PHARMING

PHARMING ANNOUNCES PRELIMINARY FINANCIAL RESULTS 2011

Leiden, The Netherlands, March 1, 2012. 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, 2011.

FINANCIAL HIGHLIGHTS

- Revenues increased to €3.0 million (2010: €0.6 million) and include the full year effect of license fee revenues and product supplies to Sobi
- Operating costs decreased to €18.2 million (2010: €25.1 million; €22.2 million excluding DNage, which was put into voluntary liquidation early 2011)
- Research and development costs decreased to €13.8 million (2010: €21.2 million; €18.3 million excluding DNage) reflecting 2010 inventory impairments on R&D inventories, the prioritization of R&D expenditure and an increased focus on cost containment throughout the business
- Net loss decreased significantly to €17.2 million. 2010 loss (€56.4 million) impacted by losses incurred with respect to financing activities and the discontinued DNage business
- Cash outflows from operating activities were €16.9 million (2010: €22.9 million; excluding license payments received from Santarus and Sobi of €19.7 million in total)
- At year-end 2011 cash and cash equivalents (including restricted cash) were €5.1 million* (2010: €10.5 million)

  **This excludes approximately €1.1 million to be received from Sobi for Q4 2011 – Q2 2012 supplies and the €8.0 million proceeds following the late December 2011 issuance of convertible bonds.*

OPERATIONAL HIGHLIGHTS

- Expansion of the geographical coverage off Ruconest® through a new agreement with Megapharm for Israel and an extension of the agreement with Sobi to include territories in the Balkans, North Africa and the Middle East
- Study 1310 progresses under a Special Protocol Assessment (SPA) from the FDA
- Enhancements of the intellectual property portfolio: extension of the protection of Pharmings Core Technology Platform in the US to 2027; and US patent granted on Ischemia Reperfusion, covering a method of preventing, reducing or treating an ischemia and/or reperfusion injury by administering recombinant C1 inhibitor (Ruconest®/ Rhucin®). The broad claims in the patent provide protection until 2028.
- Signing of a service agreement with Renova Life which focuses on the development of transgenic rabbits to produce recombinant human Factor VIII. This represents the first step towards potentially unlocking the value inherent in Pharming's transgenic platform.

(A conference call for analysts and press will be held at 10:00 CET, details provided below)

Chief Executive Officer of Pharming, Sijmen de Vries, commented: "During the year we have focused on improving our operational cash burn and have continued to seek new business development opportunities in new geographies and new projects. The ability to access capital is a key risk to our business and in 2011, despite difficult market conditions, we were able to identify new sources of funding, enabling us to bridge the financing gap between the Refusal To File letter that we received early in 2011 from the US FDA for Rhucin® and the anticipated read-out of our ongoing clinical trial, Study 1310, which continued with changes requested by the FDA through a SPA agreement. All in all, 2011 proved to be a challenging year, but despite that we were able to strengthen the foundations for future growth and we look forward to building on this in 2012."

OUTLOOK

The most important activity in the near term continues to be the ongoing pivotal clinical trial (Study 1310) which is required for US regulatory approval for Rhucin®. This study remains on track and we anticipate readout by Q3 2012. If successful we anticipate submitting a BLA approximately three months thereafter. These events are associated with large milestones payments which will have a significant impact on the company's future growth. On successful achievement of the primary endpoint of the Phase III clinical study, the Company is eligible to receive a US$10.0 million milestone payment from Santarus and a further US$5.0 million at the acceptance of the BLA by the FDA.

We remain focused on supporting our commercialisation partners in facilitating the rollout of Ruconest® across the licensed territories and look forward to continued progress over the coming quarters. Discussions are on-going with several parties regarding the potential commercialisation of Ruconest® in other territories of the world, such as South America, other South-East Asian countries and Japan. Such deals are important in increasing the geographical coverage of our Hereditary angioedema (HAE) franchise. In early 2012 we signed our first distribution partner in South-East Asia (Transmedic Pte) and we hope to be able to update you on additional deals over the coming quarters.

Following the validation of our transgenic platform with the EU approval of Ruconest®, we have received multiple requests regarding the potential licensing of the platform, and/ or co-development collaborations to produce complex proteins. These discussions are at an early stage and focus on significant indications which already have protein therapeutics on the market. The attractiveness of our platform appears to be its scalability, low upfront capital investments in manufacturing and its flexibility associated with manufacturing costs. We do envisage moving forward with new platform projects with partners and are currently exploring such possibilities. In 2011 we took the important initial step of signing an agreement with Renova Life to produce rabbits for the production of recombinant Factor VIII.

In 2011 we prioritized our pipeline and decided to out-license our non-core programmes. Discussions are ongoing with potential partners for lactoferrin and fibrinogen.

FINANCIAL RESULTS

Revenues and other income from continuing operations increased to €3.2 million (2010: €1.1 million), largely reflecting a revenue increase from €0.6 million in 2010 to €3.0 million in 2011. The revenue increase includes the full year effect of license fee revenues of €1.9 million (2010: €0.5 million) and product supplies to Sobi of €1.1 million (2010: €0.1 million). In 2011 the Company incurred €1.7 million inventory impairments related to production issues related to a one-off event. The Company is investigating various possibilities to fully recover these costs.

Operating costs from continuing operations excluding cost of sales decreased to €19.9 million (2010: €22.2 million). The reduction is mainly a result of decreasing R&D costs from €18.3 million in 2010 to €13.8 million in 2011. This reflects 2010 impairment charges on R&D inventories, the continued prioritization of R&D expenditure towards Study 1310, minimal expenditure on other projects and an increased focus on cost containment in our US business.

Net profit from financial income and expenses in 2011 was €0.7 million compared to a net loss in 2010 of €16.5 million. These items in 2010 were largely driven by the interest charges and settlement charges of various debts incurred in 2010 and earlier years.

Net loss from continuing operations decreased to €17.8 million (2010: €37.7 million). The net profit from discontinued operations in 2011 of €0.6 million compared to a net loss from discontinued operations in 2010 of €18.7 million. The effects of discontinued operations relate to the liquidation of the DNage business in early 2011, with 2010 losses largely driven by €20.7 million (non-cash) impairment charges on goodwill and intangible assets. The overall net loss significantly decreased from €56.4 million in 2010 to €17.2 million in 2011.

Throughout 2011, the company raised €3.2 million of new funds through a private placement and signed a convertible bond financing (€8.0 million gross proceeds) subject to shareholder approval in 2012 (which has been obtained through an Extraordinary General Meeting of Shareholders (EGM) held on February 3, 2012).

Year-end cash and cash equivalents (including restricted cash) amounted to €5.1 million. This amount excludes the cash proceeds from the convertible bond (€8.0 million gross) and €1.1 million outstanding as part of the Sobi extension agreement, the former amount having been received in early 2012 and the latter partially received early 2012 and partially due by end Q2 2012.

Net cash flows used in operating activities increased from €3.2 million in 2010 to €16.9 million in 2011. However, cash inflows in 2010 were augmented by one off upfront and milestone payments paid by Santarus and Sobi of €19.7 million and in 2010 payments with respect to the discontinued DNage business of €2.9 million (2011: nil). Thus, on a comparable basis, operating cash outflows decreased by €3.1 million in 2011 compared to 2010.

NEGATIVE EQUITY

In late 2011 the Company announced that it had entered negative equity. The negative equity position has in itself no immediate impact on the execution of the Pharming's business plan, nor does it imply that the Company is legally required to issue new share capital. An EGM was held on February 3, 2012 and the authorised share capital increased to 805 million shares. Pharming is continuously reviewing its financial and liquidity position and has various options to improve its equity standing under International Financial Reporting Standards (IFRS). Most notably, the Company highlights that the negative equity position was mainly caused by its inability to recognize the €19.7 million upfront payments and milestones received from Sobi and Santarus as equity and that it expects to receive two development milestones associated with the successful readout of Study 1310 (US$10.0 million) and acceptance of the BLA filing by the FDA (US$5.0 million). Under IFRS, Pharming expects to be able to recognize these milestones immediately and thus augment the equity position.

Pharming will hold its Annual General Meeting of Shareholders on May 14, 2012.

Conference Call Information
Today, Chief Executive Officer, Sijmen de Vries and Chief Financial Officer, Karl Keegan will present the preliminary full year 2011 results in a conference call for analysts at 10:00 am CET. To participate, please call one of the following numbers 10 minutes prior to the call:

Analyst call (Confirmation Code: 4520748)
Participant Telephone Numbers:
From the Netherlands: 08002658611 (toll-free) or 31 (0) 45 6316902
From the UK: 0800-358-0886 (toll-free) or 44-207-153-2027

To view the presentation live during the call, please follow the below link:
http://event.on24.com/r.htm?e=411566&s=1&k=34F366E0488A4DB5E3906183B47930C8

Following a brief 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.

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, and is distributed in the EU

by Swedish Orphan Biovitrum (OMX: SOBI). RHUCIN® is partnered with Santarus, Inc (NASDAQ: SNTS) in North America where the drug is undergoing Phase III clinical development. The product is also being evaluated for additional indications in the areas of transplantation and reperfusion injury. The advanced technologies of the Company include innovative and validated platforms for the production of protein therapeutics, technology and processes for the purification and formulation of these products. Recently a new project, using the validated transgenic rabbit platform, aimed at the development of recombinant Factor VIII for the treatment of Haemophilia A was initiated was initiated by partner, Renova Life, Inc. Additional information is available on the Pharming website, 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, 2011
(amounts in €'000) (unaudited)

	December 31, 2011	December 31, 2010
Intangible assets	987	1,163
Property, plant and equipment	9,567	6,702
Restricted cash	979	176
Non-current assets	11,533	8,041
Inventories	6,580	9,013
Trade and other receivables	2,495	9,932
Restricted cash	309	-
Cash and cash equivalents	3,777	10,302
Current assets	13,161	29,247
Total assets	**24,694**	**37,288**
Share capital	20,405	17,450
Share premium	224,495	219,220
Other reserves	(246,088)	(225,806)
Shareholders' equity	(1,188)	10,864
Non-controlling interest	-	(764)
Total equity	(1,188)	10,100
Deferred license fees income	15,431	17,342
Finance lease liabilities	2,215	32
Other liabilities	101	130
Non-current liabilities	17,747	17,504
Deferred license fees income	1,936	1,936
Derivative financial liabilities	1,171	573
Trade and other payables	3,810	7,130
Finance lease liabilities	1,218	45
Current liabilities	8,135	9,684
Total equity and liabilities	**24,694**	**37,288**

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CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2011
(amounts in €'000, except per share data) (unaudited)

	December 31, 2011	December 31, 2010
Continuing operations:		
Revenues	2,999	573
Cost of revenues	(1,814)	(91)
Inventory impairments	(1,716)	-
Gross profit /(loss)	**(531)**	**482**
Income from grants	196	515
Other income	**196**	**515**
Research and development	(13,830)	(18,307)
General and administrative	(3,262)	(3,209)
Impairment charges	(35)	-
Share-based compensation	(1,039)	(636)
Costs	**(18,166)**	**(22,152)**
Loss from operating activities	**(18,501)**	**(21,155)**
Financial income	1,026	-
Financial expenses	(368)	(16,512)
Financial income and expenses	**658**	**(16,512)**
Net loss from continuing operations	**(17,843)**	**(37,667)**
Net profit/(loss) from discontinued operations	643	(18,700)
Net loss	**(17,200)**	**(56,367)**
Attributable to:		
Net loss from continuing operations	(17,843)	(37,667)
Net profit/(loss) from discontinued operations	739	(12,548)
Owners of the parent	**(17,104)**	**(50,215)**
Net loss from continuing operations	-	-
Net profit/(loss) from discontinued operations	(96)	(6,152)
Non-controlling interest	**(96)**	**(6,152)**
Share information:		
Basic and diluted net loss per share (€)	(0.04)	(0.19)
Weighted average shares outstanding	470,223,995	266,313,183

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2011
(amounts in €'000) (unaudited)

	December 31, 2011	December 31, 2010
Receipts from license partners	814	20,355
Receipts of Value Added Tax	1,162	1,519
Interest received	1	78
Receipts of grants	384	367
Other receipts	240	414
Payments of third party fees and expenses, including Value Added Tax	(12,663)	(18,583)
Net compensation paid to board members and employees	(3,790)	(3,817)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(3,078)	(3,002)
Interest paid		(100)
Other payments	-	(389)
Net cash flows used in operating activities	**(16,930)**	**(3,158)**
Purchase of property, plant and equipment	(1,058)	(909)
Deconsolidation of DNage	(40)	**-**
Net cash flows used in investing activities	**(1,098)**	**(909)**
Net proceeds of equity and warrants issued	13,198	18,240
Gross proceeds convertible bonds issued	-	7,500
Receipt from financial lease transaction	618	-
Payments of transaction fees and expenses	(369)	(1,146)
Payments convertible bonds	-	(10,900)
Payments of nominal interest convertible bonds	-	(750)
Payments of financial leases	(790)	(49)
Net cash flows from financing activities	**12,657**	**12,895**
Net increase/(decrease) cash and cash equivalents	**(5,371)**	**8,828**
Exchange rate effects on cash and cash equivalents	(42)	(688)
Net cash and cash equivalents at January 1	10,478	2,338
Net cash and cash equivalents at December 31	**5,065**	**10,478**
Liquidity information		
Restricted cash (non-current)	979	176
Restricted cash (current)	309	-
Cash and cash equivalents	3,777	10,302
Net cash and cash equivalents at December 31	**5,065**	**10,478**