

BIOSCIENCE BRANDS LIMITED
(Formerly Wellco Health Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2005/005805/06)
("BioScience Brands" or "the company")
ISIN Code: ZAE000115036 Share code: BIO

AUDITED RESULTS FOR THE 16-MONTH PERIOD ENDED 30 JUNE 2008, PROPOSED RIGHTS OFFER AND CAUTIONARY ANNOUNCEMENT

CONDENSED GROUP BALANCE SHEETS

| | 30 June 2008 | 28 February 2007 |
|---------------------------------------------|-------------------|-------------------|
| | R | R |
| ASSETS | | |
| Non-current assets | 43 548 063 | 14 928 537 |
| Plant and equipment | 952 437 | 986 651 |
| Intangible assets | 42 144 154 | 13 941 886 |
| Deferred tax | 451 472 | – |
| Current assets | 35 339 967 | 7 345 901 |
| Inventories | 15 604 661 | 2 484 631 |
| Trade and other receivables | 16 892 094 | 4 860 955 |
| Cash and cash equivalents | 2 843 212 | 315 |
| Total assets | 78 888 030 | 22 274 438 |
| EQUITY AND LIABILITIES | | |
| Total equity | 40 311 834 | 4 637 356 |
| Issued capital | 169 305 | 9 208 |
| Share premium | 88 110 297 | 40 100 751 |
| Accumulated loss | (47 967 768) | (35 472 603) |
| Non-current liabilities | 25 308 | 994 731 |
| Deferred taxation | – | 363 027 |
| Interest bearing liabilities | 25 308 | 152 574 |
| Non Interest bearing liabilities | – | 479 130 |
| Current liabilities | 38 550 888 | 16 642 351 |
| Taxation payable | 600 537 | 2 477 466 |
| Trade and other payables | 21 506 636 | 11 004 845 |
| Short term portion of long term liabilities | 13 332 806 | 117 523 |
| Bank overdraft | 3 110 909 | 3 042 517 |
| Total equity and liabilities | 78 888 030 | 22 274 438 |
| Net asset value per share (cents) | 2.38 | 5.04 |
| Net tangible asset value per share (cents) | (0.11) | (10.10) |
| Number of shares in issue at period end | 1 693 054 381 | 92 083 686 |

CONDENSED GROUP INCOME STATEMENTS

| | 16 months ended 30 June 2008 R | Year ended 28 February 2007 R |
|----------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|
| Revenue | 27 985 573 | 16 975 822 |
| Operating loss | (13 162 825) | (33 113 658) |
| Net financing costs | (1 182 459) | (1 100 223) |
| Loss before taxation | (14 345 284) | (34 213 881) |
| Taxation | 1 850 119 | (548 335) |
| Net loss after taxation attributable to shareholders of BioScience Brands Limited | (12 495 165) | (34 762 216) |
| Determination of basic and diluted earnings : | | |
| Basic and diluted loss per share (cents) | (2.80) | (37.75) |
| Determination of headline earnings : | | |
| IAS 33 net loss attributable to shareholders | (12 495 165) | (34 762 216) |
| Adjusted for: | | |
| Impairment of goodwill | – | 13 548 702 |
| Loss on disposal of plant and equipment | 360 522 | 20 161 |
| Impairment of intangible assets | 788 352 | 5 784 546 |
| (Profit) on sale of intangible assets | – | (7 800) |
| Headline loss for year | (11 346 291) | (15 416 607) |
| Headline and diluted loss per share (cents) | (2.54) | (16.74) |
| Weighted average number of shares on which loss and headline loss per share are based | 446 020 463 | 92 083 686 |

CONDENSED GROUP CASH FLOW STATEMENTS

| | 16 month period ended 30 June 2008 R | Year ended 28 February 2007 R |
|--------------------------------------------------------------|-----------------------------------------------|----------------------------------------|
| Cash flows from operating and investing activities: | | |
| Cash operating profit | (6 010 999) | (13 275 496) |
| Working capital requirements | (5 126 909) | 7 362 394 |
| Cash generated from operations | (11 137 908) | (5 913 102) |
| Replacement capital expenditure | (104 008) | (565 480) |
| Financing costs, taxation and dividend | (2 462 675) | (807 394) |
| Net investment in future operations | (30 032 446) | (6 674 641) |
| Net cash (outflow)/inflow before financing activities | (43 737 037) | (13 960 617) |
| Net cash inflow/(outflow) from financing activities | 46 511 542 | 11 071 487 |
| Net increase/(decrease) in cash and cash equivalents | 2 774 505 | (2 889 130) |
| Cash and cash equivalents at beginning of year | (3 042 202) | (153 072) |
| Cash and cash equivalents at end of year | (267 697) | (3 042 202) |

STATEMENT OF CHANGES IN EQUITY

| | 16 months ended 30 June 2008 R | Year ended 28 February 2007 R |
|----------------------------------------|-----------------------------------------|-------------------------------------|
| Share capital and share premium | | |
| Balance at beginning of the year | 40 109 959 | 29 327 165 |
| Issue of new shares | 48 169 643 | 10 782 794 |
| Balance at end of the year | 88 279 602 | 40 109 959 |
| Accumulated Loss | | |
| Balance at beginning of the year | (35 472 603) | (710 387) |
| Net loss for the year | (12 495 165) | (34 762 216) |
| Balance at end of the year | (47 967 768) | (35 472 603) |
| Total equity | 40 311 834 | 4 637 356 |

OTHER SALIENT FEATURES

| | 16 months ended 30 June 2008 | Year ended 28 February 2007 |
|-------------------------------|------------------------------------|--------------------------------|
| Operating margin (%) | -47.0% | -195.1% |
| Gearing (%) | 20.3% | 5.8% |
| Interest cover (times) | -11.1 | -30.1 |
| Return on net assets (%) | -31.0% | -749.6% |
| Depreciation | 580 050 | 492 553 |
| Investment expenditure | 43 604 008 | 7 533 372 |
| - expansion | 43 500 000 | 6 967 892 |
| - replacement | 104 008 | 565 480 |
| Lease commitments | | |
| - land and buildings | 955 220 | – |
| Net financing costs | 1 182 459 | 1 100 223 |
| Interest Paid | 1 434 406 | 1 100 409 |
| Less: Interest Received | 251 947 | 186 |

COMMENTARY

The board presents the results for the 16 months ended 30 June 2008. Shareholders are reminded that the company has changed its year end to June each year.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed report has been prepared in accordance with IAS 34: Interim Financial Reporting and using accounting policies in compliance with International Financial Reporting Standards, the Companies Act of South Africa, 1973, and the disclosure requirements of the Listing Requirements of the JSE Limited.

BioScience Brands has adopted all the statements and interpretations issued and effective during the current period by the International Accounting Standards Board (“IASB”). The accounting policies adopted are consistent with those applied in the previous financial year, except for the following changes which did not have any significant impact on the financial results:

- Adoption of IFRS 7: Financial Instruments: Disclosure;
- Circular 8/07: Headline Earnings per Share.

In the February 2007 financial statements, the then management of Wellco Health Limited (as the company then was) (“the old Wellco”) identified the existing intangible assets as having useful

lives of 10 years and would be amortised from 1 March 2007. This treatment was applied in the August 2007 and February 2008 interim results and the Circular to Shareholders issued 13 August 2008. Management has decided that this treatment has no merit and is inconsistent with the accounting treatment of brands of other listed companies in South Africa, and indeed as to how Bioharmony and Muscle Science were treated by their previous holding company.

Indefinite-life intangible assets principally comprise those trademarks for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Our brands are considered to have an indefinite life given the strength and durability of these brands and the level of marketing support. They have been in the market for many years, and the nature of the industry we operate in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend. As a result our brands with indefinite useful lives will not be amortised but will be reviewed annually to determine whether indefinite life assessment continues to be supportable.

This change has no impact on prior reporting periods as the 'old Wellco' brands were not amortised but tested for impairment. Given the re-launch and renewed trading of these brands further impairment is deemed unnecessary.

2. RESULTS

BioScience Brands Limited has started its rise from the poor position that the old Wellco found itself in during 2007, prior to the takeover by the consortium headed by Arcay Merchant (Pty) Ltd ("Arcay Merchant") on 24 October 2007. The new management team introduced by the consortium is now in place and the acquisitions of Bioharmony (Pty) Ltd ("Bioharmony") and Aldabri 53 (Pty) Ltd trading as Muscle Science ("Muscle Science") have been completed following the raising of approximately R 41 million through a specific issue of shares for cash.

As a result the last seven months have been a period of consolidation and re-structuring with the three companies, namely 'old Wellco', Bioharmony and Muscle Science, being consolidated into one business operating out of the Muscle Science head office in Durban.

Each company had its own unique business model. Management has had to evaluate the strengths and weaknesses of each over the past 7 months before selecting the optimum business model for BioScience that is capable of delivering the operational efficiencies whilst realising the benefits of consolidation. This has included consolidating the sales force, establishing a uniform warehousing and distribution network, centralising manufacturing with a few key manufacturers and the closure of the old Bioharmony office in Wynberg, Cape Town.

During this 16 month period, BioScience recorded a Net Loss of R 12.5m. Prudent, yet pragmatic, provisions have been made in respect of 'old Wellco' debtors and all restructuring and re-organisation costs have been expensed. The results of Bioharmony and Muscle Science have been consolidated from 1 March 2008. BioScience earned a management fee from Fluxrab Investments 163 (Pty) Ltd ("Fluxrab"), a company incorporated in order to fund the restructuring of BioScience, equal to the net profit of Bioharmony and Muscle Science for the period 1 December 2007 to 29 February 2008. Fluxrab was utilised as a warehousing arrangement involving Arcay Merchant purchasing Bioharmony and Muscle Science and, following the incorporation of Fluxrab, selling these companies to Fluxrab and was undertaken as old Wellco was, at the time of the acquisition of Bioharmony and Muscle Science, technically insolvent, as well as to accommodate the vendor of Bioharmony and Muscle Science's requirement that all suspensive conditions to the sale/acquisition be completed by 1 December 2007. As shareholders were advised, these brands were injected into the Company as part of the acquisition of Bioharmony and Muscle Science for the agreed purchase consideration of R 43.5m on 4 March 2008.

Herbology and KGB have traded only marginally since September 2007, with Herbology having been licensed to a third party by the management of the old Wellco, as part of the 'Turnaround Programme' announced on SENS during June 2007 and KGB having not been manufactured due to cashflow constraints at that time. The Herbology licence agreement was cancelled with effect from 1 March 2008 and the brand subsequently re-launched by the company with new packaging and new, modern formulations in August 2008. KGB manufacture was also re-started and the brand is trading.

Restructuring and reorganisation costs primarily impacted Bioharmony and Muscle Science resulting in their Net Profit contribution being only R 0.5m during the time that they have formed part of the BioScience portfolio.

IFRS accounting treatment of the specific issue of shares to directors and key members of the management team, as contained in the Circular to shareholders dated 13 August 2008 and as approved by shareholders at the General Meeting of 1 September 2008, is included in the results.

Segmental Reporting

The group's brands operate in one market segment and sales are made in South Africa.

3. ACQUISITIONS AND DISPOSALS

On 4 March 2008, the group acquired 100% of the share capital of Bioharmony for a purchase consideration of R28 924 575. The acquired business contributed revenues of R15 987 280 and net profit of R962 584 to the group for the period 1 March 2008 to 30 June 2008.

In addition, on 1 March 2008, the group also acquired 100% of the share capital of Muscle Science for a purchase consideration of R14 575 425. The acquired business contributed revenues of R6 683 587 and net loss of R2 052 755 to the group for the period 1 March 2008 to 30 June 2008.

As agreed with Oxyboost (Proprietary) Limited ("Oxyboost"), and following shareholder approval, the licence agreement to market and sell the Herbology range of products was reversed with effect from 1 March 2008 and, as noted above, BioScience Brands has taken over the marketing and manufacture of Herbology and has re-launched the brand.

The board accepted an offer for the purchase of the intellectual property relating to the Nutrimax brand for a purchase consideration of R 3.8 million, which disposal was approved by shareholders at the general meeting held on 1 September 2008.

4. DIRECTOR APPOINTMENTS AND RESIGNATIONS

| | <u>Appointed</u> | <u>Resigned</u> |
|------------------------|-------------------------|------------------------|
| Dean Marais | 13 April 2005 | 31 December 2007 |
| Clifford Sossen | 12 July 2005 | 23 March 2007 |
| Andile Khumalo | 22 April 2006 | 12 June 2007 |
| Terrence Michael Wynne | 30 October 2006 | 12 June 2007 |
| Bheki Shongwe | 11 April 2007 | 15 November 2007 |
| Antony Sean McKeever | 24 July 2007 | 25 October 2007 |
| Norman Robert Preston | 27 July 2007 | 25 October 2007 |
| Linda Cameron | 25 October 2007 | 09 June 2008 |
| Carol Ann Ansara | 25 October 2007 | 13 May 2008 |
| Michael Garth Allan | 25 October 2007 | |
| Mark Strydom | 19 November 2007 | |
| John Ian Black | 19 November 2007 | |
| Yaseen Bhayat | 19 November 2007 | |
| Peter Andrew Ireland | 09 June 2008 | |

5. CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments that the directors are aware of.

6. AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the 16 month period ended 30 June 2008. The audit was conducted in accordance with the International Standards on Auditing. They have issued a modified audit opinion. The modification to the audit report relates to an emphasis of matter relating to the improvement of future trading results. The condensed financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements. Copies of their audit reports on the annual financial statements and the summarised financial statements are available for inspection at the registered office of the group.

7. DIVIDENDS

No dividend has been declared for the period under review (2007: Rnil)

8. PROPOSED RIGHTS OFFER

Shareholders are reminded that, as the final component of the restructuring and recapitalisation of the group, the company intends to proceed with a partly underwritten rights offer to shareholders at 3.5 cents per share in the ratio of four rights offer shares for every one BioScience Brands share held.

The final terms and salient dates of the proposed rights offer will be published as soon as the suspension in trade of the company's securities on the JSE has been lifted. The company intends applying for the lifting of the suspension immediately after the publication of these audited results.

9. NAME CHANGE

Following the approval of shareholders at a meeting held on 28 February 2008, the company's name was changed from Wellco Health Limited to BioScience Brands Limited. The company began trading on the JSE under the name BioScience Brands Limited on 14 March 2008.

10. SHARE CAPITAL

During the period under review, the authorised share capital was increased from R50 000 divided into 500 000 000 ordinary shares of R0.0001 each to R500 000 comprising 5 000 000 000 ordinary shares of R0.0001 per share, which additional ordinary shares, in all respects, rank pari passu with the existing ordinary shares in the capital of the company and 1 174 522 399 shares were issued for cash at a subscription price of 3.5 cents per share.

11. CAUTIONARY ANNOUNCEMENT

Shareholders are advised that the company has entered into negotiations, which if successfully concluded, may have a material effect on the price at which the company's securities trade. Accordingly, shareholders are advised to exercise caution in dealing in the company's securities until such time as a further announcement is made on SENS.

12. APPRECIATION

I would like to express my appreciation to all those who have supported us on the incredibly long and arduous journey which will culminate in the 'old Wellco' evolving into this new bigger and exciting business, called BioScience Brands Limited. Special appreciation goes to those shareholders who have patiently waited for the lifting of suspension of the shares after contributing to the acquisition of Bioharmony and Muscle Science and the team at Arcay who, despite all obstacles thrown at them, diligently persevered to get this deal completed.

By order of the Board
JI Black / MG Allan
Chairman / Chief Executive Officer
30 September 2008
Johannesburg

Company Secretary and Registered Office

Arcay Client Support (Pty) Ltd (Registration number 1998/025284/07)
Arcay House II, Number 3 Anerley Road, Parktown, 2193
PO Box 62397, Marshalltown, 2107

Directors

JI Black (Chairman)*#, MG Allan (Chief Executive Officer), PA Ireland, M Strydom, Y Bhayat*.

(* Non-executive) (# British)

Designated Advisor

Arcay Moela Sponsors (Pty) Ltd

Transfer Office

Computershare Investor Services (Pty) Ltd
