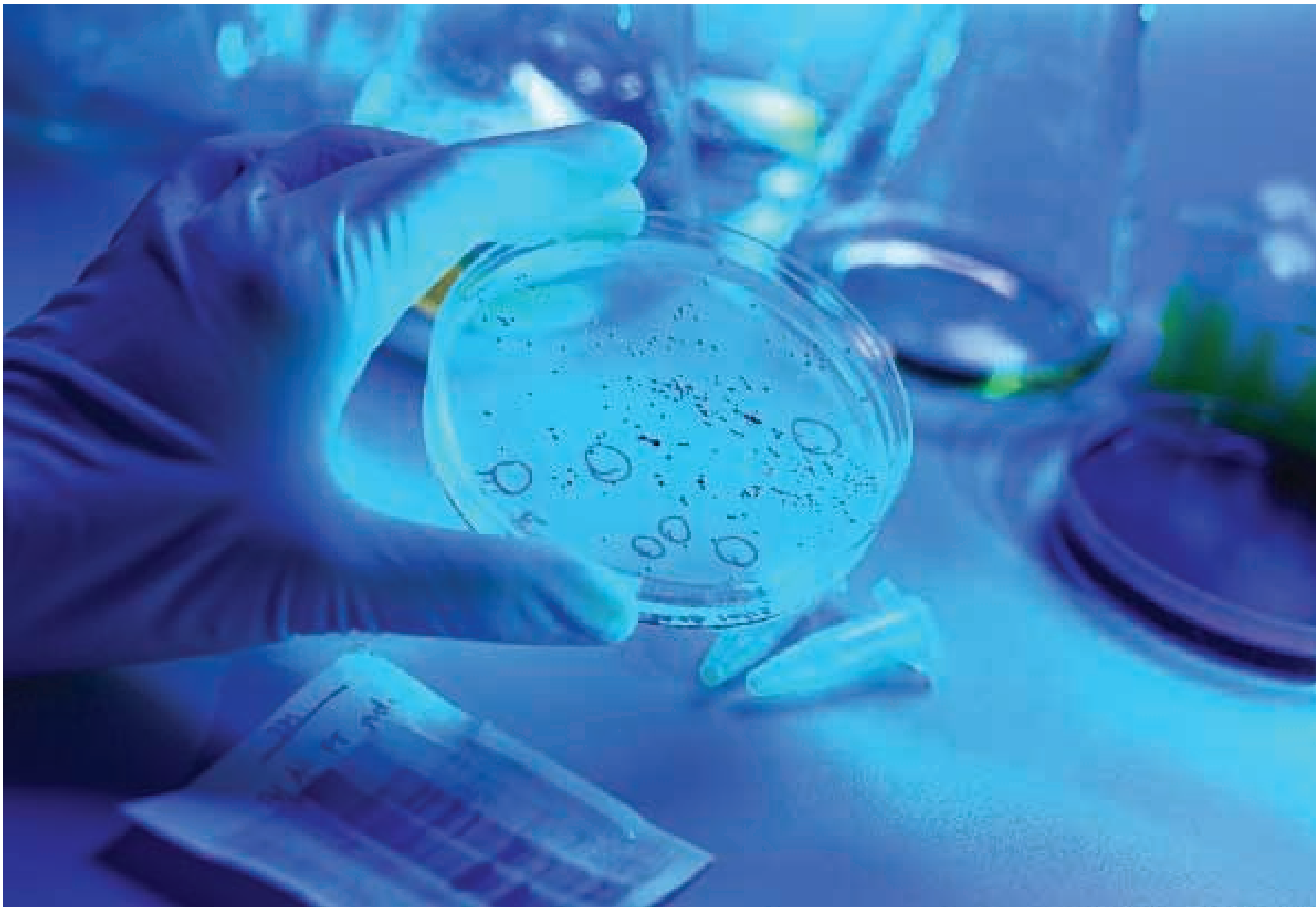
2011

WORLDWIDE HEALTHCARE TRUST PLC

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

WORLDWIDE HEALTHCARE TRUST PLC ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2011



Frostrow CAPITAL

OrbiMed Healthcare Fund Management

ACCESSING THE GLOBAL MARKET

The healthcare sector comprises worldwide industries. 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. Worldwide Healthcare Trust PLC offers an opportunity to gain exposure to pharmaceutical, biotechnology and related companies in the healthcare sector on a global scale.

INVESTMENT OBJECTIVE AND POLICY

Worldwide Healthcare 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 beginning on page 14.

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 £63.7m 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, 7 July 2011 at 12 noon.

aic
The Association of
Investment Companies

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

PERFORMANCE SUMMARY

	Year ended 31 March 2011	Year ended 31 March 2010
Share price (total return)*	-0.9%	+28.7%
Net asset value per share (total return)*	+4.0%	+25.9%
Benchmark index (total return)**	+2.5%	+24.6%

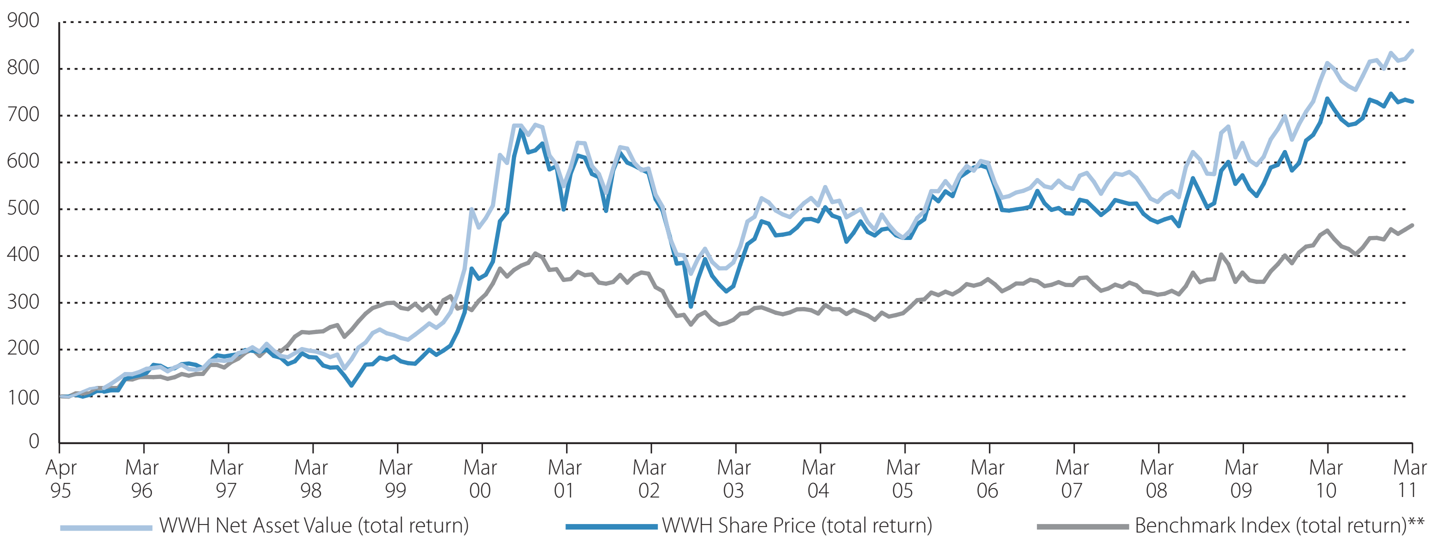
	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 March 2010	31 March 2011	% Change for the year ended 31 March 2011
Shareholders' funds	£334.8m	£273.6m	£224.8m	£263.0m	£346.2m	£344.8m	-0.4
Net asset value per share – diluted (dilution for warrants/subscription shares)	564.1p	511.2p	482.4p	600.5p	752.7p	773.5p	+2.8
Net asset value per share – basic	583.0p	520.9p	486.6p	635.9p	780.8p	799.2p	+2.4
Share price	575.0p	477.8p	457.0p	550.5p	701.5p	686.0p	-2.2
Premium/(discount) of share price to diluted net asset value per share at year end	1.9%	(6.5%)	(5.3%)	(8.3%)	(6.8%)	(11.3%)	N/A
Average month end premium/(discount) of share price to diluted net asset value per share	1.9%	(3.1%)	(6.4%)	(7.5%)	(7.1%)	(7.6%)	N/A
Gearing ^	14.8%	5.7%	1.8%	15.3%	10.4%	13.3%	N/A
Total expense ratio (excluding performance fees)	1.4%	1.3%	1.3%	1.2%	1.0%	1.0%	N/A
Total expense ratio (including performance fees accrued in the period)	1.4%	1.3%	1.3%	1.2%	1.9%	1.0%	N/A

*Source – Morningstar. Net asset value diluted for subscription shares and treasury shares.

**With effect from 1 October 2010, the performance of the Company is measured against the MSCI World Health Care Index on a total return, sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmeceutical & Biotechnology Index (total return, sterling adjusted). Historic data, therefore, consists of a blended figure containing both indices.

^Calculated using the Association of Investment Companies definition (prior charges as a percentage of net assets).

PERFORMANCE SINCE LAUNCH TO 31 MARCH 2011



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

Chairman's Statement

Martin Smith

REVIEW OF THE YEAR AND PERFORMANCE

The year ended 31 March 2011 was a relatively difficult one for the healthcare sector against a background of stronger returns for the market as a whole. This was reflected in the performance of the Company's "blended" benchmark which rose 2.5% during the year. As I reported at the interim stage, with effect from 1 October 2010, the Company's performance has been measured against the MSCI World Health Care Index on a total return sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index on a total return sterling adjusted basis. The Company's net asset value total return outperformed the "blended" benchmark during the year returning 4.0%. The Company benefitted from merger & acquisition activity, the release of important positive product data and a positive contribution from healthcare providers during the year. However, the contribution from large capitalisation pharmaceutical stocks was mixed with delays and non approvals by the regulators adversely affecting some of our holdings. Since the Company's inception in 1995, the total return of the Company's net asset value per share is 738.9%, equivalent to a compound annual return of 14.3%. This compares to a cumulative "blended" benchmark return of 365.7%, equivalent to a compound annual return of 10.1% over the same period.

During the year, the Company's share price total return was -0.9%. The average discount of the share price to the diluted net asset value per share during the year was to 7.6% this compares to 7.1% during the previous year.

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

CAPITAL

In implementing our policy of actively managing the share price discount we repurchased a total of 1,996,340 shares at a cost of £13.4m (including expenses) during the year. As mentioned above, the average discount during the year of the Company's share price to the diluted net asset value per share was 7.6%, wider than the stated target of 6%. It remains possible for the discount to be greater than 6% at times as the share price reflects the overall balance between supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as healthcare is another factor over which we have no control. The execution and timing of any share buy-back will continue to be at the absolute discretion of the Board. Shareholder approval to renew the authority to buy-back shares will be sought at the Annual General Meeting.

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 7 July 2011 will be cancelled.

The next exercise date for the Company's subscription shares is 1 August 2011 and the exercise price is 638p. During the year a total of 801,195 new shares were issued, raising £4.9m of additional funds for the Company, as a result of holders of subscription shares exercising their subscription rights.

REVENUE AND DIVIDEND

During the year, the Company benefitted from a higher yield from a number of stocks within the portfolio and the net revenue return for the year was £7.2 million (2010: £4.2 million). In order to maintain investment trust status the Board has declared an interim dividend of 15.0p per share, compared to last year's interim dividend of 8.5p per share, an increase of 76.5%. Based on the current share price of 752.50p the interim dividend represents a yield of 2.0%.

The interim dividend will be payable on 30 June 2011 to ordinary shareholders on the register of members on 10 June 2011. The associated ex-dividend date will be 8 June 2011.

GEARING

The Company's borrowing requirements are met through a loan facility, negotiated on competitive terms, which is repayable on demand, provided by the custodian Goldman Sachs & Co New York. At the time of writing a total of £63.7m of this facility was drawn down, representing 17.7% of the Company's net assets. Your Company has used a modest level of gearing over a number of years and the Board believes that the availability of a meaningful gearing facility is very useful for a closed end investment company such as ours.

THE BOARD

Paul Gaunt, who has been a Director of the Company since its launch in 1995, will be retiring from the Board at the conclusion of the Annual General Meeting. Paul was instrumental in ensuring the launch of the Company and I would like to thank Paul for his hard work during his time on the Board. His experience and wise counsel will be greatly missed.

In May 2010 the Financial Reporting Council published the UK Corporate Governance Code which replaced the Combined Code on Corporate Governance. The Association of Investment Companies subsequently amended its Code of Corporate Governance and Corporate Governance Guide to bring it into line with the UK Corporate Governance Code. One of the main changes is that all directors of FTSE 350 companies are now recommended to stand for annual re-election. Your Company's Directors have agreed, despite not being a FTSE 350 company, to adopt this provision as they believe it will enhance the Board's accountability to shareholders. Accordingly, all Directors of the Company will stand for re-election annually with effect from the forthcoming Annual General Meeting. The Board recommends the re-election of all Directors to shareholders.

DEVELOPMENTS IN THE INVESTMENT TRUST SECTOR

HM Treasury's review of the tax and company law rules affecting investment trusts set out in its consultation document last summer has now resulted in sensible and beneficial amendments which should be advantageous to the whole industry. Our trade association, the Association of Investment Companies (AIC), played a leading role in reaching this satisfactory conclusion of the review.

The Alternative Investment Fund Managers Directive was passed into law by the European Parliament last summer, but there is much detail still to emerge before this Directive takes effect in 2013. It is, however, clear that much of the over-bureaucratic regulation first proposed has been abandoned in favour of more pragmatic measures and the AIC again played a major role in achieving this result.

OUTLOOK

In general, the outlook for markets has improved over the last two years due, in part, to the actions taken by many central banks. Such helpful policies will continue to be needed to overcome problematic government finances – especially in parts of Europe and also in the United States. The danger of inflation in emerging markets in particular is a source of concern.

OrbiMed, our Investment Manager, remains confident of the prospects for healthcare. With the sector's recent underperformance leaving valuations at historically attractive levels they believe that the sector is well positioned to provide strong performance in the years ahead. In addition, 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. Despite the disappointing performance in the year under review your Board believes that the Company is well positioned to take advantage of this encouraging picture. 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.

Martin Smith
Chairman
1 June 2011

Your Board

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

MARTIN SMITH+ (CHAIRMAN)

Martin Smith, aged 68, 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*+

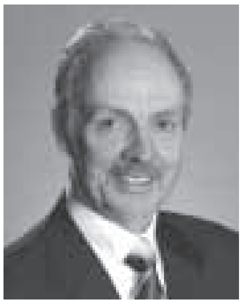
Josephine ("Jo") Dixon, aged 51, joined the Board in 2004. A Chartered Accountant, having trained with Touche Ross in London, Jo is Chairman of the Audit Committee. Jo is self-employed and is also a non-executive director of Baring Emerging Europe PLC and Standard Life Equity Income Trust PLC. Until 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 69, 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 62, 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.



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

DR DAVID HOLBROOK*+

Dr David Holbrook, aged 51, 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.

SAMUEL D ISALY

Sam Isaly, aged 66, 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.

ANTHONY TOWNSEND*+

Anthony Townsend, aged 63, joined the Board at launch in 1995. Anthony has spent over 40 years working in the City and was Chairman of The Association of Investment Companies from 2001 to 2003. Anthony is Chairman of Baronsmead VCT 3 plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Finsbury Growth & Income Trust PLC and Miton Worldwide Growth Investment Trust Plc.

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

OrbiMed Capital LLC – Investment Manager

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$5.1 billion in assets under management as at 31 March 2011, 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.

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 50 to 60 'high conviction' positions.

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

Review of Investments


Samuel D Isaly

PERFORMANCE REVIEW

The year ended 31 March, 2011 was one of solid returns for the broader market as the rebound off March 2009 lows continued through 2010 and early 2011. However, during this same period, healthcare was one of the worst performing subsectors, as investor rotation into other industries was significant. The Company's returns during the year reflect this difficult environment for healthcare.

The total return of the Company's net asset value per share was 4.0% during the year. This figure compares to a "blended" benchmark return of 2.5%. Shareholders will be aware that with effect from 1 October 2010, the Company's performance has been measured against the MSCI World Health Care Index on a total return sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index on a total return sterling adjusted basis. Since the Company's inception in 1995, the total return of the Company's net asset value per share now measures 738.9%, equivalent to a compound annual return of 14.3%, this compares to a cumulative "blended" benchmark return of 365.7%, equivalent to a compound annual return of 10.1% over the same period.

Over the past three years, volatility in major currencies has been significant, sometimes to the benefit and other times to the detriment of the Company. Unfortunately during the year, the U.S. dollar weakened against sterling by 5.6%. A significant majority of the portfolio holdings are denominated in U.S. dollars, thus the falling U.S. dollar had a negative impact on the Company's absolute return during the year.

CONTRIBUTION TO PERFORMANCE

Not unexpectedly, mergers and acquisition activity ("M&A") led to the single largest positive contributor to performance during the year. Specifically, the global biotechnology company, Genzyme Corporation, was acquired by French drug conglomerate, Sanofi-Aventis, for U.S.$20 billion. This underscores our long-held investment strategy of proactively investing in companies which are likely targets for M&A, in particular biotechnology companies that we view as attractive assets for other biopharmaceutical companies.

The next top contributor to performance was an emerging biotechnology stock, NPS Pharmaceuticals ("NPS"). Strong stock price performance for NPS was driven by positive phase III data for Gattex, a drug for a rare disease called short bowel syndrome. We believe the data supports the case for approval from regulatory agencies, which is expected in early 2012.

Another strong performer, Illumina, has been able to execute flawlessly the commercial launch of its new next-generation sequencing platform, HiSeq 2000, across various academic and research markets. The growth in the overall market for sequencing has helped Illumina post revenue growth throughout 2010 despite continued sluggishness in the U.S. economy. Management has delivered top-line growth through innovative new product development coupled with strong demand for existing products, leading to notable outperformance among its peer group.

Not to be overlooked was the positive contribution of Health Maintenance Organisations ("HMOs"). We believe these companies were oversold in 2008 and early 2009. The fear and uncertainty about pending healthcare reform caused investors to flee this subsector. We became bullish after the sell-off, premised on four factors: the positive commercial underwriting cycle, improving employment trends, the removal of healthcare reform overhang to investor sentiment, and attractive valuations. We believe that the commercial premium pricing cycle is on the upswing after bottoming in 2009. The HMO subsector performed well and was a key positive for the Company in 2010.

Notably, the contribution from large capitalisation pharmaceutical stocks was largely mixed in the year. Pfizer, in particular, experienced the most profound rebound catalysed by a low valuation and a shift in sentiment that was punctuated by a CEO change in December. Pfizer was a top contributor in the period.

For Johnson & Johnson ("JNJ"), our positive view stemmed from two points: (1) the early exit from their "patent cliff" when compared to their large capitalisation pharmaceutical peer group and (2) a new product cycle to drive revenues and earnings post-cliff. However, management missteps in the consumer business (including product recalls), recessionary reduction in demand in their device businesses, greater than expected financial hits from the new U.S. healthcare reform, and a deteriorating pricing environment in Europe all conspired to sap the earnings recovery story. Additionally, JNJ's new product cycle was muted. Finally, a lack of management urgency to alter the course did not materialise.

Roche was a negative contributor in the period, largely due to a pipeline failure and a disappointing U.S. Food and Drug

Review of Investments (continued)

Administration ("FDA") decision, two risks that are unfortunately embedded in healthcare investing. For the pipeline, Roche was forced to stop development of new injectable diabetes drug, called taspoglutide, due to unexpected hypersensitivity reactions seen in some patients despite the fact clinical trials were almost complete. On the regulatory front, the FDA asked Roche to withdraw the marketing of Avastin for the treatment of metastatic breast cancer, given Agency concerns over data in this patient population.

Merck was also a victim of an unexpected pipeline failure. Specifically, a novel anti-platelet drug called vorapaxar was stopped in late stage development due to concerns over a bleeding side effect. This compound was a high-profile opportunity for the company. Additionally, Merck's stock, unlike Pfizer, failed to respond positively to the appointment of a new CEO.

The emerging biotechnology company, Allos Therapeutics, was a negative contributor in the year. The share price weakened over the period as the launch of their drug Folotyn, for peripheral T-cell lymphoma, came in below expectations. Furthermore, they reported underwhelming data for Folotyn for lung cancer, a key expansion indication. We continue to hold the shares as we believe that the reset expectations for Folotyn in 2011 are achievable.

An unexpected regulatory disappointment in the year came from InterMune, a California-based emerging biotechnology company. Despite an earlier favourable Advisory Committee meeting, the FDA failed to approve the company's novel treatment, pirfenidone, for the treatment of a devastating disease known as idiopathic pulmonary fibrosis. In response, the stock declined more than 75% following the FDA's negative decision.

Finally, a word on Japan. Despite the staggering earthquake and tsunami that devastated the country in March 2011, the contribution from exposure to Japanese equities was collectively a net positive during the year. The largest driver to performance in Japan continues to be our secular investment in local generic drug manufacturers. In particular, Sawai Pharmaceutical was a top five contributor to performance during the year.

U.S. HEALTHCARE REFORM – AN UPDATE

In March 2010, U.S. President Barack Obama signed into law "The Patient Protection and Affordable Care Act", a new law that intends to increase the amount of healthcare coverage provided to Americans, primarily the uninsured. After one year, we have been better able to assess its impact, and thus far we believe the legislation will be neutral for the healthcare industry.

The way the new law was structured, tax increases to help pay for expanded coverage took effect as early as 1 January, 2010. These offsets included an increase in Medicaid rebates, an increase in drug coverage for Medicare "Part D" (a drug coverage programme for the elderly), and an annual fee on branded pharmaceutical sales. An excise tax was also placed on medical device companies. However, expansion of the population eligible for Medicaid will not occur until 2014 (up to 30 million additional lives will go under coverage). Thus to date, the new law has been a net negative for the majority of the industry, since the cost saving offsets preceded the volume increases from new patients. But the net impact has been modest and we expect that by 2014 the patient volume increases will more than offset the cost savings provisions.

Importantly, the law contained no provisions that would impose price controls or install the federal government as a major buyer of drugs. So the worst case scenario from industry's perspective was entirely avoided.

OUR STRATEGY FOR 2011 AND BEYOND

Overall, we remain confident for the prospects of performance in the coming year. With healthcare underperforming in 2010 and valuations now at historically attractive levels, we believe the sector is poised for strong absolute and relative performance in the years ahead.

HEALTHCARE REFORM – WINNERS & LOSERS

In our view, branded drug makers and the profitable biotechnology companies emerged as winners due to the absence of any draconian cost control measures in the new law. Generic drug makers are clear winners. The commercial HMOs are winners as early reform mandates are manageable, and the new law will mandate the private sector to cover new lives. Losers in this sector come primarily in the services areas, like imaging, home health, dialysis, and hospitals (in which the Company has no exposure). However, beginning in 2014, Medicaid HMOs should benefit from the expansion of Medicaid, and hospitals will get reimbursement for previously uncompensated care.

PHARMACEUTICALS

We remain cautious on large capitalisation pharmaceutical stocks, given chronic industry burdens that are not shared equally among the players. Thus, we are selective in this area, preferring contrarian plays and/or companies with late stage

Review of Investments (continued)

pipeline assets that will drive future growth. Dividends and potential M&A are also considered.

The peak of the "patent cliff" is almost fully upon us, with three mega-blockbusters set to lose patent expiration before the end of 2011 (Plavix from Bristol-Myers Squibb, Zyprexa from Eli Lilly, and Lipitor from Pfizer). Nevertheless, several companies with healthy new product pipelines will manage to generate attractive growth to manage through this "cliff".

BIOTECHNOLOGY

The largest subset of catalyst-driven investment opportunities that we are finding continues to be in the biotechnology sector, in which we see a combination of high growth rates, attractive valuations, clinical catalysts, product pipelines, new product launches, and M&A activity. Most importantly, identifying innovative therapies and the next product cycle is critical. The most compelling innovation is often occurring among small-to-mid-capitalisation companies. Several blockbuster drugs are currently being developed by biotechnology companies and are due to be introduced in the year ahead. As these products are launched by smaller biotechnology companies the larger industry players will be actively considering these new product stories as acquisition candidates.

SPECIALTY PHARMACEUTICAL COMPANIES

Whereas large pharmaceutical companies are facing known headwinds, many smaller and more focused pharmaceutical companies possess unique opportunities for growth. Within this subsector we focus on high quality companies that have stable and enduring franchises, are catalyst laden, and are themselves potential acquisition targets. Other opportunities in this sector are contrarian plays with very attractive valuations that are often misunderstood by the generalist investor.

GENERICS

The macro environment for generic drug manufactures is positive on a global basis. The first half of this decade will see over U.S. $100 billion in branded sales go generic. In the U.S., pricing has largely stabilised and the new healthcare reform laws should drive volume increases. Pathways for biosilimars and/or follow-on-biologics are emerging, creating a new opportunity for these companies. In Japan, the growth of generics is at record highs and market penetration remains in its infancy. Nonetheless, we remain selective in the generics sector overall as the European pricing environment remains unstable, some companies have dependency on branded drugs with future patent expiry ahead, and the reimbursement changes have created some uncertainty.

MEDICAL DEVICES

Industry headwinds have been building as innovation in the medical device subsector has been incremental at best, preventing the ability to command price increases and drive increased demand. Pricing pressure, coupled with an extended approval process and a new excise tax creates headwinds for the sector. But opportunity remains as recessionary concerns ease, utilisation will pick up, driving new volume growth in selected medical device categories.

HEALTHCARE SERVICES

We remain bullish on HMOs. The impact of healthcare reform is becoming more visible and better understood by the investment community. The companies are cutting broker commissions to offset rebates, thus profitability remains stable. Pricing cycles remain on an upswing as HMOs have raised premiums assuming an increase in utilisation in the future. Current utilisation trends remain sluggish, which is positive for this group. Most importantly, despite the rebound seen in these stocks, valuations remain very attractive and thus we still see considerable upside opportunities here.

EMERGING MARKETS

We are finding significant opportunities to invest in healthcare companies in several emerging markets as a result of their high overall growth rates coupled with the fact that the healthcare sector is a growing share of GDP in countries such as China and India. As a result, we have positioned the portfolio with a small yet increasing exposure to emerging markets at present. In support of this effort we now have a designated public equity analyst in each of our Shanghai and Mumbai offices.

Our geographic exposure continues to place significant emphasis on our holdings in North America, with 63% of the portfolio in that region. The balance of our exposure resides in Europe 22%, with Asia and Israel representing 15% of the portfolio.

Samuel D Isaly
OrbiMed Capital LLC
Investment Manager
1 June 2011

Review of Investments (continued)

CONTRIBUTION BY INVESTMENT – EXCLUDING DERIVATIVES

Top and bottom five contributors to net asset value performance over the year to 31 March 2011

Top Five Contributors	Contribution for the year to 31 March 2011 £'000	Contribution per share (pence)*
Genzyme	3,535	8.16
NPS Pharmaceuticals	3,398	7.84
Illumina	3,126	7.21
Pfizer	2,696	6.22
Sawai Pharmaceutical	2,326	5.37
		34.80
Bottom Five Contributors		
Merck & Co	(3,564)	(8.22)
Roche	(3,259)	(7.52)
Johnson & Johnson	(3,224)	(7.44)
Allos	(2,772)	(6.40)
Intermune	(2,646)	(6.10)
		(35.68)

*based on the weighted average number of shares in issue during the year ended 31 March 2011 (43,342,727).
Source: Frostrow Capital LLP

Champions of Innovation

INDUSTRY LEADING INVESTMENTS IN THE PORTFOLIO

1) MITSUBISHI TANABE PHARMA

Mitsubishi Tanabe Pharma is a mid-capitalisation specialty pharmaceutical company based in Japan. The company sells a mix of products in Japan, from primary care medicines to specialty biologics. However, their robust pipeline contains products for both the domestic Japanese market as well as global opportunities. One key example is Gilenya, a novel drug for the treatment of multiple sclerosis (MS). Licensed to and developed by Novartis, the drug represents a sea change in the treatment of MS, given its unmatched efficacy and the fact it is the first oral therapy ever for MS patients. The drug is now approved in the U.S. and Europe, from which the company will collect an important royalty on sales. They will market the drug themselves in Japan. Another product, called telaprevir, is a novel add-on therapy for the treatment of Hepatitis C for which the company owns exclusive rights to pan-Asia, including Japan and China. We expect the drug to mark a new standard of care for the treatment of this disease. These two examples are representative of an impressive "multiple shots on goal" pipeline possessed by Mitsubishi Tanabe.

2) WELLPOINT

WellPoint is the largest diversified insurer by membership in the United States with commercial, Medicare Advantage, and Medicaid business. As an independent licensee of the Blue Cross Blue Shield Association (not for profit healthcare provider), WellPoint has strong brand awareness and an extensive national network with medical cost advantages. As such a provider itself, WellPoint is also less exposed to competitive pricing from over-capitalised non-for-profit Blues and can partner with over 30 other Blue plans for Medicaid. It could also potentially acquire another Blue insurer. WellPoint is well positioned for the eventual transformation of the employer-driven insurance market to an individual-centered market. Upside to earnings could come from continued lower than expected healthcare utilisation, greater capital deployment and greater broker commission work-arounds in 2012 and beyond.

3) NOVARTIS

Novartis has become the leading diversified healthcare company in the world. No single company can offer the breadth that Novartis can – from primary to specialty care products, from branded to generic drugs, from vaccines to consumer products, and most recently can boast of the preeminent ophthalmic care business with acquisition of Alcon. That said, our conviction on Novartis is based on the company's new product cycle – recently launched products and late stage pipeline opportunities. The company is not immune to patent expirations, but the portfolio of offerings is young and growing, layered on top of a diversified business platform, should enable Novartis to withstand industry headwinds and grow faster than their peer group. We applaud the management changes across the senior executive level over the past two years and believe the right people are in place to lead the company over the rest of the decade.

4) SHANDONG WEIGAO GROUP MEDICAL POLYMER CO.

Shandong Weigao is the leading manufacturer and distributor of medical consumables in China. With its diversified product portfolio comprising 1) single use medical consumables, 2) pre-filled syringes, 3) medical needles, 4) orthopedic implants through a JV with Medtronic, 5) drug eluting stents through a joint venture with Biosensors, and 6) blood purification consumables, Weigao is well positioned to benefit from the rapidly growing demand for healthcare products and services in China. The next key growth driver will be dialysis centres, which will provide a platform for Weigao's dialysis consumables, dialyzers and dialysis machines from the joint venture with Nikkiso. With a pipeline of new products and new services opportunities, Weigao should deliver strong sustainable sales and earnings growth.

Portfolio

as at 31 March 2011

Investments	Country	Market value £'000	% of investments
Pfizer	USA	24,074	6.2
Roche	Switzerland	23,228	6.0
Novartis	Switzerland	17,836	4.6
Mitsubishi Tanabe Pharma	Japan	15,746	4.1
Johnson & Johnson	USA	15,715	4.0
Bristol-Myers Squibb	USA	14,955	3.9
Merck & Co.	USA	13,653	3.5
Wellpoint	USA	10,406	2.7
Sanofi-Aventis	France	10,249	2.6
Allergan	USA	9,967	2.6
Top 10 investments		**155,829**	**40.2**
Sinopharm	China	9,943	2.6
Shire	Ireland	8,365	2.1
GlaxoSmithKline	UK	8,148	2.1
Hospira	USA	7,438	1.9
Sawai Pharmaceutical	Japan	7,266	1.9
Abbott Laboratories	USA	7,252	1.9
Medtronic	USA	6,919	1.8
Elan ~	Ireland	6,810	1.7
Nichi-Iko Pharmaceutical	Japan	6,663	1.7
Vertex Milestone Monetization (unquoted, CPEC) +	USA	6,640	1.7
Top 20 investments		**231,273**	**59.6**
Gilead Sciences	USA	6,515	1.7
Dendreon ^	USA	6,511	1.7
United Health	USA	6,485	1.7
Express Scripts	USA	6,418	1.7
BioMarin Pharmaceutical	USA	6,318	1.6
Incyte 4.75% 01/10/2015 (Conv)	USA	6,213	1.6
Warner Chilcott	Ireland	6,170	1.6
Shionogi	Japan	6,120	1.6
Volcano #	USA	5,994	1.5
Towa Pharmaceutical	Japan	5,677	1.4
Top 30 investments		**293,694**	**75.7**
NPS Pharmaceuticals	USA	5,127	1.3
Thermo Fisher Scientific	USA	5,095	1.3
Baxter International	USA	5,030	1.3
VWR Funding 10.25% 15/07/15	USA	4,428	1.1
Given Imaging	Israel	4,162	1.1
Perrigo	USA	3,966	1.0
Human Genome Science	USA	3,936	1.0
Carefusion	USA	3,780	1.0
Zimmer	USA	3,776	1.0
Illumina	USA	3,759	1.0
Top 40 investments		**336,753**	**86.8**
Pharma 10 Cinacalcet Royalty 15.5% 30/03/2017	USA	3,653	0.9
CIGNA	USA	3,508	0.9
Watson Pharmaceuticals	USA	3,494	0.9
Align Technology	USA	3,382	0.9
Humana	USA	3,184	0.8
Lyrica Royalty 11% 01/05/19	USA	3,135	0.8
Angiotech Pharmaceuticals FRN 01/12/2013	USA	3,116	0.8
Hikma Pharmaceuticals	UK	3,068	0.8
Aetna	USA	3,034	0.8
K-V Pharmaceutical 12% 15/03/15	USA	2,963	0.8
Top 50 Investments		**369,290**	**95.2**
Shandong Weigao Group	China	2,453	0.6
McKesson	USA	2,367	0.6
Cardinal Health	USA	2,308	0.6
Cubist Pharmaceuticals 2.5% 01/11/17	USA	2,031	0.5
Allos Therapeutics (Conv)	USA	1,798	0.5
Sequenom	USA	1,580	0.4
QHP Royalty 10.25% 15/03/2015	USA	1,561	0.4
Pacific Biosciences of California	USA	1,400	0.4
HCA	USA	993	0.2
Orexigen Therapeutics	USA	88	0.0
Total equities and fixed interest investments		**385,869**	**99.4**
Options – (Put & Call)		2,223	0.6
Total investments		**388,092**	**100.0**

^ includes Dendreon 4.75% 15/06/2014 (Conv) equating to 0.6% of investments
~ includes Elan 8.75% 15/10/2016 equating to 0.7% of investments
# includes Volcano 2.875% 01/09/2015 (Conv) equating to 0.3% of investments
+ Convertible Preferred Equity Certificates (CPEC)

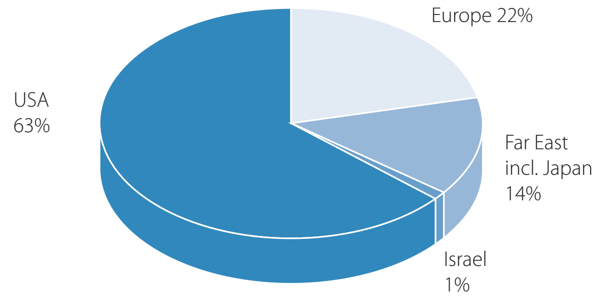
Analysis of the Portfolio

THE PORTFOLIO
as at 31 March 2011

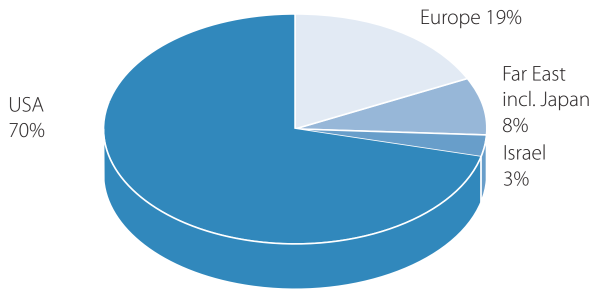
	Market value £'000	% of investments
Equities (including options)	355,008	91.5
Convertibles (Conv)	11,595	3.0
Fixed Interest Securities	21,489	5.5
Total of all investments	**388,092**	**100.0**

GEOGRAPHICAL ANALYSIS
as at 31 March

2011

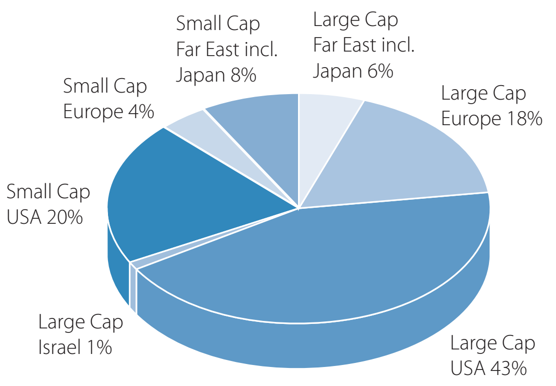


2010

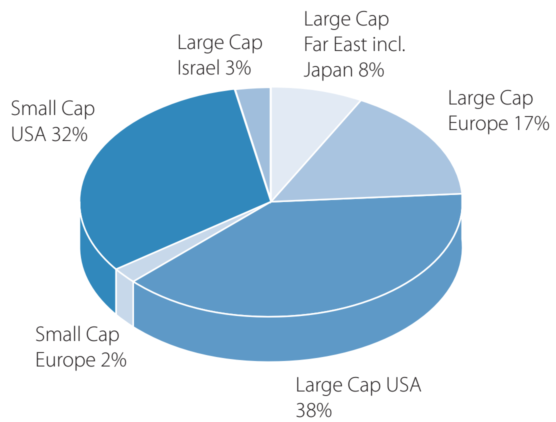


ANALYSIS BY MARKET CAPITALISATION
as at 31 March

2011



2010



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 2011.

INTRODUCTION

The Report of the Directors includes the Business Review and Corporate Governance Statement. The Business Review contains a review of the Company's business, the principal risks and uncertainties it faces and an analysis of its performance during the financial period and the position at the period end and the future business plans of the Company. To aid understanding of these areas the Board has included an analysis using appropriate Key Performance Indicators. The Business Review should be read in conjunction with the Chairman's Statement on pages 2 and 3, the Investment Manager's Review on pages 7 to 9 and the analyses on pages 10 to 13.

BUSINESS AND STATUS OF THE COMPANY

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Companies Act 2006. Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The Company has received approval from HM Revenue & Customs as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 ("ICTA 1988") for the year ended 31 March 2010 and all previous periods. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval and the Company will continue to seek approval each year. With effect from the year ended 31 March 2011, approval will be sought under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA 2010"), formerly under Section 842 ICTA 1988.

CONTINUATION OF THE COMPANY

A resolution was passed at the Annual General Meeting held in 2009 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. With effect from 1 October 2010, the Company's performance has been measured against the MSCI World Health Care Index (total return, sterling adjusted). Prior to this date, performance was measured against the Datastream World Pharmaceutical & 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;
- A maximum of 15% of the portfolio, at the time of acquisition, may be invested in companies in each of the following sections:
  - healthcare equipment
  - healthcare technology
  - providers of healthcare and related services

Report of the Directors (continued)

Incorporating the Business Review

- 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 2011, the Company's net asset value total return was 4.0% compared to a rise of 2.5% in the Company's "blended" benchmark. With effect from 1 October 2010, the Company's performance is measured against the MSCI World Health Care Index (total return, sterling adjusted). Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted). Historic data, therefore, consists of a blended figure containing both indices. The Company's share price total return was -0.9% in the same period.

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 34. In order to maintain investment trust status the Directors have declared an interim dividend for the year of 15.0p per share (2010: interim dividend of 8.5p) payable on 30 June 2011.

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 31)
- 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 31)
- Issue of new shares/repurchase of own shares (see page 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 the Annual General Meeting held in 2009 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.

Report of the Directors (continued)

Incorporating the Business Review

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 volatility of the net asset value per share in an asset class such as healthcare is another factor over which the Board has no control. The average month end share price discount during the year was 7.6%. 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.

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 and 1159 of the Corporation Tax Act 2010 (formerly under s842 of the Income and Corporation Taxes Act 1988)
A breach of s1158 and 1159 of the Corporation Taxes Act 2010 could lead to the Company being subject to tax on capital gains, whilst a 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 1159 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.

Report of the Directors (continued)

Incorporating the Business Review

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

The Board, the Investment Manager and the 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 protected, such protection being equal to the net assets held by Goldman Sachs & Co. New York, by SEC rules and U.S. legislation. (Also see Glossary on page 60).

Assets held by Goldman Sachs & Co. New York, as custodian, that are not used as collateral, are held in segregated client accounts.

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 47.

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. Further details can be found in note 11 on page 45 and in note 18 on page 51.

SHARE CAPITAL

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:

280,794 shares were allotted on 7 May 2010 raising £1,700,000; 406,099 shares were allotted on 4 August 2010 raising £2,500,000; 31,016 shares were allotted on 2 November 2010 raising £194,000; and 83,286 shares were allotted on 1 February 2011 raising £531,000.

Subsequent to the year-end, 15,599 shares were allotted on 18 May 2011 raising £100,000.

At the Annual General Meeting held on 15 July 2010, authority was granted for the repurchase of 6,442,675 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 1,996,340 shares to be held in treasury, at a cost of £13,304,907 (including expenses). Since the year end and to 1 June 2011 no shares have been repurchased by the Company. In aggregate, to 1 June 2011, the shares bought back equate to a total of 4.5% of the issued share capital (excluding shares held in treasury) at the beginning of the year. As indicated in the Chairman's Statement, the Board has agreed that any treasury shares remaining on 7 July 2011, the date of the Annual General Meeting, will be cancelled. A total of 7,877,149 shares held in treasury were cancelled on 27 July 2010.

PROSPECTS

The Company's Investment Manager is confident on the prospects for healthcare. With the sector's recent underperformance leaving valuations at historically attractive levels, they believe that the sector is well positioned to provide strong performance in the years ahead. In addition, 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.

The AIFM Directive passed in to law by the European Parliament last summer is due to take effect in 2013. The Association of Investment Companies has played a key role in ensuring that a series of more pragmatic measures have been adopted. The Board continues 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.

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

Report of the Directors (continued)

Incorporating the Business Review

Agreement may be terminated by 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.

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, 0.20% per annum of the market capitalisation in excess of £150m and up to £500m, and 0.125% per annum of the market capitalisation in excess of £500m, plus a fixed amount equal to £57,500 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.

Performance Fee:

Dependent on the level of long term outperformance of the Company, the Investment Manager and the Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the benchmark index. For the period to 30 September 2010 the benchmark was the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted). With effect from 1 October 2010 the benchmark was changed to the MSCI World Health Care Index (total return, sterling adjusted).

The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV 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 over the benchmark, the investment manager receiving 15% and the manager receiving 1.5% respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

i) The cumulative out-performance of the investment portfolio over the benchmark as at the quarter end date; and

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

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date.

As at 31 March 2011 £2,624,000 is payable in relation to maintained outperformance to 31 March 2010.

During the year a performance fee of £224,000 was paid (year ended 31 March 2010: £Nil) in relation to maintained outperformance to 31 March 2009.

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

Report of the Directors (continued)

Incorporating the Business Review

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 22. 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 38. 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 2011, the Company did not have any trade creditors (2010: 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.

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. The Company encourages a positive approach to corporate governance and engagements with companies.

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)*
Jo 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		Subscription Shares	
	31 March 2011	1 April 2010	31 March 2011	1 April 2010
Martin Smith	5,859	2,000	400	400
Josephine Dixon	3,000	3,000	600	600
Paul Gaunt	–	–	–	–
Professor Duncan Geddes	42,250	42,250	8,450	8,450
Dr David Holbrook	–	–	–	–
Samuel D Isaly	353,600	353,600	100,720	100,720
Anthony Townsend	18,785	18,785	3,757	3,757

As at 1 June 2011 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.

Report of the Directors (continued)

Incorporating the Business Review

DIRECTORS' FEES

A report on Directors' Remuneration is set out on pages 30 and 31.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE COVER

Directors' & officers' liability insurance cover was maintained by the Board during the year ended 31 March 2011. It is intended that this policy will continue for the year ending 31 March 2012 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.

SUBSTANTIAL SHAREHOLDINGS

As at 30 April 2011 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	3,210,400	7.38
Newton Investment Management	Various Nominees	2,698,899	6.20
Rensburg Sheppards Investment Management	Ferlim Nominees/Hero Nominees	2,485,197	5.71
Henderson Global Investors	Various Nominees	2,414,734	5.55
Alliance Trust Savings	Alliance Trust Savings Nominees	2,134,268	4.91
Smith & Williamson	Various Nominees	1,939,233	4.46
Legal & General Investment Management	Various Nominees	1,672,444	3.84
Investec Asset Management	Various Nominees	1,487,974	3.44
Deutsche Bank Private Wealth Management	Pershing Nominees	1,471,605	3.38
Brewin Dophin	Various Nominees	1,420,060	3.26
Speirs & Jeffrey, Stockbrokers	Various Nominees	1,380,349	3.17

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 45.

Report of the Directors (continued)

Incorporating the Business Review

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 57.

CORPORATE GOVERNANCE

A formal statement on Corporate Governance, which forms part of this Report of the Directors, is set out on pages 24 to 29.

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.

ANNUAL GENERAL MEETING

The formal Notice of Annual General Meeting is set out on pages 54 to 58 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 10 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 £1,078,930 (equivalent to 4,315,721 shares, or 10% of the Company's existing issued share capital on 1 June 2011, 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 11 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 1 June 2011 (reduced by any treasury shares sold by the Company pursuant to Special Resolution 12, 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 10. 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 11, Resolution 12, 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

Report of the Directors (continued)

Incorporating the Business Review

this is reflected in the text of Resolution 12. 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 1 June 2011 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 11, 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 11 and 12 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 15 July 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 last year's Annual 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 13 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 1 June 2011, being the nearest practicable date prior to the signing of this Report, (amounting to 6,469,266 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 renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

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.

The authorities being sought under Resolutions 10, 11, 12, 13 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.

By order of the Board
Frostrow Capital LLP
Company Secretary
1 June 2011

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 adequate 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.worldwidewh.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 2011, 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
1 June 2011

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 Worldwide Healthcare 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 2011 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 Worldwide Healthcare 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, who is responsible for leadership of the Board and for ensuring its effectiveness in all aspects of its role, 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 who can act as a sounding board for the Chairman and also acts as an intermediary for the other Directors when necessary. The Directors review their independence annually.

On 28 May 2010 the Financial Reporting Council ("FRC") published the UK Corporate Code which replaced the Combined Code on Corporate Governance and applies to reporting periods beginning on or after 29 June 2010. In turn the Association of Investment Companies updated the Code of Corporate Governance and Corporate Governance Guide to reflect the changes made to the UK Corporate Governance Code. One of the main changes is that all directors of FTSE 350 companies are now recommended to stand for annual re-election. The Directors of the Company have agreed, despite not being a FTSE 350 company, to adopt this provision as they believe it will enhance the Board's accountability to Shareholders. Accordingly with effect from the forthcoming Annual General Meeting, all Directors of the Company will stand for re-election annually. This decision will create a policy whereby Directors are required to seek election more frequently than as currently set out in the Company's Articles of Association.

Paul Gaunt is also a Director of The Biotech Growth Trust PLC for which OrbiMed also acts as Investment Manager and 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. Mr Gaunt will not be seeking re-election at the forthcoming Annual General Meeting. 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. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations,

Corporate Governance (continued)

believes that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to effect their judgement. Jo Dixon joined the Board in 2004 and Martin Smith and Dr David Holbrook joined the Board in 2007 and are all considered by the Board to be independent. The Board has considered the position of Ms Dixon and Messrs Isaly, Smith, Townsend, Professor Geddes and Dr Holbrook 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 has agreed a programme of refreshment, which will see its membership change as current Directors retire in an orderly manner, and new Directors are appointed.

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 Chairman also regularly reviews the training and development needs of each Director. The Board 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 2011, 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.

Corporate Governance (continued)

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 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.worldwidewh.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 at a Board Meeting held in March 2011 that Mr Isaly, due to his role at OrbiMed, the Company's Investment Manager, should cease to be a member of the Management Engagement and Remuneration and Nominations Committees. The membership of the Audit Committee comprises the following independent Directors: Jo Dixon (Chairman), Dr David Holbrook, Professor Duncan Geddes and Anthony Townsend. Directors who are not members of the Company's committees may attend at the invitation of the Chairman of the committee. Details of the membership of the Committees as at 31 March 2011 are shown with the Directors' biographies on pages 4 and 5.

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

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 30 and 31.

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 2010/11	Board (4)	Audit Committee (2)	Nominations Committee (1)	Management Engagement and Remuneration Committee (1)
Martin Smith	4	N/A	1	1
Jo Dixon	4	2	1	1
Paul Gaunt	4	N/A	1	1
Professor Duncan Geddes	4	2	1	1
Dr David Holbrook	4	2	1	1
Samuel D Isaly	4	N/A	1	1
Anthony Townsend	4	2	1	1

All of the Directors attended the Annual General Meeting held on 15 July 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 £4,000 were paid to Ernst & Young LLP during the year for agreed upon procedures in relation to the Company's options position. 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 Frostrow Capital LLP 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.worldwidewh.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 29.

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 23. The report of the Auditors is set out on pages 32 and 33. 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

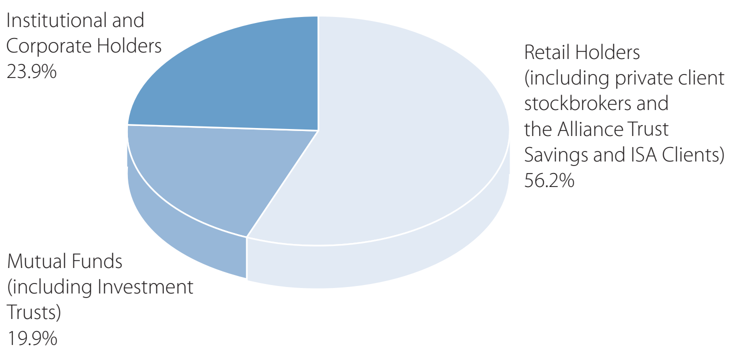
Where shares are held in a nominee company name, the Company undertakes:

- 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

% of shares held at 31 March 2011



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 32 and 33.

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, with the exception of Sam Isaly, 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. 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 2011. The revised fee levels are set out on page 31.

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 2012 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, Chairman of the Audit Committee and the Senior Independent Director to be paid higher fees than the other Directors to reflect their 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 annually 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 the Company's stated benchmark. With effect from 1 October 2010, the performance of the Company has been measured against the MSCI World Health Care Index on a total return, sterling adjusted basis. Prior to this date, performance was measured against the Datastream World Pharmaceutical & Biotechnology Index (total return, sterling adjusted). Therefore, the benchmark represented in the graph overleaf consists of a blended figure containing both indices.

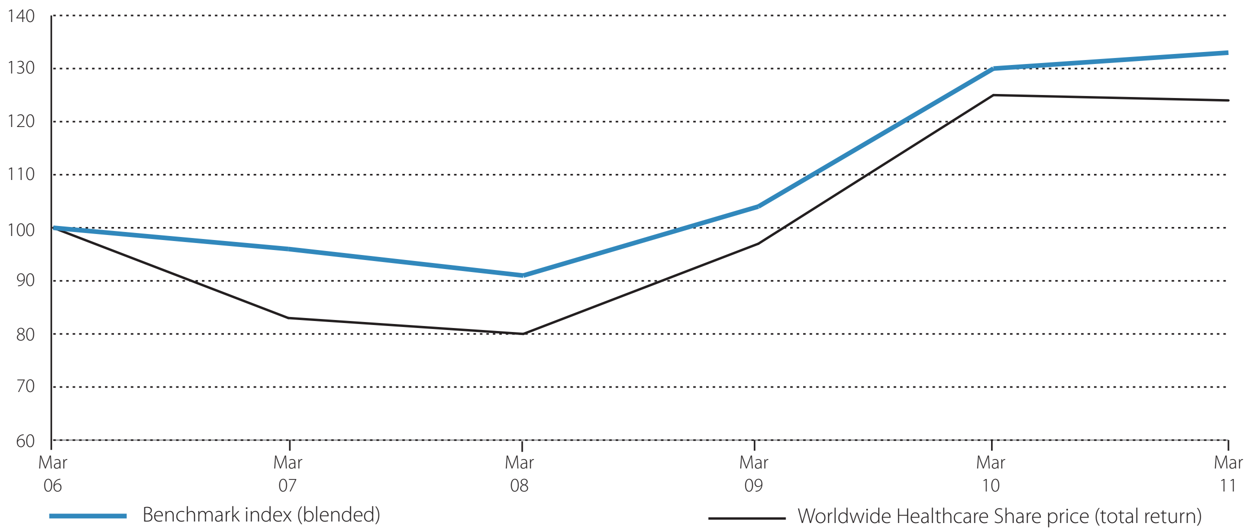
Directors' Remuneration Report (continued)

DIRECTORS' EMOLUMENTS FOR THE YEAR (AUDITED)

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

	Level of fees with effect from 1 April 2011 £'000	Fees 2011 £'000	Fees 2010 £'000
Martin Smith *(Chairman of the Board)*	36.5	35.0	30.0
Jo Dixon *(Chairman of the Audit Committee)*	26.0	25.0	21.0
Paul Gaunt	23.0	22.0	19.0
Professor Duncan Geddes *(Senior Independent Director)*	23.5	22.0	19.0
Dr David Holbrook	23.0	22.0	19.0
Samuel D Isaly	23.0	22.0	19.0
Anthony Townsend	23.0	22.0	19.0
	178.0	170.0	146.0

SHAREHOLDER TOTAL RETURN FOR THE FIVE YEARS TO 31 MARCH 2011



Rebased to 100 as at 31 March 2006
Source: Morningstar, Thomson Reuters and Bloomberg

APPROVAL

The Directors' Remuneration Report on pages 30 and 31 was approved by the Board of Directors on 1 June 2011 and signed on its behalf by:

Martin Smith (Chairman)

Independent Auditors' Report

to the Members of Worldwide Healthcare Trust PLC

We have audited the financial statements of Worldwide Healthcare Trust PLC for the year ended 31 March 2011 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 23, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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

Independent Auditors' Report (continued)

- we have not received all the information and explanations we require for our audit;

Under the Listing Rules we are required to review:

- the Directors' statement, set out on pages 18 and 19, in relation to going concern;
- the part of the Corporate Governance Statement on pages 24 to 29 of the financial statements relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Amarjit Singh, (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 June 2011

Income Statement

for the year ended 31 March 2011

	Notes	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Gains on investments held at fair value through profit or loss	9	–	5,477	5,477	–	76,180	76,180
Exchange gains on currency balances		–	710	710	–	3,946	3,946
Income from investments held at fair value through profit or loss	2	9,125	–	9,125	5,825	–	5,825
Investment management, management and and performance fees	3	(147)	(2,658)	(2,805)	(133)	(5,025)	(5,158)
Other expenses	4	(586)	–	(586)	(506)	–	(506)
Net return before finance charges and taxation		8,392	3,529	11,921	5,186	75,101	80,287
Finance costs	5	(13)	(247)	(260)	(11)	(212)	(223)
Net return before taxation		8,379	3,282	11,661	5,175	74,889	80,064
Taxation on net return on ordinary activities	6	(1,224)	239	(985)	(965)	303	(662)
Net return after taxation		7,155	3,521	10,676	4,210	75,192	79,402
Return per share – basic	7	16.5p	8.1p	24.6p	9.5p	170.5p	180.0p
Return per share – diluted	7	16.3p	8.1p	24.4p	9.5p	170.5p	180.0p

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 2011

	Ordinary share capital £'000	Subscription share capital £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2010	12,644	90	176,648	145,160	5,009	6,630	346,181
Net return from ordinary activities after taxation	–	–	–	3,521	–	7,155	10,676
Dividend paid in respect of year ended 31 March 2010	–	–	–	–	–	(3,653)	(3,653)
Subscription shares exercised for ordinary shares	200	(8)	4,747	8	–	–	4,947
Shares purchased to be held in treasury and treasury shares cancelled	(1,969)	–	–	(13,370)	1,969	–	(13,370)
At 31 March 2011	10,875	82	181,395	135,319	6,978	10,132	344,781

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 to be held in treasury and treasury and ordinary shares cancelled	(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

The accompanying notes are an integral part of this statement.

Balance Sheet

as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	385,869	383,599
		385,869	383,599
Current assets			
Debtors	10	6,138	1,757
Derivative – financial instruments	9 & 12	2,223	628
		8,361	2,385
Current liabilities			
Creditors: amounts falling due within one year	11	(49,449)	(39,803)
		(49,449)	(39,803)
Net current liabilities		(41,088)	(37,418)
Total net assets		344,781	346,181
Capital and reserves			
Ordinary share capital	13	10,875	12,644
Subscription share capital	13	82	90
Share premium account		181,395	176,648
Capital reserve	19	135,319	145,160
Capital redemption reserve		6,978	5,009
Revenue reserve		10,132	6,630
Total shareholders' funds		344,781	346,181
Net asset value per share – basic	14	799.2p	780.8p
Net asset value per share – diluted for subscription shares	14	773.5p	752.7p

The financial statements on pages 34 to 53 were approved by the Board of Directors and authorised for issue on 1 June 2011 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 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	15	3,268	2,108
Servicing of finance			
Interest paid		(260)	(223)
Taxation			
Taxation (suffered)/recovered		(202)	93
Financial investments			
Purchases of investments and derivatives		(274,348)	(265,795)
Sales of investments and derivatives		273,089	250,859
Net cash outflow from financial investment		(1,259)	(14,936)
Equity dividends paid		(3,653)	(1,982)
Net cash outflow before financing		(2,106)	(14,940)
Financing			
Proceeds from exercise of warrants		–	49,860
Subscription share issue costs		–	(198)
Purchase of own shares		(13,374)	(49,061)
Subscription shares exercised for ordinary shares		4,947	4,535
Net cash (outflow)/inflow from financing		(8,427)	5,136
Decrease in cash	16	(10,533)	(9,804)

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. UK dividends are shown net of tax credits and foreign dividends are grossed up at the appropriate rate of withholding tax.

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) Functional and presentational currency
The financial information is shown in sterling, being the Company's presentational currency. In arriving at the functional currency the Directors have considered the following:

(i) the primary economic environment of the Company;

(ii) the currency in which the original capital was raised;

(iii) the currency in which distributions are made;

(iv) the currency in which performance is evaluated; and

(v) the currency in which the capital would be returned to Shareholders on a break up basis.

The Directors are of the opinion that sterling best represents the Company's functional currency.

Notes to the Financial Statements (continued)

(i) 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.

(j) 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.

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

	2011 £'000	2010 £'000
Income from investments		
UK listed dividends	**343**	–
Overseas dividends	**7,226**	4,612
Fixed interest income	**1,549**	1,151
	9,118	5,763
Other income		
Deposit interest	**7**	5
Interest received from VAT recovery	**–**	57
Total income from investments held at fair value through profit or loss	**9,125**	5,825
Total income comprises:		
Dividends	**7,569**	4,612
Interest	**1,556**	1,213
	9,125	5,825

Notes to the Financial Statements (continued)

3. INVESTMENT MANAGEMENT, MANAGEMENT AND PERFORMANCE FEES

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Investment Management fee	**107**	**2,030**	**2,137**	96	1,828	1,924
Management fee	**40**	**763**	**803**	37	693	730
Refund of VAT previously paid on management fees	**–**	**–**	**–**	–	(255)	(255)
Performance fee	**–**	**(135)**	**(135)**	–	2,759	2,759
	147	**2,658**	**2,805**	133	5,025	5,158

Further details of the performance fee basis can be found in the Report of the Directors on page 18 under the heading 'Performance Fee'.

4. OTHER EXPENSES

	2011 Revenue £'000	2010 Revenue £'000
Directors' remuneration	**170**	146
Auditors' remuneration for the audit of the Company's financial statements	**24**	23
Auditors' remuneration for other services	**4**	15
Marketing costs	**38**	32
Registrar	**51**	56
Broker retainer	**27**	25
Legal and professional	**16**	4
Printing	**43**	45
Stock exchange listing fees	**41**	15
Custody	**6**	13
Other	**166**	132
	586	506

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on page 31.

5. FINANCE CHARGES

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Finance charges	**13**	**247**	**260**	11	212	223

Notes to the Financial Statements (continued)

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in year:

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
UK corporation tax at 28% (2010: 28%)						
Tax relief to capital	**239**	**(239)**	**–**	303	(303)	–
Overseas taxation	**985**	**–**	**985**	662	–	662
	1,224	**(239)**	**985**	965	(303)	662

(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% (2010: 28%).

The difference is explained below.

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Total return before taxation	**8,379**	**3,282**	**11,661**	5,175	74,889	80,064
Corporation tax at 28% (2010: 28%)	**2,346**	**919**	**3,265**	1,449	20,969	22,418
Non-taxable gains on investments held at fair value through profit and loss	**–**	**(1,620)**	**(1,620)**	–	(22,435)	(22,435)
Overseas withholding tax not recoverable	**985**	**–**	**985**	662	–	662
Non taxable overseas dividends	**(1,725)**	**–**	**(1,725)**	(1,100)	–	(1,100)
Non taxable UK dividend	**(96)**	**–**	**(96)**	–	–	–
Expenses charged to capital available to be utilised	**–**	**462**	**462**	(122)	1,163	1,041
Timing differences on overseas dividends	**(291)**	**–**	**(291)**	75	–	75
Disallowed expenses	**5**	**–**	**5**	1	–	1
Current tax charge	**1,224**	**(239)**	**985**	965	(303)	662

(c) Provision for deferred tax

Legislation was introduced in Finance (No. 2) Act 2010 to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. The UK government has announced its intent to reduce the rate further by an additional 1% to 26% for the year commencing 1 April 2011 and then by 1% per annum, falling to 23% with effect by 1 April 2014.

As at 31 March 2011 the Company has not recognised a deferred tax asset of £9,830,000 (26% tax rate) (2010: £10,324,000 (28% tax rate) as a result of unutilised management expenses and non-trade loan relationship. It is not anticipated that this asset will be utilised in the foreseeable future.

Deferred tax has not been provided for in these financial statements, because the Company meets and intends to continue meeting the conditions for approval as an investment trust.

Notes to the Financial Statements (continued)

7. RETURN PER SHARE

	2011 £'000	2010 £'000
The return per share is based in the following figures:		
Revenue return	**7,155**	4,210
Capital return	**3,521**	75,192
Total return	**10,676**	79,402
Weighted average number of ordinary shares in issue during the year – basic	**43,342,727**	44,122,846
Revenue return per share	**16.5p**	9.5p
Capital return per share	**8.1p**	170.5p
Total return per share – basic	**24.6p**	180.0p
Weighted average number of shares in issue during the year – diluted	**43,776,264**	44,122,846
Revenue return per share	**16.3p**	9.5p*
Capital return per share	**8.1p**	170.5p*
Total return per share – diluted	**24.4p**	180.0p*

*dilution not applicable

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 2011 were as follows:

	2011 £'000	2010 £'000
Interim dividend in respect of the year ended 31 March 2010	**3,653**	–
Interim dividend in respect of the year ended 31 March 2009	**–**	1,982
	3,653	1,982

In respect of the year ended 31 March 2011, an interim dividend of 15.0p per share (2010: 8.5p per share) has been declared. The aggregate cost of this dividend based on the number of shares in issue at 1 June 2011 is estimated to be £6,474,000. In accordance with FRS 21 this dividend will be reflected in the interim accounts for the period ending 30 September 2011. Total dividends in respect of the financial year, which is the basis on which the requirements of s1158 of the Corporation Tax Act 2010 are considered, are set out below:

	2011 £'000	2010 £'000
Revenue available for distribution by way of dividend for the year	**7,155**	4,210
Dividends for the year ended 31 March	**(6,474)**	(3,653)
	681	557

based on 43,157,210 shares in issue as at 1 June 2011.

Notes to the Financial Statements (continued)

9. INVESTMENTS

	Listed investments £'000	Unlisted investments £'000	Derivatives Options £'000	Total £'000
Cost at 1 April 2010	307,015	6,318	378	313,711
Investment holdings gains at 1 April 2010	69,270	996	250	70,516
Valuation at 1 April 2010	376,285	7,314	628	384,227
Movement in the year:				
Purchases at cost	256,736	–	17,803	274,539
Sales – proceeds	(257,603)	(1,211)	(17,337)	(276,151)
– realised gains on sales	40,772	–	642	41,414
Net movement in investment holding (losses)/gains	(36,961)	537	487	(35,937)
Valuation at 31 March 2011	379,229	6,640	2,223	388,092
Cost at 31 March 2011	346,920	5,107	1,486	353,513
Investment holding gains at 31 March 2011	32,309	1,533	737	34,579
Valuation at 31 March 2011	379,229	6,640	2,223	388,092

Gains on investment	**2011 £'000**	**2010 £'000**
Realised gains based on historical cost – sales	**41,414**	46,827
Less: amounts recognised as investment holding gains in previous years	**(30,857)**	(40,817)
Realised gains based on carrying value at previous Balance Sheet date	**10,557**	6,010
Movement in investment holding gains in the year	**(5,080)**	70,170
Gains on investments	**5,477**	76,180

Purchase transaction costs for the year to 31 March 2011 were £507,000 (year ended 31 March 2010: £467,000). These comprise mainly stamp duty and commission.

Sales transaction costs for the year to 31 March 2011 were £467,000 (year ended 31 March 2010: £372,000). These comprise mainly commission.

10. DEBTORS

	2011 £'000	**2010 £'000**
Amounts due from brokers	**3,597**	535
Withholding taxation recoverable	**525**	323
VAT recoverable	**49**	37
Prepayments and accrued income	**1,967**	862
	6,138	1,757

Notes to the Financial Statements (continued)

11. CREDITORS

Amounts falling due within one year	2011 £'000	2010 £'000
Amounts due to brokers	**191**	–
Stamp duty due on purchase of own shares	**–**	4
Bank loan facility*	**45,885**	36,062
Performance fee	**2,624**	2,983
Other creditors and accruals	**749**	754
	49,449	39,803

*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 2011 assets to the value of approximately 140% of the the Company's debt were held by Goldman Sachs as collateral.

+See Glossary on page 60

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 £'000	2010 £'000
Fair value of call and put options	**2,223**	628
	2,223	628

See note 9 on page 44 for movements in the year.

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 2010	44,336,756	6,239,416	50,576,172	8,992,307
Ordinary shares bought back and held in treasury	(1,996,340)	1,996,340	–	–
Treasury shares cancelled following 2010 AGM	–	(7,877,149)	(7,877,149)	–
Subscription shares converted to Ordinary shares	801,195	–	801,195	(801,195)
At 31 March 2011	43,141,611	358,607	43,500,218	8,191,112

	£'000
Issued and fully paid:	
43,500,218 Ordinary shares of 25p (including 358,607 ordinary shares held in treasury)	10,875
8,191,112 Subscription shares of 1p	82

During the year ended 31 March 2011 a total of 1,996,340 shares were bought back by the Company (2010: 8,508,938) at a cost of £13,305,000 and expenses of £65,000 (2010: £48,790,000). 358,607 shares were held in treasury at 31 March 2011 (2010: 6,239,416). 801,195 new shares were issued during the year as a result of holders of subscription shares exercising their subscription rights, raising £4,947,000

At the year end there were 8,191,112 subscription shares in issue (2010: 8,992,307).

Notes to the Financial Statements (continued)

14. NET ASSET VALUE PER SHARE

	2011 £'000	2010 £'000
Net asset value per share – basic	**799.2p**	780.8p
Net asset value per share – diluted for subscription shares	**773.5p**	752.7p
Net asset value per share – fully diluted for subscription shares and treasury shares	**772.8p**	747.3p

The net asset value per share is based on the assets attributable to equity shareholders of £344,781,000 (2010: £346,181,000) and on the number of shares in issue at the year end of 43,141,611 (excluding shares held in treasury) (2010: 44,336,756). As at 31 March 2011, there were 8,191,112 subscription shares in issue (2010: 8,992,307).

The net asset value per share diluted assumes all outstanding subscription shares were exercised at 638p resulting in assets attributable to equity shareholders of £397,040,000 and on 51,332,723 shares (2010: assumed all outstanding subscription shares were exercised at 614p resulting in assets attributable to shareholders of £401,394,000 and on 53,329,063 shares).

The net asset value per share fully diluted for subscription shares and treasury shares assumes that all outstanding subscription shares were exercised at 638p and the treasury shares were sold back to the market at 686p resulting in assets attributable to equity shareholders of £399,482,000 (2010: £445,164,000) and on 51,691,330 shares (2010: 59,568,479).

As the share price at 31 March 2011 (686p) stood at a discount greater than 5% to the net asset value per share, the treasury shares are not dilutive (2010: not dilutive).

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

	2011 £'000	2010 £'000
Gains before finance costs and taxation	**11,921**	80,287
Less: capital gain before finance costs and taxation	**(3,529)**	(75,101)
Revenue return before finance costs and taxation	**8,392**	5,186
Expenses charged to capital	**(2,658)**	(5,025)
Increase in accrued income	**(1,105)**	(249)
Increase in other debtors	**(12)**	(4)
(Decrease)/increase in creditors and accruals	**(364)**	2,862
Net taxation suffered on investment income	**(985)**	(662)
Net cash inflow from operating activities	**3,268**	2,108

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

	2011 £'000	2010 £'000
Increase in net debt resulting from cashflows	**(10,533)**	(9,804)
Exchange movements	**710**	3,946
Movement in net debt in the year	**(9,823)**	(5,858)
Net debt at start of year	**(36,062)**	(30,204)
Net debt at end of year	**(45,885)**	(36,062)

Represented by:

	At 1 April 2010 £'000	Cash flows £'000	Exchange movements £'000	At 31 March 2011 £'000
Net bank overdraft	(36,062)	(10,533)	710	**(45,885)**

Notes to the Financial Statements (continued)

17. RELATED PARTIES

Details of the relationship between the Company and OrbiMed Capital LLC are disclosed in the Report of the Directors on page 19. Samuel D Isaly is a Director of the Company, as well as Managing Partner of the Company's Investment Manager, OrbiMed Capital LLC. During the year ended 31 March 2011, OrbiMed Capital LLC earned £2,137,000 in respect of Investment Management fees, of which £540,000 was outstanding at the year end. In addition performance fees of £204,000 were paid during the year and £2,385,000 was payable at 31 March 2011.

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 pages 14 and 15. 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

	2011	2010
U.S. dollar	**1.60295**	1.5169
Japanese yen	**132.8525**	141.7392
Swiss franc	**1.4665**	1.5967
Euro/Danish kroner	**1.12955**	1.1211

Foreign currency exposure and sensitivity

The fair values of the Company's monetary items that are denominated in foreign currency as at 31 March 2011 are shown below:

	2011 Current assets £'000	2011 Current liabilities £'000	2011 Investments £'000	2010 Current assets £'000	2010 Current liabilities £'000	2010 Investments £'000
U.S. dollar	**1,490**	**(45,992)**	**271,695**	2,004	(35,990)	305,223
Swiss franc	**–**	**–**	**41,064**	323	–	45,731
Japanese yen	**319**	**–**	**41,472**	–	–	22,347
Euro/Danish kroner	**–**	**–**	**10,249**	–	–	1,324
Hong Kong dollar	**–**	**(191)**	**12,396**	–	–	9,602
	1,809	**(46,183)**	**376,876**	2,327	(35,990)	384,227

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 (2010: 10% increase and decrease), a 10% increase and decrease in sterling against the Japanese yen (2010: 5% increase and decrease), and a 10% increase and decrease in sterling against the Swiss franc (2010: 5% 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.

	2011 USD £'000	2011 YEN £'000	2011 CHF £'000	2010 USD £'000	2010 YEN £'000	2010 CHF £'000
Sterling depreciates	**25,107**	**4,609**	**4,692**	29,910	1,180	2,456
Sterling appreciates	**(20,786)**	**(3,771)**	**(3,839)**	(24,471)	(1,069)	(2,228)

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. £45,885,000 was drawn down under this facility at 31 March 2011. 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 2011 in respect of cash was nil (2010: nil). At 31 March 2011 there was an overdraft position at Goldman Sachs of £45,885,000 (2010: £35,992,000).

Fixed rate

In the year to 31 March 2011, the Company held 8.5% 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 (2010: 25% higher or lower) while all other variables remained constant, the revenue return would have decreased/increased by £43,000 (2010: £43,000), and the capital return would have increased/decreased by £96,144,000 (2010: £95,187,000) and the return on equity would have increased/decreased by £96,101,000. 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 2011, based on the earliest date on which payment can be required are as follows:

31 March 2011	3 months or less £'000	2011 Not more than one year £'000	Total £'000
Current liabilities:			
Borrowings under the loan facility	**45,885**	**–**	**45,885**
Amounts due to brokers and accruals	**3,564**	**–**	**3,564**
	49,449	**–**	**49,449**

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

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†. As at 31 March 2011, assets with a total market value of £64.4m were held as collateral.

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 60.

Credit risk exposure

	2011 Balance Sheet £'000	**2010 Balance Sheet £'000**
Fixed interest securities and convertibles	**29,968**	31,785
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable and derivative financial instruments)	**8,361**	2,385

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 38.

As of 31 March 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	**379,229**	**–**	**6,640**	**385,869**
Fair value of derivative financial instruments	**–**	**2,223**	**–**	**2,223**
Assets measured at fair value	**379,229**	**2,223**	**6,640**	**388,092**

As at 31 March 2011, 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 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
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

Level 3 Reconciliation

At 31 March 2011	2011 Equity investments £'000
Opening fair value	**7,314**
Total gains included in gains on investments in the income statement:	
– on assets held at the end of the year	**537**
Repayment of principal	**(1,211)**
Closing balance	**6,640**

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 or 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 36.

Gearing for this purpose is defined as net debt as a percentage of total net assets. As at 31 March 2011 the gearing percentage of the Company was 13.3% (2010: 10.4%).

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 2010	**74,644**	**70,516**	**145,160**
Transfer on disposal of investments	**30,857**	**(30,857)**	**–**
Net gains/(losses) on investments	**10,557**	**(5,080)**	**5,477**
Expenses charged to capital less tax relief thereon	**(2,666)**	**–**	**(2,666)**
Subscription shares exercised	**8**	**–**	**8**
Shares purchased including expenses	**(13,370)**	**–**	**(13,370)**
Exchange gain on currency balances	**710**	**–**	**710**
At 31 March 2011	**100,740**	**34,579**	**135,319**

* Investment holding gains relate to the revaluation of investments held at the reporting date. (See note 9 on page 44 for further details).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Worldwide Healthcare Trust PLC will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London, EC2Y 5BL on Thursday, 7 July 2011 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 2011
2. To re-elect Ms Jo Dixon as a Director of the Company
3. To re-elect Professor Duncan Geddes as a Director of the Company
4. To re-elect Dr David Holbrook 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 Martin Smith as a Director of the Company
7. To re-elect Mr Anthony Townsend as a Director of the Company
8. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to determine their remuneration
9. To approve the Directors' Remuneration Report for the year ended 31 March 2011

SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions of which resolutions 11, 12, 13 and 14 will be proposed as special resolutions:

Authority to Allot Shares

10. 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 £1,078,930 (being 10% of the issued share capital of the Company at 1 June 2011) and representing 4,315,721 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 2012 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

11. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 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 10 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

Notice of Annual General Meeting (continued)

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

(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 £1,078,930, being 10% of the issued share capital of the Company as at 1 June 2011 and representing 4,315,721 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 12 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.

12. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 11 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 £1,078,930, being 10% of the issued share capital of the Company as at 1 June 2011 and representing 4,315,721 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 11 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.

Notice of Annual General Meeting (continued)

Authority to Repurchase Ordinary Shares

13. 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") (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

    (a) the maximum aggregate number of Shares authorised to be purchased is 6,469,266 (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 2012 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.

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.

By order of the Board

Registered Office:
One Wood Street
London EC2V 7WS

Frostrow Capital LLP
Company Secretary
1 June 2011

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 5 July 2011.

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 5 July 2011 (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 1 June 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 43,157,210 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 1 June 2011 are 43,157,210.

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.

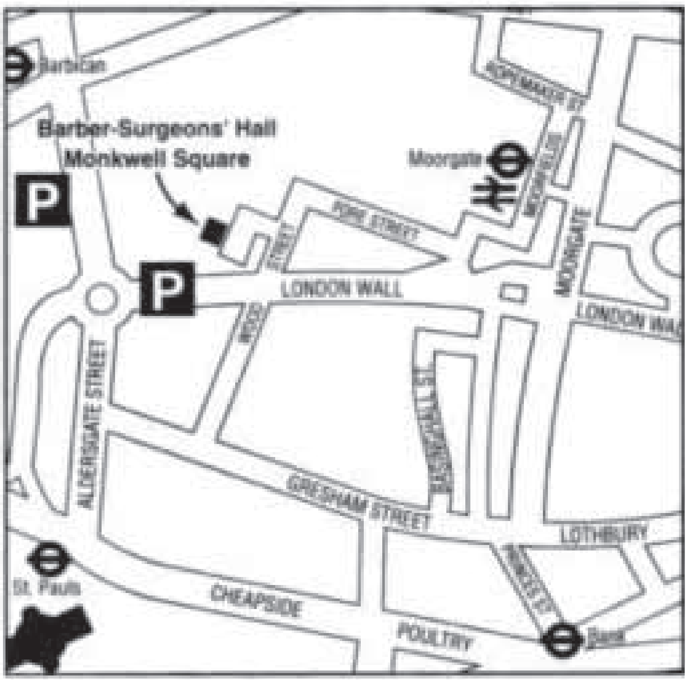
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras). Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday.

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

The Company's shares are available through savings plans (including investment Dealing Accounts, ISAs and SIPPs) operated by Alliance Trust Savings Limited, which facilitates both regular monthly investments and lump sum investments in the Company's shares. Shareholders who would like information on the savings plans should call Alliance Trust Savings Limited on 01382 573737 or log on to www.alliancetrustsavings.co.uk or email contact@alliancetrust.co.uk. Calls to this number may be recorded for monitoring purposes.

An Individual Savings Account ('ISA') is a tax efficient method of investment for an individual which gives the opportunity to invest in the Company up to £10,680 in the year 2011/2012 also in subsequent tax years when they subscribe to a Stocks and Shares ISA.

The preceding two paragraphs have been issued and approved by Alliance Trust Savings Limited. Alliance Trust Savings Limited of PO Box 164, 8 West Marketgait, Dundee DD1 9YP is registered in Scotland with number SC98767. Alliance Trust Savings Limited provides investment products and services and is authorised and regulated by the Finance Services Authority. It does not provide investment advice.

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 0445† (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.

The Share Dealing Service is provided by Capita IRG Trustees Limited which has issued and approved the preceding paragraphs. Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU is registered in England and Wales with number 2729260. Capita IRG Trustees Limited is authorised and regulated by the Financial Services Authority.

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.

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, subscription shares 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.

Hypothecation
The pledging of securities or other assets as collateral to secure a loan such as a debit balance in a margin account.

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 to banks by securities brokers of the assets in a customer's margin account used as collateral for a loan.

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)
Jo 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.worldwidewh.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 AND BANKER
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
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
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

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

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

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	:	WWH LN
	EPIC	:	WWH
Subscription Shares:	SEDOL	:	B3VMCB0
	ISIN	:	GB00B3VMCB07
	BLOOMBERG	:	WWHS 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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