

Embargoed until 0700

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

Interim Results For The Six Months Ended 31 March 2006

Porton Down, UK, 20 June 2006: GW Pharmaceuticals plc (AIM: GWP), the developer and manufacturer of a range of new medicines based on cannabis and other controlled drugs, announces its interim results for the six months ended 31 March 2006. GW today is also hosting a research and development (R&D) day for analysts and investors.

HIGHLIGHTS

- FDA permits Sativex to enter directly into US Phase III trials in cancer pain. First Phase III trial to commence around the end of 2006. US licensing discussions for Sativex have commenced
- Licence agreement signed in December 2005 with Almirall to market Sativex in Europe (excluding the UK)
- Results announced of a third Phase III MS spasticity study showing significant positive results in the per protocol analysis. Regulatory advice meetings being held to consider possibility of MS spasticity submission in Europe. Decision to be taken in second half of 2006
- Programme of Phase III trials continues. Two further Phase III peripheral neuropathic pain trials fully recruited and due to report results by end of 2006. Phase III MS neuropathic pain trial to commence Q3 2006
- Revenues for six months to 31 March 2006 of £0.73m, including £0.5m relating to commercial sales of Sativex in Canada, Spain and the UK
- Net loss for the period of £6.2m (2005: £5.1m), in line with expectation
- Cash and short term deposits at 31 March 2006 of £25.4m

Dr Geoffrey Guy, Executive Chairman of GW, said:

"GW is now generating product sales revenues in Canada, Spain and the UK. In addition, we are increasingly excited by the prospects for Sativex in the US following the FDA's permission to enter directly into Phase III trials. GW has a broad development and regulatory strategy for Sativex which provides multiple opportunities over the next few years to continue to obtain product approvals in various indications across Europe, North America and beyond. In the nearer term, we will continue our regulatory discussions in Europe to determine the initial target indication for our next regulatory filing , report results of two further European

Phase III studies and start our first pivotal study in the US. With these important value drivers to come, we believe the prospects for GW are extremely encouraging."

An analyst presentation of the interim results and an R&D day are being held today from 09.30 at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. Please contact Gemma Cross Brown 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
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Interim Results For The Six Months Ended 31 March 2006

During the first half of the year, GW met two primary strategic objectives in signing a license agreement for Sativex in Europe and gaining approval from the Food & Drug Administration (FDA) for Sativex to enter directly into late stage Phase III clinical trials in the United States. These milestones serve to broaden significantly GW's strategic outlook and to highlight the Group's expanded territorial ambitions for the approval of Sativex over the next few years. In Europe, GW is currently evaluating its regulatory options for Sativex in the indication of Multiple Sclerosis (MS) spasticity and in parallel is continuing to progress its neuropathic pain programme. In the US, preparations are underway for the start of the first pivotal Phase III study around the end of this year. GW's developmental, regulatory and commercial outlook is more international in scope than ever before.

REGULATORY STRATEGY

The Group's regulatory strategy is to provide multiple opportunities over the next few years to obtain approvals for Sativex across various indications and in a range of markets.

GW has a programme of Phase III trials ongoing which have been implemented in consultation with regulatory authorities, as well as independent clinical and regulatory consultants, and are designed to supplement the positive data already generated. Their outcome will determine the timing of regulatory submissions in the various indications and in the various territories. Proof of efficacy has already been established in previous late-stage studies and these new studies contribute to the evidence generation in support of Sativex.

At each point of new data being available, GW will be in a position to discuss with its marketing partners and with regulatory authorities whether the data package warrants a regulatory submission or whether further clinical data would be desirable before seeking approval. Indeed, irrespective of each set of trial results, GW and its partners are likely to carry out further trials in these target indications over the next few years in order to supplement globally approvable regulatory packages and to provide more data to support the marketing of the product post approval.

GEOGRAPHIC REVIEW

United States

In January 2006, GW announced that the FDA had granted permission for Sativex to enter directly into Phase III clinical trials in the US. The achievement of this goal represents one of the most important events in GW's history. The prospects for the Group, which had hitherto been focused solely on the UK and Europe, now incorporate the world's largest

pharmaceutical market. Further, this decision by the FDA provides clear testimony to the quality of GW's team of scientists and to the extent of data generated over recent years.

The proposed initial target indication for Sativex in the US is the relief of pain in cancer patients who have failed to obtain adequate relief from maintenance opioid analgesia. This indication is supported by data from our completed positive European Phase III cancer pain trial. In the US, GW will conduct two Phase III cancer pain trials prior to making a regulatory submission to the FDA.

The two US Phase III studies will each be 250 patient, double-blind, randomized placebo controlled studies evaluating the effect of Sativex in relieving average daily pain, reducing the use of breakthrough opioid medications, improving the quality of sleep and relevant aspects of quality of life among other outcome measures. The first Phase III trial protocol has been subject to written FDA advice and has been agreed with the principal investigator, Dr Russell K. Portenoy. Dr Portenoy is Chairman of the Department of Pain Medicine and Palliative Care at Beth Israel Medical Center, New York City, and one of the world's leading experts in the field.

Preparations for the Phase III studies are proceeding according to plan and the first patient is expected to enter the first study at around the end of 2006, or early 2007. A US regulatory submission could reasonably be expected to occur 24-36 months after the start of the Phase III programme. The US development plan also includes other smaller scale supporting studies, a number of which have commenced in recent months.

In April 2006, the FDA issued a statement outlining its position that there was no evidence to support the safety and efficacy of "smoked marijuana" as a medicine. This statement is entirely consistent with GW's approach and with the development of Sativex. GW has long stated that the medicinal properties of cannabinoids can and should only be demonstrated through a full development programme of a pharmaceutical product presented in an appropriate dosage form and conducted according to internationally recognised regulatory standards. Sativex meets all such requirements.

As announced in January, GW intends to seek a US licensing partner for Sativex in parallel with the start of US development activities. Discussions with potential partners are now underway and proceeding in line with GW's expectations.

Canada

Sativex is approved in Canada as an adjunctive treatment for symptomatic relief of neuropathic pain in adults with MS. The product was approved under Health Canada's Notice of Compliance with Conditions (NOC/c) policy. This policy is applied to products which are considered by Health Canada to address a serious medical condition for which there are no currently approved products, and where the data to date reflect promising clinical evidence. The "condition" element of the approval is the need for a confirmatory Phase III study to further verify the clinical benefit.

In line with guidance provided by GW in January, total in-market sales for 2006 are expected to reflect a similar sales rate as seen in the latter six months of 2005. Feedback from the market continues to be positive with consistent patterns of safety and efficacy as experienced during the clinical trials. The commercial picture at this stage reflects the

limitations of the NOC/c approval and the lack of reimbursement by the public health system. We expect this situation to change once the "condition" element of the NOC/c approval is lifted, which will follow completion of a planned MS neuropathic pain trial in the second half of 2007.

GW is currently exploring opportunities to expand the regulatory approval in Canada to other indications. Discussions have been held with Health Canada about a possible NOC/c application for Sativex in the treatment of cancer pain.

Europe

In December 2005, GW entered into an exclusive agreement with Almirall Prodesfarma S.A. ("Almirall"), Spain's largest pharmaceutical company, to market Sativex in Europe (excluding the UK). In the UK, Sativex has already been exclusively licensed to Bayer HealthCare.

Under the terms of the agreement, GW has maintained a significant share of long term product revenues in addition to a £12 million signature fee. Including this signature fee, milestones payable may total up to £46 million. GW is responsible for completing the development of Sativex in the three initial target indications of MS symptoms (neuropathic pain and spasticity), neuropathic pain and cancer pain. In addition, Almirall and GW expect to collaborate on the development of Sativex in other indications. It is anticipated that Almirall will contribute to the cost of development of new indications.

The licensed territory includes the members of the European Union (excluding the UK), EU accession countries, as well as Switzerland, Norway and Turkey. In countries where Almirall has no direct presence at the time of product launch, the companies shall jointly agree the appointment of distribution partners. In such countries, GW may elect to distribute the product itself.

Spain

In November 2005, GW reached agreement with the Health Department of The Regional Government of Catalonia in Spain to supply Sativex to up to 600 patients suffering from MS and a number of other conditions under a compassionate access programme. The programme has been approved by the Spanish Ministry of Health and the Catalan Health Department has approved a specific budget to pay for GW to supply the medicine.

Patients being entered into the programme have a range of medical conditions, including spasticity in MS, neuropathic pain in MS, neuropathic pain from other etiologies, and anorexia-cachexia in cancer patients undergoing chemotherapy. There are six participating hospital centres, incorporating 22 investigating units.

The first patient entered the programme in January 2006 and patients are continuing to be enrolled. GW, Almirall and the Catalan Health Department are very pleased with the response to this programme by opinion leaders and patients. Half the patients to be included are cancer patients with anorexia-cachexia. At the outset of the programme, the Catalan Health Department decided that these patients would start to be enrolled in the second half of 2006. This remains the intention and it is therefore likely that patients will be continuing on this programme beyond the end of 2006.

UK

GW was informed by the UK Home Office in November 2005 that Sativex may be imported from Canada to satisfy its prescription to individual patients in the UK as an unlicensed medicine. This development is in response to enquiries from a number of UK doctors and individual patients who have been in contact with the Home Office to request access to Sativex. Under relevant UK legislation, the basis on which Sativex may be imported is the clinical judgement of doctors in relation to specific nominated patients.

In the UK, Sativex remains a Schedule 1 controlled drug, possession of which requires a Home Office licence. At the time of the announcement in November, the Home Office stated that it would be developing a licensing regime to fit these circumstances. Since that time, the Home Office has facilitated the arrangements for doctors, pharmacists and patients to possess the drug without the requirement to be individually licensed. This initiative by the Home Office greatly simplifies the process for those patients who are in possession of a named patient prescription.

As a result of these developments, Sativex is now being supplied on a named patient basis to certain patients in the UK who are in receipt of a prescription. The Home Office licences mean that Sativex may be supplied directly from the UK manufacturers without need for export to and re-import from Canada. GW charges for provision of the medicine under these circumstances.

R&D REVIEW

GW is today holding an R&D day which will provide an update on the Group's primary research into the potential of cannabinoids, early stage clinical research which may enhance GW's development pipeline in the coming years, as well as the Sativex clinical programme and regulatory strategy. Presenters will include:

- Professor Roger Pertwee, Professor of Neuropharmacology, University of Aberdeen and GW's Director of Pharmacology
- Dr Philip Robson, Director, GW's Cannabinoid Research Institute and Senior Research Fellow, Department of Psychiatry, University of Oxford
- Dr Stuart Ratcliffe, Director of Pain Research, St Bartholomew's and the London Hospitals
- Dr Stephen Wright, GW's R&D Director

Symptoms of MS - Spasticity

Headline results were announced in March 2006 of a Phase III study in the relief of spasticity in people with MS.

Analysis of the per protocol population (those patients that complied with the study protocol) showed a positive and statistically significant improvement in the primary outcome measure ($p < 0.05$). Analysis of the Intention to Treat (ITT) population (all study patients regardless of whether they complied with the protocol) was in favour of Sativex but not to a degree that reached statistical significance ($p > 0.05$).

The lack of significance in the ITT analysis was not due to a lack of effect of Sativex, but rather was due to a larger than expected placebo response, thus reducing the size of the difference between the two groups. Had the placebo response been the same as in GW's previous completed Phase III spasticity study, the ITT analysis in this new study would also have been statistically significant.

This study supports the positive data already generated from previous GW Phase III studies and enhances the data package beyond that assessed in the previous UK regulatory process. A pre-specified pooled analysis across the three Phase III Sativex MS spasticity studies now completed, incorporating a total of 666 patients, shows Sativex to be significantly superior to placebo ($p < 0.05$).

In March 2006, GW stated that its regulatory strategy in Europe for this indication would be evaluated together with our marketing partners and the relevant European regulatory authorities. In the last few months, discussions have been taking place with selected authorities and further meetings are planned during summer 2006. It is already apparent that certain regulators may be receptive to assessing the approvability of Sativex in this high need patient population. A final decision on whether to proceed with a regulatory filing will be taken in the second half of the year.

Symptoms of MS - Neuropathic Pain

As discussed above, GW has obtained approval for Sativex in Canada in the indication of neuropathic pain in MS. As part of this approval, under the NOC/c policy, a further Phase III study was formally agreed with the regulator. This 218 patient study will commence during summer 2006 and is expected to complete in summer 2007. This study will not only be used for Canada. It should provide the basis of a European submission in the indication of MS neuropathic pain. It should also allow a variation of the peripheral neuropathic pain label to general neuropathic pain. Patients will be recruited in Canada, UK, Spain, France and the Czech Republic.

Peripheral Neuropathic Pain

Two further studies in neuropathic pain are being undertaken to provide an approval across Europe in the indication of "Peripheral Neuropathic Pain". These studies conform to the new European neuropathic pain regulatory guidelines, in that they have a 14 week treatment duration and are as follows:

- Peripheral neuropathic pain associated with allodynia
- Peripheral neuropathic pain in subjects with painful diabetic neuropathy

Target patient numbers for each study is 218 and recruitment has occurred at centres in UK, Canada, Czech Republic, Belgium and Romania. Both studies are fully recruited and each has exceeded the target number of patients.

These two studies are intended to provide a regulatory package in peripheral neuropathic pain. Both sets of data need to be assessed in order to determine the regulatory implications of the results. GW has therefore decided to unblind and analyse both studies at the same time so that both sets of headline results can be considered and interpreted simultaneously. These results will be released towards the end of 2006.

Cancer Pain

GW's Phase III cancer pain programme is being initiated in the US with a view to obtaining approval from the FDA. These US trials are also intended to contribute to a European regulatory application in this indication. Further European regulatory advice is being sought at present to confirm whether there are any additional requirements for approval in this indication in Europe over and above those already stated by the FDA.

Pharmacology Update

In March, GW hosted a two day cannabinoid scientific review meeting in London at which several of the world's leading cannabinoid scientists presented. The occasion provided an opportunity for the results of GW's primary research activities to be presented and discussed amongst a range of experts. The meeting also highlighted potential new directions for GW's research activities.

Last year, work carried out by Professor Roger Pertwee showed THCV to be an antagonist at the CB1 and CB2 receptors, a similar activity to that of rimonabant, the potential blockbuster drug developed by Sanofi-Aventis. This finding led to a patent application and has caused much scientific interest. More recently, this finding was also demonstrated in vivo. GW is now working towards starting a Phase I study by the end of this year looking at the effects of THCV in obese healthy volunteers.

Publications / Presentations

GW's clinical data continues to be presented at international scientific meetings. Since January 2006, GW data has been presented by clinical investigators at the American Academy of Neurology, European Neurological Society, European Congress of Rheumatology, Canadian Pain Society, British Pain Society, US Consortium of MS Centers Annual Meeting, and the Canadian Association of Physical Medicine & Rehabilitation Annual Meeting.

In addition, a review of Sativex in the treatment of symptoms of MS and neuropathic pain was published in the journal *Expert Opinion in Pharmacotherapy*¹, further papers are in press in the journals *Multiple Sclerosis* and *Rheumatology* and others have been submitted for publication and await review.

Advanced Dispensing System

Work is ongoing to ready the second generation Advanced Dispensing System (ADS) methadone device in preparation for its first clinical trial. This system has been specifically developed to allow for methadone to be dispensed safely and reliably in the treatment of drug addiction. ADS development has not been a priority for the Group in the last twelve months, but the programme has started to gather pace again. A planned pilot study at the

¹ Barnes, MP, *Sativex®: clinical efficacy and tolerability in the treatment of symptoms of multiple sclerosis and neuropathic pain*, *Expert Opin. Pharmacother.* (2006) 7(5) pp 607-615

National Addiction Centre is due to commence in the second half of 2006. Prior to this study commencing, regulatory device approvals will be obtained.

FINANCIAL REVIEW

In the six months to 31 March 2006, GW made a net loss after tax of £6.2m compared to £5.1m in the same period last year.

Turnover of £733,000 includes £501,000 relating to commercial sales of Sativex in Canada, Spain and the UK. The remaining £232,000 relates to revenue recognised from the £12m Almirall licence agreement signature fee, which is being recognised over a 15-year period.

Research and Development expenditure increased to £6.5m (2005: H1 £5.0m; H2 £5.3m). This increase is in line with budget and is due primarily to the European Phase III clinical trials programme, the initiation of the US development of Sativex and increased earlier stage research.

Management and administrative expenses (including amortisation of goodwill) increased to £1.7m (2005: H1 £1.3m; H2 £1.3m).

Operating losses of £7.5m (2005: £6.3m) were offset by interest income of £0.43m and an R&D tax credit of £0.90m.

Net cash inflow, before management of liquid resources and financing, was £4.2m compared to an outflow of £6.4m in the comparable period last year. The inflow is due to the receipt of £10.8m from Almirall, representing the £12m signature fee less £1.2m of Spanish withholding tax deducted (which is in the process of being reclaimed). The balance sheet was further strengthened in January 2006 through a placing of 6,165,978 shares at £1.3961 to a US institutional investor, which raised £8.1m net of expenses.

As at 31 March 2006 GW had cash and short-term deposits totalling £25.4m. Debtors at 31 March were £4.5m, which includes R&D tax credits receivable of £2.6m (of which £1.7m was received in May 2006) and the £1.2m of Spanish withholding tax.

Deferred income of £11.8m represents the balance of the non-refundable £12m Almirall signature fee. This will be recognised as revenue in future periods.

Capital expenditure incurred in the period was £0.13m.

The headcount as at 31 March 2006 was 107 (2005: 104).

As indicated at the beginning of the year our R&D expenditure guidance is on track to increase by about 30 per cent over the 2005 level. Cash at year end is expected to be about £19m taking account of the US equity placing completed in January 2006.

Board Appointment

In February 2006, we were pleased to announce the appointment of David Morrison as a non-executive director, in place of Peter Mountford.

David Morrison is Chief Executive of Prospect Investment Management, an investment advisory firm, and is also a non-executive director of a large number of public and private companies, including Paypoint plc, Venture Production plc, BlueHeath Holdings plc, MessageLabs Group Ltd, MGT plc, Standard Life Equity Investment Trust plc and UK Specialist Hospitals Ltd.

Prospects

GW has a broad development and regulatory strategy for Sativex which provides multiple opportunities over the next few years to obtain product approvals across various indications and in a range of markets. In Europe, GW is currently evaluating its regulatory options for Sativex in the indication of MS spasticity and in parallel is continuing to progress its neuropathic pain programme. In the US, approval received from the FDA to enter directly into Phase III trials allows the Group to expand our ambitions into the world's largest pharmaceutical market. With a comfortable cash position, a substantial body of evidence supporting the efficacy of Sativex, the results of a series of Phase III trials due over the coming 6-36 months and exciting early stage opportunities in the pipeline, the prospects for GW are extremely encouraging.

– Ends –

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This news release may contain forward-looking statements that reflect the Group's current expectations regarding future events, including the clinical development and regulatory clearance of the Group's products. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including (inter alia), the success of the Group's research strategies, the applicability of the discoveries made therein, the successful and timely completion of clinical studies, including with respect to Sativex and the Group's other products, the uncertainties related to the regulatory process, and the acceptance of Sativex and other products by consumers and medical professionals.

GW Pharmaceuticals plc
Consolidated profit and loss account
for the six months ended 31 March 2006

	Notes	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
Turnover	2	733	-	3,110
Cost of sales		(92)	-	(82)
Gross Profit		641	-	3,028
Research and development costs		(6,461)	(5,011)	(10,276)
Management and administrative expenses		(1,703)	(1,308)	(2,628)
Operating loss		(7,523)	(6,319)	(9,876)
Interest receivable		426	350	682
Interest payable		-	-	-
Loss on ordinary activities before taxation		(7,097)	(5,969)	(9,194)
Tax credit on loss on ordinary activities	3	901	828	1,678
Loss on ordinary activities after taxation being retained loss for the period		(6,196)	(5,141)	(7,516)
Loss per share - basic and diluted	4	(5.3p)	(4.6p)	(6.7p)

All activities relate to continuing operations.

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

GW Pharmaceuticals plc
Consolidated balance sheet
as at 31 March 2006

	Notes	31 March 2006 Unaudited £000's	31 March 2005 Unaudited £000's	30 September 2005 Audited £000's
Fixed assets				
Intangible assets – goodwill		5,388	5,745	5,566
Tangible assets		681	903	723
		<u>6,069</u>	<u>6,648</u>	<u>6,289</u>
Current assets				
Stock		617	533	656
Debtors: amounts falling due within one year	5	3,549	2,418	2,135
Debtors: amounts due after more than one year	5	901	828	-
Cash held on deposit as short term investment		18,092	10,000	10,120
Cash at bank and in hand		7,271	4,049	2,913
		<u>30,430</u>	<u>17,828</u>	<u>15,824</u>
Creditors: Amounts falling due within one year	6	<u>(4,872)</u>	<u>(3,473)</u>	<u>(3,379)</u>
Net current assets		<u>25,558</u>	<u>14,355</u>	<u>12,445</u>
Total assets less current liabilities		<u>31,627</u>	<u>21,003</u>	<u>18,734</u>
Creditors: Amounts falling due after one year	6	(10,967)	-	-
Provisions for liabilities and charges		(32)	(74)	(22)
Net assets		<u>20,628</u>	<u>20,929</u>	<u>18,712</u>
Capital and reserves				
Called-up share capital	8	120	113	114
Share premium account	8	58,209	49,946	50,103
Other reserves	8	19,262	19,262	19,262
Profit and loss account	8	(56,963)	(48,392)	(50,767)
Equity shareholders' funds	8	<u>20,628</u>	<u>20,929</u>	<u>18,712</u>

GW Pharmaceuticals plc
Consolidated cash flow statement
for the six months ended 31 March 2006

	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
Net cash flow from operating activities	4,037	(6,555)	(10,026)
Returns on investment and servicing of finance	306	271	717
Taxation	-	-	1,883
Capital expenditure	(125)	(82)	(112)
Cash flow before management of liquid resources and financing	4,218	(6,366)	(7,538)
Management of liquid resources	(7,972)	3,152	3,032
Financing	8,112	2,608	2,764
Increase / (decrease) in cash during the period	4,358	(606)	(1,742)

Reconciliation of operating loss to net cash flow from operating activities

	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
Operating loss	(7,523)	(6,319)	(9,876)
Depreciation charge	167	204	414
Amortisation of goodwill	178	178	356
Decrease / (increase) in stocks	39	(533)	(656)
(Increase) / decrease in debtors	(1,294)	41	7
Increase / (decrease) in creditors	12,470	(126)	(271)
Net cash flow from operating activities	4,037	(6,555)	(10,026)

1 Basis of preparation

These accounts are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim results have been prepared on the basis of the accounting policies set out in the Report and Accounts for the year ended 30 September 2005. The financial information relating to the year ended 30 September 2005 has been extracted from the full report and accounts which have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified.

2 Segmental Information

Turnover:

	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
Product sales	501	-	310
Licensing fees	232	-	2,800
	<u>733</u>	<u>-</u>	<u>3,110</u>

3 Tax credit on loss on ordinary activities

	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
UK Corporation tax – R&D tax credit:			
Current period	<u>901</u>	<u>828</u>	<u>1,678</u>

The UK Corporation tax credits relate to research and development expenditure claimed under the Finance Act 2000. The amounts are subject to the agreement of HM Revenue and Customs.

4 Loss per share

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

	Six months ended 31 March 2006 Unaudited £000's	Six months ended 31 March 2005 Unaudited £000's	Year ended 30 September 2005 Audited £000's
Loss for the financial period	<u>(6,196)</u>	<u>(5,141)</u>	<u>(7,516)</u>
	Number of shares	Number of shares	Number of shares
Weighted average number of shares	<u>116,802,886</u>	<u>111,405,893</u>	<u>112,512,974</u>

Since the Group reported a net loss, diluted loss per share is equal to basic loss per share.

GW Pharmaceuticals plc

Notes

5 Debtors

	31 March 2006 Unaudited £000's	31 March 2005 Unaudited £000's	30 September 2005 Audited £000's
Amounts falling due within one year			
Trade debtors	67	6	-
Taxation recoverable – UK Corporation tax	1,678	1,883	1,678
Taxation recoverable – Foreign Withholding tax	1,200	-	-
Other debtors	351	282	244
Prepayments and accrued income	253	247	213
	<u>3,549</u>	<u>2,418</u>	<u>2,135</u>
Amounts falling due after one year			
Taxation recoverable – UK Corporation tax	<u>901</u>	<u>828</u>	<u>-</u>

Foreign Withholding tax relates to a 10% Spanish withholding tax on the £12m Almirall signature fee.

6 Creditors

	31 March 2006 Unaudited £000's	31 March 2005 Unaudited £000's	30 September 2005 Audited £000's
Amounts falling due within one year			
Trade creditors	1,967	1,716	1,622
Other taxation and social security	151	140	141
Accruals	1,894	1,576	1,579
Deferred income	800	-	-
Defined contribution pension scheme accruals	60	41	37
	<u>4,872</u>	<u>3,473</u>	<u>3,379</u>
Amounts falling due after one year			
Deferred income	<u>10,967</u>	<u>-</u>	<u>-</u>

Deferred income represents the balance of the non-refundable £12m signature fee received from Almirall in December 2005. This will be recognised as revenue in future periods.

GW Pharmaceuticals plc

Notes

7 Analysis of changes in net funds

	As at 30 September 2005 Audited £000's	Cashflow Unaudited £000's	As at 31 March 2006 Unaudited £000's
Cash held on deposit as short term investment	10,120	7,972	18,092
Cash at bank and in hand	2,913	4,358	7,271
	<u>13,033</u>	<u>12,330</u>	<u>25,363</u>

8 Movement in Share Capital & Reserves

	Called-up share capital Unaudited No. of shares	Called-up share capital Unaudited £000's	Share premium account Unaudited £000's	Other reserves Unaudited £000's	Profit and loss account Unaudited £000's	Total Unaudited £000's
Group						
At 1 October 2005	113,871,757	114	50,103	19,262	(50,767)	18,712
Exercise of share options	38,300	-	23	-	-	23
Equity share issue*	6,165,978	6	8,602	-	-	8,608
Expense of equity share issue	-	-	(519)	-	-	(519)
Retained loss for the period	-	-	-	-	(6,196)	(6,196)
At 31 March 2006	<u>120,076,035</u>	<u>120</u>	<u>58,209</u>	<u>19,262</u>	<u>(56,963)</u>	<u>20,628</u>

* The 6,165,978 new ordinary shares were placed at £1.3961 per share on the 4 January 2006.