BIOSCIENCE BRANDS LIMITED

(Registration number: 2005/005805/06)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2010

CONTENTS

VISION AND PHILOSOPHY

To create a portfolio of leading brands in the health, wellness, sports nutrition and personal care markets that comprise of products that meet the nutritional and wellness needs of people for life.

Together with our business partners, bring a wealth of knowledge and expertise to the service of local consumers and the development of products.

We support the ethical use of complimentary and natural products to provide a healthy lifestyle.

ACTING CHAIRMAN'S REPORT

BioScience Brands Limited ("BioScience") has now completed its second year of trading following the consolidation of Bioharmony (Pty) Ltd, Aldabri 53 (Pty) Ltd t/a Muscle Science and old Wellco Health Limited into one homogenous company in the prior financial year. The company trades in the nutritional supplement retail sector which is experiencing far-reaching transition. This is particularly evidenced in the significant changes to the retail channel 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. BioScience 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. These changes have all taken place against the backdrop of a very difficult economic climate in South Africa, with the nutraceutical and sports nutrition markets being particularly susceptible to changes in consumers' disposal incomes.

The executive team consisting of Mike Allan, CEO and Peter Ireland, Financial Director lead the business during the last financial year with support from Yaseen Bhayat, the CEO of Thebe Medicare (Pty) Ltd and non-executive director of BioScience, Mark Di Nicola, the CEO of Beige Holdings Limited, Mark Strydom who moved from an executive role to a non-executive one on 1 February 2010 and myself who was appointed to the BioScience board as a non-executive director on 10 September 2009. Ian Black resigned as Chairman on 28 January 2010.

I am grateful to my colleagues and the board, both executive and non-executive directors, for their support, hard work and dedication this year. BioScience has shown tenacity to continue to effect the turnaround of the business despite unfavourable trading conditions for its products and it remains well positioned to utilise its infrastructure and a combined strategy of brand rationalisation, mergers and acquisitions to grow substantially in 2011.

Jonny Fenster
Lead Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER'S REPORT

BioScience Brands Limited ("BioScience") 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 whilst results have improved, it has delayed BioScience's turnaround to profitability in its second year following the take-over of Wellco Health Limited. BioScience has coped well with the significant changes in the retail channel in which it 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. The key brands remain instantly recognisable and are listed in all the major channels. However scale and advertising spend is becoming increasingly important in this environment to educate and inform consumer choices as the current sector in which BioScience operates has rapidly become similar to a traditional FMCG market. This demand for advertising spend and scale remains a challenge for which a combined strategy of brand rationalisation, mergers and acquisitions is required and forms a key thrust of 2011.

Overhead costs remained tightly controlled in 2010 and have been reduced by 33% to R18.9 million over the prior 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.

Bioharmony

The current economic climate has had a significant impact on Bioharmony. Its consumers are very brand-loyal, buying numerous products in the range, but some either postponed buying some of the products or resorted to buying, cheaper, less effective products until they can afford the Bioharmony products again.

Muscle Science

Whilst the exciting new Muscle Science packaging sets it apart from its competitors, the delay in the supply of this new packaging impacted the re-launch of Muscle Science in the first half of this financial year. This has been overcome and consumers, forced to trial competitive products at that time, are returning to the brand following the success of two Muscle Science athletes with one winning the amateur South African body building title and the other being the only body builder in South Africa who has been accepted into the professional body building association of the United States of America. This has once again reinforced Muscle Science's reputation as a quality supplier of sports nutrition products.

The sports nutrition bars of Nutrimax and Muscle Science have doubled their sales and the Xplode ready-to-drink sales are growing as distribution increases.

Herbology

Whilst listings have been achieved nationally, the brand is not realising expectations because the business has been unable to fund sufficient advertising support in 2010, required to increase awareness of this well packaged brand with excellent formulations.

Phyto Nova

Whilst sales of Phyto Nova products have declined, due mainly to the inadequate advertising support, the brand nevertheless made a R1.2 million contribution to fixed costs.

KGB

KGB remains a brand with high consumer awareness but with small, seasonal sales with its current product offering.

Prospects and Going Concern

Having consolidated its trading base through listing at national retailers, BioScience 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 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 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.

Mike Allan
Chief Executive Officer

BOARD OF DIRECTORS

Michael Allan (Chief Executive Officer)
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.

Peter Ireland (Financial Director)
Peter is a Chartered Accountant with 20 years' experience. He served articles with KPMG in Durban and has held a number of senior positions over the years, the last ten as financial director. Peter's early career was spent in Johannesburg where he worked for Teljoy Limited and Hollard Insurance. Upon his return to Durban, he joined Rainbow Chicken and later took a position with BoE Corporate. Peter was appointed as Financial Director for Research International South Africa in 2000, a company within the WPP Group, headquartered in the UK, and subsequently Chief Financial Officer for the Research International Africa region. Peter then spent the next two years as Financial Director of a privately owned enterprise that specialises in a range of innovative financial products before joining BioScience in June 2008.

Mark Strydom (Non-executive)
Mark has over 20 years' experience in the fast-moving consumer goods businesses in various markets ranging from pharmaceutical and cosmetics to black hair and sports nutrition. His experience extends across the business spectrum from sales and marketing to management. Mark's first senior position was with Revlon as National Sales Manager in 1993 and in 1996 he joined a new Black Hair and Cosmetic company as Marketing and Sales Director African Operations. From there, Mark joined CPF prior to joining BioScience.

Yaseen Bhayat (Non-executive)
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 Thebe Health Care and Thebe MediCare and serves on the board of Directors of Care Cross Health.
Yaseen's previous positions held include:

- Divisional Financial Director – South African Druggists (Aspen Pharmacare)
- General Manager – Lonrho Mozambique
- Financial Controller – Abbott Laboratories

Mark Di Nicola (Non-executive)
Mark studied towards a Bachelor of Commerce degree at Rhodes University, whereafter he joined Retail Marketing Services in the accounting department. In 1993, he acquired PongoTM and developed the brand both locally and internationally, before selling the business in 1998. In 1999, Mark acquired Zizmax Investments (Proprietary) Limited t/a Dudley Products, a company manufacturing depilatory wax products for beauty salons and the higher end of the retail market. Dudley Products was acquired by Beige in 2002 and Mark was appointed as an executive director on the Beige board. In July 2004, Mark was appointed Chief Executive Officer of Beige.

Jonathan Fenster (Independent Non-executive)
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 maximisation projects in the textile and food sectors, as well as the health, medical and financial services sectors.

CORPORATE GOVERNANCE REPORT

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 II) 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 also noted the recent changes in South African company law and the recent issue of the King III report, and are currently implementing these laws and guidance in the governance structures.

Board of directors

The board comprises four non-executive directors, one of whom is independent, and two executive directors. The predominance of non-executive directors on the board helps maintain the balance of power and ensures independence and un-biased decision making. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the Company's Act, is excluded from the related decision-making process. The board was chaired by the non-executive chairman, J Black, until his resignation on 28 January 2010. J Fenster has been appointed as the lead independent director in the absence of a chairman, as recommended by King II. The split in the roles of chief executive officer and lead independent director and the balance of non-executive and executive directors ensures a balance of power and authority on the board.

The board is responsible for the group's performance and affairs, which includes determining and guiding the group's overall strategy, monitoring the operational performance against budget and key performance indicators, ensuring the group complies with all relevant laws, regulations and codes of business practice, and communicating effectively and timeously with stakeholders.

Appointments to the board are considered by the board as a whole, and new directors are appointed by the board and subject to election by shareholders at the next annual general meeting. One third of the directors are required to retire by rotation each year at the annual general meeting, and being eligible, may submit themselves for re-election at the same annual general meeting.

Audit and Risk Committee

The Audit and Risk Committee consists of two non-executive directors (Y Bhayat – chairman, 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 269A of the Companies' Act 1973 and as introduced by King II. The chief executive officer, 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.

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 committee has considered the expertise and experience of the Financial Director and has satisfied itself that the Financial Director is appropriately qualified. The Audit and Risk Committee appoints its own chairman. Two Audit and Risk Committee meetings were held during the year, and two subsequent to the current year-end.

Remuneration Committee

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. The committee serves to ensure levels of remuneration offered by the company are sufficient to attract and retain directors and senior management of sufficient calibre to ensure the efficient and strong leadership of the company. Executive remuneration from the prior year has remained unchanged, and no Remuneration Committee meetings were held during the year.

Legislative issues

The group participates in both industry and corporate responses to proposed government legislation affecting the group. In addition, the group also engages directly with the relevant government departments where appropriate.

Attendance at Board meetings

In addition to formal Board meetings, the directors meet regularly to attend to business matters.

Board meeting attendance for the year was as follows:

Board Meeting Attendance	22/07/2009	04/08/2009	29/09/2009	10/11/2009	27/01/2010	31/03/2010
Ian Black[1]	Present	Present	Present	Present	Present	n/a
Yaseen Bhayat	Present	Present	Present	Present	Present	Absent
Mark Di Nicola	Present	Present	Present	Present	Absent	Present
Jonathan Fenster[2]	n/a	n/a	Present	Present	Present	Present
Michael Allan	Present	Present	Present	Present	Present	Present
Mark Strydom	Present	Present	Present	Present	Present	Present
Peter Ireland	Present	Present	Present	Present	Present	Present
Designated Advisor – Arcay[3]	Present	Present	By Invite	n/a	n/a	n/a
Designated Advisor – PricewaterhouseCoopers[4]	n/a	n/a	Present	Present	Present	Present

[1] Ian Black resigned on 28/01/2010.
[2] Jonathan Fenster was appointed on 10/09/2009.
[3] Arcay Moela Sponsors (Pty) Ltd resigned on 07/09/2009.
[4] PricewaterhouseCoopers Corporate Finance (Pty) Ltd was appointed on 07/09/2009.

Directors' remuneration

Details of directors are disclosed in note 21 of the Annual Financial Statements.

The fees payable to non-executive directors were determined by the executive directors after consultation with industry experts, and approved by the shareholders at the last annual general meeting of the company. The fees are structured on a fixed per annum basis and fees paid for the year under review are set out below.

	Chairman	Other directors/members of committees
Board meetings: Annual remuneration	R 40,000.00	R 30,000.00
Audit and Risk Committee: Annual remuneration	R 15,000.00	R 7,500.00
Remuneration Committee: Annual remuneration	R 5,000.00	R 2,500.00

Accounting and internal controls

The board has established controls and procedures to ensure the accuracy and integrity of the accounting records and to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial statements may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. The directors' responsibility statement is set out on page 12.

External audit and auditors

The group's auditors are Deloitte & Touche who perform an independent and objective audit on the group's financial statements. Interim reports are not audited nor reviewed, but are discussed with the auditors. The auditors have unrestricted access to the audit committee and are invited to attend audit committee meetings. The re-appointment of the auditors is reviewed annually by the audit committee.

Communication with stakeholders

The company 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.

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 for the year was PricewaterhouseCoopers Corporate Finance (Pty) Ltd.

Compliance with the King Report on Corporate Governance

As detailed above, the company has complied with the King II Report except as follows:

The board comprises four non-executive directors, only one of whom is independent, and two executive directors. The board considers the balance of executive, non-executive and independent directors to be adequate for the efficient and objective direction of the company. Currently, Y Bhayat, a non-executive director, is chairman of the Audit and Risk Committee and Remuneration Committee; and not an independent director as required by King II.

Further, the company does not have a dedicated internal audit function as required by King II, as the size of the company, and the changes in the last two years have necessitated that the focus be on consolidating the acquired businesses and establishing controls at an operating level. The operational management of the company has been tasked with the establishment of controls and the executives have overseen this task, with the board monitoring this on an ongoing basis, with the input of the Audit and Risk Committee, with consideration given to the findings of the external auditors. The board will consider the situation on an annual basis going forward.

AUDIT COMMITTEE REPORT

The audit committee of the company and group assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes and the preparation of accurate financial reporting in compliance with all legal requirements, accounting standards and stock exchange regulations.

Its operations are governed by a charter which clearly sets out the duties and responsibilities of the committee, and has the following responsibilities:

- reviewing and approving the annual financial statements;
- reviewing the external auditor's report on the annual financial statements;
- establishing processes for monitoring the effectiveness of internal controls and safeguarding of assets;
- developing risk management strategies;
- facilitating effective communication between the board, management, and the external auditors;
- recommend the appointment of and determine the fees payable to the external auditors;
- determine the level of non-audit services provided by the external auditors by assessing each request on its merits; and
- verify the independence of the external auditor.

The committee is made up of two non-executive directors (Y Bhayat – chairman and J Fenster), and they met twice during the financial year under review, and twice subsequent to the current year-end. The chief executive officer, the financial director, an approved executive from the company's designated advisor and the external auditors attend the meetings by invitation.

The audit committee has deemed the system of internal controls in place to be sufficient to reduce significant risks to an acceptable level. The system is designed to manage the risks faced by BioScience and is not a guarantee that all risk is eliminated.

As required by JSE Listings Requirement 3.84(i), the audit committee has satisfied itself that the financial director has appropriate expertise and experience. The audit committee has considered the consolidated annual financial statements of BioScience Brands Limited for the year ended 30 June 2010 and discussed them with both management and the external auditors. The audit committee believes that they present fairly the financial position of the company and the group at 30 June 2010 and their financial performance and cashflows for the year then ended in accordance with the statutory requirements of the various acts governing disclosure and reporting in the annual financial statements and International Financial Reporting Standards. The audit committee has further evaluated the independence of the external auditors and is satisfied that they have maintained their independence during the year.

Yaseen Bhayat
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of BioScience Brands Limited.

In order for the board to discharge its responsibilities, management has developed, and continues to improve, a system of internal control. The board has ultimate responsibility for the system of control.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and BioScience's policies and procedures. These controls are implemented by trained and experienced personnel with an appropriate segregation of duties, which are monitored by management and include a comprehensive budgeting and reporting system operating with strict deadlines and an appropriate control framework.

The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with the statements of International Financial Reporting Standards. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements of the group and the company for the year ended 30 June 2010 set out on pages 15 to 46 were approved by the board of directors on 27 September 2010 and are signed on its behalf by:

M Allan	P Ireland
Director	Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOSCIENCE BRANDS LIMITED

We have audited the annual financial statements and the group annual financial statements of BioScience Brands Limited, which comprises the directors report, the statutory information, the separate statement of financial position and the consolidated statement of financial position at 30 June 2010, the separate statement of comprehensive income and the consolidated statement of comprehensive income, the separate statement of cash flows and the consolidated statement of cash flows, the separate statement of changes in equity and the consolidated statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 46.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards*,* and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOSCIENCE BRANDS LIMITED

Opinion
In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of BioScience Brands Limited at 30 June 2010, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of matter
Without qualifying our opinion above, we draw attention to the report of the directors which refers to the future strategies of the group and which indicates a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern.

Deloitte & Touche
Registered Auditors
Per C A Sagar
Partner

Durban
27 September 2010

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4051

National Executive: G G Gelink (Chief executive), A E Swiegers (Chief operating officer), G M Pinnock (Audit), D L Kennedy (Tax & legal and financial advisory), L Geeringh (Consulting), L Bam (Corporate finance), C R Beukman (Finance), T J Brown (Clients & markets), N T Mtoba (Chairman of the board), M J Comber (Deputy chairman of the board).
Regional leader: G C Brazier

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the affairs of BioScience Brands Limited ("the Company") and the consolidated financial statements of the company and its subsidiaries (together referred to as "the Group") for the year ended 30 June 2010.

General

To review the business and the operations of the company and the Group for the above accounting period, attention is drawn to the statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes attached where the business of the company and the Group, its results and state of affairs are reflected.

Nature of Business

BioScience is the registered holding company operating through four subsidiaries. BioScience markets and sells products through a portfolio of leading brands in the health, wellness and sports nutrition markets which meet the nutritional and wellness needs of people for life.

Listing Information

BioScience is listed on the Alternative Exchange ("Alt^{X}") of the JSE Limited under the share code BIO. The company's ISIN number is ZAE000115036.

Financial Reporting

The company's and Group's results and financial positions are contained in the financial statements on pages 15 to 46 of the annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), JSE Limited Listings Requirements and the Companies Act in South Africa, as amended.

Financial Results and Going Concern

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.

Recessionary trading conditions have affected sales and whilst results have improved, it has delayed BioScience's turnaround to profitability in its second year following the take-over of Wellco Health Limited. BioScience has coped well with the significant changes in the retail channel in which it 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. The key brands remain instantly recognisable and are listed in all the major channels.

Overhead costs remain tightly controlled in 2010 and have been reduced by 33% to R18.9 million over the prior 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.

Having consolidated its trading base through listing at national retailers, BioScience 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 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 to focus its resources towards maximising return on high return brands whilst simultaneously pursuing substantial revenue 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.

Share Capital

Full details of the authorised, issued and un-issued share capital and premium of the company as at 30 June 2010 are detailed in notes 10 and 11 of the annual financial statements.

During the year under review:

i. 178,492,305 ordinary shares of 1 cent each were issued to Pepperonata Trading 1 (Proprietary) Limited ("Pepperonta"), on 1 April 2010 at an issue price of 1 cent which amounts to R1,784,923.05. Pepporanta received the shares in full and final settlement of the amount owed to them by BioScience in terms of the Sale and Assignment Agreement signed between Praesidium Capital Management (Proprietary) Limited ("Praesidium"), Pepperonata and BioScience whereby Praesidium sold its right, title and interest in and to a claim against BioScience to Pepperonata. The claim relates to interest incurred by BioScience when Praesidium advanced the proceeds of a rights offer to BioScience that it was underwriting to settle an amount outstanding following the acquisition of Bioharmony (Pty) Ltd and Aldabri 53 (Pty) Ltd in 2008. There was no discount to the weighted average traded price of the equity securities for the 30 days prior to the date that the issue was agreed being 1 April 2010.

ii. 72 734 700 shares related to Executive Options approved by shareholders on 1 September 2008, are in the process of being issued and have been recognised together with their related expense in the annual financial statements, but had not been physically issued at year-end. The directors, designated advisor and company secretary are attending to the issue of these shares.

Subsidiaries

BioScience Trading (Pty) Ltd (Reg. no. 2000/028236/07)
Rare Earth Minerals (Pty) Ltd (Reg. no. 2005/038901/07)
Aldabri 53 (Pty) Ltd (Reg. no. 2004/002183/07)
Bioharmony (Pty) Ltd (Reg. no. 2005/010107/07)

There were no special resolutions passed by the company's subsidiaries since the date of the last group annual financial statements.

Directors' Shareholdings

	Direct Beneficial*	Indirect Beneficial	Associates	Percentage
30 June 2010				
M G Allan[1]	196 605 372	–	–	7.50%
Y Bhayat	–	19 125 505	–	0.73%
J J Fenster	–	–	33 205 237	1.27%
M M Di Nicola	31 500 000	7 840 653	59 728 569	3.78%
M Strydom	139 833 616	–	–	5.33%
P A Ireland	15 728 475	–	–	0.60%
J I Black[2]	–	2 698 204	–	0.10%
Total	**383 667 463**	**29 664 362**	**92 933 806**	**19.31%**
30 June 2009				
M G Allan[1]	180 635 317	–	–	7.39%
Y Bhayat	–	28 545 761	–	1.17%
J I Black	–	4 027 203	–	0.17%
M M Di Nicola	8 663 768	89 412 082	5 064 801	4.22%
M Strydom	155 803 671	–	–	6.38%
P A Ireland	15 728 475	–	–	0.64%
Total	**360 831 231**	**121 985 046**	**5 064 801**	**19.97%**

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.
2 J I Black resigned 28 January 2010.
* Includes 64 549 483 (2009: 64 549 483) shares that were issued after the Closed period.

There has been no change in the directors' shareholdings between year-end and the date of approval of the annual financial statements.

Dividends

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

Interests of Directors in Contracts

Aldabri 53 (Pty) Ltd leases premises from My Shelf Trading Five (Pty) Ltd; M Strydom has declared an interest in My Shelf Trading Five (Pty) Ltd. The group receives consulting services from, and sponsors MMA fighting tournaments of Muscle Gear cc trading as Fight Force; M Strydom has declared an interest in Muscle Gear cc.

The Group has a manufacturing agreement with Herbal-Homeopathic (Pty) Ltd; M Di Nicola is a director of Herbal-Homeopathic (Pty) Ltd.

In 2009, the Group purchased the brand Phyto Nova and inventories from Thebe Medicare (Pty) Ltd; Y Bhayat is a director of Thebe Natural Medicines (Pty) Ltd.

Black Economic Empowerment

As part of BioScience's Black Economic Empowerment strategy, Thebe Medicare (Pty) Ltd had the option to attain a 40% shareholding in BioScience by exercising an option at 3.5 cents before 31 August 2009 through either the injection of new brands into BioScience or cash. TMC exercised part of that option through the injection of the brand, Phyto Nova, into BioScience. Phyto Nova was independently valued at R9.0m. Phyto Nova became part of the BioScience portfolio of brands on 1 September 2009.

Acquisitions and Disposals

There were no acquisitions or disposals during the year.

Litigation

There are no material legal proceedings, including any proceedings that are pending or threatened, of which BioScience is aware that may have or have had in the 12 month period preceding the date of issue of this annual report, a material effect on the financial position of the BioScience. BioScience is currently dealing with a spurious and grossly exaggerated 2004 claim and counter claim relating to 'old' Wellco Health, which Counsel believes has no substance at all.

Directors of the Company

	Appointed	Resigned
Michael Garth Allan	25 October 2007	
Mark Strydom*	19 November 2007	
John Ian Black	19 November 2007	28 January 2010
Yaseen Bhayat	19 November 2007	
Peter Andrew Ireland	09 June 2008	
Mark Mario Di Nicola	22 January 2009	
Jonathan Julius Fenster	10 September 2009	

* with effect from 1 February 2010, the capacity of Mark Strydom changed from executive director to non-executive director.

Company Secretary

Statucor (Pty) Ltd

Business address:	Postal address:
13 Wellington Road	Private Bag X60500
Parktown, 2193	Houghton, Johannesburg, 2193

DECLARATION BY THE COMPANY SECRETARY

In our opinion as Company Secretary, we hereby confirm, in terms of the Companies Act 1973 that, for the period ended 30 June 2010, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are to the best of our knowledge and belief, true, correct and up to date.

____

For and on behalf of Statucor (Pty) Ltd

BIOSCIENCE BRANDS LIMITED
STATEMENTS OF FINANCIAL POSITION
As at 30 June 2010

	Note	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
ASSETS					
Non-current assets		**56 665 926**	56 269 945	**51 310 323**	62 485 156
Plant and equipment	2	**924 573**	951 498	**–**	–
Intangible assets	3	**54 659 016**	54 659 016	**10 579 621**	11 579 621
Investment in subsidiaries	5	**–**	–	**40 730 702**	50 905 535
Deferred tax	6	**1 082 337**	659 431	**–**	–
Current assets		**20 232 948**	29 371 752	**1 423 558**	1 384 300
Inventories	7	**9 791 385**	12 944 918	**–**	–
Trade and other receivables	8	**10 039 734**	14 453 195	**1 423 182**	1 384 212
Cash and cash equivalents	9	**401 829**	1 973 639	**376**	88
Total assets		**76 898 874**	85 641 697	**52 733 881**	63 869 456
EQUITY AND LIABILITIES					
Capital and reserves		**44 261 961**	48 923 129	**51 981 177**	60 492 706
Issued capital	10	**262 136**	244 287	**262 136**	244 287
Share premium	11	**113 138 607**	111 371 533	**113 138 607**	111 371 533
Retained loss		**(69 138 782)**	(62 692 691)	**(61 419 566)**	(51 123 114)
Non-current liabilities		**–**	16 535	**–**	–
Borrowings	12	**–**	16 535	**–**	–
Current liabilities		**32 636 913**	36 702 033	**752 704**	3 376 750
Taxation payable		**1 928 433**	1 928 433	**–**	–
Trade and other payables	13	**20 424 966**	21 404 054	**752 704**	705 493
Short-term portion of borrowings	12	**766 115**	4 490 894	**–**	2 669 332
Bank overdraft	9	**9 517 399**	8 878 652	**–**	1 925
Total equity and liabilities		**76 898 874**	85 641 697	**52 733 881**	63 869 456

BIOSCIENCE BRANDS LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

		GROUP		COMPANY	
	Note	**2010**	2009	**2010**	2009
		R	R	**R**	R
Revenue		**51 370 241**	66 503 641	**96 982**	71 017
Net operating expenses		**(56 074 660)**	(76 907 011)	**(10 039 818)**	(3 012 707)
Operating loss before finance costs	14	**(4 704 419)**	(10 403 370)	**(9 942 836)**	(2 941 690)
Finance income		**5**	4 249	**–**	–
Finance costs	15	**(2 164 583)**	(3 002 702)	**(353 616)**	(1 668 309)
Loss before taxation		**(6 868 997)**	(13 401 823)	**(10 296 452)**	(4 609 999)
Taxation	16	**422 906**	(1 323 100)	**–**	–
Total loss and comprehensive loss attributable to equity holders of the Company		**(6 446 091)**	(14 724 923)	**(10 296 452)**	(4 609 999)
Basic and diluted loss per share (cents)	17	**(0.26)**	(0.71)		

BIOSCIENCE BRANDS LIMITED
STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2010

	Share Capital R	Share Premium R	Retained Loss R	Total R
GROUP				
Balance at 1 July 2008	169 305	88 110 297	(47 967 768)	40 311 834
Issue of share capital *	46 838	13 802 429	–	13 849 267
Shares in the process of being issued	32 988	11 149 231	–	11 182 219
Cancellation of share issue	(4 844)	(1 690 424)	–	(1 695 268)
Total comprehensive loss for the year	–	–	(14 724 923)	(14 724 923)
Balance at 30 June 2009	244 287	111 371 533	(62 692 691)	48 923 129
Balance at 1 July 2009	**244 287**	**111 371 533**	**(62 692 691)**	**48 923 129**
Issue of share capital *	**17 849**	**1 767 074**	**–**	**1 784 923**
Total comprehensive loss for the year	**–**	**–**	**(6 446 091)**	**(6 446 091)**
Balance at 30 June 2010	**262 136**	**113 138 607**	**(69 138 782)**	**44 261 961**
COMPANY				
Balance at 1 July 2008	169 305	88 110 297	(46 513 115)	41 766 487
Issue of share capital *	46 838	13 802 429	–	13 849 267
Shares in the process of being issued	32 988	11 149 231	–	11 182 219
Cancellation of share issue	(4 844)	(1 690 424)	–	(1 695 268)
Total comprehensive loss for year	–	–	(4 609 999)	(4 609 999)
Balance at 30 June 2009	244 287	111 371 533	(51 123 114)	60 492 706
Balance at 1 July 2009	**244 287**	**111 371 533**	**(51 123 114)**	**60 492 706**
Issue of share capital *	**17 849**	**1 767 074**	**–**	**1 784 923**
Total comprehensive loss for the year	**–**	**–**	**(10 296 452)**	**(10 296 452)**
Balance at 30 June 2010	**262 136**	**113 138 607**	**(61 419 566)**	**51 981 177**

***** net of share issue expenses

BIOSCIENCE BRANDS LIMITED
STATEMENTS OF CASH FLOWS
For the year ended 30 June 2010

	Note	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Cash flows from (used in) operating activities		**156 908**	(6 052 041)	**(995 395)**	(4 728 592)
Cash generated from (used in) operations	18.1	**2 321 486**	(3 053 588)	**(641 779)**	(3 060 283)
Interest received		**5**	4 249	**–**	–
Interest paid		**(2 164 583)**	(3 002 702)	**(353 616)**	(1 668 309)
Taxation paid	18.2	**–**	–	**–**	–
Cash flows (used in) from investing activities		**(411 074)**	(12 888 589)	**1 882 017**	(9 303 443)
Plant and equipment acquired		**(450 674)**	(407 121)	**–**	–
Intangible assets acquired		**–**	(11 579 621)	**–**	(11 579 621)
Proceeds on disposal of plant and equipment		**39 600**	33 395	**–**	–
Acquisition of subsidiary – Aldabri 53 (Pty) Ltd t/a Muscle Science	4	**–**	(935 242)	**–**	(935 242)
Increase in loans to subsidiaries		**–**	–	**1 882 017**	3 211 420
Cash flows (used in) from financing activities		**(1 956 391)**	12 303 314	**(884 409)**	14 030 607
Increase in share capital and reserves		**1 784 923**	23 893 117	**1 784 923**	23 893 117
Cancellation of share issue		**–**	(1 695 268)	**–**	(1 695 268)
Share issue expenses paid		**–**	(1 043 850)	**–**	(1 043 850)
Decrease in loans and borrowings		**(3 741 314)**	(8 850 685)	**(2 669 332)**	(7 123 392)
(Decrease) increase in cash and cash equivalents		**(2 210 557)**	(6 637 316)	**2 213**	(1 428)
Cash and cash equivalents at beginning of year		**(6 905 013)**	(267 697)	**(1 837)**	(409)
Cash and cash equivalents at end of year	**9**	**(9 115 570)**	(6 905 013)	**376**	(1 837)

1. ACCOUNTING POLICIES

1.1 Statement of compliance and basis of preparation

The financial statements of the group are prepared in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accountancy Practices Board and the requirements of the Companies Act of South Africa, and incorporate the principal accounting policies set out below, which are consistent in all material respects with those adopted 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.

1.2 Adoption of new and revised International Financial Reporting Standards

The following new standards, interpretations of standards, technical corrections and amendments which are effective for the company's future financial years, were issued by the International Accounting Standards Board ("IASB").

Standard or Interpretation			**Effective date (annual periods beginning on or after)**
IFRS 1 (revised)	:	First time adoption of IFRS	1 January 2010
IFRS 2 (revised)	:	Share-based payments	1 January 2010
IFRS 5 (revised)	:	Non-current assets held for sale and discontinued operations	1 January 2010
IFRS 8 (revised)	:	Operating segments	1 January 2010
IFRS 9	:	Financial instruments	1 January 2013
IAS 1 (revised)	:	Presentation of financial statements	1 January 2010
IAS 7 (revised)	:	Statement of cash flows	1 January 2010
IAS 17 (revised)	:	Leases	1 January 2010
IAS 24 (revised)	:	Related party disclosures	1 January 2011
IAS 32 (revised)	:	Financial instruments : Presentation	1 February 2010
IAS 36 (revised)	:	Impairment of assets	1 January 2010
IFRIC 19	:	Extinguishing financial liabilities with equity instruments	1 July 2010

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

No standards, amendments and interpretations not yet effective have been early adopted by the Group.

1.3 Group accounting

The group financial statements incorporate the assets, liabilities and results of the operations of the company, its subsidiaries and special purpose entities. The results of subsidiaries and special purpose entities acquired and disposed of during a financial year are included from the effective dates of acquisition and to the effective dates of disposal.

Subsidiaries are those entities over whose financial and operating policies the holding company has the power to exercise control, so as to obtain benefits from their activities. Special purpose entities are those entities which are neither a subsidiary nor a joint venture and in which the holding company has the right to economic benefit and the power to unilaterally dissolve the entity.

Intra group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements.

1. ACCOUNTING POLICIES (continued)

1.4 Recognition of assets and liabilities

An asset, being a resource, controlled by the entity, as a result of a past event from which future economic benefits are expected to flow, is recognised when it is probable that future economic benefits associated with it will flow to the group and its cost or fair value can be measured reliably.

A liability, being a present obligation of the group arising from a past event the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits, is recognised when it is probable that future economic benefits associated with it will flow from the group and its cost or fair value can be measured reliably.

A financial instrument, being a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, is recognised when the group becomes a party to the contractual provisions of the instrument.

1.5 Foreign currencies

Transactions in currencies other than the group's measurement currency are recognised at the exchange rate ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on exchange differences are recognised in profit or loss.

1.6 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write-off the cost of each asset to its residual values over its estimated useful life. The method of depreciation, useful lives and residual values are reviewed annually. The depreciation rates applicable to each category of plant and equipment are as follows:

• Plant and equipment	20.00%
• Motor vehicles	20.00%
• Furniture and fittings	10.00% to 20.00%
• Office equipment	10.00% to 16.67%
• Computer equipment	20.00% to 33.33%
• Computer software	20.00% to 50.00%
• Stands	33.33% to 50.00%

Plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired, in accordance with the requirements of IAS 36: Impairment of Assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in operating profit.

Assets subject to financial lease agreements are capitalised at their cost equivalents and the corresponding liabilities are recognised. Lease finance charges are included in interest expenditure as they become due.

1. ACCOUNTING POLICIES (continued)

1.7 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Assessment of useful lives

The useful lives of all intangible assets (excluding goodwill) acquired by the group are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at least at the end of each financial year and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Intangible assets with indefinite useful lives and goodwill are measured at cost and are not amortised, but are tested for impairment at least annually or whenever any indication of impairment exists.

The following intangible assets currently have an indefinite useful life:

- brands;
- development costs; and
- trademarks.

1. ACCOUNTING POLICIES (continued)

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale. Obsolete, defective and slow-moving inventories are identified and written-down to their estimated net realisable values.

1.9 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, trade and other receivables, trade and other payables and borrowings.

Financial assets are recognised when the group has rights or other access to economic benefits. Such assets consist of cash or a contractual right to receive cash or other financial assets.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms.

The recognition and measurement criteria for each of these financial instruments are separately disclosed under their respective accounting policies. The face values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. Receivables and payables are measured at amortised cost.

1.10 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the expenditure required to settle the present obligation.

1.11 Revenue recognition

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. It is measured at the amount received or receivable net of Value Added Tax, cash discounts and rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and when it is probable that the debtor will pay for the goods.

Interest received is recognised as it accrues taking into account the effective yield on the assets.

1.12 Equity

Equity is the residual interest in the assets after deducting all liabilities.

Transactions relating to the acquisition and sale of shares in the company, together with their associated costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards

1. ACCOUNTING POLICIES (continued)

1.13 Headline earnings per share

The calculation of headline earnings per share is based on the net profit attributable to ordinary shareholders, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

An itemised reconciliation of the adjustments to earnings attributable to ordinary shareholders is detailed in note 17.

1.14 Leased assets

Operating leases

Leases of assets where a significant portion of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease costs are charged to the income statement.

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

1.15 Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Taxation

The charge for current tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for the current year. It is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

1. ACCOUNTING POLICIES (continued)

1.16 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

1.17 Borrowing costs

Borrowings costs include interest and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Post balance sheet events

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of note.

1.19 Significant accounting judgement and estimates

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Valuation of investments

The company's investments are initially measured at cost and are fair valued at each reporting date. Although best judgement is used in determining the fair value of the investments, there are inherent limitations in any valuation technique involving investments of the type in which the company invests. Therefore, the fair values presented herein are not necessarily indicative of the amount that the company and group could realise in a current transaction.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Impairment of intangible assets

The groups' intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Impairment losses are calculated using the value in use method, whereby the group estimates the future cash flows expected to arise from the intangible asset and a suitable discount rate is applied to these in order to calculate the present value.

1.20 Comparatives

Where necessary, comparative figures for prior periods have been restated.

2. PLANT AND EQUIPMENT

GROUP

	2010 Cost/ Valuation R	2010 Accumulated Depreciation R	2010 Carrying Value R	2009 Cost/ Valuation R	2009 Accumulated Depreciation R	2009 Carrying Value R
Plant and equipment	**427 144**	**(84 864)**	**342 280**	109 193	(57 101)	52 092
Motor vehicles	**72 807**	**(44 286)**	**28 521**	104 669	(59 849)	44 820
Furniture and fittings	**304 363**	**(173 515)**	**130 848**	417 070	(187 996)	229 074
Office equipment	**53 083**	**(25 893)**	**27 190**	59 669	(16 589)	43 080
Computer equipment	**413 467**	**(232 544)**	**180 923**	408 590	(143 775)	264 815
Computer software	**287 572**	**(72 761)**	**214 811**	226 847	(9 646)	217 201
Stands	**–**	**–**	**–**	100 416	–	100 416
Balance at end of year	**1 558 436**	**(633 863)**	**924 573**	1 426 454	(474 956)	951 498

The carrying amounts of plant and equipment can be reconciled as follows:

2010	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
Plant and equipment	**52 092**	**358 776**	**(3)**	**(68 585)**	**342 280**
Motor vehicles	**44 820**	**–**	**(1)**	**(16 298)**	**28 521**
Furniture and fittings	**229 074**	**–**	**(22 760)**	**(75 466)**	**130 848**
Office equipment	**43 080**	**10 218**	**(9 394)**	**(16 714)**	**27 190**
Computer equipment	**264 815**	**20 955**	**(9)**	**(104 838)**	**180 923**
Computer software	**217 201**	**60 725**	**–**	**(63 115)**	**214 811**
Stands	**100 416**	**–**	**(54 392)**	**(46 024)**	**–**
	951 498	**450 674**	**(86 559)**	**(391 040)**	**924 573**

2. PLANT AND EQUIPMENT (continued)

GROUP (continued)

2009	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
Plant and equipment	94 225	12 100	(16)	(54 217)	52 092
Motor vehicles	117 105	–	–	(72 285)	44 820
Furniture and fittings	329 180	27 133	(15 691)	(111 548)	229 074
Office equipment	62 954	5 157	(8 462)	(16 569)	43 080
Computer equipment	327 548	53 201	–	(115 934)	264 815
Computer software	21 425	209 114	–	(13 338)	217 201
Stands	–	100 416	–	–	100 416
	952 437	407 121	(24 169)	(383 891)	951 498

Leased
Assets with a carrying value of R 28 521 (2009: R 97 421) have been pledged as security as set out in note 12 for loans obtained in terms of instalment sale agreements.

	2010 **R**	2009 R
Motor vehicles	**28 521**	44 820
Furniture and fittings	**–**	52 601
	28 521	97 421

3. INTANGIBLE ASSETS

GROUP

2010	Brands **R**	Development costs **R**	Trademarks **R**	Total **R**
Carrying value at beginning and end of year	**52 607 800**	**1 833 490**	**217 726**	**54 659 016**

2010				
The carrying value of intangible assets can be reconciled as follows:				
Cost/valuation	**52 607 800**	**8 334 520**	**289 594**	**61 231 914**
Accumulated impairment losses	**–**	**(6 501 030)**	**(71 868)**	**(6 572 898)**
Carrying value at end of year	**52 607 800**	**1 833 490**	**217 726**	**54 659 016**

3. INTANGIBLE ASSETS (continued)

GROUP (continued)

2009	Brands	Development costs	Trademarks	Total
Carrying value at beginning of year	40 092 938	1 833 490	217 726	42 144 154
Acquired in a business combination (note 4)	935 242	–	–	935 242
Additions	11 579 620	–	–	11 579 620
Carrying value at end of year	52 607 800	1 833 490	217 726	54 659 016

2009				
The carrying value of intangible assets can be reconciled as follows:				
Cost/valuation	52 607 800	8 334 520	289 594	61 231 914
Accumulated impairment losses	–	(6 501 030)	(71 868)	(6 572 898)
Carrying value at end of year	52 607 800	1 833 490	217 726	54 659 016

COMPANY

2010	Brands R	Development costs R	Trademarks R	Total R
Carrying value at beginning of year	**11 579 621**	**–**	**–**	**11 579 621**
Transfers*	**(1 000 000)**	**–**	**–**	**(1 000 000)**
Carrying value at end of year	**10 579 621**	**–**	**–**	**10 579 621**

2009				
Carrying value at beginning of year	–	–	–	–
Additions	11 579 621	–	–	11 579 621
Carrying value at end of year	11 579 621	–	–	11 579 621

***The brand Herbology, which was held in BioScience Brands Limited, was transferred to a subsidiary, BioScience Trading (Pty) Ltd, in which company the brand is traded, and the associated development costs and trademarks are already housed.

3. INTANGIBLE ASSETS (continued)

Intangible assets, with the exception of Phyto Nova and KGB, at a total value of R 44 972 016 (2009: R 44 972 016) have been pledged as security for banking facilities.

Predicting the useful life of an intangible asset requires significant judgement. Management have classified the above intangible assets as having indefinite useful lives. This conclusion is supported by the following factors:

• the group will continue to generate revenues from the continued use of the brands and trademarks for the foreseeable future;

• typical product life cycles for the brands and trademarks acquired against public information on estimates of useful lives indicate that the intangibles have an indefinite period of foreseeable usage; and

• the stability of the pharmaceutical industry and the strong demand in markets within which these products are marketed and sold.

Key assumptions and basis for determining values assigned to key assumptions

Sales volumes or proceeds

The directors have used actual sales patterns to determine future sales volume projections with commensurate adjustments for trade promotions and seasonal influences. In the case of product launches detailed performance criteria and market share analysis has supported the best estimate sales projections. In the case of an anticipated or completed disposal the purchase consideration has been recognised for determining value.

Gross margins

The directors have applied gross margin percentages on an actual product by product costing basis and in line with the projected product sales mix.

Overheads and non direct costs

The directors have included cash outflows that can be directly attributed and allocated on a reasonable and consistent basis to the cash generating unit. These day to day outflows represent the servicing of the brands business and the overheads attributable directly to the operation of the brands business.

Specific information

In circumstances where we are able to provide external third party corroboration we have applied this information to the expectations about possible variations in the amount or timing of future cash flows. In addition we have used this specific information to influence our best estimates in preparing the projections.

Past information

The directors have examined the current cash flow projections in light of the causes of differences between past cash flow projections and actual cash flows. We have in the majority of circumstances used past cash flows to project forward.

Key assumptions

The key assumptions used in the value in use calculations are as follows:

	2010	2009
Gross margin	**40% to 70%**	50% to 70%
Growth rate	**5% to 10%**	16%
Discount rate	**15%**	21%

The discount rate was recalculated in the current year and was lower than the rate used in previous years due to the decrease in both the interest rates in South Africa, and the significant decrease in borrowings of the company over the two previous financial years, which borrowings were financed at interest rates 4%-5% above prime. This discount rate has been benchmarked against similar companies.

	COMPANY 2010 R	2009 R

4. BUSINESS COMBINATION

Acquisition of Aldabri 53 (Pty) Ltd t/a Muscle Science

On 1 March 2008, the group acquired 100% of the share capital of Aldabri 53 (Pty) Ltd t/a Muscle Science. An adjustment to the cost of the acquisition was made during the prior year due to adjustments to the purchase price of the acquisition. This increase in the cost of the acquisition was applied to the cost of the investment (company) (note 5) and intangible assets (group) (note 3).

5. INVESTMENT IN SUBSIDIARIES

	2010 R	2009 R
Unlisted investments:		
Number of shares held:		
BioScience Trading (Pty) Ltd	**100**	100
Rare Earth Minerals (Pty) Ltd	**100**	100
Aldabri 53 (Pty) Ltd	**100**	100
Bioharmony (Pty) Ltd	**100**	100
Percentage holding:		
Rare Earth Minerals (Pty) Ltd	**100%**	100%
BioScience Trading (Pty) Limited	**100%**	100%
Aldabri 53 (Pty) Ltd	**100%**	100%
Bioharmony (Pty) Ltd	**100%**	100%
Cost of shares:		
BioScience Trading (Pty) Ltd	**20 795 767**	20 795 767
Rare Earth Minerals (Pty) Ltd	**3 683 333**	3 683 333
Aldabri 53 (Pty) Ltd	**5 444 165**	5 444 165
Bioharmony (Pty) Ltd	**3 342 907**	3 342 907
Impairment of investments	**(23 921 010)**	(23 921 010)
	9 345 162	9 345 162
Amounts due by (to) subsidiaries:		
BioScience Trading (Pty) Ltd	**24 764 088**	26 013 652
Rare Earth Minerals (Pty) Ltd	**(1 659 926)**	(3 559 315)
Aldabri 53 (Pty) Ltd	**8 994 111**	9 076 638
Bioharmony (Pty) Ltd	**23 454 820**	24 904 135
Provision against amount due by subsidiaries	**(24 167 553)**	(14 874 737)
	31 385 540	41 560 373
Net investment in subsidiaries	**40 730 702**	50 905 535

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

6. DEFERRED TAX

The balance at year-end comprises:				
Employee benefit accruals	**165 493**	274 130	**–**	–
Provision for impairment of trade receivables	**40 600**	40 600	**–**	–
Provision for impairment of inventories	**–**	31 573	**–**	–
Provision for credit notes	**105 216**	200 511	**–**	–
Unutilised tax loss	**771 028**	112 617	**–**	–
	1 082 337	659 431	**–**	–
Movements in deferred tax balance:				
Balance at beginning of year	**659 431**	451 472	**–**	–
Temporary differences	**(235 505)**	95 342	**–**	–
Unutilised tax loss	**658 411**	112 617	**–**	–
Balance at end of year	**1 082 337**	659 431	**–**	–

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The group has adopted a conservative approach and has not recognised deferred income tax assets in respect of estimated assessed losses amounting to R 50 235 526 (2009: R 46 078 176) for the group and R 13 331 003 (2009: R 12 327 267) for the company that can be carried forward against future taxable income.

7. INVENTORIES

Raw materials	**2 124 309**	2 682 482	**–**	–
Finished goods	**8 847 076**	11 555 195	**–**	–
Provision for obsolete inventories	**(1 180 000)**	(1 292 759)	**–**	–
	9 791 385	12 944 918	**–**	–

Inventories are carried at the lower of cost and net realisable value. Inventory to the value of R 788 876 (2009: R 2 686 127) was written off during the year, and inventory provisions to the value of (R 112 759) (2009: R 1 292 759) were (released) raised during the year.

Inventories (comprising finished goods of Aldabri 53 (Pty) Ltd t/a Muscle Science and BioScience Trading (Pty) Ltd to the value of R 5 801 825) have been ceded as security for banking facilities.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

8. TRADE AND OTHER RECEIVABLES

Trade receivables	**9 179 782**	14 183 593	**–**	–
Less: provision for impairment of trade receivables	**(1 256 190)**	(1 256 190)	**–**	–
Less: provision for credit notes	**(375 772)**	(758 451)	**–**	–
Trade receivables - net	**7 547 820**	12 168 952	**–**	–
Sundry debtors	**1 484 479**	1 491 169	**1 335 173**	1 335 173
Prepayments	**111 861**	129 646	**–**	–
Receiver of Revenue	**895 574**	663 428	**88 009**	49 039
	10 039 734	14 453 195	**1 423 182**	1 384 212

Trade receivables have been ceded as security for banking facilities.

The above carrying values approximate the fair values of the receivables.

Movements on provision for impairment of trade receivables:

At beginning of year	**1 256 190**	1 901 320	**–**	–
Increase (release) in provision	**–**	(645 130)	**–**	–
At end of year	**1 259 190**	1 256 190	**–**	–

The company grants credit terms of 30 days to its customers. The analysis of trade receivables which are past due and impaired, or at representative date, is as follows:

1 – 30 days	**4 435 887**	6 867 858	**–**	–
Past due but not impaired:				
30 – 60 days	**1 962 474**	4 078 442	**–**	–
60 – 90 days	**302 080**	743 351	**–**	–
Past due and impaired:				
90 – 120 days	**91 315**	306 527	**–**	–
Over 120 days	**2 388 026**	2 187 415	**–**	–
Less: provision for impairment of trade receivables	**(1 256 190)**	(1 256 190)	**–**	–
Less: provision for credit notes	**(375 772)**	(758 451)	**–**	–
Total trade receivables - net	**7 547 820**	12 168 952	**–**	–

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**401 829**	1 973 639	**376**	88
Bank overdraft	**(9 517 399)**	(8 878 652)	**–**	(1 925)
	(9 115 570)	(6 905 013)	**376**	(1 837)

Banking facilities in the group are secured by a cession of trade receivables and certain inventories, and a pledge of certain intangible assets, as disclosed in notes 3, 7 and 8.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

10. ORDINARY SHARE CAPITAL

Authorised: 5 000 000 000 (2009: 5 000 000 000) ordinary shares of 0.01 cent each	**500 000**	500 000	**500 000**	500 000
Issued: 2 548 628 057 (2009: 2 112 992 895) ordinary shares of 0.01 cent each	**254 863**	211 299	**254 863**	211 299
To be issued: 72 734 700 (2009: 329 877 557) ordinary shares of 0.01 cent each	**7 273**	32 988	**7 273**	32 988
Total issued and to be issued: 2 621 362 757 (2009: 2 442 870 452) ordinary shares of 0.01 cent each	**262 136**	244 287	**262 136**	244 287

The un-issued shares have been placed under the control of the directors until the forthcoming annual general meeting.

11. SHARE PREMIUM

Balance at beginning of year	**111 371 533**	88 110 297	**111 371 533**	88 110 297
Arising on issue of ordinary shares	**1 767 074**	14 846 279	**1 767 074**	14 846 279
Shares in the process of being issued	**–**	11 149 231	**–**	11 149 231
Cancellation of share issue	**–**	(1 690 424)	**–**	(1 690 424)
Share issue expenses charged against share premium account during year	**–**	(1 043 850)	**–**	(1 043 850)
Balance at end of year	**113 138 607**	111 371 533	**113 138 607**	111 371 533
Reconciliation:				
Number of shares in issue at beginning of year	**2 442 870 452**	1 693 054 381	**2 442 870 452**	1 693 054 381
Shares issued	**178 492 305**	468 374 743	**178 492 305**	468 374 743
Shares in the process of being issued	**–**	329 877 557	**–**	329 877 557
Shares cancelled	**–**	(48 436 229)	**–**	(48 436 229)
Number of shares in issue at end of year	**2 621 362 757**	2 442 870 452	**2 621 362 757**	2 442 870 452

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

12. BORROWINGS

Non-current:				
Liabilities under instalment sale agreements	**18 271**	106 478	**–**	–
Short term portion included in current liabilities	**(18 271)**	(89 943)	**–**	–
	–	16 535	**–**	–
Current:				
Liabilities under instalment sale agreements – short term portion	**18 271**	89 943	**–**	–
Loans – non-interest bearing	**–**	75 000	**–**	–
Loans – interest bearing	**747 844**	4 325 951	**–**	2 669 332
	766 115	4 490 894	**–**	2 669 332

Liabilities under instalment sale agreements
Liabilities under instalment sale agreements are payable at R 2 110 (2009: R 7 529) per month, over periods from one to five years at effective interest rates ranging from 8.5% to 11.0% per annum and are secured by assets with a book value of R 28 521 (2009: R 97 421).

Loans – non-interest bearing
Loans were unsecured, and interest free, and have been repaid during the current year.

Loans – interest bearing
Loans are unsecured and repayment terms have been arranged on all loans. The effective interest rate on these loans is 14%.

Borrowing powers
No limit has been placed in the Articles of Association on the borrowing powers of the company.

The above carrying values approximate fair values.

13. TRADE AND OTHER PAYABLES

Trade payables	**10 413 690**	11 532 717	**40 658**	150 547
Sundry creditors and accruals	**3 667 318**	4 021 912	**712 046**	554 946
Employee benefit accruals	**591 046**	979 035	**–**	–
Receiver of Revenue	**5 752 912**	4 870 390	**–**	–
Total trade and other payables	**20 424 966**	21 404 054	**752 704**	705 493

The above carrying values approximate fair values.

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R

14. OPERATING LOSS BEFORE FINANCE COSTS

Operating loss before finance costs is arrived at as follows:

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Revenue	**51 370 241**	66 503 641	**96 982**	71 017
Less: Net operating expenses	**56 074 660**	76 907 011	**10 039 818**	3 012 707
Cost of sales[1]	**24 176 094**	29 236 454	**–**	–
Distribution costs	**5 189 925**	6 698 143	**–**	–
Advertising costs	**6 986 859**	11 142 680	**–**	–
Other operating costs[2]	**19 740 315**	30 441 522	**10 039 818**	3 012 707
Other operating income	**(18 533)**	(611 788)	**–**	–
Operating loss before finance costs	**(4 704 419)**	(10 403 370)	**9 942 836**	(2 941 690)

[1]Included in cost of sales above is R 676 117 (2009: R 1 292 759) of stock write-offs and provisions, and included in other operating costs is nil (2009: 2 686 127) of stock write-offs and provisions. These costs are detailed in note 7.

[2]Included in other operating costs above are restructuring and reorganisation costs to the total of nil (2009: R 2 499 522) which were incurred in consolidating the acquired businesses of Bioharmony, Muscle Science and the old Wellco into one homogenous business. These are costs related to operating duplicate office locations and functions and the staff costs related thereto.

Classification of expenses by nature:

Expenditure:

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Depreciation	**391 040**	383 891	**–**	–
Loss (profit) on sale of plant and equipment	**46 959**	(9 225)	**–**	–
Impairment of loan to subsidiary	–	–	**9 292 816**	–
Impairment of trade receivables	**10 999**	1 370 537	**–**	–
Decrease in provision for impairment of trade receivables	**–**	(645 130)	**–**	–
Operating lease charges	**1 209 587**	1 209 490	**–**	–
- Property	**1 073 346**	1 056 545	**–**	–
- Other	**136 241**	152 945	**–**	–
Auditor's remuneration	**398 629**	710 062	**39 965**	111 208
- Audit fees	**398 629**	660 562	**39 965**	111 208
- Other services	**–**	49 500	**–**	–
Administration and secretarial fees	**414 537**	659 323	**386 688**	601 781
Consulting fees	**1 632 341**	185 418	**–**	–
Royalty expense	**722 091**	243 216	**–**	–
Legal fees	**302 659**	615 294	**–**	–

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R

14. OPERATING LOSS BEFORE FINANCE COSTS (continued)

Classification of expenses by nature (continued):

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Employee benefits expense	**11 643 810**	18 939 990	**–**	2 182 219
- Commission	**462 393**	1 529 851	**–**	–
- Directors remuneration (note 21)	**2 744 540**	2 896 167	**–**	–
- Equity settled share based payment transaction	**–**	2 182 219	**–**	2 182 219
- Other staff costs	**8 436 877**	12 331 753	**–**	–
Income:				
Royalty income	**–**	–	**(96 982)**	(71 017)
Rental income	**(36 207)**	(18 221)	**–**	–
Foreign exchange profit	**(18 533)**	(15 532)	**–**	–
Gains on debt settlement	**–**	(587 031)	**–**	–

15. FINANCE COSTS

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Interest expense - Bank	**1 363 875**	769 022	**406**	295
Interest expense - SARS	**320**	–	**–**	–
Interest expense - Instalment sale	**3 686**	25 069	**–**	–
Interest expense - Other	**796 702**	2 208 611	**353 210**	1 668 014
	2 164 583	3 002 702	**353 616**	1 668 309

16. TAXATION

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
South African normal tax:				
– current year	**–**	(582 687)	**–**	–
– tax settlement agreement	**–**	2 113 746	**–**	–
Deferred tax:				
– current year	**(422 906)**	(207 959)	**–**	–
– rate change	**–**	–	**–**	–
Tax for year	**(422 906)**	1 323 100	**–**	–

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

16. TAXATION (continued)

Reconciliation of rate of taxation:

	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
South African normal tax rate	**(28.0)**	(28.0)	**(28.0)**	(28.0)
Adjusted for:				
- Permanent differences	**1.9**	2.2	**25.3**	–
- Assessed loss not utilised	**19.9**	19.9	**2.7**	28.0
- Tax settlement agreement	**–**	15.8	**–**	–
Net decrease	**21.8**	37.9	**28.0**	28.0
Effective rate	**(6.2)**	9.9	**–**	–

No provision has been made for 2010 (2009: nil) taxation as the company has an accumulated tax loss. The company's estimated assessed tax loss amounts to R 13 331 005 (2009: R 12 327 267) and the group's combined estimated assessed tax loss amounts to R 50 235 526 (2009: R 46 480 377).

17. EARNINGS PER SHARE

	2010	2009
Basic loss per share is based on a loss after tax of	**(6 446 091)**	(14 724 923)
and on the weighted average number of shares in issue for the year	**2 451 672 812**	2 076 377 504
Headline loss per share is based on a headline loss of	**(6 399 132)**	(14 734 148)
and on the weighted average number of shares in issue for the year	**2 451 672 812**	2 076 377 504

Calculation of headline earnings:

	2010	2009
Loss per financial statements	**(6 446 091)**	(14 724 923)
Loss (profit) on sale of plant and equipment	**46 959**	(9 225)
Headline loss	**(6 399 132)**	(14 734 148)
Basic and diluted loss per share (cents)	**(0.26)**	(0.71)
Headline and diluted headline loss per share (cents)	**(0.26)**	(0.71)

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

18. NOTES TO THE CASH FLOW STATEMENT

18.1 Cash used in operating activities

Net loss before taxation	**(6 868 997)**	(13 401 823)	**(10 296 452)**	(4 609 999)
Adjustments for:				
Depreciation	**391 040**	383 891	**–**	–
Loss (profit) on disposal of plant and Equipment	**46 959**	(9 225)	**–**	–
Equity settled share based payment transaction expense	**–**	2 182 219	**–**	2 182 219
Impairment of loan to subsidiary	**–**	–	**9 292 816**	–
Interest received	**(5)**	(4 249)	**–**	–
Finance costs	**2 164 583**	3 002 702	**353 616**	1 668 309
	(4 266 420)	(7 846 485)	**(650 020)**	(759 471)
Movements in working capital:				
Decrease in inventories	**3 153 533**	2 659 743	**–**	–
Decrease (increase) in trade and other receivables	**4 413 461**	2 235 736	**(38 970)**	(1 124 040)
(Decrease) increase in trade and other payables	**(979 088)**	(102 582)	**47 211**	(1 176 772)
	2 321 486	(3 053 588)	**(641 779)**	(3 060 283)

18.2 Reconciliation of taxation paid during year

Charge in income statement	**422 906**	(1 323 100)	**–**	–
Adjustment for deferred tax	**(422 906)**	(207 959)	**–**	–
Movement in taxation balance	**–**	1 531 059	**–**	–
Taxation paid	**–**	–	**–**	–

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

19. FINANCIAL RISK MANAGEMENT

Categories of financial instruments				
Financial assets				
Loans and receivables	**10 441 563**	16,426,834	**1 423 558**	1,384,300
Financial Liabilities				
Financial liabilities measured at amortised cost	**32 636 913**	36 718 568	**752 704**	3 376 750
Reconciliation to balance sheet:				
Trade and other receivables	**10 039 734**	14 453 195	**1 423 182**	1 384 212
Cash and cash equivalents	**401 829**	1 973 639	**376**	88
Loans and receivables	**10 441 563**	16 426 834	**1 423 558**	1 384 300
Loans and borrowings	**–**	16 535	**–**	–
Taxation payable	**1 928 433**	1 928 433	**–**	–
Trade and other payables	**20 424 966**	21 404 054	**752 704**	705 493
Short term portion of loans and borrowings	**766 115**	4 490 894	**–**	2 669 332
Bank overdraft	**9 517 399**	8 878 652	**–**	1 925
Financial liabilities measured at amortised cost	**32 636 913**	36 718 568	**752 704**	3 376 750

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payables. In the normal course of its operations the company is inter alia exposed to currency, credit, interest rate and liquidity risk.

Currency risk
The group has limited operations internationally and has limited exposure to foreign exchange risk. It is the group's policy not to hedge any of its purchases or revenue made abroad as the amounts are not deemed to be of significant value.

Interest rate management
The group adopts a policy of regularly reviewing interest rate exposure. Fluctuations in interest rates impact on the returns derived from short term bank deposits as well as on the cost of financing activities, giving rise to interest rate risk.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings.

If interest rates had been 1% higher/lower and all other variables held constant, the company's loss for the year would increase / decrease by R 207 531 (2009: R 209 361).

19. **FINANCIAL RISK MANAGEMENT (continued)**

Credit risk management
The group has a credit risk policy in place and exposure to credit risk is monitored on an on-going basis. Reputable financial institutions are used for cash handling purposes. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Capital Risk Management
The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings, cash and cash equivalents and equity.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring cash flows and the maturity profiles of the financial assets and financial liabilities.

The following table details the company's and group's remaining contractual maturity for its non-derivative financial liabilities:

	Within 1 month	1 - 3 months	3 - 12 months	Greater than 12 months
	R	R	R	R
GROUP 2010				
Interest bearing	**202 110**	**404 220**	**159 785**	**–**
Non-interest bearing	**10 095 674**	**2 240 149**	**10 017 576**	**–**
GROUP 2009				
Interest bearing	846 739	810 991	2 758 163	16 535
Non-interest bearing	10 337 283	3 750 152	9 320 053	–
COMPANY 2010				
Interest bearing	**–**	**–**	**–**	**–**
Non-interest bearing	**40 658**	**–**	**712 046**	**–**
COMPANY 2009				
Interest bearing	639 244	396 000	1 634 088	–
Non-interest bearing	150 547	153 500	401 446	–

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R	R	**R**	R

20. RELATED PARTIES

20.1 Identity of related parties

Details of the company's shareholders are included in the Directors Report.
The directors of the company are disclosed in the Directors Report.
Key management and directors' emoluments are disclosed in note 21.

20.2 Related party balances

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Loans to subsidiary companies:				
BioScience Trading (Pty) Ltd	**–**	–	**24 764 088**	26 013 652
Less impairment of loan	**–**	–	**(14 874 737)**	(14 874 737)
Rare Earth Minerals (Pty) Ltd	**–**	–	**(1 659 926)**	(3 559 315)
Aldabri 53 (Pty) Ltd	**–**	–	**8 994 111**	9 076 638
Bioharmony (Pty) Ltd	**–**	–	**23 454 820**	24 904 135
	–	–	**40 678 356**	41 560 373
Loans from director:				
M Strydom	**63 446**	75 000	**–**	–
Accounts payable balances:				
Muscle Gear cc trading as Fight Force	**85 500**	–	**–**	–
Herbal Homeopathic (Pty) Ltd	**4 227 798**	6 336 591	**–**	–
Thebe Medicare (Pty) Ltd	**585 758**	230 755	**–**	–
	4 899 056	6 567 346	**–**	–

20.3 Related party transactions

	GROUP 2010 R	GROUP 2009 R	COMPANY 2010 R	COMPANY 2009 R
Royalties received:				
- BioScience Trading (Pty) Ltd	**–**	–	**57 436**	68 350
- Aldabri 53 (Pty) Ltd	**–**	–	**39 546**	2 667
	–	–	**96 982**	71 017
Rentals paid:				
- My Shelf Trading Five (Pty) Ltd	**449 262**	409 884	**–**	–
- Thebe Medicare (Pty) Ltd	**64 086**	106 448	**–**	–
	477 484	516 332	**–**	–
Tournament sponsorship:				
- Muscle Gear cc trading as Fight Force	**215 000**	–	**–**	–
Purchase of stock:				
- Herbal Homeopathic (Pty) Ltd	**10 973 953**	14 641 276	**–**	–
- Thebe Medicare (Pty) Ltd	**331 604**	384 898	**–**	–
	11 305 557	15 026 174	**–**	–

21. DIRECTORS' EMOLUMENTS

The remuneration of key management personnel for the period ended 30 June 2010 was as follows:

Executive directors	Salary R	Leave pay R	**Total 2010 R**	Total 2009 R
For managerial services to group subsidiary companies				
M Allan	977 600	–	**977 600**	975 800
M Strydom	601 600	187 740[1]	**789 340**	975 800
P Ireland	977 600	–	**977 600**	944 567
	2 556 800	187 740	**2 744 540**	2 896 167

Non-executive directors	Directors fees R	Consulting fees R	Fees paid to associates R	**Total 2010 R**	Total 2009 R
For services as directors of the company					
Y Bhayat	50 000	–	–	**50 000**	50 000
M Di Nicola	30 000	–	–	**30 000**	17 425
J Fenster	33 333	–	150 000[2]	**183 333**	–
M Strydom	12 500	90 000	140 000[2]	**242 500**	–
J Black[3]	29 167	–	–	**29 167**	50 000
	155 000	90 000	290 000	**535 000**	117 425

[1] With effect from 1 February 2010, the capacity of M Strydom changed from executive director to non-executive director. His outstanding leave balance was paid to him on his resignation as an executive.
[2] Consulting fees paid for services rendered by J Fenster and M Strydom were paid to Retail Property Developers cc trading as Fencorp and Muscle Gear cc trading as Fight Force, respectively, as disclosed in note 20.3.
[3] J Black resigned as a non-executive director on 28 January 2010.

Details of share options granted and shares issued to directors:

2010

No share options were granted during the current year.

2009	Opening balance	Share options granted	Share options exercised	Closing balance
M Allan*	–	37 409 208	(37 409 208)	–
M Strydom	–	21 411 800	(21 411 800)	–
P Ireland	–	5 728 475	(5 728 475)	–
Total	–	64 549 483	(64 549 483)	–

***** included in the share options exercised by M Allan are 11 215 798 shares held in a fiduciary capacity to be issued to other senior management at the Board's discretion.

The weighted average fair value at grant date was 3.00 cents per share, and the exercise price was 0.00 cents.

22. SHARE BASED PAYMENTS

In terms of the circular to shareholders dated 13 August 2008 and approved by the company in general meeting on 1 September 2008, the directors and key management personnel were given the option to subscribe for 11.12% of any share issues by the company, up to a maximum of 299 098 338 shares, which options expired on 31 August 2009. No (2009: 72 723 700) shares were issued during the year in terms of these options.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
Shares options granted to directors and key management personnel				
Opening balance of share options	**–**	–	**–**	–
Share options granted	**–**	72 734 700	**–**	72 734 700
Share options exercised	**–**	(72 734 700)	**–**	(72 734 700)
Closing balance of share options	**–**	–	**–**	–
Weighted average exercise price at which share options were granted (cents)	**–**	0.00	**–**	0.00
Weighted average share price and fair value at grant date (cents)	**–**	3.00	**–**	3.00
Total expense recognised as an employee cost (rands)	**–**	2 182 219	**–**	2 182 219

23. COMMITMENTS

	GROUP		COMPANY	
The group has the following commitments in respect of operating leases:				
Land and buildings	**824 503**	1 746 661	**–**	–

The group has no capital commitments at balance sheet date (2009: nil)

24. CONTINGENT LIABILITIES

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

25. RETIREMENT BENEFITS

The group does not participate in a retirement benefit scheme for employees.

26. SEGMENTAL REPORTING

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

BIOSCIENCE BRANDS LIMITED
SHAREHOLDERS' ANALYSIS [1]

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE CAPITAL

Shareholder	No. of Shares	% Holding
Shareholders holding more than 5% of total issued capital		
Thebe Medicare (Pty) Ltd	396 794 706	15.28%
Peregrine Equities (Pty) Ltd	263 742 266	10.15%
Thebe Investment Corporation (Pty) Ltd	195 441 008	7.53%
Pepperonata Trading 1 (Pty) Ltd	189 592 305	7.30%
Private Equity Partners (Pty) Ltd	173 357 143	6.68%
Total shareholders	**1 218 927 428**	**46.93%**

CATEGORIES OF SHAREHOLDERS

Shareholder	No. of Shares	30 June 2010	30 June 2009
Public	826	1 524 475 527	776 681 086
Non-Public			
Shareholders holding more than 10% of total issued capital	2	660 536 972	1 047 403 909
Directors and Associates	6	412 051 786	337 344 128
Total shareholders	**834**	**2 597 064 285**	**2 161 429 123**

SHAREHOLDERS ANALYSIS AND INFORMATION

	No. of Holders	No. of Shares	% Holding
Individuals	724	971 552 023	37.41%
Nominees and Trusts	42	71 767 961	2.76%
Close Corporations	11	3 937 261	0.15%
Companies, Financial Institutions	53	1 549 649 950	59.67%
Unknown	4	157 090	0.01%
Total shareholders	**834**	**2 597 064 285**	**100.00%**

Size of Shareholding	No. of Holders	No. of Shares	% Holding
1 – 1 000	21	12 719	0.00%
1 001 – 10 000	117	777 697	0.03%
10 001 – 100 000	301	14 256 760	0.55%
100 001 – 1 000 000	266	97 844 541	3.77%
1 000 001 and over	129	2 484 172 568	95.65%
Total shareholders	**834**	**2 597 064 285**	**100.00%**

CATEGORISATION OF SHAREHOLDERS
PUBLIC VS NON-PUBLIC AS AT 30 JUNE 2010

	Number of shares	% holding
Non Public	1 072 588 758	41.30%
Shareholders holding more than 10% of total issued capital		
Thebe Medicare (Pty) Ltd	396 794 706	15.28%
Peregrine Equities (Pty) Ltd (Portfolio managers/fund managers)	263 742 266	10.15%
Directors and Associates of the Company	412 051 786	15.87%
Public	1 524 475 527	58.70%
Total shareholders [2]	**2 597 064 285**	**100.00%**

[1] Representative of shareholders on the Company's share register as at 25 June 2010.
[2] 48 436 229 shares included in public shares were cancelled during September 2010.

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

Directors

Mr M Allan (Chief Executive Officer)	Mr J Fenster*
Mr P Ireland	Mr Y Bhayat*
Mr M Strydom*	Mr M Di Nicola*

** Non-executive*

NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY

Notice is hereby given that the annual general meeting of shareholders of the company will be held at 170 Oxford Road, Melrose, Johannesburg, at 10:00 on Tuesday, 7 December 2010 to consider, and if deemed fit, to pass, with or without modifications, the following ordinary resolutions:

Ordinary resolution number 1 – annual financial statements

"RESOLVED THAT, the annual financial statements of the company and its subsidiaries for the 12 months ended 30 June 2010, together with the directors' and auditors' reports thereon, be received, considered and adopted."

Ordinary resolution number 2 – director retirement and re-election – M Strydom

"RESOLVED THAT, M Strydom who retires in accordance with the provisions of the company's articles of association, but being eligible, offers himself for re-election be, and hereby is, re-elected as a non-executive director."

Mr Strydom's abridged curriculum vitae is set out on page 7.

Ordinary resolution number 3 – director retirement and re-election – P Ireland

"RESOLVED THAT, P Ireland who retires in accordance with the provisions of the company's articles of association, but being eligible, offers himself for re-election be, and hereby is, re-elected as financial director."

Mr Ireland's abridged curriculum vitae is set out on page 7.

Ordinary resolution number 4 – re-appointment and remuneration of auditors
"RESOLVED THAT, the re-appointment of Deloitte and Touche as the auditors with Mr Craig Sagar as the designated auditor, at partner status be and hereby is approved and that the directors be and are hereby authorised to determine the remuneration of the auditors."

Explanatory Note:
Deloitte & Touche has indicated their willingness to continue as the company's auditors until the next annual general meeting. The group audit committee has satisfied itself as to the independence of Deloitte and Touche. The group audit committee has the power in terms of the Corporate Laws Amendment Act, 2006 to approve the remuneration of the external auditors. The remuneration and non-audit fees paid to the auditors during the year ended 30 June 2010 are contained on page 38.

Ordinary resolution number 5 – remuneration of non-executive directors

"RESOLVED THAT, the non-executive directors' remuneration be fixed for the financial year commencing 01 July 2010 as follows:"

	Chairman	Other directors/members of committees
Board meetings: Annual remuneration	R 40,000.00	R 30,000.00
Audit and Risk Committee: Annual remuneration	R 15,000.00	R 7,500.00
Remuneration Committee: Annual remuneration	R 5,000.00	R 2,500.00

Ordinary resolution number 6 – placing unissued shares under control of directors

"RESOLVED THAT, the authorised, but unissued ordinary shares in the capital of the company be and are hereby placed under the control of the directors of the company until the next annual general meeting of the company and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares, on such terms and conditions and at such times as the directors in their discretion deem fit, subject to Sections 221 and 222 of the Companies Act, No. 61 of 1973 (as amended) ("the Act") and the JSE Limited's (the "JSE") Listings Requirements."

Explanatory Note:
Shareholders are requested 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.

Ordinary resolution number 7 – general authority to allot and issue shares for cash

"**RESOLVED THAT,** subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, excluding the controlling shareholders of the company and the company's Designated Advisor, the directors of the company be and hereby are authorised, by way of general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the company as they in their discretion deem fit, subject to the following limitations:-

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- this authority shall not endure beyond the next annual general meeting of the company nor shall it endure beyond 15 months from the date of this meeting; whichever is shorter.
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE in its Listing Requirements) and not to related parties;
- upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement on Securities Exchange News Service ("SENS"), give full details thereof, including the effect on the net asset value of the company and earnings per share;
- the aggregate issue of a class of shares already in issue in any financial year may not exceed 50% of the number of that class of shares (including securities which are compulsorily convertible into shares of that class; and
- the maximum discount at which shares may be issued is 10% of the weighted average traded price of the company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant."

Special resolution number 1 – general authority to repurchase shares
"**RESOLVED THAT,** the company and/or its subsidiaries be and hereby is authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of sections 85(2), 85(3) and 89 of the Act and in terms of the Rules and Requirements of the JSE, being that:

- the company is authorised to do so in terms of its articles of association;
- any such repurchase of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party(reported trades are prohibited);

- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of the passing of this special resolution, whichever is shorter;
- an announcement will be published on SENS as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the repurchase, and for each 3% in aggregate of the initial number of that class repurchased thereafter an announcement must be made containing full details of such repurchases;
- the general repurchase by the company of its own securities shall not, in aggregate in any one financial year exceed 20% of the company's issued share capital of that class in any one financial year;
- in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company;
- the company may only undertake a repurchase of securities if, after such repurchase, it still complies with minimum shareholder spread requirements in accordance with JSE Listings Requirements; and
- the company or its subsidiaries will not repurchase securities during a prohibited period in accordance with JSE Listings Requirements"; and
- the company's Designated Advisor shall confirm the adequacy of the company's working capital for the purposes of undertaking the repurchases of shares in writing to the JSE prior to entering the market to proceed with the repurchase.

Reason and Effect of Special Resolution Number 1
The reason for special resolution number 1 is to grant the company a general authority in terms of the Act and the JSE listing requirements for the repurchase by the company or any of its subsidiaries of shares issued by the company or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company. The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors and management – see page 17 of the annual report;
- Major beneficial shareholders – see page 47 of the annual report;
- Directors' interests in ordinary shares – see page 16 of the annual report;
- Share capital of the company – see page 36 of the annual report.
- Litigation statement-see page 17 of annual report

Directors' responsibility statement
The directors, whose names appear under board of directors on page 17 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Statement by the Board of directors of the Company
Pursuant to, and in terms of, the JSE Listings Requirements, the Board of directors of the company hereby state that:

(a) the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard, the directors will take account of, *inter alia,* an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company.

(b) in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:
- the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of notice of this annual general meeting;
- the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;
- the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next 12 (twelve) months after the date of notice of this annual general meeting; and
- the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of annual general meeting.

VOTING

All holders of ordinary shares will be entitled to attend and vote at the annual general meeting. On a show of hands, every holder of ordinary shares who is present in person or by proxy, or, in the case of a company, the representative appointed in terms of Section 188 of the Act, shall have one vote.

On a poll, the holders of ordinary shares present in person or by proxy, or, if a company, the representative appointed in terms of Section 188 of the Act, shall be entitled to one vote for every ordinary share held.

PROXIES

Certificated shareholders and dematerialised shareholders with "own name" registration

If you are unable to attend the annual general meeting of BioScience Brands shareholders to be held at 170 Oxford Road, Melrose, Johannesburg, at 10:00 on Tuesday, 7 December 2010 and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, namely Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) so as to be received by them by no later than 10:00 on Friday, 3 December 2010.

Dematerialised shareholders, other than those with "own name" registration

If you hold dematerialised shares in BioScience Brands through a CSDP or broker and do not have an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

By order of the Board

Statucor (Pty) Ltd
(Registration Number 1989/005394/07)
Company Secretary
Date: 15 November 2010

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

FORM OF PROXY (for use by certificated and own name dematerialised shareholders only)

For use by certificated and "own name" registered dematerialised shareholders of the company ("shareholders") at the Annual General Meeting of BioScience Brands to be held at 170 Oxford Road, Melrose, Johannesburg, at 10:00 on Tuesday, 7 December 2010 ("the annual general meeting").

I/We (please print) ____

of (address) ____

being the holder/s of ____________________ ordinary shares of **R0.0001** each in BioScience Brands, appoint (see notes 1 and 2):

1. ______________________________________ or failing him,

2. ______________________________________ or failing him,

3. the chairperson of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 3):

	Number of votes		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 – Adoption of annual financial statements			
Ordinary Resolution Number 2 – Director retirement and re-election – M Strydom			
Ordinary Resolution Number 3 – Director retirement and re-election – P Ireland			
Ordinary Resolution Number 4 – Auditors' re-appointment and remuneration			
Ordinary Resolution Number 5 – Non-Executive Directors' remuneration			
Ordinary Resolution Number 6 – Placing unissued shares under control of directors			
Ordinary Resolution Number 7 – General authority to allot and issue shares for cash			
Special Resolution Number 1 – General authority to repurchase shares			

Signed at ______________________ on ______________________ 2008

Signature ____

Assisted by me (where applicable) ______________________________

Name ____________ Capacity ____________ Signature ____________

NOTES

1. Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if he/she is the authorised proxy, to vote in favour of the ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her but the total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member holder or his/her proxy is entitled.
5. Forms of proxy must be lodged with the transfer secretaries of the company by not later than 10:00 on Friday, 3 December 2010.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. Any alterations or corrections 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 must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairperson of the annual general meeting.
9. The chairperson of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions and notes, provided that he/she is satisfied as to the manner in which a member wishes to vote.