REGISTRATION DOCUMENT

PHARMING GROUP N.V.

(a limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Leiden)

This registration document (the "Registration Document") is published in connection with an anticipated offering and/or admission to listing and trading of shares issued in the capital of Pharming Group N.V. ("Pharming" or the "Company", which shall, where the context so requires, include one or more of its subsidiaries).

Any reference to "Shares" in this Registration Document comprises the ordinary shares in the capital of the Company, including any shares in the capital of the Company issued from time to time hereafter. The Shares are listed and traded on Euronext Amsterdam under the symbol "PHARM" and ISIN Code NL0000377018.

This Registration Document constitutes a registration document for the purpose of article 4 of EC Regulation 809/2004 and has been prepared pursuant to article 5:2 of the Financial Markets Supervision Act (*Wet op het financieel toezicht* (the "AFS")) and the rules promulgated thereunder. This Registration Document has been approved by and filed with the *Autoriteit Financiële Markten* ("AFM").

This Registration Document may only be used in connection with the offering and/or listing and trading of Shares and constitutes a prospectus in accordance with Directive 2003/71/EC, if supplemented by a security note for the purpose of article 6 of EC Regulation 809/2004 (the "Security Note") and a summary (the "Summary"), each of which is approved by the AFM (the “Prospectus”).

27 May 2010

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1. RISK FACTORS RELATING TO PHARMING

Pharming is subject to many risks and uncertainties that may affect its financial performance. If any of the events or developments described below occurs, Pharming's business, financial condition or results of operations could be negatively affected. In that case, the trading price of the Shares could decline, and investors could lose all or part of their investment in the Shares.

The risks listed below do not necessarily comprise all risks faced by the Company, but take into account those which are known to the Company and which the Company considers material. Additional risks and uncertainties not presently known to Pharming or that the Company currently deems immaterial may also have a material adverse effect on its business, results of operations or financial condition and could negatively affect the price of the Shares.

The Company is dependent on external funding in the near future.

Pharming does not generate sufficient cash from product revenues to meet its current working capital requirements and the possible redemption of the public Bonds (as defined and described in Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – Public Bonds") and is currently, as has been the case since its incorporation, largely dependent on financing arrangements with third parties. The success of Pharming to attract external funding is (*inter alia*) dependent on the approval by the European Medicines Agency ("EMA") of its lead product, the therapeutic protein recombinant human C1 inhibitor ("Rhucin®") for the treatment of acute attacks of Hereditary Angioedema ("HAE") and may be adversely affected by the possible anti-dilution resulting from the issuance of Shares or securities convertible into Shares (the anti-dilution mechanisms are described in Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Anti-Dilution Rights"). In case no cash is received from capital market transactions and/or commercial agreements, the available balance of cash at the date of this Registration Document is expected to deplete at the end of the second quarter of 2010. In addition, if no cash is received from capital market transactions (including calls under the SEDA, as defined and described in Chapter 4 "Operating and Financial Review – Liquidity and Capital Resources"), Pharming's equity will become negative and Pharming shall have to announce this to the market together with the planned measures to improve its solvability and liquidity position. Pharming has a history of operating losses and no assurance of future profitability can be given.

Since its incorporation Pharming has not been profitable. Currently Pharming does not have any products that have been approved for marketing. The Company's future profitability depends on a number of factors, such as its ability to obtain all necessary regulatory and other approvals for its products under development, acceptance of the Company's products and, in the short term, the success of one single product. There can be no assurance that the Company becomes profitable in the future.

The 2009 audit opinion issued on 30 April 2010 included an emphasis of matter stating that the Company is facing uncertainties that significantly affect the liquidity and/or equity position of the Company and that the existence of a material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The 2008 audit opinion issued on 24 March 2009 included the same emphasis of matter as the 2009 audit opinion.

The short term success of Pharming is to a large extent dependent on the success of one single product.

Pharming's main short term goal is to commercialise Rhucin for treatment of acute attacks of HAE. On 3 September 2009, Pharming submitted the Marketing Authorisation Application ("MAA") for Rhucin to the EMA. Pharming expects to receive the final opinion from the EMA by the end of June 2010. Pharming is furthermore in discussions with the US Food & Drug Administration ("FDA") for regulatory marketing approval of Rhucin in the United States. The development of the other products in the Company's portfolio is substantially less advanced compared to Rhucin. Pharming does not currently intend to

develop its own sales and marketing organisation. Therefore, if Pharming fails to obtain marketing authorisation from the EMA, and/or FDA, is unable to successfully commercialise Rhucin through its existing partnerships in Europe, fails to enter into a commercial partnership for Rhucin in the United States, or in case the market for or revenues from sales of Rhucin are disappointing, then its business, financial condition, results of operations and prospects will be adversely affected.

Due to the fact that the Company is currently focused on the commercialisation of Rhucin and less on the development of its other products, the development of its other products, including recombinant human C1 inhibitor for the treatment of Antibody Mediated Rejection ("AMR") and Delayed Graft Function ("DGF") in kidney transplantation is experiencing less progress and new funds may need to be raised in order to further develop these and other products in the Company's portfolio. As a result the Company's short term business, financial condition and results of operations as well as the market price of the Shares is mainly dependent on the success of this single product.

Pharming faces and expects to remain confronted with intense competition in the various markets for its products.

Several other companies develop products for the treatment of HAE attacks. If Rhucin is introduced to the market, Pharming will face fierce competition from these and existing products used to treat HAE attacks. In Europe, one product has been approved for the entire EU and two products have been approved, for several countries in the EU, each for the treatment of acute attacks. In the US two products have been approved for certain types of acute attacks and one product for preventive treatment of HAE attacks. As a consequence, Pharming may not obtain a sufficient market penetration with Rhucin to allow it to become profitable. For its other products under development, Pharming is also exposed to the risk that a competitor may bring a product with similar effects to the market faster than the Company does.

Even if the Company successfully introduces Rhucin or another of its products under development, new technologies from competitors can make the product and its technology obsolete. Several competitors are active in the market for therapeutic products with more resources and significantly greater experience in, amongst others, obtaining regulatory approvals. The above events may have a material adverse effect on Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Pharming may not obtain all regulatory approvals for its products.

The process of undertaking and completing pre-clinical studies and clinical trials, and obtaining regulatory approvals, may take several years and requires the expenditure of substantial resources. There can be no assurance that applicable regulatory approvals for the Company's products will be granted in a timely manner, or at all. Negative or inconclusive (pre)clinical study results could result in Pharming stopping the development of a product or technology or requiring additional clinical trials or other testing and could have significant detrimental consequences for Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Once a product receives regulatory approval, such approval can nonetheless be subject to limitations with regard to the indications for which it may be marketed. The approval may also be given subject to conditions, such as additional proof of the product's effectiveness and safety. Even after approval is granted, the product, its manufacturer and the manufacturing facilities are subject to ongoing scrutiny and regular inspections by the relevant agencies. If previously unknown problems are discovered in connection with the product, the manufacturer or the manufacturing facilities, this can result *inter alia* in restrictions on use and withdrawal of the product from the market and may adversely affect Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Pharming relies on third parties to conduct pre-clinical and clinical trials.

Pharming does not have the ability to independently conduct pre-clinical and clinical trials for product candidates. Pharming must rely on third parties, such as contract research organisations, medical institutions, clinical investigators and contract laboratories to conduct the pre-clinical and clinical trials. Pharming has entered into agreements with third parties to conduct these trials for and on behalf of Pharming. The Company remains responsible that each of the pre-clinical and clinical trials is conducted in accordance with its general investigation plan and protocol. Moreover, the EMA and the FDA require the Company to comply with regulations and standards, commonly referred to as good clinical practices, for conducting, recording and reporting the results of pre-clinical and clinical trials to ensure that data and reported results are credible and accurate and that trial participants are adequately protected. The reliance on third parties does not relieve Pharming of these responsibilities and requirements. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or the third parties need to be replaced or if the quality or accuracy of the date they obtain is compromised due to the failure to adhere to our pre-clinical and clinical protocols or regulatory requirements or for other reasons, the pre-clinical or clinical trials may be extended, delayed, suspended or terminated and Pharming may not be able to obtain regulatory approval for, or successfully commercialise, product candidates.

Pharming relies on single source suppliers for the provision of essential materials incorporated in certain product candidates.

For some of the essential materials incorporated into product candidates, Pharming relies on a single supplier. Any disruption in the supply of these materials could adversely affect its ability to successfully complete the clinical trials and other studies of its product candidates, delay submissions of the regulatory applications or adversely affect its ability to commercialise its product candidates in a timely manner, or at all.

Pharming develops technology platforms which are relatively new.

Pharming is engaged in, amongst other things, the development and commercialisation of human therapeutic proteins and the production of these proteins in the milk of transgenic animals. The use of Pharming's transgenic production method and other technology platforms are relatively new and have only resulted in a limited amount of approved therapeutic products. There can be no assurance that the Company's technologies will lead to the development of any commercially viable product, that the Company's research and product development efforts to any particular product candidate will be successfully completed, or that required regulatory approvals will be obtained on a timely basis if at all.

The success of Pharming is highly dependent on public, market and governmental acceptance of its transgenic technology, development methods and products.

Development methods and technologies which Pharming uses include, among others, nuclear transfer technology and genetic modification. These and other activities have been, and may in the future be, the subject of debate and negative publicity. In the past, organisations and individuals have tried to stop genetic modification through different ways of putting pressure on companies relating to these activities, including by use of media campaigns. These actions may have a material adverse effect on Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Furthermore, the Company needs the market to accept its products in order to be able to commercialise them. Market acceptance is dependent on the opinions of the medical community, partners and competitors about numerous factors including the safety and efficacy of the relevant products. Any failure to obtaining market acceptance may also have a material adverse effect on Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Regulatory standards are constantly developing and the failure to comply with applicable regulatory requirements would have serious consequences for the Company.

The industry in which Pharming operates is highly regulated and the applicable regulatory requirements vary considerably in the different geographic markets in which Pharming operates. These regulations are subject to change and development and future regulatory standards relating to, *inter alia*, biotechnology-derived products, may be imposed that are distinct from those currently employed. The Company cannot guarantee that it will be able to meet such standards as they evolve and are implemented.

In addition to changing regulatory requirements, the failure of the Company to comply with applicable regulatory requirements could result in, among other things, injunctions, product recalls, product seizures, fines, and criminal prosecution.

Disappointing reimbursements paid by third parties and disappointing cost-effectiveness of Pharming's products once approved for marketing may have a material adverse effect on Pharming's financial results.

Pharming's success is dependent on the reimbursement of the Company's products by third parties like the government health administration authorities, private health insurers and other organisations for the development of the products and/or technology. There is an increasing tendency of health insurers to reduce healthcare cost by limiting both coverage and the level of reimbursement for new therapeutic products and by refusing, in some cases, to provide coverage altogether. Not obtaining, or obtaining insufficient reimbursement from these parties may have an adverse effect on Pharming's business, financial position, results of operations, prospects and market price of the Shares.

In addition to reimbursements from third parties, the Company, if it succeeds in bringing a product to the market, also faces uncertainties about the cost-effectiveness of the product. The prices for the product that health care insurers and/or consumers are willing to pay may be lower than the production costs which may make the product uncompetitive and thereby adversely affect Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Pharming is highly dependent on its ability to obtain and hold rights to proprietary technology and to develop its technology and products without infringing the proprietary rights of third parties and to protect its proprietary technology.

Patents, trade secrets and other proprietary rights are critical to Pharming's business. The Company has to protect its products and technology through patenting and licensing and at the same time develop its products without infringing the proprietary rights of third parties. The patent positions of pharmaceutical companies are highly uncertain and involve complex legal and factual questions, and the breadth of claims that will be allowed by patent authorities cannot be predicted with certainty. Pharming has several patent applications pending in the US, Europe, Japan and in other countries. It is not certain that these pending patent applications will result in patent issues, that these patents will afford adequate protection or that the existing patents will not be challenged. The success of Pharming also depends, in part, on the ability of its licensors to obtain, maintain and enforce their intellectual property rights to the extent required by Pharming to develop and commercialise its products.

The Company seeks protection of its other proprietary know-how through confidentiality and other agreements with employees and third parties. No assurance can be given that these agreements offer an adequate protection or that equivalent or superior know-how is not independently developed by competitors.

Pharming has a relative high risk of facing litigation and faces the risk of tax audits and additional assessments.

Pharming participates and will participate in an industry that has been subject to significant product liability, intellectual property claims and other litigation. Pharming cannot be certain that it was the first to invent the subject matter of its patent applications and patents, that it was the first to apply for such a patent, or that technologies or products used by Pharming will not infringe third party intellectual property rights or that existing patents remain valid and enforceable. Pharming may face litigation or other legal proceedings concerning its intellectual property. These processes are time consuming and can be very costly. In the event of an unfavourable ruling in patent or intellectual property litigation Pharming could be subject to significant liabilities to third parties, be required to cease developing, manufacturing or selling the affected products or technology or be required to in-license the disputed rights from third parties and thereby adversely affect Pharming's business, financial position, results of operations, prospects and market price of the Shares. Although Pharming does not believe that there are any material litigation or other proceedings pending or threatened, it cannot be excluded that it will face such claims in the future or that such claims, although not considered material, will impose on Pharming considerable costs or will consume significant management resources. In addition it cannot be excluded that Pharming will be confronted with claims which are raised with the main aim of exploiting the nuisance value of publicly raised claims. In order to prevent infringement of third party intellectual property rights, Pharming may need to acquire licenses for patents held by third parties to re-establish or maintain its freedom to operate, possibly on unfavourable terms.

Pharming is subject to the risk of tax audits and additional assessments in the countries in which it operates, including the Netherlands and the United States. The Company will seek to manage its tax affairs in compliance with all applicable laws. Authorities may disagree with positions taken by the Company and if that is the case this may have a material adverse effect on the Company's financial condition, results and/or cash flow. The Company is exposed to risks regarding the correct application of the tax regulations in the jurisdictions in which it operates as well as possible future changes in the tax legislation of those relevant jurisdictions.

Due to the therapeutic character of its products, Pharming has a relatively high exposure to claims and/or other liabilities relating to its products.

Pharming's business exposes it to liability risks, including product liability and environmental liability, which is inherent in the testing, manufacturing, and marketing of therapeutic products. The use of one or more of Pharming's products in clinical trials, and the sale of approved products, may expose Pharming to costly and damaging product liability claims brought against it by clinical trial participants, consumers, health care providers, pharmaceutical companies or others. These claims may include claims arising from actions taken by Pharming's collaborators, licensees and subcontractors over whom Pharming may exercise little or no control at all. The clinical trial liability insurance that Pharming has in place may not be adequate and Pharming may not be able to maintain adequate protection for clinical trials or obtain additional insurance such as, but not limited to, product liability insurance for future products. It is envisaged that Pharming's clinical trial liability insurance will be, upon regulatory approval of the EMA, expanded to the commercialisation of Rhucin. If Pharming is unable to maintain or obtain insurance, such as, but not limited to, product liability insurance covering the commercialisation of Rhucin or for future products at acceptable terms, or should obtained insurance coverage turn out to be insufficient due to deductibles and/or coverage limitations it might be exposed to significant liabilities, which may materially and adversely affect its business, financial position, results of operations, prospects and market price of the Shares. In addition, these liabilities could prevent or interfere with the product development and commercialisation efforts of Pharming.

The development of Pharming's early stage products face a long product development cycle.

The development of a therapeutic drug up to marketing approval by the competent authority is a lengthy process. During this time a research project must proceed through pre-clinical and several clinical stages

of development, as well as the regulatory approval process. The consequence of this lengthy process and the uncertainties in connection with the research and development of pharmaceuticals is that only a small fraction of initial product candidates ultimately receive regulatory approval. In addition to its lead product Rhucin and its other products in development, Pharming seeks to discover products in a number of long-term research projects for which clinical trials have not been initiated yet. A failure to develop additional products successfully and within a reasonable time frame could have significant detrimental consequences for Pharming's business, financial position, results of operations, prospects and market price of the Shares.

Pharming's future financial results and success are dependent on third parties.

Currently, Pharming has limited marketing or sales capabilities and has limited manufacturing capabilities on its own. Pharming has entered into a (downstream) manufacturing and supply agreement and is pursuing to establish an additional (downstream) manufacturing and supply agreement with an additional manufacturer for the production of Rhucin. Pharming has also entered into development and commercialisation agreements with three companies for the marketing and sales of Rhucin in all territories of the EU, Iceland, Norway, Switzerland and Turkey. Uncertainties exist whether the contract parties are able to perform their duties under the contracts and are able or willing to realise satisfactory revenues. If not, the possibilities of Pharming to terminate a contract and seek another party to perform these duties may be limited, and if Pharming is entitled to do so, it may not be able to find such other party.

In order to commercialise and sell Rhucin outside the EU, Pharming may have to develop and/or contract additional (upstream) manufacturing capabilities and may have to contract additional (downstream) manufacturing capacity and/or develop marketing and sales capabilities or gain access to these capabilities through partnerships or agreements. It is uncertain whether and to what extent Pharming will be able to develop such capabilities or enter into such partnerships or agreements on a timely basis and on acceptable terms. Even if a partnership or agreement has been concluded, the possibility exists that these partners fail to live up to the agreements made with them or that Pharming is unable to maintain such agreements.

The success of Pharming is dependent on its ability to recruit and retain management and key employees.

Pharming depends to a large degree on the performance and expertise of its management and technical personnel. Competition for qualified employees is intense in the fields in which Pharming is engaged and there is no guarantee that qualified employees will not leave Pharming. The loss of one or more of these employees could lead to significant delays in product development and thus negatively influence Pharming's business activities. Pharming's continued success depends moreover on recruiting and retaining highly qualified employees in the future, especially in management and in the area of research and development. The loss of individual employees or failure to attract new highly qualified employees could have significant detrimental consequences for Pharming's business and financial position.

Exchange rate fluctuations could negatively affect our financial condition.

Pharming is based in the Netherlands, but sources materials, products and services from several countries outside the EU-territory which are paid in local currencies. Subject to commercialisation of Rhucin in the US or in other countries outside the EU and the US, Pharming will also receive payments in US dollar or possibly in other currencies. As a result, Pharming's business and Share price will be affected by fluctuations in foreign exchange rates between the euro and these foreign currencies, including the US dollar, which may have a significant impact on Pharming's reported results of operations and cash flows from year to year.

2. IMPORTANT INFORMATION

No person is or has been authorised to give any information or to make any representation with respect to Pharming, other than as contained in this Registration Document, and, if given or made, any other information or representation must not be relied upon as having been authorised by Pharming. The delivery of this Registration Document at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Registration Document is correct as of any time since its date.

Pharming Group N.V. accepts responsibility for the information contained in this Registration Document. Having taken all reasonable care to ensure that such is the case, Pharming Group N.V. further declares that the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Notice to Investors

The distribution of this Registration Document may be restricted by law in certain jurisdictions. Persons in possession of this Registration Document are required to inform themselves about and to observe any such restrictions.

Presentation of Financial and Other Information

Certain figures contained in this Registration Document have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Registration Document may not conform exactly to the total figure given for that column or row.

All references in this Registration Document to "euros" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the EU. All references to "US dollars", "US$" or "$" are to the lawful currency of the US.

Any financial information in this Registration Document that has not been extracted from Pharming's audited consolidated financial statements for the years ended 2007, 2008 and 2009 is unaudited.

Exchange Rates

Pharming publishes its consolidated financial statements in euros. The exchange rates below are provided solely for information and convenience. No representation is made that the euro could have been, or could be, converted into US dollars at these rates.

The table below shows the high, low, average and end of period exchange rates expressed in US dollars per €1.00 for the years given, using the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") for the periods indicated.

Year ended 31 December	High	Low	Average	End of Period
		(US Dollars per Euro)		
2007	1.4862	1.2904	1.3708	1.4603
2008	1.6010	1.2446	1.4710	1.3919
2009	1.5100	1.2547	1.3935	1.4332

On 7 May 2010, the Noon Buying Rate for the euro was €1.00 = $1.2721.

Enforceability of Judgments

Pharming Group N.V. is a limited liability company incorporated under the laws of the Netherlands. All of the members of the board of managing directors of Pharming (the "Management Board") and board of supervisory directors of Pharming (the "Supervisory Board") are residents outside the US, and a substantial portion of Pharming's assets and the assets of such persons are located outside the US. As a result, it may not be possible for investors to effect service of process within the US upon us or such persons, or to enforce against them in the Netherlands or elsewhere judgments obtained in US courts, including judgments predicated on the civil liability provisions of the securities laws of the US or any state or territory within the US.

Market Data and Other Information from Third Parties

Pharming believes that market information contained in this Registration Document provides fair and adequate estimates of the volume of the Company's markets and fairly reflects the Company's market position within these markets. However, the Company's management estimates have not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods to assemble, analyse or compute market data would obtain or generate the same results. In addition, the Company's competitors may define their markets and their own relative positions in these markets differently than the Company does.

The Company has used data sources from third parties in relation to certain matters noted herein. Such publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of assumptions. The information in this Registration Document that has been sourced from third parties has been accurately reproduced. The Company has not independently verified this data or determined the reasonableness of such assumptions. So far as the Company is aware and is able to ascertain from information sourced from third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Documents Incorporated by Reference

Certain parts of Pharming's (audited) annual reports for the years 2007, 2008 and 2009 and its (unaudited) report for the three months period ended 31 March 2010 with comparative figures for 2009 (see note below), listed below, are incorporated by reference into this Registration Document. The information contained in these documents that is not incorporated, is either not relevant for investors or is covered elsewhere in this Registration Document. No other documents or information form part of, or are incorporated by reference into, this Registration Document. Copies of the documents incorporated by reference into this Registration Document may be obtained free of charge for the life of this Registration Document by sending a request in writing at: Darwinweg 24, 2333 CR Leiden, the Netherlands. All documents incorporated by reference into this Registration Document are also available via www.pharming.com.

Annual Report 31 December 2009	***Incorporated by reference***
• Consolidated balance sheet	page 67
• Consolidated income statement	page 68
• Consolidated statement of cash flow	page 69
• Consolidated statement of recognised income and expense	page 70

- Consolidated statement of changes in equity page 71
- Notes to the consolidated financial statements page 75-114
- Note 9 to the company financial statements page 123
- Auditor's report page 127-128

Annual Report 31 December 2008 ***Incorporated by reference***

- Report of Remuneration Committee page 42-45
- Consolidated balance sheet page 57
- Consolidated income statement page 58
- Consolidated statement of cash flow page 59
- Consolidated statement of recognised income and expense page 61
- Consolidated statement of changes in equity page 62-63
- Notes to the consolidated financial statements page 64-108
- Note 10 to the company financial statements page 116
- Auditor's report page 122

Annual Report 31 December 2007 ***Incorporated by reference***

- Consolidated balance sheet page 43
- Consolidated income statement page 44
- Consolidated statement of cash flow page 45
- Consolidated statement of changes in equity page 46-47
- Notes to the consolidated financial statements page 49-79
- Note 10 to the company financial statements page 87
- Auditor's report page 96

First Quarter Report 31 March 2010 (including comparative figures for 2009) ***Incorporated by reference***

- Consolidated statement of financial position page 2

- Consolidated statement of income page 3
- Consolidated statement of comprehensive income page 4
- Consolidated statement of cash flows page 5
- Consolidated statement of changes in equity page 6

For the purpose of this Registration Document, the first quarter report of 31 March 2010, which has been prepared in accordance with IAS 34, is incorporated by reference. This report does not deviate in any material respect from the first quarter report, which was published by Pharming on 22 April 2010 and filed with the AFM.

Forward-Looking Statements

This Registration Document contains forward-looking statements, including statements about Pharming's beliefs and expectations. These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "predict", "estimate", "project", "may", "could", "should", "would", "will", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Pharming undertakes no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. Pharming cautions investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to those discussed in Chapter 1 "Risk Factors Relating to Pharming".

3. SELECTED FINANCIAL INFORMATION

The summary consolidated financial information set forth below should be read in conjunction with the information in Chapter 4 "Operating and Financial Review" and Pharming's consolidated financial statements and the notes thereto that are incorporated by reference in this Registration Document. The year-end consolidated financial information 2007-2009 has been extracted from Pharming's year-end consolidated financial statements. Ernst & Young Accountants issued unqualified audit opinions on the 2007 and 2008 financial statements. PricewaterhouseCoopers Accountants N.V. issued an unqualified audit opinion on the 2009 financial statements. The 2009 audit opinion issued on 30 April 2010 included an emphasis of matter stating that the Company is facing uncertainties that significantly affect the liquidity and/or equity position of the Company and that the existence of a material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The 2008 audit opinion issued on 24 March 2009 included the same emphasis of matter as the 2009 audit opinion.

Pharming's consolidated financial statements, from which the summary consolidated financial information set forth below has been derived, were prepared in accordance with IFRS as adopted in the EU. The summary consolidated financial information set forth below may not contain all of the information that is important to investors.

The 2007 income statement and balance sheet data have been restated in order to reflect adjustments of accounting errors identified upon preparation of the annual report ended 31 December 2008; for a detailed explanation of these restatements, reference is made to the annual report 2008 (note 4 on pages 73-76).

The 2008 balance sheet data have been restated in order to reflect certain reclassifications identified upon preparation of the annual report ended 31 December 2009; for a detailed explanation of these restatements, reference is made to the annual report 2009 (note 4 on page 87).

Consolidated Income Statement Information

	31 March		31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	(unaudited)		(audited)		
(in millions, except per share amounts)	€	€	€	€	€
Grants and other income	0.2	0.1	1.1	0.7	0.7
Operational costs	(6.2)	(6.6)	(28.9)	(30.1)	(25.3)
Operating loss	(6.0)	(6.5)	(27.8)	(29.4)	(24.6)
Other income and expenses (net)	(1.7)	0.3	(4.3)	3.2	3.0
Net loss	(7.7)	(6.2)	(32.1)	(26.2)	(21.6)
Net loss per share	(0.05)	(0.06)	(0.28)	(0.29)	(0.24)

Consolidated Balance Sheet Information

	31 March		31 December	
	2010	2009	2008	2007
	(unaudited)		(audited)	
(in millions, except per share amounts)	€	€	€	€
Restricted cash	0.2	0.2	0.2	10.4
Marketable securities	-	-	3.7	4.0
Cash and cash equivalents	21.3	15.9	33.3	98.0
Total assets	61.4	55.9	80.7	161.4
Current liabilities[1]	49.2	36.3	26.2	70.6
Non-current liabilities	6.4	6.3	42.0	59.9
Equity	5.9	13.3	12.5	30.9

[1] The current liabilities include bank overdrafts which amounted to €18.2 on 31 March 2010, €13.8 on 31 December 2009, €13.6 on 31 December 2008 and €47.1 on 31 December 2007. The net cash position of Pharming (cash and cash equivalents (including restricted cash and marketable securities) less bank overdrafts) amounted to €3.3 on 31 March 2010, €2.3 on 31 December 2009, €23.5 on 31 December 2008 and €55.0 on 31 December 2007.

Consolidated Cash Flow Statement Information

	31 March		31 December		
	2010	2009	2009	2008	2007
	(unaudited)			(audited)	
(in millions)	€	€	€	€	€
Net cash flows used in operating activities	(6.3)	(6.4)	(24.3)	(21.9)	(21.7)
Net cash flows from/(used in) investment activities	-	(0.1)	4.2	(0.8)	(0.7)
Net cash flows from/(used in) financing activities	7.5	(1.0)	2.5	(18.8)	57.6

Financial and Trading Update

There has been no significant change in the financial or trading position of Pharming since 31 March 2010, save for (i) the receipt of an undisclosed upfront payment by Swedish Orphan pursuant to the closing of an exclusive distribution agreement for Rhucin for 24 EU countries and Iceland, Norway and Switzerland in April 2010 and (ii) the reduction of the principal amount of the Private Bonds (as defined below) from €7.5 million to €4.6 million as per the date of this Registration Document.

4. OPERATING AND FINANCIAL REVIEW

The following should be read in conjunction with Pharming's consolidated financial statements and notes thereto that are incorporated by reference in this Registration Document. The consolidated financial statements have been prepared in accordance with IFRS.

In addition to historical information, this Chapter 4 includes forward-looking information that involves risks, uncertainties and assumptions. Pharming's actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed below and elsewhere in this Registration Document, particularly in Chapter 1 "Risk Factors Relating to Pharming".

Overview

Pharming is developing innovative products, focusing on products for the treatment of diseases with significant medical needs. Pharming has a broad product pipeline with products for several indications and in different stages of development. The product in the most advanced stage of development and closest to commercialisation is Rhucin® (recombinant human C1 inhibitor or rhC1INH), based on its transgenic technology protein development platform, which is under regulatory review for the treatment of acute attacks of Hereditary Angioedema (HAE). Recombinant human C1 inhibitor or rhC1INH is also being developed for Antibody Mediated Rejection (AMR) and Delayed Graft Function (DGF) following (kidney) transplantation. Furthermore, non-pharmaceutical applications are investigated for human lactoferrin as a functional food product. Pharming's technologies include innovative platforms for the production of protein therapeutics and technology and processes for the purification and formulation of these products.

As a result of the progress through the regulatory evaluation process of Rhucin/rhC1INH, Pharming is seeking to lower its financial risk profile by, firstly, focusing on the commercialisation of Rhucin/rhC1INH for HAE and, secondly, the development in follow-on indications, such as AMR and DGF. To limit financial expenditures, strategic alliances and partnerships will be pursued for the development of its product pipeline.

In addition, Pharming's subsidiary DNage focuses on the development of Prodarsan for Cockayne Syndrome (a premature ageing disease). Pharming is seeking third party Private Equity and/or Venture Capital investors to become co-owners of its subsidiary DNage B.V. ("DNage") as part of a gradual disposal of its interest in DNage (see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off").

Pharming's strategy to become an international specialty pharmaceutical company is based on three pillars:

1. Product development strategy: Pharming focuses on demonstrating early proof of concept for indications with high unmet medical needs. Pharming is developing indications which fit with its capabilities and resources. For programs with a higher risk profile, or programs targeting larger indications, Pharming is pursuing strategic co-development partnerships.

2. Commercialisation strategy: Pharming intends to form strategic partnerships to obtain access to other required competencies, such as marketing and sales. Pharming explores both partnering possibilities for commercialisation of its products and the option of setting-up its own commercialisation infrastructure.

3. Financing strategy: Pharming focuses on the commercialisation of Rhucin/C1 inhibitor, and the development of C1 inhibitor for additional indications, followed by other selected products from its pipeline to generate value both in the short-term and long-term. The Company is, for its long term

existence, exploring opportunities to further improve its financial position, which include (i), identification of development and commercialisation partnerships, such as the collaboration with Swedish Orphan International AB (“Swedish Orphan”), established in Sweden for Rhucin which was closed in April 2010, generating upfront and regulatory milestone payments and future royalties from sales (ii) the gradual disposal of its interest in DNage (see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off"), and (iii) financing by means of debt and/or equity instruments.

Operating Review

In 2008, Pharming received a negative opinion regarding the admission to the EMA of Rhucin (rhC1INH), its lead product. The negative opinion largely related to the fact that, in the view of the relevant authorities, insufficient data were provided to assure the long-term safety and efficacy of the product, particularly regarding the potential of developing immunogenic or allergic reactions to the product. While this opinion was disappointing to the Company, especially since no immunogenic reactions had been observed in the clinical studies, the efficacy, safety and quality of the product in treating acute attacks of HAE were not judged negatively. Therefore, Pharming decided to collect the data required by the authorities and to submit a new MAA. On 3 September 2009 Pharming submitted a new MAA for Rhucin to the EMA. Pharming expects that this new MAA will receive a positive opinion from the EMA. This expectation is based on the Day 120 Consolidated List of Questions that was received from the EMA on 21 January 2010, containing no ’major concerns’ and the subsequent fast turn-around of the questions by Pharming, as announced on 18 March 2010. Pharming submitted the responses for the Day 180 List of Questions on 25 May 2010 without the need of a one-month clock stop. Pharming expects to receive the final opinion from the EMA by the end of June 2010.

The Company has also made progress with several other products in or moving towards clinical development. Other products in clinical stage of development are rhC1INH for the treatment of antibody-mediated rejection (AMR) in kidney transplantation. RhC1INH is also in preparation stage for clinical development of delayed graft function (DGF), a reperfusion injury related indication in kidney transplantation. Pharming is currently also developing recombinant human lactoferrin (hLF) as a functional food product, and is in discussions with third parties in respect of the possibilities for commercialisation of hLF as a food additive in South East Asia and South America.

Rhucin and Recombinant Human C1 Inhibitor

For the immediate future, the focus of the Company is first and foremost on its upcoming US regulatory filing and the completion of its European regulatory process on Rhucin for the treatment of acute HAE attacks. The current clinical database includes results from over 500 administrations, including good evidence of efficacy and safety with repeated use. Pharming has submitted its MAA for Rhucin to the EMA on 3 September 2009. The EMA has responded with the Day 120 List of Questions on 21 January 2010. The Consolidated List of Questions contained no ‘major concerns’ and Pharming submitted its response mid March 2010, which is one month earlier than the regular three months according to the standard timetable. Pharming submitted the responses for the Day 180 List of Questions on 25 May 2010 without the need of a one-month clock stop. On the basis of this schedule, Pharming expects to receive the opinion from the EMA by the end of June 2010.

Pharming is also preparing for filing for market authorisation of Rhucin in the USA. The Company initiated the pre-BLA process with the FDA early December 2009. Pharming is currently continuing the pre-BLA discussions with the FDA and expects to provide further updates on the upcoming BLA filing timelines in the US during the first half of 2010.

As mentioned above, Pharming is also developing rhC1INH for other indications, such as the treatment of AMR and DGF both in kidney transplantation. The Company is preparing the start of Phase II studies of rhC1INH in AMR in the first half year of 2010 and DGF at a later stage.

Pharming has entered into several servicing, manufacturing and supply agreements with Merck, Sharpe & Dohme regarding the manufacturing of rhC1INH. These agreements primarily relate to the purification of milk derived from the Company's rabbits as well as the fill & finish of the substance into final product available for use or sale. The compensation structure is based on fixed fees per purification or fill & finish cycle, adjustable for inflation, plus reimbursement of consumables used in the process. In addition, as is common industry practice, Pharming is pursuing to contract a second supplier for the same activities.

Pharming has entered into three commercial agreements for Rhucin. In 2004, the Company signed an agreement with Laboratorios del Dr Esteve, SA ("Esteve") in Spain for the exclusive development, marketing and sales of Rhucin in Spain, Portugal, Andorra and Greece. The agreement with Esteve has been entered into for the commercial life of Rhucin and any future products using recombinant human C1 inhibitor or rhC1INH. In 2008, Pharming signed an exclusive licensing and distribution agreement with EczacibaŞi Ilaç Pazarlama AS ("EIP"), a leading Turkish pharmaceutical company for the marketing and sales of Rhucin in Turkey. The agreement with EIP lasts until five years after the latter of (i) the positive opinion of the EMA regarding Rhucin or (ii) the official registration of Rhucin with the Turkish authorities. The commercial agreements with Esteve and EIP provide for the payment to Pharming of certain (undisclosed) milestones depending on progress in registration and commercialisation as well as royalties on net sales and compensation for cost of goods.

In April 2010 Pharming entered into an exclusive distribution partnership with Swedish Orphan, for Iceland, Norway, Switzerland and all the territories of the EU except Spain, Portugal and Greece. Swedish Orphan is specialised in the marketing and selling of Orphan Drugs. This distribution partnership provided Pharming with an undisclosed upfront payment and entitles Pharming to undisclosed milestone payments upon marketing authorisation and the granting of orphan market exclusivity by the EMA. Swedish Orphan will buy finished product from Pharming for a transfer price that incorporates a (progressive) tiered royalty component based on annual net sales performance. Swedish Orphan has the right to participate in the future development and distribution of Rhucin in the agreed countries for additional indications. The initial term of the agreement with Swedish Orphan is set on a country by country basis and is the later of (i) ten years following the effective date of the agreement, (ii) ten years following the marketing authorisation in a country, (iii) the expiration of any market or data exclusivity or (iv) the expiration of any relevant patent relating to Rhucin. Following the initial term, the agreement shall be prolonged on a country to country basis by two years periods unless terminated by written notice from a party thereto within one year prior to the end of the relevant two year period.

Pharming continues to discuss and negotiate with potential Rhucin licensing partners for the territories outside the EU, Iceland, Norway, Switzerland and Turkey. These discussions and negotiations are initially focused on the North American territories and the Company’s objective is to conclude a license agreement for these territories shortly.

Human Lactoferrin

In October 2008, Pharming signed a broad license agreement with Aslan for the manufacturing, marketing and distribution of food products containing hLF. The agreement will be in force for a term of ten years is exclusive for Turkey, the Middle East, United Arab Emirates, Russia, Ukraine and several other countries in this region and includes a non-exclusive license to other parts of the world. Despite the efforts of Pharming and Aslan to obtain the necessary approvals to start the activities in Turkey, such approvals have not yet been obtained. As a consequence thereof, Pharming currently does not expect to receive any payments, including milestone payments, from the agreement with Aslan for the commercialisation of hLF.

Pharming is currently in discussions with other third parties in respect of the possibilities for commercialisation of hLF as a functional food additive in South East Asia and South America.

It is noted that receipt of possible payments from any partnership for the commercialisation of hLF would also in principle trigger repayment of a part of the funds to the Dutch government in relation to a

government loan received in previous years as has been more extensively outlined in Chapter 4 "Operating and Financial Review – Off Balance Sheet Arrangements". The impact and timing of any repayments to the Dutch government largely depend on the structure of such partnership.

As the commercial development of hLF (outside the US) is being pursued for which no Generally Recognised As Safe ("GRAS") status is required, the procedure to obtain a GRAS status from the FDA has been terminated at the request of Pharming early 2010.

Prodarsan and Other DNage Activities – Spin Off

Pharming's subsidiary DNage focuses on the development of Prodarsan® for Cockayne Syndrome, a rare genetic disease in which children suffer from accelerated (or premature) ageing, while developing severe ageing related diseases. In 2008, DNage started and completed a Phase I clinical study in healthy volunteers. Prodarsan appears to be safe and well tolerated in these human healthy volunteers. Prodarsan also showed beneficial effects in animal models for premature aging. In August 2009, DNage received the status investigational new drug application ("IND") for Prodarsan allowing the Company to start a clinical program in the US. In September 2009, Pharming initiated an observational study in children suffering from Cockayne Syndrome. Earlier that year, DNage received a notice from the FDA stating that its product Prodarsan has been rewarded an Orphan Drug designation for the treatment of Cockayne Syndrome.

DNage is also participating in several projects regarding the identification of novel biomarkers of human ageing and in the field of human ageing diseases in more general. Most of these projects are subsidised or paid for by government grants.

Pursuant to the acquisition by the Company of DNage in October 2006, the Company agreed to pay to former DNage shareholders (the "Former Shareholders") a maximum amount of €10 million subject to achievement of certain milestones relevant for clinical development and certain other earn-out payments based on future sales. In order to conserve cash for the transgenic platform activities (mainly Rhucin/C1-inhibitor), Pharming is currently working on a gradual disposal of its interest in DNage (the "Spin Off"). The Spin Off of DNage consists of two phases. The first phase entails a dilution of Pharming's interest in DNage to 51% and the issuance of 5,000,000 Shares, in return for a settlement with the Former Shareholders of the aforementioned milestone obligations and an assumption of the Company's earn-out obligations by DNage. The second phase consists of seeking re-financing of DNage by issuing new DNage shares to third party Private Equity and/or Venture Capital investors. Pharming has dedicated its Chief Commercial Officer, Mr. Strijker, to lead the Spin Off process on behalf of DNage.

The first phase of the Spin Off was entered into on 17 May 2010 by means of the execution of the settlement agreement, among, the Company, DNage and the Former Shareholders (the "Settlement Agreement"), pursuant to which the parties agreed to the settlement of all payment obligations of Pharming to the Former Shareholders and the assumption of the Company's earn-out obligations by DNage (the "Settlement"), by means of (i) the issuance to the former DNage shareholders of an aggregate number of 5,000,000 Shares and (ii) the issuance to the former DNage shareholders of shares in DNage as a result of which the Company will own 51% and the Former Shareholders own 49% of the outstanding share capital in DNage. The Company is currently seeking for third party Private Equity and/or Venture Capital investors to take over the funding of the operations of DNage as second step of the Spin Off. In addition, Pharming has agreed to the granting of a bridge loan to DNage to finance the DNage's operations for a limited period after the completion of the Settlement, which loan will be converted into shares in DNage upon completion of external funding on the terms of such funding. The 5,000,000 Shares to be issued to the Former Shareholders pursuant to the Settlement shall not be subject to a lock-up.

The Settlement is conditional upon execution of a shareholders' agreement relating to DNage among the Former Shareholders, the Company and DNage, the amendment of DNage's articles of association, the execution of the deed of issuance of shares in DNage and the execution of the deed of issuance of

Shares. At the annual general meeting which was held on 27 May 2010, Rein Strijker has resigned as member of the Management Board. He will become a member of the management board of DNage.

Recombinant Human Fibrinogen

The development of rhFIB is in pre-clinical stage. Pharming believes that rhFIB has the potential to address the significant medical need in fibrinogen deficiency, either as a hereditary disorder or as result of profuse traumatic or surgical bleeding. As resources have been limited and fully focused on the marketing authorisation of Rhucin, limited progression has been made with the development of rhFIB. It is Pharming's intention to enter into co-development partnerships during the pre-clinical or clinical stage of this programme.

In June 2008, Pharming acquired an exclusive sub-license to key patents and technology of recombinant fibrinogen from GTC Biotherapeutics Inc ("GTC") pursuant to a sublicense agreement. This agreement, enabled the Company to move ahead with the pharmaceutical development of recombinant human fibrinogen. In consideration for the rights and licenses granted by GTC to Pharming under the license agreement, Pharming has paid to GTC an aggregate amount of €0.5 million.

Other Programs

Activities in other programs such as rhCOL, (see Chapter 5 "Business – Recombinant Human Collagen") have been very limited in 2008, 2009 and to date, due to the focus on obtaining the marketing authorisation of Rhucin.

Material Factors Affecting the Results of Operations and Financial Condition

Pharming believes that the factors described below have had and are expected to continue to have a material effect on its operational results and financial condition.

Pharming's revenue comprises mainly government grant and licensing revenues. Government grant revenue includes payments for research conducted by the Company and payments upon the achievement of specified milestones. Government grants are generally conducted on a best efforts basis. The main portion of these grants has been awarded to DNage. After completion of the Spin Off, Pharming's income consisting of government grants is expected to be re-set at the level of 2006. Licensing revenues relate to income received from third parties for rights to product or technology developed by the Company and is recognised in the year to which the income relates.

An upfront payment was recently received under the agreement with Swedish Orphan for the distribution of Rhucin. The Company expects to receive additional income from milestone payments associated with MAA approval and EU Orphan Drug status relating to Rhucin and tiered royalties on net sales in the EU in the near future. The Company also intends to obtain revenues from payments under future partnerships in respect of its products, government grants, licensing and partnerships using its technology, interest income as well as other miscellaneous income.

To date, Pharming's primary sources of liquidity have been funds generated through equity and debt financing. In 2007, Pharming raised €70.0 million gross proceeds through the issuance of the 6.875% convertible public bonds due 31 October 2012 (the "Bonds"). As per the date of this Registration Document a nominal amount of €10.9 million is still outstanding. The holders of the outstanding Bonds have the option to request redemption of their bonds on 31 October 2010 which, if exercised and assuming no conversion will take place, would result in a cash outflow of €10.9 million. The Bonds are described in Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – Public Bonds".

To date, the majority of Pharming's expenditures have been for research and development activities. The Company expects research and development expenses to reach a plateau over the next few years as

Phase III development of Rhucin has been completed and other clinical development programs progress to later stage development. In addition, general and administrative expenses necessary to support these programs are expected to remain the same.

Research and development costs are expensed as incurred and include costs associated with collaborative agreements. These costs consist of direct and indirect costs related to specific projects as well as fees paid to other entities, which conduct certain research activities on behalf of the Company.

Reference is also made to Chapter 5 "Business – Business Plan" for a description of the key assumptions underlying the business plan of Pharming for the next two years.

Results of Operations 2009, 2008 and 2007 and Three Months ended 31 March 2010 and 31 March 2009

Consolidated Income Statement Information

	31 March		31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	(unaudited)		(audited)		
(in millions)	€	€	€	€	€
Grants and other income	**0.2**	**0.1**	**1.1**	**0.7**	**0.7**
Research and development	(5.2)	(5.7)	(24.5)	(22.0)	(20.3)
General and administrative	(0.9)	(0.7)	(3.6)	(3.3)	(3.0)
Impairment charges	-	-	(0.2)	(4.2)	(0.3)
Share-based compensation	(0.1)	(0.1)	(0.6)	(0.6)	(1.7)
Operational costs	**(6.2)**	**(6.5)**	**(28.9)**	**(30.1)**	**(25.3)**
Operating loss	**(6.0)**	**(6.5)**	**(27.8)**	**(29.4)**	**(24.6)**
Effective interest bonds	(1.5)	(1.4)	(5.4)	(8.2)	(1.3)
Fair value gain derivative	0.4	0.2	0.2	4.9	14.3
Conversion bonds	-	1.6	2.8	5.6	-
Settlement Paul Royalty Fund	-	-	-	-	(9.1)
Earn-out interest	(0.3)	(0.4)	(1.5)	(1.3)	(1.2)
Interest income, net	-	0.2	0.4	2.0	1.3
Other items, net	(0.3)	0.1	(0.8)	0.2	(1.0)
Other income and expenses (net)	**(1.7)**	**0.3**	**(4.3)**	**3.2**	**3.0**
Net loss	**(7.7)**	**(6.2)**	**(32.1)**	**(26.2)**	**(21.6)**

Effectively the full year 2009, the Company classifies depreciation and amortisation charges on non-current assets to the main cost categories, being 'research and development' and 'general and administrative'. In the financial years 2007, 2008 and 2009 the total amounts of depreciation and amortisation charges recognised in the statement of income amounted to €1,408,000 in 2007, €1,421,000 in 2008 and €1,253,000 in 2009 (of which €319,000 in the first quarter of 2009). The comparative statements of income in 2007-2009 have been adjusted to reflect the portion of these expenses related to research and development (€1,217,000 in 2007,€1,228,000 in 2008 and €1,062,000 in 2009 of which €272,000 in the first quarter of 2009) and to general and administrative (€191,000 in 2007, €193,000 in 2008 and €191,000 in 2009, of which €47,000 in the first quarter of 2009). Accordingly, the presented comparative research and development costs for 2007-2008 increased from €19,088,000 to €20,305,000 in 2007, from €20,857,000 to €22,085,000 in 2008 and from €5,443,000 to €5,715,000 in the first quarter of 2009. The comparative general and administrative costs increased from €2,824,000 to €3,015,000 in 2007, from €3,108,000 to €3,301,000 in 2008 and from €676,000 to €723,000 in the first quarter of 2009.

Grants and Other Income

Pharming's income for 2007 through 2009 is primarily related to government grants received and have been fairly constant. The main portion of these grants is awarded to DNage, which has been acquired in the fourth quarter of 2006 and therefore explains the €0.7 million of 2007 income as compared to €0.1 million in 2006. Full year grants and other income for 2009 include €0.3 million income from license fees against no license fee income for 2008, the first quarter of 2009 and the first quarter of 2010.

Operational Costs

Costs of research and development are primarily related to basic research as well as pre-clinical and clinical activities, including employee benefits incurred in respect of Pharming employees involved in these activities. In particular external costs may vary significantly due to the timing and extent of research and development activities. The total costs of Pharming significantly increased from €14.2 million in 2006 to €20.3 million in 2007, which was largely related to the regulatory filings of Rhucin and due to the first full year of consolidation of DNage. The €1.7 million increase in 2008 costs compared to 2007 was caused by the costs incurred for the re-filing of Rhucin with the EMA, the start of other rhC1INH studies and the increased costs of DNage. Costs of research and development increased from €22.0 million in 2008 to €24.5 million in 2009, reflecting Pharming's submission of an MAA for Rhucin in September 2009, intensifying its efforts for the Rhucin development program in North America and to prepare for clinical trials of Prodarsan. Research and development costs in the first quarter of 2010 decreased to €5.2 million compared to €5.7 million in the comparative period of 2009; the decrease stems from capitalisation of Rhucin development costs (€0.2 million) and the timing of various activities in the first quarter of 2009.

General and administrative expenses relate to all cash-related expenses not related to the Company's business processes and include both third party fees and expenses and employee benefits. These expenses slightly increased from €2.9 million in 2006 to €3.0 million in 2007 and to €3.3 million in 2008 to reflect the Company's increase in support staff. In 2009 costs further increased to €3.6 million, which largely reflects costs incurred with respect to the public offer to holders of the Bonds including the issuance of a prospectus in December 2009. Costs for the first quarter of 2010 increased to €0.9 million as compared to €0.7 million in the first quarter of 2009, in particular as a result of miscellaneous financing activities.

Non-cash impairment charges relate to assets for which the net present value of future cash inflows is less than the carrying value or in case when no future use of the asset is expected. In 2007, 2008 and 2009 the Company charged respectively €0.3 million, €1.0 million and €0.2 million following an impairment review on the intangible assets of ProBio, Inc, a company that was acquired by Pharming in 2004. Other impairment charges in 2008 related to the goodwill recognised upon the acquisition of DNage following an increase of the discount rate applied to cash projections (€1.1 million), expiration of rhC1INH inventories (€1.3 million) and rhC1INH equipment (€0.7 million) as well as a write-off on the remaining book value of the 2% interest in MucoVax Holding B.V. (which entity was declared bankrupt in 2009) (€0.2 million) due to severe liquidity issues of that entity. Expenses for share-based compensation are non-cash and relate to the fair value expenses of option plans as well as the Long Term Incentive Plan. The €1.3 million expense of employee options in 2006 was offset with a €0.7 million release for options not vested under the option plan for the Management Board. Share-based compensation expenses in 2008 have decreased due to the combined effect of forfeited options and the decreased share price. 2009 expenses were fairly in line with 2008; the same applies to first quarter share-based compensation expenses in 2009 and 2010.

Other Income and Expenses

Upon issuance of the Bonds on 31 October 2007, a derivative portion of €21.7 million and transaction fees of €3.0 million were carved out of the gross proceeds to arrive at a net liability of €45.3 million. This initial liability increased in subsequent periods through charging an effective interest rate in order to, ultimately, fully equal the total amounts of semi-annual interest payments of 6.875% and the redemption payment over the five year maturity period. The increase of the effective interest from €1.3 million in 2007 to €8.2 million in 2008 reflects the two months interest period in 2007 compared to twelve months in 2008. In 2009 the effective interest (€5.4 million) significantly decreased compared to 2008 (€8.2 million) as a result of the full-year effect of a conversion of Bonds with a nominal amount of €20.1 million in the fourth quarter of 2008, a conversion of Bonds with a nominal amount of €14.1 million in the first six months of 2009 and a conversion of Bonds with a nominal amount of €24.9 million in the fourth quarter of 2009 as further explained below. For the first quarter of 2010, effective interest of €1.5 million slightly

increased compared to the first quarter of 2009 as a result of effective interest on the Bonds issued in January 2010.

The terms and conditions of the Bonds were such that the conversion price was variable following the issuance; as per 30 April 2008 the conversion price was fixed at €2.64 (subject to adjustments in accordance with the terms as set out in the terms and conditions of the Bonds (as further described in Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – Public Bonds")). In view of this conversion price reset mechanism, the ultimate number of Shares to be issued upon any conversion upon initial recognition was variable and accordingly the Bonds included a derivative portion which should be measured at its fair value with subsequent changes in fair value recognised in the income statement. The fair value of the derivative was €21.7 million at 31 October 2007, €7.4 million at 31 December 2007 and €3.4 million at 30 April 2008; adjustments in the last two months of 2007 and the first four months of 2008 were €14.3 million respectively €4.0 million, which amounts were released to the statement of income of 2007 respectively 2008. Additional fair value results of €0.9 million in the fourth quarter of 2008 and €0.2 million in the first quarter of 2009 follow from the settlement of Bonds as far as allocated to the derivative. No further effects on the statement of income were recognised for this item after the first quarter of 2009. In the first quarter of 2010, the Company recognised a €0.4 million fair value gain on bonds (and warrants) issued in January 2010; the result stems from the fair value decrease of the warrants and the conversion option of the Bonds between the date of issuance in January 2010 and the end of the first quarter.

Between 31 October 2007 and 31 December 2008, the Company reduced the outstanding principal amount of the Bonds with €20.1 million for a total cash consideration of €3.8 million plus the issuance of 6.2 million Shares with a total fair value of €4.8 million, therefore together paying €8.6 million. The total carrying value of these Bonds was €14.2 million so that a €5.6 million positive result was realised on these transactions. Similar transactions with holders of Bonds took place in 2009 when Bonds with a nominal value of €39.0 million were cancelled in exchange of €4.7 million in cash plus 38.9 million Shares with a total fair value of €21.9 million. The total consideration paid of €26.6 million was less than the €29.7 million carrying value with the €3.1 million difference forwarded to the statement of income. The Company charged an amount of €0.3 million to this item in the statement of income with respect to services provided in connection to the public offer to holders of the Bonds.

In order to enable issuance of the €70.0 million Bonds on 31 October 2007, Pharming and Paul Royalty Fund at the same date entered into a settlement agreement as a result of which assets secured in favour of Paul Royalty Fund were released. Under this settlement agreement, Pharming paid Paul Royalty Fund US$28.0 million, of which US$13.0 million immediately following the settlement agreement and the remaining US$15.0 million in January 2008. The total repayment amount of US$28.0 million equalled €19.4 million, which exceeded the €11.3 million carrying value of the liability towards Paul Royalty Fund. In addition, the exercise period of the warrants issued to Paul Royalty Fund in 2006 was extended for a three year period; the extension resulted in a non-cash expense of €1.0 million with a corresponding increase of shareholders' equity. Altogether, the total settlement result was a one-time expense of €9.1 million of which €8.1 million paid in cash and €1.0 million value allocated to the warrants. The 700,000 warrants with an exercise price of €4.00 each are still outstanding as per the date of this Registration Document and expire in 2011 (see Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Warrants").

Earn-out interest relates to two milestone earn-outs agreed with former DNage shareholders upon the acquisition effected late 2006. The €5.0 million nominal value of each of the milestones have been discounted at 20-23% assuming best estimates of success rates and achievement dates; the periodic discount charge is recognised as an interest expense. The payment by the Company to the Former Shareholder of these milestone payments and all other future earn-out payments based on future sales of DNage shall be settled pursuant to the Settlement (which is subject to the conditions as set forth in Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off").

Net interest income is based on available balances of cash and cash equivalents plus marketable securities. In the years 2007 and 2008 marketable securities have generated fixed interest of €0.4 million per year against €0.3 million in 2009 following divestment of the assets. Net interest from cash and cash equivalents was €0.9 million in 2007 and increased to €1.6 million in 2008 but, due to the cash outflows in 2008-2009, decreased to €0.2 million in 2009 (of which €0.1 million in the first quarter, with less than €0.1 million in the first quarter of 2010). Fluctuations are highly related to available cash and cash equivalent balances and the timing of transactions, such as the issuance of the Bonds late 2007.

Liquidity and Capital Resources

Pharming's primary sources of liquidity have been funds generated through equity and debt financing, in addition to limited income generated through licensing agreements and government grants.

In 2007, Pharming issued Bonds with a nominal value of €70.0 million, which excluding transaction fees and expenses resulted in a cash receipt of €67.0 million. The cash generated from the Bonds was sufficient to cover Pharming's operations into 2009 so that no equity or debt agreements were entered into in 2008.

In April 2009, Pharming entered into the €20.0 million standby equity distribution agreement dated 14 April 2009, as amended in October 2009 ("SEDA"), with Yorkville Advisors Global Master SPV Ltd ("Yorkville"). Under the terms of the SEDA, Yorkville can invest a total of up to €30.0 million in a three year period until April 2012. Pharming has the right, but not the obligation, to call the funds in regular tranches. Pharming is entitled to call up to €0.4 million per tranche by issuing Shares at a 5% discount to the market price, provided the market price of the Shares is at least 20% above the nominal value of the Shares. If the share price is below that level Pharming and Yorkville may agree to a call of funds but, under those circumstances, Yorkville has no obligation to accept the call. Yorkville may also accept a single tranche exceeding €0.4 million. Calls under the SEDA are (i) not possible during a closed period, (ii) are not possible within 5 trading days following the previous request for a call, (iii) are subject to the satisfaction of the conditions precedent as set forth in the SEDA, including, *inter alia*, the Company having duly complied with its obligations under the SEDA, the granting of certain warranties and no material breach of warranties having occurred. Furthermore, calls under the SEDA are only possible in case the Management Board has been granted with the authority to issue Shares by the general meeting of shareholders. In certain circumstances Yorkville may terminate the SEDA, such as the Company materially failing to comply with SEDA's requirements, the Company being in material breach of any warranties granted to Yorkville and the occurrence of an event or circumstance that constitutes a material adverse change in the assets or the financial of trading position of the Company and its group companies. During the term of the SEDA, the Company is subject to certain covenants, such as a covenant not to effect any merger or consolidation of the Company unless the successor or acquiring entity assumes the obligation to deliver to Yorkville such number of shares or securities as Yorkville is entitled to receive following a consolidation event pursuant to the SEDA. In 2009, Pharming issued 13,071,669 Shares under the SEDA (including 1.2 million Shares which were issued upon execution of the SEDA in April and of the amendment in October) and raised a total amount of €6.6 million in cash.

In January 2010, Pharming entered into subscription agreements with non-disclosed institutional investors and issued 75 convertible bonds (the "Private Bonds") and 15 million warrants (the "Warrants") against an aggregate subscription price of €7.5 million. The interest on this debt is 9% per annum and is payable in up to four quarterly instalments in Shares or cash, such at the option of Pharming. If paid in Shares, the number of Shares to be issued as interest payment is based on 95% of the Market Price (as defined in Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – Private Bonds"). The Private Bonds can be converted until 31 December 2010 into Shares. The Warrants may be exercised until 31 December 2012 by means of a cashless exercise. The first instalment on the Private Bonds was due on 31 March 2010 and was paid by means of an issuance of 407,475 Shares in April 2010. In addition, an aggregate number of 8,729,295 Shares were issued in April and May 2010 due to the conversion of Private Bonds with a nominal value of €2.9 million. The Private Bonds can only be called in cash by the holders thereof if Pharming receives a very substantial

(undisclosed) upfront payment from a commercialisation agreement for Rhucin entered into for the US. With the entering into the agreement with Swedish Orphan, this milestone was not reached.

See Chapter 8 “Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – and – Warrants – and – Anti-Dilution Rights” for a further description of the terms and conditions of the Bonds, Private Bonds and Warrants.

Cash Flows

The Company's total liquidity position comprises cash and cash equivalents (including restricted cash) plus marketable securities, which were sold in the fourth quarter of 2009. For the purpose of the cash flow statement the marketable securities, which are highly liquid investments in AAA-bonds, are not included. The fair value of the marketable securities was €4.0 million at 31 December 2007 and €3.7 million at 31 December 2008.

In 2007, cash increased by €35.0 million to €61.3 million. Cash outflows from operating activities of €21.7 million, investment activities of €0.7 million and exchange rate losses of €0.2 million were offset with €57.6 million net cash flows from financing activities. The main portion of the financing activities were the issuance of a €70.0 million convertible bond minus €10.5 million repayments to Paul Royalty Fund and €3.0 million fees and expenses related to the issuance of the Bonds.

Pharming ended the year 2008 with a cash position of €19.8 million compared to €61.3 million at 31 December 2007. The €41.5 million decrease stems from operating activities of €21.9 million, investing activities of €0.8 million and financing activities of €18.8 million. The financing activities included a final settlement payment of €10.1 million to Paul Royalty Fund, convertible bond interest payments of €4.8 million and €3.8 million paid to bondholders in exchange of their Bonds.

In 2009, cash and cash equivalents further decreased from €19.8 million to €2.3 million. Cash outflows from operating activities of €24.3 million were offset with net cash flows from investment activities of €4.2 million and €2.5 million net cash flows from financing activities as well as exchange rate profits of €0.2 million. Investment activities comprised €4.5 million cash proceeds from the divestment of marketable securities net of investments in property, plant and equipment of €0.3 million. Financing activities related to net proceeds of Shares issued in the amount of €9.2 million, of which €6.6 million under the SEDA with Yorkville, minus semi-annual interest payments to bondholders of €1.9 million and total 2009 cash payments of €4.7 million to bondholders in relation to cancellations of their Bonds.

In the first quarter of 2010, net cash and cash equivalents increased from €2.3 million to €3.3 million. The €1.1 million net increase results from the proceeds of the Private Bonds (€7.5 million) and operating cash outflows of €6.3 million as compared to €6.4 million in the first quarter of 2009. Overall, including payments of €1.0 million in relation to the cancellation of Bonds and €0.1 million invested in property, plant and equipment, net cash in the first quarter of 2009 decreased by €7.5 million from €19.8 million to €12.3 million.

Principal Investments

Investments in leasehold improvements of €0.5 million in 2007 contributed to total investments for the year of €0.7 million.

In 2008, Pharming invested a total amount of €0.5 million in relation to expansion of the intellectual property portfolio for transgenic technology patents acquired from Advanced Cell Technology, Inc and an exclusive sublicense in the field of recombinant fibrinogen from GTC. Further, 50% of the investments in property, plant and equipment of €0.3 million were related to investments in operational facilities.

For the year ended 31 December 2009, total investments in property, plant and equipment of €0.3 million (of which €0.1 million in the first quarter) were largely associated to improvements in the operational facilities.

Investments in the first quarter of 2010 were limited at less than €0.1 million.

Save for regular investments in property, plant and equipment, no significant investments are planned in the near future. Possible investments in equipment necessary for upscaling of downstream manufacturing at the third party contract manufacturing site(s) for the production of Rhucin are foreseen to be financed by means of leasing.

Contractual Obligations

The Company has entered into non-cancellable operating lease commitments for rent of offices and laboratories as well as lease cars. Based on the current status of these contracts, anticipated costs for both 2010 and 2011 are €0.7 million. Due to expiration of the rental agreement in 2011, the non-cancellable commitments will decrease to €0.1 million in 2011 and €0.3 million in both 2012 and 2013. The Company has an option to extend the rent for 5 years after the initial expiration period. The lease commitments are anticipated to be paid from cash to be generated, in principle, through operating cash flows such as income from license agreements and product sales. If needed, such funds could also be attracted through incurring debt and/or equity transactions (including the SEDA).

Off Balance Sheet Arrangements

The status of Pharming's material off balance sheet arrangements is described below.

Until 2002, the Company received income under two separate Dutch government arrangements called 'Technisch Ontwikkelings Krediet' (Technical Development Credit) for the development and commercialisation of human lactoferrin and/or recombinant human collagen type I. In principle, all amounts received plus interest should be repaid to the extent that Pharming earns revenues from the commercialisation of products. Repayments will be forgiven if the products do not materialise within a certain period.

Under the first arrangement, which beared 8% interest per annum, the repayment period ended at the end of 2009. As Pharming has received no revenues related to human lactoferrin during this period, this grant has expired and no repayment will be due anymore.

For the second arrangement, which bears 4.9% interest per annum, the repayment period ends at the end of 2011. Pharming has to repay between 15% and 40% of realised net turnover for certain applications. As at 31 December 2009, the total amount of grants and accrued interest under this arrangement amounted to €4.2 million

Dividend Policy

Pharming has not paid dividends since its incorporation and currently intends to retain future earnings, if any, to finance the growth and development of its business. As a result, the Company does not anticipate paying any dividends for the foreseeable future. With respect to the restriction to pay dividends included in the terms and conditions of the Private Bonds, reference is made to Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – Private Bonds".

Pharming's dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the Management Board, subject to approval of the Supervisory Board, after taking into account various factors including our business prospects, cash requirements, financial performance and the requirements of Dutch law. Under Dutch law, payment of dividends may be made only if the shareholders' equity exceeds the sum of the called up and paid-in share capital plus the reserves required to be maintained by law and by the Articles of Association.

5. BUSINESS

Overview

Pharming aims to address unmet medical needs by developing innovative protein therapeutics. These products are developed on the basis of Pharming's proprietary production technology. The Company's lead product candidate, Rhucin®, is the therapeutic protein rhC1INH for treatment of acute attacks of HAE, a genetic disorder. The Company also develops applications of rhC1INH in the area of organ transplantation. In addition, the Company pursues the development, internally or externally, of other products in its pipeline, including rhFIB, hLF and rhCOL, mainly through strategic alliances and partnerships with interested parties..

At the moment, Pharming is exploring opportunities to further improve its financial position and is seeking for a gradual disposal of its interest in DNage as further described in Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off".

History

Pharming was founded in 1995 as a spin-off from GenPharm Intl. In 1998 it became public through an initial public offering at EASDAQ, the Pan-European electronic trading platform for growth companies (which ceased to exist in 2003). In 1999 Pharming was listed on the Amsterdam Stock Exchange (now called Euronext Amsterdam by NYSE Euronext). In 2001 and 2002 the Company underwent a major financial and corporate restructuring reducing its workforce from 240 people to below 50 while focusing most of its resources on the development of Rhucin. In 2004 the Company strengthened its financial position through a private placement of Shares, while it further strengthened its position in 2007 through the issuance of convertible bonds.

In late 2006 the Company acquired DNage, a small biotech company focusing on diseases associated with old age, to expand its technology platforms and obtain access to new product lines. In late 2007 Pharming received a negative opinion from the EMA reviewing Rhucin for European market authorisation. While most of the reasons for the negative opinion were removed during the re-examination process, the negative opinion was maintained and became final in 2008. The Company re-submitted a dossier for market authorisation in Europe in September 2009 after obtaining the additional clinical data as requested by the committee in 2007/2008. The committee is currently reviewing the dossier. Pharming expects to receive the final opinion from the EMA by the end of June 2010.

In the course of 2008 and 2009 the Company cancelled approximately €60 million of its €70 million outstanding convertible debt by partial payment in cash and issuance of Shares to the bondholders. In 2009 and 2010, the Company issued Shares and convertible bonds in private placements to strengthen its financial position.

Strategy

The mission of Pharming is to develop innovative therapeutics for unmet medical needs and to provide solutions to the potential limitations of existing recombinant protein production methods. The Company's product candidates include potential treatments for genetic disorders and specialty products for surgical indications. Pharming's technologies include novel platforms for the production of protein therapeutics, as well as technology and processes for the purification and formulation of these products. Pharming intends to orchestrate the complete development of therapeutic products by concentrating on its core competencies and forming strategic partnerships to obtain access to other required competencies.

Pharming's strategy to become an international specialty pharmaceutical company is based on three pillars:

1. Product development strategy: Pharming focuses on demonstrating early proof of concept for indications with high unmet medical needs. Pharming is developing indications which fit with its capabilities and resources. For programs with a higher risk profile, or programs targeting larger indications, Pharming is pursuing strategic co-development partnerships.

2. Commercialisation strategy: Pharming intends to form strategic partnerships to obtain access to other required competencies, such as marketing and sales. Pharming explores both partnering possibilities for commercialisation of its products and the option of setting-up its own commercialisation infrastructure.

3. Financing strategy: Pharming focuses on the commercialisation of Rhucin/C1 inhibitor, and the development of C1 inhibitor for additional indications, followed by other selected products from its pipeline to generate value both in the short-term and long-term. The Company is, for its long term existence, exploring opportunities to further improve its financial position, which include (i) identification of development and commercialisation partnerships, such as the collaboration with Swedish Orphan for Rhucin which was closed in April 2010, generating upfront and regulatory milestone payments and future royalties from sales, (ii) the gradual disposal of its interest in DNage (see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off"), and (iii) financing by means of debt and/or equity instruments.

The key elements of Pharming's strategy to develop and commercialise selected therapeutic products to market include:

- strengthening of the financial position of the Company, for instance through (combinations of) licensing deals, loans and equity transactions;

- pursuing regulatory marketing approval from the EMA and from the FDA for Rhucin (rhC1INH) for acute attacks of HAE;

- developing rhC1INH for additional indications, including applications in the area of organ transplantation;

- entering into partnerships to commercialise its products, including Rhucin, and thereby drive revenues through milestone and royalty payments;

- leveraging its proprietary transgenic technology to produce additional recombinant human protein therapeutics for development;

- entering into co-development partnerships to accelerate development of new indications and new product candidates; and

- pursuing and maintaining patent protection for its innovative technologies, products and processes, and pursuing Orphan Drug designation its products where relevant.

Business Plan

Without prejudice to the risks described in Chapter 1 "Risk Factors Relating to Pharming", the key assumptions on which the business plan of Pharming for the next two years is based are the following:

1. The Company will be able to generate sufficient cash to fund its activities.

2. Rhucin will be approved by the competent regulatory authorities (in particular EMA and FDA).

3. The Company will be able to find additional commercialisation partners capable of efficiently marketing and selling Rhucin in major markets.

4. Products under development will demonstrate an acceptable benefit/risk ratio in clinical studies.

5. The ability to keep key employees or attract replacements if necessary.

The Company takes the following view of the risks associated with these assumptions and the sensitivity of these assumptions with respect to the business in the next two years.

Assumption 1 is a 'conditio sine qua non' and, by far, the most important assumption. The available cash and marketable securities per 31 March 2010 amounted to €3.3 million**.** Pharming's operational and capital expenditure requirements for the 12 months after the date of this Registration Document are in the range of €20-24 million with the planned execution of certain activities, such as additional clinical trials for new indications and/or the (continued) development of certain products, depending on availability of sufficient funds to be generated. In addition, remaining holders of the Bonds of €10.9 million nominal value received €0.4 million interest by the end of April 2010 and are entitled to a similar amount by the end October 2010. In addition, these Bondholders may exercise their put option on 31 October 2010, which would oblige Pharming to repay the principal amount of the outstanding Bonds. As a result, in case this put option would be exercised in full, the aggregated cash expected to be used in the 12 months following the date of this Registration Document may increase to approximately €35 million.

A significant portion of the efforts of the Management Board is directed towards securing sufficient funds for the continued business of the Company. At the date of this Registration Document, Pharming expects to be able to secure these funds in a timely fashion. Pharming's view is based on the following.

Firstly, the Company currently has a SEDA in place with Yorkville which it can use, at its discretion, to issue Shares in return for cash between the date of this Registration Document and April 2012, Pharming can potentially issue Shares to Yorkville for a cash consideration of €23.4 million. For more information on the SEDA, see Chapter 4 “Operating and Financial Review – Liquidity and Capital Resources”.

Secondly, the Company has existing agreements in place with Swedish Orphan, Esteve and EIP which entitle Pharming to certain payments, related to the achievement of certain milestones (e.g. the regulatory approval of Rhucin by the EMA) as well as royalties on net sales from sales in the EU, Iceland, Norway, Switzerland and Turkey.

Thirdly, Pharming is currently also in negotiations with several companies to establish additional agreements for Rhucin/rhC1INH for territories outside the EU, Iceland, Norway, Switzerland and Turkey. The Company’s objective is to conclude a license agreement for these territories shortly.

Fourthly, the Company may be able to issue new Shares either through private or public offerings. With the receipt of the final opinion from the EMA being expected by the end of June 2010 and major milestones coming up and the Company preparing for submission of its market authorisation file of Rhucin with the FDA, Pharming believes that new funds can be raised these ways.

Assumption 2 is important since adequate regulatory approvals to enter the market are required before a new pharmaceutical product can be sold. The Company expects that such approval can be obtained in respect of Rhucin by the EMA by the end of June 2010, although no assurances can be given. This position is based on the fact that Rhucin was reviewed by the EMA leading to a negative opinion in early 2008 based on a limited number of considerations which were all extensively addressed in the new MAA submitted in September 2009. The Consolidated List of Questions that was received from the EMA at the end of January 2010, contained no ’major concerns’ and responses were submitted with fast turn-around, as announced on 18 March 2010. Pharming submitted the responses for the Day 180 List of Questions on 25 May 2010 without the need of a one-month clock stop. Pharming is also preparing for submission of its market authorisation file (BLA) of Rhucin in the United States with the FDA. If nevertheless one or

more regulatory authorities such as the EMA or the FDA would not approve the marketing authorisation, the Company will review the reasons why the dossier is not approvable and, will aim to address these issues as soon as possible. However, non-approval by a regulatory authority would, however, cause a delay and may, ultimately, jeopardise the product development program as well as the commercialisation thereof in that geographical region and would adversely affect the Company's business, financial condition and prospects.

Assumption 3 is important for the commercial success of the Company. Pharming, currently, does not have a marketing and sales organisation. Like many other companies in this sector of the industry it relies for its commercial success in the major markets on partners who do have such an infrastructure. Typically, licensing agreements are established between a life science company and a larger pharmaceutical company or a larger biotech company under which the development company receives payments (in the form of upfront payments, milestone payments and royalties) in return for granting licenses and commercial rights for the product to the partner. Currently, the Company has entered into licensing agreements with Swedish Orphan, Esteve and EIP. If Pharming would be unable to find other license partners under acceptable terms it may have to decide to establish its own organisation in (parts of) these remaining geographical regions. This would require additional financing efforts, without assurance of success, as well as a (possible) delay in the execution of the business plan.

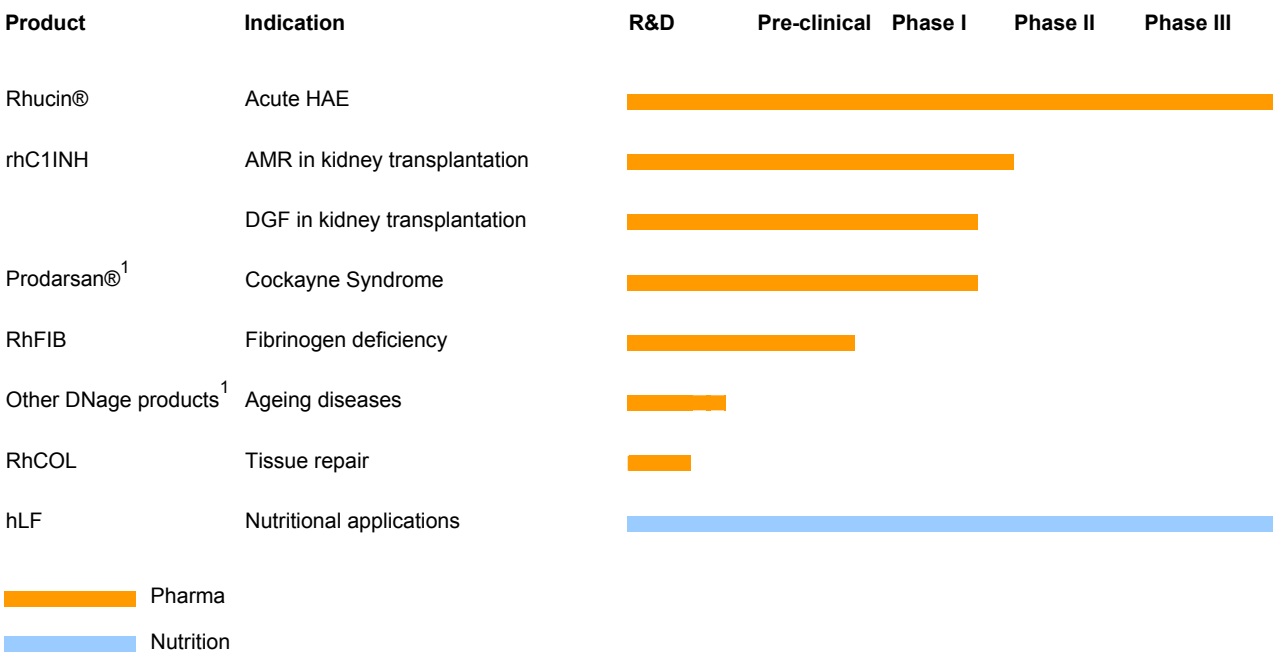
Assumption 4 is important for the further growth of the Company. Although the first application of Rhucin, being therapeutic treatment of acute attacks of HAE, is in the view of the Company, a commercially attractive market, Pharming believes that additional indications of Rhucin are larger in terms of commercial potential. Entry into other markets with different indications also makes the Company less vulnerable to the risks, unavoidably associated with one product in one market or territory. The Company tries to mitigate this risk by performing extensive pre-clinical and other research to maximise the chances of a product before it enters into human clinical studies.

Assumption 5 is also important for the further growth of the Company. The business of Pharming is highly specialised and requires specific expertise from highly educated and trained professionals. Since, there is severe competition on an international scale between companies in the relevant industry for talented and experienced individuals, there is a risk that one or more of these employees may leave causing delays in the execution of the business plan. Pharming tries to attract and retain talent by a combination of incentives including competitive compensation structures, participation in option and share plans and providing an attractive employment culture.

Business

Pharming develops innovative therapeutics for several indications, with a focus on genetic disorders and ageing diseases. Pharming's lead product is Rhucin for acute HAE attacks. Other applications include specialty products for surgical indications and intermediates for nutritional products. Pharming's strategy is to demonstrate early proof of concept for indications with high unmet medical needs and develop indications which fit with its capabilities and resources. For programs with a higher risk profile, or programs targeting larger indications, Pharming is pursuing strategic co-development partnerships.

A summary of Pharming's products, their applications and development status is depicted in the overview below.



[1] DNage and Prodarsan are subject to the Spin Off, see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off".

Pharming has broadened its product and application pipeline and made progress across a number of products. Several products are in or moving towards clinical development status. Clinical development of Pharming's lead product, Rhucin for acute HAE attacks, has been completed. Rhucin has been filed for marketing authorisation with the EMA early September 2009. Pharming expects to receive the final opinion by the end of June 2010. Other products in the clinical stage of development are recombinant Human C1 inhibitor (rhC1INH) for the treatment of antibody-mediated rejection (AMR) and delayed graft function (a reperfusion injury related indication) (DGF) in kidney transplantation. Subject to availability of funding, a Phase II clinical study for AMR is expected to start during the first half year of 2010. Preparations for a Phase II study for DGF are also ongoing. Recombinant human fibrinogen (rhFIB), as an alternative to current plasma derived fibrinogen products, is in early pre-clinical stage. Furthermore, human lactoferrin (hLF) is being developed as additive for functional food products.

Pharming (through its subsidiary DNage) is also active in the field of identification and development of biomarkers in human ageing. Currently, DNage is developing Prodarsan for Cockayne Syndrome (a premature ageing disease). Pharming is seeking for a gradual disposal of its interest in DNage (see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off").

Rhucin for HAE

For the immediate future, the focus of the Company is first and foremost on the completion of its European and US regulatory filings of Rhucin for the treatment of acute HAE attacks. The current dossier includes results from over 400 administrations, including good evidence of efficacy and safety in repeated use and in severe laryngeal attacks while no significant immunogenic responses have been recorded. Pharming submitted the MAA for Rhucin to EMA early September 2009 and expects the final opinion by the end of June 2010 (Day 210 of the review procedure). The Company also initiated the pre-BLA process with the US FDA and will provide further updates on the upcoming US-filing during the first half of 2010.

Rhucin or Pharming's recombinant human C1 esterase inhibitor has been developed for the treatment of acute attacks of Hereditary Angioedema (HAE). HAE is a human genetic disorder. Patients are carrying a mutation in the C1 esterase inhibitor gene ("C1INH"), which leads to a deficiency of functional C1INH protein. This protein regulates several inflammatory pathways in the body by inhibiting certain proteins (proteases) that are part of the human defence system. Deficiency of functional C1 inhibitor can result in an overreaction of the immune system. In fact, this leads to excessive activation of the complement system and other immunological and haemostatic pathways, which causes angioedema attacks. These attacks are characterised by acute painful and in some cases fatal swellings of soft tissues (edema), including regions of the skin, abdomen and the mouth and throat. Untreated HAE-attacks may last up to five days. In the Western world, approximately 1 in 30,000 individuals suffers from this disease, having an average of seven acute attacks per year.

Administration of C1 inhibitor protein can normalise the immune response and stop these angioedemic attacks. Rhucin, a recombinant human version of this protein, is being produced with Pharming's own transgenic technology: in milk from transgenic rabbits at high quantities, of high-grade and consistent quality. The product has Orphan Drug status for both prophylactic and acute treatment of Hereditary Angioedema. Rhucin could provide a potentially safe and effective treatment for patients of HAE.

Rhucin has been shown to be safe and effective for treating acute attacks of HAE in the development program including two double-blinded randomised placebo-controlled clinical trials with two doses of Rhucin (100 U/kg and 50 U/kg) or placebo in Europe and North-America. In each of these placebo-controlled studies, Rhucin showed statistically significant superiority over placebo in efficaciously treating the acute attacks. There was no difference between the two doses of Rhucin, and no relapses of the HAE-attacks. The adverse event profile of Rhucin was unremarkable.

Pharming filed a MAA for Rhucin with the EMA in 2006. In March 2008, Pharming received a negative opinion regarding its MAA. EMA's Committee for Medicinal Products for Human Use indicated the dossier contained insufficient evidence with regard to safety and efficacy of Rhucin upon repeat use, potential allergic reactions and the risk/benefit ratio in severe attacks (especially of the larynx).

Based on the feedback of the EMA, Pharming has expanded the dossier on Rhucin substantially. By June 2009, over 400 administrations of Rhucin were analysed, with more than half of them repeat treatments (up to as much as twenty five repeat treatments per patient). There was no sign of any relevant safety issues in these repeat treatments, nor of induction of allergies and the efficacy was confirmed to be very good, including in patients with laryngeal attacks: over thirty laryngeal attacks were successfully treated with Rhucin. Pharming has submitted a new MAA for Rhucin to the EMA on 3 September 2009. Pharming expects to receive the final opinion from the EMA by the end of June 2010. This expectation is based on the Day 120 Consolidated List of Questions that was received from the EMA at the end of January, containing no ’major concerns’ and the subsequent fast turn-around of the questions by Pharming as announced on 18 March 2010. Pharming submitted the responses for the Day 180 List of Questions on 25 May 2010 without the need of a one-month clock stop.

Pharming is also preparing for filing of its market authorisation file (BLA) of Rhucin in the United States. The Company initiated the pre-BLA process with the FDA early December 2009. Pharming is currently continuing the pre-BLA discussions with the FDA and expects to provide further updates on the upcoming BLA filing timelines in the United States during the first half of 2010.

Pharming has entered into three commercial agreements for Rhucin. In 2004, the Company signed an agreement with Esteve for the development, marketing and sales of Rhucin in Spain, Portugal and Greece. In 2008, Pharming signed an exclusive licensing and distribution agreement with EIP for the marketing and sales of Rhucin in Turkey. The commercial agreements with Esteve and EIP provide for the payment to Pharming of certain (undisclosed) milestones depending on progress in registration and commercialisation as well as royalties on net sales and compensation for manufacturing costs incurred by Pharming. In April 2010 Pharming entered into an exclusive distribution partnership with Swedish Orphan for Iceland, Norway, Switzerland and all the territories of the EU except Spain, Portugal and Greece. This

distribution partnership provided Pharming with an undisclosed upfront payment and entitles Pharming to undisclosed milestone payments upon marketing authorisation and the granting of orphan market exclusivity by the EMA. Swedish Orphan will buy finished product from Pharming for a transfer price that incorporates a (progressive) tiered royalty component based on annual net sales performance.

Pharming continues to discuss and negotiate with potential Rhucin licensing partners for the territories outside the EU, Iceland, Norway, Switzerland and Turkey. These discussions and negotiations are initially focused on the North American territories and the Company's objective is to conclude a license agreement for these territories shortly.

Recombinant Human C1 Inhibitor for other indications than HAE

Pharming is developing recombinant human C1 inhibitor for the treatment of antibody-mediated rejection (AMR) and delayed graft function (DGF) in kidney transplantation.

Despite all the technical advances that have been made during the last decades, rejection of transplanted organs remains a critical issue. Given the shortage of available organs and the high costs associated with transplantation, there is a need for new and safe products that reduce the risk of organ rejection. There is significant scientific evidence that rhC1NH can be used to prevent complications after organ transplantation. The protein C1 inhibitor is a key inhibitor of the classical complement system (part of the human immune system) and reduces the inflammatory reactions that lead to tissue damage, malfunctioning and often a total rejection of the transplanted organ. Therefore, the C1 inhibitor protein may play a significant role in improving transplantation success rates.

Two key situations, heavily impairing the success of transplantation, may arise following organ transplantation:

- AMR: Antibody Mediated Rejection occurs when a transplant because of suboptimal histo-compatibility is perceived by the recipient as a foreign body. The immune system is activated and the foreign body is attacked, which can lead to organ failure and immunological rejection. As the number of waiting recipients is outgrowing the number of available donors, transplantations with sub-optimal matching levels occur increasingly. This results in relatively higher rejection rates. Treatment with rhC1INH may add to the suppression of the acute immunological reaction.

- DGF: Delayed Graft Function is a situation occurring immediately after transplantation. Lack of oxygen during the procedure may cause a delayed functioning of the transplanted organ. This can eventually result in improper functioning and rejection of the transplanted organ. As C1 inhibitor indirectly reduces inflammatory reactions, treatment of at risk patients with rhC1INH in an early stage of transplantation might reduce the incidence of DGF and ultimately enhance the transplantation success rates.

Proof of concept for AMR in kidney transplantation was confirmed in a pre-clinical primate model (published in a peer reviewed journal in March 2010). The FDA approved the IND for a clinical study in AMR in kidney transplantation. In this study, patients suffering from AMR will receive rhC1INH in addition to standard of care and compared with patients treated with standard of care only, consisting of a combination of non-specific treatments including plasmapheresis, steroids and intravenous immunoglobulin.

Pharming's rhC1INH has Orphan Drug status from the FDA for the prevention and/or the treatment of AMR and Orphan Drug status from the EMA and FDA for the treatment/prevention of DGF. The Company is preparing the start of Phase II studies of rhC1INH in both AMR and DGF in kidney transplantation in the course of 2010.

Reperfusion injury is a complication arising from oxygen shortage due to an interruption of the blood supply (ischemia) resulting in tissue damage. This can occur in the kidney in the case of transplantation,

in the brain, in case of stroke, and in the heart, in case of myocardial infarction ('heart attack'). Pharming investigated and confirmed the efficacy of its rhC1INH in various pre- clinical reperfusion injury models, the most recent one, a swine model for DGF in kidney transplantation, was published in a peer reviewed journal in February 2010. Pharming is preparing clinical investigations into its first reperfusion injury related indication, treatment/prevention of DGF following kidney transplantation.

Additional indications, such as macula degeneration, an ophthalmologic disease leading to blindness (age-related *macula* degeneration or AMD) are being evaluated.

The Company's main focus currently is the commercialisation of Rhucin/C1 inhibitor, to be followed by the development of rhC1NH for the treatment of AMR and DGF in kidney transplantation.

Human Lactoferrin

Lactoferrin is a protein naturally occurring in many human secretions including mother's milk, saliva and tears. The protein has unique anti-infective and anti-inflammatory properties and it plays an important role in the defense system of infants as well as adults, where it is active against a wide range of bacterial, fungal and viral pathogens.

Pharming is developing human lactoferrin (hLF) for its first commercial application; an ingredient in foods and food supplements, targeted at people who will benefit from the use of hLF. The product also has potential for pharmaceutical applications (e.g. against systemic infections).

In October 2008, Pharming signed a broad license agreement with Aslan for the manufacturing, marketing and distribution of food products containing hLF. The agreement is exclusive for Turkey, the Middle East, United Arab Emirates, Russia, Ukraine and several other countries in this region and includes a non-exclusive license to other parts of the world. Despite the efforts of Pharming and Aslan to obtain the necessary approvals to start the activities in Turkey, such approvals have not yet been granted. Pharming is currently in discussions with other third parties in respect of the possibilities for commercialisation of hLF as a functional food additive in South East Asia and South America.

As the commercial development of hLF (outside the US) is being pursued for which no GRAS status is required, the procedure to obtain a GRAS status from the FDA has become less important and has been terminated at the request of Pharming.

As the Company's main focus is currently the commercialisation of Rhucin/C1 inhibitor, the development of its other products, including human lactoferrin for use as an ingredient in food supplements, is experiencing less progression.

Prodarsan

Through its subsidiary DNage, Pharming is developing Prodarsan as a pharmaceutical for the treatment of Cockayne Syndrome. Prodarsan is a combination of small molecules that (in animal models) are able to delay the development of ageing diseases. It is thought to neutralise substances that cause DNA damage, and so delay the accumulation of DNA damage, or to trigger cellular responses that protect from premature ageing. Ageing is a natural process but as a result of a DNA repair defect, children with Cockayne Syndrome age unusually fast and develop age-related diseases at very young ages. There is no cure and patient organisations and the medical community voice the need for therapies that will slow down this process, reduce the symptoms, and thus increase the quality of life. Prodarsan is being developed as a pharmaceutical for the treatment of Cockayne Syndrome. In 2009, Prodarsan received Orphan Drug status from the FDA for this indication.

At the moment, Pharming is exploring opportunities to further improve its financial position and is seeking for a gradual disposal of its interest in DNage and has executed an agreement with the former shareholders of DNage to settle all payment obligations. Pharming's Chief Commercial Officer, Mr.

Strijker, is leading the Spin Off process on behalf of DNage. The Settlement and the Spin Off are further described in Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off".

Recombinant Human Fibrinogen

Fibrinogen is a natural plasma protein involved in blood clotting. In combination with thrombin, it can form insoluble fibrin polymers (fibers) or clots. Fibrinogen is a very complex protein consisting of several subunits folded together in fixed ratios. Deficiency or low levels of active fibrinogen can result in uncontrolled bleeding and be life-threatening.

Pharming is developing recombinant human fibrinogen (rhFIB) to provide an alternative to current plasma derived fibrinogen products. Pharming produces rhFIB in cow's milk using its protein production technology and patents and licenses for the production and purification of rhFIB. This results in a recombinant fibrinogen product of high-quality, in large quantities and at relatively low cost. Pharming's rhFIB has Orphan Drug status from the FDA for the treatment of bleeding in patients that are deficient in fibrinogen. The development as an intravenously administered biopharmaceutical product is currently in pre-clinical stage.

RhFIB has the potential to address the significant market of acquired fibrinogen deficiency. This type of deficiency can arise as a result of genetic disorder or following profuse bleeding during surgery or traumatic injury.

As the Company's main focus is currently the commercialisation of Rhucin/C1 inhibitor, the development of its other products, including recombinant human fibrinogen as an alternative to current plasma derived fibrinogen products is experiencing less progression.

Recombinant Human Collagen

Collagen is the most common protein in the human body and can be found in skin, bone, blood vessels and many other tissues. It provides tensile strength to these tissues and gives them structural integrity. Therefore, collagen has several applications in the field of biomaterials.

Pharming is developing recombinant human collagen type I (rhCOL) for use in various applications. This product can potentially overcome the disadvantages of collagen products derived from animal and human tissues as it is a natural human protein produced by recombinant technology. It can be manufactured in large quantities, with a consistent high quality, and at relatively low cost. RhCOL could thus provide an alternative to existing collagen products.

From 2008 to date activities related to the development of rhCOL have been limited to research activities needed for future product development due to the focus on obtaining the marketing authorisation of Rhucin. For the further development of rhCOL Pharming may need to extend the license it currently has in place, which is limited to oral tolerance induction.

Research and Technology

Pharming develops innovative therapeutics for several indications, with a focus on genetic disorders. Pharming has technology platforms for the production, purification and formulation of its recombinant protein products. The Company has a large portfolio of patents issued and pending, supporting these technologies and products.

Transgenic Production Technology

There is a need in the industry for new means to produce the many (over 900) protein therapeutics in development. Pharming believes that its production technology offers significant competitive advantages and will enable the development of better, safer and more cost-effective therapeutic products.

After the discovery of DNA and recombinant DNA techniques in the past decades it became possible to transfer genes between different organisms, such as plants and bacteria. Scientists discovered how to transfer mammalian genes into the genetic material of other animals, and breed transgenic animals with specific (mixed) characteristics. Pharming's predecessor company GenPharm was founded to commercialise this innovative technology. The Company further improved this technology and made it fully compliant with regulatory guidelines that apply in the US and Europe. Pharming is able now to produce complex human proteins in the mammary glands of genetically modified rabbits or cattle and purify the protein from milk for its therapeutic application.

Pharming develops tailor-made purification processes for each of its recombinant products to ensure the highest possible quantity, quality and purity. To separate the specific human protein from the other natural components in milk a cascade of (different) steps is required. These processes are developed by Pharming's R&D department and transferred in close cooperation with Pharming to contract manufacturing organisation for large-scale production in accordance with Good Manufacturing Practices ("GMP"). An example of such is the large-scale GMP-purification of Rhucin from rabbit milk.

Both Pharming's upstream in-house production process (milk production) and downstream processes (protein purification and fill and finish) at third party contract manufacturers are GMP-approved and can be fully controlled. This production system includes several virus removal and inactivation steps and obviously, as Pharming's products are not originating from human blood donors, there is no chance of transmission of human blood-borne agents. Pharming's protein production method thus has the advantage of delivering high quality complex human proteins in high quantities. In case of Rhucin, ten kilograms of purified product is produced by 135 rabbits (compared to 80,000 blood donors). To enable sufficient supplies of Rhucin/rhC1INH after the respective market approvals, Pharming has been producing significant amounts of the product in its respective intermediate holding stages; milk, frozen at 80ºC and bulk Active Pharmaceutical Ingredient (API), as well as finished product (vials of Rhucin ready for injection).

Pharming's upstream production capacity is also undergoing significant up-scaling in anticipation of the impending regulatory approvals.

Intellectual Property

Patents

Patents and other proprietary rights are critical to Pharming's business. Pharming's policy is to file patent applications to protect technology, including production processes, products (or composition of matter) and use of products, and improvements thereto that are of potential interest to the development of its business. Pharming's policy is to extend patent coverage to countries that represent a market opportunity for its products, its technology or both, in order to be able to sell licenses or form partnering alliances for joint development of its technologies in related fields. The Company also relies on confidentiality agreements and other measures to protect its proprietary technology, drug candidates and products.

In seeking to obtain the most extensive patent protection possible, Pharming generally starts by filing an initial patent application with the European Patent Office ("EPO") and a provisional patent application with the United States Patent and Trademark Office ("USPTO"), which fixes the relevant priority date. Within one year of these initial filings, the Company files an application under the Patent Cooperation Treaty ("PCT") and in relevant non-PCT contracting states, e.g. in Taiwan. Usually, within 30 months of the PCT

filing and after the PCT examination, the Company files patent applications with the EPO, in the US, Japan and other important countries, including Australia, Canada and New Zealand. Patents granted by the EPO may cover all European Patent Convention ("EPC") contracting states and are generally validated in most countries. Without regarding national European patents as separate patents, the Company's patent portfolio includes around 120 issued patents worldwide, of which around 60 in the US.

Pharming owns a number of patents and several patent applications worldwide relating to expression systems for the expression of compounds in the milk of non-human transgenic animals. In addition, the Company owns patents and several applications worldwide on transgenic cattle. These patents contribute to the Company's role as an important player in the field of the production of recombinant proteins in the milk of transgenic cattle. Other patents and patent applications are product related and cover the transgenic human proteins lactoferrin, C1 inhibitor, fibrinogen and collagen.

In 2004, the Company acquired the patent portfolio of PPL Therapeutics Ltd (Scotland). This portfolio covers various aspects of transgenic technology, including expression systems, purification methods, and specific transgenically expressed recombinant human proteins.

Licenses

Out-licensed by Pharming

Pharming granted Collagen Corporation (now called: Cohesion Technologies Inc) by agreement of May 1993, amended February 1996, a license under Pharming's patents relating to the use and sale of transgenically produced human collagen.

Under a cross-license agreement of July 1996 with Genpharm International ("GPI"), a subsidiary of Medarex, Inc, as amended in November 1996, Pharming granted to GPI a non-exclusive license to certain US patents and corresponding non-US applications for the use in production of immunoglobulins.

In 2000, Pharming granted to Genencor International, Inc a non-exclusive license to US patents covering the use of transgenes longer than 50 kb in transgenic mice.

Under a cross-license of June 2002, Pharming granted a non-exclusive worldwide license under specific US and non-US patents to GTC, covering the production of proteins in the milk of certain transgenic animals, provided GTC does not manufacture, use and sell any of the products currently being developed by the Company.

Under a settlement agreement of August 2002 between Genzyme Corporation and the Company, an exclusive, worldwide license was granted to Genzyme under the Company's patents and patent applications in the field of transgenic technology, solely for the production of human alpha-glucosidase.

In July 2004, Pharming provided a license to Esteve for the marketing, distribution and selling of Rhucin in Spain, Andorra, Portugal, and Greece.

In October 2008, Pharming and Aslan concluded a supply agreement and a licensing agreement to further manufacture and sell food products containing hLF for Turkey, the Middle East, United Arab Emirates, Russia, Ukraine and several other countries in this region. Aslan has not yet conducted any activities under this agreement due to a delay to obtain the necessary approvals.

In March 2008, Pharming also provided a license to EIP for the marketing, distribution and selling of Rhucin in Turkey.

In April 2010, Pharming provided a license to Swedish Orphan for the marketing, distribution and selling of Rhucin/rhC1INH in Iceland, Norway, Switzerland and all territories of the EU, except Greece, Portugal and Spain.

In-licensed by Pharming

The Company holds licenses for intellectual property that has been developed by others and which can be used with the Company's platform technology to expand its potential range of products or increase its product development efficiency. Where licenses have been entered to obtain rights to the intellectual property rights of third parties, the Company has agreed to pay royalties and, in certain cases, license fees as consideration for the related rights.

In 1993, Cohesion granted Pharming an exclusive license to all production rights of collagen and its corresponding non-EP filings for the product collagen for the use in oral tolerance induction.

GPI granted Pharming a, royalty-free, perpetual sublicense, under a 1995 agreement covering a US patent entitled 'Positive-Negative Selection Methods and Vectors' to be used exclusively for cattle, rabbits, goats and sheep.

Under a cross-license of June 2002, GTC granted Pharming a non-exclusive worldwide license under its specific US and non-US patents for the production of proteins in the milk of goats and to the production of monoclonal antibodies in the milk of transgenic animals, under certain conditions and for certain territories. In 2008 Pharming acquired an exclusive sub-license to key patents and technology on recombinant fibrinogen from GTC. These rights enable Pharming to accelerate pharmaceutical development of rhFIB and stimulate medical device development through its biomaterials program.

Pharming has access to the nuclear transfer technology of Infigen Inc with a worldwide, exclusive license under Infigen's intellectual property for the production of all Pharming products currently or previously in development using Infigen technology. In addition, Pharming holds a non-exclusive license to all intellectual property of Infigen in the area of nuclear transfer and associated technologies under a 2004 agreement.

Pharming holds an exclusive license to certain intellectual property of the University of Hawaii in the area of nuclear transfer and assisted reproductive technologies, which was previously owned by ProBio Inc, a company that was acquired by Pharming in 2004. The intellectual property portfolio of Infigen was acquired by Advanced Cell Technology in the first quarter of 2007. This does not affect Pharming's rights under the Infigen patents.

Pharming has exclusive rights for the production of proteins for treatment of lysosomal disorders in milk of transgenic animals under an agreement with Genzyme Corporation, entered into in 2002.

The termination of any of these licenses could have an adverse impact on the Company's ability to develop, manufacture, market or sell its product candidates. See also Chapter 1 "Risk Factors Relating to Pharming".

Trademarks and Patents

The Company also intends to protect its intellectual property through trademark registration and patents. To date, the Company holds several trademarks registered in or accepted in the EU and in the US, Japan, Australia and Israel.

Registration of Products under Development

The testing, manufacture, packaging, labelling, distribution, sale, marketing, promotion, and advertising of products intended for therapeutic use in humans are subject to extensive and rigorous regulation in the United States by the FDA, as well as other agencies, including the US Department of Agriculture and the Federal Trade Commission, and are subject to comparable regulation by other authorities such as the EMA for the member states of the EU. Submissions for new biotechnology drugs need to go through a centralised procedure (at the EMA) thus avoiding separate product approvals in different countries in the

EU. Decisions on approval of products will be made based on the advice of a scientific committee (the committee for proprietary medicinal products) consisting of representatives of the member states of the EU. This committee relies in part on reports from experts and, for each project, on two member states that are specifically appointed rapporteur and co-rapporteur countries. The legislation calls for the EMA to reach a final decision on approval of new products within 210 days, plus “clockstop periods” at Day 120 (typical 3 months), respectively D180 (typical 1 month), for answering of questions raised by the EMA, after submission of the file.

The process of undertaking and completing pre-clinical studies and clinical trials, and obtaining regulatory approvals, may take several years and requires the expenditure of substantial resources, with an uncertain outcome. There can be no assurance that any product will receive approval on a timely basis, if at all. Further, the manufacture of products through the use of transgenic animals is expected to present novel questions concerning the safety and efficacy of the products produced thereby and concerning compliance with prescribed current cyclic good manufacturing practices applicable to the Company's range of products.

The FDA and the EMA have published a number of guidance documents related to biotechnology derived products, including a "Points to Consider" document on products for human use derived from transgenic animals, that contain recommendations that represent the agencies' current thinking on, among other things, the scientific rigor and data necessary to demonstrate the safety and efficacy of such products. In addition, regulations and recommendations regarding the use of species of animals, such as bovines, in which prion-mediated diseases have been reported, may impact the availability, expense, and care of certain source animals for transgenic production. The Company expects that regulatory standards will be imposed that are distinct from those currently employed in commercial animal husbandry practices.

The Company expects that products from its current development portfolio will mostly fall under regulations in effect for pharmaceutical or biological products. The primary regulatory activities required to be successfully completed before a new human pharmaceutical or biological product may be marketed in the US include (1) pre-clinical laboratory and animal testing, (2) the submission to the FDA of an Investigational New Drug ("IND") application, (3) adequate and well controlled human clinical trials to establish the safety and efficacy of the drug, (4) the submission of a New Drug Application ("NDA") or a Biological Licence Application ("BLA") to the FDA, and (5) FDA approval of the NDA or BLA prior to any commercial promotion, sale, or shipment of the product. Once approved, any changes in the manufacturing of the product that have substantial potential to adversely affect its safety or efficacy will require supplemental approval by the FDA as well as the EMA, as may changes in labelling or promotional materials, or in formulation, route of administration, or dosage form.

Sponsors of and investigators in clinical trials in the US and Europe are subject to numerous regulations, including those relating to Good Laboratory Practices, informed consent of human patients, and welfare of animals used in pre-clinical trials. Accordingly, depending on the requirements of any particular jurisdiction, data from clinical trials may be useful in the registration and/or approval processes in various jurisdictions.

Pre-clinical studies are conducted in the laboratory and in animal models to gain preliminary information about the presence of any significant safety issues and product feasibility. In the US, the results are submitted to the FDA as part of the IND application. Testing in humans may not commence until the IND becomes effective. Human clinical trials are conducted in phases and are designed to collect additional data relating to the safety, dosage and side effects of the new product, and to the product's efficacy. Phase I clinical trials are usually conducted with a small number of healthy individuals to determine the metabolic and pharmacological activities of the product, to test its safety and, if possible, to obtain early evidence of efficacy. Phase II clinical trials usually involve studies in a limited patient population to determine the efficacy of the product for specific indications and to determine dosage tolerances and optimal dosage. Phase III clinical trials usually are conducted to evaluate clinical efficacy and to test safety within an expanded patient population.

There can be no assurance that submission of an IND to the FDA will result in the IND becoming effective so that clinical trials may commence. In addition, each clinical trial must be conducted under the auspices of an Institutional Review Board ("IRB"), which considers, among other things, ethical issues, the safety of human subjects, the adequacy of patient informed consent, and the potential liability of the institution. Further, the FDA may, for a number of reasons, impose a clinical hold on ongoing clinical trials, or the IRB or the applicant may suspend clinical trials at any time if it is felt that the participants are being exposed to an unanticipated or unacceptable health risk. If a clinical hold is imposed by the FDA, trials may not recommence without prior FDA authorisation, which may require changes to, among other things, clinical trial protocols. The results of a products pre-clinical studies, clinical studies, chemistry and manufacturing data, and proposed labelling, among other things, are submitted to the FDA in the form of an NDA or BLA for approval of the marketing and commercial shipment of the product. The FDA may refuse to accept the NDA or BLA for filing if administrative content criteria are not satisfied, and even after accepting an application for review, the FDA may require additional testing or information before making a decision to approve or deny an application. The FDA must deny an application if applicable regulatory requirements are not ultimately satisfied. Moreover, if regulatory approval of a product is granted, such approval may be conditioned on post-market testing and surveillance to monitor the safety of the product and may entail limitations on the indicated uses for which the product may be marketed. Finally, product approvals may be suspended or withdrawn if, among other reasons, compliance with regulatory requirements is not maintained, new information raises safety or efficacy questions, or problems occur following initial marketing.

Competition

The pharmaceutical and biotechnology industries are highly competitive and subject to rapid technological change. Any products that Pharming successfully may develop will compete with existing and future therapies. There are many organisations, including pharmaceutical companies, biotechnology companies, academic laboratories, research institutions, governmental agencies and public and private universities, which are actively engaged in developing products that target the same markets as the product candidates of Pharming. Many of these entities have financial and other resources substantially greater than those of the Company. In addition, many of Pharming's competitors have significantly greater experience in manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing than the Company does. These entities also compete with Pharming in recruiting and retaining qualified scientific and management personnel, as well as in acquiring products and technologies complementary to, or necessary for, Pharming's product candidates. Moreover, there can be no assurance that such competitors will not obtain patent protection or other intellectual property rights that would make it difficult or impossible to market the product candidates of Pharming. As a result, there can be no assurance that the Company will be able to compete effectively against these companies or their products.

In the field of HAE the main competitors include Shire Pharmaceuticals with an approved product in the EU; CSL Behring with an approved product in several countries in the EU and an approval for certain types of HAE attacks in the US; ViroPharma with an approved product for preventive use in the US; Sanquin with an approved product in some countries in the EU and Dyax with an approved product in the US.

In the field of nutritional products many companies are developing ingredients with specific biological activity. However, the Company believes that none of them are developing recombinant products as ingredients nor are any of them developing nutritional products with the same activities as hLF. Certain companies (specifically Agennix) develop hLF for other indications, especially for treatment of certain types of cancer.

Facilities

Pharming's administrative, R&D and clinical development departments are located in the research facility rented in Leiden, the Netherlands. At the date of this Registration Document, DNage employees are

located at the Leiden facility and Erasmus Medical Center in Rotterdam to make use of the laboratory and mice breeding facilities there.

Pharming's subsidiary, Broekman Instituut B.V., has a facility for breeding and milking transgenic rabbits in the Netherlands, including approximately 0.2 hectares of land (upstream manufacturing). This state of the art facility is dedicated to the generation and milking of transgenic rabbits, producing recombinant proteins in their milk. The facility is fully licensed for the housing, breeding and milking of rabbits to produce therapeutic proteins.

Pharming Healthcare, Inc has an office in New Jersey, US and a farm facility in Wisconsin, US, which was specifically built and designed for the generation and housing of transgenic cattle capable of producing pharmaceutical proteins in their milk. The facility includes approximately 9.3 hectares of land owned by the Company and consists of a number of buildings, each with its own specific purpose and biosecurity level.

Employees

The weighted average number of employees of Pharming for each of the years ended 31 December 2007, 2008 and 2009 per functional category was as follows:

	2009	**2008**	**2007**
Research and development	72	63	61
General and administrative	14	14	14
Total	86	77	75

The total number of full-time and part-time employees as per the date of this Registration Document is approximately 95, which equals 86 Full Time Equivalents.

6. MANAGEMENT, SUPERVISION AND REMUNERATION

Set out below is a summary of certain significant provisions of Dutch corporate law and the Articles of Association in respect of the Management Board and the Supervisory Board and a summary of relevant information concerning the Management Board, Supervisory Board, senior management (the "Senior Management") and other employees of Pharming. Pharming's scientific advisory board (the "Scientific Advisory Board") ceased to exist in April 2010.

Management Structure

Pharming has a two-tier board structure, consisting of a Management Board *(Raad van Bestuur*) and a Supervisory Board (*Raad van Commissarissen*).

Management Board and Supervisory Board

Powers, Composition and Function

The Management Board is entrusted with the management of the Company and is responsible for the policy and the central management of the Company under the supervision of the Supervisory Board. The Management Board is authorised to bind the Company towards third parties. On 22 April 2005, the Management Board adopted the current management board regulations which provide for certain duties, composition, procedures and decision-making of the Management Board.

The Supervisory Board is charged with supervising the policy of the Management Board and the general course of the Company's affairs and the enterprise connected therewith. The Supervisory Board assists the Management Board by rendering advice. In performing their duties, the members of the Supervisory Board are obliged to act in the best interests of the Company and the enterprise connected therewith. On 14 October 2004, the Supervisory Board adopted the current supervisory board regulations, which provide for certain duties, composition, procedures and decision-making of the Supervisory Board.

The members of the Management Board and the members of the Supervisory Board are appointed at a general meeting of shareholders from nominations made by the Supervisory Board. If the nomination comprises two or more persons for each vacancy, the nomination shall be binding. In addition, the Supervisory Board is authorised to make a non-binding nomination for a vacancy, consisting of one person. If the Supervisory Board fails to submit the nominations in time, the general meeting of shareholders has the authority to appoint any person it chooses. Notwithstanding the foregoing, the general meeting of shareholders may at all times, by a resolution adopted by a majority of the votes cast representing more than one third of the Company's issued share capital, deprive the nominations of their binding effect. The general meeting of shareholders may adopt or reject a non-binding nomination by a resolution adopted with a majority of the votes cast.

The members of the Management Board and the members of the Supervisory Board may at any time be suspended or dismissed by a resolution adopted by a majority of the votes cast representing more than one third of the Company's issued share capital. The members of the Management Board may also be suspended or dismissed by a resolution of the Supervisory Board.

If in the aforementioned cases, the quorum of one third of the Company's issued share capital is not met, a new meeting will be convened in which a nomination can be rejected or a dismissal or suspension can be resolved by a majority of the votes cast.

The remuneration and other terms and conditions of employment of each of the members of the Management Board is determined by the Supervisory Board. The remuneration of each of the members of the Supervisory Board is determined by the general meeting of shareholders.

Members of the Management Board

The Management Board is composed of the following members:

Name	Age	Position	Member Since	Term
Sijmen de Vries	50	Chief Executive Officer	13 October 2008	Up to AGM in 2013
Bruno Giannetti	57	Chief Operations Officer	1 December 2006	Up to AGM in 2011
Rein Strijker	53	Chief Commercial Officer	11 November 2006	Up to AGM in 2011
Rienk Pijpstra	48	Chief Medical Officer	1 April 2010	Up to AGM in 2015

Currently, the position of Chief Financial Officer is vacant. Pharming aims to attract a Chief Financial Officer in the near future. The Company feels that having a Chief Financial Officer going forward is needed to strengthen and broaden management and to strengthen the Company's financial function. Another prime responsibility to be allocated to the Chief Financial Officer is to procure the further improvement and professionalisation of the Company's various other corporate functions.

At the annual general meeting which was held on 27 May 2010, Rein Strijker has resigned as member of the Management Board. He will become a member of the management board of DNage.

The business address of the members of the Management Board is Darwinweg 24, 2333 CR Leiden, the Netherlands.

Sijmen de Vries – Chief Executive Officer

Sijmen de Vries, MD MBA**,** is responsible for the overall management of the Company. Dr de Vries has extensive senior level experience in both the pharmaceutical and biotechnology industries. He joined Pharming from 4-Antibody AG where he was CEO. He has also been CEO of Morphochem AG and prior to this spent many years at Novartis AG and at SmithKline Beecham Pharmaceuticals Plc. where he held senior business and commercial positions. He also holds non-executive directorships in two private life science companies, Midatech Group Ltd and Sylus Pharma Ltd. Dr de Vries holds a Medical Degree from the University of Amsterdam and an MBA in General Management from Ashridge Management College (UK).

Bruno Giannetti – Chief Operations Officer

Bruno M. Giannetti, MD PhD, is responsible for the Company's operations and research & development activities, with focus on Rhucin®. He has more than 25 years experience in the pharmaceutical and biotech industry. Previously, Dr Giannetti was CEO of AM-Pharma B.V., and President and CEO of Verigen AG. He has served as senior management consultant for pharmaceutical R&D projects at Coopers & Lybrand. Mr. Giannetti was also worldwide Vice-President Marketing and Medical Information at Immuno and Head of Clinical Research at Madaus GmbH. He is the founder and president of CRM GmbH, a well established European Clinical Research Organisation specialised in international pharmaceutical clinical research. He holds a PhD in chemistry and a MD PhD degree in medicine from the University of Bonn.

Rein Strijker – Chief Commercial Officer

Rein Strijker, PhD, is responsible for commercial development of the Company. He leads the DNage task force and focuses on the development and partnering of the DNage ageing products. He was CEO of DNage, a company focusing on age related disorders and acquired by Pharming in 2006. Prior to DNage, Mr. Strijker has held management and R&D positions at Pharming and Genentech Inc. In addition, he is a member of the board of Biofarmind, the Dutch foundation of pharmaceutical biotechnology. He is also a member of the supervisory board of Biopartner Foundation Leiden, a member of the advisory board of the Leiden Bio Science Park and owner and general manager at Lark Technology Management Beheer B.V. Until December 2006, he was a member of the supervisory board of MucoVax Holding B.V. Dr Strijker received his PhD at the State University of Groningen. Rein Strijker will be part of the DNage spin off.

Rienk Pijpstra – Chief Medical Officer

Rienk Pijpstra, MD, MBA, is responsible for the planning and execution of Pharming's pre-clinical and clinical programs and regulatory affairs. Dr Pijpstra assures the Medical Governance at Pharming. He is the head of the Pharming Drug Safety Committee and the Qualified Person for Pharmacovigilance for the EMA. Dr Pijpstra acts as an internal expert on matters of Clinical Development and Medical Affairs and represents the Company towards the scientific and medical community as well as the regulatory authorities. Dr Pijpstra joined Pharming in 2009. He held various clinical positions at Eli Lilly, Belgium, SmithKline Beecham in Belgium and UK, Glaxo SmithKline in the United States (PA) and became Chief Development Officer with Basilea in Switzerland. Dr Pijpstra received his MD and MBA from Leuven University in Belgium.

Members of the Supervisory Board

The Supervisory Board is composed of the following members:

Name	Age	Position	Member Since	Term
Mr. J. Blaak	69	Chairman	23 May 2007	Up to AGM in 2011
Mr. J.H.L. Ernst	70	Member	15 April 2009	Up to AGM in 2014
Mr. K. Macleod[1]	50	Member	26 April 2006	Up to AGM in 2010
Mr. J.B. Ward	71	Member	23 May 2007	Up to AGM in 2011
Mr. A. de Winter	57	Member	15 April 2009	Up to AGM in 2014

[1] Dr Macleod has resigned at the annual general meeting which was held on 27 May 2010.

The business address of all members of the Supervisory Board is Darwinweg 24, 2333 CR Leiden, the Netherlands.

Mr. J. Blaak – Chairman

Mr. Blaak held managerial positions with Hoogovens, Indivers N.V. and Interturbine Holding B.V. in the Netherlands, US, Germany and Singapore. In 1983, he was involved with the start-up of the MIP Equity Fund, one of the largest venture capital groups in Europe, and was appointed CEO in 1986. During the lifetime of the fund, MIP invested in several life sciences companies that became active in the Netherlands, including Centocor, Mogen and EuroCetus/Chiron. In several of the companies, Mr. Blaak was a board member. MIP merged with the ABN-AMRO Venture Capital Group to form AlpInvest. Since 1989, Mr. Blaak is president and owner of Tailwind B.V., a company investing mainly in early stage life science companies. He also holds board positions in non-listed companies in the life science industry, like FlexGen Holding B.V. and to-BBB Holding B.V. and is a shareholder in VenGen Holding B.V. Furthermore, Mr. Blaak is an advisor to the Dutch Ministry of Economic Affairs for the Technopartner program and other innovative projects related to Entrepreneurship and Innovation. Mr. Blaak studied physics, mathematics and business economics at the Free University of Amsterdam and followed the Advanced Management Program of the Harvard Business School (AMP '81).

Mr. J.H.L. Ernst – Member

Mr. Ernst has extensive senior level experience in the field of pharmaceutical development and marketing. From 1969 until 1989 he held several positions at Kali-Chemie AG (subsidiary of Solvay SA), including Head of Pharmaceutical Marketing and Head of Pharmaceutical Division. In 1980, Mr. Ernst continued his career at Solvay and held several positions until he retired in 2004. Amongst other, he was member of the board of Pharmaceutical Division, CEO of Health Divisions, General Manager Pharmaceutical Sector and supervisory director and member of the Executive Committee. Mr. Ernst is currently a member of the management board of Aeterna Zentaris Inc. and a member of the supervisory board of Solvay Pharmaceuticals SA. Mr. Ernst holds an ISMP Degree from Harvard University and an MBA from the University of Cologne.

Mr. K. Macleod – Member

Dr Macleod is a partner at Paul Capital Advisors (UK) Limited and is responsible for sourcing and evaluating European investment opportunities. Dr Macleod brings a strong operational and financial background. Most recently, he was a venture partner at Schroder Ventures Life Sciences, where he was responsible for deal sourcing, evaluation and negotiation of pharmaceutical investment opportunities. Previously, Dr Macleod held senior management positions over an impressive fifteen year career at Serono Pharmaceuticals Ltd, Abbott Laboratories Inc and Beecham Pharmaceuticals. Dr Macleod earned his PhD from the University of York and his BSc with honours in Biology from the University of Manchester.

Mr. J.B. Ward – Member

Dr Ward has a broad international network and experience in managing and financing biopharmaceutical companies. He has held senior management positions in the UK, US and Singapore at several pharmaceutical and biotechnology companies, including Glaxo Group Research Ltd, Virus Research Institute Inc, Avant Immunotherapeutics Inc and KuDOS Pharmaceuticals Ltd. His most recent position was CEO of KuDOS Pharmaceuticals Ltd, which was sold to Astra-Zeneca in 2006. Currently, Dr Ward is chairman of Spirogen Ltd, Cellcentric Ltd and Immunobiology Ltd, a vaccine company in Cambridge, UK and a member of the board of Cancer Research Technology Ltd. Dr Ward holds a PhD in microbiology from the University of Bath.

Mr. A. de Winter – Member

Mr. de Winter has extensive financial experience. He started his career at AMRO Bank in 1980. He worked in the areas of capital markets, investment banking and institutional investor relationship management. In 1990, Mr. de Winter became senior Advisor Corporate and Institutional Finance at NIBC (formerly 'De Nationale Investerings Bank'). As from 1998, Mr. de Winter was at NYSE Euronext, Amsterdam responsible for advising and admitting companies to the stock exchange in Amsterdam as Director Listing & Issuer Relations. As from January 2009, Mr. de Winter is an Associate Partner of First Dutch Capital, Amsterdam and since 2008 a member of the China and India working group at the Holland Financial Centre which is, *inter alia*, focused on attracting Chinese and Indian companies to a (cross) listing on the Euronext Amsterdam. As from 2010 Mr. de Winter is also Associate Partner at Nederlandse Participatie Exchange (NPEX), an innovative online trading platform for less liquid securities. Mr. de Winter has more than 28 years of experience in assisting companies with ordinary share listings as well as preferred shares, (convertible) bonds, warrants, investment funds (open/closed end), private equity and SPAC's (special purpose acquisition companies). He holds a law degree from Erasmus University, Rotterdam, specialising in corporate law.

Senior Management

The Management Board is supported by the following senior managers composing the Senior Management:

Samir Singh, M.S., President US Operations, bears overall responsibility for the Company's operations in the US. He joined Pharming in 2000 and has over fifteen years of successful business development, product development and corporate communications experience in the biotechnology industry. Mr. Singh held management and consulting positions at various biotechnology companies, including at Hyseq Pharmaceuticals Inc (now Nuvelo Inc), Bio-Rad Laboratories Inc, and Millipore Corporation. He has also been on the research staff of Harvard Medical School and the Howard Hughes Medical Institute at Stanford University. Mr. Singh holds a BA from Williams College and an M.S. in Biological Sciences from Stanford University.

Arthur de Hey, Group Controller & Compliance Officer, is responsible for the management and financial reporting as well as all aspects of internal control. Mr. de Hey joined Pharming in August 2003 and worked as an auditor in the previous 8 years, of which more than 6 years for the multinational practice of Ernst & Young. Mr. de Hey has been working as a Group Controller at the Company for about 6 years and has been a compliance officer for about 5 years. He holds a bachelors degree in Business Economics from the Institute of Business Economics in Rotterdam.

Lia P.M. Dam, PhD, Director Clinical Operations, is currently responsible for the proper execution of clinical trials in the field of age-related diseases. Dr Dam joined Pharming in 2008. She has more than 10 years of experience in clinical research in the field of project management and data management. Previously, she held various positions in clinical research at IATEC B.V. Dr Dam received her PhD from Utrecht University, faculty of Pharmacy. Dr Dam will be part of the DNage spin off.

Frans A.M. de Loos, PhD, Senior Director Manufacturing, is currently responsible for manufacturing and management of the lactoferrin program. Dr de Loos joined Pharming in 1994 as senior scientist to lead the department of Embryology and has held various R&D and corporate management positions at the Company. Dr de Loos previously held several positions at the Faculty of Veterinary Medicine of Utrecht University. Dr de Loos received his M.Sc. in genetics from Nijmegen University and his PhD in embryology from Utrecht University.

Hendrik 'Dic' A.M. Geuens, LLM., General Counsel and Company Secretary, is currently responsible for granting legal advice and support to the Management Board and communication with the Supervisory Board. Mr. Geuens joined Pharming in 2007. He previously held positions at Solvay Pharma S.A. and Solvay Healthcare Ltd/Solvay Chemicals Ltd, Yamanouchi Europe B.V. and Aon Holding B.V. Mr. Geuens received his LLM from Leiden University and holds a post-doctoral title in company law.

Guus Hateboer, PhD, Director Intellectual Property, is currently responsible for all intellectual property projects of the Company. Dr Hateboer joined Pharming in 2009. Dr Hateboer has more than 10 years of experience in the biotech industry. He held a position at Kiadis Pharma B.V. as Director Intellectual Property and Licensing. He previously held various positions at Crucell N.V. in both R&D and intellectual property. He received his PhD from Utrecht University, is a European Patent Attorney and, as such, allowed to act before the European Patent Office.

Suzanne A. Hendriksen, M. Sc., Senior Director Regulatory Affairs, is currently responsible for managing the regulatory affairs department of business unit Transgenics (biotechnology group of Pharming), implementation of pharmaceutical and medical regulatory guidelines within early phase product development and later phase clinical development, determination of regulatory strategy based on procedural regulatory guidelines, coordination of preparation and submissions of MAA's and contacts and negotiations with regulatory authorities. Ms. Hendriksen joined Pharming in 2008. Previously, she held position in regulatory affairs consultancy and management at a CRO and at Organon N.V. (now Merck,

Sharpe & Dohme). Ms. Hendriksen holds a M.Sc. in Biopharmaceutical Sciences from the University of Leiden.

Ingrid Kolenbrander-van der Pluijm, PhD, Director Research, is currently responsible for developing and implementing DNage strategy and management of the DNage research department. Dr van der Pluijm joined Pharming/DNage in 2006. She is an expert in molecular biology and genetics (ageing related diseases). She previously held position at Erasmus Medical Centre. Dr van der Pluijm holds a cum laude M.Sc. in molecular biology and genetics from Utrecht University and a PhD from Erasmus Medical Centre. Dr Kolenbrander-van der Pluijm will be part of the DNage spin off.

Maurice M. L. Mannesse, PhD, Director Research & Development, is currently responsible for the biopharmaceutical development of the Company's therapeutic proteins and the management of the R&D department. Dr Mannesse joined Pharming in 2001 as scientist technology development and has held various R&D positions at the Company. Dr Mannesse previously held scientist positions in the biotechnology group of Unilever N.V., at the department of Biophysical Structural Chemistry of the University of Leiden and at the department of Enzymology of the University of Utrecht. Dr Mannesse received his M.Sc. in Chemistry and his PhD in enzymology and protein engineering from Utrecht University.

Sander (A.C.P.) Mathôt, M.Sc., Director Quality Assurance & Quality Control / Qualified Person, is currently responsible for developing, implementing and manage Pharming's global quality strategy and quality system and ensure compliance of Pharming's business units and external partners with the applicable international quality expectations and Pharming's QC strategy for outsourced QC activities. Mr. Mathôt joined Pharming in 2009. He previously held several positions at Solvay Pharmaceuticals B.V. and Katwijk Pharma/Apotex B.V. in the Netherlands. Mr. Mathôt received his M.Sc. from Utrecht University.

Mourad Salaheddine, DVM, PhD, Senior Director Animal Health and Production, is responsible for all animal-related activities at the Company, including health and welfare of animals and associated quality assurance. He is also responsible for the Company's transgenic rabbit facility, production of starting material for the Company lead product Rhucin and coordination of cattle operations in Vienna Pharms, the research and development farm of Pharming Healthcare, Inc in the US. He joined Pharming in 1994 as a veterinary scientist and contributed to the development of all Company's transgenic animal lines. Dr Salaheddine holds a PhD from the University of Glasgow in Veterinary Reproductive Physiology.

Gerben C.M. Zondag, PhD, Senior Director Technology Affairs DNage, is currently responsible for DNage business development, initiation of research collaborations, writing of Orphan Drug and grant applications, and is actively involved in DNage's research, (pre-)clinical programs, and expansion of DNage's IP portfolio. Dr Zondag joined DNage/Pharming in 2006. Previously, he worked as Scientific Director for a CRO, and as a senior scientist for Pharming Technologies. Dr Zondag has more than nine years experience in managing scientific projects and personnel and he is well-acquainted with Dutch biotech companies and research institutes in the life science field. Dr Zondag has a background in molecular biology and received his PhD degree in Molecular Cell Biology from the Cancer Institute in Amsterdam. Dr Zondag will be part of the DNage spin off.

The business address of all members of the Senior Management is Darwinweg 24, 2333 CR Leiden, the Netherlands.

Supervisory Board Committees

The Supervisory Board has appointed from among its members an audit committee (the "Audit Committee") and a remuneration committee (the "Remuneration Committee").

Audit Committee

The audit committee consists of Mr. de Winter (chairman), Mr. Ernst and Mr. Macleod. The tasks performed by the audit committee include reviewing the scope of internal controls and reviewing the implementation by the Management Board of recommendations made by the auditors of Pharming.

Remuneration Committee

The remuneration committee consists of Dr. Ward (chairman), Mr. Ernst and Mr Blaak. The remuneration committee advises the Supervisory Board with regard to salaries, grants and awards under incentive plans, benefits and overall compensation for officers of the Company. Ultimately the Supervisory Board decides upon remuneration of the Management Board.

Remuneration Policy

The remuneration policy was approved in the annual general meeting of May 2010. Reference is made to the report of the Remuneration Committee in the annual report 2010, page 56-59, available on Pharming's website. In 2010 certain changes were made to the approved remuneration policy. One of the modifications is the implementation of a target bonus of up to 25% of annual salary, increasing to 40% of annual salary for the period after having received the regulatory approval for Rhucin in Europe, payable on or before 31 January 2011 in cash and/or in Shares.

Management Board

The total remuneration Pharming paid to or for the benefit of members of the Management Board in 2009 amounted to €1,283,000. Each member of the Management Board is entitled to a bonus of up to 25% of his gross annual salary in the event he has achieved certain pre-defined targets; no cash bonus was awarded for the financial year 2009. Instead a conditional bonus in Shares of up to 20% of annual salary was awarded, which conditions were satisfied in April 2010. As a result, Sijmen de Vries is entitled to receive 116,240 Shares, Bruno Giannetti is entitled to receive 83,029 Shares, Rein Strijker is entitled to receive 62,663 Shares and Rienk Pijpstra is entitled to receive 34,872 Shares.

The following table denotes the breakdown in remuneration of members of the Management Board in 2009 (for the avoidance of doubt, not including the aforementioned bonus payable in Shares).

Name	Periodic remuneration	Share-based payment	Post-employment benefits	Other	Total Remuneration
Sijmen de Vries……	€350,000	€130,000	€17,000	€52,000	€549,000
Bruno Giannetti …….…	€250,000	€74,000	€29,000	€23,000	€376,000
Rein Strijker ……..	€250,000	€74,000	€22,000	€12,000	€358,000
Total ……..	€850,000	€278,000	€68,000	€87,000	€1,283,000

'Other' includes (lease) car compensation and, for Sijmen de Vries, a 2009 contribution to other expenses (€24,000).

Share Ownership

Rein Strijker currently owns 182,241 Shares. Bruno Giannetti and Sijmen de Vries do not own any Shares. From Senior Management, Frans de Loos currently owns 53 Shares. The entitlement to Shares yet to be issued by the members of the Management Board is set out above under "Management Board" and the entitlement to Shares yet to be issued by certain individuals among Senior Management is set out below under "Senior Management".

The numbers of options currently owned by members of the Management Board are described below under "Option Plans". During 2010, approximately 800,000 options will expire with a price well above the current Share price. An amount of 1,500,000 options have been added for distribution in 2010 amongst the employees according to the option plan for employees.

Supervisory Board

The remuneration of the members of the Supervisory Board is determined by the general meeting of shareholders. As of 1 January 2007, the Chairman of the Supervisory Board receives an annual remuneration of €34,500 and the other members of the Supervisory Board receive an annual remuneration of €23,000 each. The annual general meeting which was held on 27 May 2010 approved the increase of the remuneration of the members of the Supervisory Board such that a member shall receive €30,000 and that the chairman shall receive €40,000.

Members of the Supervisory Board do not participate in an option plan but are eligible to receive Shares under the Long Term Incentive Plan. None of the Supervisory Board members hold Shares, options or warrants in the Company.

Senior Management

The total remuneration Pharming paid to or for the benefit of the Senior Management in 2009 amounted to €1,493,000. The following table denotes the breakdown in remuneration for Senior Management in 2009. No cash bonus payments were awarded over 2009. Instead a limited bonus in Shares was awarded to certain individuals among Senior Management. In total these individuals are entitled to receive an aggregate of 269,396 Shares.

Base Salary	Bonus	Pension Contributions	Total Remuneration
€1,421,000	€0	€72,000	€1,493,000

Other Information

Save as set out below, none of the members of the Management Board, Supervisory Board and Senior Management is, or has been, (i) subject to any convictions in relation to fraudulent offences in the last five years, (ii) in the last five years associated with any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or senior management positions, or (iii) subject to any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Dr Ward was a non-executive chairman of the management board of Onyvax Ltd. in February/March 2009 when Onyvax Ltd. became subject to administration proceedings.

Administrative, Management and Supervisory Bodies Conflicts of Interest

Rein Strijker has a potential conflict of interest between his private interests and his duties and responsibilities with respect to the Company, since he serves as a member of the Management Board but is, subject to achievement of certain clinical and commercial criteria, also entitled to receive earn outs due by Pharming to former DNage shareholders as agreed following the 2006 acquisition of DNage, which entitlement will be settled upon completion of the Settlement. Rein Strijker has resigned as member of the Management Board at the annual general meeting which was held on 27 May 2010. He will become a member of the management board of DNage. Rein Strijker did not participate in the decision-making process of the Management Board relating to the Settlement and the Spin Off.

Except as disclosed above and as disclosed under "Related Party Transactions", Pharming is not aware of any potential conflict of interest between the private interests or other duties of the members of the Management Board, Supervisory Board or Senior Management and their duties and responsibilities to the Company.

No family ties exist among the members of the Management Board, Supervisory Board and Senior Management.

Option Plans

The Company has a Long Term Incentive Plan and two option plans in place: one for the Management Board and one for employees. In addition, option arrangements have been made with individual consultants. All these plans or arrangements are equity settled.

Long Term Incentive Plan

At the annual general meeting of 16 April 2008 a Long Term Incentive Plan (the "LTIP") was approved with an effective date of 1 January 2008. The LTIP is applicable to the Management Board, the Supervisory Board and Senior Management in addition to the existing option plans discussed below. Participants leaving the Company within 3 years after the grant date, either voluntarily or upon request of the Company (including through a court settlement), are immediately excluded from the LTIP. Under the LTIP, Shares are granted conditionally each year with a target value of 30% of annual compensation. Shares will vest after three years provided that the share price has increased. The number of Shares to vest will be based on the performance of Pharming compared to a peer group of 40 other European biotech companies. Upon a change of control, all shares will vest automatically.

The maximum number of Shares which will become available for 2008 if Pharming ranks in the top 5% of the peer group are the following: Supervisory Board 15,000 per member; Management Board 60,000 per member; Scientific Advisory Board 10,000 per member; Senior Managers 225,000 with a maximum of 25,000 per Senior Manager.

At the annual general meeting of 15 April 2009 the maximum number of Shares approved for 2009, applying the same criteria as for the 2008 LTIP, were as follows: Supervisory Board 20,000 per member; Management Board 75,000 per member; Scientific Advisory Board 12,500 per member; Senior Managers 400,000 with a maximum of 30,000 per Senior Manager.

The maximum number of shares available under the LTIP for 2008 and 2009 is 1,037,500, in total.

The annual general meeting which was held on 27 May 2010 approved the granting of conditional Shares for 2010, applying the same criteria as for the 2008 LTIP, as follows: Supervisory Board 30,000 per member; Management Board 100,000 per member; Senior Managers 400,000 in total with a maximum of 40,000 per Senior Manager, being at the date of this Registration Document an aggregate of 920,000.

Main Characteristics of the Option Plans

The total number of Shares with respect to which options may be granted pursuant to the option plans, shall be determined by Pharming, but shall not exceed 10% of all issued and outstanding Shares on a fully diluted basis. Shares issuable upon exercise of options shall reduce the maximum number of Shares available for use under the plans. Unexercised options can be re-used for granting of options under the option plans.

Pharming may grant options to members of the Management Board and employees: (i) at the time of a performance review; (ii) only in relation to an individual: a date within the first month of his or her employment; (iii) in case of an extraordinary achievement; and (iv) in case of a promotion to a new function within Pharming.

The option exercise price is the price of the Shares on Euronext Amsterdam on the trading day prior to the date of grant or on the trading day prior to the meeting of the Supervisory Board during which it was resolved to grant options. Options can be exercised at any time within five years following the date of grant. Unexercised options shall be deemed cancelled and shall cease to exist automatically after five years. Exercise of options is subject to compliance with laws and regulations in the Netherlands.

Option Plan Management Board

Pursuant to the option plan for the Management Board, the Supervisory Board may, at its sole discretion, grant to a member of the Management Board the right to acquire Shares for a pre-determined exercise price during a certain period. On the basis of certain guidelines provided by the Remuneration Committee, the Supervisory Board determines the conditions and the criteria for the options to be granted to the members of the Management Board. The options will at all times be granted under the condition that the granting of such options will be approved by the general meeting of shareholders of Pharming.

Furthermore, the option plan for the Management Board states that in case of resignation or dismissal of a member of the Management Board, except for retirement and death, Pharming, at its sole discretion, is entitled to decide that the options of such member of the Management Board shall lapse if the conditions set out in the letter pursuant to which the options are granted have not been fulfilled at the time of the resignation or dismissal of the membership of the Management Board.

For 2010, the maximum number of options for the Management Board is as follows: Sijmen de Vries 750,000, Bruno Giannetti 250,000 and Rienk Pijpstra 250,000. The extraordinary general meeting of shareholders held on 30 March 2010 approved the granting of 250,000 options to Rienk Pijpstra. The annual general meeting which was held on 27 May 2010 approved the granting of 750,000 options to Sijmen de Vries and 250,000 options to Bruno Giannetti. These options for the Management Board will vest on 1 November 2010, provided that the relevant member of the Management Board is in service by that date. As Rein Strijker has resigned as member of the Management Board at the annual general meeting of 27 May 2010 and will not be in service on 1 November 2010, he is not entitled to receive options under the option plan for the Management Board in 2010.

Option Plan Employees

Pursuant to the option plan for employees Pharming may grant options to its employees. The criteria for granting of the options, will be determined by the Supervisory Board of Pharming, at its sole discretion. The Management Board submit a proposal to the Supervisory Board, indicating the criteria for the granting of options which have been met and the number of options to be granted. Furthermore, the option plan for employees states that in case of a termination of the employment, except for retirement and death, Pharming at its sole discretion is entitled to decide that the options of the relevant employee shall lapse.

Consultancy Options

In certain consultancy contracts it is agreed to compensate a consultant through granting of options. The terms and conditions of these options, including vesting conditions, are either based on pre-defined targets and/or are based on an agreed period of service.

Options Granted to the Management Board and Other Parties

An overview of activity in the number of options for the year 2008 and 2009 until the date of this Registration Document is as follows:

	Number	Weighted average exercise price (€)
Balance at 1 January 2008	3,203,786	2.54
Granted under Management Board option plan	875,001	0.69
Granted under Employee option plan	581,390	0.92
Granted to consultants	20,000	2.78
Exercised	(1,495)	0.78
Expired	(20,406)	1.35
Forfeited	(206,802)	2.97
Balance at 31 December 2008	4,451,474	1.95
Granted under Management Board option plan	1,250,000	0.50
Granted under Employee option plan	1,169,700	0.52
Granted to Scientific Advisory Board	15,000	0.50
Expired	(1,379,398)	1.67
Forfeited	(84,385)	0.84
Balance at 31 December 2009	5,172,391	1.44
Granted under Employee option plan in 2010	180,900	0.50
Granted under Management Board option plan	1,250,000	0.39
Expired	(329,450)	1.94
Forfeited	(17,453)	0.65
Balance at the date of this Registration Document	**6,256,388**	**1.21**

The following tables provide an overview of currently outstanding option holdings of the Management Board, Senior Management and Scientific Advisory Board, the year of grant and expiration as well as weighted average exercise prices per year:

Name	Currently outstanding options	Granted in	Expiration in	Weighted average exercise price (€)
Giannetti, B.M.	140,000	2007	2012	3.05
	291,667	2008	2013	0.69
	250,000	2009	2014	0.50
	250,000	2010	2015	0.40
Strijker, R.	90,000	2007	2012	3.05
	41,667	2008	2013	1.12
	250,000	2009	2014	0.50
Vries, S. de	500,000	2008	2013	0.62
	500,000	2009	2014	0.50
	750,000	2010	2015	0.40
Pijpstra, R.R.D.	70,000	2009	2014	0.57
	250,000	2010	2015	0.37
Total Management Board	**3,383,335**			**0.67**

Name	Currently outstanding options	Granted in	Expiration in	Weighted average exercise price (€)
Dam, J.P.M.	19,000	2008	2013	1.06
	41,500	2009	2014	0.52
Geuens, H.A.M.	9,000	2007	2012	3.42
	15,000	2008	2013	0.90
	65,000	2009	2014	0.52
	60,000	2010	2015	0.50
Hateboer, G.	9,000	2009	2013	0.64
	6,000	2009	2014	0.51
Hendriksen, S.A.	9,000	2008	2012	1.32
	15,000	2008	2013	0.90
	65,000	2009	2014	0.52
Hey, A. de				
	27,833	2006	2010	3.90
	46,000	2007	2011	3.70
	25,000	2008	2013	0.90
	65,000	2009	2014	0.52
	60,000	2010	2015	0.50
Kolenbrander- van der Pluijm, I.	4,000	2007	2011	3.70
	10,000	2008	2013	0.90
	12,500	2009	2014	0.51
Loos, F.A.M. de				
	28,856	2006	2010	3.90
	10,000	2007	2011	3.70
	35,000	2008	2013	0.90
	65,000	2009	2014	0.52
Mannesse, M.L.M.				
	16,833	2006	2010	3.84
	16,000	2007	2011	3.70
	15,000	2008	2013	0.90
	44,000	2009	2014	0.52
Mathôt, A.C.P.	9,000	2009	2013	0.64
	33,000	2009	2014	0.53
Salaheddine, M.	21,358	2006	2010	3.84
	9,000	2006	2011	3.18
	16,000	2007	2011	3.70
	15,000	2008	2013	0.90
	65,000	2009	2014	0.52
Singh, S.	62,700	2008	2013	0.90
	65,000	2009	2014	0.52
	60,000	2010	2015	0.50
Zondag, G.C.M.	16,000	2007	2011	3.70
	15,000	2008	2013	0.90
	46,000	2009	2014	0.52
Total Senior Management	**1,227,580**			**1.18**

Name	Currently outstanding options	Granted in	Expiration in	Weighted average exercise price (€)
Breimer, D.D.	5,000	2009	2012	0.50
Hoeijmakers, J.H.J.	5,000	2009	2012	0.50
Polak, J.M.	5,000	2009	2012	0.50
Total Scientific Advisory Board	**15,000**			**0.50**

Other outstanding options at the date of this Registration Document can be summarised as follows:

Name	Currently outstanding options	Weighted average exercise price (€)
Total other employees	1,383,806	2.13
Total former Management Board members	141,667	2.27
Total consultants	105,000	3.29
Other	**1,630,473**	**2.21**

The weighted average share price for the options exercised in 2008 was €0.90. In 2009, no options were exercised. All options outstanding at 31 December 2009 are exercisable; for employees subsequent sale of the Shares is subject to the vesting conditions of the option. The weighted average remaining contractual life in years of the outstanding options at the date of this Registration Document is 3.30 years with exercise prices ranging from €0.37 - €4.65.

Employment Agreements

Pharming entered into employment agreements with each of the members of the Management Board. These employment agreements have an indefinite term and can be terminated, subject to a statutory notice period, which is one month for the employee and two months for the employer.

In the event of termination of an employment agreement with a member of the Management Board for other reasons than (i) immediate dismissal (*ontslag*) of the relevant member of the Management Board on the basis of an urgent reason as defined in Article 7:678 of the Dutch Civil Code (including but not limited to wilful misconduct, gross negligence and bad faith) or (ii) non compliance by the relevant member of the Management Board with Article 2:9 of the Dutch Civil Code, and the same has been acknowledged by judgement of a competent court of law or lawful arbitral award which is not or no longer subject to appeal (*in kracht van gewijsde*) or by deed of settlement between the parties, the relevant member of the Management Board shall be entitled to a one-time severance pay in cash that (a) equals 50% of gross salary that the member of the Management Board enjoyed during a period of 12 months prior to the month in which the dismissal has come into effect, in the event the day of dismissal lies in the period of 2 years calculated from and including the first day in office, or (b) equals 100% of gross salary that the member of the Management Board enjoyed during a period of 12 months prior to the month in which the

dismissal has come into effect, in the event the day of his dismissal lies after the period of 2 years calculated from and including the first day in office.

Pharming did not enter into (service) agreements with members of the Supervisory Board providing for benefit upon termination of such agreement.

Directors Indemnification and Insurance

In order to attract and retain qualified and talented persons to serve as members of the Management Board or the Supervisory Board, in respect of a sector, region, product group or other internal company structure or segment, Pharming provides such persons with protection through a directors' and officers' insurance policy.

Pharming holds harmless and indemnifies the members of the Management Board against third party claims made against such member of the Management Board as a result of damages (allegedly incurred) caused by acts or omissions of Pharming while being in function, provided that such member of the Management Board (i) notifies Pharming immediately when facts or circumstances have occurred that may result in such third party claim and forthwith upon receipt of such claim(s) and (ii) provides all supports and assistance that Pharming may reasonable require. Nonetheless, Pharming may withdraw the aforementioned indemnity in certain circumstances such as gross negligence, or criminal acts.

Pension Plan

For all Dutch employees with an indefinite employment contract and who have reached the age of 25 years, the Company participates in defined contribution pension plans with an independent insurance company. Defined contributions are expensed in the year in which the related employee services are rendered.

Employees in the US are enabled to participate in a separate plan, which also qualifies as a defined contribution plan. To become an eligible participant, an employee must complete six months of service and attain the age of 21 years.

Works Council

As required by Dutch law, Pharming has established a works council. Works councils in the Netherlands have the authority to advise on certain company decisions proposed by the general meeting of shareholders or the management board, including but not limited to a change of control. Employers are also required to submit certain statutory defined matters that are viewed as 'social policy' (affecting employment terms and conditions) to the works council for prior approval.

7. MAJOR SHAREHOLDERS

The following table presents information about the ownership of the Shares as of the date of this Registration Document for each existing shareholder of which Pharming is aware to beneficially own 5% or more of the Shares. This information is based on public notifications by such shareholders pursuant to the AFS. The number of Shares as well as the percentage of Shares held by these shareholders at the date of this Registration Document may be different.

Shareholder	Notification date	Total number of Shares outstanding at notification date	Shares owned by shareholder on notification date	
			Total	%
Lafferty Limited	9 December 2008	97,429,854	9,717,888	9.97

UBS AG was registered on 8 October 2009 for a shareholding of 0.05% and a potential interest of 8.25% in Shares (through its holding of Public Bonds) based on a total number of outstanding Shares of 154,501,037.

Except as disclosed above, Pharming is not aware of any person who, as of the date of this Registration Document, directly or indirectly, has a beneficial interest in 5% or more of the Shares.

The shareholders listed above have the same voting rights as other holders of the Shares.

8. DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

General

Pharming's business was commenced by a company incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), by deed executed on 11 November 1988 under the name GENFARM B.V. GENFARM B.V. was ultimately renamed to Pharming Group B.V.. On 29 May 1997 Pharming was converted from a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) into a public company with limited liability (*naamloze vennootschap*). Pharming trades under the name Pharming and is registered with the Chamber of Commerce of The Hague under number 28048592. The corporate seat of the Company is in Leiden, the Netherlands. The Articles of Association were last amended on 1 April 2010 before a deputy of Mr D.F.M.M. Zaman, civil law notary in the Netherlands.

Set out below is an overview of outstanding Shares, options, warrants and Bonds as well as a brief summary of certain provisions of the Articles of Association and a description of Pharming's compliance with the Dutch corporate governance code. The summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association, together with relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such.

Corporate Objects

Pursuant to Article 3 of the Articles of Association, the corporate objects of the Company are:

- to incorporate, to participate in, to manage and to take part financially in any way whatsoever, in other companies and enterprises;
- to render services to other companies, persons and enterprises in the administrative, technical, financial, economic and managerial fields;
- to develop and trade in patents, trade marks, licenses, know-how and other industrial property and intellectual rights;
- to obtain, alienate, manage and exploit registered property, securities, and items of property in general; and
- to borrow, to lend and to raise funds, including to act as guarantor or as severally-liable co-debtor, or to bind itself as a security for a debt of a third party,

and furthermore, to do everything that is connected therewith or may be conducive thereto, all this to be interpreted in the widest sense of the word.

Share Capital

Authorised and Issued Share Capital

At the date of this Registration Document, the authorised share capital of Pharming amounts to €16 million, divided into 400 million ordinary shares, with a nominal value of €0.04 each. There are currently 163,637,807 ordinary shares (in this Registration Document referred to as Shares) issued and outstanding.

Currently, neither the Company nor any of its subsidiaries hold any shares in Pharming's capital. All shares that are outstanding as of the date of this Registration Document are fully paid up.

The following table sets forth information about the issued share capital including the outstanding options, convertible bonds and warrants granted or issued by Pharming as of the date of this Registration Document.

Shares[1]	163,637,807
Options[2]	6,256,388
Convertible bonds 2007 (Bonds)[3]	4,128,789
Convertible bonds 2010 (Private Bonds)[4]	16,140,351
LTIP	1,957,500
Warrants[5]	25,204,476

[1] Upon completion of the Settlement the number of Shares will increase with 5,000,000 Shares. In this respect, reference is made to Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off".

[2] The options to be granted to employees for 2010 are not included in this table.

[3] As if converted based on a conversion price of €2.64.

[4] As if converted based on based on a Market Price of €0.30 times 0.95. The actual conversion prices are subject to adjustment (see under "Private Bonds" and "Anti-Dilution Rights" below).

[5] The exercise prices are subject to adjustment and are settled by means of a cashless exercise (see under "Warrants" and "Anti-Dilution Rights" described below).

For an overview of the development in the share capital in the past three financial years, reference is made to note 10 of the company financial statements in the annual reports 2007 and 2008 and note 12 of the company financial statements in the annual report 2009, which are included by reference.

Options and LTIP

Since 1995, there have been stock option plans for the Company's employees and members of the Management Board, which have been slightly revised, effective as of 1 January 1999. Furthermore options are granted to consultants. In 2008, the Company implemented a long term incentive plan in addition to the option plan pursuant to which entitlements to Shares are granted subject to the financial performance of Pharming. Reference is made to Chapter 6 "Management, Supervision and Remuneration – Option Plans".

Convertible Bonds

Public Bonds

Pharming raised €70.0 million gross through the issuance of the convertible public bonds due 31 October 2012 (the Bonds). As per the date of this Registration Document a nominal amount of €10.9 million is still outstanding.

The following paragraphs describe certain characteristics of the terms and conditions of the Bonds. For a more detailed description, reference is made to the listing particulars issued by Pharming in relation to the Bonds on 3 December 2007.

The Bonds bear annual interest of 6.875%, payable semi-annually in arrear on 30 April and 31 October, with the first interest payment on 30 April 2008. The Bonds constitute unsecured obligations of the Company and shall at all times rank pari passu and without preference among themselves. The agreement with the bondholders prevents Pharming to create any security for any financial indebtedness upon any part of its assets or revenues as long as the Bonds are outstanding and includes a covenant of the Company not to incur, permit to subsist, directly or indirectly any financial indebtedness which is not subordinated to the Bonds.

Pharming is entitled to redeem the Bonds in several cases, including at any time on or after 14 November 2010 if the price of the Shares on each of at least 20 trading days in any period of 30 consecutive trading days is above a certain threshold.

Bondholders have the right to:

- convert any or all of their Bonds into Shares against the conversion price;
- require Pharming to redeem the Bonds on 31 October 2010 or upon a change of control event.

The conversion price of the Bonds became fixed at €2.64 on 30 April 2008, but will be adjusted under the circumstances set out in the terms and conditions of the Bonds. These circumstances include, *inter alia*, the sale of Shares or securities that are exchangeable for Shares against a purchase price which is less than 95% of the then applicable market price of the Shares.

Pursuant to the invitation memorandum, dated 21 September 2009, certain holders of the Bonds exchanged their Bonds into a combination of Shares and cash. The former Bondholders who exchanged their Bonds pursuant to this exchange offer are protected against dilution (see under “Anti-Dilution Rights” described below).

Private Bonds

In January 2010, Pharming issued 75 convertible bonds (the Private Bonds) to certain investors against an aggregate subscription price of €7.5 million with an initial maximum conversion price of €0.50 (the "Fixed Price"), which maximum conversion price is subject to change (see below), and 15 million Warrants with an initial exercise price of €0.50. The Warrants are described under "Warrants" below. An aggregate number of 8,729,295 Shares were issued prior to the date of the Registration Document in April and May 2010 due to the conversion of Private Bonds with a nominal value of €2.9 million. As per the date of this Registration Document a nominal amount of Private Bonds of €4.6 million is still outstanding. The following paragraphs describe certain characteristics of the terms and conditions of the Private Bonds.

The interest on this debt is 9% per annum and is payable in up to four quarterly instalments in Shares or cash, such at the option of Pharming. The number of Shares to be issued as interest payment is based on 95% of the Market Price (as defined below). The first interest instalment on the Private Bonds was due on 31 March 2010 and was paid by means of an issuance of 407,475 Shares (such Shares, the "Coupon Shares").

Pursuant to the terms and conditions of the Private Bonds (i) during the term of the Private Bonds (a) Pharming may not enter into, create, incur, assume guarantee or suffer to exist any indebtedness for borrowed money or any lien of any kind, unless such indebtedness is subordinated to the Private Bonds and (b) Pharming may not enter into or permit to exist any change in control transaction without the prior written consent of the holders of the Private Bonds, and (ii) until (a) Pharming enters into a commercialisation agreement for Rhucin pursuant to which it receives a substantial (undisclosed) upfront payment or (b) less than 50% of the Private Bonds are outstanding, Pharming is prohibited to pay dividends, accelerate payments for borrowed moneys under existing agreements and to lend moneys to employees and is restricted to pay bonuses to employees. In addition, in the event of any stock split, stock dividend, recapitalisation, or similar event, the Fixed Price shall be appropriately and equitably adjusted. The Private Bonds are subordinated to the claims of the holders of the Bonds. The Private Bonds can be called in cash by the holders thereof if Pharming receives a substantial (undisclosed) upfront payment from a commercialisation agreement for Rhucin (with the entering into the agreement with Swedish Orphan, this milestone was not reached). The Company will be obliged to redeem the Private Bonds in cash in case of a default by the Company of its obligations under the Private Bonds and lapse of a certain reasonable cure period in an amount equal to 120% of the outstanding principal amount plus all accrued and unpaid interest.

The Private Bonds can be converted into Shares until 31 December 2010. Following the approval by the general meeting of shareholders of Pharming, held on 30 March 2010, to reduce the nominal value of the Shares from €0.50 to €0.04 each, the Fixed Price of €0.50 was reduced to €0.40 per Private Bond. The Private Bonds may be converted into Shares at the lower of the Market Price and the Fixed Price. The market price ("Market Price") is calculated during a period of 5 trading days following a conversion notice and is equal to 95% of the lowest value weighted average price ("VWAP") of the Shares during such period. In case Shares or securities relating to Shares are issued below the Market Price, the Fixed Price shall be reduced to such lower issue price (see also under "Anti-Dilution Rights" described below).

Warrants

Warrants relating to the Private Bonds

In connection with the Private Bonds issued in January 2010, described in the previous paragraph, the Company also issued 15 million Warrants with an initial exercise price of €0.50 each entitling to one Share (the "Warrant Share"). The Warrants may be exercised until 31 December 2012 (the "Termination Date") by means of a cashless exercise, which means that the Shares to be issued upon exercise will be paid up by means of set off against the reduction of such number of Shares equal to the quotient obtained by dividing (x) the aggregate exercise price of the Warrants to be paid (if the exercise price were to be paid in cash), by (y) the VWAP on the business day immediately preceding the day of the exercise of the Warrants. This is illustrated in the example below.

Following the approval by the general meeting of shareholders of Pharming, held on 30 March 2010, to reduce the nominal value of the Shares from €0.50 to €0.04, the exercise price of the Warrants was reduced to €0.40 per Warrant and 8,437,500 million additional Warrants were issued to the Private Bond investors at the exercise price of €0.40, based on a Warrant coverage in respect of the outstanding principal amount of the Private Bonds of 125%.

If a Private Bondholder converts Private Bonds at a conversion price of less than then applicable Fixed Price, the exercise price of a number of Warrants equal to the number of Shares issued in the conversion will be lowered to equal such lower conversion price and the number of Warrants will be inversely proportionately increased (see below under "Anti-Dilution Rights").

In case Pharming issues Shares at a price lower than the Fixed Price and the Market Price, the exercise price of the outstanding Warrants will decrease to the same price at which such new Shares are issued and the number of Warrants shall be increased to maintain Warrant coverage in respect of the outstanding principal amount of the Private Bonds of 125% (see below under "Anti-Dilution Rights").

Illustrative example:

There are currently 25,204,476 Warrants outstanding, issued in relation to the Private Bond, with an exercise price ranging from €0.26961 – 0.40000. These Warrants shall be exercised by means of a cashless exercise (*verrekening*) in which the holder shall be entitled to receive a number of Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

a. (A) = the VWAP on the trading day immediately preceding the date of exercise;
b. (B) = the exercise price of the Warrants; and
c. (X) = the number of Warrants exercised;

The following table provides an example of the number of Shares that should be issued if the current outstanding Warrants would be exercised and the VWAP on the trading day immediately preceding the date of exercise is €0.30 and €0.50:

Number of Warrants outstanding (subject to anti-dilution	**Exercise price of Warrants** (subject to anti-dilution provisions as explained	**Number of shares** to be issued if Warrants would be exercised and the VWAP on	**Number of shares** to be issued if Warrants would be exercised and the VWAP on

provisions as explained above)	above)	the trading day immediately preceding the date of exercise is €**0.30 being the current share price** (**example)**	the trading day immediately preceding the date of exercise is €**0.50** (**example)**
16,562,500	0.40000	0	3,312,500
991,552	0.37820	0	241,552
349,387	0.35777	0	99,387
2,233,310	0.33582	0	733,310
390,284	0.32028	0	140,284
390,674	0.31996	0	140,674
2,972,046	0.29441	55,379	1,222,046
424,585	0.29440	7,926	174,585
426,505	0.29308	9,838	176,505
463,633	0,26961	46,966	213,633
25,204,476		**120,109**	**6,454,475**

On the Termination Date, the Warrants shall be automatically exercised in full via cashless exercise pursuant if the VWAP on the trading day immediately preceding the Termination Date is greater than the applicable exercise prices of the Warrants.

Other Warrants

In connection with a license agreement entered into by Pharming with Paul Royalty Fund in February 2006, pursuant to which Pharming received an upfront payment in cash in return for royalties on revenues for Rhucin and other Pharming products, Pharming issued 700,000 warrants with an exercise price of €4 per Share. With effect from 31 October 2007 the licence agreement with Paul Royalty Fund was settled by means of a payment in cash and an extension of the exercise period of the warrants with 3 years. As per the date of this Registration Document, all 700,000 warrants are still outstanding; the warrants may be exercised until 3 February 2011.

Pursuant to a warrant agreement entered into by Pharming and MINV S.A., Pharming issued 2,450,000 warrants to MINV S.A. in October 2009 which may be exercised at a price of €1 per Share up to 5 October 2011. Granting of the warrants was conditional upon purchase by Pharming of €5 million Bonds from Augustus Assets Managers Limited. Upon receipt of the warrants, MINV S.A. transferred the warrants to Augustus Assets Managers Limited.

Anti-Dilution Rights

Public Bonds

The anti-dilution provisions included in the schedule to the invitation memorandum, dated 21 September 2009, pursuant to which holders of the Bonds were invited to exchange their Bonds into a combination of Shares and cash, state that if Shares are issued at a price which is below €0.50 (the "Threshold Price), which threshold price is subject to change, or in case a conversion price or exercise price of securities relating to Shares falls below the Threshold Price, the holders of Bonds who accepted the offer are entitled to an additional number of Shares and the Threshold Price will be lowered. These anti-dilution provisions apply until less than 10% of the originally issued Bonds remain outstanding. The Company is required to issue 400,466 Shares to the former holders of Bonds following the issuances of Shares to the holders of Private Bonds below the applicable Threshold Price in April and May 2010 (see below under “Private Bonds”). The current Threshold Price after adjustments relating to the issuances is €0.40.

If at any time after the date of this Registration Document, during the lifetime of the aforementioned anti-dilution provisions, Pharming issues Shares at a price below the then applicable Threshold Price of the Bonds, the Company will be required to issue additional shares to the former holders of Bonds, in accordance with the invitation memorandum.

The number of additional Shares to be issued by the Company pursuant to the aforementioned anti-dilution rights will be set out in a security note to be published in connection with such new issuance.

Warrants relating to Private Bonds

Pursuant to the approval by the general meeting of shareholders of the amendment of the articles of the Company on 30 March 2010, the nominal value of the Shares was reduced from €0.50 to €0.04 each. In accordance with the terms and conditions of the Private Bonds, following the reduction of the nominal value of the Shares to €0.04, the Fixed Price of the Private Bonds was set at €0.40 and the exercise price of the Warrants was also lowered to €0.40 (as further described in the previous paragraphs).

If a holder converts any of its Private Bonds at a conversion price less than the Fixed Price, the following adjustments take place:

i. *Exercise price*: the exercise price per Warrant Share shall equal such conversion price for such number of Warrant Shares as is equal to 125% of the principal amount so converted divided by such conversion price.

ii. *Number of Warrant Shares*: the number of Warrant Shares shall be increased by 125% of the difference between (1) the principal amount so converted divided by such conversion price, and (2) the principal amount so converted divided by the Fixed Price.

If, prior to the Termination Date, the Company issues Shares or securities convertible into Shares to one or more institutional investors at a price per Share less than the then applicable Fixed Price (such lower price, the "Base Share Price"), then the Fixed Price shall be reduced to equal the Base Share Price, and the number of Warrant Shares shall be increased by 125% of the difference between (1) the then outstanding principal amount of Private Bonds purchased by the holder (or its predecessor) divided by the Base Share Price, and (2) the then outstanding principal amount of Private Bonds purchased by the holder (or its predecessor) divided by the Fixed Price (prior to the adjustment). An issuance of Shares under or in connection with the SEDA or in connection with the options plans and LTIP will not result in an adjustment of the Fixed Price.

Examples:

1) Bondholder converts €100,000 against the then applicable Market Price of €0.30:
   - the Bondholder will receive 333,333 new Shares following the conversion;
   - the exercise price of 333,333 Warrants (€100,000 / €0,30) will be reduced to €0,30;
   - 83,333 additional Warrants (€100,000 / €0.30 x 0.25) will be issued with an exercise price of €0.30.

2) Pharming issues shares for €0.25 per Share and the outstanding amount of the Private Bond is €4,600,000:
   - the exercise price of all Warrants will be reduced to €0.25;
   - 8,625,000 additional Warrants will be issued ((€4,600,000 / €0.25) - (€4,600,000 / €0.40 (being the current Fixed Price)) x 1.25 with an exercise price of €0.25.

For the avoidance of doubt if a Bondholder converts its Private Bonds against the Fixed Price which is lower than the then applicable Market Price, or Pharming issues Shares at a price which is higher than the applicable Fixed Price, no adjustments to the Warrants will be made.

If, prior to the Termination Date, the Company issues rights, options or warrants to all holders of Shares entitling them to subscribe for or purchase Shares at a price per share less than the VWAP at the record date (i.e. the date for the determination of shareholders entitled to receive such rights, options or warrants), then the applicable exercise prices of the Warrants shall be multiplied by a fraction, of which the denominator shall be the number of Shares outstanding on the date of issuance plus the number of additional Shares offered for subscription or purchase, and of which the numerator shall be the number of Shares outstanding on the date of issuance plus the number of Shares which the aggregate offering price of the total number of Shares issued (assuming receipt by the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP, effective as of the record date.

If, prior to the Termination Date, the Company shall distribute to all holders of Shares evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than Shares, then the applicable exercise prices of the Warrants shall be adjusted by multiplying such exercise price immediately prior to the record date (i.e. the date for the determination of shareholders entitled to receive such distribution) by a fraction of which the denominator shall be the VWAP determined as of the record date, and of which the numerator shall be such VWAP on such record date less the then per Share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding Share as determined by the Management Board in good faith, effective as of the record date.

If, prior to the Termination Date, (A) the Company effects any merger or consolidation of the Company with or into another entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another person or entity) is completed pursuant to which holders of Shares are permitted to tender or exchange their Shares for other securities, cash or property, or (D) the Company effects any reclassification of Shares or any compulsory share exchange pursuant to which Shares are converted into or exchanged for other securities, cash or property (each “Fundamental Transaction”), then, upon any subsequent exercise of the Warrants, the holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number of ordinary shares of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration receivable as a result of such merger, consolidation or disposition of assets.

Summary of the Articles of Association

The following description summarises certain provisions of the Articles of Association, as currently in force. This summary does not purport to be complete, and is subject to, and qualified in its entirety by reference to the Articles of Association, as well as to the relevant provisions of Dutch law.

General Meeting of Shareholders

An annual meeting of shareholders is to be held within six months after the end of each financial year in Leiden, Amsterdam, Rotterdam or The Hague. The matters considered at the annual meeting include: (a) the annual report; (b) the adoption of the annual accounts; (c) discharge of members of the Management Board and members of the Supervisory Board; (d) notification of intended appointments of members of the Supervisory Board and members of the Management Board and of anticipated vacancies in the Supervisory Board; (e) instruct an auditor to verify the annual accounts and (f) any other proposals put forward by the Supervisory Board or the Management Board. Extraordinary general meetings of shareholders will be held (i) as often as the Management Board or the Supervisory Board deems necessary or (ii) upon the written request of those persons entitled to attend the general meetings of shareholders who represent at least one tenth of the Company's issued share capital, which request must be submitted to the Management Board and/or the Supervisory Board and set out in detail the matters to be considered.

Shareholders who are entitled to attend the general meetings of shareholders of the Company and who represent at least a percentage of the issued share capital of the Company or represent Shares with at least a market value as prescribed by Dutch law have the right to initiate proposals for consideration at a general meeting of shareholders (*recht van initiatief*), provided that they submit their proposal to the Management Board or the Supervisory Board by registered letter.

The Company will provide notice of each meeting of shareholders in accordance with the provisions of the Dutch Civil Code, i.e. by publishing a notice on its website and – as long as legally required - in at least one national daily newspaper distributed in the Netherlands. Such notice will be given no later than 15 days before the day of the meeting.

Right of Attendance and Voting Rights

With respect to the right to attend general meetings of shareholders and the right to exercise voting rights in such meetings, the Company shall consider as shareholders holders of Shares named in a written statement of a financial institution in which statement the financial institution states (i) the number of Shares held by such shareholder (ii) that the Shares form part of the collective depot of such financial institution, (iii) that the shareholder named in the statement is a participant in the collective depot to the extent of the number of Shares stated and (iv) that the shareholder named in the statement shall keep such capacity at least until after the meeting, provided that this statement is deposited at the offices of the Company prior to the meeting. The convocation notice for a general meeting of shareholders shall state the date on which the statement must ultimately be deposited. Subject date cannot be a date prior to the seventh day prior to the date of the meeting.

The Management Board is authorised for an indefinite period of time to set, at its option, a registration date as referred to in article 2:119 of the Netherlands Civil Code ("Registration Date"), not earlier than thirty days before the day of the meeting. If the Management Board has determined a Registration Date, the statement of the financial institution referred to above shall only have to include that the Shares mentioned in the statement formed part of the collective depot of the financial institution involved at the Registration Date and that the person mentioned in the statement was a participant in that collective depot at the Registration Date for the number of Shares mentioned.

Holders of registered Shares that do not form part of a *girodepot* or collective depot must inform the Company in writing of their intention to attend the general meeting of shareholders at the place referred to in the convocation notice, at the latest seven days prior to the date of the meeting. Unless a Registration Date has been determined, they can exercise the rights in question at the meeting only in respect of registered Shares which are registered in their names both on the day referred to above and on the day of the meeting.

Those entitled to attend general meetings of shareholders shall only be authorised to attend and to address the general meetings of shareholders, either in person or by proxy authorised in writing, if they have announced to the Management Board in writing at least four days prior to the meeting, that they intend to attend the meeting in person, or that they shall be represented by proxy. The convocation notice shall state such requirement.

Each Share confers the right to cast one vote.

Annual Report and Annual Accounts

The Company's financial year is the calendar year. The Management Board must prepare the Company's annual accounts (consisting of the balance sheet and profit and loss account with explanatory notes thereto) and the annual report within four months after the end of the preceding financial year. Within this same period, the Management Board must prepare the Company's annual report.

The general meeting of shareholders selects an independent auditor who is responsible for auditing the annual accounts, reporting to the Supervisory Board and the Management Board on the audit, and issuing an auditor's opinion with respect thereto. If the general meeting of shareholders fails to select an auditor, the Supervisory Board is authorised to do so, and, if this body also fails to do so, the Management Board is then authorised to select the auditor.

The annual accounts of the Company must be submitted to the shareholders at a general meeting of shareholders for adoption. Copies of the annual accounts and annual report must be available to the shareholders for inspection at the offices of the Company from the date on which the notice of the meeting at which they are to be considered is given. The shareholders will be informed about the availability of the annual accounts and the annual report through the notice for the general meeting of shareholders in which the annual accounts are to be adopted. Upon request, those entitled to attend such meeting can receive copies of the annual accounts and the annual report free of charge. Within eight days after the adoption of the annual accounts by the general meeting of shareholders, the annual accounts and the annual report must be filed with the Chamber of Commerce of The Hague

The general meeting of shareholders may resolve to discharge the members of the Management Board and the Supervisory Board from any liability with respect to the conduct of their duties during the financial year concerned. Under Netherlands law, this discharge is not absolute and is not effective with regard to matters not disclosed to the shareholders.

Dividends

The Company may distribute dividends only in so far as its shareholders' equity exceeds the amount of its paid-up and called-in capital increased by the reserves which are required to be maintained pursuant to Netherlands company law. Under the Articles of Association, the Management Board, subject to the approval of the Supervisory Board, may annually determine to set aside as reserves part or all of the distributable profit of the Company with respect to the preceding financial year. To the extent that the annual profit has not been reserved, it will be distributed as a dividend on the Shares. Upon receipt of a proposal from the Management Board, which has been approved by the Supervisory Board, the general meeting of shareholders may resolve to make a dividend payment in whole or in part in Shares instead of in cash.

At a general meeting of shareholders, the shareholders may also resolve to make payments out of the distributable reserves of the Company upon receipt of a proposal thereto from the Management Board, which is subject to approval by the Supervisory Board.

The Management Board may, upon the approval of the Supervisory Board, distribute interim dividends.

The right of any shareholder to receive dividends shall be terminated if such dividends are not claimed within five years from the date on which this dividend became payable.

Amendment of the Articles of Association, Dissolution and Liquidation

A resolution of the general meeting of shareholders to amend the Articles of Association or to dissolve the Company may only be adopted upon a proposal of the Management Board which has been approved by the Supervisory Board.

In the event of dissolution of the Company pursuant to a resolution of the general meeting of shareholders, the members of the Management Board will be responsible for the liquidation of the business of the Company and the Supervisory Board will be responsible for supervision thereof.

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses will be distributed pro rata (based on the nominal amount of the Shares held) to the holders of Shares.

Issuance of Shares and Rights to subscribe for Shares

The Management Board has the authority to issue Shares or grant rights to subscribe for Shares if and insofar as the Management Board has been designated by the general meeting of shareholders as the authorised corporate body for this purpose and subject to the approval of the Supervisory Board. Such a designation may be effective for a specified period of up to five years and may be renewed for additional periods not exceeding five years. As per 27 May 2010, the Management Board has been granted such a designation concerning all the authorised and issued share capital of the Company until 27 May 2011. This period may be extended by an amendment of the Articles of Association, or by a resolution of the general meeting of shareholders for a period not exceeding five years in each case.

Upon expiration of this authority of the Management Board, the issuance of Shares or the granting of rights to subscribe for Shares shall require a resolution of the general meeting of shareholders (unless another corporate body has been designated by the general meeting of shareholders). A resolution by the general meeting of shareholders to issue Shares or to grant rights to subscribe for Shares or to designate another corporate body as being competent to do so may only be adopted upon a proposal of the Management Board, which proposal is subject to the approval of the Supervisory Board.

Pre-Emptive Rights

Under the Articles of Association, each holder of Shares generally has a pre-emptive right to subscribe to its pro rata portion of any issue of Shares or grant of rights to subscribe for Shares, except for certain issuances to employees and issuances for non-cash consideration. The Management Board has the authority to restrict or exclude the rights of pre-emption for a period not exceeding five years, if and insofar as the Management Board has been designated by the general meeting of shareholders as the authorised corporate body for this purpose and subject to the approval of the Supervisory Board. As per 27 May 2010, the Management Board has been granted such authorisation until 27 May 2011. This period may be extended by an amendment of the Articles of Association, or by a resolution of the general meeting of shareholders for a period not exceeding five years in each case.

Upon expiration of this authority of the Management Board, the right to restrict or exclude pre-emptive rights shall require a resolution of the general meeting of shareholders (unless another corporate body has been designated by the general meeting of shareholders). A resolution by the general meeting of shareholders to restrict or exclude pre-emptive rights or to designate another corporate body as being competent to do so may only be adopted upon a proposal of the Management Board, which proposal is subject to the approval of the Supervisory Board.

Reduction of Share Capital

Upon a proposal by the Management Board, which has been approved by the Supervisory Board, the general meeting of shareholders may reduce the issued share capital of the Company by cancellation of Shares held by the Company or by reducing the nominal value of Shares, subject to certain statutory provisions.

Acquisition of Shares by the Company

Subject to the authorisation of the general meeting of shareholders and the approval of the Supervisory Board and subject to certain conditions imposed by Dutch company law, the Company may acquire fully paid-up Shares in its own share capital for consideration if: (i) the shareholders' equity of the Company less the acquisition price of such Shares is not less than the sum of the Company's paid-up and called-up share capital and the reserves which must be maintained in accordance with Dutch law; and (ii) the aggregate nominal value of Shares to be acquired and Shares already held by the Company or pledged for the benefit of the Company, or which are held by a subsidiary of the Company, does not exceed one-half of the Company's issued share capital.

As per 27 May 2010, the Management Board has been granted such authorisation until 27 May 2011.

No voting rights may be exercised on Shares held by the Company. The Management Board may decide to transfer such Shares. The shareholders of the Company do not have a pre-emptive right on such transfers.

Corporate Governance Code

On 10 December 2009, the Dutch Corporate Governance Code (as initially released on 9 December 2003) has been amended and restated, with retroactive effect per 1 January 2009. This amended and restated Corporate Governance Code (the "Code") contains principles and best practice provisions for the management board, the supervisory board, shareholders and the general meeting of shareholders and audit and financial reporting. The Code *inter alia* applies to all companies whose registered offices are in the Netherlands and whose shares or depositary receipts for shares have been admitted to listing and to trading on a regulated market.

Companies to which the code applies are required to disclose in their annual reports whether or not they apply the provisions of the corporate governance code that relate to the management board or supervisory board and, if they do not apply, to explain the reasons why. The corporate governance code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the corporate governance code.

Pharming acknowledges the importance of good corporate governance and generally agrees with its basic provisions.

Pharming fully supports the principles and best practice provisions of the corporate governance code and applies with the relevant best practice provisions of the corporate governance code, subject to the exceptions set out below.

Non-Compliance with the Corporate Governance Code

The practices where the Company is not in compliance with the Code are the following:

Options for the Management Board (section II.2.4 of the Code)

With respect to sections II.2.4 of the Code, the Company believes that its future success will depend in large part on the continued services of its members of the Management Board and key employees. In view hereof, it is deemed essential that the Company is in a position to offer internationally competitive remuneration packages to qualified members of the Management Board. In line with the recommendations of the Remuneration Committee and in line with industry practice, the options granted to members of the Management Board to acquire shares in the capital of the Company will be a conditional remuneration component which becomes unconditional when a member of the Management Board is still in the service of the Company at the end of the year. These options may be exercised within the first three years of granting. The Company considers the total compensation of the members of the Management Board in line with international industry practice and significantly driven by long-term incentives, the potential values of which are fully dependent on value creation.

Profile Supervisory Board (section III.3.1 of the Code)

The current Supervisory Board profile was adopted under and in compliance with the previously prevailing Corporate Governance Code. This profile has not been aligned with the more detailed requirements of this provision under the currently prevailing Corporate Governance Code.

Vice-Chairman Supervisory Board (section III.4.1 (f) and III. 4.4 of the Code)

The size of the Supervisory Board and the committed participation of the Supervisory Board members implied that there has been no requirement for a vice-chairman.

Regulations governing Ownership of and Transactions in Securities, other than issued by the Company, by the Management Board or the Supervisory Board Members (section III.6.5 of the Code)

The Company believes that Management Board and Supervisory Board members should not be further limited by regulations in addition to commitments which are already applicable pursuant to Dutch law and regulations.

Granting of Shares or Rights to Shares to Supervisory Board Members (section III.7.1 of the Code)

The Company believes that, in today's biotech market, remuneration that includes restricted share options is deemed necessary, being customary practice, to attract excellent Supervisory Board members in the biotech industry. As of 2008 Supervisory Board members participate in the LTIP.

Follow in Real Time all the Meetings (section IV.3.1 of the Code)

Considering the Company's size, it would create an excessive burden to provide facilities that enable Shareholders to follow in real time all the meetings with analysts, presentations to analysts, presentations to investors referred to in the best practice provision. However, the Company will ensure that presentations are posted on the website immediately after the meetings in question. Meetings discussing financial results and other significant news will be announced and conducted in accordance with this provision.

Independent third party to hold proxies (section IV.3.12 of the Code)

Given its size, the Company does not believe it is appropriate at this time to appoint an independent third party to hold proxies. The Company does allow for shareholders to appoint their own independent third party proxies.

Outline policy on bilateral contacts with the shareholders (section IV.3.13 of the Code)

This is a new requirement, introduced by the implementation of the currently prevailing Code. The Company has not historically felt the requirement for such a policy. The Supervisory Board and Management Board will review this requirement at the earliest suitable opportunity.

Internal Auditor (section III.5.4c- III.5.4d and V.3.1-V.3.3 of the Code)

Due to the size of the Company, Pharming has not created a specific position for an internal auditor but it has provided for the assessment and testing of the risk management and control systems to be supported by the head of the Company's finance department, who is also the Company's Compliance Officer.

Disclosure of Information

As a Dutch company listed on Euronext Amsterdam, pursuant to the AFS, Pharming is required to publish its annual accounts within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. In addition, Pharming is obliged to publish interim management statements (*inter alia* containing an overview of important transactions and their financial consequences) in the period starting ten weeks after and six weeks before the first and second half of each financial year, or, alternatively, to publish quarterly financial statements.

Pharming must also make public certain inside information by means of a press release. Pursuant to the AFS, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not been made public and publication of which could significantly

affect the trading price of the securities. The AFS contains specific rules intended to prevent insider trading.

Notification of Holdings of Voting Rights and Capital Interest

Pursuant to the AFS, certain notification requirements apply to the Company as well as to holders of its shares due to the fact that Pharming is a listed company. The notification requirements are summarised below. Pursuant to the AFS, each person whose holding of voting rights and/or capital interest, directly or indirectly, amounts to 5% or more must notify the AFM without delay by means of a standard form or through the automated notification system of the AFM. Any person who, directly or indirectly, acquires or disposes of an interest in the Company's share capital or voting rights must without delay give written notice to the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Pharming is required to notify the AFM of any changes in its share capital and voting rights. More specifically, Pharming is required to notify the AFM without delay of any changes in its share capital if Pharming's share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. Pharming is also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in its share capital. Changes in Pharming's share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register. If, as a result of such change, a person's direct or indirect interest in Pharming's share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in Pharming's share capital and/or voting rights in the public register.

In addition, annually within four weeks after the end of the calendar year, every holder of 5% or more of Pharming's shares or voting rights whose interest has changed in the period after his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g., the exchange of shares (an actual interest) for depositary receipts for shares (which is a potential interest) or the exercise of a right to acquire shares (pursuant to which the potential interest becomes an actual interest)) must notify the AFM of such changes.

A person is deemed to hold the interest in Pharming's share capital or voting rights that is held by its controlled undertakings as defined in the AFS. The controlled undertaking does not have a duty to notify the AFM because the interest is attributed to the undertaking in control, which as a result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the AFS. A person who has a 5% or larger interest in Pharming's share capital or voting rights and who ceases to be a controlled undertaking for purposes of the AFS must without delay notify the AFM. As of that moment, all notification obligations under the AFS will become applicable to the former controlled undertaking.

For the purpose of calculating the percentage of capital interest or voting rights, amongst others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds). As a consequence, the notification should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A holder of a pledge or right of usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the AFS, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

The AFS contains detailed rules that set out how its requirements apply to certain categories of holders, including but not limited to (managers of) investment funds, investment managers, custodians, market makers, clearing and settlement institutions, brokers and credit institutions.

Pursuant to the AFS, members of the Management Board and Supervisory Board must notify the AFM of their interest in the Company's share capital and voting rights within two weeks of their appointment as a member of the Management Board or Supervisory Board. Any subsequent change of their interest in the Company's share capital and voting rights must be notified to the AFM without delay.

The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

The above rules under Dutch law may change.

It is envisaged that a threshold of 3% or shareholders will be added to the above described thresholds pursuant to a bill on the amendment of the AFS. Further, listed companies such as Pharming would be obliged to publish their strategy on their website. In connection therewith, shareholders with an interest of 3% or more will have to disclose whether they have any objections against the published strategy.

There is another draft bill, also amending the AFS, which includes an extension of the notification obligations in respect of substantial holdings on the basis of economic long positions. Pursuant to the proposal the notification obligations would be extended to voting rights and capital holdings in financial instruments of which the value depends on the increase in value of the shares or dividend rights and which will be settled other than in those shares. On the basis of this proposal, (legal) persons which / who hold certain financial instruments such as contracts for differences and total return equity swaps should notify their interest as of 3%.

However, it is unclear if and when the above described proposed legislation will become effective.

Market Abuse Regime

The rules on preventing market abuse set out in the AFS are applicable to Pharming, the members of the Management Board and Supervisory Board, other insiders and persons performing or conducting transactions in the Company's securities. Certain important market abuse rules set out in the AFS that are relevant for investors are described hereunder.

Pharming is required to make inside information public. Inside information is information that is specific and pertains directly or indirectly to Pharming or its shares or the trading thereof: (a) which information has not been made public and (b) where disclosure of such information could have a significant effect on the price of its shares or derivatives of its shares. Pharming must also provide the AFM with this inside information at the time of publication. Furthermore, Pharming must without delay publish the inside information on its website and keep it available on its website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in Pharming's shares. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited for any

person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

Pharming's insiders within the meaning of the AFS are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the Company's shares or in securities the value of which is at least in part determined by the value of the Company's shares. Insiders within the meaning of the AFS in this respect are: (i) members of the Management Board and Supervisory Board, (ii) other persons who have a managerial position and in that capacity are authorised to make decisions which have consequences for the Company's future development and business prospects and who, on a regular basis, can have access to inside information relating, directly or indirectly, to Pharming, and (iii) certain persons closely associated with the persons mentioned under (i) and (ii) designated by the Dutch Market Abuse Decree (*Besluit marktmisbruik Wft*).

This notification must be made no later than the fifth business day after the transaction date on a standard form drawn up by the AFM. This notification obligation does not apply to transactions based on a discretionary management agreement as described in Article 8 of the Dutch Market Abuse Decree. Under certain circumstances, the notification may be delayed until the date on which the value of the transactions amounts to €5,000 or more in the calendar year in question.

If a member of the Management Board or Supervisory Board has notified a transaction to the AFM under the AFS as described above under "Notification of Holdings of Voting Rights and Capital Interest", such notification is sufficient for purposes of the AFS as described in this paragraph.

Pharming has adopted an internal code on inside information in respect of the holding of and carrying out of transactions in the Company's shares by the members of the Management Board and Supervisory Board and its employees. Further, Pharming has drawn up a list of those persons working for the Company who could have access to inside information on a regular or incidental basis and Pharming has informed the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

9. GENERAL INFORMATION

Available Information

Pharming publishes its annual accounts, accompanied by an annual report and an auditor's report certificate, within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. In addition, the Company publishes quarterly financial statements.

The annual accounts must be signed by all members of the Management Board and the Supervisory Board. The annual reports (comprising the annual accounts, an annual report and an accountants' certificate) and the half-yearly reports and quarterly reports upon their publication can be inspected by Pharming's shareholders without charge at its head office in Leiden, during regular business hours.

Copies of the annual reports for the years ended 31 December 2007, 2008 and 2009, its (unaudited) report for the three months period ended 31 March 2010, the Articles of Association and the Prospectus may be obtained free of charge for the life of this Registration Document by sending a request in writing to Pharming at its business address: Darwinweg 24, 2333 CR Leiden, the Netherlands and are also available on www.pharming.com for the life of this Registration Document.

The Prospectus will also be available to investors on the website of the AFM at www.afm.nl and through the Euronext Amsterdam website at www.euronext.com.

Corporate Information

Pharming Group N.V. is a public company with limited liability, incorporated on 11 November 1988 under the laws of the Netherlands, and is registered with the Trade Register of the Chamber of Commerce of The Hague under number 28048592 and has its corporate seat in Leiden, the Netherlands. The Company's business address is Darwinweg 24, 2333 CR Leiden, the Netherlands and its website is www.pharming.com and its telephone number is +31 (0)71 5247400.

Share Trading Information

The Shares are listed and traded on Euronext Amsterdam and are cleared through the book-entry facilities of Euroclear Netherlands, only. The address of Euroclear Netherlands is: Herengracht 459-469, 1017 BS Amsterdam.

The Shares are traded under the following characteristics:
ISIN Code: NL0000377018
Common Code: 15661178
Amsterdam Security Code: 37701
Euronext Amsterdam Symbol: PHARM

Paying Agent

Fortis Bank (Nederland) N.V. is the paying agent with respect to the Shares. The address of the paying agent is:

Fortis Bank (Nederland) N.V.
Rokin 55
1012 KK Amsterdam
the Netherlands

Organisational Structure

Pharming is a holding company of the following (in)directly held operating companies:

Name	Percentage	Country of Incorporation
Broekman Instituut B.V.	100%	the Netherlands
DNage B.V.[1]	100%	the Netherlands
Pharming B.V.	100%	the Netherlands
Pharming Healthcare, Inc	100%	United States
Pharming Intellectual Property B.V.	100%	the Netherlands
Pharming Technologies B.V.	100%	the Netherlands
ProBio, Inc	100%	United States

[1] DNage is subject to the Spin Off, see Chapter 4 "Operating and Financial Review – Prodarsan and Other DNage Activities – Spin Off".

Advisors

Loyens & Loeff N.V. acted as Dutch counsel for Pharming in connection with this Registration Document.

Independent Auditors

The consolidated financial statements of Pharming for the three-year period ended 31 December 2007 and 2008, have been audited by Ernst & Young Accountants LLP, independent auditors, Antonio Vivaldistraat 150, 1083 HP Amsterdam. The responsible partner of Ernst & Young Accountants LLP is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*).

The consolidated financial statements of Pharming for the year ended 31 December 2009, have been audited by PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, which has been appointed as the Company's auditors at the general meeting of shareholders held on 15 April 2009. The responsible partner of PricewaterhouseCoopers Accountants N.V. is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*).

Legal Proceedings

There are no governmental, legal or arbitration proceedings, including any such proceedings pending or threatened of which Pharming is aware, during a period covering at least the past 12 months which may have, or have had in the recent past, significant effects on Pharming's financial position or profitability.

Material Agreements

Save for the Settlement Agreement (described in Chapter 4 "Operating and Financial Review – Operating Review – Prodarsan and Other DNage Activities – Spin Off") and the finance agreements (described in Chapter 4 "Operating and Financial Review – Liquidity and Capital Resources" and Chapter 8 "Description of Share Capital and Corporate Governance – Share Capital – Convertible Bonds – and – Warrants – and – Anti-Dilution Rights"), there are no contracts (not being entered into in the ordinary course of business) which are, or may be, material and which (i) have been entered into by Pharming or any of its subsidiaries during the two years immediately preceding the date of this Registration Document or (ii) which contain a provision under which Pharming or any of its subsidiaries has any obligation or entitlement which is material to the group as at the date of this Registration Document.

Related Party Transactions

Save as disclosed in note 31 of the annual report 2009, note 32 of the annual report 2008 and note 32 of the annual report 2007, no related party transactions between Pharming (including its subsidiaries) were entered into between 1 January 2007 and the date of this Registration Document.

10. GLOSSARY OF SELECTED TERMS

AMR: Antibody-Mediated Rejection occurs when a transplant because of suboptimal histo-compatibility, is perceived by the recipient as a foreign body. The immune system is activated and the foreign body is attacked, which can lead to organ failure and immunological rejection of the organ. As the number of waiting recipients is outgrowing the number of available donors, transplantations with sub-optimal matching levels occur increasingly. This results in relatively higher rejection rates.

Aslan: Aslan Group AS is established in 1978 and one of the leading family-owned companies in Turkey (Istanbul). Aslan has a track record in several business areas. Nutrition and biotechnology is a newly established focus of Aslan in the fast growing market of Turkey and other countries in the region, including Russia, the Ukraine and the Middle East.

BLA: In the US, pharmaceuticals are approved for marketing under the provisions of the Public Health Service (PHS) Act. The Act requires a firm which manufactures a pharmaceutical for sale in interstate commerce to hold a license for the product. To commercialise a new biological product in the US, the FDA needs to approve a Biologics License Application (BLA). A BLA is a submission that contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical affects of the biologic product. If the information provided meets FDA requirements, the application is approved and a license is issued allowing the company to market the pharmaceutical. Biological products include amongst others monoclonal antibodies, growth factors, blood products and proteins intended for therapeutic use. The concerning FDA centre is the Center for Biologics Evaluation and Research (CBER).

C1INH: C1 esterase inhibitor or C1INH is a serine protease inhibitor protein present in human blood serum. C1INH is involved in the regulation of the first protein in the complement system (C1), which is part of the immune system. Insufficient C1 inhibitor action or amounts can cause inflammation and HAE attacks.

CHMP: The Committee for Medicinal Products for Human Use (CHMP) plays a vital role in the marketing procedures for medicines in the European Union. Amongst others, the CHMP is responsible for preparing the EMA's opinions on all questions concerning medicinal products for human use, in accordance with Regulation (EC) No 726/2004.

CS or Cockayne Syndrome: CS is a premature ageing disease. Premature ageing diseases are a group of rare diseases caused by a genetic defect leading to deficient repair of DNA-damage. Patients suffering from these diseases develop multiple 'ageing-pathologies', normally associated with old age, early on in their lives. Generally, these patients have a strongly reduced quality of life and reduced life expectancy. CS is characterised (amongst other symptoms) by growth failure, mental retardation, hearing loss, a prematurely aged appearance (progeria) and premature death. The average lifespan of CS patients is 12.5 years and quality of life for these patients is seriously impaired. At present, there is neither a cure nor an effective therapy available for CS patients. Disease management consists of treating the symptoms as they arise and providing assistive devices.

DGF: DGF or Delayed Graft Function is a common complication affecting all solid organs in the post-transplant period. DGF results in significant morbidity and mortality from early graft dysfunction and from decreased long-term graft survival. The condition also prolongs hospitalisation and requires substitute therapies for these patients, such as dialysis or ventilatory support. DGF remains a critical unmet medical need despite improvements in immunosuppression, organ preservation, and surgical technique. C1 inhibitor has been shown in numerous models of organ transplantation to improve early graft function. In the US alone, over 25,000 solid organs were transplanted in 2005, including kidney, liver, lung and heart transplants.

DNA: DNA or deoxyribonucleic acid is a large organic molecule which contains the genetic information for the development and functioning of living organisms. The DNA holds so-called genes, each of them carrying the instructions to generally construct one specific protein. All genes together are called the genome or 'blueprint'. The proteins made from this blueprint are responsible for the biochemical activity of the cell.

DNage: DNage B.V., a subsidiary of Pharming, with a focus on discovery and development of products for ageing diseases which are caused by DNA damage. DNage has active programs in the areas of osteoporosis, neurodegeneration (brain diseases), metabolic diseases and genetic diseases (premature ageing), which entity will, upon completion of the Spin Off, no longer be a subsidiary of Pharming.

Downstream manufacturing: downstream manufacturing are all activities related to the purification of the C1 inhibitor protein from the milk, the fill and finish of the vials and the packaging and labeling of the vials.

EMA: The European Medicines Agency (EMA) is the regulatory office for pharmaceuticals in the EU and is responsible for approving new drugs prior to marketing of the product ensuring their safety and efficacy.

FDA: FDA or US Food and Drug Administration is the regulatory office responsible for drug approval in the US.

GMP: GMP status or Good Manufacturing Practice is a term that is recognised worldwide for the control and management of manufacturing and quality control testing of foods and pharmaceutical products.

GRAS: The acronym GRAS stands for Generally Recognised As Safe. This designation is granted by the FDA to a chemical or substance added to food that is generally recognised, among experts, as having been adequately shown through scientific procedures to be safe under the conditions of their intended use.

HAE: HAE or Hereditary Angioedema is a human genetic disorder caused by insufficient activity of the C1 inhibitor protein. HAE patients suffer from recurrent unpredictable acute attacks of painful and in some cases fatal swelling of soft tissues (edema), including regions of the skin, abdomen and the mouth and throat. Attacks can last up to five days when untreated. In the Western world, approximately 1 in 30,000 individuals suffers from Hereditary Angioedema, having an average of seven acute attacks per year.

hLF: Human lactoferrin is a natural protein that helps to fight and prevent infections. The protein is present in substantial quantities in mother's milk and plays an important role in the defence system of infants. The protein is also present in various body fluids and continues to play an important role against a wide range of bacterial, fungal and viral pathogens in adults. Pharming produces a recombinant version of the natural lactoferrin protein.

IFRS: International Financial Reporting Standards (IFRS) along with International Accounting Standards are a set of accounting standards issued by the International Accounting Standards Board.

IND: An IND (investigational new drug application) is the vehicle through which a sponsor advances to the next stage of drug development known as clinical trials (human trials).

LTIP: Pharming's Long Term Incentive Plan.

MAA: A Marketing Authorisation Application is a request for market approval in the EU.

NDA: In the US, pharmaceuticals are approved for marketing under the provisions of the Public Health Service (PHS) Act. The Act requires a firm which manufactures a pharmaceutical for sale in interstate commerce to hold a license for the product. To commercialise a new pharmaceutical drug product in the US, the FDA needs to approve a New Drug Application (NDA). An NDA is a submission that contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical effects of the pharmaceutical drug product. If the information provided meets FDA requirements, the application is approved and a license is issued allowing the company to market the pharmaceutical. The concerning FDA center is the Center for Drug Evaluation and Research (CDER).

Orphan Drug: A drug being developed to treat a rare disease (affecting less than 200,000 individuals in the US) can receive Orphan Drug designation from the FDA. This status is granted under the US Orphan Drug Act of 1983, which was established to encourage, support and protect the development of treatment for rare, but serious diseases. Orphan Drug status provides several advantages including market exclusivity for seven years, various financial incentives and a well-defined regulatory approval path. The EMA can grant a similar status to products being developed to treat rare diseases (affecting not more than five in ten thousand persons in Europe), namely Orphan Medicinal Product. This status is granted under European Parliament and Council Regulation (EC) No 141/2000 of December 16, 1999, on Orphan Medicinal Products, which introduces incentives for Orphan Medicinal Products research, development and marketing, in particular by granting exclusive marketing rights for a ten-year period.

Prodarsan: Pharming's subsidiary DNage is developing Prodarsan® as a potential therapy for Cockayne Syndrome (CS). The product is a combination of small molecules formulated as an oral liquid and is believed to reduce the accumulation of DNA-damage, the underlying biochemical cause of CS.

Protein: Proteins are large organic molecules, like C1 inhibitor, fibrinogen and collagen, and form the basis to all living organism. They are composed of one or more chains of amino acids joined together by peptide bonds. The sequence of these amino acids is defined by genes, which are present in the DNA.

Recombinant: Recombinant refers to the combination of genetic material (DNA) from different biological sources. Pharming, like all biotechnology firms, uses recombinant technology to produce proteins such as recombinant human C1 inhibitor.

R&D: R&D is referring to Pharming's Research and Development activities.

rhC1INH: Recombinant human C1 esterase inhibitor or rhC1INH is the active component of Rhucin®. Natural C1 inhibitor DNA from a human source is used in Pharming's protein production technology to ensure expression of the C1 inhibitor protein. This product might be useful for certain indications, such as the prevention of complications that sometimes arise after organ transplantation.

rhCOL: rhCOL is short for Pharming's recombinant human collagen type I. Natural human collagen is a protein found in skin, bone, blood vessels and many other tissues. Existing medical products using biomaterials are based on collagen from human plasma or animal tissues. Pharming aims to substitute these products with its recombinant human collagen.

rhFIB: Human fibrinogen is a natural human plasma protein involved in blot clotting. Together with thrombin it can form insoluble fibrin polymers or clots. Deficiency or low levels of fibrinogen can result in uncontrolled bleeding, as can occur in case of trauma, surgery, liver disease, sepsis and cancer. Pharming is developing recombinant human fibrinogen (rhFIB) as a replacement therapy for patients with genetic and acquired deficiencies of fibrinogen.

Rhucin®: is the global trade mark for Pharming's recombinant human C1 inhibitor for the treatment of patients with acute HAE attacks. Human C1 inhibitor is a protein involved in the regulation of the first protein in the complement system (C1), which is part of the immune system. Insufficient C1 inhibitor action or amounts can cause inflammation and HAE attacks.

SEDA: In April 2009, Pharming entered into the €20.0 million standby equity distribution agreement dated 14 April 2009, as amended in October 2009 ("SEDA"), with Yorkville Advisors Global Master SPV Ltd ("Yorkville"). Under the terms of the SEDA, Yorkville can invest a total of up to €30.0 million in a three year period until April 2012. Pharming has the right, but not the obligation, to call the funds in regular tranches. Pharming is entitled to call up to €0.4 million per tranche by issuing Shares at a 5% discount to the market price, provided the market price of the Shares is at least 20% above the nominal value of the Shares. If the share price is below that level Pharming and Yorkville may agree to a call of funds but, under those circumstances, Yorkville has no obligation to accept the call. Yorkville may also accept a single tranche exceeding €0.4 million. Calls under the SEDA are (i) not possible during a closed period, (ii) are not possible within 5 trading days following the previous request for a call, (iii) are subject to the satisfaction of the conditions precedent as set forth in the SEDA, including, *inter alia*, the Company having duly complied with its obligations under the SEDA, the granting of certain warranties and no material breach of warranties having occurred. Furthermore, calls under the SEDA are only possible in case the Management Board has been granted with the authority to issue Shares by the general meeting of shareholders. In certain circumstances Yorkville may terminate the SEDA, such as the Company materially failing to comply with SEDA's requirements, the Company being in material breach of any warranties granted to Yorkville and the occurrence of an event or circumstance that constitutes a material adverse change in the assets or the financial of trading position of the Company and its group companies.

Transgenic: An organism is called transgenic when its cells carry genetic material from another species in addition to its own genetic material. Pharming produces specific human products in the milk of transgenic rabbits and cows carrying the human recombinant gene responsible for expressing that product.

Upstream manufacturing: upstream manufacturing are all activities related to the production of milk.

ISSUER

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