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19 June 2003

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

Interim Results For The Six Months To 31 March 2003

GW Pharmaceuticals plc, the company licensed by the UK Home Office to work with cannabis and a range of controlled drugs for medical research purposes, announces its interim results for the six months ended 31 March 2003.

HIGHLIGHTS

- Regulatory dossier for Sativex®, GW's lead cannabis-based medicine, submitted to the UK regulatory authority at end of March, on schedule
- Bayer AG appointed as marketing partner for Sativex in the UK, GW's first commercial partnership
- Subject to UK regulatory approval, GW aims to make Sativex available on prescription by the end of 2003
- Following positive results of four Phase III trials in November 2002, recruitment continues to proceed as planned for five ongoing Phase III trials
- Progress continues with Phase II research into the use of cannabinoids in novel therapeutic areas
- Development of Advanced Dispensing System technology continues for use with anti-addiction products as well as for other applications
- Net loss for the six months to 31 March 2003 of £6.7m, in line with budget
- Cash and short term deposits at 31 March of £13.7m, supplemented by signature fee of £5m from Bayer received since the half-year end

Dr Geoffrey Guy, Executive Chairman of GW Pharmaceuticals, said: "The first six months of the year has seen GW achieve a number of significant milestones, all in accordance with previously stated timescales. In particular, GW submitted its regulatory dossier for Sativex to the UK regulatory authority and also entered into an agreement with Bayer to market Sativex in the UK. The Bayer agreement is GW's first commercial collaboration to date and provides a clear demonstration of confidence on the part of a world leading pharmaceutical company in GW's product development capability and the quality of the science underpinning its programme.

"GW's achievements over recent years provide a solid platform for growth. We are confident that GW is on track to secure regulatory approvals, commercial partnerships and launches for Sativex around the world as well as progress new opportunities from our earlier stage research programmes. We have considerable ambitions for the next phase in the Group's development and believe that we now have the elements in place to build a major UK pharmaceuticals business."

A presentation for analysts is taking place today at 09.30 at Weber Shandwick Square Mile, Fox Court, 14 Gray's Inn Road, London WC1. An audio webcast of the presentation will be available on GW's website at www.gwpharm.com from 15.00 today.

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Interim Results For The Six Months To 31 March 2003

During the first six months of the year, GW has made progress in all key areas, consistent with targets set out at the beginning of the year. In particular, the Group has filed its first regulatory dossier and has appointed Bayer AG as its first marketing partner for its lead product, Sativex®. Expenditure is in line with budget and the Group's cash position remains strong.

Sativex® Dossier Submitted in UK

In November 2002, GW announced positive results from each of four Phase III clinical trials in patients with Multiple Sclerosis and Neuropathic Pain. These four randomised, double-blind, placebo-controlled Phase III trials included approximately 350 patients. In the trials, Sativex achieved statistically significant reductions in Neuropathic Pain in comparison with placebo, as well as statistically significant improvements in other symptoms of Multiple Sclerosis, most notably spasticity and sleep disturbance. These findings are consistent with results from Phase II trials.

Sativex, GW's lead product, is a whole plant medicinal cannabis extract containing Tetranabinex™ extract (tetrahydrocannabinol, "THC") and Nabidiolex™ extract (cannabidiol, "CBD") as its principal components. The medicine is administered by means of a spray into the mouth.

At the end of March, in accordance with the Group's target timescales, GW submitted its regulatory dossier for Sativex to the UK regulatory authority, the recently re-named Medicines and Healthcare Products Regulatory Agency ("MHRA"). The dossier submission was a key milestone for GW resulting from considerable effort and commitment on the part of the whole company.

GW has applied to the MHRA for an authorisation to market Sativex in two therapeutic indications:

- relief of symptoms in patients with Multiple Sclerosis
- relief of Neuropathic Pain (nerve-damage pain)

GW has previously stated that, subject to MHRA approval, it hopes to be able to make Sativex available for prescription by doctors in the UK by the end of 2003. GW believes that this target timescale remains on track.

Market Opportunity for Sativex

We believe that the market opportunity for Sativex in its initial target markets of MS and Neuropathic Pain is substantial. In Europe alone, there are approximately 500,000 MS sufferers and 4 million patients with Neuropathic Pain, with both of these patient groups being poorly served by existing therapies. We expect Sativex to be the world's first cannabis-based medicine to be launched for these indications and we believe the product will represent a significant advance in the management of these debilitating conditions.

Agreement with Bayer AG

In the last annual report, we stated that the next phase of the Group's growth would be characterised by commercial partnerships and associated revenues. In May, GW and Bayer AG ("Bayer") entered into an exclusive marketing agreement for Sativex. This is GW's first commercial collaboration.

GW's commercial strategy is to maximise the value of its products by entering into agreements at a late stage of development. The terms of the Bayer agreement reflect the merits of this strategy.

The financial terms of this partnership have been established to yield equal long term value to each partner. GW has maintained a significant share of long term product revenues whilst benefiting from a signature fee, an innovative advance working capital facility and, subject to MHRA approval, milestone payments which would further enhance the Group's cash position.

Bayer is one of the world's leading companies in the health care and medical products industry and is well placed to maximise the market opportunity for GW's product.

Bayer has obtained exclusive rights to market Sativex in the UK. Bayer also has the option for a limited period of time to negotiate the marketing rights in other countries in the European Union and selected other countries around the world.

In addition to the two indications for Sativex detailed above, Sativex and a THC extract product are also undergoing Phase III trials for the treatment of cancer pain. If approved, Bayer will also market these medicines for cancer pain in the UK.

GW has received a signature fee of £5 million and will receive additional milestone payments up to a maximum amount of £20 million, subject to regulatory approvals being granted in the UK for the initial indications of MS, Neuropathic Pain and cancer pain. Total fees are £25 million. In the event that Bayer exercises the option for countries outside the UK, additional milestones would be payable on a country by country basis.

Of the £25 million payments, £10 million can be drawn by GW in advance as an interest-free working capital facility to support ongoing preparations for market launch of Sativex. The facility can be drawn by GW at its discretion until MHRA approval is obtained. On approval, Bayer has the option to convert the facility into a milestone payment or to convert into GW shares at an agreed premium to the share price at the time of conversion. The facility is subject to additional conditions if MHRA approval is not obtained by 30 September 2004.

GW is to be responsible for completing steps to secure regulatory approvals and for commercial product supply to Bayer. GW will manage the supply of product through a range of contract manufacturing partners, arrangements for which are all in place.

GW and Bayer are now working closely to prepare for market launch in the UK.

Phase III trials

In addition to the four completed trials reported in November 2002, GW has a further five Phase III trials in progress. These trials are examining the effectiveness of Sativex in the following medical conditions:

- Cancer Pain
- Neuropathic Pain in Spinal Cord Injury
- General Neuropathic Pain (Allodynia)
- Spasticity in MS
- Bladder Dysfunction in MS

These trials continue to recruit patients as planned. Results from a number of these trials are expected around the end of 2003 or early 2004.

International Activity

In addition to the UK, GW has established clinical trial centres in Ireland, Belgium, Romania, and Canada. The Group maintains ongoing communication with regulatory authorities and government officials from a range of countries around the world. Following UK regulatory approval, GW will be focusing on securing regulatory approval and the commercialisation of Sativex on the international stage.

Cannabinoid Research Institute

The Cannabinoid Research Institute ("CRI"), based in Oxford under the direction of Dr Philip Robson, GW's Medical Director, has continued to progress pre-clinical and clinical research in a range of therapeutic areas. One of the key objectives of the CRI is to undertake exploratory clinical evaluation of GW's cannabis-based medicines to provide a platform for the next wave of products from the pipeline.

Studies are underway in Rheumatoid Arthritis, Peri-operative pain, and Glaucoma. Other trials are being planned in a range of additional target therapeutic conditions.

GW continues to carry out research in conjunction with its international network of leading cannabinoid scientists. The company is increasing its activity in producing publications and scientific presentations at international conferences.

Advanced Dispensing System

GW's Advanced Dispensing System (ADS) technology provides the ability to monitor and, if required, control drug usage in real time. The technology also provides a secure and tamper-proof means of dispensing controlled drugs.

Last year, GW established a Home Office endorsed collaboration with the National Addiction Centre to evaluate the use of ADS to dispense methadone and diamorphine in the treatment of drug addiction.

If the development of anti-addiction products is successful, we will look to exploit further opportunities for ADS over the coming few years. GW believes that the potential applications of this technology are considerable.

Board of Directors

In March, we were pleased to announce the appointment of Hans Schram as a non-executive director. Mr Schram is a seasoned pharmaceutical executive with over 20 years experience in the industry. He brings to GW a wealth of experience in managing commercial relationships as well as marketing pharmaceutical products across all regions of the world.

Financial Review

In the six months to 31 March 2003 GW made a net loss after tax of £6.7m compared to £5.3m in the comparable period last year and with £5.9m in the second half of the last financial year. The increase over the immediate prior period is in line with budget and largely accounted for by commercial scale-up and production costs.

Research and development expenditure increased to £6.5m (2002: H1 £5.1m; H2 £5.7m). This includes £0.6m spent on launch activities, of which £0.5m was on launch stock production. All these amounts have been expensed to the profit and loss account as incurred. Should MHRA approval be obtained, commercial stock would then be accounted for in the normal manner by inclusion on the balance sheet until such time as it is sold.

Management and administrative expenses (including amortisation of goodwill) increased to £1.2m (2002: H1 £1.1m; H2 £1.1m). Management and administration costs represented 15% of operating expenses in the period compared with 17% in the prior year.

Operating losses of £7.6m (2002: H1 £6.2m; H2 £6.8m) were reduced by interest income of £0.31m (2002: H1 £0.47m; H2 £0.36m) and an R&D tax credit of £0.60m (2002: H1 £0.43m; H2 £0.51m). The R&D tax credit for the year to 30 September 2002 of £0.94m is due for payment within the next few months and is recorded under debtors falling due within one year.

Net cash outflow before management of liquid resources and financing was £6.6m (2002:H1 £4.5m; H2 £5.3m). As at 31 March 2003 GW had cash and short term deposits totalling £13.7m. Since 31 March cash deposits have increased following signature of the partnership with Bayer, which included an upfront payment of £5m.

Capital expenditure incurred in the period was £0.16m (2002: H1 £0.42m; H2 £0.25m). Headcount as at 31 March 2003 was 122 compared to 110 at 30 September 2002.

Prospects

The last few years have seen GW make a series of significant accomplishments as planned and on budget. These achievements provide a solid platform from which we believe we can optimise the growth potential of the Group. We are on track to deliver regulatory approvals, commercial partnerships and launches for Sativex around the world. The potential milestone payments and product sales revenues from these activities alone are considerable. GW's Cannabinoid Research Institute will be progressing research and clinical trials in new therapeutic markets for cannabis-based medicines and other cannabinoid products. In addition, we aim to demonstrate the potential of our anti-addiction programme and to exploit the range of additional opportunities which our proprietary ADS technology provides.

We believe that GW has now established a leadership position in the development and regulatory strategy of modern plant-derived medicines and that the Group has the potential to apply this unique position to further botanical opportunities, both in-house and acquired. We have considerable ambitions for the next phase in GW's history and believe that we now have the elements in place to build a major UK pharmaceuticals business.

– Ends –

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GW Pharmaceuticals plc
Consolidated Profit and Loss Account
for the six months ended 31 March 2003

	Notes	Six months Ended 31 March 2003 Unaudited £000's	Six months Ended 31 March 2002 Unaudited £000's	Year Ended 30 Sept 2002 Audited £000's
Turnover		-	-	-
Research and development costs		(6,486)	(5,051)	(10,748)
Management and administrative expenses		(1,163)	(1,144)	(2,251)
Operating loss		(7,649)	(6,195)	(12,999)
Interest receivable		308	470	831
Interest payable		(1)	(1)	(1)
Loss on ordinary activities before taxation		(7,342)	(5,726)	(12,169)
Tax credit on loss on ordinary activities		603	435	942
Loss on ordinary activities after taxation being retained loss for the period		(6,739)	(5,291)	(11,227)
Loss per share – basic and diluted	2	(6.7p)	(5.5p)	(11.6p)

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 2003

	Notes	31 March 2003 Unaudited £000's	31 March 2002 Unaudited £000's	30 Sept 2002 Audited £000's
Fixed assets				
Intangible assets – goodwill		6,458	6,815	6,635
Tangible assets		941	974	1,002
		<u>7,399</u>	<u>7,789</u>	<u>7,637</u>
Current assets				
Debtors: amounts falling due within one year		1,273	784	1,274
Debtors: amounts due after more than one year	3	603	435	–
Cash held on deposit as short term investment		12,019	20,274	18,271
Cash at bank and in hand		1,690	849	1,929
		<u>15,585</u>	<u>22,342</u>	<u>21,474</u>
Creditors: Amounts falling due within one year		<u>(3,609)</u>	<u>(2,718)</u>	<u>(3,258)</u>
Net current assets		<u>11,976</u>	<u>19,624</u>	<u>18,216</u>
Total assets less current liabilities		<u>19,375</u>	<u>27,413</u>	<u>25,853</u>
Creditors: Amounts falling due after more than one year		(13)	(18)	(18)
Provisions for liabilities and charges		(173)	(110)	(38)
Net assets		<u>19,189</u>	<u>27,285</u>	<u>25,797</u>
Capital and reserves				
Called-up share capital	5	100	96	100
Share premium account	5	28,066	23,491	27,935
Other reserves	5	19,262	19,262	19,262
Profit and loss account	5	(28,239)	(15,564)	(21,500)
Equity shareholders' funds		<u>19,189</u>	<u>27,285</u>	<u>25,797</u>

GW Pharmaceuticals plc
Consolidated Cash Flow Statement
for the six months ended 31 March 2003

	Six months Ended 31 March 2003 Unaudited £000's	Six months Ended 31 March 2002 Unaudited £000's	Year Ended 30 Sept 2002 Audited £000's
Net cash outflow from operating activities	(6,769)	(4,577)	(10,425)
Returns on investment and servicing of finance	312	447	857
Taxation	–	–	347
Capital expenditure	(159)	(419)	(667)
Cash outflow before management of liquid resources and financing	(6,616)	(4,549)	(9,888)
Management of liquid resources	6,252	3,726	5,729
Financing	125	22	4,438
(Decrease)/increase in cash during the period	(239)	(801)	279

Reconciliation of operating loss to net cash outflow from operating activities

	Six months Ended 31 March 2003 Unaudited £000's	Six months Ended 31 March 2002 Unaudited £000's	Year Ended 30 Sept 2002 Audited £000's
Operating loss	(7,649)	(6,195)	(12,999)
Depreciation charge	220	179	405
Amortisation of goodwill	177	177	357
Loss on sale of tangible fixed assets	1	6	36
Decrease in debtors	1	192	271
Increase in creditors	481	1,064	1,505
Net cash outflow from operating activities	(6,769)	(4,577)	(10,425)

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 2002. The financial information relating to the year ended 30 September 2002 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 Loss per share

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

	Six months Ended 31 March 2003 Unaudited £000's	Six months Ended 31 March 2002 Unaudited £000's	Year Ended 30 Sept 2002 Audited £000's
Loss for the financial period	(6,739)	(5,291)	(11,227)
	Number of shares	Number of shares	Number of shares
Weighted average number of shares	100,186,427	96,027,099	96,386,304

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

3 Tax credit shown as debtor due after more than one year

The tax credit in the period of £603,000 (31 March 2002: £435,000) has arisen as a result of the research and development expenditure claimed under the Finance Act 2000 and is subject to the agreement of the Inland Revenue. The amount is shown as a debtor due after more than one year.

4 Analysis of changes in net funds

	As at 30 Sept 2002 Audited £000's	Cashflow Unaudited £000's	As at 31 March 2003 Unaudited £000's
Cash held on deposit as short term investment	18,271	(6,252)	12,019
Cash at bank and in hand	1,929	(239)	1,690
Finance leases	(30)	5	(25)
Total	20,170	(6,486)	13,684

5 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 2002	100,124,284	100	27,935	19,262	(21,500)	25,797
Exercise of warrants	217,500	–	131	–	–	131
Retained loss for the period	–	–	–	–	(6,739)	(6,739)
At 31 March 2003	100,341,784	100	28,066	19,262	(28,239)	19,189

On the 7 February 2003 warrants over 217,500 new ordinary shares of 0.1p each were exercised at a price of 60p per share and accordingly 217,500 new ordinary shares were issued and allotted.