

**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**

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**PRO FORMA FINANCIAL EFFECTS IN RESPECT OF VARIOUS TRANSACTIONS  
UNDERTAKEN BY THE COMPANY, WITHDRAWAL OF CAUTIONARY  
ANNOUNCEMENT AND NOTICE OF GENERAL MEETING**

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**1. Introduction**

- 1.1 Shareholders were advised on SENS on 25 October 2007 that the Company had entered into a restructuring agreement (“the Restructuring Agreement”) with Arcay Merchant (Proprietary) Limited (“Arcay”) dated 24 October 2007, which agreement was effective immediately. The restructuring agreement provided, *inter alia*, for the appointment of a new management team, the appointment and resignation of directors, an agreed valuation of the Company on which the transaction contemplated in the agreement was based, the recapitalisation of the Company, the disposal of Nutrimax for R3.8 million and the cancellation of licence agreement entered into with Oxyboost (Proprietary) Limited (“the Herbology Licence Agreement”)
- 1.2 On 14 December 2007, shareholders were advised that:
- 1.2.1 Arcay Merchant had entered into an agreement to acquire Bioharmony (Proprietary) Limited (“Bioharmony”) and Aldabri 53 (Proprietary) Limited t/a Muscle Science (“Muscle Science”) (together “the Acquisitions”) from Enaleni Pharmaceuticals Limited (“Enaleni”) on behalf of Bioscience Brands. The agreement between Arcay Merchant and Enaleni was concluded with the intention of it being a warehousing arrangement as Wellco Health Limited, now BioScience Brands was, at the time, technically insolvent, and, Enaleni required that all suspensive conditions to the agreements providing for the Acquisitions be fulfilled by 01 December 2007. Shareholders were further advised that following the successful conclusion of negotiations with creditors, these assets would be injected into the Company for a combined purchase consideration of R43 500 000 (“the Combined Purchase Consideration”);
- 1.2.2 shareholders will be requested to approve the sale and assignment of the trade marks, copyrights and domain names pertaining to the Nutrimax brand to Oxyboost for R3.8 million; and
- 1.2.3 the Herbology Licence Agreement will be cancelled for a fee of R1 million to be settled through the issue of 71 428 571 new shares in BioScience Brands and the granting of an American option to Oxyboost and/or its associates to subscribe for such number of additional shares in BioScience Brands at 5.25 cents per share, as will enable Oxyboost and/or its associates to acquire up to a 24% interest in the Company on or before 30 June 2009 (“the Oxyboost Option”).
- 1.3 During December 2007, Arcay Merchant sold Bioharmony and Muscle Science to Fluxrab Investments 163 (Proprietary) Limited (“Fluxrab”), a company incorporated in order to fund the restructuring of BioScience Brands, but in which Arcay Merchant maintains an indirect interest through a 50% shareholding in Fluxrab being held by one of the Arcay Merchant directors.

1.4 The directors of BioScience Brands are pleased to advise shareholders that following the conclusion of the Restructuring Agreement and the successful negotiations with creditors, the Company has:

1.4.1 acquired Bioharmony from Fluxrab for a purchase consideration of R28 924 574 which was settled by the payment of R26 597 310 in cash and the issue of 166 233 188 Bioscience Brands ordinary shares at 1.4 cents per share to Fluxrab;

1.4.2 acquired Muscle Science from Fluxrab for a purchase consideration of R14 575 425 which was settled by a cash payment of R13 402 690 and the balance by the issue of 83 766 813 Bioscience Brands ordinary shares at 1.4 cents per share to Fluxrab;

1.4.3 that the Company has raised an amount of R41 108 284 through a specific issue of 1 174 522 399 shares at an issue price of 3.5 cents per share to selected corporations and individuals, which monies were used to settle creditors and to pay an initial portion of the purchase price in respect of the Acquisitions. The outstanding amount of the purchase price was settled following the conclusion of a loan agreement between the Company and Fluxrab in the amount of R11 909 000, which monies will be repaid following the proposed rights offer referred to in paragraph 6 below. The pro forma financial effects of the specific issue of shares for cash are incorporated in the financial effects set out in paragraph 7 below;

1.4.4 that the Company has concluded an empowerment transaction (“the BEE transaction”) with Thebe Medicare (Proprietary) Limited (“Thebe Medicare”) in terms of which Thebe Medicare has been granted an American option to subscribe for up to a maximum number of 571 428 571 ordinary shares in Bioscience Brands at 3.5 cents per share on or before 31 August 2009 (“the Thebe Option”);

1.4.5 that in terms of the BEE transaction, Thebe Medicare has been granted a second American option, which option is subject to the exercise by Oxyboost of the Oxyboost Option and provides Thebe Medicare with the right to subscribe for such number of additional shares in BioScience Brands at 3.85 cents per share as will enable Thebe Medicare to achieve a 40% interest in the Company should Oxyboost exercise the Oxyboost Option, which option is exercisable on or before 30 September 2009 (“the Thebe Extended Option”).

1.5 The Restructuring Agreement, the specific issue of shares for cash, the Acquisitions, the BEE transaction, the specific issue of shares to directors and key executive management, detailed in paragraph 4 below and the granting of options to directors detailed in paragraph 5 below are collectively referred to as “the Transaction”.

## 2. **Rationale**

BioScience Brands previously lacked the critical mass to weather the turbulent environment of a consumer brands business and, together with some premature strategic decisions resulted in the business performing very poorly and being suspended on the JSE in July 2007 for failing to publish its financial results.

The Transaction provides BioScience Brands with a strong new management team with extensive brand management experience, capable of rebuilding the Company and rapidly expanding its operations.

The Fast Moving Consumer Goods industry, which forms the basis of BioScience Brands business, is highly competitive and one that relies on excellent operational delivery. It is an industry that requires sufficient critical mass across a portfolio of strong brands. Muscle

Science and Bioharmony are both strong, well established brands that are growing ahead of the markets in which they operate and will bring this critical mass to BioScience Brands, whilst the Board is confident that KGB and Herbology brands can be effectively rebuilt and extended. The implementation of the Transaction will enable the Company to rebuild its existing brands, build on the growth prospects of Bioharmony and Muscle Science and acquire significant other complimentary brands.

**3. Implementation of the specific issue of shares for cash and the Acquisitions**

In order to enable the Company to proceed with the Acquisitions and prevent the potential termination of the Acquisition Agreements through non-payment of the Combined Purchase Consideration, the JSE Limited (“the JSE”) granted dispensation to the Company, allowing it to proceed with the specific issue of shares for cash at an issue price of 3.5 cents per share and the implementation of the Acquisitions referred to in paragraphs 1.3.1 and 1.3.3 above respectively, on the basis that irrevocable undertakings to vote in favour of the Transaction had been received from 75.51% of shareholders entitled to vote at the general meeting convened for the purpose of approving the requisite resolutions required to implement the Transaction. The dispensation is, however, subject to the ratification of the specific issue of shares for cash and the Acquisitions by shareholders at a meeting convened for the purpose of ratifying and/or approving the requisite resolutions required to implement the Transaction (“the General Meeting”).

A fairness opinion on the specific issue of shares for cash to selected corporations and individuals, including directors, is set out in the circular to shareholders referred to in paragraph 10 below.

**4. Specific issue of shares to directors and key executive management**

The board recognises the skills and extensive experience that the directors and key members of the executive management team bring to the Company and the importance of securing a strong executive team that is capable of rebuilding the Company and rapidly expanding its operations. The board has accordingly resolved to incentivise the directors and key members of the executive management team through the allotment and issue of 176 448 295 shares in the Company as part of the Transaction.

The shares will be issued at zero cost to the directors and members of the executive management team as per Column A in the table below, subject to the condition that, save for Carol Ansara who resigned as a director with effect from 13 May 2008, but who was intimately involved in the restructuring of the Company, should any of the above executives leave the employ of the Company at any time prior to 31 December 2010, then they shall be obliged to transfer an amount equating to 2.78% of the shares listed in Column B for each month or portion of a month not completed, for zero cost, to the person who is appointed to the position vacated by such executive. In the event that the position is not fulfilled with immediate effect, then such shares will be transferred for zero cost to the chief executive officer of the Company who will be responsible for allocating them to the new appointee once same is made. All shares issued in terms of the Executive Options will be ordinary shares and will rank *pari passu* with the existing shares in issue.

<b>Executive</b>	<b>Column A</b>	<b>Column B</b>
Michael Allan	106 052 480	70 762 821
Mark Strydom	20 106 157	20 106 157
Peter Ireland	10 000 000	10 000 000
Gary Seymour	2 500 000	2 500 000
Alan Zietvogel	2 500 000	2 500 000
Carol Ansara*	35 289 659	0
<b>Total</b>	<b>176 448 296</b>	<b>105 868 978</b>

A fairness opinion on the specific issue of shares to directors is set out in the circular to shareholders referred to in paragraph 10 below.

**5. Granting of options to directors**

As an additional incentive to the executive directors and key members of the executive management team, the board has resolved to grant the executive directors and key members of the executive management team options to subscribe for shares at a subscription price of zero cents per share (“the Executive Options”). Should any shares be issued by the Company on before 31 August 2009 for any share-based transaction, including, but not limited to the proposed rights offer detailed in paragraph 6 below, the exercise of the Oxyboost Option and the exercise of the Thebe Option and the Thebe Extended Option, the executive directors and key members of the executive management will, at the same time, be entitled to subscribe for 11.12% of the number of shares so issued up to a maximum of 299 098 338 shares on a pro rata basis to their full allocation as detailed in the table set out below, save for Carol Ansara whose Executive Option may only be exercised in relation to the proposed rights offer. All shares issued in terms of the Executive Options will be ordinary shares and will rank pari passu with the existing shares in issue.

The Executive Options are further conditional in that, save for Carol Ansara, should such executive leave the employ of the Company at any time prior to 31 December 2010, then such executive shall be obliged to transfer 4.17% of the shares listed in column A for each month or portion of a month not completed, for zero cost, to the person who is appointed to the position vacated by such executive. In the event that the position is not fulfilled with immediate effect, then such shares will be transferred for zero cost to the chief executive officer of the Company who will be responsible for allocating them to the new appointee once same is made.

<b>Executive</b>	<b>Column A</b>
Michael Allan	168 596 694
Mark Strydom	96 499 202
Peter Ireland	25 817 226
Carol Ansara	8 185 217
<b>Total</b>	<b>299 098 338</b>

Of the 168 596 694 options to be issued to Michael Allan, 50 547 619 options, being 16.9% thereof, will be held by him in a fiduciary capacity only and is to be used in order to incentivise future members of the management team of BioScience Brands. These options will not accrue to him nor be deemed to be for his benefit without the prior approval of the Company.

A fairness opinion on the granting of the Executive Options is set out in the circular to shareholders referred to in paragraph 10 below.

**6. Proposed rights offer**

In addition to the above Transaction, the Company proposes to raise an amount of approximately R17 821 648 by way of a proposed rights offer, which will commence after the lifting of the suspension of trade in BioScience shares on the JSE, which monies will be used to repay the Fluxrab Loan as well as to provide additional working capital for the business operations of BioScience Brands. Salient dates in respect of the proposed rights offer will be announced on SENS following the lifting of the suspension in trade of the Company’s securities on the JSE.

**7. Financial Effects**

The unaudited pro forma financial effects set out below have been prepared to show the combined impact of the Transaction on the EPS, HEPS, NAV and TNAV per share both before and after the Thebe Option, the Oxyboost Option and the Thebe Extended Option. The second column shows the pro forma position as at the date of ratification and approval by shareholders of the resolutions necessary to implement the Transaction. These pro forma financial effects have been prepared by the directors, are presented for illustrative purposes only and may not fairly present the Company’s financial position, cash flow or the results of its operations.

<b>BioScience Brands</b>	<b>Pro forma after the Transaction,</b>	<b>Pro forma after the Transaction and</b>
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	<b>Reviewed Results for the 12 months ended February 2008</b>	<b>excluding exercise of Thebe Oxyboost options</b>	<b>the exercise of the option and the Thebe Oxyboost Extended Option</b>
Loss per share (cents)	(6.62)	(1.34)	(0.88)
Headline loss per share (cents)	(5.27)	(1.05)	(0.74)
Weighted average shares in issue	92 083 686	1 764 482 953	3,809,206,488
Net asset value per share (cents)	(1.58)	2.59	3.25
Net tangible asset value per share (cents)	(10.72)	0.23	2.16
Shares in issue at period end	92 083 686	1 764 482 953	3 809 206 488

Detailed unaudited pro forma balance sheets and income statements showing the effect of the individual components of the Transaction as well as the effect of the combined impact of the Transaction are set out in the circular to shareholders referred to in paragraph 10 below.

**8. Conditions Precedent**

The Transaction remains subject to conditions precedent usually associated with a transaction of this nature including the requisite majority of BioScience Brands shareholders at the General Meeting, ratifying and/or approving at the General Meeting, the requisite resolutions required to implement the Transaction.

**9. Lifting of the suspension in trade of the Company's securities on the JSE**

Shareholders are advised that the continued listing of the Company is at the discretion of the JSE and contingent upon the JSE's assessment of the suitability for listing of the Company after the Transaction and the release of the Company's audited results for the 16-months ended 30 June 2008.

**10. Documentation**

A circular setting out the full details of the Transaction and including the fairness reports referred to above as well as fairness reports on the disposal of the Nutrimax brand, the specific issue of shares to Oxyboost, the granting of the Oxyboost Option, and the granting of options to Thebe Medicare in respect of the BEE Transaction, which entities are all related parties to the Company, was posted to shareholders on 16 August 2008.

**11. Withdrawal of Cautionary Announcement**

Following the publication of this announcement, the cautionary announcement has been withdrawn and shareholders need no longer exercise caution when dealing in the company's securities.

**12. Notice of General Meeting**

Shareholders are advised that general meeting to approve the Transaction will be held at 14h00 on Monday, 01 September 2008 at Arcay House, Number 3 Anerley Road, Parktown, Johannesburg for the purpose of approving the resolutions required to implement the Transaction as set out in the notice of general meeting attached to and forming part of the circular to shareholders referred to in paragraph 10 above.

Johannesburg  
19 August 2008

<b>Corporate Advisor to Arcay</b> Arcay Merchant (Proprietary) Limited	<b>Lead Designated Advisor</b> PSG Capital (Proprietary) Limited
<b>Joint Designated Advisor</b>	

Arcay Moela Sponsors (Proprietary) Limited	
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