PHARMING

PHARMING ANNOUNCES PRELIMINARY FINANCIAL RESULTS 2010

Leiden, The Netherlands, March 3, 2011. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its preliminary (unaudited) financial results for the year ended December 31, 2010.

Highlights 2010

- Income of €1.8 million for the period (2009 €1.1 million)
- Closed a commercialization agreement for Ruconest™ with Swedish Orphan Biovitrum International (SOBI) for 24 EU countries plus Norway, Iceland and Switzerland and received an upfront payment and a EU approval milestone at achievement of the EU approval, totaling €8.0 million
- European launch of Ruconest™, recorded first sales in late December (Norway and Denmark)
- Closed a commercialization agreement with Santarus (SNTS) for the commercialization of Rhucin® in North America and received a US$15.0 million upfront payment
    - Under this agreement with Santarus, an additional US$30 million may potentially become payable based on achieving certain clinical and commercial milestones and US$5 million for the acceptance of the BLA for review by the FDA
    - Under the same agreement, a further US$45 million may be received upon reaching certain levels of aggregate net sales levels of Rhucin. The amount of each such sales based milestone payment varies upon the level of net sales in a calendar year. The maximum amount of all such milestone payments to Pharming would be US$45 million, assuming net sales exceeded US$500 million in a calendar year
- Submitted the BLA to the US FDA
- Operating cash outflows decreased by 20% to €22.4 million in 2010 compared to €28.0 million for 2009). This cost reduction was mainly a result of decreasing R&D costs from €24.4 million (2009) to €19.1 million. In addition these operating cash outflows for 2010 included €2.9 million (2009: €3.1 million) for the DNage business unit which will not recur in 2011
- Primarily due to significant (non- cash) impairment charges of €20.7 million related to goodwill and intangibles associated with the voluntary liquidation of DNage, the operating loss increased to €44.1 million (2009: €27.8 million)
- In December Pharming entered into an equity agreement with Socius to receive €16.1 million in gross proceeds
- Throughout the year the capital structure improved as debt was settled and equity added
- At year-end 2010 cash and cash equivalents (including restricted cash) were €10.5 million (2009: €2.3 million) with an additional €9 million receivable from Socius which was received in January 2011

Sijmen de Vries, CEO, commented “This has been a breakthrough year for Pharming. We are now at the beginning of a transformational period in the evolution of the company as we move from a development led organisation towards a commercially focussed one. Throughout 2010 we consistently delivered upon our stated targets. We have gained our first major product approval, for Ruconest in Europe, appointed strong commercialization partners in key markets and substantially improved our capital structure and bolstered our balance sheet. We look forward to advancing the European roll out of Ruconest and, despite the recent set-back with the FDA, to continuing progress with bringing Rhucin to the US market as expeditiously as possible with our partner Santarus. I remain very excited about Pharming’s prospects in 2011 and beyond.”

Financials overview

2010 revenues of €0.6 million include the portion of upfront and milestone payments received from new partnerships with Santarus and SOBI as well as first product sales following market launch of Ruconest. In Q2 2010, the Company entered into a distribution agreement with SOBI under which a €3.0 million upfront payment was received. The Company received a further €5.0 million Market Approval milestone payment in Q4 2010 on receipt of the marketing authorisation approval for Ruconest in Europe. These cash receipts are not recognised as revenues immediately but deferred and released to the statement of revenue over the 10 year lifetime of the agreement.

Pharming also received an upfront payment of US$15.0 million (€11.7 million) from Santarus with respect to a license agreement for recombinant human C1 inhibitor in the US, Canada and Mexico. A similar accounting treatment applies to this upfront payment as of the start of the agreement.

Operational costs decreased in 2010 compared to 2009 with 2010 R&D costs reduced significantly by 22% to €19.1 million (2009: € 24.5 million); the decrease stems mainly from various costs savings as 2009 costs included significant DNage costs (€4.4 million) and costs associated with the EMA filing for Ruconest. Our general and administrative costs were €3.3 million, slightly below last year (2009: €3.6 million).

The most significant item in the consolidated statement of income for 2010 is the high level of impairment charges. These relate overwhelmingly to the impairment of goodwill and intangible assets of DNage. In the second half of 2010, the Company financed the operations of DNage through the (maximum) bridge funding facility of €1.2 million.

In January 2011, a significant majority of DNage shareholders voted to put DNage into voluntary liquidation and accordingly the remaining carry value of the goodwill (€1.8 million) as well as the intangible assets representing the minimum future discounted cash flows from DNage product lines (€16.8 million) were fully impaired. These Q4 2010 charges were partially offset with a similar release of a deferred tax liability, which has been linked to the value of the intangible assets, in the amount of €4.3 million. Additional impairment charges of €2.1 million in Q4 2010 relate to inventories.

The financial income and expenses in 2009 and 2010 are mainly non-cash and are primarily driven by transactions with bondholders and Yorkville Associates, anti-dilution share rights triggered by timing of securities issues as well as the interest on earn-out obligations in relation to DNage.

In December 2010, Pharming entered into an equity agreement with Socius Capital to raise €16.1 million. As part of the agreement Pharming issued debt notes with a nominal value of €12,000,000 carrying nominal interest of 10% per annum over a four year period. Socius exercised its right to subscribe for shares up to €16,080,000. Payment of these shares by Socius is part settled in cash (€3,033,962 for the nominal value, received early 2011) and partly through issuance of debt notes Socius to Pharming which carry 0.65% interest per annum over a four year period.

After four years, the nominal values of the debt notes issued by Pharming and Socius (including accrued nominal interest) are equal; and the mutual debts are off-settable.

The structure of the agreement is, in substance, an all equity agreement (including the warrants as the number and exercise price are both fixed) so that the overall accounting treatment in 2010 is as follows:

- €4,830,000 received in cash and €9,034,000 carried in other current assets as a receivable at nominal value (the €9,034,000 was received from Socius in January 2011)
- the 75,849,057 shares issued , the outstanding warrants and the residual value of the transaction are all charged within equity

Overall, the net increase of equity amounts to €13,733,000. No (financial) assets or liabilities nor effective interest income or expenses are recognised throughout the lifetime of the mutual notes.

Operational outlook

2010 marked the beginning of a transformational period in Pharming's evolution as the company accomplished the most significant steps yet in its transition from a late-stage development company to an emerging pharmaceutical business. This commercial phase is led by our lead product Ruconest™/Rhucin® (recombinant human C1 inhibitor).

European Launch

We believe that the prevalence of HAE is approximately 1/30,000 which implies a target population of 11,000-12,000 potential patients. Our commercialisation partner SOBI estimates the market to be worth approximately €100 million and this is expected to grow as both physician and patient awareness increase, driving additional needs for effective therapies against acute attacks. In Q4 Ruconest was launched and in December the first sales were made in Norway and Denmark. The European region requires a step wise approach to launching a drug as each country has its own reimbursement guidelines. We anticipate that the European roll out will be completed by Q4 2011.

US regulatory process

In February 2011, a “refusal to file” letter for the Rhucin BLA was received from the FDA. The FDA required that the results of the ongoing Phase IIIb study, which has been initiated based on previous discussions with the FDA, to be included in a future BLA filing. The FDA also indicated that they would provide additional feed-back on the ongoing study. Santarus and Pharming intend to jointly meet with the FDA to discuss the issues raised.

Geographical expansion

We also aim to complete additional partnering deals on our lead asset (Ruconest/Rhucin) outside of Europe and the US to increase its geographic and regional coverage.

Broadening C1 inhibitor franchise

We aim to evaluate the utility of our recombinant C1 inhibitor asset in other indications such as reperfusion injury. With the EMA approval, preparations for development of Rhucin in other larger indications have started to gain momentum. As a result, the first Phase II study for development of a C1 inhibitor product for applications in the field of transplant indications, such as the treatment of antibody-mediated rejection in kidney transplantation, was initiated at the end of 2010.

Index inclusion

As of March 21, 2011, Pharming’s shares will be included in the Amsterdam Midcap Index (AMX-index).

Conference call information

Today, Chief Executive Officer Sijmen de Vries and Chief Financial Officer, Karl Keegan will present the preliminary full year 2010 results in a conference call for analysts at 9:30 am CET. To participate, please call one of the following numbers 10 minutes prior to the call:

Analyst call (Confirmation Code: 6664868)

Participant Telephone Numbers:	+31 (0)20 713 3420	Netherlands Toll
	+44 (0)20 7138 0823	UK Toll

Following a brief presentation of the results, the lines will be opened for a question and answer session.

About RHUCIN (RUCONEST in European countries) and Hereditary Angioedema
RHUCIN (INN conestat alfa) is a recombinant version of the human protein C1 inhibitor (C1INH). RHUCIN is produced through Pharming's proprietary technology in the milk of transgenic rabbits and in Europe is approved under the name RUCONEST for treatment of acute angioedema attacks in patients with HAE. The FDA has granted Orphan Drug Status to RHUCIN for the treatment of acute attacks of HAE, a genetic disorder in which the patient is deficient in or lacks a functional plasma protein C1 inhibitor, resulting in unpredictable and debilitating episodes of intense swelling of the extremities, face, trunk, genitals, abdomen and upper airway. The frequency and severity of HAE attacks vary and are most serious when they involve laryngeal edema, which can close the upper airway and cause death by asphyxiation. According to the U.S. Hereditary Angioedema Association, epidemiological estimates for HAE range from one in 10,000 to one in 50,000 individuals. Additional information is available on the international patient association's website, www.haei.org.

About Pharming Group NV

Pharming Group NV is developing innovative products for the treatment of unmet medical needs. Ruconest™ (Rhucin® in non-European territories) is a recombinant human C1 inhibitor approved for the treatment of angioedema attacks in patients with HAE in all 27 EU countries plus Norway, Iceland and Liechtenstein. The product is also under development for follow-on indications, i.e. antibody-mediated rejection (AMR) and delayed graft function (DGF) following kidney transplantation. 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. Additional information is available on the Pharming website, www.pharming.com.

Contact

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2010
(amounts in €'000) (unaudited)

	December 31, 2010	December 31, 2009
Goodwill	-	4,312
Intangible assets	1,163	17,585
Property, plant and equipment	6,702	5,240
Restricted cash	176	176
Non-current assets	8,041	27,313
Inventories	9,013	11,255
Other current assets	9,932	1,392
Cash and cash equivalents	10,302	15,923
Current assets	29,247	28,570
Total assets	**37,288**	**55,883**
Share capital	17,450	77,251
Share premium	219,220	187,708
Other reserves	(225,806)	(251,646)
Shareholders' equity	10,864	13,313
Non-controlling interest	(764)	-
Equity	10,100	13,313
Deferred license fees income	17,342	-
Deferred tax liability	-	4,276
Earn-out obligations	-	1,788
Other	162	236
Non-current liabilities	17,504	6,300
Bank overdrafts	-	13,761
Convertible bonds	-	9,461
Earn-out obligations	-	4,208
Derivative financial liability	573	-
Trade and other payables	7,175	8,840
Deferred license fees income	1,936	-
Current liabilities	9,684	36,270
Total equity and liabilities	**37,288**	**55,883**

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2010
(amounts in €'000, except per share data) (unaudited)

	2010	2009
License fees	465	335
Product sales	108	-
Revenues	**573**	**335**
Grants	1,191	761
Other income	**1,191**	**761**
Costs of product sales	91	-
Research and development	19,082	24,525
General and administrative	3,313	3,570
Impairment charges	22,773	202
Share-based compensation	636	647
Costs	**45,895**	**28,944**
Loss from operating activities	**(44,131)**	**(27,848)**
Financial income	-	4,408
Financial expenses	(16,512)	(8,284)
Financial income and expenses	**(16,512)**	**(3,876)**
Income taxes	4,276	(336)
Net loss	**(56,367)**	**(32,060)**
Attributable to:		
Equity owners of the parent	(50,215)	(32,060)
Minority interest	(6,152)	-
Share information:		
Basic and diluted net loss per share (€)	(0.19)	(0.28)
Weighted average shares outstanding	266,313,183	116,177,686

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2010
(amounts in €'000) (unaudited)

	2010	2009
Payments of third party fees and expenses, including Value Added Tax	(18,583)	(20,052)
Net compensation paid to board members and employees	(3,817)	(3,885)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(3,002)	(3,043)
Interest paid	(100)	-
Other payments	(389)	(885)
Receipts from license partners	20,355	100
Receipt of Value Added Tax	1,519	2,098
Interest received	78	584
Receipt of grants	367	302
Other receipts	414	497
Net cash flows used in operating activities	**(3,158)**	**(24,284)**
Purchase of property, plant and equipment	(909)	(304)
Divestment of available-for-sale financial asssets	-	4,506
Net cash flows from/(used in) investing activities	**(909)**	**4,202**
Net proceeds of equity issued	18,240	9,230
Proceeds convertible bonds issued	7,500	-
Payments of transaction fees and expenses	(1,146)	-
Payments of convertible bonds at nominal value	(10,900)	(4,745)
Interest payments convertible bonds	(750)	(1,928)
Payments of other financial liabilities	(49)	(85)
Net cash flows from financing activities	**12,895**	**2,472**
Net increase/(decrease) cash and cash equivalents	**8,828**	**(17,610)**
Net cash and cash equivalents at January 1	2,338	19,786
Exchange rate effect	(688)	162
Net increase/(decrease) cash and cash equivalents	8,828	(17,610)
Net cash and cash equivalents at December 31	**10,478**	**2,338**
Liquidity information		
Restricted cash	176	176
Cash and cash equivalents	10,302	15,923
Bank overdrafts	-	(13,761)
Net cash and cash equivalents at December 31	**10,478**	**2,338**