GW Pharmaceuticals plc

Interim Results Show Strong Revenue Growth, Profit and Increased Cash Position

Porton Down, UK, 17 May 2011: GW Pharmaceuticals plc (AIM: GWP, "GW" or "the Group"), the specialty pharmaceutical company focused on cannabinoid science, announces its interim results for the six months ended 31 March 2011.

COMMERCIAL HIGHLIGHTS

- Licence agreement signed with Novartis to commercialise Sativex® in Australasia, Asia (excluding Japan/China), Middle East (excluding Israel) and Africa
- Sativex European Mutual Recognition Procedure successfully concludes with recommendation for approval in all six countries involved - Germany, Italy, Denmark, Sweden, Austria and Czech Republic. Launches expected in 2011 in Germany, Denmark and Sweden
- Sativex granted national reimbursement status in Spain and launched in March 2011
- Sativex regulatory submission filed in Australia. Further submissions planned in 2011

R&D HIGHLIGHTS

- Sativex Phase III cancer pain programme underway, fully funded by US partner, Otsuka
- Two Phase IIa clinical trials of novel cannabinoid medicine in diabetes/metabolic disease underway
- Positive pre-clinical data in epilepsy, glioma, breast cancer and other conditions continue to be generated as part of Otsuka research collaboration

FINANCIAL HIGHLIGHTS

- Net profit before tax of £3.1m (H1 2010: £2.7m loss)
- Total revenue increased 45% to £16.6m (H1 2010: £11.4m), including milestone receipts of £5.1m (H1 2010: £nil) and increased Sativex sales of £1.9m (H1 2010: £0.9m)
- Cash and short term deposits at 31 March 2011 increased to £28.3m (H1 2010: £20.4m)

Dr Geoffrey Guy, GW's Chairman, said, "GW has delivered another robust set of financial results, with substantially increased revenues yielding a profit for the period and a strong cash position. With Sativex now launched in the UK and Spain, an increasing number of additional European approvals and launches for Sativex now expected and the recent agreement with Novartis to commercialise Sativex across a broad region of the world, Sativex should provide GW with a platform for significant growth in the coming years.

"In parallel we have embarked on a substantial Phase III programme for Sativex in cancer pain, a major market opportunity, a Phase II clinical programme for a novel cannabinoid medicine in diabetes

and we continue to generate highly promising data in our earlier stage pipeline. With regular Sativex launches now taking place, GW has entered a new phase in the evolution of the company and we believe that our prospects for commercial success with Sativex together with a highly promising and maturing pipeline provide confidence for the remainder of 2011 and beyond."

An analyst presentation of the interim results is being held today at 9.30am at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. Please contact Mo Noonan at Financial Dynamics on +44 20 7269 7125 for details. An audio webcast of the presentation will be available on GW's website at www.gwpharm.com later this afternoon.

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GW Pharmaceuticals plc
("GW" or "the Group")

Interim Results For The Six Months Ended 31 March 2011

INTRODUCTION

The first six months of this financial year has seen GW make significant progress in the international commercialisation of Sativex®. Sales growth in the United Kingdom, the recent launch in Spain, further regulatory approvals in Europe and the newly signed licence agreement with Novartis in Asia/Middle-East/Africa, all demonstrate the increasing global prospects for Sativex. As a result of these achievements, we can look forward to a new phase for the company characterised by Sativex country launches and sales growth.

At the same time, GW continues its strategy of leveraging its world leading position in cannabinoid science to advance the product pipeline with highly promising research in areas such as diabetes/metabolic syndrome, inflammatory disorders, epilepsy and cancer. Financial results continue to be strong with the period yielding a profit, increased revenues and positive cash flow. We look forward to building on these achievements during the remainder of 2011.

NOVARTIS

In April 2011, GW announced that it had entered into an exclusive licence agreement for Novartis Pharma AG to commercialise Sativex in Australia and New Zealand, Asia (excluding Japan, China and Hong Kong), Middle East (excluding Israel and Palestine) and Africa. GW will be responsible for the manufacture and supply of Sativex to Novartis.

Under the agreement, GW has received an upfront payment of $5m and will be eligible for additional payments totaling $28.75m upon the achievement of certain approval and commercial milestones. In addition, GW will receive royalties on net sales of Sativex. As outlined in the financial review below, we expect to recognise £1.9m of the upfront payment as revenue in the second half of our 2011 financial year.

As one of the world's leading pharmaceutical companies with a strategic focus in both Multiple Sclerosis (MS) and oncology, GW believes that Novartis represents an excellent commercial partner for Sativex in these important and growing international markets.

In addition to Novartis, Sativex is licensed to Otsuka Pharmaceutical Co. Ltd in the United States (US), to Almirall S.A. in Europe (excluding the United Kingdom), to Bayer HealthCare AG in the UK and Canada, and to Neopharm Group in Israel.

SATIVEX IN MS SPASTICITY

Commercial and Regulatory Progress

In Europe, Sativex received regulatory approval last year in the UK and Spain for the indication of MS spasticity. More recently, GW has sought to expand these approvals into six other European countries via the Mutual Recognition Procedure (MRP). The MRP has now closed successfully with regulatory authorities in all six countries confirming that Sativex meets their requirements for approval. The

countries involved in the MRP were Germany, Italy, Denmark, Sweden, Austria and the Czech Republic.

The next step in the regulatory process involves separate national phases in each country to finalise local wording on product packaging and related documents and also to agree any other country-specific requirements. Following completion of the national step, we expect each country to then issue a national marketing authorisation. The Czech Republic recently became the first country to complete this process and to grant Sativex formal approval. The remaining countries involved in the MRP are expected to approve Sativex in the coming months.

Launch timing in each country will be dependent on national regulations concerning pricing and reimbursement. GW's marketing partner, Almirall, anticipates launch in Germany, Denmark and Sweden before the end of 2011 with launches in Italy, Austria and the Czech Republic in 2012.

Following the conclusion of this MRP, a further MRP submission will be made later in 2011 with a view to expanding the approval of Sativex to additional European countries.

Beyond Europe, Sativex has received full regulatory approval in Canada and New Zealand. With this positive regulatory track record and with Novartis now in place as a marketing partner in Asia/Middle-East/Africa, there are a large number of other territories around the world for which the existing approvals provide an excellent basis for a regulatory submission. GW has a regulatory submission ongoing in Israel and has most recently made a submission in Australia, the first since signing the Novartis agreement. Other filings are expected to be made during 2011. In addition, following an inspection of GW's manufacturing facility by the Gulf Cooperation Council (GCC) authority, the company has now been approved as a Good Manufacturing Practice (GMP) manufacturer for that region.

The impact of GW's recent regulatory successes and the prospect of further submissions, approvals and launches for Sativex in Europe, coupled with the recent agreement with Novartis to commercialise Sativex in Australia, Asia, Middle-East and Africa, heralds a new phase in the company's development in which growing commercial sales will increasingly feature.

Commercialisation in Europe

2011 Launches

As the marketing partner for Sativex across Europe (ex-UK), Almirall has a dedicated central European brand and marketing team for Sativex as well as local teams for each individual country.

The market opportunity in Europe comprises over 500,000 people with MS, of which over 120,000 are in Germany. For this reason, the German launch is the most significant planned for this year. In preparation for this launch, Almirall has recruited a dedicated Sativex marketing and sales team. In order to facilitate the final grant of a marketing authorisation for Sativex in Germany, the German parliament ratified in April 2011 a change in the country's legislation. We expect national approval shortly and have manufactured launch batches ready to ship to Germany within the coming few months.

The other near term launch is expected to be in Denmark, where Almirall last year established a wholly owned subsidiary in anticipation of the approval of Sativex. As outlined above, Almirall also anticipates launch in Sweden before the end of 2011 with Italy, Austria and the Czech Republic

expected in 2012. In addition, following a further MRP submission expected later in 2011, further European country approvals are expected in 2012.

Spain

In March 2011, we were pleased to announce that the Spanish Ministry of Health had determined that Sativex should be made available as a fully reimbursed medicine under Spain's National Health System. Shortly following this decision, Sativex was launched by Almirall. The launch in Spain yielded a £2.5m milestone payment from Almirall. As Spain's largest domestic pharmaceutical company, Almirall is ideally placed to maximise the value of Sativex in the Spanish market.

GW and Almirall are very pleased with initial sales performance in the brief period since launch and orders are already being received from key hospital centres around the country. In particular, Almirall has been very encouraged by the general response from specialist physicians to the introduction of this important new medicine and their widespread recognition of the ability of Sativex to address the unmet needs of people with MS suffering from spasticity.

UK

Sativex was launched in the UK at the end of June 2010 by GW's UK marketing partner, Bayer Schering Pharma.

Initial market response to the launch of Sativex has been positive and in-market sales continue to grow. There is widespread clinician support for Sativex in meeting patients' unmet needs in MS spasticity and Sativex is also receiving strong support from the UK's two leading MS patient organisations, the MS Society and the MS Trust. In the first nine months since launch, in-market sales have reached approximately £2 million. This compares with annual pre-launch sales of approx. £900,000.

As previously reported, all newly introduced medicines in the UK currently face a challenging market access environment and as a result, the UK market is now generally characterised by steady growth rather than rapid market uptake. This is a pattern we expect to continue to see for Sativex. Specifically in the field of MS, the UK was recently ranked 13th for use of MS drugs[1] amongst 14 developed countries thus emphasising the national imperative to open access channels for all new MS treatments. Despite this, Bayer continues to make progress in its efforts to secure NHS funding for Sativex from local Primary Care Trusts (PCTs), the local bodies responsible for funding decisions. Since launch, prescriptions have now been written in approximately 90% of English PCT regions.

The prospects for Sativex in the UK have received a recent boost with the decision in March 2011 by the National Institute for Clinical Excellence (NICE) to follow the recommendations of GW/Bayer as well as the UK's MS patient organisations by electing to consider Sativex as part of NICE MS Treatment Guidelines, which are due for revision later this year. GW is supportive of this approach and believes that publication of such guidelines will be of benefit to PCTs, prescribers, patients and also to the medium and long term prospects for Sativex. In particular, the prospect of future published NICE guidelines featuring Sativex can be expected to assist in gaining PCT formulary access for the medicine.

CLINICAL PROGRESS

SATIVEX IN CANCER PAIN

Sativex is also being developed to treat cancer pain and a comprehensive Phase III programme is now underway in this indication.

GW's cancer pain clinical programme is being wholly funded by Otsuka, which has licensed the US commercialisation rights to this product. The cancer pain trials are designed to obtain approval in this indication from the Food & Drug Administration (FDA) in the US, but these data will also be used by GW for future regulatory applications in this indication in Europe and around the world.

Prior to commencing the Phase III programme, GW has completed two Phase II studies with positive results including over 500 patients in total. The most recent Phase IIb study reported results in March 2010.

The Phase III programme includes two Phase III randomised placebo-controlled multi-centre multinational trials as well as a long term extension study. Each Phase III trial will include 380 patients and will evaluate the efficacy and safety of Sativex versus placebo over a 5 week treatment period. The primary efficacy analysis is the continuous response analysis, the same analysis that has yielded statistically significant results in both Phase II trials.

The Phase III trials are expected to recruit patients in Europe, North America, Latin America and Asia. The first Phase III trial commenced in December 2010 at European sites, following which GW received a $4m milestone payment from Otsuka. The second Phase III study is on track to start in mid-2011.

The development of Sativex in cancer pain was recently the subject of a new US patent granted in April 2011. The patent, entitled "Pharmaceutical Compositions for the Treatment of Pain", provides an exclusivity period until April 2025, and specifically covers a method of treating cancer related pain by administering a combination of the cannabinoids cannabidiol (CBD) and delta-9 tetrahydrocannabinol (THC), the two principal cannabinoids in Sativex.

NEW SATIVEX INDICATION

In recent years, Sativex has yielded positive results from clinical trials in a range of indications, including various types of pain, as well as other symptoms of MS. GW is currently evaluating these opportunities in conjunction with its marketing partners with a view to selecting an additional new target indication for development during 2011.

CANNABINOID PLATFORM

GW occupies a world leading position in cannabinoid science. The company has developed a proprietary and validated cannabinoid technology platform and formed constructive collaborations with leading international scientists in the field. GW's extensive research into the pharmacology of cannabinoids continues to yield highly promising data and new intellectual property across a range of therapeutic areas and provides GW with the potential to develop and license several new cannabinoid drug candidates in the coming years.

The earlier stage pipeline is already yielding significant income. Last year, GW was pleased to announce a three year extension to its global cannabinoid research collaboration with Otsuka. This collaboration was originally signed in July 2007 with a three year term, and the collaboration will now extend to the end of June 2013. Under this agreement, Otsuka funds GW's research into a range of cannabinoids as potential new drug candidates in the field of CNS disorders and oncology. During the three years from 2010-13, Otsuka will make available a research fund of $12 million to cover these research activities.

Outside the therapeutic areas of CNS and oncology, GW selectively invests its own resources to advance its cannabinoid pipeline with a view to signing new out-licensing agreements in due course. The principal areas of GW's investment are in diabetes/metabolic disease and inflammatory conditions.

Cancer

We continue to make excellent progress towards understanding the mechanisms of the anti-cancer effects of certain cannabinoids, and the most promising human cancer targets have become better identified. In particular, GW cannabinoids have been shown to be orally active in the treatment of cancer and not only has a dose response been shown in the pre-clinical work, but also tumour response has been shown to be positively associated with tissue levels of cannabinoid. Peer-reviewed summaries of key research in glioblastoma multiforme[2] and in breast cancer[3] have been published in high status journals and momentum towards clinical studies in humans has been maintained. We have also confirmed early promising data showing a potential synergistic action of cannabinoids with existing anti-cancer agents in reducing the proliferation of glioma cells in cancer models. Work now concentrates on defining the optimum cannabinoid candidate for human clinical studies, and identifying the type of tumour that is likely to show the best response.

Neuroscience

Research into nervous system disorders is currently focused primarily on epilepsy and psychiatric illness. This research programme is also funded as part of the GW-Otsuka research collaboration agreement. The relationship in the field of epilepsy between GW and the centre of excellence at the University of Reading has recently received extensive coverage in the UK national press. As in the field of cancer, confirmation of the lead cannabinoid candidate, and of the best type of epilepsy to target are subject to intensive pre-clinical development.

In the field of schizophrenia, GW cannabinoids have shown notable anti-psychotic effects in accepted pre-clinical models of schizophrenia and importantly have also demonstrated the ability to reduce the characteristic movement disorders induced by currently available anti-psychotic agents.

Diabetes/Metabolic Disease

In the field of diabetes/metabolic syndrome, which falls outside the GW-Otsuka collaboration, we entered Phase IIa clinical studies in late 2010, and anticipate first results early next year. At the same time, we continue pre-clinical work aimed at better defining the mechanism of action of the cannabinoids in metabolic syndrome, and have found confirmatory evidence from these studies that certain cannabinoids may have complementary therapeutic effects

This pre-clinical work is carried out in formal collaboration with Professor Mike Cawthorne at the University of Buckingham, and with Professor Jimmy Bell, at Imperial College London.

Results of this research have also shown desirable effects of a number of GW cannabinoids on plasma insulin, leptin and adiponectin levels, hormones of particular relevance to the development and treatment of diabetes and metabolic function. In addition, these results have shown a reduction in total cholesterol with an increase in the proportion of HDL (good) cholesterol. Of particular note, GW research cannabinoids have also shown the ability to reduce liver fat levels in animal models of hepatic steatosis. Fatty liver is a significant and increasing clinical problem and represents a clear unmet medical need.

The clinical study programme comprises three Phase IIa studies. The first study is a multi-centre, randomised, double blind, placebo controlled, parallel group pilot study examining the effects on plasma lipid status of THCV and CBD at varying doses and at different ratios in patients with insulin resistance. In the second randomised controlled study, we are exploring the effect of cannabinoids on liver fat in patients with Non-alcoholic Fatty Liver Disease. The first study commenced in late 2010 and the second study is now getting underway. The third Phase IIa study, due to start later this year, is to investigate whether certain cannabinoids can prevent weight gain in patients taking anti-psychotic therapy. In all of these studies, a range of secondary measures are also being investigated. The objective of this early clinical development programme is to define the optimal therapeutic role for cannabinoids in metabolic syndrome.

Inflammation

Several GW cannabinoids have shown anti-inflammatory properties in a number of models of inflammation, and have the capacity to inhibit the production in tissues of chemical mediators of inflammation. GW has entered into a formal research collaboration with Professor Clive Page at King's College London, where the effect of cannabinoids on various models of airways inflammation is the target. This work will complement our earlier studies which confirm cannabinoids to have anti-inflammatory effects, and help define whether inflammatory airways disease, including chronic cough, is a legitimate therapeutic target for cannabinoids. Plans are being advanced to start at least one Phase II randomised controlled clinical trial in a model of human inflammatory disease.

FINANCIAL REVIEW

Financial results for the first six months of this year showed a move into profit compared with the equivalent period last year, increased revenues, positive cash flow and a robust cash position.

In the six months to 31 March 2011, GW recorded a profit before tax of £3.1m. This compares to a loss of £2.7m in the prior period. A milestone of £2.6m (US$4m) was received in the current period from Otsuka for the first recruited patient into the Phase III cancer pain programme and a £2.5m milestone was received from Almirall upon receipt of pricing approval for Sativex in Spain.

Total revenue increased to £16.6m from the £11.4m recorded in H1 2010.

Research and development fees decreased marginally to £8.7m (H1 2010: £9.5m) reflecting a lower run rate of Otsuka funded cancer pain development expenditure than in the prior period, during which we incurred the costs of completing the Phase IIb cancer pain trial that reported positive results in mid-2010.These fees represent charges to Otsuka for research conducted under both the Sativex US licence agreement and the research collaboration agreement.

Sales of Sativex increased by 102% to £1.9m (H1 2010: £0.9m). This was made up of commercial sales to our commercial partners, Bayer and Almirall, totalling £1.6m (H1 2010: £0.2m) and named patient sales, principally in Spain and Italy, of £0.3m (H1 2010: £0.7m).

The remaining £0.95m (H1 2010:£0.95m) of revenue relates to the recognition of deferred signature fees arising under the Almirall and Otsuka licence agreements.

Total research and development expenditure decreased to £11.3m (H1 2010: £12.1m) of which the amount funded by GW increased marginally to £2.7m (H1 2010: £2.6m). As noted above, the amount funded by Otsuka declined slightly to £8.7m (H1 2010:£ 9.5m) reflecting the fact that during H1 2010 we were in the late stages of completion of the Phase IIb cancer pain study. Thus, although in 2011 we have commenced the Phase III cancer pain programme, the run rate of expenditure is lower during this early trial phase than it was in the prior period. Of the £11.3m total R&D expenditure in the period, £7.6m was spent in support of the continued development of Sativex and £3.7m represented investment in our cannabinoid pipeline.

Management and administrative expenses remained in line with the prior period at £1.4m (H1 2010: £1.4m).

The R&D tax credit received during the period of £0.2m represents a credit received from HMRC in respect of surrendered corporation tax losses for the year ended 30 September 2010. No credit was claimed in the prior period.

At 31 March 2011, GW had £28.3m of cash (31 March 2010: £20.4m), an increase of £7.9m. The net cash inflow for the six months of £3.1m compares favourably to the outflow of £0.2m in the comparable period last year. The improved cashflow results principally from milestone receipts and growing Sativex sales.

Capital expenditure was £0.5m which consisted primarily of IT and laboratory equipment (31 March 2010: £0.2m). Inventory of £0.9m (31 March 2010: £0.6m) consists of finished goods, consumable items and work in progress.

Total deferred income of £15.5m (31 March 2010: £18.8m) represents the unrecognised balances of the non-refundable signature fees of £12.5m (31 March 2010: £14.5m) and £3.0m (31 March 2010: £4.3m) of advance payments received from Otsuka. These amounts will be recognised as revenue in future periods.

The average headcount for the period to 31 March 2011 was 154 compared to 120 as at 30 September 2010. This increase in headcount reflects the required step-change in infrastructure necessary to support the future growth of Sativex as well as our commitment to investing in the pipeline.

As outlined above, after the period end, GW entered into an exclusive licence agreement with Novartis to commercialise Sativex in Australasia, Asia (excluding Japan, China and Hong Kong), Middle East (excluding Israel/Palestine) and Africa. GW received an upfront payment of $5m and will be eligible for additional payments totalling $28.75m upon the achievement of certain approval and commercial milestones. Recognition of the $5m up-front payment as revenue will be linked to GW's ongoing performance obligations. We expect to recognise £1.9m in the 2011 financial year with the remainder being deferred and recognised over the course of the next 10 years.

Looking forward, our previous guidance was to expect a small loss for the 2011 financial year. We now expect an earlier launch for Sativex in Germany than previously anticipated (H2 2011 vs. previous guidance of H1 2012) which would result in higher than previously anticipated Sativex sales in this financial year. In addition, GW-funded R&D for 2011 is now expected to be in-line with 2010 (previous guidance was a small increase over 2010). These changes, together with recognition of a portion of the Novartis upfront payment, should result in a small profit for the 2011 financial year.

OUTLOOK & SUMMARY

With further regulatory approvals for Sativex recently obtained and additional filings expected in Europe and beyond during the remainder of 2011, the planned global commercialisation for Sativex as a treatment for MS spasticity continues to gather momentum. In the next few years, we will be working to achieve approvals and launches of this medicine across many regions of the world in parallel with completing the substantial Phase III trials programme in cancer pain, a substantial market opportunity. As the commercialisation of Sativex extends to more and more countries, Sativex sales growth can be expected to be a key driver of GW's revenue stream.

We believe that continued successes with Sativex provide validation of GW's cannabinoid technology platform as well as the opportunity for GW to continue to build a dynamic and successful biopharmaceutical business. With a world leading position in cannabinoid science, a promising pipeline, partnership track record, and a prudent financial model focused on revenue growth and partner funded R&D, we believe that GW has the assets and capability to create further valuable product opportunities. GW therefore intends to continue to pursue a strategy which focuses on maximizing the commercial potential of Sativex through global commercialisation and expansion of approved indications, as well as leveraging the company's cannabinoid platform to expand, advance and partner the pipeline.

RISKS AND UNCERTAINTIES

GW continues to face a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 30 September 2010. A detailed explanation of the risks summarised below can be found on pages 11 and 12 of the annual report which is available to download at www.gwpharm.com.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial information for the half year ended 31 March 2011.

The principal risks can be summarised as follows:

Clinical Risk
Clinical trials may encounter delays or fail to achieve their endpoints.

Manufacturing Risk
GW may encounter problems in its manufacturing process which may delay product development programmes or restrict the commercial quantities of product that can be made.

Funding Risk
The Group may require access to additional funding in future. If it fails to secure such funding the Group may need to delay or scale back some of its R&D programmes or the commercialisation of some of its products.

Commercialisation Risk
Following regulatory approval, GW's products may not achieve commercial success or may be subject to competition.

Financial Risks
The Group is subject to exchange rate risk, interest rate risk, credit risk, counterparty risk, market price and liquidity risks.

Regulatory Risk
Regulatory bodies around the world have different requirements for approval of therapeutic products. Submissions to regulatory authorities may result in restriction of indication, denial of approval or demands for additional data.

In the next six months, the key risks facing the Group relate to the commercialisation of Sativex, which requires achievement of national approvals from further regulatory bodies and the agreement of pricing and reimbursement in each territory, as well as the rate of progress of the global phase III cancer pain trials programme.

Related Party transactions

The Group did not enter into any related party transactions during the period.

Responsibility Statement

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related party transactions and changes therein).

The directors of GW Pharmaceuticals plc are listed in the GW Pharmaceuticals plc Annual Report for the year ended 30th September 2010 and there has been no change in the interim period.

By Order of the Board

Dr Geoffrey Guy	Justin Gover
Chairman	Managing Director

[1] Professor Mike Richards' 2010 report for the Secretary of State for Health - *Extent and causes of international variations in drug usage.*
[2] Torres et al, 2011. A combined preclinical therapy of cannabinoids and temozolomide against glioma. Mol Cancer Ther 10: 90-103
[3] Caffarel et al, 2010. Cannabinoids reduce ErbB2-driven breast cancer progression through Akt inhibition. Mol Cancer 9: 196.

GW Pharmaceuticals plc
Condensed consolidated income statement
Six months ended 31 March 2011

	Notes	Six months ended 31 March 2011 (Unaudited) £000's	Six months ended 31 March 2010 (Unaudited) £000's	Year ended 30 September 2010 (Audited) £000's
Revenue	3	16,576	11,409	30,676
Cost of sales		(570)	(243)	(752)
Gross profit		16,006	11,166	29,924
Research and development expenditure	4	(11,334)	(12,100)	(21,823)
Management and administrative expenses		(1,371)	(1,433)	(2,959)
Share-based payment		(378)	(334)	(630)
Operating profit/(loss)		2,923	(2,701)	4,512
Interest payable		(2)	(4)	(8)
Interest receivable		147	39	100
Profit/(loss) on ordinary activities before taxation		3,068	(2,666)	4,604
Tax credit	5	221	-	37
Profit/(loss) on ordinary activities after taxation		3,289	(2,666)	4,641
Earnings/(loss) per share – basic	6	2.5p	(2.1)p	3.6p
Earnings/loss per share – diluted	6	2.4p	(2.1)p	3.4p

All amounts relate to continuing operations.

The Group has no recognised gains or losses other than the losses above and therefore no separate statement of recognised income and expense has been presented.

GW Pharmaceuticals plc
Condensed consolidated statement of changes in equity
Six months ended 31 March 2011
Unaudited

	Called-up share capital £000's	Share premium account £000's	Other reserves £000's	Retained earnings £000's	Total £000's
At 1 October 2009	**129**	**64,677**	**19,262**	**(77,346)**	**6,722**
Exercise of share options	1	297	-	-	298
Share-based payment	-	-	-	334	334
Retained loss for the period	-	-	-	(2,666)	(2,666)
Balance at 31 March 2010	**130**	**64,974**	**19,262**	**(79,678)**	**4,688**
Exercise of share options	1	381	-	-	382
Share-based payment	-	-	-	296	296
Retained profit for the period	-	-	-	7,307	7,307
Balance at 30 September 2010	**131**	**65,355**	**19,262**	**(72,075)**	**12,673**
Exercise of share options	1	221	-	-	222
Share-based payment	-	-	-	378	378
Retained profit for the period	-	-	-	3,289	3,289
Balance at 31 March 2011	**132**	**65,576**	**19,262**	**(68,408)**	**16,562**

GW Pharmaceuticals plc
Condensed consolidated balance sheet
As at 31 March 2011

	Notes	31 March 2011 (Unaudited) £000's	31 March 2010 (Unaudited) £000's	30 September 2010 (Audited) £000's
Non-current assets				
Intangible assets – goodwill		5,210	5,210	5,210
Property, plant & equipment		1,742	1,815	1,566
		6,952	7,025	6,776
Current assets				
Inventories	7	871	566	780
Taxation recoverable		-	360	-
Trade and other receivables	8	1,177	560	1,217
Cash and cash equivalents		28,336	20,371	25,219
		30,384	21,857	27,216
Total assets		37,336	28,882	33,992
Current liabilities				
Trade and other payables	9	(5,240)	(5,356)	(4,554)
Obligations under finance leases		(27)	(42)	(40)
Deferred revenue	10	(4,448)	(6,225)	(5,120)
		(9,715)	(11,623)	(9,714)
Non-current liabilities				
Obligations under finance leases		-	(22)	(6)
Deferred revenue	10	(11,059)	(12,549)	(11,599)
Total liabilities		(20,774)	(24,194)	(21,319)
Net assets		16,562	4,688	12,673
Equity				
Share capital		132	130	131
Share premium account		65,576	64,974	65,355
Other reserves		19,262	19,262	19,262
Retained earnings		(68,408)	(79,678)	(72,075)
Shareholders' funds		16,562	4,688	12,673

These interim results were approved by the board of Directors on 16 May 2011.

GW Pharmaceuticals plc
Condensed consolidated cash flow statement
For the six months ended 31 March 2011

	Six months ended 31 March 2011 (Unaudited) £000's	Six months ended 31 March 2010 (Unaudited) £000's	Year ended 30 September 2010 (Audited) £000's
Operating profit/(loss)	2,923	(2,701)	4,512
Adjustments for:			
Depreciation of property, plant & equipment	275	286	726
Share-based payment charge	378	334	630
Operating cash flow before movements in working capital	3,576	(2,081)	5,868
(Increase)/decrease in inventories	(91)	(15)	(229)
(Increase)/decrease in receivables	34	415	(406)
Increase/(decrease) in payables	(527)	1,401	(1,298)
Cash generated/(used) by operations	2,992	(280)	3,935
Income tax credits received	221	-	397
Net cash in/(out)flow from operating activities	3,213	(280)	4,332
Investing activities			
Interest received	154	34	100
Interest paid	(2)	(4)	(8)
Purchases of property, plant and equipment	(452)	(243)	(434)
Net cash from investing activities	(300)	(213)	(342)
Financing activities			
Proceeds on issue of shares	222	298	680
Expenses of share issue	-	(18)	(18)
Capital element of finance leases	(18)	(17)	(34)
Net cash from financing activities	204	263	628
Net increases/(decrease) in cash and cash equivalents	3,117	(230)	4,618
Cash and cash equivalents at beginning of year	25,219	20,601	20,601
Cash and cash equivalents at end of the period	28,336	20,371	25,219

1. General information and basis of preparation

These interim financial statements are condensed financial statements that have been prepared in accordance with IAS 34 – "Interim Financial Reporting" and were approved by the Board on 16 May 2011.

The information for the year ended 30 September 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 September 2010 have been filed with the Registrar of Companies. The auditors' report on those financial statements was not qualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

At 31 March 2011 the Group had cash resources of £28.3 million. The Group is also generating revenues from Sativex sales and from research and development activity that it carries out on behalf of Otsuka Pharmaceutical Ltd. The directors have reviewed the working capital and research and development funding requirements of the Group for the next twelve months and consider that the cash in hand, recurring revenues together with the strong development partner relationships that are in place mean that the Group is well placed to manage its business risks successfully.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial information for the half year ended 31 March 2011.

Results for the six month periods ended 31 March 2011 and 31 March 2010 have not been audited.

2. Significant Accounting policies

The significant accounting policies and methods of computation adopted in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Group's financial statements for the year ended 30th September 2010.

3. Business and Geographical segments

The Directors consider that the Group operates within a single business and operating segment, being pharmaceutical development.

All turnover and losses before taxation originated in the UK. All assets and liabilities are held in the UK.

The Directors do not consider the business to be seasonal or cyclical.

Revenues can be analysed as follows:

Revenue:	Six months ended 31 March 2011 £000's	Six months ended 31 March 2010 £000's	Year ended 30 September 2011 £000's
Product sales	1,878	932	2,768
Research and development fees	8,661	9,527	14,808
Licensing fees:			
- signature fees	950	950	1,900
- development and approval fees	5,087	-	11,200
	16,576	11,409	30,676

Geographical analysis of turnover: - by destination of customer

	Six months ended 31 March 2011 £000's	Six months ended 31 March 2010 £000's	Year ended 30 September 2010 £000s
UK	692	540	1,834
Europe (excluding UK)	3,482	571	12,511
North America	10,087	8,152	11,904
Asia	2,315	2,146	4,427
	16,576	11,409	30,676

4. Research and development expenditure

	Six months ended 31 March 2011 £000's	Six months ended 31 March 2010 £000's	Year ended 30 September 2010 £000s
GW-funded research	2,673	2,573	7,015
Development partner-funded research	8,661	9,527	14,808
Total	11,334	12,100	21,823

5. Tax credit

	Six months ended 31 March 2011 £000's	Six months ended 31 March 2010 £000's	Year ended 30 September 2010 £000's
UK Corporation tax – R&D tax credit:			
Prior year	(221)	-	-
Current period	-	-	(37)
Total credit for the period	(221)	-	(37)

The UK Corporation tax credits relate to research and development expenditure claimed under the Finance Act 2000.

6. Earnings per share

The calculations of earnings/(loss) per share are based on the following losses and numbers of shares.

	Six months ended 31 March 2011 £000's	Six months ended 31 March 2010 £000's	Year ended 30 September 2010 £000's
Profit/(loss) for the period – basic	3,289	(2,666)	4,641
Profit/(loss) for the period – fully diluted	3,299	(2,666)	4,657
	Number of shares	Number of shares	Number of shares
Weighted average number of shares – basic	131,410,184	129,644,229	129,875,287
Weighted average number of shares – fully diluted	138,513,495	129,644,229	136,621,948

7. Inventories

	31 March 2011 £000's	31 March 2010 £000's	30 September 2010 £000's
Raw materials	154	79	126
Work in progress	595	359	505
Finished goods	122	128	149
	871	566	780

Inventory is stated net of a realisable value provision of £3.6m (31 March 2010: £4.1m)

8. Trade and other receivables

	31 March 2011 £000's	31 March 2010 £000's	30 September 2010 £000's
Amounts falling due within one year			
Trade receivables	803	222	645
Other receivables	142	84	154
Prepayments and accrued income	232	254	418
	1,177	560	1,217

9. Trade and other payables

	31 March 2011 £000's	31 March 2010 £000's	30 September 2010 £000's
Trade payables	2,137	996	1,281
Other taxation and social security	310	275	356
Accruals and other payables	2,748	4,042	2,876
Defined contribution pension scheme accruals	45	43	41
	5,240	5,356	4,554

10. Deferred Revenue

Amounts falling due within one year	31 March 2011 £000's	31 March 2010 £000's	30 September 2010 £000's
Deferred signature fee income	1,490	1,900	1,900
Advance payments received	2,958	4,325	3,220
	4,448	6,225	5,120
Amounts falling due after one year			
Deferred signature fee income	11,059	12,549	11,599

Deferred signature fee income represents the balance of the non-refundable signature fees received from Almirall and Otsuka. These amounts will be recognised as revenue in future periods.

For Almirall the £12m signature fee is being recognised at the rate of £0.8m per year over 15 years from December 2005. In the case of Otsuka, where the Group's obligations under the agreement are weighted towards the earlier years, the $18m (£9.2m) signature is being recognised from 1 April 2007 to 30 September 2011 at the rate of £1.1m per year and at £0.28m per year for the following 15 years.

Advance payments received represent payments for research and development activities to be carried out on behalf of Otsuka. These amounts will be recognised as revenue in the next period.

11. Subsequent Events

On 11th April 2011 GW entered into an exclusive licence agreement with Novartis Pharma AG to commercialise Sativex in Australia and New Zealand, Asia (excluding Japan, China and Hong Kong), Middle East (excluding Israel/Palestine) and Africa.

GW has received an upfront payment of $5 million and will be eligible for additional payments totalling $28.75 million upon the achievement of certain approval and commercial milestones. In addition, GW will receive royalties on net sales of Sativex.

12. Availability of information

A copy of this statement is available from the Company Secretary at Porton Down Science Park, Salisbury, Wiltshire, SP4 0JQ. Full details can also be found on the Company's website at www.gwpharm.com.

Cautionary statement

This Interim Management Report "IMR" has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.