051	-1,379,665	-24,715,716

	Column "A" Audited Results for the year ended 30 June 2011 Before the transaction ¹	Column "B" (Adjustments) Elimination of non-recurring overheads due to transaction ²	Column "C" (Adjustments) Management fee to Akacia ³	Column "D" (Adjustments) Interest expense on loans ⁴	Column "E" (Adjustments) Costs of transaction and Circular ⁵	Column "F" Before the issue of the First Tranche of shares ⁶	Column "G" (Adjustments) Issue of the First Tranche of shares ⁷	Column "H" After the transaction ⁸
Loss per Share (Basic & Diluted) ^{10,11} (cents)	-1.00					-0.89		-0.90
Headline Loss per Share (Basic & Diluted) ^{10,11} (cents)	-0.43					-0.32		-0.35
Weighted Average Shares in Issue ⁹ (shares)	2,621,362,758					2,621,362,758	137,966,461	2,759,329,219
Calculation of headline loss¹¹	R					R		R
Total comprehensive loss for the period	-26,339,930					-23,336,051		-24,715,716
Adjustments for:								
Loss on disposal of PPE	41,760					41,760		41,760
Impairment of Intangible Asset	14,926,333					14,926,333		14,926,333
Headline loss for the period	-11,371,837					-8,367,958		-9,747,623

Notes Pro-forma statement of comprehensive income

- Column A shows the audited results of BioScience Brands for the 12 month period ended 30 June 2011, prepared in accordance with the International Financial Reporting Standards and the Companies Act of South Africa; which has been extracted from the audited condensed consolidated financial results for the year ended 30 June 2011 and published on 30 September 2011.
- Column B shows the effects of eliminating costs which would no longer occur under the outsourcing arrangement, which have been eliminated from the pro-forma information. These costs of R 9 248 657 relate to overhead and operating costs actually incurred in the 12 month period reported on which will no longer recur under the outsourcing arrangement.

- 3 Column C shows the costs which will be incurred going forward relating to the management agreement with Akacia. The management fee is R5,000,000 per annum. The restructuring occurred in April 2011, and management fees have been incurred in the audited results for 3 months (April 2011 to June 2011); accordingly management fees for the months of July 2010 to March 2011 have been incurred in the pro forma statement of comprehensive income amounting to R3 750 000. This will be a recurring annual fee.
- 4 Column D shows the interest costs on the Akacia and H&H Loans as if these loans had been advanced at the beginning of the period (1 July 2010). R77 278 interest had already been accrued on these loans in the results presented at 30 June 2011. This will be a recurring interest charge.
- 5 Column E represents transaction costs related to this Transaction and the production of this Circular to shareholders, which are once off by nature.
- 6 Column F shows the pro forma statement of comprehensive income after the effects of items in columns B to E, as if the management agreement had been in place from the beginning of the financial year, but before the issue of the First Tranche of shares.
- 7 Per the management agreement, and subject to shareholder approval, Akacia will be entitled to a share issue of 460,062,389 shares over 3 years as detailed above and subject to shareholder approval. The share based payment expense for only the First Tranche (R1 379 665 or 137 966 461 shares) has been recognised in the pro-forma statement of comprehensive income at the beginning of the period (i.e. 1 July 2010) (Column G). The share-based payment expense has been measured at a fair value of 1c/share.
- This analysis does not show the impact on the share issues in year two and three, for 151 727 583 and 170 368 345 shares respectively, and the related expense of R1 517 276 and R1 703 683 respectively.
- 8 Column H shows the pro forma statement of comprehensive income after the effects of items in columns B to E and G.
- 9 The weighted average number of shares in issue has been calculated as if the First Tranche shares (137 966 461 shares) had been issued on 1 July 2010, and have therefore been in issue for the full 12 months up to 30 June 2011.
- 10 Due to the loss situation that the company is in, the remaining shares to be issued in year 2 and 3 (322 095 928 shares) are anti-dilutive as they decrease loss per share and therefore there is no impact of these shares issue.

- 11 Loss per Share (Basic & Diluted), Headline Loss per Share (Basic & Diluted), are based on the assumption that the Transaction was implemented on 1 July 2010, with the share based payments expense of the First Tranche of shares in terms of the transaction (R1 379 665) being adjusted for, and the First Tranche of shares in terms of the transaction (137 966 461 shares) being included in the weighted average number of shares in issue.
- This analysis does not show the impact on the share issues in year two and three, for 151 727 583 and 170 368 345 shares respectively, and the related expense of R1 517 276 and R1 703 683 respectively.
- 12 There have been no events between the year end date (30 June 2011) and the date of this Circular which have a material effect on the figures presented.
- 13 The accounting policies of BioScience have been used in calculating the pro forma financial information.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION	Column "I" Audited Results as at 30 June 2011 Before the transaction ¹⁴	Column "J" (Adjustments) Loans received from Akacia and H&H ¹⁵	Column "K" (Adjustments) Costs of transaction and Circular ¹⁶	Column "L" Before the issue of the First Tranche of shares ¹⁷	Column "M" (Adjustments) Issue of the First Tranche of shares ¹⁸	Column "N" After the transaction ¹⁹
	R	R	R	R	R	R
ASSETS						
Non current assets						
Property plant and equipment	543,032	-	-	543,032	-	543,032
Intangibles assets	37,232,683	-	-	37,232,683	-	37,232,683
Deferred tax asset	1,625,562	-	-	1,625,562	-	1,625,562
Total non-current assets	39,401,277	-	-	39,401,277	-	39,401,277
Current assets						
Inventories	4,574,525	-	-	4,574,525	-	4,574,525
Trade and other receivables	7,738,342	-	-	7,738,342	-	7,738,342
Cash and cash equivalents	69,580	-	-	69,580	-	69,580
Total current assets	12,382,447	-	-	12,382,447	-	12,382,447
Total assets	51,783,724	-	-	51,783,724	-	51,783,724
EQUITY AND LIABILITIES						
Capital and reserves						
Issued capital	262,136	-	-	262,136	13,797	275,933
Share premium	113,138,607	-	-	113,138,607	1,365,868	114,504,475
Accumulated loss	-95,478,712	-	-557,195	-96,035,907	-1,379,665	-97,415,572
Total capital and reserves	17,922,031	-	-557,195	17,364,836	-	17,364,836

	Column "I" Audited Results as at 30 June 2011 Before the transaction ¹⁴	Column "J" (Adjustments) Loans received from Akacia and H&H ¹⁵	Column "K" (Adjustments) Costs of transaction and Circular ¹⁶	Column "L" Before the issue of the First Tranche of shares ¹⁷	Column "M" (Adjustments) Issue of the First Tranche of shares ¹⁸	Column "N" After the transaction ¹⁹
	R	R	R	R	R	R
Non-current liabilities						
Loans and borrowings	2,037,328	567,551	-	2,604,879	-	2,604,879
Total non-current liabilities	2,037,328	567,551	-	2,604,879	-	2,604,879
Current liabilities						
Taxation payable	2,220,826	-	-	2,220,826	-	2,220,826
Trade payables	5,124,812	-567,551	557,195	5,114,456	-	5,114,456
Other payables and accruals	10,669,666	-	-	10,669,666	-	10,669,666
Short term portion of loans and borrowings	3,672,594	-	-	3,672,594	-	3,672,594
Bank overdraft	10,136,467	-	-	10,136,467	-	10,136,467
Total current liabilities	31,824,365	-567,551	557,195	31,814,009	-	31,814,009
Total equity and liabilities	51,783,724	-	-	51,783,724	-	51,783,724
Net Asset value per share (cents) ²⁰	0.68			0.66		0.63
Net Tangible Asset value per share (cents) ²⁰	-0.74			-0.76		-0.72
Shares in Issue (shares)	2,621,362,758			2,621,362,758	137,966,461	2,759,329,219

Notes Pro-forma statement of financial position

- 14 Column I shows the audited results of BioScience Brands as at 30 June 2011, prepared in accordance with the International Financial Reporting Standards and the Companies Act of South Africa; which has been extracted from the audited condensed consolidated financial results for the year ended 30 June 2011 and published on 30 September 2011.

- 15 Column J shows the effect of the draw on the loans from Akacia and H&H. At 30 June 2011, the full Akacia loan of R2 000 000 and the deferment of management fees of R1 000 000 had been utilised. R1 932 449 of the H&H Loan had been drawn down, leaving R567 551 available which has been reflected in the pro forma statement of financial position.
- 16 Column K represents transaction costs related to this transaction and the production of this Circular to shareholders, which are once off by nature.
- 17 Column L shows the pro forma statement of financial position after the effects of items in column J and K, but before the issue of the First Tranche of shares.
- 18 Column M shows the effects of the adjustments resulting from the proposed transaction. Per the management agreement, and subject to shareholder approval, Akacia will be entitled to a share issue of 460,062,389 shares over 3 years as detailed above. Only the First Tranche of shares (137 966 461 shares) have been recognised in the pro-forma statement of financial position at the end of the period (i.e. 30 June 2011). This results in an increase in share capital of R 13 797 and an increase in share premium of R1 365 868. The share-based payment expense has been measured at a fair value of 1c/share, resulting in an increase in accumulated loss of R1 379 665.
- This analysis does not show the impact on the share issues in year two and three, for 151 727 583 and 170 368 345 shares respectively, and the related expense of R1 517 276 and R1 703 683 respectively.
- 19 Column N shows the pro forma statement of financial position after the effects of items in column J, K and M.
- 20 Net Asset Value and Net Tangible Asset value are based on the assumption that the Transaction was implemented on 30 June 2011, and the shares in issue have been adjusted for the First Tranche of shares in terms of the transaction (137 966 461 shares).
- Taking into consideration the remaining shares to be issued in year 2 and 3 (322 095 928 shares) and share based payment expense associated with these shares (R3 220 959), net asset value per share would decrease to 0.46 cents per share and net tangible asset value per share would decrease to (0.75) cents per share.
- 21 There have been no events between the year end date (30 June 2011) and the date of this Circular which have a material effect on the figures presented.
- 22 The accounting policies of BioScience have been used in calculating the pro forma financial information.

REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

"The Board of Directors
BioScience Brands Ltd
4 Brewery Street
Isando
1609

12 January 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF BIOSCIENCE BRANDS LIMITED

We have performed our limited assurance engagement in respect of the pro forma financial information set out in paragraph 2.5 and Annexure 1 to the Circular dated on or about 23 January 2012 issued in connection with the specific issue of shares to Akacia Healthcare (Pty) Ltd that is the subject of this Circular of BioScience Brands Limited.

The pro forma financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the specific issue of shares to Akacia Healthcare (Pty) Ltd might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the pro forma statement of financial position being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the pro forma financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma information financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of BioScience Brands Limited; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the Circular to BioScience Brands Limited's shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial*

Information issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of BioScience Brands Limited, the issuer, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company in respect of the corporate actions that are the subject of this Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of BioScience Brands Limited and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing* or *International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of the issuer, and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed in terms of the section 8.17 and 8.30 JSE Listings Requirements.

DELOITTE & TOUCHE

Per CA Sagar

Registered Accountant and Auditor

Chartered Accountant (SA)

2 Pencarrow Crescent

La Lucia Ridge Office Estate

La Lucia Ridge

4051

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory & Legal Services , NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Human Resources, CR Beukman Finance, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request"

FAIRNESS OPINION

The Board of Directors
BioScience Brands Limited
4 Brewery Road
Isando
1609

Attention: Mr. Mike Allan

12 January 2012

Dear Sirs

Opinion on the fairness of the issue shares to Akacia Healthcare (Proprietary) Limited (“Akacia”), which is a related party of BioScience Brands Limited (“BioScience” or “the Company”)

INTRODUCTION

BioScience has concluded a management agreement with Akacia (“Management Agreement”), with effect from 1 April 2011. The Management Agreement, provides, *inter alia*, that effective 1 April 2011, the management of the major part of the head office operational functions of the BioScience Group has been outsourced to Akacia. As part of the process, the Company had taken the decision to close its Durban office and to relocate to its current Johannesburg registered office, namely, 4 Brewery Road, Isando, Johannesburg.

In terms of the Management Agreement, while Akacia fulfils its obligations under the Management agreement, BioScience will pay an annual management fee of R5 million to Akacia and:

- BioScience will pay an annual incentive bonus equal to 20% of BioScience’s net profit before tax (as will be reported in the audited annual financial statements which will be calculated and paid bi-annually) to Akacia (“the annual incentive bonus”); or
- BioScience will issue a maximum of 460 062 389 ordinary shares to Akacia, comprising three tranches made up as follows: 137 966 461 ordinary shares on 1 September 2011 or as soon as possible thereafter, 151 727 583 ordinary shares on 1 March 2012 or as soon as possible thereafter and 170 368 345 ordinary shares on 1 March 2013, or as soon as possible thereafter. (“the Consideration”)

The parties have agreed that the obligations in the Management agreement are indivisibly inter-related.

It is proposed that BioScience issue the 460 062 389 ordinary shares to Akacia thereby extinguishing the requirement to pay Akacia the annual incentive bonus. (“the Issue of shares”)

SCOPE

Akacia is a related party in respect of BioScience (“the Company”), in terms of Section 5.51(f) of the Listings Requirements of the JSE Limited and to this end have requested Grant Thornton, as independent expert, to furnish an opinion on the fairness of the terms of the Consideration insofar as BioScience shareholders are concerned.

It should be noted that each individual shareholder’s decision may be influenced by such shareholder’s particular circumstances and, accordingly, that a shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Issue of shares.

DEFINITION OF THE TERM “FAIRNESS”

The term “fairness” is defined in Schedule 5 of the Listings Requirements as being primarily based on quantitative issues.

ASSESSMENT OF FAIRNESS

The Consideration would be regarded as being fair if the value of the shares to be issued to Akacia is less than the expected value of the annual incentive bonus that would otherwise be paid to Akacia.

SOURCES OF INFORMATION

During the course of our analysis, we relied upon financial and other information, obtained from BioScience’s management. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the fairness of the Consideration include:

- The audited annual financial statements of BioScience for the 3 years ended 30 June 2008 to 30 June 2010.
- The unaudited annual financial statements of BioScience for the year ended 30 June 2011
- The unaudited management accounts of BioScience for the 3 months ended 30 September 2011
- The five year cash flow forecasts of BioScience for the financial years ending 30 June 2012 to 30 June 2016 as prepared by management.
- Discussions with the directors and management of BioScience and Akacia.
- The Akacia loan agreement and Management agreement signed on 5 April 2011 concluded between BioScience and Akacia.
- The management representation letter provided to us in respect of this fairness opinion.
- The share price history of BioScience for the period 6 November 2009 to 2 December 2011.
- The Circular to BioScience shareholders.

- Other publicly available information with regards to BioScience.

Where practical, we have corroborated the reasonability of the information provided to us for the purposes of our opinion, whether in writing or obtained in discussion with management of BioScience. Whilst our work has involved an analysis of the financial information, as provided to us, our engagement does not constitute, nor does it include an audit or review in accordance with International Standards on Auditing. We have not and we do not assume responsibility or liability for such information. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

PROCEDURES

In our evaluation of the fairness of the Consideration, we have performed, *inter alia*, the following procedures:

- reviewed the historic financial information and forecasted financial information as detailed above;
- discussed the strategic plans, budgets and financial forecasts of the Company, as prepared by BioScience management, and considered the assumptions on which they are based;
- obtained an understanding of the basis on which the forecasts were prepared and checked the arithmetical accuracy of the models;
- reviewed the terms and conditions as contained in the Management Agreement;
- performed a valuation of the shares in BioScience to determine the Consideration payable by BioScience. The valuation was performed using a discounted cash flow approach based on assumptions that were discussed with management. A free cash flow to firm model was applied in terms of which forecast cash flows to debt and equity capital providers were discounted at the Company's weighted average cost of capital ("WACC"), which was assumed to be approximately 20.3%;
- estimated the value of the annual incentive bonus to be paid to Akacia assuming that the contract remains in place indefinitely;
- compared the Consideration to the value of the annual incentive bonus to be paid to Akacia.;
- considered the following qualitative factors inherent in the Issue of shares:
 - the fact that, due to the financial position of the company, a share issue is less onerous than the cash out flows that would arise from the payment of the annual incentive bonus; and
 - after the share issue Akacia will hold more than 30% of BioScience and such is more likely to be more committed to the success of BioScience.

OPINION

Based on the information considered, we are of the opinion that Consideration payable, through the issue of shares, by BioScience to Akacia is fair as far as BioScience shareholders are concerned.

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by BioScience management up to and including 12 January 2012. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

LIMITING CONDITIONS

This letter and opinion is provided solely for the benefit of the Board in connection with and for the purpose of their assessment of the fairness of the Consideration. It does not constitute a recommendation to the Board as to how to vote on matters relating thereto. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and our opinion are used or relied upon for anything other than its intended purpose.

INDEPENDENCE

In terms of Schedule 5 of the Listings Requirements, we confirm that Grant Thornton has no direct interest in the shares in BioScience and has provided the no services to BioScience during the last 24 months.

In addition, Grant Thornton has no interest in the Consideration or the success or failure of the Issue of shares. Accordingly, we believe we are sufficiently independent to provide this fairness opinion.

Yours faithfully,

Jeanette Hern
Director

SHARE PRICE HISTORY OF BIOSCIENCE SHARES

Daily

The highest and lowest prices of BioScience ordinary shares on the JSE for each trading day commencing from 22 November 2011 to the last practicable date and the daily volume and value are as follows:

Date	High	Low	Volume	Value (cents)
12-Jan-12	0	0	0	0
11-Jan-12	0	0	0	0
10-Jan-12	0	0	0	0
09-Jan-12	0	0	0	0
06-Jan-12	1	1	470,000	470,000
05-Jan-12	0	0	0	0
04-Jan-12	0	0	0	0
03-Jan-12	0	0	0	0
30-Dec-11	0	0	0	0
29-Dec-11	1	1	121,736	121,736
28-Dec-11	0	0	0	0
23-Dec-11	0	0	0	0
22-Dec-11	0	0	0	0
21-Dec-11	0	0	0	0
20-Dec-11	0	0	0	0
19-Dec-11	0	0	0	0
15-Dec-11	0	0	0	0
14-Dec-11	0	0	0	0
13-Dec-11	0	0	0	0
12-Dec-11	0	0	0	0
09-Dec-11	0	0	0	0
08-Dec-11	0	0	0	0
07-Dec-11	0	0	0	0
06-Dec-11	0	0	0	0
05-Dec-11	0	0	0	0
02-Dec-11	0	0	0	0
01-Dec-11	1	1	10,000	10,000

30-Nov-11	0	0	0	0
29-Nov-11	0	0	0	0
28-Nov-11	0	0	0	0
25-Nov-11	0	0	0	0

Monthly

The highest and lowest prices of the ordinary shares of BioScience on the JSE for each month from January 2011 to December 2011 and the aggregate monthly volume and value are as follows:

Date	High	Low	Volume	Value (cents)
30-Dec-11	1	1	131,736	131,700
30-Nov-11	1	1	1,380,660	1,380,400
31-Oct-11	1	1	11,888,491	11,888,320
30-Sep-11	2	1	25,864,002	25,864,800
31-Aug-11	1	1	2,387,439	2,387,300
29-Jul-11	1	1	1,639,036	1,639,000
30-Jun-11	1	1	24,826,227	24,825,900
31-May-11	1	1	15,098,262	15,098,100
29-Apr-11	1	1	4,539,110	4,539,000
31-Mar-11	1	1	11,579,496	11,579,400
28-Feb-11	1	1	632,000	632,000
31-Jan-11	1	1	3,732,595	3,732,500

Quarterly

The highest and lowest prices of BioScience ordinary shares on the JSE for each quarter from December 2008 to December 2010 and the aggregated quarterly volume and value are as follows:

Date	High	Low	Volume	Value (cents)
31-Dec-10	2	1	45,793,705	45,990,900
30-Sep-10	2	1	61,118,927	61,218,500
30-Jun-10	2	1	99,213,824	99,219,100
31-Mar-10	3	1	114,365,110	133,953,000
31-Dec-09	4	2	20,920,541	55,117,500
30-Sep-09	4	2	9,933,923	28,877,300
30-Jun-09	4	2	6,617,025	20,280,303
31-Mar-09	4	2	11,879,618	36,639,700
31-Dec-08	4	5	1,005,682	4,894,064

CORPORATE GOVERNANCE

Introduction

BioScience is committed to the principles of integrity, transparency, responsibility and accountability in its dealings with all stakeholders and supports the code of corporate practices and conduct incorporated in the King Report on Corporate Governance for South Africa (King III) and the JSE Listings Requirements. The primary objective of any system of corporate governance is to ensure that directors and managers, to whom the running of company has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the company and society ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation.

The Group has noted the recent changes in South African company law and the recent issue of the King III report, and are generally compliant BioScience is putting processes in place to ensure complete compliance as soon as possible.

Ethical leadership and corporate citizenship

The values of the Group include personal and organisational integrity, which underpins the South African Medical Control Council regulated environment in which the Group operates in, namely vitamins and supplements. As part of its duty to ensure that the Group's ethics are managed effectively the Board requests its directors to declare at every board meeting whether they are aware of any unethical, fraudulent or unlawful behaviour or occurrences. Every effort is made to align the Group's level of commitment to personal and organisational integrity with that of the individuals' and companies with which the Group does business. The Board is committed to ensuring that the Group is, and is seen to be, a responsible corporate citizen. Management takes appropriate action to ensure that the reputation of the Group is not impaired. Prior to entering into dealings with individuals and companies, careful consideration is given to the level of commitment to personal and organisational integrity

In enforcing its commitment to ensuring ethical behaviour, the Group adheres to a culture of zero tolerance for unethical behaviour. This includes bribery, corruption, fraud, the payment of facilitation fees and may include certain gifts, hospitality, expenses and sponsorships, charitable and political contributions.

Board and directors

The Board of BioScience Brands Limited is the highest decision-making board of the Group and is the ultimate custodian of corporate governance for the Group as a whole. The Board aspires to exercise leadership, integrity and judgement in the pursuit of the Group's strategic goals and objectives. The board members are appointed through a formal process were shareholders appoint them by voting at a general meeting.

Board members

Mike Allan – CEO and Financial Director
Jonny Fenster – Independent Non Executive Director
Yaseen Bhayat - Non Executive Director
Steven Schutz - Non Executive Director

The Board comprises a balance of power, and authority and has three non-executive directors, one of whom is independent, and one executive director. Currently the Chief Executive Officer is temporarily fulfilling the role of Chief Financial Officer with the JSE's approval for a period of 6 months until a suitable replacement can be appointed. Mr Y Bhayat CA (SA), a non-executive director, is chairman of the Audit and Risk Committee and Remuneration Committee.

In accordance with King III and the JSE Listings Requirements, the roles of Chairman and Chief Executive Officer are separated. The position of Chairman is held by an independent non-executive director: The ratio of executive to non-executive directors ensures that the board is sufficiently informed by independent perspectives.

Non-executive directors are not awarded share options or any benefits other than directors' fees and are fairly and responsibly remunerated.

The board does not have an agreed governance framework between the Group and its subsidiary Board in place, as the directors of the subsidiary boards are all on the Board of the Group.

Audit committee

The Audit and Risk Committee are effective and independent, and consists of three non-executive directors (Y Bhayat – chairman, S Schutz and J Fenster) who are appropriately qualified for their roles on the committee. One of the non-executive directors, J Fenster, would be deemed 'independent' in terms of Section 94 of the Companies' Act 71 of 2008 and King III. Whilst Mr Yaseen Bhayat is a very experienced Chartered Accountant and very effective Chairman of the audit committee is not seen to be independent because he is a director of a company that has a 16% shareholding in the Group. The chief executive officer and the financial director, an approved executive from the company's designated advisor and the external auditors attend the meetings by invitation.

Per the Audit and Risk Committee charter, the committee assists the board with all matters relating to external reporting and risk management including:

- reviewing publicly released financial information;
- establishing processes for monitoring the effectiveness of internal controls and safeguarding of assets;
- developing risk management strategies;
- statutory duties;
- facilitate effective communication between the board, management, and the external auditors;
- recommend the appointment of and determine the fees payable to the external auditors and determine the level of non-audit services provided by the external auditors;
- overseeing integrated reporting;
- Satisfying itself of the expertise, resources and experience of the group's finance function;
- Ensuring a combined assurance model is applied to improve efficiency in assurance activities;

The Audit and Risk Committee reviews the effectiveness of internal control in the Group with reference to the findings of the auditors. Other areas covered include the review of important accounting issues, including specific disclosures in the financial statements and a review of the major audit recommendations. The Audit and Risk Committee appoints its own chairman.

The board ensures that the Audit committee meets regularly and fulfils its obligations and duties in accordance with relevant laws, codes, standards and accounting principles. The Chairman ensures that the board receives adequate assurance on the effectiveness of the risk management process and on the management of specific risks in its decision making. The audit committee has met twice in the financial year.

Audit Committee Meeting Attendance	08 September 2011	22 September 2011
Y Bhayat	Present	Present
S Schutz	Present	Present
J Fenster	Present	Present

With the daily operations and administration recently outsourced to Akacia, the internal audit function has been delegated to the Chief Financial Officer with the input of the Audit and Risk Committee to fully assure the Board that Akacia and the Group are fulfilling their roles in accordance with relevant laws, codes, standards and accounting principles. The CFO has yet to conduct the first internal audit..

The Audit committee has satisfied itself of the appropriateness of the expertise and experience of the financial director Mike Allan. Peter Ireland resigned during this financial year and the board was satisfied with his expertise and experience while he was financial director.

The governance of risk

The board is responsible for the governance of risk and setting levels of risk tolerance, the risk committee assists the board in carrying out its risk responsibilities. The board delegates the risk management plan to management (Akacia) and ensures that risk assessments and monitoring are performed on a continual basis. The board receives assurance of the effectiveness of the risk management processes and provides sufficient risk disclosure to stakeholders. With the very recent outsourcing to Akacia, the Board are still ensuring that all processes are in place

The governance of information technology

Having outsourced its daily operations and administration to Akacia, it is incumbent upon the Group to satisfy itself that IT governance is effective at Akacia. This it achieves through its internal audit function ensuring that the board receives adequate assurance on the efficiency and effectiveness of the IT and IT governance processes at Akacia.

Compliance with laws, rules, codes and standards

The Group and its' outsource partner, Akacia seek to always comply fully with all relevant and applicable laws, codes and standards and participate in both industry and corporate responses to proposed government legislation affecting the Group. In addition, the Group and Akacia on behalf of the Group also engages directly with the relevant government departments where appropriate.

Internal audit

The Group does not have a dedicated internal audit function, as the size of the company, and the changes in the last three years have necessitated that the focus be on consolidating the acquired businesses and establishing controls at an operating level. With the daily operations and administration outsourced to Akacia, the Chief Financial Officer undertakes the role of internal audit with the input of the Audit and Risk Committee to fully assure the board that Akacia and the Group are fulfilling their roles in accordance with relevant laws, codes, standards and accounting principles.

Governing stakeholder relationships

The Group is committed to a policy of effective communications and engagement with its stakeholders of issues of mutual interest and subscribes to a policy of open, frank and timeous communication of its activities on both financial and non financial matters. The Board regularly identifies material stakeholders and assesses the related risks and opportunities they present. Management is then tasked to develop and implement stakeholder strategies and policies and to develop a mechanism for constructive stakeholder engagement.

Integrated reporting and disclosure

Given the difficult trading environment, the Board has particularly focussed on the sustainability of the Group and has made significant changes to the Group to improve its sustainability. The solvency and liquidity of the business is constantly monitored and addressed.

Directors Remuneration

The Remuneration Committee consists of two non-executive directors (Y Bhayat – chairman and J Fenster) who are appropriately qualified for their roles on the committee. The Remuneration Committee is mandated by its charter to assist the board in determining the company policy in respect of the remuneration of the Chairman, Chief Executive Officer, executive directors, the company secretary and other members of senior management.

Remuneration Committee Meeting Attendance	08 September 2011	22 September 2011
Y Bhayat	Present	Present
J Fenster	Present	Present

Trading in company securities

The company enforces a restricted period for dealing in its shares, in terms of which any dealings in shares by directors and senior personnel is disallowed by the board from the time that the reporting period has lapsed to the time that the results are released, and at any time that such individuals are aware of unpublished, price sensitive information, whether the company is trading under cautionary announcement as a result of such information or not.

The policy of any dealing in shares by all directors and senior personnel is that clearance must be obtained from the Chairman of the board or the CEO and the designated advisor copied. If any of the above persons requires clearance, the other person will approve such transaction.

Company Secretary

The company secretary is required to provide the members of the board with guidance and advice regarding their responsibilities, duties and powers and to ensure that the board is aware of all legislation relevant to or affecting the company. The company secretary is required to ensure that the company complies with all applicable legislation regarding the affairs of the company, including the necessary recording of meetings of the board, board committees and shareholders of the company. The board is of the opinion that Statucor (Pty) Ltd has the requisite attributes, qualifications and experience to fulfil its commitments effectively.

Designated Advisor

In accordance with the JSE Limited's Listings Requirements relating to the companies listed on the Alternative Exchange, the company is required to appoint a designated advisor. The company's designated advisor is PricewaterhouseCoopers Corporate Finance (Pty) Ltd.

BIOSCIENCE BRANDS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2005/005805/06
ISIN: ZAE000115036 Share code: BIO
(“BioScience” or “the Company”)

NOTICE OF GENERAL MEETING

The definitions commencing on page 7 of this Circular apply throughout this Notice of General Meeting

A: NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of the Company will be held at the Company's registered office, 4 Brewery Street, Isando, Johannesburg, South Africa at 10:00 on Monday, 27 February 2012.

B. WHO HAS RECEIVED NOTICE OF THIS ANNUAL GENERAL MEETING

In accordance with Section 59(1) of the Companies Act, 71 of 2008 (“the Companies Act”) the Company's Board of directors have resolved the record date for the purposes of determining the shareholders of the Company entitled to receive notice of this Annual General meeting as being shareholders recorded as such in the share register of the Company, maintained by the transfer secretaries, as being the close of business on Friday, 20 January 2012.

C. WHO MAY ATTEND THIS ANNUAL GENERAL MEETING

In accordance with Section 59(1)(b) of the Companies Act, the Company's board of directors have resolved that the record date for purposes of determining which shareholders of the Company are entitled to attend, participate in, and to vote at this Annual General Meeting, as being Friday, 17 February 2012. Accordingly, the last date to trade in the Company's shares on the JSE Limited (“JSE”) in order to be eligible to attend, participate in and vote at this Annual General Meeting is Friday, 10 February 2012.

D. PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of this Annual General Meeting is to consider, and, if deemed fit, to pass, with or without modification, all of the resolutions set out below:

ORDINARY RESOLUTION NUMBER 1 – Placing unissued shares under the control of directors

“Resolved that in terms of section 38.1 of the Companies Act, as read with schedule 10.1 of the Listings Requirements, that 460 062 389 ordinary shares from the unissued share capital of the Company, be and is hereby placed under the control of the BioScience Board to allot and issue such Shares for purposes of this issue for cash on such terms and conditions as it may deem fit, but subject always to the Companies Act and the Listings Requirements.”

Quorum requirement for Ordinary Resolution Number 1 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on Ordinary Resolution Number 1.

Percentage of voting rights required for Ordinary Resolution Number 1 to be adopted: more than 50% of the voting rights exercised on Ordinary Resolution Number 1.

Explanatory note for Ordinary Resolution Number 1.

At the annual general meeting of the Company held on 7 December 2010, the directors, *inter alia*, obtained the approval of the Company's shareholders to be able to issue shares generally for cash. Since such time, the new Companies Act has come into force and affect. Accordingly, the BioScience Board considers it necessary that such authority be renewed so as to ensure compliance with section 38.1 of the new Companies Act and schedule 10.1 of the Listings Requirements.

SPECIAL RESOLUTION NUMBER 1 –Authority to implement the Specific Share Issue

Resolved that, subject to Ordinary Resolution Number 1 being passed and subject to this Special Resolution Number 1 being passed by a majority of at least 75% of the voting rights exercised thereon (excluding the votes of Akacia, being a related party, as defined in section 10.1 of the Listing Requirements), the BioScience Board be and is hereby authorised by way of specific authority in terms of sections 5.50 and 5.51 of the Listings Requirements to allot and issue 460 062 389 ordinary shares in the Company to Akacia at par value, in return for the management services to be rendered by Akacia in terms of the Management Agreement between the Company and Akacia, a copy of which is hereby tabled and initialled by the Chairman for identification purposes. *Quorum requirement for Special Resolution Number 1 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on Special Resolution Number 1.*

Percentage of voting rights required for Ordinary Resolution Number 1 to be adopted: at least 75% of the voting rights exercised on Special Resolution Number 1, excluding the votes of Akacia being a related party as defined by the Listings Requirements.

Explanatory note for Special Resolution Number 1.

The reason for Special Resolution Number 1 is to obtain the ratification of Shareholders for the Management Agreement and approval to permit the BioScience Board to issue up to a total of 460 062 389 new Shares to Akacia in terms of the Management Agreement.

SPECIAL RESOLUTION NUMBER 2 - Financial assistance in terms of section 44 and section 45 of the Companies Act

“Resolved that, to the extent required by the Companies Act, the BioScience Board may, subject to compliance with the requirements of the Company's MOI, the Companies Act and the Listings Requirements, each as presently constituted and as may, from time to time, be amended, authorise the Company to provide direct or indirect financial assistance by way of loans, guarantees, the provision of security or otherwise but only for operational reasons, to:

1. any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act; and
2. as per section 45 of the Companies Act, any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is, or whom may become, a participant in any of the Company's or Group's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of

the Companies Act, such authority to endure until the forthcoming annual general meeting of the Company.”

Quorum requirement for Special Resolution Number 2 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on Special Resolution Number 2.

Percentage of voting rights required for Special Resolution Number 2 to be adopted: at least 75% of the voting rights exercised on Special Resolution Number 2.

Explanatory note for Special Resolution Number 2.

The reason for Special Resolution Number 2 is to obtain the prior approval of BioScience Shareholders in accordance with the provisions of section 44 and section 45 of the Companies Act so as to enable the Company to provide financial assistance timeously, in order to honour the loan agreements entered into with Akacia. The effect of Special Resolution number 2 is that the Company will have the necessary authority when it becomes necessary for the Company to provide the required financial assistance.

The BioScience Board undertakes that, in so far as the Companies Act requires, it will not adopt a directors resolution to authorise such financial assistance, unless the BioScience Board is satisfied that:

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

ORDINARY RESOLUTION NUMBER 2 – Authority for actions

“Resolved that any one or more of the BioScience Board and/or the company secretary for the time being of the Company, be and they are hereby authorised to do all such things and procure the signature of all documents as may be necessary for or incidental to the implementation of the resolutions to be proposed at the same General Meeting as that at which this Ordinary Resolution Number 2 is to be proposed.”

Quorum requirement for Ordinary Resolution Number 3 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on Ordinary Resolution Number 3.

Percentage of voting rights required for Ordinary Resolution Number 3 to be adopted: at least 75% of the voting rights exercised on Ordinary Resolution Number 3.

Explanatory note on Ordinary Resolution Number 2.

The reason for Ordinary Resolution Number 3 is to provide the authority necessary to attend to the recordal and implementation of the special and ordinary resolutions contained in this Notice of General Meeting.

VOTING AND PROXIES

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in such Shareholder’s stead. A proxy need not be a member of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with “own-name” registration, a Form of Proxy (*yellow*) is included in this Circular which also includes this Notice of General Meeting.

Duly completed Forms of Proxy must be lodged with the Transfer Secretaries, namely, Computershare Investor Services (Proprietary) Limited at either of the respective addresses set out below so as to be received by them by not later than 10:00 on Thursday , 23 February 2012.

Dematerialised Shareholders without “own-name” registration who wish to attend the General Meeting

in person should request their CSDP or Broker to provide them with the necessary Letter of Representation in

terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without “own-name” registration, who do not wish to attend the General Meeting but nevertheless wish to be represented thereat, must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without “own-name” registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

Hand deliveries to:

**Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa**

Postal deliveries to:

**Computershare Investor Services
(Proprietary) Limited
PO Box 61051
Marshalltown
2107
South Africa**

By order of the BioScience Board

M G Allan

Chief Executive Officer

27 January 2012

Registered Office

4 Brewery Street
Isando, Johannesburg, 1609
South Africa

BIOSCIENCE BRANDS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2005/005805/06
ISIN: ZAE000115036 Share code: BIO
(“BioScience” or “the Company”)

FORM OF PROXY FOR USE AT GENERAL MEETING

Unless the context may otherwise so require, the definitions and interpretations commencing on page 7 of the Circular to which this Form of Proxy is attached and forms part shall apply, *mutatis mutandis*, to this Form of Proxy.

This Form of Proxy is for use only by Certificated Shareholders and Dematerialised Shareholders with “own-name” registration at the General Meeting convened to be held at 10:00 on Monday, 27 February 2012 at 4 Brewery Street, Isando, Johannesburg, South Africa.

If you are a Dematerialised Shareholder without “own-name” registration you must **not** complete this Form of Proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full):

of (address):

being the holder(s) of [.....] Certificated Shares or Dematerialised Shares with “own-name” registration, do hereby appoint (see notes 1 and 2 on reverse of this Form of Proxy):

1. _____ or failing him/her,
2. _____ or failing him/her,

3. the Chairperson of the General Meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 2 on reverse of this Form of Proxy):

	Number of votes on a poll (one vote per Share)		
	For	Against	Abstain
Ordinary Resolution Number 1 General approval for the issue of authorized but unissued Shares			

	Number of votes on a poll (one vote per Share)		
	For	Against	Abstain
Special Resolution Number 1 Authority to implement the Specific Share Issue Authority for actions			
Special Resolution Number 2 Financial assistance in terms of section 44 and section 45 of the Companies Act			
Ordinary Resolution Number 2			

Signed at _____ on _____ 2012

Signature _____

Capacity of signatory (where applicable) _____

Note: Authority of signatory to be attached (see notes 8 and 9 on reverse of this Form of Proxy).

Assisted by me (where applicable) _____

Full name _____

Capacity _____

Signature _____

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

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In terms of section 58 of the Companies Act:

- *a Shareholder of the Company may, and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a BioScience Shareholder) as a proxy to participate in, and speak and vote at, the General Meeting on behalf of such BioScience Shareholder;*
- *any appointed proxy of a Shareholder may delegate authority to act on behalf of that Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15 below);*
- *irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant BioScience Shareholder chooses to act directly and in person at the General Meeting in the exercise of any of such Shareholder's rights as a Shareholder (see note 5 below);*
- *any appointment by a BioScience Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;*
- *if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to Company; and*
- *a proxy appointed by a BioScience Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the Company's MOI, or the instrument appointing the proxy, provides otherwise (see note 3 below).*

Notes to this Form of Proxy

1. Each Shareholder is entitled to appoint one (or more) proxies (none of whom need be a Shareholder of the Company to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided with or without deleting "the Chairperson of the General Meeting" but the Shareholder must initial any such deletion. The person whose name stands first on this Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the relevant boxes provided. Failure to comply with the above will be deemed to authorise and direct the Chairperson of the General Meeting, if the Chairperson is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the General Meeting as such proxy deems fit, in respect of all of the Shareholder's votes exercisable at the General Meeting.
4. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, namely, Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) to be received by them by not later than 10:00 on, Thursday, 23 February 2012.

5. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
6. The Chairperson of the General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the MOI of BioScience.
7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by BioScience or the Transfer Secretaries.
9. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been registered by BioScience or the Transfer Secretaries or waived by the Chairperson of the General Meeting.
10. Where shares are held jointly, all joint holders are required to sign this Form of Proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by BioScience or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own BioScience Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the Custody Agreement between the Shareholder and such Shareholder's CSDP or Broker.
13. This Form of Proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been legally used at the General Meeting from which it was adjourned. This Form of Proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received timeously by the Transfer Secretaries.
15. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.