

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

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**PURCHASE OF THE PHYTO NOVA BRAND AND THE BUSINESS RELATED TO THE BRAND  
FROM THEBE MEDICARE (PROPRIETARY) LIMITED ("THEBE")**

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**Introduction**

On 25 July 2008 Thebe and BioScience concluded an option agreement in terms of which BioScience granted to Thebe the right to acquire 571 428 571 ordinary shares at price of 3.5 cents per share. In terms of the option agreement, Thebe may acquire all or part of the option shares at any time after the option agreement becomes unconditional, up to and including 31 August 2009. Thebe and BioScience agreed that Thebe may elect to pay the option price, or a portion thereof, by way of the sale to BioScience of one or more Thebe brands or in cash. Shareholders approved the specific issue of shares in this regard at the general meeting held on 1 September 2008, as Thebe is a related party to BioScience Brands.

Thebe Natural Medicines (Pty) Limited ("Thebe Natural Medicines") is a 90.1% subsidiary of Thebe and Bioscience Trading (Pty) Limited ("BioScience Trading") is a wholly owned subsidiary of BioScience. Thebe Natural Medicines has agreed to sell the brand Phyto Nova ("the brand") and the business related to the brand to BioScience Trading.

In order to enable the BioScience Trading to pay for the brand and the business, Thebe will exercise the option agreement in part and BioScience will then lend the purchase price of such shares to the BioScience Trading which will in turn be utilised by the BioScience Trading to pay Thebe Natural Medicines. This agreement deals with the exercise by Thebe of the option agreement in part and the sale of the brand and the business related to the brand.

**Background to Phyto Nova**

Phyto Nova is a range of natural medicines, developed using indigenous South African medicinal plants. It provides natural alternatives to dealing with common ailments such as tension headaches and coughs and colds. Thebe Natural Medicines carries on the business of a producer and seller of Phyto Nova from premises at 17 Faraday Street, Village Main, Johannesburg. The business includes the production and sale of natural medicines under the brand ("the business").

**Rationale**

The purchase of Phyto Nova by BioScience Trading is in line with the Group's strategy to acquire brands through which to achieve its vision of positioning BioScience as a significant brand owner in the health, wellness and sports nutrition markets. The purchase of Phyto Nova is expected to enhance BioScience's earnings and will provide good opportunities for both organic growth and additional points of entry into customers.

**Terms of the Acquisition**

BioScience Trading will purchase the brand and business as a going concern with effect from 2 September 2008, being the effective date.

The purchase price of the business is R 9 000 000 (ZAR nine million) plus the value of the stock at historical cost. The purchase price shall be paid by the BioScience Trading to the Thebe Natural Medicines as follows:

- the value of the stock is payable in cash on or before 31 October 2008;
- R9 000 000 will be settled by the exercise by Thebe of the option to purchase 257 142 857 ordinary shares in BioScience at 3.5 cents per share;

The agreement provides for the purchase price to be increased to a maximum purchase price of R14 000 000, in the event that targeted sales of R9 727 445 are exceeded for the period from 02 September 2008 to 31 August 2008, whereby any additional payment will be calculated at 75% of any excess sales, to a maximum of R14 000 000. Any additional purchase consideration will be settled through the Thebe option mentioned above, or, in the event that the Thebe option is fully subscribed, then in cash.

The brands and business being purchased has been independently valued by Moore Stephens, and the purchase price has been found to be fair between R9 000 000 and R14 000 000.

Normal warranties for the purchase of a business and brands have been given. No profit warranties have been given.

#### **Pro forma financial effects**

Set out in the table below are the pro forma financial effects of the purchase of the brand and business, which have been prepared for illustrative purposes only. This is to provide information about how the purchase of the brand and business might have affected the financial information had the acquisition taken place at 01 March 2007. The pro forma financial effects, because of its nature, may not give a true reflection of the financial position, the cash flow position, and the results of operations or the changes in equity of BioScience. The pro forma financial effects are as follows:

<b>Fully diluted information</b>	<b>Before</b>	<b>After</b>	<b>% change</b>
Loss per share	(2.80)	(1.77)	36.73%
Headline loss per share	(2.54)	(1.61)	36.74%
Net asset value per share (cents)	2.38	2.53	6.20%
Net tangible asset value per share (cents)	(0.11)	(0.04)	58.63%
Shares in issue at period end	1 693 054 381	1 950 197 238	15.19%
Weighted average shares in issue	446 020 463	703 163 320	57.65%

#### **Notes:**

- i) The 'Before' column shows the audited results of BioScience Brands for the 16 month period ended 30 June 2008, prepared in accordance with the International Financial Reporting Standards and the Companies Act of South Africa, which has been extracted without adjustment from the published results of BioScience Brands.
- ii) The 'After' column shows the adjustments due to the purchase of the brand after the following assumptions were taken into account in the Balance Sheet:
  - a. Consolidation of the draft Thebe Natural Medicines Balance Sheet as at 31 March 2008. The Phyto Nova Brand business was the only business conducted by Thebe Natural Medicines.
  - b. The Loan from Group Companies of R 1 318 730 appearing in the Thebe Natural Medicines Balance Sheet has been eliminated upon consolidation as it is considered to be an inter company adjustment.
  - c. Intangibles relating to the Phyto Nova Brand of R 8 040 869 was raised on the consolidation.
  - d. Issue of 257 142 857 ordinary shares in BioScience at a price of 3.5 cents per share with each share having a par value of 0.01 cents.
  - e. The number of shares in issue at year end has been calculated as if all shares issued were issued on 30 June 2008.
- iii) The 'After' column shows the adjustments due to the purchase of the brand and business after the following assumptions were taken into account in the Income Statement:
  - a. Consolidation of Thebe Natural Medicines Income Statement for the year ended 31 March 2008, proportionately increased to cover a 16 month period in order to be comparable to the BioScience Income Statement. The Phyto Nova Brand business was the only business conducted by Thebe Natural Medicines.
  - b. Group Management Fees of R360 000 as well as Finance costs on Group Interest Charges of R67 500 appearing in the Thebe Natural Medicines Income Statement have been eliminated upon consolidation as it is considered to be an inter company adjustment.
  - c. Issue of 257 142 857 ordinary shares in BioScience at a price of 3.5 cents per share with each share having a par value of 0.01 cents.
  - d. The weighted average number of shares issued has been calculated as if all shares issued were issued on the 1 March 2007 and have therefore been in issue for the full 16 months up to 30 June 2008.

Johannesburg  
21 October 2008

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#### **Designated Advisor**

Arcay Moela Sponsors (Proprietary) Limited