

## PHARMING PUBLISHES FIRST QUARTER 2010 FINANCIAL REPORT

**Leiden, The Netherlands, April 22, 2010.** Biotech company Pharming Group NV (“Pharming” or “the Company”) (NYSE Euronext: PHARM) today published its financial report for the first quarter ended March 31, 2010.

### Key financial items

- Secured €7.5 million convertible debt financing in early January with a possibility to extend with an additional €2.5 million. This debt will be converted into equity during the remainder of 2010;
- Authorized share capital was increased from 200 million to 400 million and nominal value per share was adjusted from €0.50 to €0.04;
- Operational costs decreased from €6.6 million in the first quarter of 2009 to €6.2 million in the same period of 2010 as a result of capitalization of Rhucin® development costs in Q1 2010 (€ 0.2 million) and the timing of various expense items incurred in Q1 2009;
- Increased net loss in Q1 2010 of €7.7 million as compared to €6.2 million in Q1 2009 primarily stems from a €1.9 million profit realised on convertible bonds settlements in the first quarter of 2009.

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

	Quarter ended March 31, 2010	Year ended December 31, 2009	Quarter ended March 31, 2009
<u>Statement of financial position:</u>			
Non-current assets (excluding restricted cash)	27.3	27.1	30.9
Cash and marketable securities, net of bank overdrafts	3.3	2.3	16.0
Inventories and other current assets	12.6	12.6	12.9
Total assets	43.2	42.0	59.8
Convertible bonds	18.1	9.5	33.5
Other liabilities	19.2	19.2	19.2
Total equity	5.9	13.3	7.1
<u>Statement of income:</u>			
Grants and other income	0.2	1.1	0.1
Operational costs	(6.2)	(29.0)	(6.6)
Financial and other income and expenses	(1.7)	(4.2)	0.3
Net loss	(7.7)	(32.1)	(6.2)
<u>Statement of cash flows:</u>			
Net cash used in operating activities	(6.3)	(24.3)	(6.4)
Net cash from/(used in) investment activities	-	4.2	(0.1)
Net cash from/(used in) financing activities	7.5	2.5	(1.0)
<u>Share data:</u>			
Outstanding shares at the end of the period	154,501,037	154,501,037	98,960,156
Weighted average shares outstanding in the period	154,501,037	116,177,686	98,822,277
Basic and diluted net loss per share (€)	(0.05)	(0.28)	(0.06)

## Financial position

In the first quarter of 2010, the Company entered into a 9% convertible debt financing of €7.5 million, with the possibility to increase to €10.0 million, and issued 15,000,000 warrants with an exercise price of € 0.50 and an expiration date of December 31, 2012. This debt will be converting into equity no later than December 31, 2010. At the end of the first quarter 2010, as a result of meeting certain conditions in the investment agreement, the bondholders received an additional number of 3,750,000 warrants, bringing the total number of warrants under the agreement to 18,750,000, while at the same time the exercise price was lowered from €0.50 to €0.40. The maximum conversion price for the bonds also decreased from € 0.50 to € 0.40.

On March 30, 2010 the Company's shareholders approved to increase authorized share capital from 200 million to 400 million and to adjust the nominal value per share from €0.50 to €0.04. The approval of the shareholders was requested due to the Company's limited flexibility to issue new shares since 154.5 million shares were outstanding with the main portion of the unissued 45.5 million shares reserved for convertible debt facilities. These changes were legally formalized on April 1, 2010 as a result of which, at 154.5 million shares outstanding, the Company's share capital reported at the end of the first quarter 2010 will decrease with €71.1 million from €77.3 million to €6.2 million with a corresponding increase of other reserves; the overall effect of the adjustment on total equity therefore is nil. Overall, total equity of €13.3 million at December 31, 2009 decreased to €5.9 million at March 31, 2010; the €7.4 million decrease reflects the first quarter 2010 net loss of €7.7 million minus other changes of €0.3 million.

In April 2010, the first quarter interest due on the 2010 convertible bonds was paid through issuance of 407,475 shares; in addition, an aggregate number of 1,756,564 shares were issued with respect to the conversion of €0.7 million nominal bonds. As a result of these transactions, the total number of outstanding ordinary shares at March 31, 2010 of 154,501,037 increased to 156,665,076 as per today while the nominal value of the bonds issued in 2010 decreased from €7.5 million to €6.8 million.

Due to the €7.5 million cash proceeds of the convertible bonds issued in January 2010, the Company improved its net cash position from €2.3 million at year end 2009 to €3.3 million at the end of the first quarter 2010 with cash used in operating cash flows being fairly constant at €6.3 million compared to €6.4 million in the first quarter of 2009.

## Financial results

In the first quarter of 2010, the Company's income increased from €0.1 million to €0.2 million, which in both quarters is exclusively related to grants.

Operational costs decreased from €6.6 million in the first quarter of 2009 to €6.2 million in the same period of 2010. The €0.4 million decrease among others reflects €0.2 million of Rhucin® development costs capitalized as intangible assets in Q1 2010 compared to none in the first quarter of 2009. The remaining €0.2 million decrease primarily relates to the timing of Rhucin® activities in the first quarter of 2009.

Financial income and expenses in the first quarter of 2010 amounted to a net expense of €1.7 million compared to a net income of €0.2 million in the first quarter of 2009. The difference primarily stems from a €1.9 million profit realised on convertible bonds settlements in the first quarter of 2009.

Sijmen de Vries, MD, MBA, Chief Executive Officer, commented: "The first quarter of 2010 started under challenging circumstances. The convertible debt, secured at the start of the year, however provided us with sufficient runway to continue the regulatory processes of Rhucin and enabled us to execute on our first major commercialisation agreement for Rhucin, which in turn provided us with an upfront payment (which is not included in the net cash at the end of the first quarter 2010). We now look forward to continue to execute on our plans: proceeding with the Rhucin regulatory processes in Europe and USA, ensuring launch readiness together with our European partners as well as continuation of our partnering discussions for territories outside the European Union, Iceland, Norway, Switzerland and Turkey. In addition we pursue the further solidification

of our financial basis through a combination of further cost savings and debt or equity financing. In this respect we have now engaged Kempen & Co and Petercam Bank to jointly investigate the possibilities of attracting additional funding.”

## **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, [www.pharming.com](http://www.pharming.com)

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2010

(amounts in €'000) (unaudited)

	March 31, 2010	December 31, 2009
Goodwill	4,312	4,312
Intangible assets	17,761	17,585
Property, plant and equipment	5,196	5,240
Restricted cash	<u>176</u>	<u>176</u>
Non-current assets	27,445	27,313
Inventories	11,286	11,255
Other current assets	1,362	1,392
Cash and cash equivalents	<u>21,310</u>	<u>15,923</u>
Current assets	33,958	28,570
<b>Total assets</b>	<b>61,403</b>	<b>55,883</b>
Share capital	77,251	77,251
Share premium	187,708	187,708
Other reserves	<u>(259,106)</u>	<u>(251,646)</u>
Total equity	5,853	13,313
Deferred tax liability	4,276	4,276
Earn-out obligations	1,883	1,788
Other	<u>218</u>	<u>236</u>
Non-current liabilities	6,377	6,300
Bank overdrafts	18,211	13,761
Convertible bonds	18,057	9,461
Trade and other payables	8,402	8,769
Earn-out obligations	4,431	4,208
Current portion of other non-current liabilities	<u>72</u>	<u>71</u>
Current liabilities	49,173	36,270
<b>Total equity and liabilities</b>	<b>61,403</b>	<b>55,883</b>

## CONSOLIDATED STATEMENT OF INCOME

For the quarter ended March 31, 2010

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

	March 31, 2010	March 31, 2009
<b>Grants and other income</b>	<b>207</b>	<b>104</b>
Research and development	5,181	5,715
General and administrative	880	723
Share-based compensation	103	123
<b>Costs</b>	<b>6,164</b>	<b>6,561</b>
<b>Loss from operating activities</b>	<b>(5,957)</b>	<b>(6,457)</b>
Financial income	376	2,036
Financial expenses	(2,120)	(1,793)
<b>Financial income and expenses</b>	<b>(1,744)</b>	<b>243</b>
<b>Net loss</b>	<b>(7,701)</b>	<b>(6,214)</b>
<b>Attributable to Equity holders of the parent</b>	<b>(7,701)</b>	<b>(6,214)</b>
<b>Share information:</b>		
Basic and diluted net loss per share (€)	(0.05)	(0.06)
Weighted average shares outstanding	154,501,037	98,822,277
Number of shares outstanding at the end of the period	154,501,037	98,960,156

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended March 31, 2010

(amounts in €'000) (unaudited)

	March 31, 2010	March 31, 2009
Payments of third party fees and expenses, including Value Added Tax	(5,580)	(5,173)
Net compensation paid to board members and employees	(898)	(855)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(714)	(1,005)
Other payments	(136)	(60)
Receipt of Value Added Tax	388	476
Interest received from cash and marketable securities	59	182
Receipt of grants and license fees	534	-
Other receipts	83	83
<b>Net cash flows used in operating activities</b>	<b>(6,264)</b>	<b>(6,352)</b>
Purchase of property, plant and equipment	(25)	(76)
<b>Net cash flows used in investing activities</b>	<b>(25)</b>	<b>(76)</b>
Proceeds convertible bonds issued	7,500	-
Payments of convertible bonds at nominal value	-	(1,010)
Interest payments convertible bonds	-	(13)
Payments of other financial liabilities	(12)	(24)
<b>Net cash flows from/(used in) financing activities</b>	<b>7,488</b>	<b>(1,047)</b>
<b>Net increase/(decrease) cash and cash equivalents</b>	<b>1,199</b>	<b>(7,475)</b>
Net cash and cash equivalents at January 1	2,338	19,786
Exchange rate effect	(262)	41
Net increase/(decrease) cash and cash equivalents	1,199	(7,475)
<b>Net cash and cash equivalents at March 31</b>	<b>3,275</b>	<b>12,352</b>
<b>Liquidity information</b>		
Restricted cash	176	176
Cash and cash equivalents	21,310	14,292
Bank overdrafts	(18,211)	(2,116)
<b>Net cash and cash equivalents at March 31</b>	<b>3,275</b>	<b>12,352</b>
Marketable securities at March 31	-	3,695
<b>Total liquidities at March 31</b>	<b>3,275</b>	<b>16,047</b>