

PHARMING ANNOUNCES 2009 RESULTS

Leiden, The Netherlands, February 18, 2010. Biotech company Pharming Group NV (“Pharming” or “the Company”) (NYSE Euronext: PHARM) announced today its preliminary results for the year ended December 31, 2009.

Key financial developments

- €20.0 million Standby Equity Distribution Agreement (“SEDA”) signed with YA Global Master SPV LTD (“YA Global”) in April 2009, plus a €10.0 million extension in October 2009. Total financing under the SEDA received in 2009 of €6.6 million, with another €23.4 million available to date;
- €70.0 million convertible bonds (issued in 2007) reduced to €10.9 million at December 31, 2009 from €49.9 million at year end 2008;
- Decrease of operational costs from €30.1 million in 2008 to €28.9 million in 2009 as a result of €4.0 million lower non-cash impairment charges (€4.2 million in 2008; €0.2 million in 2009), which was offset with a €2.4 million increase of research and development costs driven by the submission of the EU Marketing Authorization Application for Rhucin® in September 2009, intensified efforts for the Rhucin program in North America and the clinical development of Prodarsan®;
- Net loss in 2009 of €32.1 million as compared to €26.2 million in 2008 primarily caused by the effect of a non-cash derivative profit of €4.9 million in 2008 and €1.6 million lower net interest income on cash and marketable securities.

“2009 was a challenging year for Pharming in which we have made significant progress on a number of fronts, for example by clearing the vast majority of our convertible debt and in creating a decent financial platform through a SEDA with YA Global and a short-term convertible debt financing of €7.5 million (secured just after year end 2009) from which we are confident we can continue to bring Rhucin through a successful regulatory review process,” said Dr. Sijmen de Vries, Chief Executive Officer of Pharming. “2010 is set to be a transformational year for Pharming as we remain confident in securing European approval for Rhucin and remain on track for BLA filing in the USA. We are also in discussions with a number of parties for commercialisation of Rhucin rights in major world markets and we anticipate the conclusion of commercial partnerships and additional financing in the first half of this year.”

Outlook 2010

- Opinion on Marketing Authorization Application for Rhucin from the European Medicines Agency in HY2
- Clarity on the filing and review process for Rhucin in the USA for the treatment of acute attacks of Hereditary Angioedema in HY1
- Initiation clinical development of rhC1INH for applications in the field of transplant indications in 2010
- Start clinical Phase II/III studies with Prodarsan in Cockayne Syndrome patients expected end of 2010
- Commercialisation agreement(s) for Rhucin in HY1 2010.
- Further improvement of the financial position by (combinations of) project-specific financing, licensing deals, loans and equity transactions

Key financial data (in €million, except per share data) (unaudited)

	Year ended December 31, 2009	Year ended December 31, 2008
<u>Statement of financial position:</u>		
Non-current assets (excluding restricted cash)	27.1	31.0
Cash and marketable securities, net of bank overdrafts (*)	2.3	23.5
Other current assets	12.6	12.6
Total assets	42.0	67.1
Convertible bonds	9.5	35.7
Other liabilities	19.2	18.9
Total equity	13.3	12.5
<u>Statement of income:</u>		
Grants and other income	1.1	0.7
Operational costs	(29.0)	(30.1)
Financial and other income and expenses	(4.2)	3.2
Net loss	(32.1)	(26.2)
<u>Statement of cash flows:</u>		
Net cash used in operating activities	(24.3)	(21.9)
Net cash from/(used in) investment activities	4.2	(0.8)
Net cash from/(used in) financing activities	2.5	(18.8)
<u>Share data:</u>		
Outstanding shares at the end of the year	154,501,037	97,429,854
Weighted average shares outstanding in the year	116,177,686	91,657,617
Basic and diluted net loss per share (€)	(0.28)	(0.29)

(*) Year end 2009 cash excludes €7.5 million proceeds from early 2010 financing

Discussion of financial transactions and financial position

In 2009, the Company entered into several equity transactions and convertible bond settlements.

Standby Equity Distribution Agreement with YA Global

In April 2009, Pharming signed into a €20.0 million Standby Equity Distribution Agreement with YA Global. Under the terms of the April agreement, YA Global can invest a total of up to €20.0 million in a three year period. Pharming has the right, but not the obligation, to call the funds in regular tranches. In the second quarter of 2009, the Company started using the SEDA and called a total amount of €2.8 million in cash in exchange for the issuance of approximately 4.6 million Pharming shares, followed by another €3.8 million in cash in the second quarter in exchange for another 7.3 million shares issued.

On October 5, 2009, YA Global and Pharming announced that the original agreement has been extended with another €10.0 million, so the total facility amounts to €30.0 million of which €23.4 million is available as per today. At closing of the agreement in April, Pharming issued a one-off payment of 0.8 million commitment shares with another 0.4 million commitment shares paid upon extension of the agreement.

Convertible bonds settlements and public offer

In the first half of 2009, Pharming entered into various agreements with several holders of bonds issued in 2007. Under these agreements, the Company successfully cancelled a total outstanding amount of €14.1 million nominal bonds in exchange for €1.0 million cash and issuance of 9.5 million shares. Subsequently, in October 2009 the Company successfully completed a public offer under which remaining bondholders were invited to exchange bonds (nominal value of €50,000 each) into cash and shares (€7,500 cash and 59,000 shares per bond). In total, bonds with a nominal value of €24.9 million (70% of €35.8 million bonds outstanding prior to the offer) were offered for conversion and subsequently the Company paid €3.7 million in cash and issued 29.3 million shares. The cash portion of the offer was, in addition to the SEDA with YA Global, funded by other investors through issuance of 5.1 million shares for total cash proceeds of €2.6 million.

Following these transactions, the outstanding nominal value of bonds was reduced from €49.9 million at year end 2008 to €10.9 million at December 31, 2009. As a result, annual interest payments of €4.8 million in 2008 were reduced by €2.9 million to €1.9 million in 2009 with a further decrease of €1.1 million to less than €0.8 million anticipated for 2010.

Discussion of results

In 2009, the Company's income increased from €0.7 million to €1.1 million. The increase stems from €0.3 million license fee income (2008: nil) and increased grant income (from €0.6 million in 2008 to €0.8 million in 2009) triggered by higher costs eligible for grants and improved facilities on grant programs by the Dutch government.

Operational costs decreased from €30.1 million in 2008 to €28.9 million in 2009. The €1.2 million decrease among others reflects €4.0 million lower non-cash impairment charges offset with a €2.4 million increase of research and development costs and a €0.3 million increase of general and administrative costs. Impairment charges in 2008 amounted to €4.2 million in relation to inventories (€1.3 million), goodwill (€1.1 million), ProBio assets (€1.0 million), manufacturing equipment (€0.7 million) and other items (€0.1 million); for 2009, total impairment charges of €0.2 million follow from the Company's review of recoverability of ProBio's assets. Costs of research and development increased from €22.1 million to €24.5 million, reflecting Pharming's submission of a Marketing Authorization Application (EU) for Rhucin in September 2009. At the same time, the Company has intensified the Rhucin development program in North America and the preparation of clinical trials of Prodarsan. Pharming's general and administrative costs increased from €3.3 million to €3.6 million, which largely reflects costs incurred with respect to the public offer to the bondholders as described earlier and including the issuance of a prospectus. Costs of share based compensation programs remained constant at €0.6 million.

Financial and other income and expenses for the years ended 2008 and 2009 were highly affected with non-cash valuation adjustments in relation to convertible bonds, marketable securities and deferred tax items as well as interest derived from cash and marketable securities. In total, net losses from these items in 2009 were €3.9 million compared to net profits of €3.2 million in 2008; the fluctuation is primarily caused by the effect of a non-cash derivative profit of €4.9 million in 2008 (€0.2 million in 2009), €1.6 million lower net interest income on cash and marketable securities and €0.8 million costs incurred in relation to various 2009 financing transactions.

Given uncertainties in the current environment, Pharming is not providing guidance for the financial results in 2010.

Conference call information

Today, Chief Executive Officer Sijmen de Vries will present the 2009 results and the outlook for 2010 in a conference call for analysts at 9:00 am and for press at 10:30 am CET. To participate, please call one of the following numbers 10 minutes prior to the call:

Analyst call (conference ID 423 0982):

- From the Netherlands: 0800 265 8543 (toll-free) or +31 (0)45 631 6903
- From the UK: 0800 358 0886 (toll-free) or +44 207 153 2027

Press call (conference ID 423 0986):

- From the Netherlands: 0800 265 8543 (toll-free) or +31 (0)45 631 6901
- From the UK: 0800 358 0886 (toll-free) or +44 207 153 2027.

Following a presentation of the results, the lines will be opened for a question and answer session. An audio cast of the conference calls will be available on Pharming's website shortly thereafter.

The detailed results for the year ended December 31, 2009 will be included in the Annual Report 2009. Final 2009 results are subject to change in view of, in particular, impairment testing of assets.

About Pharming Group NV

Pharming Group NV is developing innovative products for the treatment of genetic disorders, ageing diseases, specialty products for surgical indications, and nutritional products. Pharming's lead product Rhucin® for acute attacks of Hereditary Angioedema has passed clinical development stage and the Market Authorization Application is under review with the European Medicines Agency. Prodarsan® is in early stage clinical development for Cockayne Syndrome and lactoferrin for use in food products. The advanced technologies of the Company include innovative platforms for the production of protein therapeutics, technology and processes for the purification and formulation of these products, as well as technology in the field of DNA repair (via DNage). Additional information is available on the Pharming website, <http://www.pharming.com>.

This press release contains forward looking statements that involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from the results, performance or achievements expressed or implied by these forward looking statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

(amounts in €'000) (unaudited)

	December 31, 2009	December 31, 2008
Goodwill	4,312	6,998
Intangible assets	17,585	18,051
Property, plant and equipment	5,240	5,896
Restricted cash	<u>176</u>	<u>176</u>
Non-current assets	27,313	31,121
Inventories	11,255	10,971
Other current assets	1,392	1,646
Marketable securities	-	3,748
Cash and cash equivalents	<u>15,923</u>	<u>33,250</u>
Current assets	28,570	49,615
Total assets	55,883	80,736
Share capital	77,251	48,715
Share premium	187,708	183,980
Other reserves	10,422	7,403
Accumulated deficit	<u>(262,068)</u>	<u>(227,565)</u>
Total equity	13,313	12,533
Convertible bonds	-	35,122
Deferred tax liability	4,276	3,940
Earn-out obligations	1,788	2,644
Other	<u>236</u>	<u>307</u>
Non-current liabilities	6,300	42,013
Bank overdrafts	13,761	13,640
Convertible bonds	9,461	571
Trade and other payables	8,769	7,365
Earn-out obligations	4,208	4,508
Current portion of other non-current liabilities	<u>71</u>	<u>106</u>
Current liabilities	36,270	26,190
Total equity and liabilities	55,883	80,736

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2009

(amounts in €'000, except per share data) (unaudited)

	2009	2008
Grants and other income	1,096	664
Research and development	24,525	22,085
General and administrative	3,570	3,301
Impairment charges	202	4,182
Share-based compensation	647	563
Costs	28,944	30,131
Loss from operating activities	(27,848)	(29,467)
Financial income	4,408	12,768
Financial expenses	(8,284)	(9,506)
Financial income and expenses	(3,876)	3,262
Income taxes	(336)	-
Net loss	(32,060)	(26,205)
Attributable to Equity holders of the parent	(32,060)	(26,205)
Share information:		
Basic and diluted net loss per share (€)	(0.28)	(0.29)
Weighted average shares outstanding	116,177,686	91,657,617
Number of shares outstanding at year-end	154,501,037	97,429,854

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

(amounts in €'000) (unaudited)

	2009	2008
Payments of third party fees and expenses, including Value Added Tax	(20,052)	(19,454)
Net compensation paid to board members and employees	(3,885)	(4,122)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(3,043)	(2,813)
Other payments	(885)	(420)
Receipt of Value Added Tax	2,098	1,372
Interest received from cash and marketable securities	584	2,282
Receipt of grants	302	595
Other receipts	597	654
Net cash flows used in operating activities	(24,284)	(21,906)
Purchase of property, plant and equipment	(304)	(289)
Purchase of intangible assets	-	(525)
Divestment of marketable securities	4,506	-
Net cash flows from/(used in) investing activities	4,202	(814)
Net proceeds of increase of share capital	9,230	1
Repayment to Paul Royalty Fund	-	(10,075)
Repayments convertible bonds	(4,745)	(3,800)
Payments of nominal interest convertible bonds	(1,928)	(4,844)
Repayments of other financial liabilities	(85)	(92)
Net cash flows from/(used in) financing activities	2,472	(18,810)
Net decrease cash and cash equivalents	(17,610)	(41,530)
Net cash and cash equivalents at January 1 ^(°)	19,786	61,310
Exchange rate effect	162	6
Net decrease cash and cash equivalents	(17,610)	(41,530)
Net cash and cash equivalents at December 31 ^(°)	2,338	19,786
Liquidity information		
Net cash and cash equivalents at December 31 ^(°)	2,338	19,786
Marketable securities at December 31	-	3,748
Total liquidities at December 31	2,338	23,534

^(°) cash and cash equivalents (including restricted cash), net of bank overdrafts