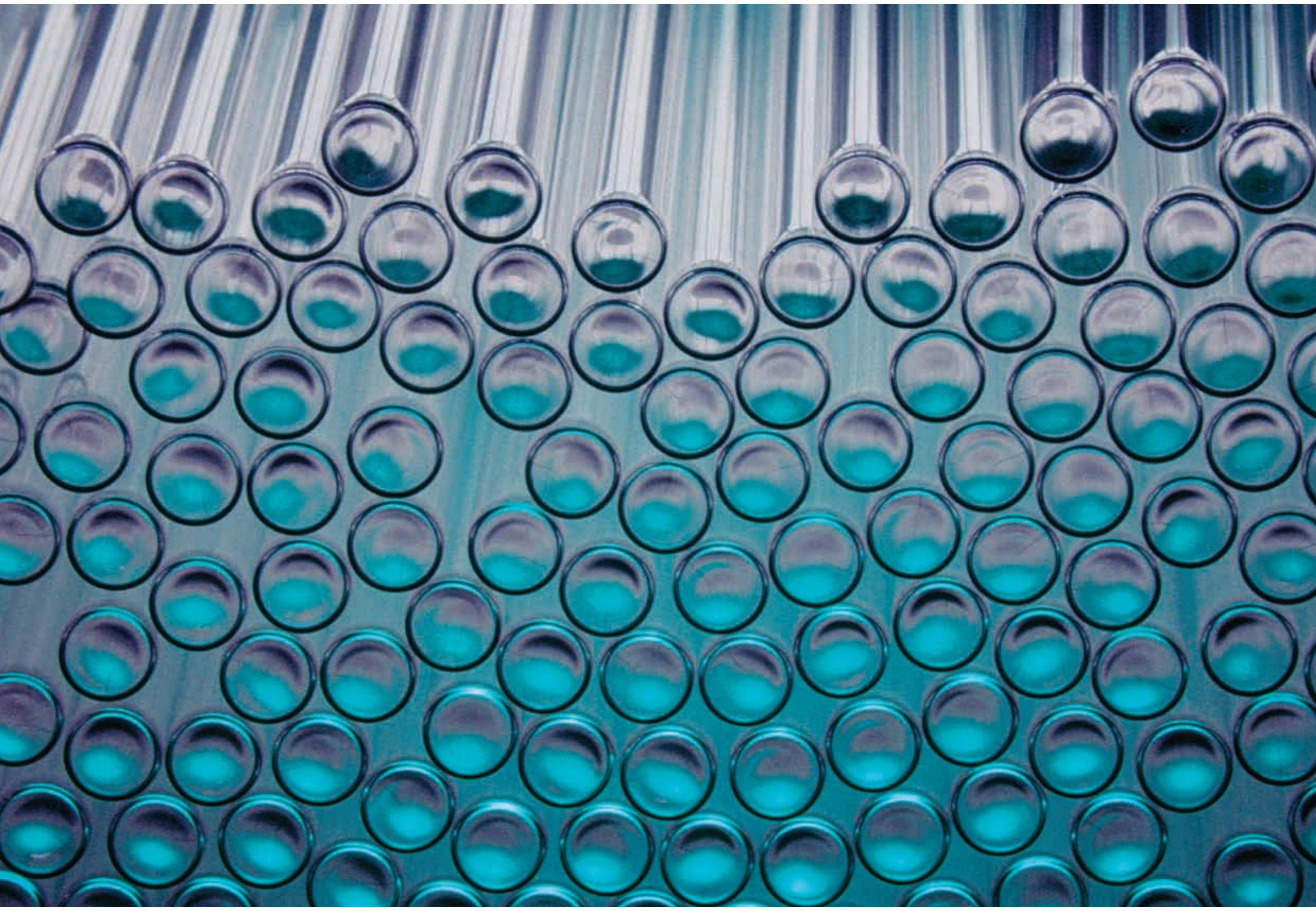
2010

FINSBURY WORLDWIDE PHARMACEUTICAL TRUST PLC

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010



Frostrow CAPITAL

OrbiMed Healthcare Fund Management

ACCESSING THE GLOBAL MARKET

Pharmaceuticals and biotechnology are worldwide industries and accessing the global market as a UK investor can be difficult. Within the UK, there are diminishing options for investment as the universe of companies is shrinking through mergers and acquisitions. Finsbury Worldwide Pharmaceutical Trust PLC offers an opportunity to gain exposure to the pharmaceutical and biotechnology sectors on a global scale.

INVESTMENT OBJECTIVE AND POLICY

Finsbury Worldwide Pharmaceutical Trust PLC invests worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. In order to achieve its investment objective, the Company invests in a diversified portfolio of shares in pharmaceutical and biotechnology companies and related securities on a worldwide basis. It uses gearing and derivative transactions to mitigate risk and also to enhance returns. Further details of the Company's investment policy are set out in the Report of the Directors on page 14. Details of a proposed change to the Company's investment policy are set out in the Chairman's Statement on page 3.

CONTINUATION VOTE

The next continuation vote of the Company shall be held at the Annual General Meeting in 2014, and further opportunities to vote on the continuation of the Company shall be given to shareholders every five years thereafter.

GEARING

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand provided by Goldman Sachs & Co. New York. At the date of this Annual Report £24.1m was drawn down from this facility.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Thursday, 15 July 2010 at 12 noon.

aic
The Association of Investment Companies

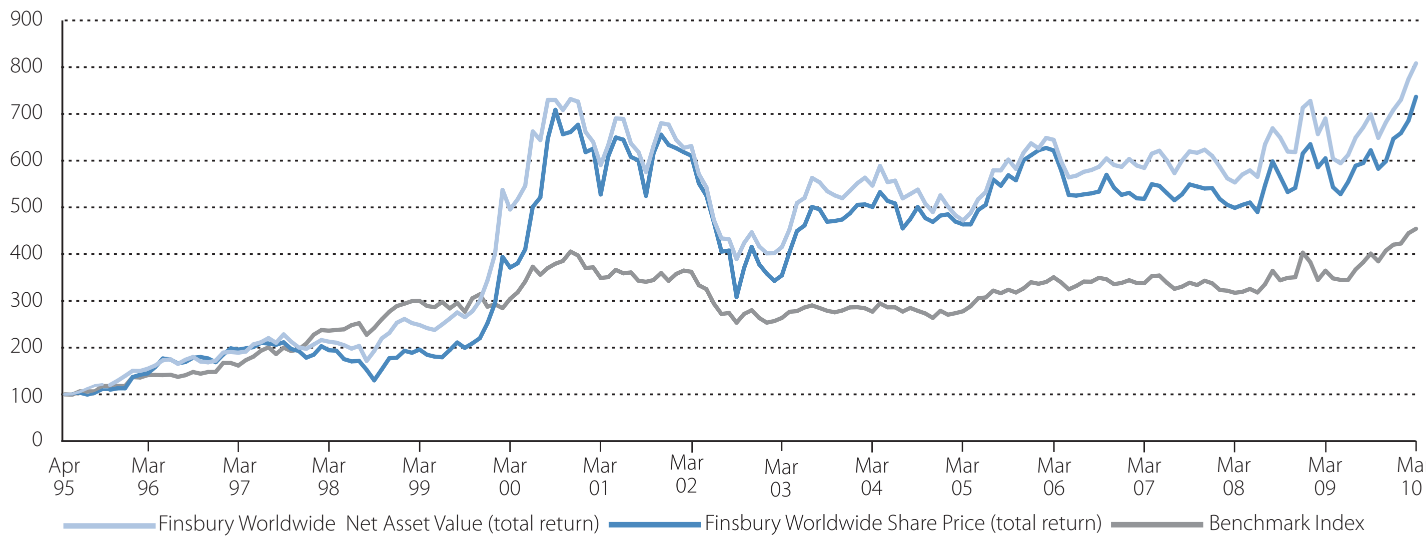
The Company is a member of the Association of Investment Companies.

PERFORMANCE SUMMARY

	*31 March 2005	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 March 2010	% Change for the year ended 31 March 2010
Shareholders' funds	£226.4m	£334.8m	£273.6m	£224.8m	£263.0m	£346.2m	31.6
Net asset value per share – diluted~ (dilution for warrants/subscription shares)	414.7p	564.1p	511.2p	482.4p	600.5p	752.7p	25.3
Net asset value per share – basic	414.7p	583.0p	520.9p	486.6p	635.9p	780.8p	22.8
Share price	430.0p	575.0p	477.8p	457.0p	550.5p	701.5p	27.4
Premium/(discount) of share price to diluted net asset value per share	3.7%	1.9%	(6.5%)	(5.3%)	(8.3%)	(6.8%)	N/A
Premium/(discount) of share price to basic net asset value per share	3.7%	(1.4%)	(8.3%)	(6.1%)	(13.4%)	(10.2%)	N/A
Benchmark Index†	6,173.2	7,787.8	7,507.7	7,049.7	8,101.0	10,094.2	24.6
Total expense ratio (excluding performance fees)#	1.5%	1.4%	1.3%	1.3%	1.2%	1.0%	N/A

*Restated for accounting policy introduction of FRS 26 and FRS 21.
†Datastream World Pharmaceutical and Biotechnology Index, (total return, sterling adjusted).
~There was no dilution in years prior to 2006. Dilution for conversion of all outstanding warrants at the conversion price of 464p and the conversion of all outstanding subscription shares at a conversion price of 614p (see note 14 on page 48).
#Excludes indexation of the deferred fee paid to M and I Investors, Inc. on 24 January 2006. However, this includes the VAT repayment of £255,000 received during the year ended 31 March 2010.

PERFORMANCE TO 31 MARCH 2010



Rebased to 100 as at 28 April 1995
Source: Morningstar & Thomson Reuters

Chairman's Statement

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about any aspect of the proposal described in this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent adviser.

If you have sold or otherwise transferred all your ordinary shares of 25p each in Finsbury Worldwide Pharmaceutical Trust PLC (the "Company"), please forward this document to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Martin Smith

REVIEW OF THE YEAR AND PERFORMANCE

I am pleased to report that during the year ended 31 March 2010 the Company's diluted net asset value per share rose by 25.3% compared to a rise of 24.6% in the Company's benchmark index during the same period. The Company benefitted from solid investment performance across its holdings, ranging from large pharmaceutical companies such as Novartis, Johnson & Johnson and Shire to emerging Hong Kong based pharmaceutical company Sinopharm and US biotechnology company Dendreon. The Company's performance in sterling terms was achieved despite the appreciation of sterling against the U.S. dollar during this period and uncertainty surrounding President Obama's U.S. healthcare reform proposals.

During the year, the Company's share price rose by 27.4% and the discount of the share price to diluted net asset value per share narrowed to close at 6.8% compared to 8.3% a year ago. This discount level at the year end was slightly wider than the 6% target, however I would like to remind shareholders that it remains possible for the share price to trade outside the discount target from time to time, the discount reflecting the balance of supply and demand for the Company's shares on any one day.

Further information on the Company's investments can be found in the Review of Investments beginning on page 7.

CAPITAL

In implementing its policy of actively managing the discount by buying back shares at prices representing a discount greater than 6% to the diluted net asset value per share, if there is demand in the market for it to do so, a total of 8,508,938 shares was repurchased by the Company during the year at a cost of £48.5m (including expenses). The Company's share buy-back authority was renewed at a General Meeting held on 2 March 2010 when authority was granted to repurchase 6,716,138 shares; a total of 2,105,102 shares have so far been repurchased for treasury under this authority. I would like to remind shareholders that the Board has resolved that any shares held in treasury will be cancelled on the date of the Annual General Meeting each year and consequently all shares held in treasury on 15 July 2010 will be cancelled.

Shareholder approval to renew the authority to repurchase the Company's shares will be sought at the Annual General Meeting.

The final exercise date for the Company's warrants was 31 July 2009 and all of the remaining warrants in issue on that date were converted into shares. As a result, 10,745,610 new shares were issued by the Company on 5 August 2009, raising £49.9m of additional funds for the Company.

On 4 September 2009, the Company undertook a bonus issue of subscription shares on the basis of one subscription share for every five ordinary shares held at that date. The subscription shares have quarterly subscription dates and so far a total of 1,019,447 new shares have been issued, raising £6.3m of additional funds for the Company, as a result of holders of subscription shares exercising their subscriptions rights.

REVENUE AND DIVIDENDS

The revenue return for the year was £4.2 million (2009: £2.4 million) and the Board, in order to maintain investment trust status, has declared an interim dividend of 8.5p per share, compared to last year's interim dividend of 5.0p per share, an increase of 70%. Based on the current share price of 657.25p that represents a yield of 1.3%.

The interim dividend will be payable on 26 July 2010 to ordinary shareholders on the register of members on 25 June 2010. The associated ex-dividend date will be 23 June 2010.

GEARING

The Company's borrowing requirements are met through a loan facility, which is repayable on demand, provided by the custodian Goldman Sachs & Co New York. At the time of writing a total of £24.1m of this facility has been drawn down.

ALTERNATIVE INVESTMENT FUND MANAGER ('AIFM') DIRECTIVE

There is currently draft legislation under consideration in Europe, the AIFM Directive, designed to regulate 'alternative investment funds' including investment trusts. Our trade association, the Association of Investment Companies, continues to work towards ensuring that the AIFM Directive is drafted to accommodate the UK investment company structure. Your Board will continue to keep shareholders informed of major developments concerning the Directive as they arise.

OUTLOOK

2009 saw a remarkable recovery in the fortunes of global markets due, in part, to radical and unprecedented stimulus packages from central governments; however, there still remains a degree of uncertainty concerning the rate of global economic recovery. The removal of the uncertainty surrounding healthcare reform in the U.S. should continue to benefit the sector and this, together with a combination of low valuations and strong earnings growth potential, continued merger and acquisition activity and a number of anticipated high profile product approvals are all positive indicators for the future. Your Board believes that the Company is well positioned to take advantage of these factors and so remains optimistic for the Company's future performance. The Board would like to thank shareholders for their continued support. I would also like to thank our Investment Manager and our Manager for their hard work during the year.

PROPOSED CHANGE TO INVESTMENT POLICY

Under the Listing Rules the Company is required to seek the approval of shareholders for any material change to its investment policy and any related party transaction and so I set out below information about some proposed changes. An ordinary resolution to approve these changes will be proposed at the Company's Annual General Meeting to be held at 12 noon on Thursday, 15 July 2010 at the Barber-Surgeons Hall, Monkwell Square, Wood Street, London EC2Y 5BL.

The Company's investment policy is to invest worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. Our Investment Manager believes that it would be beneficial to shareholders to broaden the definition of the healthcare sector as referred to within the investment policy, to include companies in the healthcare equipment and healthcare technology sectors and also to include companies that provide healthcare and related services. None of these three areas of the healthcare sector will represent more than 15% of the portfolio at the date of acquisition and any investment made will be subject to the Company's existing investment limitations and guidelines, details of which, together with the Company's current investment policy, can be found on page 14.

As a consequence of this development, the Board is proposing a change from the Company's existing benchmark index which is the Datastream World Pharmaceutical and Biotechnology Index (measured in sterling terms on a total return basis), to the MSCI World Healthcare Index (measured in sterling terms on a total return basis). Your Board believes that this index will more accurately reflect the makeup of the Company's portfolio. Further details of the changes are set out at page 21.

Your Board strongly supports the investment philosophy and approach of our Investment Manager, OrbiMed Capital LLC, and is of the view that these changes will be of benefit to shareholders.

PROPOSED CHANGE OF NAME

In addition, and as a direct consequence of the proposals discussed above, a special resolution will be proposed at the Annual General Meeting to change the Company's name from Finsbury Worldwide Pharmaceutical Trust PLC to Worldwide Healthcare Trust PLC, which your Board believes more accurately describes the Company today and going forward.

Martin Smith
Chairman
21 June 2010

Your Board

The Board of Directors, all of whom are non-executive, supervise the management of Finsbury Worldwide Pharmaceutical Trust PLC and look after the interests of shareholders.

MARTIN SMITH+ (CHAIRMAN)

Martin Smith, aged 67, joined the Board in 2007. He was a founder of Phoenix Securities, a private investment banking firm. Following the acquisition of Phoenix in 1997 by Donaldson Lufkin and Jenrette (DLJ), he chaired DLJ's European Investment Banking Group. He subsequently founded and was a non executive director of New Star Asset Management Group PLC. He attended Oxford University and has an MBA from Stanford University.

JOSEPHINE DIXON*+

Josephine ("Jo") Dixon, aged 50, joined the Board in 2004. A Chartered Accountant, having trained with Deloitte & Co. in London, Jo is Chairman of the Audit Committee. Jo is self-employed and is also a non-executive director of Baring Emerging Europe PLC. Until 2003 Jo held a number of senior executive positions in investment banking, leisure and support services. She currently acts as a consultant to a number of companies.

PROFESSOR DUNCAN GEDDES*+

Professor Geddes, aged 68, joined the Board at launch in 1995 and has been designated as the Senior Independent Director. An author of numerous publications on respiratory medicine, Professor Geddes is self-employed.

PAUL GAUNT+

Paul Gaunt, aged 61, joined the Board at launch in 1995. Paul is self-employed and has 30 years' experience in the investment industry. He was formerly Senior Investment Manager and an Assistant General Manager of The Equitable Life Assurance Society and a Director of Brit Insurance Holdings PLC and Oasis Healthcare PLC. Paul is a Director of RCM Technology Trust PLC and also of The Biotech Growth Trust PLC; OrbiMed Capital LLC, the Company's Investment Manager, also acts as Investment Manager for The Biotech Growth Trust PLC.

DR DAVID HOLBROOK*+

Dr David Holbrook, aged 50, joined the Board in 2007. He is a qualified physician and a Director of MTI Partners Limited, a leading technology venture capital investor. He attended London and Oxford Universities, and has an MBA from Harvard Business School. He has held senior positions in a number of blue chip biopharmaceutical organisations including GlaxoSmithKline and Roche.

ANTHONY TOWNSEND*+

Anthony Townsend, aged 62, joined the Board at launch in 1995. Anthony has spent 40 years working in the City and was Chairman of The Association of Investment Companies from 2001 to 2003. Anthony is Chairman of iimia Investment Trust plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Finsbury Growth & Income Trust PLC and Baronsmead VCT 3 plc.

SAMUEL D ISALY+

Sam Isaly, aged 65, joined the Board at launch in 1995. Sam is Managing Partner of OrbiMed Capital LLC, the Company's

Investment Manager, and has been an international pharmaceutical investment specialist for more than 20 years having worked in New York and Europe with Chase Manhattan, Société Générale, Crédit Suisse and UBS Warburg.

Other than those stated above, none of the Directors has any other connections with the Investment Manager and is not employed by any of the companies in which the Company holds an investment.

*Member of the Audit Committee.
+Member of the Nominations and Management Engagement and Remuneration Committees.

A Special Relationship

FINSBURY WORLDWIDE PHARMACEUTICAL TRUST PLC OUTSOURCES THE MANAGEMENT OF ITS PORTFOLIO TO ORBIMED CAPITAL LLC, A NEW YORK BASED BOUTIQUE COMPANY WHICH SPECIALISES EXCLUSIVELY IN THE MANAGEMENT OF ASSETS IN THE GLOBAL HEALTH SCIENCES INDUSTRY. PERSONAL INVESTMENT, THROUGH COMPANY OWNERSHIP, MEANS THAT THE TEAM IS COMMITTED TO PRODUCING EXCELLENT PERFORMANCE.

OrbiMed has managed the portfolio since the Company's launch in 1995, and the many awards won by the Company over the years are a testament to the strength and talent harnessed by the OrbiMed team.

OrbiMed had approximately US$5 billion in assets under management as at 31 March 2010, across a range of funds, including investment trusts, hedge funds and private equity funds. OrbiMed's investment management activities were founded in 1989 by Samuel D Isaly.

OrbiMed Capital LLC – Investment Manager

THE TEAM

OrbiMed's investment team, headed up by Samuel D Isaly, includes over 30 experienced professionals with expertise in science, medicine, finance and law, many of whom have advanced degrees and broad experience in science and medicine. Collectively, the team currently serves on the boards of over 25 biotechnology and healthcare companies.

With a coverage universe of over 750 public companies, OrbiMed's professionals maintain an exceptional level of research intensity. The team has a demonstrated record of investing successfully across market cycles in both public and private companies.

INVESTMENT STRATEGY AND PROCESS

'Bottom-up' fundamental research provides the investment thesis for all positions. In addition to meeting frequently with industry executives and healthcare practitioners, OrbiMed attends many major medical conferences worldwide. Portfolio positions are discussed and selected during daily portfolio management meetings. OrbiMed invests with a worldwide perspective, selecting ideas from across all major geographical markets.

OrbiMed emphasises investments in companies with under-appreciated products in the pipeline, high quality management teams and adequate financial resources.

A disciplined portfolio construction process is utilised to ensure that the portfolio is focused on 30 to 40 'high conviction' positions.

Finally, the portfolio is subject to a rigorous risk management process to moderate portfolio volatility.

Review of Investments

Samuel D Isaly

We present with pleasure our 15th annual Review of Investments for Finsbury Worldwide Pharmaceutical Trust PLC.

PERFORMANCE REVIEW

The year ended 31 March 2010 was a challenging one. With broader markets recovering after the worst financial market collapse in a generation, historic healthcare reform being passed in the U.S. and currency markets displaying continued volatility, the year certainly provided its share of headwinds. But the Company's returns proved they were surmountable.

The Company's diluted net asset value per share increased by 25.3% during the year. This result compares to a return of 24.6% from our benchmark, the Datastream World Pharmaceutical and Biotechnology Index (measured in sterling terms on a total return basis). Since inception in 1995, the cumulative increase of the Company's undiluted net asset value per share now measures 708% compared to a cumulative increase of 354% in the benchmark index.

While not as volatile as the Company's previous financial year, there were still major currency movements in 2010. Notably, the U.S. dollar weakened against sterling by 5.8% in the year. As a significant majority of the portfolio holdings are denominated in U.S. dollars (70% as of 31 March 2010) this had a negative drag on the Company's reported returns this year. Thus far in 2010 the dollar has appreciated significantly against sterling, providing support for returns to date in the new financial year.

DIVERSE CONTRIBUTION TO PERFORMANCE

Successful performance came in a variety of subsectors and geographies in 2010. First and foremost, the top contributor to performance this year was the Swiss drug giant, Novartis. A considerable amount of positive pipeline and earnings news flowed throughout the year. We also believe the truly diversified healthcare platform that Novartis is building (pharmaceuticals, generics, vaccines, and consumer) is finally being rewarded by investors. The addition of ophthalmology leader, Alcon, to the Novartis group adds another diverse element to the business.

The number two contributor in 2010 came as a result of a Chinese initial-public-offering ("IPO") involving a leading pharmaceutical distributor, Sinopharm. Since the IPO in September of 2009, the stock has more than doubled. Sinopharm's business model of aggressive acquisitions in this space has been well rewarded. We expect future growth rates to remain very attractive.

Another top contributor during the year was Dendreon, the maker of a novel therapeutic vaccine for the treatment of prostate cancer, Provenge. This U.S.-based company announced stellar data in April 2009 that convinced us that Provenge will be a "blockbuster product". The stock remains a core holding in the portfolio and it has, in our view, a good chance of being acquired by a large drug company.

Our fourth biggest contributor in 2010 was a UK company, Shire Pharmaceuticals. This underappreciated growth story together with solid business fundamentals finally received some recognition this past year, in terms of share price appreciation.

Finally, rounding out the top five contributors to performance was the U.S.-based global healthcare leader, Johnson & Johnson. Like Novartis, the share price increase was in part due to the diverse nature of the company, with exposure to pharmaceuticals, devices, diagnostics, and consumer markets. However, Johnson & Johnson is also the first of the major pharmas to emerge from its "patent cliff", which for them was in 2009 and 2010 compared to the industry low point in 2012. With few remaining patent concerns coupled with a strong earnings recovery, J&J boasts possibly the best new product flow of any major pharmaceutical company and yet still possesses a pipeline with several potential blockbusters in late stage development.

The only significant area of weak performance in the portfolio came from major biotechnology companies. While we continue to believe that current valuations are at historical

Review of Investments (continued)

lows, a number of company-specific events have led this group of companies to underperform other segments of healthcare. For example, Genzyme, a flagship biotechnology company, has been beset by manufacturing challenges that have prevented the company from producing several key products in sufficient quantities. We continue to believe that the depressed valuations of these companies will eventually be recognised either by financial investors or strategic acquirers.

HEALTHCARE REFORM PASSES – FINALLY

Since Barack Obama was sworn in as the 44th President of the United States in January 2009, a major focus for investors has been the potential legislative changes to the U.S. healthcare system. It has taken just over one year for the speculation to become law: March 2010 bore witness to an historic event in the United States as a major healthcare reform bill was passed by both the House and Senate and signed into law by President Obama. We believe this to be a net positive for the healthcare sector and in particular the pharmaceutical industry. While there may be some near term earnings pressure on the margin for some pharmaceutical companies, in the long term the addition of 30 million new entrants into the healthcare insurance and drug coverage markets will benefit the industry.

Importantly, this bill contains no provisions that will impose price controls or introduce the federal government as a major buyer of drugs, a scenario that was considered by many as the worst case scenario. In fact, the term "reform" as applied to this legislation is somewhat misleading. Rather, this new law essentially expands the current Medicaid and Medicare programmes, simply allowing more individuals to qualify. While pharmaceutical companies had to help pay for this expansion through increased drug rebates to both programmes, it is expected to cost the industry only $8 billion per year over 10 years (or $80 billion of the nearly $1 trillion total price tag). Note that the U.S. pharmaceutical market reached over $300 billion in 2009. Thus, we believe that over time, the additional lives under coverage and the commensurate increase in drug consumption will more than offset any rebate pressure.

MERGERS AND ACQUISITIONS TO CONTINUE

This year saw additional mergers and acquisitions, some of which certainly aided in our performance. Most notable was the announced take-over-bid for OSI Pharmaceuticals of New York by the Japanese global pharmaceutical player, Astellas. OSI Pharmaceuticals is a leader in oncology, a therapeutic class that is deemed as a "must have" for pharmaceutical companies. The bid was for nearly $3 billion, representing a 41% premium to the company valuation prior to the acquisition offer.

Headwinds facing the major pharmaceutical companies are reaching their zenith, with patent expirations and poor product pipelines taking their toll. As a result, we expect further acquisitions of biotechnology companies by pharmaceutical companies.

We also expect a pause in major pharmaceutical company mergers following the completion this year of two such transactions, namely Pfizer/Wyeth and Merck/Schering-Plough.

We anticipate that diversification plays will continue, however, such as the Novartis takeover of Alcon. We suspect generic drug manufactures could come into focus as acquisition targets for major pharmaceutical companies.

OUR STRATEGY FOR 2010 AND BEYOND

Looking ahead, we are optimistic about the prospects for performance in the coming fiscal year. Low valuations across sub-sectors and the strong earnings growth potential of our holdings has historically been a rewarding combination.

We will continue to be selective with regard to the pharmaceutical sector, due to sector related challenges, and to focus on companies with new products, earnings growth, diversification of revenues, and attractive valuations. Healthy dividend yields and acquisition potential are also potential aspects for our investment theses in this area.

One area in which we have increased our exposure is generic drug manufacturers. We think this sector is on a secular global growth trajectory and we have thus made substantial strategic investments in generic pharma companies in the U.S. and Asia.

Review of Investments (continued)

We believe the Japanese generic drug market is in the nascent stages and represents a compelling long term growth investment opportunity.

With regard to biotechnology, we remain optimistic for the major capitalisation companies. Following a difficult year, valuations are near generational lows, despite excellent growth potential and very limited patent exposure (unlike some of their pharmaceutical company peers). For specialty companies, we continue to favour those with novel product opportunities for major unmet medical needs with near term regulatory and commercial objectives. We are focused in areas such as oncology, rheumatology, antivirals, and neuroscience. These companies also are high probability targets for acquisitions.

Our geographic exposure continues to place significant emphasis on our holdings in North America, with 70% of the portfolio in that region. The balance of our exposure resides in Europe (19%), Asia (8%) and Israel (3%).

Finally, we believe that the proposed change to the Company's investment policy, as described in the Chairman's Statement on page 3 of the Annual Report, will be of benefit to shareholders and plays to OrbiMed's strengths as we have significant experience in these areas of the healthcare sector.

Samuel D Isaly
OrbiMed Capital LLC
Investment Manager
21 June 2010

Review of Investments (continued)

CONTRIBUTION BY INVESTMENT – EXCLUDING DERIVATIVES

Top Five Contributors	Contribution for the year to 31 March 2010 £'000	Contribution per share (pence)*
Novartis	6,504	14.74
Sinopharm	5,954	13.49
Dendreon (Including Dendreon 4.75% convertible bond)	5,003	11.34
Shire	4,710	10.67
Johnson & Johnson	3,897	8.83
		59.07
Bottom Five Contributors		
Biogen Idec	(2,744)	(6.22)
Genmab	(2,117)	(4.80)
Genzyme	(1,885)	(4.27)
Gilead Science	(1,270)	(2.88)
GlaxoSmithKline	(1,095)	(2.48)
		(20.65)

*based on the weighted average number of shares in issue during the year ended 31 March 2010 (44,122,846).

Source: Frostrow Capital LLP

Champions of Innovation

INDUSTRY LEADING INVESTMENTS IN THE PORTFOLIO

1) BRISTOL-MYERS SQUIBB

Major pharmaceutical companies across the globe are all facing the same problem – how to fill the new product gap. We believe that Bristol-Myers is poised to do it best, with one of, if not the strongest, pipelines in the industry. Perhaps the most innovative of those compounds is ipilimumab, an antibody that boosts one's own immune system to treat cancer. The lead indication is for the devastating disease of advanced melanoma for which there are no approved treatments. We believe that ipilimumab could be practically curative in some patients. Perhaps the largest commercial opportunity for Bristol-Myers lies with their cardiovascular drug, apixiban. This compound belongs to a class of drugs called Factor Xa Inhibitors and we believe this compound to be best-in-class with multi-billion dollar sales potential. We expect these two compounds to enter the market over the next two years.

2) AMGEN

Amgen is the world's largest biotechnology company and markets protein therapeutics in supportive cancer care, nephrology, and inflammation. Its base business consists of its Epogen/Aranesp franchise to treat anaemia, its Neupogen/Neulasta franchise to treat low white blood cell counts due to chemotherapy, and its drug Enbrel to treat rheumatoid arthritis and psoriasis. The company's anaemia business has been under pressure over the past couple of years due to safety concerns and reimbursement cutbacks, but we believe the pressures on this business are now well-understood by investors. The major growth driver for the company is a novel antibody called Prolia, which is expected to be approved and launched in 2010. Prolia has shown strong Phase three data for preventing fractures in osteoporosis and cancer patients. The company expects to announce additional Phase three results in mid-2010 for the prevention of bone metastases. We believe peak sales for this drug could approach $5 billion, making it one of the largest biotech products to be launched in the near-term.

3) DENDREON CORPORATION

Dendreon is an emerging biotech company focused on cancer therapies. The company's lead product, Provenge, received U.S. Food and Drug Administration ("FDA") approval in April 2010 for the treatment of prostate cancer. Provenge is the first cell-based immunotherapy, commonly referred to as a "cancer vaccine", to demonstrate efficacy against cancer. With this therapy, a patient's antigen presenting cells are harvested and combined with an antigen found on prostate cancer cells and then re-infused into the patient. This process "programmes" the patient's immune system to recognise and fight the cancer. In a phase three trial released last year, prostate cancer patients receiving Provenge lived four months longer than those receiving placebo. We expect Provenge sales to eventually exceed $2 billion annually. Dendreon is one of the few late stage biotechnology companies launching a blockbuster product, and as such, is a prime acquisition target for big pharma.

4) HUMAN GENOME SCIENCES, INC.

Human Genome Sciences (HGSI) is an emerging biotechnology company developing drugs for autoimmune disease, infectious disease and cancer. In 2009, the company announced positive phase three clinical trial results for Benlysta, a novel treatment for the inflammatory disorder known as lupus. Benlysta is an antibody that targets the "BLyS" protein and thus inhibits B-cell activity which is implicated in lupus and other autoimmune diseases. Lupus has traditionally been a very difficult disease to treat; there has not been a new drug approved in the U.S. for lupus in over 50 years. With a poorly-served market, we expect rapid uptake of Benlysta once approved (around year-end). HGSI and GlaxoSmithKline (GSK) are co-developing and commercializing Benlysta and therefore HGSI would be a natural acquisition candidate for GSK to obtain full rights to this potential blockbuster product.

Portfolio

as at 31 March 2010

Investments	Country	Market value £'000	% of investments
Johnson & Johnson	USA	26,653	6.9
Roche	Switzerland	26,487	6.9
Pfizer	USA	19,484	5.1
Novartis	Switzerland	19,244	5.0
Merck	USA	18,452	4.8
Bristol-Myers Squibb	USA	17,954	4.7
Shire #	UK	14,110	3.7
Amgen	USA	10,834	2.8
Teva Pharmaceutical Industries	Israel	10,814	2.8
Genzyme	USA	10,592	2.8
Top 10 investments		**174,624**	**45.5**
Dendreon ^	USA	10,512	2.7
Celgene	USA	10,202	2.7
Mylan	USA	10,035	2.6
Sinopharm	China	9,602	2.5
Abbott Laboratories	USA	8,228	2.1
Perrigo	USA	8,207	2.1
Sawai Pharmaceutical	Japan	8,177	2.1
Hospira	USA	8,065	2.1
Elan ~	Ireland	7,776	2.0
Towa Pharmaceutical	Japan	7,220	1.9
Top 20 investments		**262,648**	**68.3**
Vertex Pharmaceuticals	USA	7,406	1.9
Gilead Sciences	USA	7,376	1.9
Vertex Milestone Monetization (*unquoted,* CPEC)†	USA	7,314	1.9
Illumina	USA	7,005	1.8
Cubist Pharmaceuticals	USA	6,951	1.8
Nichi-Iko Pharmaceutical	Japan	6,950	1.8
Allergan	USA	6,739	1.8
Endo Pharmaceuticals	USA	6,430	1.7
NPS Pharmaceuticals	USA	6,122	1.6
Allos Therapeutics	USA	6,033	1.6
Top 30 investments		**330,974**	**86.1**
BioMarin Pharmaceutical	USA	5,919	1.5
Incyte 4.75% 01/10/2015	USA	5,854	1.5
Intermune	USA	5,275	1.4
Warner Chilcott	Ireland	5,215	1.4
VWR Funding 10.25% 15/07/2015	USA	4,635	1.2
Momenta Pharmaceuticals	USA	4,293	1.1
OSI Pharmaceuticals	USA	3,864	1.0
Angiotech Pharmaceuticals FRN 01/12/2013	USA	3,204	0.8
Pharma 10 Cinacalcet Royalty 15.5% 30/03/2017	USA	2,983	0.8
QHP Royalty 10.25% 15/03/2015	USA	2,564	0.7
Top 40 investments		**374,780**	**97.5**
Salix Pharmaceuticals 5.5% 15/08/2028	USA	2,690	0.7
Medicines	USA	2,331	0.6
Endo Pharmaceutical 1.75% 15/04/2015	USA	1,644	0.4
Genmab	Denmark	1,324	0.3
Genomic Health	USA	830	0.3
Total investments (excluding options)		**383,599**	**99.8**
Options			
Johnson & Johnson >*	USA	292	0.1
Celgene >	USA	274	0.1
SPDR *	USA	135	-
Myriad Genetics *	USA	(5)	-
Pfizer >*	USA	(10)	-
Merck >	USA	(58)	-
Total options		**628**	**0.2**
Total investments including options		**384,227**	**100.0**

As at 31 March 2010 the U.S.$/£ exchange rate was U.S.$1.5169/£1.00 (31 March 2009: U.S $1.4334/£1.00).
includes Shire 2.75% 09/05/2014 equating to 0.4% of investments.
^ includes Dendreon 4.75% 15/06/2014 equating to 1.0% of investments.
~ includes Elan 8.75% 15/10/2016 equating to 0.7% of investments.
> includes Call Options.
* includes Put Options.
† Convertible Preferred Equity Certificates (CPEC).

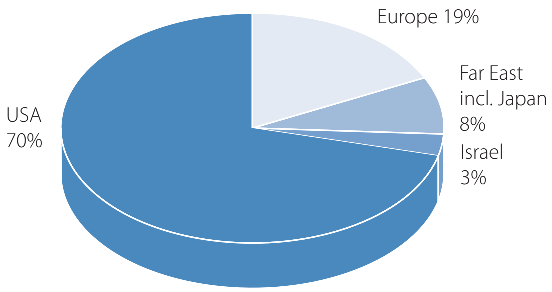
Analysis of the Portfolio

THE PORTFOLIO
as at 31 March 2010

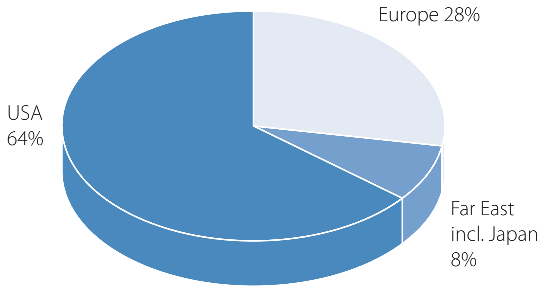
	Market value £'000	% of investments
Equities (including options)	352,442	91.8
Convertibles	18,399	4.7
Fixed Interest Securities	13,386	3.5
Total of all investments	**384,227**	**100.0**

GEOGRAPHICAL ANALYSIS
as at 31 March

2010

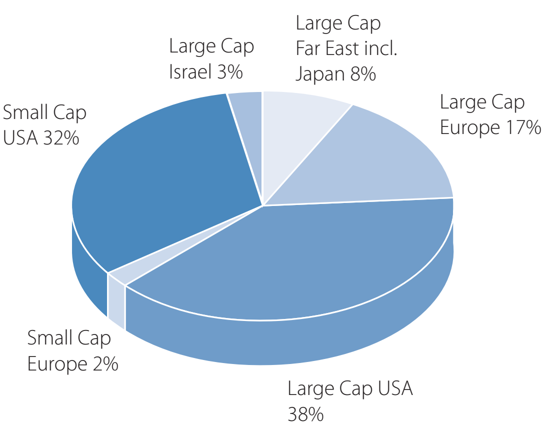


2009

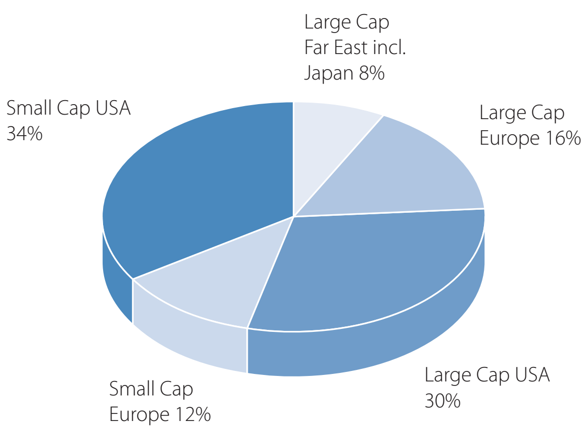


ANALYSIS BY MARKET CAPITALISATION
as at 31 March

2010



2009



Note:
A small capitalisation company is defined as being one with a market capitalisation of less than U.S.$5bn and a large capitalisation company is one with a market capitalisation of more than U.S.$5bn.

Report of the Directors

Incorporating the Business Review

The Directors present their report and the audited financial statements for the year ended 31 March 2010.

STATUS AND ACTIVITIES OF THE COMPANY

During the year under review the Company has continued to conduct its affairs so as to qualify as an investment company, as defined under s833 of the Companies Act 2006, and an investment trust within the meaning of s842 of the Income & Corporation Taxes Act 1988. HM Revenue & Customs approval of the Company's status as an investment trust has been received for all years up to and including the year ended 31 March 2009. This is, however, subject to review should there be any enquiry under Corporation Tax Self Assessment. The Directors are of the opinion that the Company has subsequently directed its affairs so as to enable it to continue to obtain HM Revenue & Customs approval as an investment trust.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account.

CONTINUATION OF THE COMPANY

A resolution was passed at last year's Annual General Meeting that the Company continue as an investment trust for a further five year period. In accordance with the Company's Articles of Association, shareholders will have an opportunity to vote on the continuation of the Company at the Annual General Meeting in 2014 and every five years thereafter.

INVESTMENT OBJECTIVE AND BENCHMARK

The Company invests worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. Performance is measured against the Datastream World Pharmaceutical and Biotechnology Index (total return, sterling adjusted).

INVESTMENT POLICY

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. It uses gearing and derivative transactions to mitigate risk and also to enhance capital returns.

Investment Limitations and Guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- The Company will not invest more than 10% of its gross assets in other listed investment companies (including listed investment trusts);
- The Company will not invest more than 15% of the portfolio in any one individual stock at the time of acquisition;
- At least 60% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least US$5bn);
- At least 20% of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than US$5bn);
- Investment in unquoted securities will not exceed 10% of the portfolio at the time of acquisition;
- A maximum of 5% of the portfolio, at the time of acquisition, may be invested in each of debt instruments, convertibles and royalty bonds issued by pharmaceutical and biotechnology companies;
- The Company's gearing policy is to borrow up to the lower of £70m or 20% of the Company's net asset value;
- Derivative transactions can be used to mitigate risk and/or enhance capital returns and will be restricted to 5% of the portfolio; and
- Equity Swaps may be used in order to meet the Company's investment objective of achieving a high level of capital growth and is restricted to 5% of the portfolio.

Compliance with the Board's investment limitations and guidelines is monitored continuously by Frostrow Capital LLP ("Frostrow" or the "Manager") and OrbiMed Capital LLC ("OrbiMed" or the "Investment Manager") and is reported to the Board on a monthly basis.

PERFORMANCE

In the year to 31 March 2010, the Company's diluted net asset value per share increased by 25.3% compared to a rise of 24.6% in the Datastream World Pharmaceutical and Biotechnology Index (total return, sterling adjusted). The Company's share price rose by 27.4% in the same period.

Report of the Directors (continued)

Incorporating the Business Review

The Review of Investments on pages 7 to 10 includes a review of the principal developments during the year, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The results attributable to shareholders for the year and the transfer to reserves are shown on page 36. In order to maintain investment trust status the Directors have declared an interim dividend for the year of 8.5p per share (2009: interim dividend of 5.0p) payable on 26 July 2010.

KEY PERFORMANCE INDICATORS ('KPIs')

At each Board meeting the Board assesses the Company's performance in meeting its investment objective and against the following key performance indicators:

- Net asset value total return (see page 1)
- Share price total return (see pages 1 and 33)
- Stock contribution analysis (see page 10)
- Share price premium/discount to net asset value per share (see page 1)
- Total expense ratio (see page 1)
- Benchmark and peer group performance (see pages 1 and 33)
- Issue of new shares/repurchase of own shares (see pages 16 and 17)

The management of the portfolio is conducted by the Investment Manager and the management of the Company's affairs, including marketing, administration and company secretarial matters is conducted by the Manager. Each provider is responsible to the Board which is ultimately responsible to the shareholders for performing against, *inter alia*, the above KPIs within the terms of their respective agreements by utilising the capabilities of the experienced professionals within each firm.

PRINCIPAL RISKS AND THEIR MITIGATION

The Company's assets consist principally of listed equities; its main area of risk is therefore stockmarket-related. The specific key risks faced by the Company, together with the Board's mitigation approach, are as follows:

Objective and Strategy – The Company and its investment objective become unattractive to investors

The Board regularly reviews the investment mandate and the long-term investment strategy in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company should continue in its present form. A continuation vote was held at last year's Annual General Meeting and will be held every five years thereafter. Each month the Board receives a monthly review, which monitors the Company's investment performance (both on an absolute basis and against the benchmark and peer group) and its compliance with the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's Manager, Investment Manager and Corporate Stockbroker.

Level of discount/premium – Share price performance lags NAV performance

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share buy-backs, where appropriate. The Board has implemented a discount control mechanism intended to establish a maximum level of 6% discount of share price to the diluted net asset value per share. Shareholders should note that it remains possible for the share price discount to net asset value per share to be greater than 6% on any one day and is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The average month end share price discount during the year was 7.1%, a level that has been broadly maintained since the year end. The making and timing of any share buy-backs is at the absolute discretion of the Board.

Market Price and Industry Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

Industry risk exists in all specialist industries. Risks are inherent in pharmaceutical companies with, for example, the potential for drug withdrawals from the market or failures after launch and lack of expected profit growth.

Report of the Directors (continued)

Incorporating the Business Review

The Board meets on a quarterly basis during the year and on an ad hoc basis if necessary. At each meeting they consider the asset allocation of the portfolio. The Investment Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

Liquidity Risk

The Company's assets comprise mainly realisable securities, which can be sold to meet funding requirements if necessary.

Portfolio Performance and Financial Instruments – Investment performance may not be meeting the Investment objective or shareholder requirements

The Board regularly reviews investment performance against the benchmark and against peer group. The Board also receives regular reports that show an analysis of performance compared with other relevant indices. The Investment Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio. The Investment Manager discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder returns.

Operational and Regulatory – Compliance with s1158 of the Corporation Taxes Act 2010 (formerly s842 of the Income and Corporation Taxes Act 1988)

A breach of s1158 of the Corporation Taxes Act 2010 could lead to the Company being subject to capital gains tax on the sale of its investments, whilst serious breach of other regulatory rules may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, either by the Manager, the Investment Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The Manager reviews the level of compliance with s1158 and other financial regulatory requirements on a daily basis. All investment transactions and income and expenditure forecasts are reported to the Board. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. The Board ensures that satisfactory assurances are received from service providers. The Compliance Officer of the Manager and the Investment Manager produce regular reports for review by the Company's Audit Committee and are available to attend meetings in person if required.

Currency Risk

A significant proportion of the Company's assets are, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuation, which is that it does not currently hedge against currency exposure.

Loan Facility Risk – The provider of the Company's loan facility may no longer be prepared to lend to the Company

The Board and the Investment Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion.

Credit Risk

The Company's assets can be held by Goldman Sachs & Co. New York as collateral for the loan provided by them to the Company. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by Goldman Sachs & Co. New York, although the Company maintains the economic benefits from ownership of those assets. Goldman Sachs & Co. New York may take up to 140% of the value of the outstanding loan as collateral. The Company is fully protected, such protection being equal to the net assets held by Goldman Sachs & Co. New York, by SEC rules and U.S. legislation.

Assets held by Goldman Sachs & Co. New York, as custodian, that are not used as collateral, are held in segregated client accounts. (Also see Glossary on page 62).

Further information on financial instruments and risk, as required by FRS 29, can be found in note 18 to the financial statements beginning on page 49.

LOAN FACILITY

The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. New York.

SHARE CAPITAL

The final exercise date for the Company's warrants was 31 July 2009 and all of the remaining warrants in issue on that date were converted into shares. As a result, 10,745,610 shares were

Report of the Directors (continued)

Incorporating the Business Review

allotted by the Company on 5 August 2009, raising £49.9m of additional funds for the Company. On 4 September 2009, the Company made a bonus issue of subscription shares on the basis of one subscription share for every five ordinary shares held at that date. The subscription shares have quarterly subscription dates and the following shares were allotted by the Company as a result of holders of the subscription shares exercising their subscription rights during the year: 42,148 shares were allotted on 13 November 2009 raising £259,000. 696,505 shares were allotted on 3 February 2010 raising £4.3m.

Subsequent to the year-end, 280,794 shares were allotted on 7 May 2010 raising £1.7m.

At the Annual General Meeting held on 17 July 2009, authority was granted for the repurchase of 5,898,027 shares of 25p, representing 14.99% of the issued share capital at that time. This authority was renewed by the Company at a General Meeting held on 2 March 2010 where authority was granted to repurchase 6,716,138 shares of 25p, representing 14.99% of the issued share capital at that time. In the year under review, the Company bought back a total of 8,508,938 shares, 6,239,416 of which were held in treasury at 31 March 2010, at a cost of £48,453,000 (including expenses). Since the year end and to 21 June 2010, a further 1,637,733 shares, costing £10,905,000 (including expenses), have been repurchased and held in treasury. In aggregate, to 21 June 2010, the shares bought back equate to a total of 24.5% of the issued share capital at the beginning of the year. As indicated in the Chairman's Statement, the Board has agreed that any treasury shares remaining on 15 July 2010, the date of the Annual General Meeting, will be cancelled. A total of 3,985,397 shares held in treasury were cancelled on 20 July 2009.

PROSPECTS

Following a general and developing recovery in global markets, the Company's Investment Manager believes strongly that the sector will benefit from the removal of uncertainty surrounding healthcare reform in the U.S. In addition, a combination of low valuations and strong earnings growth potential together with continued merger and acquisition activity and a number of expected high profile product approvals will all be key drivers for future performance.

The Association of Investment Companies continues to work towards ensuring that the AIFM Directive is drafted to accommodate the UK investment company structure. The Board will continue to keep this situation under close review.

Further information on the Company's performance can be found in the Review of Investments provided by the Company's Investment Manager, that begins on page 7.

MANAGEMENT

Management, Administrative and Secretarial Services Agreement:
Management, Administrative, Secretarial and other services are provided to the Company by the Manager. The Manager is authorised and regulated by the Financial Services Authority.

Frostrow Capital LLP, as Manager, receives a periodic fee equal to 0.30% per annum of the Company's market capitalisation up to £150m and 0.20% per annum of the market capitalisation in excess of £150m, plus a fixed amount equal to £50,000 per annum.

The notice period on the Management, Administration and Company Secretarial Agreement with Frostrow is 12 months, termination can be initiated by either party.

The Manager, under the terms of the agreement provides, *inter alia*, the following services:

- marketing and shareholder services;
- administrative services;
- advice and guidance in respect of corporate governance requirements;
- maintaining the books of account and record in respect of Company dealing, investments, transactions, dividends and other income, the income account, balance sheet and cash books and statements;
- preparation and despatch of the audited annual and unaudited interim report and accounts and interim management statements; and
- attending to general tax affairs where necessary.

INVESTMENT MANAGEMENT

Investment Management Agreement:
Investment Management Services are provided by the Investment Manager. The Investment Manager is authorised and regulated by the U.S. Securities and Exchange Commission. The Investment Manager receives a periodic fee equal to 0.65% p.a. of the Company's net asset value. The Investment Management Agreement may be terminated by

Report of the Directors (continued)

Incorporating the Business Review

either party giving notice of not less than 12 months. The Investment Manager under the terms of the agreement provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company.

Performance Fee:

Dependent on the level of performance achieved, the Manager and Investment Manager are also entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's portfolio has out-performed the Datastream World Pharmaceutical and Biotechnology Index (total return, sterling adjusted) (the "Benchmark").

The fee is calculated quarterly by comparing the cumulative performance of the Company's portfolio with the cumulative performance of the Benchmark since the launch of the Company in 1995. The performance fee amounts to 16.5% of any outperformance of the net asset value over the Benchmark, the Investment Manager receiving 15.0% and the Manager receiving 1.5% of the outperformance.

At each quarterly calculation date any performance fee payable is based on the lower of:

(i) the cumulative outperformance of the portfolio over the Benchmark as at the quarter end date; and

(ii) the cumulative out-performance of the portfolio over the Benchmark as at the corresponding quarter end date in the previous year.

In the year under review no performance fee was paid. However, a performance fee of £2,983,000 was accrued as at 31 March 2010 (see note 3 on page 42) and the accrual at 31 March 2009 crystallised and became payable post year end.

CONTINUING APPOINTMENT OF THE MANAGER AND INVESTMENT MANAGER

The Board has concluded that it is in shareholders' interests that the Manager and the Investment Manager continue in their roles. The review undertaken by the Board considered the Company's investment performance over both the short and longer terms, together with the quality and adequacy of other services provided. The Board also reviewed the appropriateness of the terms of the Investment Management and Management Agreements, in particular the length of notice period and the fee structures.

GOING CONCERN

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors on pages 14 to 24. The financial position of the Company, its liquidity position and its borrowing facility are set out in the notes to the financial statements beginning on page 40. In addition, the Corporate Governance Report, the Financial Statements and the associated notes give details of the Company's objectives, policies and processes, its financial risk management objectives and its exposure to risks. The Company has considerable financial resources and a good spread of investments across different geographical areas. The majority of the Company's investments are listed on stock exchanges and are readily realisable. Having considered the Company's prospects, the Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

CREDITORS PAYMENT POLICY

Terms of payment are negotiated with suppliers when agreeing settlement details for transactions. While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due. As at 31 March 2010, the Company did not have any trade creditors (2009: Nil).

CHARITABLE AND POLITICAL DONATIONS

The Company has not in the past and does not intend in future to make any charitable or political donations.

Report of the Directors (continued)

Incorporating the Business Review

ENVIRONMENTAL AND ETHICAL POLICY

The Company's primary objective is to achieve a high level of capital growth by investment in pharmaceutical and biotechnology companies and the Board recognises that this should be done in an environmentally responsible way. The Directors support the action being taken by the major pharmaceutical companies to make products more affordable to patients in developing countries. The Directors believe that the Company would be in breach of its fiduciary duties to shareholders if investment decisions were based solely on ethical or environmental considerations.

DIRECTORS

The Directors of the Company, who served throughout the year, are all non-executive and are listed below. Their biographies can be found on pages 4 and 5.

Martin Smith *(Chairman)*
Josephine Dixon
Paul Gaunt
Professor Duncan Geddes
Dr David Holbrook
Samuel D Isaly
Anthony Townsend

DIRECTORS' INTERESTS

The beneficial interests of the Directors and their families in the Company were as set out below:

	Shares of 25p each		Warrants to subscribe for Shares/Subscription Shares*	
	31 March 2010	**1 April 2009**	**31 March 2010**	**1 April 2009**
Martin Smith	2,000	–	400	–
Josephine Dixon	3,000	–	600	25,680
Paul Gaunt	–	–	–	–
Professor Duncan Geddes	42,250	38,250	8,450	4,000
Dr David Holbrook	–	–	–	–
Samuel D Isaly	353,600	235,673	100,720	407,134
Anthony Townsend	18,785	17,370	3,757	1,415

*The warrants to subscribe for ordinary shares expired on 31 July 2009. The subscription shares were issued on 4 September 2009.

As at 21 June 2010 there had been no changes in the above details.

Samuel D Isaly is a partner in OrbiMed Capital LLC which is party to the Investment Management Agreement with the Company and receives fees as described on pages 17 and 18. A number of the partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP, the Company's Manager.

DIRECTORS' FEES

A report on Directors' Remuneration is set out on pages 32 and 33.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & officers' liability insurance cover was maintained by the Board during the year ended 31 March 2010. It is intended that this policy will continue for the year ending 31 March 2011 and subsequent years.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Report of the Directors (continued)

Incorporating the Business Review

SUBSTANTIAL SHAREHOLDINGS

As at 30 April 2010 the Company was aware of the following interests in the shares of the Company, which exceeded 3% of the issued share capital (excluding treasury shares):

Beneficial shareholder	Registered holder	Number of shares	% of issued share capital
East Riding of Yorkshire Council	Nortrust Nominees	4,723,495	10.65
Newton Investment Management	Various Nominees	3,512,919	7.92
Rensburg Sheppards Investment Management	Ferlim Nominees/Hero Nominees	2,800,225	6.32
Alliance Trust Savings	Alliance Trust Savings Nominees	2,003,705	4.52
Legal & General Investment Management	Various Nominees	1,772,830	4.00
Smith & Williamson	Various Nominees	1,562,728	3.52
Investec Asset Management	Various Nominees	1,500,974	3.39
Deutsche Bank Private Wealth Management	Pershing Nominees	1,356,978	3.06

INDEPENDENT AUDITORS

Ernst & Young LLP have indicated their willingness to continue to act as Auditors to the Company and a resolution for their re-appointment, will be proposed at the forthcoming Annual General Meeting.

AUDIT INFORMATION

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Auditors are unaware; and that each Director has taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

SECTION 992 OF THE COMPANIES ACT 2006

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital Structure

The Company's capital structure is summarised in note 13 on page 47.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of Annual General Meeting on page 59.

CORPORATE GOVERNANCE

A formal statement on Corporate Governance, which forms part of this Report of the Directors, is set out on pages 26 to 31.

BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Registrars, or to the Company directly.

NOTICE PERIOD FOR GENERAL MEETINGS

Recent amendments made to the Company's Articles of Association included a provision allowing general meetings of the Company to be called on the minimum notice period provided for in the Companies Act 2006. For meetings other than Annual General Meetings this is currently a period of 14 clear days.

A Special Resolution was passed by shareholders at last year's Annual General Meeting approving this. The Board is proposing Resolution 14 as a Special Resolution to renew this approval for a further year. The notice period for Annual General Meetings will remain 21 clear days.

ELECTRONIC COMMUNICATIONS

Included with notice of the Annual General Meeting is a letter to shareholders asking for their individual consent to receive documents, notices and information either electronically or via the Company's website. Ordinary Resolution 13 also requests the consent of shareholders to send or supply documents by electronic means.

Report of the Directors (continued)

Incorporating the Business Review

Ordinary Resolution 13 and your individual consent will give the Company more flexibility to supply notices, documents or information in electronic form and by means of a website pursuant to the FSA's Disclosure Rules and Transparency Rules. The Company's Articles of Association were updated at last year's Annual General Meeting to enable the Company to send all documents and notices electronically rather than just notices of meetings, proxies, and copies of annual reports and accounts and summary financial statements and to permit the Company to send documents by means of a website and to ensure the Articles of Association are consistent with the provisions of the Companies Act 2006.

Shareholders should note that even if Ordinary Resolution 13 is passed no action will be taken and no documents will be sent electronically until the consent of shareholders in General Meeting has been obtained and until the Company receives individual consent to electronic communication. However, provided that Ordinary Resolution 13 is passed at the Annual General Meeting and provided we have not received a response from you by 23 July 2010, the Companies Act 2006 allows us to assume that you have agreed that the documents and information referred to in the consent letter can be sent to you by posting them on the Company's website.

A shareholder may, if he or she wishes, continue to receive all company communications in hard copy form. Moreover, a shareholder may, in relation to a particular communication, request a hard copy form of that communication or, at any time, revoke his or her general agreement to be provided documentation in electronic form or by means of a website by delivering written notice or such revocation to the Company.

PROPOSED CHANGE TO INVESTMENT POLICY

The Company's current investment policy is to invest worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. However, the Company's Investment manager believes that it would be beneficial to shareholders to broaden the definition of the healthcare sector as referred to within the investment policy, to include companies in the healthcare equipment and healthcare technology sectors and also to include companies that provide healthcare and related services. None of these areas of the healthcare sector would individually represent more than 15% of the portfolio at the date of acquisition and any investment made would be subject to the Company's existing limitations and guidelines.

As a consequence of this development, the Board is also proposing a change from the Company's existing benchmark index which is the Datastream World Pharmaceutical and Biotechnology Index (measured in sterling terms on a total return basis), to the MSCI World Healthcare Index (measured in sterling terms on a total return basis) as it is believed that this index will more accurately reflect the makeup of the Company's portfolio. The MSCI World Healthcare Index, as described above, will be used in relation to the calculation of any performance fee to be paid to the Investment Manager and Manager.

Under the Listing Rules the Company is required to seek the approval of shareholders for any material change in its investment policy and any related party transaction, such as the change to the Company's benchmark in relation to the calculation of any future performance fee. Therefore an ordinary resolution to approve the above-mentioned changes to the Company's investment policy and benchmark will be proposed at the Company's forthcoming Annual General Meeting. As required for a related party transaction of this nature, the Manager, Investment Manager and their associates will not be entitled to vote on this resolution.

The Manager, Investment Manager and their associates have not participated in the Board's consideration of the change to the Company's benchmark for the purposes of determining whether it is fair and reasonable as far as the holders of the Company's ordinary and subscription shares are concerned.

The Board strongly supports the investment philosophy and approach of the Company's Investment Manager and is of the view that these changes will be of benefit to shareholders.

Full details of the Company's current investment policy are set out on page 14. The proposed revised investment policy is set out below.

INVESTMENT POLICY

In order to achieve its investment objective, the Company invests worldwide in a diversified portfolio of shares in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level

Report of the Directors (continued)

Incorporating the Business Review

of capital growth. It uses gearing and derivative transactions to mitigate risk and also to enhance capital returns.

- The Company will not invest more than 10% of its gross assets in other listed investment companies (including listed investment trusts);
- The Company will not invest more than 15% of the portfolio in any one individual stock at the time of acquisition;
- At least 60% of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least US$5bn);
- At least 20% of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than US$5bn);
- Investment in unquoted securities will not exceed 10% of the portfolio at the time of acquisition;
- A maximum of 5% of the portfolio, at the time of acquisition, may be invested in each of debt instruments, convertibles and royalty bonds issued by pharmaceutical and biotechnology companies;
- A maximum of 15% of the portfolio, at the time of acquisition, may be invested in companies in each of the following sectors:
  - healthcare equipment
  - healthcare technology
  - providers of healthcare and related services
- The Company's gearing policy is to borrow up to the lower of £70m or 20% of the Company's net asset value;
- Derivative transactions can be used to mitigate risk or enhance capital returns and will be restricted to 5% of the portfolio; and
- Equity Swaps may be used in order to meet the Company's investment objective of achieving a high level of capital growth and is restricted to 5% of the portfolio.

PROPOSED CHANGE TO THE COMPANY'S NAME

As a consequence of the proposals to amend the Company's investment policy a Special Resolution will be proposed at the Annual General Meeting to change the Company's name to the Worldwide Healthcare Trust PLC.

PERFORMANCE FEE

As a consequence of the proposed change to the Company's benchmark, shareholders should note that the Company's performance fee, described on page 18 will be amended to substitute the MSCI World Healthcare Index (measured in sterling terms on a total return basis) for the Company's current benchmark. Shareholders should further note that the Company's performance fee is not capped and the proposed change of benchmark could potentially result in a performance fee being paid where none or a lesser amount would be paid under current arrangements. Likewise, under the proposed change of benchmark, the situation could arise where no performance fee is paid where one would be payable under the current arrangements. No change to the quantum of the performance fee is proposed.

ANNUAL GENERAL MEETING

The formal Notice of Annual General Meeting is set out on pages 56 to 60 of this Annual Report.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Issue of Shares

Ordinary Resolution 9 in the Notice of Annual General Meeting gives authority to the Directors to allot the unissued share capital up to an aggregate nominal amount of £1,074,495 (equivalent to 4,297,982 shares, or 10% of the Company's existing issued share capital on 21 June 2010, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 10 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 21 June 2010 (reduced by any

Report of the Directors (continued)

Incorporating the Business Review

treasury shares sold by the Company pursuant to Special Resolution 11, as described below), as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 9. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) (the "Treasury Share Regulations") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. The Treasury Share Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 10, Resolution 11, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. It is the intention of the Board that any re-sale of treasury shares would only take place at a narrower discount to the net asset value per share than that at which they had been bought into treasury, and in any event at a discount no greater than 5% to the prevailing net asset value per share, and this is reflected in the text of Resolution 11. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The number of treasury shares which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 21 June 2010 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 10, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

The Directors intend to use the authority given by Resolutions 10 and 11 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in General Meeting.

Share Repurchases

At the Annual General Meeting held on 17 July 2009, and at a subsequent General Meeting, held on 2 March 2010, shareholders approved the renewal of the authority permitting the Company to repurchase its own shares.

The Directors wish to renew the authority given by shareholders at the recent General Meeting. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 12 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 21 June 2010, being the nearest practicable date prior to the signing of this Report, (amounting to 6,442,675 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be

Report of the Directors (continued)

Incorporating the Business Review

renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Electronic Communications

Ordinary Resolution 13 seeks shareholder approval for the Company to send them documents, notices and information either electronically or via the Company's website.

General Meetings

Special Resolution 14 seeks shareholder approval for the Company to hold General Meetings (other than Annual General Meetings) at 14 clear days' notice.

Significant Changes

Save for the fall in the audited value of the Company's net assets from £346.2 million as at 31 March 2010 to £327.4 million (unaudited) as at 17 June 2010 (being the latest practicable date prior to the publication of this document), there has been no significant change in the financial or trading position of the Company since 31 March 2010.

Change to Investment Policy

Ordinary Resolution 15 seeks shareholder approval for the Company to make an amendment to its investment policy.

Change of Name

Special Resolution 16 seeks shareholder approval to change the name of the Company to Worldwide Healthcare Trust PLC.

The authorities being sought under Resolutions 9, 10, 11, 12 and 14 will last until the conclusion of the next Annual General Meeting or, if less, a period of 15 months.

The Board considers that the resolutions set out above are, in the Board's opinion, in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting.

The Board, which has been so advised by Winterflood Investment Trusts, believes that the proposed change to the Company's benchmark is fair and reasonable as far as the holders of both the ordinary shares and the subscription shares of the Company are concerned.

The Directors of the Company, whose names appear on page 63 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

By order of the Board
Frostrow Capital LLP
Company Secretary
21 June 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year. Under this law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit and loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and applied them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulation, the Directors are also responsible for preparing a Report of the Directors, including a formal statement on Corporate Governance and a Directors' Remuneration Report that comply with such law and regulations.

The financial statements are published on the Company's website (website address: www.finsburywp.com), which is a website maintained by the Manager. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The Directors, whose details can be found on pages 4 and 5, each confirm that to the best of their knowledge the financial statements, within the Annual Report, have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the profit for the year ended 31 March 2010, and that the Chairman's Statement, Review of Investments and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.2.11R of the FSAs Disclosure and Transparency Rules.

On behalf of the Board
Martin Smith
Chairman
21 June 2010

Corporate Governance

This Corporate Governance Statement forms part of the Report of the Directors.

COMPLIANCE

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Finsbury Worldwide Pharmaceutical Trust PLC.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code throughout the year ended 31 March 2010 and up to the date of this report, except with regard to the fact that the Chairman of the Company is Chairman of the Management Engagement and Remuneration Committee and as set out below.

The Combined Code includes provision relating to:

- the role of the chief executive (section A.2);
- executive directors' remuneration (section B.1); and
- the need for an internal audit function (section C.3).

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of Finsbury Worldwide Pharmaceutical Trust PLC, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

INTERNAL AUDIT

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

BOARD INDEPENDENCE, COMPOSITION AND TENURE

The Board, chaired by Martin Smith, currently consists of seven non-executive Directors. The Directors' biographical details, set out on pages 4 and 5, demonstrate a breadth of investment, commercial and professional experience. Professor Duncan Geddes has been designated as the Senior Independent Director. The Directors review their independence annually. The Directors retire by rotation at every third Annual General Meeting and any Directors appointed to the Board since the previous Annual General Meeting also retire and stand for election. Any Director who has served on the Board for more than nine years is subject to annual re-election. Jo Dixon retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for re-election at the forthcoming Annual General Meeting. Paul Gaunt is a Director of The Biotech Growth Trust PLC for which OrbiMed also acts as Investment Manager; he has also served on the Board for over nine years. Despite being considered by the Board to be independent in character and judgement Mr Gaunt is not considered to be an Independent Director. Samuel D Isaly is Managing Partner of OrbiMed, the Company's Investment Manager, and has also served on the Board for over nine years. Mr Isaly is therefore not considered to be an Independent Director. Professor Geddes and Anthony Townsend have both also served on the Board for over nine years. However, the Board considers them to be independent in character and judgement and, in accordance with the AIC Code, does not believe that the criterion of length of service should necessarily preclude them from being considered independent; they also have no other links to the Investment Manager and have a wide range of other interests. The Board has considered the position of Ms Dixon and Messrs Gaunt, Isaly, Townsend and Professor Geddes, as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for re-election at the forthcoming Annual General Meeting. In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and composition to ensure it has the correct mix of relevant skills and experience for the good conduct of the Company's business. As part of this process the Board is in the process of agreeing a programme of refreshment, which will see its membership change as current Directors retire in an orderly manner, and new Directors are appointed.

Corporate Governance (continued)

None of the Directors has a service contract with the Company. New Directors are appointed with the expectation that they will serve for a minimum period of three years. Any Director may resign in writing to the Board at any time. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the offices of the Company's Manager and will be available at the Annual General Meeting. When a new Director is appointed to the Board, they are provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Manager and Investment Manager in order to learn more about their processes and procedures. The Board also receives regular briefings from, amongst others, the Auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

THE BOARD'S RESPONSIBILITIES

The Board is responsible for efficient and effective leadership of the Company and regularly reviews the schedule of matters reserved for its decision. The Board meets at least on a quarterly basis and at other times as necessary. The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, the review of investment performance (including peer group performance) and investment policy. It also has responsibility for all corporate strategy issues, dividend policy, share buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters. To enable them to discharge their responsibilities, prior to each meeting the Directors are provided, in a timely manner, with a comprehensive set of papers giving detailed information on the Company's transactions, financial position and performance. Representatives of the Manager and Investment Manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern; a full written report is also received from the Manager and Investment Manager at each quarterly meeting. In light of these reports, the Board gives direction to the Investment Manager with regard to the Company's investment objectives and guidelines. Within these established guidelines, the Investment Manager takes decisions as to the purchase and sale of individual investments.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

PERFORMANCE EVALUATION

The Board has carried out an evaluation process for the year ended 31 March 2010, independently managed by Professor Geddes, the Senior Independent Director. This took the form of a questionnaire followed by discussions to identify how the effectiveness of its activities, including the performance of investment, Directors and the Company's committees, together with the Company's policies and processes, might be improved. The results of the evaluation process were presented to and discussed by the Board and, as a result, it was agreed that the current Directors contributed effectively and that all had the skills and experience which are relevant to the leadership and direction of the Company.

CONFLICT OF INTEREST

On 1 October 2008 it became a statutory requirement that a Director must avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict"). The Company's Articles of Association were amended at the last Annual General Meeting to give the Directors authority to approve such situations, where appropriate.

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether they should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from performing his or her duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgment and/or actions of the Director in question. When the Board is deciding whether

Corporate Governance (continued)

to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at quarterly Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

COMMITTEES OF THE BOARD

During the year the Board delegated certain responsibilities and functions to committees. Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found at the Company's website at www.finsburywp.com. Following a review by the Board in 2008, it was agreed that due to the size of the Board, the membership of the Management Engagement and Remuneration and Nominations Committees should comprise the whole Board, under the chairmanship of the Chairman of the Company and Professor Geddes respectively (provided that a majority of the Directors present are independent). It was further agreed that the membership of the Audit Committee comprise the following independent Directors: Jo Dixon (Chairman), Dr David Holbrook, Professor Duncan Geddes and Anthony Townsend. Directors who are not members of the Audit Committee may attend at the invitation of the Chairman. Details of the membership of the Committees as at 31 March 2010 are shown with the Directors' biographies on pages 4 and 5. Following a review by the Board during the year, it was agreed that the Company's Remuneration Committee should be reconstituted as Management Engagement and Remuneration Committee under the chairmanship of Mr Martin Smith, the Chairman of the Company.

The table overleaf details the number of Board and Committee meetings attended by each Director. During the year there were four Board meetings, three Board Committee meetings, two Audit Committee meetings, one meeting of the Nominations Committee, one meeting of the Management Engagement and Remuneration Committee and three Share Allotment Committee meetings.

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for the Board appraisal process and for making recommendations to the Board on the appointment of new Directors. Where appropriate, each Director is invited to submit nominations and external advisers may be used to identify potential candidates.

MANAGEMENT ENGAGEMENT AND REMUNERATION COMMITTEE

The level of Directors' fees is reviewed on a regular basis relative to other comparable investment companies and in the light of Directors' responsibilities. Neither the Chairman nor individual Directors participate in discussions involving personal remuneration. Details of the fees paid to the Directors in the year under review are detailed in the Directors' Remuneration Report on pages 32 and 33.

This committee also reviews the terms of engagement of the Investment Manager, the Manager and the Company's other service providers.

Corporate Governance (continued)

MEETING ATTENDANCE

The number of meetings held during the year of the Board and its Committees, and each Director's attendance level, is shown below:

Type and number of meetings held in 2009/10	Board (4)	Board Committee (3)	Allotment Committee (3)	Audit Committee (2)	Nominations Committee (1)	Management Engagement and Remuneration Committee (1)
Martin Smith	4	2	3	N/A	1	1
Josephine Dixon	4	2	1	2	1	1
Paul Gaunt	4	N/A	1	N/A	1	1
Professor Duncan Geddes	4	N/A	N/A	2	1	1
Dr David Holbrook	4	1	N/A	2	1	1
Samuel D Isaly	4	N/A	1	N/A	1	1
Anthony Townsend	4	3	N/A	2	1	1

All of the Directors attended the Annual General Meeting held on 17 July 2009.
Mr Townsend attended the General Meeting of the Company held on 4 September 2009.
Professor Geddes attended the General Meeting of the Company held on 2 March 2010.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year and is responsible for the review of the interim and annual financial statements, the nature and scope of the external audit and the findings therefrom and the terms of appointment of the Auditors, including their remuneration and the provision of any non-audit services by them.

The Audit Committee meets representatives of the Manager and Investment Manager and their Compliance Officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, Manager and Investment Manager operate. The Company's external Auditors also attend meetings of this Committee at its request and report on their work procedures and their findings in relation to the Company's statutory audit. They also have the opportunity to meet with the Committee without representatives of the Manager or the Investment Manager being present. The Audit Committee reviews the need for non-audit services and authorises such on a case by case basis, having consideration to the cost effectiveness of the services and the independence and objectivity of the Auditors. Non-audit fees of £15,000 were paid to Ernst & Young LLP during the year for their review of the Company's options strategy and for the provision of tax advice in relation to royalty bonds and convertible preferred equity certificates (CPECs). The Board has concluded, on the recommendation of the Audit Committee, that the Auditors continued to be independent and that their reappointment be proposed at the Annual General Meeting.

INTERNAL CONTROLS

The Directors are responsible for the Company's system of internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.
Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed. These sections are as follows:

Corporate Governance (continued)

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- financial activity.

The Company has appointed agents to provide administrative services to the Company. The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by OrbiMed Capital LLC. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meeting;
- administration, company secretarial and marketing duties for the Company are performed by Frostrow Capital LLP;
- custody of assets is undertaken by Goldman Sachs & Co. New York;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Investment Manager and the Manager in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow Capital LLP.

In accordance with guidance issued to directors of listed companies, ("the Turnbull Guidance") the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control during the year and up to the date of approval of the financial statements, as set out above.

RELATIONS WITH SHAREHOLDERS

The Board reviews the shareholder register at each Board meeting. The Company has regular contact with its institutional shareholders particularly through the Manager. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting under the Chairmanship of the Chairman of the Board. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting and are also published on the Company's website at www.finsburywp.com. Representatives from the Investment Manager attend the Annual General Meeting and give a presentation on investment matters to those present. The Company has adopted a nominee share code which is set out on page 31.

The Board receives marketing and public relations reports from the Manager to whom the marketing function has been delegated. The Board reviews and considers the marketing plans of the Manager on a regular basis.

The annual and interim financial reports, the interim management statements and a monthly fact sheet are available to all shareholders. The Board considers the format of the annual and interim financial reports so as to ensure they are useful to all shareholders and others taking an interest in the Company. In accordance with best practice, the annual report, including the Notice of the Annual General Meeting, is sent to shareholders at least 20 working days before the Meeting. Separate resolutions are proposed for substantive issues.

EXERCISE OF VOTING POWERS

The Board has delegated authority to the Investment Manager to vote the shares owned by the Company that are held on its behalf by its custodian, Goldman Sachs & Co. New York. The Board has instructed that the Investment Manager submit votes

Corporate Governance (continued)

for such shares wherever possible. This accords with current best practice whilst maintaining a primary focus on financial returns. The Investment Manager may refer to the Board on any matters of a contentious nature. The Company does not retain voting rights on any shares that are subject to rehypothecation in connection with the loan facility provided by Goldman Sachs & Co. New York.

ACCOUNTABILITY AND AUDIT

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 25. The report of the Auditors is set out on pages 34 and 35. The Board has delegated contractually to external agencies, including the Manager and the Investment Manager, the management of the portfolio, custodial services (which includes the safeguarding of the Company's assets), the day to day marketing, accounting administration, company secretarial requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and the Investment Manager and ad hoc reports and information are supplied to the Board as required.

NOMINEE SHARE CODE

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend General Meetings, provided the correct authority from the nominee company is available; and
- that investors in the Alliance Trust Savings Scheme or ISA are automatically sent shareholder communications, including details of General Meetings, together with a form of direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's General Meetings.

Shareholder Analysis

as at 31 March

	2010 number of shares	2010 % of issued share capital	2010 number of subscription shares^	2010 % of issued subscription shares^	2009 number of shares	2009 % of issued share capital	2009 number of warrants#	2009 % of issued warrants#
Nominee Companies*	34,236,796	77.4	7,978,398	91.6	34,386,134	83.1	8,330,379	77.5
Other Institutions, Investment Funds and Companies	6,867,690	15.5	118,963	1.4	3,957,834	9.6	722,709	6.7
Private Individuals	1,390,944	3.2	342,682	3.9	1,316,008	3.2	544,730	5.1
Banks and Bank Nominees	1,739,860	3.9	271,470	3.1	1,701,455	4.1	1,147,792	10.7
Total shares/warrants in issue	44,235,290*	100.0	8,711,513	100.00	41,361,431*	100.0	10,745,610†	100.0
*Includes Alliance Trust Savings Scheme, and ISA clients	2,003,705	4.5	372,160	4.1	2,013,822	4.9	126,341	1.2

#Warrants to subscribe for shares, created on 17 December 2004.
†All of the remaining 10,745,610 warrants in issue on 31 July 2009, the last exercise date, were exercised on this date.
^Subscription shares, created on 4 September 2009.

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 420 to 422 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 34 and 35.

MANAGEMENT ENGAGEMENT AND REMUNERATION COMMITTEE

The Company has seven non-executive Directors, five of whom are considered by the Board to be independent. The whole Board fulfils the function of the Management Engagement and Remuneration Committee (provided that a majority of the Directors present are independent). The Board may utilise the services of the Company Secretary or external advisers to provide advice when the Directors consider the level of Directors' fees.

The Directors' fees are reviewed annually by the Management Engagement and Remuneration Committee and such review will not necessarily result in a change to the rates paid; the current level of fees paid to the Directors has been in place since 2004. During the year, the Management Engagement and Remuneration Committee carried out a review of the level of Directors' fees in relation both to fees paid to the boards of other investment trust companies and also to the Board's corporate governance obligations. The Board decided, on the advice of the Management Engagement and Remuneration Committee, that the fees paid to the Directors should be increased with effect from 1 April 2010. The revised fee levels are set out on page 33.

POLICY ON DIRECTORS' FEES

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (Ordinary shares), and have a similar investment objective. It is intended that this policy will continue for the year ending 31 March 2011 and subsequent years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate amount currently being £200,000. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The policy is for the Chairman of the Board and Chairman of the Audit Committee to be paid higher fees than the other Directors to reflect their more onerous roles and additional responsibilities.

DIRECTORS' SERVICE CONTRACTS

It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment and re-election at least every three years thereafter. The terms also provide that a Director may resign by notice in writing to the Board at any time and may be removed without notice and that compensation will not be due on leaving office. The Company's policy is for the Directors to be remunerated in the form of fees payable quarterly in arrears, to the Director personally or to a specified third party.

YOUR COMPANY'S PERFORMANCE

The Regulations require a line graph be included in the Directors' Remuneration Report comparing, for a period of five years, on a cumulative basis, the total share price return (assuming all dividends are reinvested) to shareholders and the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the Datastream World Pharmaceutical and Biotechnology Index (total return, sterling adjusted), chosen as it is the Company's stated benchmark, is calculated.

Directors' Remuneration Report (continued)

DIRECTORS' EMOLUMENTS FOR THE YEAR (AUDITED)

The Directors who served in the year received the following emoluments in the form of fees:

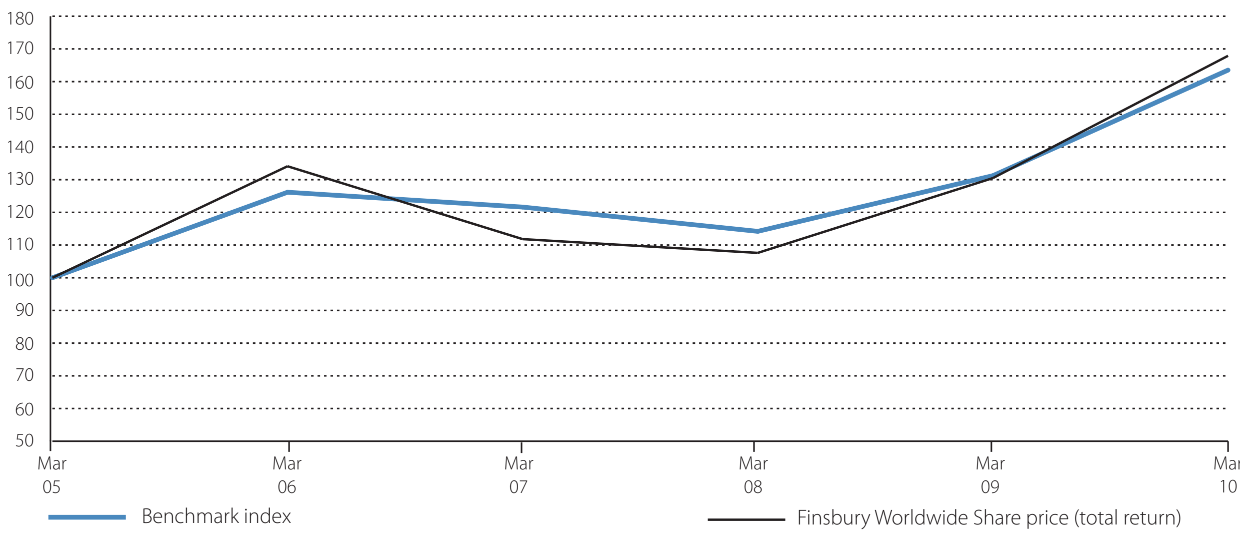
	Fees 2010 £'000	Fees 2009 £'000
Martin Smith+	30	27
Josephine Dixon *(Chairman of the Audit Committee)*	21	21
Paul Gaunt	19	19
Professor Duncan Geddes	19	19
Dr David Holbrook	19	19
Ian Ivory*	–	9
Samuel D Isaly	19	19
Anthony Townsend	19	19
	146	152

*Retired from the Board on 23 July 2008.
+Appointed Chairman 23 July 2008.

With effect from 1 April 2010 the fees paid to the Directors increased as follows:

Chairman £35,000 pa
Chairman of the Audit Committee £25,000 pa
Director £22,000 pa

SHAREHOLDER TOTAL RETURN FOR THE FIVE YEARS TO 31 MARCH 2010



Rebased to 100 as at 31 March 2005
Source: Morningstar & Thomson Reuters

APPROVAL

The Directors' Remuneration Report on pages 32 and 33 was approved by the Board of Directors on 21 June 2010 and signed on its behalf by:

Martin Smith (Chairman)

Independent Auditors' Report

to the Members of Finsbury Worldwide Pharmaceutical Trust PLC

We have audited the financial statements of Finsbury Worldwide Pharmaceutical Trust PLC for the year ended 31 March 2010 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

Independent Auditors' Report (continued)

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 18, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 26 to 31 of the financial statements relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Caroline Gulliver, (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
21 June 2010

Income Statement

for the year ended 31 March 2010

	Notes	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Gains on investments held at fair value through profit or loss	9	–	76,180	76,180	–	76,505	76,505
Exchange gains/(losses) on currency balances		–	3,946	3,946	–	(12,042)	(12,042)
Income from investments held at fair value through profit or loss	2	5,825	–	5,825	4,018	–	4,018
Investment management, management and and performance fees	3	(133)	(5,025)	(5,158)	(116)	(2,436)	(2,552)
Other expenses	4	(506)	–	(506)	(588)	–	(588)
Net return before finance charges and taxation		5,186	75,101	80,287	3,314	62,027	65,341
Finance costs	5	(11)	(212)	(223)	(29)	(543)	(572)
Net return before taxation		5,175	74,889	80,064	3,285	61,484	64,769
Taxation on net return on ordinary activities	6	(965)	303	(662)	(866)	360	(506)
Net return after taxation		4,210	75,192	79,402	2,419	61,844	64,263
Return per share – basic	7	9.5p	170.5p	180.0p	5.5p	141.4p	146.9p
Return per share – diluted	7	9.5p	170.5p	180.0p	5.4p	138.2p	143.6p

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The Company has no recognised gains and losses other than those disclosed in the Income Statement and Reconciliation of Movements in Shareholders' Funds. Accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

No operations were acquired or discontinued in the year.

The accompanying notes are an integral part of this statement.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 March 2010

	Ordinary share capital £'000	Subscription share capital £'000	Share premium account £'000	Warrant reserve £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2009	11,105	–	117,706	7,417	118,709	3,678	4,402	263,017
Net return from ordinary activities after taxation	–	–	–	–	75,192	–	4,210	79,402
Dividend paid in respect of year ended 31 March 2009	–	–	–	–	–	–	(1,982)	(1,982)
Proceeds from warrant exercise	2,686	–	47,174	–	–	–	–	49,860
Transfer from warrant reserve following exercise of warrants	–	–	7,417	(7,417)	–	–	–	–
Subscription shares issued less issue costs	–	97	–	–	(295)	–	–	(198)
Subscription shares exercised for ordinary shares	184	(7)	4,351	–	7	–	–	4,535
Shares purchased including expenses	(1,331)	–	–	–	(48,453)	1,331	–	(48,453)
At 31 March 2010	12,644	90	176,648	–	145,160	5,009	6,630	346,181

For the year ended 31 March 2009

	Ordinary share capital £'000	Subscription share capital £'000	Share premium account £'000	Warrant reserve £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2008	11,772	–	117,639	7,426	81,611	3,008	3,327	224,783
Net return from ordinary activities after taxation	–	–	–	–	61,844	–	2,419	64,263
Dividend paid in respect of year ended 31 March 2008	–	–	–	–	–	–	(1,344)	(1,344)
Proceeds from warrant exercise	3	–	58	–	–	–	–	61
Transfer from warrant reserve following exercise of warrants	–	–	9	(9)	–	–	–	–
Shares purchased including expenses	(670)	–	–	–	(24,746)	670	–	(24,746)
At 31 March 2009	11,105	–	117,706	7,417	118,709	3,678	4,402	263,017

The accompanying notes are an integral part of this statement.

Balance Sheet

as at 31 March 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	383,599	294,928
Derivative – OTC swaps	9 & 12	–	10,321
		383,599	305,249
Current assets			
Debtors	10	1,757	1,307
Derivative – financial instruments	9 & 12	628	–
Cash at bank	16	–	9,979
		2,385	11,286
Current liabilities			
Creditors: amounts falling due within one year	11	(39,803)	(52,564)
Derivative – financial instruments	9 & 12	–	(954)
		(39,803)	(53,518)
Net current liabilities		(37,418)	(42,232)
Total net assets		346,181	263,017
Capital and reserves			
Ordinary share capital	13	12,644	11,105
Subscription share capital	13	90	–
Share premium account		176,648	117,706
Warrant reserve		–	7,417
Capital reserve	19	145,160	118,709
Capital redemption reserve		5,009	3,678
Revenue reserve		6,630	4,402
Total shareholders' funds		346,181	263,017
Net asset value per share – basic	14	780.8p	635.9p
Diluted net asset value per share – for subscription shares/warrants	14	752.7p	600.5p

The financial statements on pages 36 to 55 were approved by the Board of Directors and authorised for issue on 21 June 2010 and were signed on its behalf by:

Martin Smith
Chairman

The accompanying notes are an integral part of this statement.

Cash Flow Statement

for the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Net cash inflow/(outflow) from operating activities	15	2,108	(61)
Servicing of finance			
Interest paid		(223)	(582)
Taxation			
Taxation recovered		93	91
Financial investments			
Purchases of investments and derivatives		(265,795)	(251,520)
Sales of investments and derivatives		250,859	257,286
Net cash (outflow)/inflow from financial investment		(14,936)	5,766
Equity dividends paid		(1,982)	(1,344)
Net cash (outflow)/inflow before financing		(14,940)	3,870
Financing			
Issue of ordinary shares		–	61
Proceeds from exercise of warrants		49,860	–
Subscription share issue costs		(198)	–
Purchase of own shares		(49,061)	(25,068)
Subscription shares exercised for ordinary shares		4,535	–
Repayment of short term loans		–	(14,813)
Net cash inflow/(outflow) from financing		5,136	(39,820)
Decrease in cash	16	(9,804)	(35,950)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these financial statements, are set out below:

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom generally accepted accounting standards (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated January 2009 (the 'SORP').

The Company's financial statements are presented in sterling. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Investments held at fair value through profit or loss

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices.

Unquoted investments have also been designated by the Board as held at fair value through profit or loss, and are valued by the Directors using primary valuation techniques such as earnings multiples, option pricing models, discounted cash flow analysis and recent transactions.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'gains or losses on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

The Company has classified its financial assets designated at fair value through profit or loss and the fair value of derivative financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established.

Income from fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate.

Deposit interest is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

(i) expenses which are incidental to the acquisition or disposal of an investment, categorised as fixed assets held at fair value through profit or loss are charged to the capital column of the Income Statement; and

(ii) expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management and management fees have been charged to the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income, from the Company's portfolio. As a result 5% of the investment management and management fees are charged to the revenue column of the Income Statement and 95% are charged to the capital column of the Income Statement.

Any performance fee accrued or paid is charged in full to the capital column of the Income Statement.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

(e) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs are charged to the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income, from the Company's portfolio. As a result 5% of the finance costs are charged to the revenue column of the Income Statement and 95% are charged to the capital column of the Income Statement. Finance charges, if applicable, including interest payable and premiums on settlement or redemption, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(f) Taxation

The tax effect of different items of expenditure is allocated between capital and revenue using the marginal basis.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Balance Sheet date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(g) Foreign Currency

The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the Balance Sheet date are translated into sterling at the exchange rates ruling at the date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or the revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

(h) Derivative Financial Instruments

The Company uses derivative financial instruments (namely put and call options). The merits and rationale behind such strategies are to enhance the capital return of the portfolio, facilitate management of the portfolio volatility and improve the risk-return profile of the Company relative to its benchmark.

All derivative instruments are valued at fair value in the Balance Sheet in accordance with FRS 26: 'Financial instruments: measurement'.

Each investment in options is reviewed on a case-by-case basis and are all deemed to be capital in nature. As such, all gains and losses on the above strategies have been debited or credited to the capital column of the Income Statement.

All gains and losses on over-the-counter (OTC) equity swaps, during the swap term, are accounted for as investment holding gains or losses on investments. Where there has been a re-positioning of the swap, gains and losses are accounted for on a realised basis. All such gains and losses have been debited or credited to the capital column of the Income Statement.

(i) Capital Reserves

The following are transferred to this reserve:

- gains and losses on the realisation of investments;
- realised and unrealised exchange differences of a capital nature;
- expenses, together with the related taxation effect, in accordance with the above policies;
- increases and decreases in the valuation of investments held at the year end; and
- unrealised exchange differences of a capital nature.

Notes to the Financial Statements (continued)

2. INCOME FROM INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 £'000	2009 £'000
Income from investments		
UK listed dividends	–	212
Overseas dividends	4,612	3,594
Money market dividend	–	48
Fixed interest income	1,151	71
	5,763	3,925
Other income		
Deposit interest	5	93
Interest received from VAT recovery	57	–
Total income from investments held at fair value through profit or loss	5,825	4,018
Total income comprises:		
Dividends	4,612	3,854
Interest	1,213	164
	5,825	4,018

3. INVESTMENT MANAGEMENT, MANAGEMENT AND PERFORMANCE FEES

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Investment Management fee	96	1,828	1,924	83	1,584	1,667
Management fee	37	693	730	33	628	661
Refund of VAT previously paid on management fees	–	(255)	(255)	–	–	–
Performance fee accrual	–	2,759	2,759	–	224	224
	133	5,025	5,158	116	2,436	2,552

In accordance with the performance fee arrangements described in the Report of the Directors on page 18 no performance fee was paid during the year ended 31 March 2010 (2009: nil). At the year end a performance fee of £2,759,000 was accrued, in addition, the performance fee of £224,000 accrued at 31 March 2009 crystalised and become payable post the year end. Of the £224,000 fee payable, £204,000 is payable to the Investment Manager and £20,000 is payable to the Manager.

Notes to the Financial Statements (continued)

4. OTHER EXPENSES

	2010 Revenue £'000	2009 Revenue £'000
Directors' remuneration	146	152
Auditors' remuneration for the audit of the Company's financial statements	23	22
Auditors' remuneration for other services	15	4
Marketing	32	38
ISA and savings scheme expenses	3	18
Registrar	56	41
Custody	13	37
Other	218	276
	506	588

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 33.

5. FINANCE CHARGES

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Finance charges	11	212	223	29	543	572

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in year:

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
UK corporation tax at 28% (2009: 28%)						
Tax relief to capital	303	(303)	–	360	(360)	–
Overseas taxation	662	–	662	506	–	506
	965	(303)	662	866	(360)	506

Notes to the Financial Statements (continued)

6. TAXATION ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting current tax charge for the year

The tax charged for the year is lower than the standard rate of corporation tax in the UK for a large company 28% (2009: 28%).

The difference is explained below.

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Total return before tax	5,175	74,889	80,064	3,285	61,484	64,769
Corporation tax at 28% (2009: 28%)	1,449	20,969	22,418	920	17,216	18,136
Non-taxable gains on investments held at fair value through profit and loss	–	(22,435)	(22,435)	–	(18,049)	(18,049)
Overseas withholding tax not recoverable	662	–	662	506	–	506
Non taxable overseas dividends	(1,100)	–	(1,100)	–	–	–
Non taxable UK dividend	–	–	–	(59)	–	(59)
Expenses charged to capital available to be utilised	(122)	1,163	1,041	(479)	473	(6)
Timing differences on overseas dividends	75	–	75	(27)	–	(27)
Disallowed expenses	1	–	1	5	–	5
Current tax charge	965	(303)	662	866	(360)	506

(c) Provision for deferred tax

The Company has not recognised a deferred tax asset of £10,324,000 (2009: £10,996,000) arising as a result of unutilised expenses. These expenses will only be utilised if the Company generates sufficient taxable profits in the future or if there is a change in the legislation and capital gains become taxable for investment trust companies. It is considered too uncertain that either of these will occur and, therefore, no deferred tax asset has been recognised. There is no capital gains tax payable by the Company because investment trust companies are exempt from this tax.

7. RETURN PER SHARE

	2010 £'000	2009 £'000
The return per share is based in the following figures:		
Revenue return	4,210	2,419
Capital return	75,192	61,844
Total return	79,402	64,263
Weighted average number of ordinary shares in issue during the year – basic	44,122,846	43,756,755
Revenue return per share	9.5p	5.5p
Capital return per share	170.5p	141.4p
Total return per share – basic	180.0p	146.9p
Weighted average number of shares in issue during the year – diluted	44,122,846	44,764,156
Revenue return per share	9.5p*	5.4p
Capital return per share	170.5p*	138.2p
Total return per share – diluted	180.0p*	143.6p

*dilution not applicable

Notes to the Financial Statements (continued)

8. INTERIM DIVIDEND

Under UK GAAP, final dividends are not recognised until they are approved by shareholders and interim dividends are not recognised until they are paid. They are also debited directly from reserves. Amounts recognised as distributable to ordinary shareholders for the year ended 31 March 2010 were as follows:

	2010 £'000	2009 £'000
Interim dividend in respect of the year ended 31 March 2009	1,982	–
Interim dividend in respect of the year ended 31 March 2008	–	1,344
	1,982	1,344

In respect of the year ended 31 March 2010, an interim dividend of 8.5p per share (2009: 5.0p per share) has been declared. The aggregate cost of this dividend based on the number of shares in issue at 21 June 2010 is estimated to be £3,653,000. In accordance with FRS 21 this dividend will be reflected in the interim accounts for the period ending 30 September 2010. Total dividends in respect of the financial year, which is the basis on which the requirements of s842 of the Income and Corporation Taxes Act 1988 are considered, are set out below:

	2010 £'000	2009 £'000
Revenue available for distribution by way of dividend for the year	4,210	2,419
Dividends for the year ended 31 March	(3,653)	(1,982)
	557	437

based on 42,979,817 shares in issue as at 21 June 2010.

9. INVESTMENTS

	Listed investments £'000	Unlisted investments £'000	Derivatives Options £'000	Derivatives OTC swap	Total £'000
Cost at 1 April 2009	252,165	1,094	(158)	10,031	263,132
Investment holdings gains/(losses) at 1 April 2009	42,763	(1,094)	(796)	290	41,163
Valuation at 1 April 2009	294,928	–	(954)	10,321	304,295
Movement in the year:					
Purchases at cost	241,009	6,318	7,574	–	254,901
Sales – proceeds	(231,909)	(7)	(8,980)	(10,253)	(251,149)
– realised gains/(losses) on sales	45,750	(1,087)	1,942	222	46,827
Net movement in investment holding gains/(losses)	26,507	2,090	1,046	(290)	29,353
Valuation at 31 March 2010	376,285	7,314	628	–	384,227
Cost at 31 March 2010	307,015	6,318	378	–	313,711
Investment holding gains at 31 March 2010	69,270	996	250	–	70,516
Valuation at 31 March 2010	376,285	7,314	628	–	384,227

Notes to the Financial Statements (continued)

9. INVESTMENTS (CONTINUED)

Gains on investment	2010 £'000	2009 £'000
Realised gains based on historical cost – sales	46,827	35,421
Less: amounts recognised as investment holding gains in previous years	(40,817)	(5,043)
Realised gains based on carrying value at previous Balance Sheet date	6,010	30,378
Movement in investment holding gains in the year	70,170	46,127
Gains on investments	76,180	76,505

Purchase transaction costs for the year to 31 March 2010 were £467,000 (year ended 31 March 2009: £492,000). These comprise mainly stamp duty and commission.

Sales transaction costs for the year to 31 March 2010 were £372,000 (year ended 31 March 2009: £367,000). These comprise mainly commission.

10. DEBTORS

	2010 £'000	2009 £'000
Amounts due from brokers	535	245
Withholding taxation recoverable	323	416
VAT recoverable	37	33
Prepayments and accrued income	862	613
	1,757	1,307

11. CREDITORS

Amounts falling due within one year	2010 £'000	2009 £'000
Amounts due to brokers	–	100
Amounts due to brokers – OTC swap	–	10,794
Amounts due to brokers – purchase of own shares	–	608
Stamp duty due on purchase of own shares	4	4
Bank loan facility*	36,062	40,183
Performance fee accrual	2,983	224
Other creditors and accruals	754	651
	39,803	52,564

*The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. New York ("Goldman Sachs"). Interest on the facility is charged at the Federal effective rate plus 1 week OIS+ Spread plus 45 basis points. As at 31 March 2010 assets to the value of approximately 140% of the the Company's debt were held by Goldman Sachs as collateral.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2010 £'000	2009 £'000
Fair value of call and put options	628	(954)
Fair value of OTC equity swap	–	10,321
	628	9,367

See note 9 on pages 45 and 46 for movements in the year.

+See Glossary on page 62.

Notes to the Financial Statements (continued)

13. SHARE CAPITAL

	Ordinary shares number	Treasury shares number	Total Ordinary shares in issue number	Total Subscription shares in issue number
Issued and fully paid:				
At 1 April 2009	41,361,431	3,058,050	44,419,481	–
Ordinary shares bought back and held in treasury	(7,166,763)	7,166,763	–	–
Treasury shares cancelled following 2009 AGM	–	(3,985,397)	(3,985,397)	–
Ordinary shares bought back for cancellation	(1,342,175)	–	(1,342,175)	–
Exercise of remaining warrants	10,745,610	–	10,745,610	–
Subscription share of 1p	–	–	–	9,730,960
Subscription shares converted to Ordinary shares	738,653	–	738,653	(738,653)
At 31 March 2010	44,336,756	6,239,416	50,576,172	8,992,307

	£'000
Issued and fully paid:	
50,576,172 Ordinary shares of 25p	12,644
8,992,307 Subscription shares 1p	90

During the year ended 31 March 2010 a total of 8,508,938 shares were bought back by the Company (2009: 4,841,800), 6,239,416 of these were held in treasury at 31 March 2010 (2009: 3,058,050), at a cost of £48,453,000 including expenses of £337,000 (2009: £24,746,000); 1,342,175 of the shares repurchased were immediately cancelled. In addition, all of the 3,985,397 shares held in treasury at 17 July 2009, date of the Company's Annual General Meeting, were cancelled in accordance with the Board's stated policy.

The final exercise date for the Company's warrants was 31 July 2009 and all of the 10,745,610 remaining warrants in issue on that date were converted into shares (on a one for one basis) on 5 August 2009 raising £49,860,000 of additional funds for the Company.

On 4 September 2009, the Company made bonus issue of subscription shares on the basis of one subscription share for every five ordinary shares held at that date. The subscription shares have quarterly subscription dates and the following shares were allotted by the Company as a result of certain holders of the subscription shares exercising their subscription rights during the year:

42,148 shares were allotted on 13 November 2009 raising £259,000,

696,505 shares were allotted on 3 February 2009m raising £4,276,000,

At the year end there were 8,992,307 subscription shares in issue (2009: 10,745,610 warrants).

Notes to the Financial Statements (continued)

14. NET ASSET VALUE PER SHARE

	2010 £'000	2009 £'000
Net asset value per share – basic	780.8p	635.9p
Net asset value per share – diluted for subscription shares/warrants	752.7p	600.5p

The net asset value per share is based on the assets attributable to equity shareholders of £346,181,000 (2009: £263,017,000) and on the number of shares in issue at the year end of 44,336,756 (excluding shares held in treasury) (2009: 41,361,431). As at 31 March 2010, there were 8,992,307 subscription shares in issue (2009: 10,745,610 warrants). The diluted net asset value per share assumes all outstanding subscription shares were exercised at 614p resulting in assets attributable to equity shareholders of £401,394,000 and on 53,329,063 shares (2009: assumed all outstanding warrants were exercised at 464p resulting in assets attributable to shareholders of £312,877,000 and on 52,107,041 shares). As at 31 March 2010 the Company held 6,239,416 shares in treasury (2009: 3,058,050). The treasury shares were not dilutive at 31 March 2010.

15. RECONCILIATION OF OPERATING RETURN TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £'000	2009 £'000
Gains before finance costs and taxation	80,287	65,341
Less: capital gain before finance costs and taxation	(75,101)	(62,027)
Revenue return before finance costs and taxation	5,186	3,314
Expenses charged to capital	(5,025)	(2,436)
Increase in accrued income	(249)	(422)
(Increase)/decrease in other debtors	(4)	3
Increase in creditors and accruals	2,862	220
Net taxation suffered on investment income	(662)	(740)
Net cash inflow/(outflow) from operating activities	2,108	(61)

16. RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	2010 £'000	2009 £'000
Increase in net debt resulting from cashflows	(9,804)	(35,950)
Exchange movements	3,946	(12,042)
Decrease in short term loans/bank overdraft	–	14,813
Movement in net debt in the year	(5,858)	(33,179)
Net (debt)/funds at start of year	(30,204)	2,975
Net debt at end of year	(36,062)	(30,204)

Represented by:

	At 1 April 2009 £'000	Cash flows £'000	Exchange movements £'000	At 31 March 2010 £'000
Net bank overdraft/cash at bank	(30,204)	(9,804)	3,946	(36,062)
Net debt	(30,204)	(9,804)	3,946	(36,062)

Notes to the Financial Statements (continued)

17. RELATED PARTIES

Details of the relationship between the Company, Frostrow Capital LLP and OrbiMed Capital LLC are disclosed in the Report of the Directors on pages 17 and 18. Samuel D Isaly is a Director of the Company, as well as Managing Partner of the Company's Investment Manager, OrbiMed Capital LLC; also a number of the partners at OrbiMed Capital LLC have a minority financial interest totalling 20% in Frostrow Capital LLP. During the year ended 31 March 2010, OrbiMed Capital LLC received £1,924,000 in respect of Investment Management fees, of which £554,000 was outstanding at the year end. In addition an amount of £204,000 was outstanding in respect of performance fees which crystalised at 31 March 2010.

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES

The Company's financial instruments comprise securities and other investments, derivative instruments, cash balances, loans, debtors and creditors that arise directly from its operations.

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 14. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets.

The main risks that the Company faces arising from its financial instruments are:

(i) market risk (including foreign currency risk, interest rate risk and other price risk)

(ii) liquidity risk

(iii) credit risk

These risks and the Directors' approach to the management of them, are set out in the Report of Directors on pages 15 and 16 and have not changed from the previous accounting period. The Investment Manager, in close co-operation with the Board of Directors, co-ordinates the Company's risk management.

(i) Market risk:

The Company's portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objective. Further information on the portfolio is set out on page 12.

Management of risk:
Derivative instruments are used to mitigate market price risk, the following option strategies or a combination of such have been used during the financial year:

- Buy calls: provides leveraged long exposure, facilitates exposure while minimising capital at risk.
- Buy puts: provides leveraged protection, facilitates exposure while minimising capital at risk.
- Sell calls: against an existing position, provides partial protection from a decline in stock price; facilitates commitment to an exit strategy and exit price that is consistent with fundamental analysis.
- Sell puts: provides an effective entry price at which to add to an existing position, or provides an effective entry price at which to initiate a new position.

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

(a) Foreign Currency risk

A significant proportion of the Company's portfolio is denominated in currencies other than sterling (the Company's functional currency, and the currency in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Rate of exchange against sterling at 31 March

	2010	2009
U.S. dollar	1.5169	1.4334
Japanese yen	141.7392	141.5720
Swiss franc	1.5967	1.6298
Euro/Danish kroner	1.1211	1.0796

Foreign currency exposure and sensitivity

The fair values of the Company's monetary items that are denominated in foreign currency as at 31 March 2010 are shown below:

	2010 Current assets £'000	2010 Current liabilities £'000	2010 investments £'000	2009 Current assets £'000	2009 Current liabilities £'000	2009 investments £'000
U.S. dollar	2,004	(35,990)	305,223	9,619	(52,031)	209,994
Swiss franc	323	–	45,731	–	–	28,976
Japanese yen	–	–	22,347	147	–	25,464
Euro/Danish kroner	–	–	1,324	–	–	7,167
Hong Kong dollar	–	–	9,602	–	–	–
	2,327	(35,990)	384,227	9,766	(52,031)	271,601

Management of risk:

The Investment Manager and Manager monitor the Company's exposure to foreign currencies on a daily basis and report to the Board on a regular basis. The Investment Manager does not hedge against foreign currency movements, but takes account of the risk when making investment decisions.

Foreign currency borrowing facilities are available and are currently being utilised, to limit the Company's exposure to anticipated future changes in exchange rates, which might otherwise adversely affect the value of portfolio investments.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that the income is included in the financial statements and its receipt.

Foreign currency sensitivity

The following table details the sensitivity of the Company's profit or loss after taxation for the year and shareholders' funds to a 10% increase and decrease in sterling against the U.S. dollar (2009: 30% increase and decrease), a 5% increase and decrease in sterling against the Japanese yen (2009: 30% increase and decrease), and a 5% increase and decrease in sterling against the Swiss franc (2009: 20% increase and decrease).

These percentages have been determined based on market volatility in exchange rates over the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each Balance Sheet date.

	2010 USD £'000	2010 YEN £'000	2010 CHF £'000	2009 USD £'000	2009 YEN £'000	2009 CHF £'000
Sterling depreciates	29,910	1,180	2,456	76,283	10,899	7,394
Sterling appreciates	(24,471)	(1,069)	(2,228)	(41,084)	(5,871)	(4,918)

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

(b) Interest rate risk

Interest rate movement may affect:

- the interest payable on the Company's variable rate borrowings;
- the level of income receivable from floating rate securities and cash at bank and on deposit;
- the fair value of investments of fixed interest securities.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the multicurrency loan facility.

The Company, generally, does not hold significant cash balances (except when required for collateral against the Company's derivative positions), with short term borrowing being used when required.

Interest rate exposure

The Company has a loan facility with Goldman Sachs which is repayable on demand. £35,992,000 was drawn down under this facility at 31 March 2010. The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below.

Floating rate

The floating interest rate exposure of the financial assets and financial liabilities to interest rate risk at 31 March 2010 in respect of cash was nil (2009: £9,979,000). At 31 March 2010 there was an overdraft position with Bank of New York Mellon of £70,000 (2009: nil) and a bank overdraft position at Goldman Sachs of £35,992,000 (2009: £40,183,000).

Fixed rate

In the year to 31 March 2010, the Company held 8.2% of the portfolio in fixed interest securities. This percentage is deemed not to be material and accordingly no sensitivity analysis has been presented.

(c) Other price risk

Other price risk may affect the value of the Company's investments. If market prices at the Balance Sheet date had been 25% higher or lower (2009: 20% higher or lower) while all other variables remained constant, the revenue return would have decreased/increased by £43,000 (2009: £22,000), and the capital return would have increased/decreased by £95,187,000 (2009: £60,273,000) and the return on equity would have increased/decreased by £95,230,000. The calculations are based on the portfolio valuations as at the respective balance sheet dates and are not representative of the year as a whole.

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable. The Company has a loan facility repayable on demand with Goldman Sachs.

Interest on the facility is charged at the Federal effective rate plus 1 week OIS Spread plus 45 basis points.

In order to ensure diversification within the portfolio, the Board gives guidance to the Investment Manager concerning exposure limits to individual companies. Geographical and sectoral exposure are also reviewed regularly by the Directors.

Liquidity exposure

Contractual maturities of the financial liabilities as at 31 March 2010, based on the earliest date on which payment can be required are as follows:

31 March 2010	**3 months or less £'000**	**2010 Not more than one year £'000**	**Total £'000**
Current liabilities:			
Borrowings under the loan facility	36,062	–	36,062
Amounts due to brokers and accruals	982	2,759*	3,741
	37,044	2,759	39,803

*assuming the performance fee accrued at 31 March 2010 crystalises at 31 March 2011.

31 March 2009	**3 months or less £'000**	**2009 Not more than one year £'000**	**Total £'000**
Current liabilities:			
Borrowings under the loan facility	40,183	–	40,183
Amounts due to brokers and accruals	1,363	11,018	12,381
	41,546	11,018	52,564

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

(iii) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

The carrying amounts of financial assets best represent the maximum credit risk at the Balance Sheet date. The Company's listed investments are held on its behalf by Goldman Sachs acting as the Company's custodian.

Bankruptcy or insolvency of a custodian may cause the Company's rights with respect to securities held by that custodian to be delayed, however, the Board monitors the Company's risk to its custodians by reviewing continuously their internal control reports and their credit ratings.

Certain of the Company's assets are held by Goldman Sachs as collateral for the loan provided by them to the Company. Such assets held by Goldman Sachs are available for rehypothecation.†

Management of the risk

The risk is not significant, and is managed as follows:

- by only dealing with brokers which have been approved by OrbiMed Capital LLC and banks with high credit ratings;
- by setting limits to the maximum exposure to any one counterparty at any time; and
- by monitoring the assets subject to rehypothecation†.

† See Glossary on page 62.

Credit risk exposure

	2010 Balance Sheet £'000	2009 Balance Sheet £'000
Fixed interest securities and convertibles	31,785	2,344
M&A Basket – OTC equity swap	–	10,321
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	2,385	1,307
Cash at bank and on deposit*	–	9,979

*Includes cash held as collateral.

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

Company's hierarchy as quoted in note 1b on page 40.

As of 31 March 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets/(liabilities)				
Financial investments designated at fair value through profit or loss	376,285	–	7,314	383,599
Fair value of derivative financial instruments	–	628	–	628
Assets measured at fair value	376,285	628	7,314	384,227

As at 31 March 2010, the put and call options have been classified as level two and the investment in the unquoted Convertible Preferred Equity Certificates (CPEC) has been classed as level three. All of the remaining investments have been classified as level one.

As of 31 March 2009	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets/(liabilities)				
Financial investments designated at fair value through profit or loss	294,928	–	–	294,928
Fair value of derivative financial instruments	–	9,367	–	9,367
Assets measured at fair value	294,928	9,367	–	304,295

Level 3 Reconciliation

At 31 March 2010	2010 Equity investments £'000
Purchases at cost	6,318
Total gains included in gains on investments in the income statement:	
– on assets held at the end of the year	996
Closing balance	7,314

Level 3 valuation techniques used by the Company are explained in the accounting policies in note 1b.

Fair value of financial assets and financial liabilities

The fair value of the financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments and derivatives) or the Balance Sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accrual, cash at bank, bank overdraft and amounts due under the loan facility).

Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the income and capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to the lower of £70m and 20% of the Company's net assets.

Notes to the Financial Statements (continued)

18. FINANCIAL INSTRUMENTS' EXPOSURE TO RISK AND RISK MANAGEMENT POLICIES (CONTINUED)

The capital structure of the Company consists of the equity share capital, retained earnings and other reserves as disclosed on the Balance Sheet on page 38.

Gearing for this purpose is defined as net debt as a percentage of total net assets. As at 31 March 2010 the gearing percentage of the Company was 10.4% (2009: 11.5%).

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This includes a review of:

- the planned level of gearing, which takes into account the Investment Manager's view of the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, in light of any share price discount to net asset value per share in accordance with the Company's share buyback policy;
- the need for new issues of equity shares, including issues from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is also subject to several externally imposed capital requirements and are as follows:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since last year and the Company has complied with them.

19. CAPITAL RESERVE

	Capital Reserve – Other £'000	Capital Reserve – Investment Holding Gains £'000	Total £'000
At 31 March 2009	77,546	41,163	118,709
Transfer on disposal of investments	40,817	(40,817)	–
Net gains on investments	6,010	70,170	76,180
Expenses charged to capital	(4,934)	–	(4,934)
Subscription shares issued less issue costs	(288)	–	(288)
Shares purchased including expenses	(48,453)	–	(48,453)
Exchange gain on currency balances	3,946	–	3,946
At 31 March 2010	74,644	70,516	145,160

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Finsbury Worldwide Pharmaceutical Trust PLC will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London, EC2Y 5BL on Thursday, 15 July 2010 from 12 noon for the following purposes:

ORDINARY BUSINESS

1. To receive and, if thought fit, to accept the Audited Accounts and the Report of the Directors for the year ended 31 March 2010
2. To re-elect Ms Jo Dixon as a Director of the Company
3. To re-elect Mr Paul Gaunt as a Director of the Company
4. To re-elect Professor Duncan Geddes as a Director of the Company
5. To re-elect Mr Samuel D Isaly as a Director of the Company
6. To re-elect Mr Anthony Townsend as a Director of the Company
7. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to determine their remuneration
8. To approve the Directors' Remuneration Report for the year ended 31 March 2010

SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions of which resolutions 10, 11, 12, 14 and 16 will be proposed as special resolutions:

Authority to Allot Shares

9. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal amount of £1,074,495 (being 10% of the issued share capital of the Company at 21 June 2010) and representing 4,297,982 shares of 25 pence each (or, if less, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in General Meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of Pre-emption Rights

10. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 11 set out in the notice convening the Annual General Meeting at which this resolution is proposed ("Notice of Annual General Meeting")) the Directors be and are hereby generally empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 9 set out in the Notice of Annual General Meeting or otherwise as if Section 561(1) of the Act did not apply to any such allotment:

    (a) pursuant to an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25p each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

Notice of Annual General Meeting (continued)

(b) provided that (otherwise than pursuant to sub-paragraph (a) above) this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,074,495, being 10% of the issued share capital of the Company as at 21 June 2010 and representing 4,297,982 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 11 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the net asset value per Share as at the latest practicable date before such allotment of equity securities as determined by the Directors in their reasonable discretion,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

11. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 10 set out in the Notice of Annual General Meeting) the Directors be and are hereby generally empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to sell relevant shares (within the meaning of Section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act ("treasury shares")), for cash as if Section 561(1) of the Act did not apply to any such sale provided that:

(a) where any treasury shares are sold pursuant to this power at a discount to the then prevailing net asset value of ordinary shares of 25p each in the Company ("Shares"), such discount must be (i) lower than the discount to the net asset value per Share at which the Company acquired the Shares which it then holds in treasury and (ii) not greater than 5% to the prevailing net asset value per Share at the latest practicable time before such sale (and for this purpose the Directors shall be entitled to determine in their reasonable discretion the discount to their net asset value at which such Shares were acquired by the Company and the net asset value per Share at the latest practicable time before such Shares are sold pursuant to this power); and

(b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £1,074,495, being 10% of the issued share capital of the Company as at 21 June 2010 and representing 4,297,982 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 10 set out in the Notice of Annual General Meeting,

and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in General Meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might otherwise require treasury shares to be sold after such expiry and the Directors may sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase Ordinary Shares

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") provided that:

Notice of Annual General Meeting (continued)

(a) the maximum aggregate number of Shares authorised to be purchased is 6,442,675 (representing approximately 14.99% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed);

(b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments);

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Electronic Communication

13. THAT the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006 and the articles of association of the Company (as from time to time amended or varied) to send, convey or supply all types of notices, documents or information to the members by means of electronic equipment (such term is defined in the Financial Services Authority's Disclosure and Transparency Rules) for the processing (including, without limitation, by means of digital compression) storage and transmission of data, employing wires, radio optical technologies, or any other electromagnetic means, including without limitation, by making such notices, documents or information available on a website.

General Meetings

14. THAT as permitted by the EU Shareholders' Rights Directive (2007/36/EC) any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of the resolution.

Change to Investment Policy

15. THAT the proposed revised investment policy and benchmark set out on pages 21 and 22 of the Company's annual report and accounts dated 21 June 2010, a copy of which marked "A" and signed for the purpose of identification by the Chairman of the Meeting and produced to the Meeting, be and it is hereby approved and adopted with immediate effect as the Company's investment policy in place of the Company's existing investment policy.

Change of the Company's name

16. THAT the name of the Company be changed to Worldwide Healthcare Trust PLC.

By order of the Board

Registered Office:
One Wood Street
London EC2V 7WS

Frostrow Capital LLP
Company Secretary
21 June 2010

Notice of Annual General Meeting (continued)

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

3. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 12 noon on 13 July 2010.

4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.

5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at 5.30 p.m. on 13 July 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

9. As at 21 June 2010 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 42,979,817 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 June 2010 are 42,979,817.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

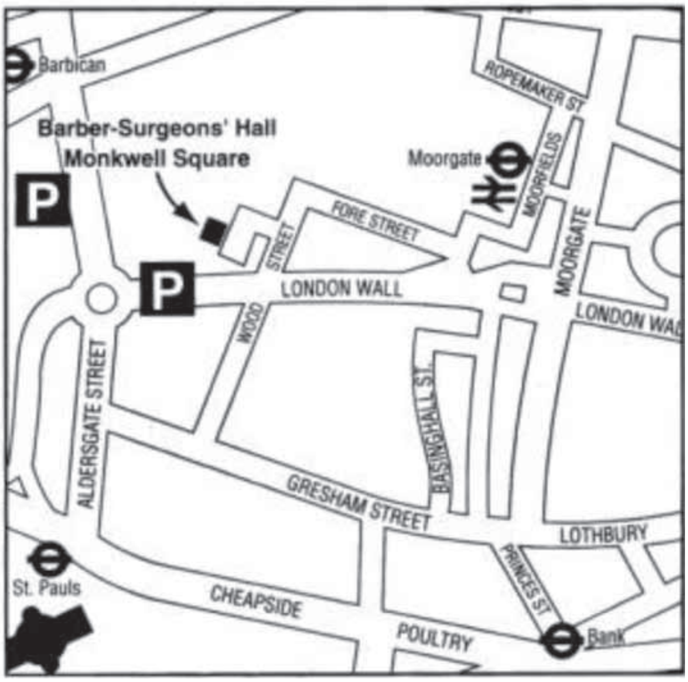
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notice of Annual General Meeting (continued)

14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras).
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
19. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

LOCATION OF THE ANNUAL GENERAL MEETING



How to Invest

Alliance Trust Savings Limited

SAVINGS PLAN

The Company participates in the Alliance Trust Savings Limited Investment Trust Savings Plan, which facilities both regular monthly investments and occasional lump sum investments in the Company's shares. Shareholders who would like information on the Savings Plan should call Alliance Trust Savings Limited on 01382 573737. Calls to this number are recorded for monitoring purposes and are charged at local rates, non-BT line charges may vary.

INDIVIDUAL SAVINGS ACCOUNTS ("ISA")

ISAs are a tax-efficient method of investment, introduced by the Government. Investors will have the opportunity to invest in the Company up to £10,200 in the current tax year when they subscribe to a Stocks and Shares ISA.

Capita Registrars – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita Registrars, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal (Minimum £20.00, max £75.00)	1.5% of the value of the deal (Minimum £25.00, max £102.50)

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, shareholder reference number, full postcode and your date of birth. Your shareholder reference number can be found on your latest statement or certificate where it will appear as either a 'folio number' or 'investor code'. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact:

www.capitadeal.com (online dealing) or 0871 664 0446† (telephone dealing)

†Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

RISK WARNINGS

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

The information on this page has been issued and approved by Frostrow Capital LLP, authorised and regulated in the UK by the Financial Services Authority.

Glossary

INVESTMENT TRUST TERMS

Diluted Net Asset Value
This is a method of calculating the net asset value ("NAV") of a company that has issued, and has outstanding, convertible loan stocks, warrants or options. The calculation assumes that the holders have exercised their right to convert or subscribe, thus increasing the number of shares among which the assets are divided.

Discount or Premium
A description of the situation when the share price is lower or higher than the NAV per share. The size of the discount or premium is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage (%) of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Gearing
Also known as leverage, particularly, in the USA. The term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased using the borrowings exceed the costs of those borrowings.

NAV per share (pence)
Net asset value per share is shareholders' funds expressed as an amount per share. Shareholders' funds are the total value of all of the Company's assets, at current fair value, having deducted all prior charges.

NAV Total Return
The theoretical total return on shareholders' funds per share, including the assumed £100 original investment at the beginning of the period specified, reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts/premiums.

OIS (Overnight Indexed Swap)
Overnight indexed swap is an interest rate swap where the periodic floating rate of the swap is equal to the geometric average of an overnight index over every day of the payment period.

Rehypothecation
The pledging of securities or other assets as collateral to secure a loan such as a debit balance in a margin account. Assets subject to rehypothecation are protected by relevant U.S. SEC Rules.

Total Assets
Total assets less current liabilities before deducting prior charges. Prior charges include all loans for investment purposes.

Total Expense Ratio
The total expense ratio is calculated by taking the Company's expenses and dividing by the average net asset value of the Company over the year.

Treasury Shares
Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential sale or cancellation at a later date.

Company Information

DIRECTORS
Martin Smith (Chairman)
Josephine Dixon
Paul Gaunt
Professor Duncan Geddes
Dr David Holbrook
Samuel D Isaly
Anthony Townsend

COMPANY REGISTRATION NUMBER
3023689 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006

The Company was incorporated in England and Wales on 14 February 1995. The Company was incorporated as Finsbury Worldwide Pharmaceutical Trust PLC.

WEBSITE
Website: www.finsburywp.com

REGISTERED OFFICE
One Wood Street
London EC2V 7WS

INVESTMENT MANAGER
OrbiMed Capital LLC
767 Third Avenue, 30th Floor
New York NY10017 - 2023
Website: www.orbimed.com
Registered under the U.S. Securities & Exchange Commission

MANAGER, ADMINISTRATOR AND COMPANY SECRETARY
Frostrow Capital LLP
25 Southampton Buildings, London WC2A 1AL
Telephone: 0203 008 4910
E-mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Services Authority

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

CUSTODIAN
Goldman Sachs & Co.
200 West Street, Third Floor
New York, NY10282

AUDITORS
Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTRARS
Capita Registrars
Northern House, Woodsome Park
Fenay Bridge, Huddersfield
West Yorkshire HD8 0GA
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): + 44 208 639 3399
Facsimile: + 44 (0) 1484 600911
E-mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

REGISTRARS (CONTINUED)
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.
†calls cost 10p per minute plus network charges and may be recorded for training purposes. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

STOCKBROKER
Winterflood Securities Limited
The Atrium Building
Cannon Bridge, 25 Dowgate Hill
London EC4R 2GA

ALLIANCE TRUST SAVINGS LIMITED
PO Box 164
8 West Marketgait
Dundee
DD1 9YP

Customer Services: 01382 573737*
E-mail: contact@alliancetrust.co.uk.
Please contact Alliance Trust Savings Limited if you have a query concerning an Alliance Trust Savings Scheme, First Steps Plan or ISA account.
*Calls to this number are recorded for monitoring purposes only and will be charged at local rates, non-BT line charges may vary.

SHARE AND WARRANT PRICE LISTINGS
The price of your shares and warrants can be found in various publications including the Financial Times, The Daily Telegraph, The Times, The Scotsman and The Herald.

The Company's net asset value per share is announced daily and is available, together with the share price, on the TrustNet website at www.trustnet.com.

IDENTIFICATION CODES

Shares:	SEDOL	:	0338530
	ISIN	:	GB0003385308
	BLOOMBERG	:	FWP LN
	EPIC	:	FWP
Subscription Shares:	SEDOL	:	B3VMCB0
	ISIN	:	GB00B3VMCB07
	BLOOMBERG	:	FWPS LN

DISABILITY ACT
Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Registrars, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the RNID) you should dial 18001 followed by the number you wish to dial.

This report is printed on Revive 75 Silk. The paper consists of 50% de-inked post consumer waste, 25% pre-consumer waste and 25% virgin wood fibre. The pulp used is a combination of Elemental Chlorine Free (ECF) and Totally Chlorine Free (TCF). The mill is certified to environmental management standard ISO 14001. This product has been awarded the NAPM 75% Recycled Mark. This report has been printed using vegetable based inks.

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