

PHARMING ANNOUNCES THIRD QUARTER 2009 RESULTS

Leiden, The Netherlands, October 16, 2009. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) announced today its results for the first nine months of 2009 ended September 30, 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 first nine months 2009 of €6.6 million, with another €23.4 million available to date;
- €70.0 million convertible bonds (issued in 2007) reduced to €35.8 million at September 30, 2009 from €49.9 million at year end 2008. Additional €24.9 million cleared in the fourth quarter of 2009 to further reduce convertible debt balance to €10.9 million;
- Operational costs of €21.5 million in the first nine months of 2009 (€18.5 million in the same period of 2008) 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 preparation for continued clinical activities of Prodarsan®;
- Net loss in the first nine months of 2009 of €23.1 million, as compared to €19.5 million in the first nine months of 2008.

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

	Nine months ended September 30, 2009	Year ended December 31, 2008	Nine months ended September 30, 2008
<u>Statement of financial position:</u>			
Non-current assets (excluding restricted cash)	28.5	31.0	34.6
Cash and marketable securities, net of bank overdrafts	10.6	23.5	33.8
Other current assets	12.5	12.6	12.9
Total assets	51.6	67.1	81.3
Convertible bonds	27.8	35.7	50.3
Other liabilities	19.0	18.9	16.3
Total equity	4.8	12.5	14.7
<u>Statement of income:</u>			
Grants and other income	0.5	0.7	0.4
Operational costs	(21.5)	(30.1)	(18.5)
Financial and other income and expenses	(2.1)	3.2	(1.4)
Net loss	(23.1)	(26.2)	(19.5)
<u>Statement of cash flows:</u>			
Net cash used in operating activities	(18.4)	(21.9)	(17.3)
Net cash used in investment activities	(0.3)	(0.8)	(0.8)
Net cash from/(used in) financing activities	4.6	(18.8)	(12.5)
<u>Share data:</u>			
Outstanding shares at the end of the period	120,850,520	97,429,854	91,236,673
Weighted average shares outstanding in the period	104,852,076	91,657,617	91,236,166
Basic and diluted net loss per share (€)	(0.22)	(0.29)	(0.21)

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. Following these transactions, the outstanding nominal value of bonds was reduced from €49.9 million at year end 2008 to €35.8 million.

On September 21, 2009, the Company launched a public offer on the €35.8 million remaining bonds outstanding, under which 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). On October 8, 2009, Pharming announced that bondholders representing a nominal value of €24.9 million (70% of outstanding bonds) had accepted the offer and subsequently the Company paid €3.7 million in cash and issued 29.3 million shares.

In order to finance the €5.4 million cash portion of the public offer, the Company transferred €3.4 million of existing cash resources to an escrow account with the remaining €2.0 million funded by existing investors. The funding by these investors would become unconditional upon successful completion of the public offer, so that following the announcement in October 2009, the €2.0 million is available to fund the public offer. In exchange for the €2.0 million investment, approximately 3.9 million shares have been issued to the investors. The part of the escrow account ultimately not used is about €1.6 million and has now become available to the Company.

Following the settlements in the first half of 2009 and the conversions in the fourth quarter, annual interest payments of €4.8 million in 2008 are expected to be reduced by €2.9 million to €1.9 million in 2009, of which €1.5 million has already been paid in the second quarter, with the payment of the remaining €0.4 million scheduled for the fourth quarter.

In compliance with International Financial Reporting Standards, upon issuance of the €70.0 million convertible bonds, a derivative portion of €21.7 million and transaction fees of €3.0 million were carved out to arrive at a net liability of €45.3 million. This initial liability increases in subsequent periods through charging an effective interest rate in order to, ultimately, fully equal the total amounts of nominal interest payments of 6.875% and the redemption payment over the total five year period. As a result, the carrying value of the bonds at the end of each reporting period is lower than the nominal value of the outstanding bonds. At September 30, 2009, the total carrying value including the short-term portion of nominal interest due is €27.8 million as compared to nominal bonds of €35.8 million outstanding. Since formalization of the conversions took place subsequent to September 30, 2009, the effects will be recognised in the financial statements for the fourth quarter of 2009.

Discussion of results

In the first nine months of 2009, the Company's income increased from €0.4 million to €0.5 million, in particular as a result of grants received based on increased costs eligible for grants and increased facilities on certain grant programs by the Dutch government.

Operational costs increased from €18.5 million in the first nine months of 2008 to €21.5 million in the same period of 2009. The €3.0 million increase primarily results from increased costs of research and development (from €14.8 million to €17.5 million), reflecting Pharming's submission of a Marketing Authorization Application (EU) for Rhucin in September 2009. At the same time, the Company is intensifying its efforts for the Rhucin development program in North America and to prepare for clinical trials of Prodarsan. Pharming's general and administrative costs increased from €2.0 million to €2.5 million, which among others reflects costs incurred with respect to preparation of the public offer to the bondholders as described earlier.

Operational costs for the first three quarters of 2009 included €1.5 million for non-cash items compared to €1.7 million in the comparative period in 2008. Costs of share based compensation programs and depreciation and amortization charges remained fairly constant but contrary to the first nine months of 2008 no operating asset impairment charges were incurred.

Financial and other income and expenses in the nine months ended September 30, 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 the three quarters of 2009 were €2.1 million compared to net losses of €1.4 million in the nine months ended September 30, 2008.

As a result of the equity transactions and convertible bond settlements described earlier, Pharming's total number of outstanding ordinary shares increased to 154.501.037 at October 8, 2009. According to notifications pursuant to the Act on the Disclosure of Major Holdings and Capital Interest in Securities-Issuing Institutions (*'Wet melding zeggenschap en kapitaalbelang in effecten-uitgevende Instellingen'*), the following major shareholders are currently known to Pharming:

Major Holdings	Notification date	Number of outstanding shares at notification date	Shareholding percentage
A. van Herk	October 8, 2009	154.501.037	4.88
Lafferty Limited	December 9, 2008	97.429.854	9.97
UBS AG	October 8, 2009	154.501.037	8.30

"Over the last ten months, we have managed to reduce our convertible debt, while being able to protect our shareholders interests against the threats of highly dilutive restructurings. We are very pleased with the increased holding of UBS, one of the largest financial institutions in the world. Other decreased shareholdings are mainly a result of the recent successful bond transaction," said Dr. Sijmen de Vries, Chief Executive Officer. "We also remain confident about the Company's perspectives, which amongst other things includes steady progression on partnering discussions pertaining to our lead product Rhucin and with other activities aimed at strengthening our financial position."

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 EMEA. 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 September 30, 2009

(amounts in €'000)

	September 30, 2009	December 31, 2008
Goodwill	5,263	6,998
Intangible assets	17,790	18,051
Property, plant and equipment	5,432	5,896
Restricted cash	<u>176</u>	<u>176</u>
Non-current assets	28,661	31,121
Inventories	11,208	10,971
Other current assets	1,275	1,646
Marketable securities	4,661	3,748
Restricted cash (1)	3,370	-
Cash and cash equivalents	<u>12,342</u>	<u>33,250</u>
Current assets	32,856	49,615
Total assets	61,517	80,736
Share capital	60,425	48,715
Share premium	187,496	183,980
Other reserves	9,970	7,403
Accumulated deficit	<u>(253,117)</u>	<u>(227,565)</u>
Total equity	4,774	12,533
Convertible bonds	26,789	35,122
Deferred tax liability	4,276	3,940
Earn-out obligations	2,316	2,644
Other	<u>254</u>	<u>307</u>
Non-current liabilities	33,635	42,013
Bank overdrafts	9,989	13,640
Trade and other payables	7,734	7,365
Earn-out obligations	4,281	4,508
Nominal interest convertible bonds	1,026	571
Current portion of other non-current liabilities	<u>78</u>	<u>106</u>
Current liabilities	23,108	26,190
Total equity and liabilities	61,517	80,736

(1) excluding €2,000,000 beyond control of the Company due to funding of the escrow account by investors subject to completion of the public offer to bondholders as announced on September 21, 2009 and completed on October 8, 2009

CONSOLIDATED STATEMENT OF INCOME

For the period ended September 30, 2009

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008*	2009	2008*
Grants and other income	183	123	531	369
Research and development	5,456	4,422	17,504	14,759
General and administrative	887	758	2,549	2,030
Depreciation and amortization charges	311	352	939	1,027
Impairment charges	-	-	-	177
Share-based compensation	210	156	542	512
Costs	6,864	5,688	21,534	18,505
Loss from operating activities	(6,681)	(5,565)	(21,003)	(18,136)
Financial income	534	550	4,010	5,782
Financial expenses	(1,864)	(2,437)	(5,780)	(7,173)
Financial income and expenses	(1,330)	(1,887)	(1,770)	(1,391)
Income taxes	-	-	(336)	-
Net loss	(8,011)	(7,452)	(23,109)	(19,527)
Attributable to Equity holders of the parent	(8,011)	(7,452)	(23,109)	(19,527)
Share information:				
Basic and diluted net loss per share (€)	(0.07)	(0.08)	(0.22)	(0.21)
Weighted average shares outstanding	114,124,606	91,236,673	104,852,076	91,236,166

(*) restated

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended September 30, 2009

(amounts in €'000)

	September 30, 2009	September 30, 2008
Payments of third party fees and expenses, including Value Added Tax	(15,275)	(15,211)
Net compensation paid to board members and employees	(2,919)	(3,310)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(2,404)	(2,361)
Other payments	(666)	(385)
Receipt of Value Added Tax	1,626	1,146
Interest received from cash and marketable securities	564	1,950
Receipt of grants	231	393
Other receipts	447	451
Net cash flows used in operating activities	(18,396)	(17,327)
Purchase of property, plant and equipment	(313)	(280)
Purchase of intangible assets	-	(525)
Net cash flows used in investing activities	(313)	(805)
Net proceeds of increase of share capital	7,230	1
Repayment to Paul Royalty Fund	-	(10,075)
Repayments convertible bonds at nominal value	(1,010)	-
Payments of nominal interest convertible bonds	(1,553)	(2,406)
Repayments of other financial liabilities	(69)	(69)
Net cash flows from/(used in) financing activities	4,598	(12,549)
Net decrease cash and cash equivalents	(14,111)	(30,681)
Net cash and cash equivalents at January 1 (*)	19,786	61,310
Exchange rate effect	224	(12)
Net decrease cash and cash equivalents	(14,111)	(30,681)
Net cash and cash equivalents at September 30 (*)	5,899	30,617
Liquidity information		
Net cash and cash equivalents at September 30 (*)	5,899	30,617
Marketable securities at September 30	4,661	3,223
Total liquidities at September 30	10,560	33,840

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