



BIOSCIENCE BRANDS 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 CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	30 June 2010 R	30 June 2009 R
ASSETS		
Non-current assets	56 665 926	56 269 945
Plant and equipment	924 573	951 498
Intangible assets	54 659 016	54 659 016
Deferred tax	1 082 337	659 431
Current assets	20 232 948	29 371 752
Inventories	9 791 385	12 944 918
Trade and other receivables	10 039 734	14 453 195
Cash and cash equivalents	401 829	1 973 639
Total assets	76 898 874	85 641 697
EQUITY AND LIABILITIES		
Total equity	44 261 961	48 923 129
Issued capital	262 136	244 287
Share premium	113 138 607	111 371 533
Accumulated loss	(69 138 782)	(62 692 691)
Non-current liabilities	–	16 535
Loans and borrowings	–	16 535
Current liabilities	32 636 913	36 702 033
Taxation payable	1 928 433	1 928 433
Trade and other payables	20 424 966	21 404 054
Short-term portion of loans and borrowings	766 115	4 490 894
Bank overdraft	9 517 399	8 878 652
Total equity and liabilities	76 898 874	85 641 697

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 R	30 June 2009 R
Revenue	51 370 241	66 503 641
Operating loss	(4 704 419)	(10 403 370)
Net financing costs	(2 164 578)	(2 998 453)
Loss before taxation	(6 868 997)	(13 401 823)
Taxation	422 906	(1 323 100)
Loss and comprehensive loss for the year	(6 446 091)	(14 724 923)
Loss attributable to:		
Equity holders of the parent	(6 446 091)	(14 724 923)
Basic and diluted loss per share (cents)	(0.26)	(0.71)
Headline earnings reconciliation:		
IAS 33 Loss attributable to equity holders of the parent	(6 446 091)	(14 724 923)
Adjusted for:		
Loss (profit) on disposal of plant and equipment	46 959	(9 225)
Headline loss	(6 399 132)	(14 734 148)
Headline and diluted loss per share (cents)	(0.26)	(0.71)
Weighted average number of shares on which loss and headline loss per share are based	2 451 672 812	2 076 377 504

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 R	30 June 2009 R
Cash flows from (used in) operating activities:		
Cash operating loss	(4 266 420)	(7 846 485)
Working capital requirements	6 587 906	4 792 897
Cash generated from (used in) operating activities	2 321 486	(3 053 588)
Financing costs, taxation and dividend	(2 164 578)	(2 998 453)
Cash flows from (used in) operating activities	156 908	(6 052 041)
Cash flows used in investing activities:		
Replacement capital expenditure	(411 074)	(407 121)
Net investment in future operations	-	(12 481 468)
Cash flows used in investing activities	(411 074)	(12 888 589)
Cash flows from (used in) financing activities	(1 956 391)	12 303 314
Net decrease in cash and cash equivalents	(2 210 557)	(6 637 316)
Cash and cash equivalents at beginning of year	(6 905 013)	(267 697)
Cash and cash equivalents at end of year	(9 115 570)	(6 905 013)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010 R	30 June 2009 R
Share capital		
Balance at beginning of the year	244 287	169 305
Issue of new shares	17 849	46 838
Shares in the process of being issued	-	32 988
Cancellation of share issue	-	(4 844)
Balance at end of the year	262 136	244 287
Share premium		
Balance at beginning of the year	111 371 533	88 110 297
Issue of new shares	1 767 074	13 802 429
Shares in the process of being issued	-	11 149 231
Cancellation of share issue	-	(1 690 424)
Balance at end of the year	113 138 607	111 371 533
Accumulated Loss		
Balance at beginning of the year	(62 692 691)	(47 967 768)
Loss for the year	(6 446 091)	(14 724 923)
Balance at end of the year	(69 138 782)	(62 692 691)
Total equity	44 261 961	48 923 129

OTHER SALIENT FEATURES	30 June 2010	30 June 2009
Net asset value per share (cents)	1.69	2.00
Net tangible asset value per share (cents)	(0.40)	(0.23)
Number of shares in issue at period end	2 621 362 757	2 442 870 452
Depreciation (R)	391 040	383 891
Investment expenditure (R)	411 074	12 888 584
- expansion	-	12 481 468
- replacement	411 074	407 121
Lease commitments (R)		
- land and buildings	824 503	1 746 661
Net financing costs (R)	2 164 578	2 998 453
Interest paid	2 164 583	3 002 702
Less: Interest received	(5)	(4 249)

COMMENTARY

The board presents the results for the year ended 30 June 2010.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial results of the company and its subsidiaries (together referred to as the "group") has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by Accounting Practices Board, the Companies Act of South Africa, 1973, the disclosure requirements of the Listing Requirements of the JSE Limited, and as required by IAS 34: Interim Financial Reporting.

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 adoption of International Accounting Standard (IAS) 1 (revised) - Presentation of Financial Statements, IFRS 7 - Financial Instruments: Disclosures, which were adopted during the current accounting period. The adoption of these standards has resulted in certain disclosure reclassifications but has not resulted in any changes in accounting policy.

2. RESULTS

BioScience Brands Limited trades in the nutritional supplement retail sector which is experiencing far-reaching transition. This is particularly evidenced in the significant changes in the retail channel in which the company trades where the major retail chains have massively increased their footprints in the last two years to the detriment of the small niche retailers and pharmacies. Scale and advertising spend is becoming increasingly important in this environment to educate and inform consumer choices. BioScience Brands has successfully managed its position in the changing retail environment and its key brands are listed in all major Fast Moving Consumer Goods ("FMCG") retailers. However, the demand for advertising spend and scale is challenging.

The company owns well recognised brands in the premium priced nutritional supplements and sports nutrition categories. These are Bioharmony, Muscle Science, including Xplode and Staminade, Herbology, Phyto Nova and KGB.

Recessionary trading conditions have affected sales and delayed BioScience's return to profitability in its second year following the take-over of Wellco Health Limited. Overhead costs remain tightly controlled and have been reduced by 33% to R18.9 million over last year whilst, despite pressure on revenue cash generated from operating activities increased by 176%, from an outflow of R3.1 million to an inflow of R2.3 million. Much of the cash generated from operations have been used to settle obligations and interest thereto, incurred as Wellco Health Limited, (prior to restructuring).

The net loss for the year was R6.4 million compared to a loss of R14.7 million for the prior period. EPS improved from a loss of 0.71 cents to a loss of 0.26 cents.

3. SEGMENTAL REPORTING

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

4. ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the year.

5. BOARD CHANGES

The following director appointments, resignations and changes occurred during the year under review and up to and including the date of this announcement:

	<u>Status</u>	<u>Date</u>
JJ Fenster	Appointed	10 September 2009
Jl Black	Resigned	28 January 2010
M Strydom	Executive to non-executive	1 February 2010

6. CONTINGENCIES AND COMMITMENTS

The directors are not aware of any contingencies and commitments at the date of this report.

7. PROSPECTS AND GOING CONCERN

Having consolidated its trading base through listing at national retailers, BioScience Brands is poised to grow as these chains continue to pursue aggressive expansion strategies. However like FMCG products, vitamins and supplements now require substantial above-the-line advertising. BioScience Brands must compete with large companies who commit significant funds to command sufficient share-of-voice to influence consumer behaviour. It is therefore incumbent upon BioScience Brands to focus its resources towards maximising return on high return brands whilst simultaneously pursuing substantial revenue and cash flow improvements. This will involve a combined strategy of brand rationalisation, mergers and acquisitions to ensure cash injection. In the interim a stringent cost management programme is in place. Based on the successful outcome of this strategy the directors are of the opinion that the group will continue as a going concern and the company and the group financial statements have been prepared on this basis.

8. AUDITED RESULTS – AUDITOR’S OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group’s financial statements for the year ended 30 June 2010. The audit was conducted in accordance with International Standards on Auditing. They have issued an unqualified audit opinion with an emphasis of matter relating to the material uncertainty of the group’s ability to continue as a going concern. These summarised financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company’s registered office.

9. DIVIDENDS

No dividend has been declared for the period under review (2009: R nil)

10. SHARE CAPITAL

During the year under review 178 492 305 ordinary shares were issued. The proceeds of the issue were used to settle a claim relating to interest incurred following the acquisition of Bioharmony (Pty) Ltd and Aldabri 53 (Pty) Ltd in 2008.

11. CHANGE IN COMPANY SECRETARY

BioScience Brands appointed Statucor (Pty) Ltd, a member company of BDO International, as its Company Secretary on 01 November 2009.

By order of the Board
MG Allan
Chief Executive Officer
27 September 2010
Johannesburg

Company Secretary and Registered Office

Statucor (Pty) Ltd
10 Ennisdale Drive, Durban North, 4051
PO Box 1955, Durban, 4000

Directors

MG Allan (Chief Executive Office), PA Ireland, M Strydom*, Y Bhayat*, MM Di Nicola*, JJ Fenster*#.

(* Non-executive) (# independent)

Designated Advisor

PricewaterhouseCoopers Corporate Finance
(Pty) Ltd

Transfer Office

Computershare Investor Services (Pty) Ltd