PHARMING GROUP N.V.

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

Admission to listing and trading of 36,577,747 newly issued ordinary shares with a nominal value of €0.50 per share.

On 14 October 2009, Pharming Group N.V. ("Pharming" or the "Company", which shall, where the context so requires, include one or more of its subsidiaries) converted 70% of the outstanding 6.875 per cent. convertible bonds due 2012 (the "Bonds") pursuant to which it issued an aggregate number of 29,382,000 Shares (the "Conversion Shares") and paid €3,735,000 to the holders of the Bonds who accepted the exchange offer (the "Conversion"). The aggregate nominal amount of the Bonds outstanding at the date of this Prospectus is €10.9 million.

The cash paid by Pharming in connection with the Conversion has been obtained through the issuance of 5,087,212 Shares for an aggregate subscription price of €2,630,084 to certain existing shareholders of which 1,218,695 Shares have already been admitted to listing and trading on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam") without a prospectus being required (the "Placement Shares I", and the remaining 3,868,517 Shares, the "Placement Shares II") and enhanced calls under the existing standby equity distribution agreement dated 14 April 2009, as amended from time to time (the "SEDA") with Yorkville Advisors Global Master SPV Ltd ("Yorkville") for an amount of €1,5 million, pursuant to which 2,927,230 Shares were issued (the "Yorkville Shares II").

Additionally, Pharming issued 400,000 Shares to Yorkville as a fee (the "Yorkville Shares III") in connection with the increase of the total commitment of Yorkville under the SEDA from €20 million to €30 million on 4 October 2009.

Last, in the period as of the date of the SEDA through September 2009, Pharming issued 9,744,439 Shares under the SEDA to Yorkville (including 800,000 Shares which were issued upon the execution of the SEDA as a fee, together the "Yorkville Shares I") for which Pharming received an aggregate subscription price of €5.1 million. The Yorkville Shares I have already been admitted to listing and trading following their issuance without a prospectus being required.

Application has been made to submit the Conversion Shares, the Placement Shares II, the Yorkville Shares II and the Yorkville Shares III (together the "New Shares") for listing and trading on Euronext Amsterdam. Pharming expects that trading in the New Shares on Euronext Amsterdam will commence on or about 21 December 2009 (the "Listing Date"). The Shares outstanding immediately prior to the issuances of the New Shares are listed and traded on Euronext Amsterdam under the symbol "PHARM" and ISIN Code NL0000377018.

This Prospectus is published in connection with the anticipated listing of the New Shares.

Any reference to “Shares” in this Prospectus comprises the ordinary shares in the capital of the Company, including the New Shares, outstanding from time to time.

Any investments in the Shares involve significant risks. These risks are described under "Risk Factors" beginning on page 6 of this Prospectus.

The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The New Shares were offered and sold outside the United States ("US") in reliance on Regulation S under the Securities Act ("Regulation S"). The New Shares may not be

offered or sold within the US or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This Prospectus constitutes a prospectus for the purposes of Article 3 of the Directive 2003/71/EC (the "Prospectus Directive") 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 Prospectus has been approved by and filed with the AFM.

Prospectus dated 16 December 2009

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1. SUMMARY

This summary provides an overview of selected information contained elsewhere in this Prospectus and should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole. Any prospective investor should carefully read this Prospectus in its entirety before investing in the Shares, including the information discussed in Chapter 2 "Risk Factors" beginning on page 6 and Pharming's consolidated financial statements and the notes thereto that are incorporated by reference in this Prospectus.

Under laws in effect in the states within the European Economic Area, no civil liability will attach to the Company in respect of this Summary, or any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a state within the European Economic Area, the plaintiff investor may, under the national legislation of the state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Summary of Pharming's 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 divided in three arms:

1. Product development strategy: Pharming focuses on the development of therapeutic products for significant medical needs. In a next phase, these proven products are being developed for indications with larger markets and significant market potential.

2. Commercialisation strategy: Pharming intends to orchestrate the complete development of its therapeutics by concentrating on its core competencies and forming 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 aggressive development of its pipeline products and as such on generating further value in the short-term. The Company is, for its long term existence, exploring opportunities to further improve its financial position. Such options include (combinations of) project specific financing, licensing deals, loans and limited equity transactions.

Summary of Pharming's Business

The first technology platform of Pharming is transgenic technology which is an effective means of producing complex human proteins efficiently, yielding high quality products. This platform is particularly useful for proteins whose production in other systems is not very efficient or which require very specific modifications, during the production, for them to be active. The second platform is DNA repair using animal models with small mutations in such repair. These models form excellent systems to test new products and other intervention strategies for certain types of cancer (associated with DNA repair) as well

as for diseases associated with ageing (which all seem to be associated with DNA damage and DNA repair).

The Company's lead product candidate, Rhucin®, is the therapeutic protein rhC1INH for treatment of acute attacks of HAE, a genetic disorder. It has undergone an extensive development program including the development of a robust and high quality production process (in milk of rabbits), a high quality purification process yielding pure product with consistent specifications, a non-clinical program, a toxicology program, a clinical program involving hundreds of administrations in humans and various other development programs as required by the competent authorities. An application for market authorisation in the European Union ("EU") has been submitted in September 2009 and a final decision from the relevant committee can be expected in the course of 2010. Pharming had a pre-BLA meeting for Rhucin with the FDA in December 2009. Based on the outcome of these and other ongoing discussions with the FDA, Pharming will apply for a marketing authorisation for the US promptly after conclusion of such discussions.

Other products owned by the Company are less advanced in development. Two products are currently being tested in humans. RhC1INH is currently being tested for use in reducing side effects and rejections during human organ transplantation. Prodarsan® (a combination of small molecules developed in the DNA repair platform) is currently being tested in patients suffering from a specific from of premature ageing (Cockayne Syndrome). It is expected that for both products additional studies in patients need to be performed before a submission for market authorisation can be made. Given the uncertainty of the outcome of these clinical experiments no exact prediction can be made regarding the timing of these potential submissions.

Another product developed by the Company (human lactoferrin) has been developed for use in human nutrition and has been out-licensed for this application to Aslan. The development of this product has been largely completed and further commercialisation is now dependent on upscaling of production, obtaining the necessary permits and the commercial activities by Aslan and other potential partners.

Other products under development based on the transgenic technology platform include products which may be useful for treatment of diseases caused by so-called ischemic reperfusion damage (including stroke, certain other cardiovascular diseases and macula degeneration), congenital fibrinogen deficiency, certain infectious diseases and medical conditions associated with tissue damage. Products under development derived from the DNA repair platform include products which may be useful in treating certain age related diseases such as osteoporosis and certain neurodegenerative diseases. All these products are in the research phase and no studies in human patients have been performed as yet.

Risks Associated with Pharming's Business

Pharming's business is subject to numerous risks, such as risks related to the Company's business and history of operating losses, its regulatory environment, its dependence on its employees, its intellectual property and third parties, and its dependence on external funding. These risks are more fully described in Chapter 2 "Risk Factors" immediately following this Summary.

Corporate Information

Pharming Group N.V. is a public company with limited liability incorporated 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.

2. RISK FACTORS

Investing in the Shares involves a high degree of risk. Investors should carefully consider the risks described below and all of the other information set forth in this Prospectus before deciding to invest in any of the Shares. 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 associated with investments in the Shares, 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 is currently, as has been the case since its incorporation, largely dependent on financing arrangements with third parties. In case no cash is received from capital market transactions and/or commercial agreements, the available balance of cash and marketable securities at the date of this Prospectus are expected to deplete in the course of January or February 2010. Reference is made to Chapter 6 "Operating and Financial Review – Working Capital" for a description of the possible resources to generate additional funds.

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.

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 effect 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 European Medicines Agency ("EMEA") and the US Food & Drug Administration ("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 new 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.

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 the therapeutic protein recombinant human C1 inhibitor ("Rhucin®") product for treatment of acute attacks of hereditary angioedema ("HAE"). On 3 September 2009, Pharming submitted the MAA for Rhucin to the EMEA. Pharming expects to receive the final opinion from the EMEA in the course of 2010. The development of the other products in the Company's portfolio is 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 EMEA, or is unable to enter into a strategic marketing partnership with a suitable partner, or otherwise successfully commercialise Rhucin, or if as a result of the foregoing Pharming has to build its own sales and marketing organisation in order to commercialise this product, then its business, financial condition and prospects may be adversely affected.

If the Company fails to successfully commercialise Rhucin, new funds may have to be raised in order to further develop the 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 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, two products have been approved in several countries for the treatment of acute attacks. In the US one product is approved for certain types of acute attacks and one product for preventive treatment of HAE attacks. 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 is the first supplier of the product, 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.

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 partly dependent on the reimbursement of the Company 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 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.

Pharming participates and will participate in an industry that has been subject to significant product liability, intellectual property 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.

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. If Pharming is unable to maintain or obtain insurance, such as, but not limited to, product liability insurance 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 manufacturing and supply agreement with Schering-Plough (previously Organon N.V.) for production of Rhucin and into development agreements with two companies for the marketing and sales of Rhucin in Spain, Portugal, Greece and Turkey. Pharming has also entered into a manufacturing and distribution agreement with Aslan Group A.S. ("Aslan") for Pharming's human lactoferrin product ("hLF"). Uncertainties exist whether Pharming is able to maintain these agreements on favourable terms, if at all, and whether Schering-Plough and Aslan are able to perform their duties under the contracts. If not, it is uncertain whether Pharming would be able to find another party to perform these duties.

In order to commercialise and sell the products in development, Pharming may have to develop additional manufacturing capabilities and shall have to 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.

Future sales, or the possibility of future sales, of a substantial amount of Shares may depress the price of the Shares.

Future sales of Shares, or the perception that such sales will occur, could cause a decline in the market price of the Shares. Pharming cannot predict whether substantial numbers of Shares will be sold in the open market. In particular, there can be no assurance that the current shareholders will not reduce their holdings of Shares. Future sales of Shares could be made by shareholders or through a capital increase undertaken by the Company for additional working capital, to fund an acquisition or for another purpose. A sale of a substantial number of Shares, or the perception that such sale could occur, could materially and adversely affect the market price of the Shares and could also impede Pharming's ability to raise capital through the issue of equity securities in the future.

Dilutive effects may reduce future profitability per Share and subsequently the market price of the Shares.

Investors will face dilution as a result of future issuances of Shares under the SEDA or otherwise. In addition, investors will face dilution as a result of the exercise of already issued or newly issued options and/or warrants for Shares, the conversion of the remaining outstanding Bonds and the settlement of milestones in Shares. At the date of this Prospectus, Pharming's outstanding Bonds, options, warrants and Long Term Incentive Plan ("LTIP") potentially lead to an issuance of 13,696,404 Shares. Based on the current outstanding number of Shares, this could lead to a dilution of 8.86%.

The market price of the Shares may be volatile.

The market price of the Shares is subject to many factors, including the liquidity of the market for the Shares, the public opinion about general economic and market conditions and the public opinion about the biotech industry. Because of all these different factors, the market price of the Shares has been, and may be in the future, highly volatile. In addition, stock markets have from time to time experienced extreme price and volume fluctuations that may be unrelated or disproportional to the operational performance of particular companies. If securities or industry analysts do not publish research or reports about Pharming's business, or if they change their recommendations regarding the Shares adversely, the price and trading volume of the Shares could decline.

The pre-emptive rights of the shareholders may be restricted or excluded by the Management Board.

The shareholders of Pharming will generally have pre-emptive rights to subscribe for a pro-rata amount of any new Shares issued by Pharming. These rights, however, are subject to certain provisions of the articles of association of Pharming (the "Articles of Association") and may be restricted or even excluded by a resolution of the board of managing directors of Pharming (the "Management Board"), subject to the approval of its board of supervisory directors (the "Supervisory Board"). See Chapter 12 "Description of Share Capital and Corporate Governance".

Pharming does not intend to pay dividends for the foreseeable future.

Pharming does not intend to pay any dividends for the foreseeable future. Payment of future dividends to shareholders will effectively be at the discretion of the Management Board, subject to the approval of the Supervisory Board after taking into account various factors including Pharming's business prospects, cash requirements, financial performance and new product development. In addition, payment of future dividends may be made only if our 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.

Accordingly, investors cannot rely on dividend income from the Shares and any returns on an investment in the Shares will likely depend entirely upon any future appreciation in the price of the Shares.

3. IMPORTANT INFORMATION

No person is or has been authorised to give any information or to make any representation in connection with the New Shares, other than as contained in this Prospectus, 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 Prospectus 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 Prospectus is correct as of any time since its date.

Pharming Group N.V. accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, Pharming Group N.V. further declares that the information contained in this Prospectus 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 Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or a solicitation of an offer to buy, any of the New Shares or any other securities issued by the Company.

The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the US or any other US regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the New Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.

Presentation of Financial and Other Information

Certain figures contained in this Prospectus 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 Prospectus may not conform exactly to the total figure given for that column or row.

All references in this Prospectus 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 Prospectus that has not been extracted from Pharming's audited consolidated financial statements for the years ended 2006, 2007 and 2008 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)		
2006	1.3327	1.1860	1.2563	1.3197
2007	1.4862	1.2904	1.3708	1.4603
2008	1.6010	1.2446	1.4710	1.3919

The table below shows the high and low Noon Buying Rates expressed in US dollars per €1.00 for the first 11 months of 2009.

	High	Low
	(US Dollars per Euro)	
January 2009	1.3946	1.2804
February 2009	1.3064	1.2547
March 2009	1.3730	1.2549
April 2009	1.3458	1.2978
May 2009	1,4126	1,3267
June 2009	1,4270	1,3784
July 2009	1,4279	1,3852
August 2009	1,4416	1,4075
September 2009	1,4795	1,4235
October 2009	1,5029	1,4532
November 2009	1,5085	1,4658

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 Management Board and 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

In this Prospectus, Pharming makes certain statements regarding its competitive position, the expected size of relevant markets and the side effects or efficacy of current treatments for the relevant diseases. Pharming believes these statements to be true based on market data and industry statistics which are in the public domain, but it has not independently verified the information and therefore cannot guarantee its accuracy and completeness.

Documents Incorporated by Reference

Certain parts of Pharming's (audited) annual reports for the years 2006, 2007 and 2008 and its (unaudited) reports for the nine months ended 30 September 2008 and 30 September 2009, listed below, as well as the press releases listed below are incorporated by reference into this Prospectus. No other documents or information form part of, or are incorporated by reference into, this Prospectus. Copies of the documents incorporated by reference into this Prospectus may be obtained free of charge for the life of this Prospectus by sending a request in writing at: Darwinweg 24, 2333 CR Leiden, the Netherlands. All documents incorporated by reference into this Prospectus are also available via www.pharming.com.

Annual Report 31 December 2008	***Incorporated by reference***
• Report of Remuneration Committee	page 48-51
• 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
• 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
• Auditor's report	page 96
Annual Report 31 December 2006	***Incorporated by reference***
• Consolidated balance sheet	page 42
• Consolidated income statement	page 43
• Consolidated statement of recognised income and expense	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 48-89
• Auditor's report	page 92
Third Quarter Report 30 September 2009	***Incorporated by reference***
• Consolidated statement of financial position	page 5

- Consolidated statement of income page 6
- Consolidated statement of cash flows page 7

Third Quarter Report 30 September 2008 ***Incorporated by reference***

- Consolidated balance sheet page 5
- Consolidated income statement page 6
- Consolidated statement of cash flow page 7

Press Releases in connection with the Conversion and the SEDA

- Press release dated 8 October 2009: Pharming announces that it has completed the Conversion. As a result, the total amount of outstanding convertible debt has been reduced from €35.8 million to €10.9 million.
- Press release dated 5 October 2009: Pharming announces that it has extended the SEDA with Yorkville by an additional €10 million to €30 million in total.
- Press release dated 30 September 2009: Pharming announces that it has received commitment from holders of Bonds, representing 70% of the nominal amount of the then outstanding Bonds, to accept the offer to convert the Bonds as announced on 21 September 2009.
- Press release dated 21 September 2009: Pharming announces that it has made a public offer to the holders of the then outstanding Bonds to convert their Bonds into a combination of cash and shares.
- Press release dated 11 September 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of 1,852,230 ordinary shares for cash consideration of €1 million.
- Press release dated 28 August 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of 773,568 ordinary shares for cash consideration of €0.4 million.
- Press release dated 14 July 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of 800,000 ordinary shares for cash consideration of €0.4 million.
- Press release dated 30 June 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of 1,158,011 ordinary shares for cash consideration of €0.6 million.
- Press release dated 23 June 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of approximately 1.7 million ordinary shares for cash consideration of €1 million.
- Press release dated 17 June 2009: Pharming announces that it has issued under the SEDA with Yorkville a total of approximately 1 million ordinary shares for cash consideration of €0.7 million.
- Press release dated 9 June 2009: Pharming provides an update on the increased number of outstanding shares following the purchase by Yorkville of newly issued shares on the terms and conditions of the SEDA.
- Press release dated 15 April 2009: Pharming announces that it has entered into the SEDA with Yorkville.

Forward-Looking Statements

This Prospectus 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 2 "Risk Factors".

4. CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness

The tables below set forth the unaudited consolidated capitalisation and indebtedness as per 30 September 2009. The figures as per 30 September 2009 include the proceeds of the Placement Shares I, the Yorkville Shares I and the Yorkville Shares II, which were issued up to and including 30 September 2009. The Conversion and issuance of the New Shares (other than the Yorkville Shares II) took place on 14 October 2009 and are therefore not incorporated in the figures as per 30 September 2009.

The financial information in the table below has been extracted from Pharming's unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2009. This table should be read together with Pharming's consolidated financial statements incorporated by reference in this Prospectus, as well as the information in Chapter 6 "Operating and Financial Review".

(€ in thousands)	**30 September 2009 (unaudited)**
Capitalisation	
Total current debt	23,108
Total non-current debt	33,635
Total Financial Indebtedness[1]	**(56,743)**
Share capital	60,425
Share premium	187,496
Retained earnings (accumulated deficit)	(253,117)
Other reserves	9,970
Shareholders' equity	**4,774**
Indebtedness	
Cash and cash equivalents	12,342
Current restricted cash	3,370
Marketable securities	4,661
Liquidity	**20,373**
Bank overdrafts	9,989
Trade and other payables	7,734
Current earn-out obligations	4,281
Current portion of convertible bonds	1,026
Current portion of other non-current debt	78
Current Financial Debt	**(23,108)**
Net Current Financial Indebtedness	**(2,735)**
Convertible bonds	26,789
Deferred tax liability	4,276
Non-current earn-out obligations	2,316
Other non-current debt	254
Non-current Financial Indebtedness	**(33,635)**
Net Financial Indebtedness	**(36,370)**

[1] These liabilities have not been secured or guaranteed.

At 30 September 2009, the actual net asset value per Share was €0.04 (unaudited).

See Chapter 6 "Operating and Financial Review – Contractual Obligations" for information about certain contingent obligations of the Company.

Financial and Trading Update

There has been no significant change in the financial or trading position of Pharming since 30 September 2009, save for (i) the increase of share capital from €60.4 million to €77.1 million and a reduction in outstanding non-current financial indebtedness from €33.6 million to €14.9 million pursuant to the Conversion and the other financial transactions related thereto and (ii) a decrease of net cash and marketable securities[2] from €10.6 million to €4.1 million as per 30 November 2009 as further explained below.

Ad (i)

The changes resulting from the Conversion and the other financial transactions in connection therewith, as described elsewhere in this Prospectus, relate to:

- payment of €3,735,000 in cash plus 29,382,000 Shares (the Conversion Shares) valued at €14,838,000 as issued to holders of Bonds upon Conversion;

- receipt of €2,000,000 in cash in return for the issuance of 3,868,517 Shares (the Placement Shares II) which was contingent to the successful Conversion of the Bonds; and

- recognition of €573,000 success fee to be paid in cash and €245,000 fair value of warrants issued, both in relation to the Conversion.

Ad (ii)

At 30 September 2009, the Company's position of net cash and marketable securities amounted to €10.6 million. Following the Conversion and related payments and receipts as described under (i), Pharming paid the remaining bondholders semi-annual interest payments of €0.4 million late October 2009. The position of net cash and marketable securities further decreased to €4.1 million as per 30 November 2009, primarily as a result of the cash outflows from regular operational activities of the Company.

[2] I.e. liquidity plus non-current restricted cash minus bank overdrafts.

5. SELECTED FINANCIAL INFORMATION

The summary consolidated financial information set forth below should be read in conjunction with the information in Chapter 6 "Operating and Financial Review" and Pharming's consolidated financial statements and the notes thereto that are incorporated by reference in this Prospectus. The year-end consolidated financial information has been extracted from Pharming's year-end consolidated financial statements that have been audited by Ernst & Young Accountants, independent auditors. Ernst & Young Accountants issued unqualified audit opinions for the 2006, 2007 and 2008 financial with respect statements. The 2008 audit opinion issued on 24 March 2009 included an emphasis of matter to uncertainties that might significantly affect the liquidity and/or equity position and therefore the ability to continue the operations, which ultimately may cast significant doubt about Pharming's ability to continue as a going concern. Pharming's nine months consolidated financial information has been extracted from Pharming's unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2008 and 30 September 2009.

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). These adjustments of comparative financial information for 31 March 2008, 30 June 2008 and 30 September 2008 have also been reflected in the Company's quarterly financial statements for the periods ended 31 March 2009, 30 June 2009 and 30 September 2009.

Consolidated Income Statement Information

	30 September		**31 December**		
	2009	**2008**	**2008**	**2007**	**2006**
	(unaudited)				
(in millions, except per share amounts)	€	€	€	€	€
Grants and other income	0.5	0.4	0.7	0.7	0.1
Operational costs	(21.5)	(18.5)	(30.1)	(25.3)	(18.1)
Operating loss	(21.0)	(18.1)	(29.4)	(24.6)	(18.0)
Other income and expenses (net)	(2.1)	(1.4)	3.2	3.0	(0.5)
Net loss	(23.1)	(19.5)	(26.2)	(21.6)	(18.5)
Net loss per share	(0.22)	(0.21)	(0.29)	(0.24)	(0.21)

Consolidated Balance Sheet Information

	30 September		31 December		
	2009	**2008**	**2008**	**2007**	**2006**
	(unaudited)				
(in millions, except per share amounts)	€	€	€	€	€
Cash and marketable securities, net of bank overdrafts	10.6	33.8	23.5	65.3	31.3
Total assets	51.5	81.3	67.1	114.3	79.1
Current liabilities	13.1	13.3	12.6	23.5	9.3
Non-current liabilities	33.6	33.7	42.0	59.9	20.0
Equity	4.8	14.7	12.5	30.9	49.8

Consolidated Cash Flow Statement Information

	30 September		31 December		
	2009	**2008**	**2008**	**2007**	**2006**
	(unaudited)				
(in millions)	€	€	€	€	€
Net cash flows used in operating activities	(18.4)	(17.3)	(21.9)	(21.7)	(19.3)
Net cash flows used in investment activities	(0.3)	(0.8)	(0.8)	(0.7)	(3.2)
Net cash flows from/(used in) financing activities	4.6	(12.5)	(18.8)	57.6	34.4

6. OPERATING AND FINANCIAL REVIEW

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

In addition to historical information, this Chapter 6 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 Prospectus, particularly in Chapter 2 "Risk Factors".

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. Products in the most advanced stage of development and closest to commercialisation are Rhucin® (recombinant human C1 inhibitor or rhC1INH) for treatment of acute attacks of HAE, Prodarsan® for treatment of Cockayne Syndrome and hLF for use in food products. 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 well as technologies in the field of DNA repair.

Pharming intends to lower its risk profile by broadening and further developing its product pipeline and thus diversifying the risk of being dependent on the success of a single product candidate. In addition, the Company is pursuing the development of its products through strategic alliances and partnerships.

Pharming's strategy to become an international specialty pharmaceutical company is divided in three arms:

1. Product development strategy: Pharming focuses on the development of therapeutic products for significant medical needs. In a next phase, these proven products are being developed for indications with larger markets and significant market potential.

2. Commercialisation strategy: Pharming intends to orchestrate the complete development of its therapeutics by concentrating on its core competencies and forming 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 aggressive development of its pipeline products and as such on generating further value in the short-term. The Company is, for its long term existence, exploring opportunities to further improve its financial position. Such options include (combinations of) project specific financing, licensing deals, loans and limited equity transactions.

Operating Review

In 2008, Pharming received a negative opinion regarding the admission to the EMEA of Rhucin, 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 EMEA. Pharming expects to receive the final opinion from the EMEA in the course of next year.

The Company has also made significant progress with several other products in or moving towards clinical development. Pharming's human lactoferrin product, hLF, is close to commercialisation. Other products in clinical stage of development are Prodarsan for Cockayne Syndrome (a premature ageing disease) and rhC1INH for the treatment of antibody-mediated rejection ("AMR") in kidney transplantation. Products in earlier stages of development include rhC1INH for reperfusion injury related indications (for instance, delayed graft function ("DGF") in kidney transplantation) and recombinant human fibrinogen ("rhFIB") for the treatment of congenital fibrinogen deficiency.

Rhucin and Recombinant Human C1 Inhibitor

For the immediate future, the focus of the Company is first and foremost on the completion of its European and US regulatory filings on Rhucin for the treatment of acute HAE attacks. The current dossier includes results from over 400 administrations, now also including good evidence of efficacy and safety in repeated use and in severe laryngeal attacks while no significant immunogenic responses have been recorded. Pharming has submitted its MAA for Rhucin to the EMEA on 3 September 2009.

The Biological License Application ("BLA") in the US was transferred from the Center for Drug Evaluation and Research ("CDER") to the Center for Biologics Evaluation and Research ("CBER") division of the FDA. Pharming had a pre-BLA meeting for Rhucin with the FDA in December 2009. Based on the outcome of these and other ongoing discussions with the FDA, Pharming will apply for a marketing authorisation for the US promptly after conclusion of such discussions.

The pre-filing dialogue with CBER is ongoing with a pre-BLA meeting currently anticipated towards the end of 2009.

Following the development towards orphan drug ("Orphan Drug") status of Rhucin for acute attacks of HAE, Pharming is also developing rhC1INH for larger indications. A first example of this strategy is the development of rhC1INH for the treatment of antibody-mediated rejection in kidney transplantation. The Company is preparing the start of clinical development of rhC1INH in reperfusion injury related rejection in kidney transplantation.

Pharming has entered into several servicing, manufacturing and supply agreements with Schering-Plough 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. Pharming has entered into two commercial agreements for Rhucin. In 2004, the Company signed an agreement with Laboratorios del Dr Esteve, SA ("Esteve") in Spain for the development, marketing and sales of Rhucin in Spain, Portugal and Greece. 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 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. Pharming is currently seeking one or more Rhucin license partners for the HAE program in all other territories outside those covered by the existing license agreements with Esteve and EIP. In addition the Company is seeking one or more license partners for the other indications of Rhucin.

Pharming believes that Rhucin will be able to gain significant market penetration in the major markets even if competing products have been or will be approved for the same indication. This belief is based on strong data in the clinical studies where Rhucin, so far, has shown an excellent safety, quality and efficacy profile. Time to response after start of treatment is very short with almost all patients responding.

No 'rebounding' of attacks has been observed while the injections have not caused local side-effects as seen with some of the competing products.

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 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. Milk fractions containing hLF will be incorporated into nutritional products. Processes and technology are being transferred and Aslan is building up facilities in Turkey for the production of a herd of more than 500 transgenic hLF cows by expanding Pharming's existing experimental herds and by building one or more farms and facilities in Turkey for housing them. Pharming and Aslan have been diligently pursuing the receipt of all the necessary approvals to start the activities in Turkey. While these approvals have not yet been obtained, the Company is optimistic that such approvals will be obtained during the course of this year.

Pharming expects to receive up to €20.0 million from the agreement with Aslan in the period 2009-2011 for the commercialisation of hLF, of which €10 million is expected to become due by the end of this year, although the timing of achieving milestones is partially beyond control of the Company. At the date of this Prospectus, Pharming is in discussions with an independent third party who may be willing to take over the rights and obligations of Aslan including the agreed upon payments. While the structure of the contemplated agreement may be different from the Aslan agreement, it will still provide similar amounts of cash to Pharming over the same time period as in the Aslan agreement. Receipt of these payments would also in principle trigger repayment of a part of the funds to the Dutch government in relation to government loans received in previous years as has been more extensively outlined in Chapter 6 “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 the agreement with a partner.

With the commercial development of hLF (outside the US) moving ahead, the ongoing procedure to obtain a Generally Recognised As Save ("GRAS") status from the FDA, which is unpredictable, has become less important and is being given a lower priority.

Prodarsan and Other DNage Activities

Pharming's subsidiary DNage B.V. ("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, Pharming received an IND status 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 this 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 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. Pharming may, at its sole discretion, decide to pay the milestones in Shares at a price per share valued on the basis of the average closing price of the Shares on a fixed number of business days prior to achievement of the milestone. At the date of this Prospectus, the Company and former DNage shareholders have entered into discussions on the interpretation of criteria which trigger payment of the first milestone of €5 million. Pharming expects to pay this milestone by means of the issuance of Shares. It is not certain when this milestone will be settled.

Recombinant Human Fibrinogen

The development of rhFIB for the treatment of orphan indication of congenital fibrinogen deficiency has been reactivated and is now in pre-clinical stage. In addition to this market, Pharming believes that rhFIB has the potential to address the significantly larger market of acquired fibrinogen deficiency, as result of profuse traumatic and surgical bleeding.

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. These rights enable Pharming to move ahead with the pharmaceutical development of recombinant human fibrinogen and stimulate medical device development through its biomaterials program. 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 (including the development of recombinant human collagen ("rhCOL") and NovaThera collaborations, see Chapter 7 "Business – Recombinant Human Collagen" and – "Research Projects") have been limited in 2008 and 2009 to research activities needed for future product development, due to the focus on other programs.

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. 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.

With two products in late stage development phase, the Company expects to receive income from product milestones and royalties 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.

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.

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 late stage development of Rhucin has been completed and clinical development programs of early stage products progress. In addition, general and administrative expenses necessary to support these programs are expected to remain the same.

Reference is also made to Chapter 7 "Business – Business Plan" for a description of the key assumptions underlying the business plan of Pharming for the next two years.

Results of Operations 2008, 2007 and 2006 and Nine Months ended 30 September 2009 and 2008

Consolidated Income Statement Information

	30 September		31 December		
	2009	2008	2008	2007	2006
	(unaudited)				
(in millions)	€	€	€	€	€
Grants and other income	**0.5**	**0.4**	**0.7**	**0.7**	**0.1**
Research and development	(17.6)	(14.8)	(20.8)	(19.1)	(13.1)
General and administrative	(2.5)	(2.0)	(3.1)	(2.8)	(2.8)
Depreciation and amortisation	(0.9)	(1.0)	(1.4)	(1.4)	(1.2)
Impairment charges	-	(0.2)	(4.2)	(0.3)	(0.4)
Share-based compensation	(0.5)	(0.5)	(0.6)	(1.7)	(0.6)
Operational costs	**(21.5)**	**(18.5)**	**(30.1)**	**(25.3)**	**(18.1)**
Operating loss	**(21.0)**	**(18.1)**	**(29.4)**	**(24.6)**	**(18.0)**
Effective interest bonds	(3.9)	(6.2)	(8.2)	(1.3)	-
Fair value gain derivative	0.2	4.0	4.9	14.3	-
Conversion bonds	2.2	-	5.6	-	-
Settlement Paul Royalty Fund	-	-	-	(9.1)	-
Earn-out interest	(1.2)	(1.0)	(1.3)	(1.2)	(0.2)
Interest income, net	0.4	1.7	2.0	1.3	1.3
Other items, net	0.2	0.1	0.2	(1.0)	(1.6)
Other income and expenses (net)	**(2.1)**	**(1.4)**	**3.2**	**3.0**	**(0.5)**
Net loss	**(23.1)**	**(19.5)**	**(26.2)**	**(21.6)**	**(18.5)**

Grants and Other Income

Pharming's income for 2006 through 2008 and the first nine months of 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.

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. Research and development costs in 2006 of €13.1 million primarily related to the ongoing clinical trials of Rhucin in both the EU and the US. In 2007 these costs significantly increased from €13.1 million to €19.1 million, 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 EMEA, the start of other rhC1INH studies and the increased costs of DNage. Compared to the first nine months of 2008, costs of research and development increased from €14.8 million to €17.6 million, 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.

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 €2.8 million in 2006 and 2007 to €3.1 million in 2008 to reflect the Company's increase in support staff. In the nine months ended 30 September 2009 costs increased to €2.5 million compared to €2.0 million in the same period of 2008, which among others reflects costs incurred with respect to preparation of the public offer to holders of the Bonds.

Costs of depreciation and amortisation are non-cash and increased from €1.2 million in 2006 to €1.4 million in 2007 following 2006 investments of €1.8 million in leasehold improvements for the new office and lab facilities and for laboratory and office equipment. Charges in 2008 and 2009 have remained constant.

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 2006, 2007 and 2008 the Company charged respectively €0.4 million, €0.3 million and €1.0 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. (€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 and 2009 have decreased due to the combined effect of forfeited options and the decreased share price.

Other Income and Expenses

Upon issuance of the convertible 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 the first nine months of 2009 the effective interest (€3.9 million) significantly decreased compared to the first nine months of 2008 (€6.2 million) as a result of a conversion of Bonds with a nominal amount of €20.1 million in the fourth quarter of 2008 and a conversion of Bonds with a nominal amount of €14.1 million in the first six months of 2009, as further explained below.

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. 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.

Between 31 October 2007 and 31 December 2007, 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 bondholders took place in the first half of 2009 when Bonds with a nominal value of €14.1 million were cancelled in exchange of €1.0 million in cash plus 9.5 million Shares with a total fair value of €7.1 million. The total consideration paid of €8.1 million was less than the €10.3 million carrying value with the €2.2 million difference forwarded to the statement of income.

In February 2006, Pharming received a US$15.0 million upfront payment in cash under a license agreement with Paul Royalty Fund which entitled Paul Royalty Fund to receive royalties on revenues of rhC1INH and other Pharming products over the ten year term of the agreement with a guaranteed internal rate of return of 20% (accrued as interest). The liability, net of transaction fees paid and warrants issued in 2006 plus accrued interest, was measured in USD but converted to Euros at the balance sheet date. A contractually agreed first repayment of US$2.0 million was made in July 2007.

In order to enable issuance of the €70.0 million convertible 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 a further 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 Prospectus and expire in 2011.

Earn-out interest relates to two milestone earn-outs agreed with former DNage shareholders upon the acquisition effected late 2006. The €5.0 nominal value of both 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.

Net interest income is based on available balances of cash and cash equivalents plus marketable securities. In the years 2006 through 2008 marketable securities have generated fixed interest of €0.4 million per year with a pro rata share of €0.3 million for the first nine months ended 30 September 2008 and 30 September 2009. Net interest from cash and cash equivalents was €0.9 million in 2006 and 2007 and increased to €1.6 million in 2008. Fluctuations are highly related to available cash and cash equivalent balances and the timing of transactions, such as equity and debt transactions early 2006 and 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 2006, Pharming issued a total of 5,911,641 Shares to several investors for a total cash consideration of €22.5 million. Also, the Company entered into a royalty agreement with Paul Royalty Fund under which an upfront payment of US$15.0 million (or €12.4 million) was received, excluding €0.7 million transaction fees paid.

In 2007, Pharming issued convertible 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 issued in 2007 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 SEDA with 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 2011. 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 €0.60 (i.e. 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. In the second quarter of 2009, the Company started using the SEDA and called a total amount of €2.8 million in cash in exchange for the issuance of approximately 4.6 million Shares, followed by another €3.8 million in cash in the third quarter in exchange for another 7.3 million Shares.

In October 2009, Yorkville and Pharming announced that the SEDA has been extended with another €10.0 million so that the total facility amounts to €30.0 million, of which €23.4 million is available as per the date of this Prospectus.

Cash Flows

The Company's total liquidity position comprises cash and cash equivalents (including restricted cash) plus marketable securities. 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 €5.0 million at 31 December 2006, €4.0 million at 31 December 2007, €3.7 million at 31 December 2008 and €4.7 million at 30 September 2009.

Compared to the €14.7 million of cash and cash equivalents at year end 2005, Pharming's cash position increased by €11.6 million to €26.3 million at 31 December 2006. Net cash flows from financing activities in 2006 amounted to €34.4 million and were primarily generated through the issuance of 5.9 million Shares to several investors for a total cash consideration of €22.5 million and a royalty agreement with Paul Royalty Fund resulting in €11.7 million net proceeds. Cash used in investing activities amounted to €3.2 million, largely relating to investments in property, plant and equipment. The remaining cash outflows related to operating activities of €19.3 million and exchange rate effects of €0.4 million.

In 2007, cash further 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 the nine months ended 30 September 2009, cash and cash equivalents further decreased from €19.8 million to €5.9 million. Cash outflows from operating activities of €18.4 million and investment activities of €0.3 million were offset with €4.6 million net cash flows from financing activities and exchange rate profits of €0.2 million. Financing activities related to net proceeds of Shares issued in the amount of €7.2 million, of which €6.6 million under the SEDA with Yorkville, minus a semi-annual interest payment to bondholders of €1.5 million and a cash payment of €1.0 million to bondholders in relation to cancellations of their Bonds.

Principal Investments

In 2006, Pharming invested €3.2 million in property, plant and equipment, of which €1.8 million related to leasehold improvements for the new office and lab facilities, €0.5 million to manufacturing equipment for

the Rhucin project with the remaining €0.9 million mainly for laboratory and office equipment. Also, the Company acquired in 2006 all outstanding shares of DNage for a total consideration of 4.0 million Shares valued at €14.9 million; in addition, former DNage shareholders received 600,000 warrants with an exercise price of €4.00 and an exercise period of 2 years (which have meanwhile expired) as well as revenue earn-out obligations based on future sales plus earn-out payments based on achievement of certain milestones, but with a maximum of €10.0 million.

Additional 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 nine months ended 30 September 2009, total investments in property, plant and equipment of €0.3 million were largely associated to improvements in the operational facilities.

Save for regular investments in property, plant and equipment, no significant investments are planned in the near future. Reference is made to the paragraph "Working Capital" for the financing of such investments.

Use of Proceeds

The net proceeds Pharming received from the issuance of the Shares pursuant to the SEDA in the period from April 2009 to date and the private placements with existing shareholders are €8.4 million, after deducting the estimated commissions and expenses of €0.8 million payable by the Company. Pharming used €3,735,000 for the cash payment in connection with the Conversion. Pharming intends to use the remaining amount primarily for:

- activities associated with the registration of Rhucin in the EU and the US as a pharmaceutical product to treat acute attacks of HAE;
- further development of Rhucin for other indications and further development of other product candidates which are currently in clinical stage;
- pre-clinical research and development of other product candidates;
- other general corporate purposes, including capital expenditures and working capital.

Working Capital

The Company is of the opinion that it does not have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus. In case no cash is received from capital market transactions and/or commercial agreements, the available balance of cash and marketable securities at the date of this Prospectus are expected to deplete in the course of January or February 2010.

Pharming does not generate sufficient cash from product revenues to meet its current working capital requirements and is currently, as has been the case since its incorporation, largely dependent on financing arrangements with third parties.

The available cash and marketable securities per 30 November 2009 amounted to €4.1 million. Pharming's operational and capital expenditure requirements for the 12 months after the date of this Prospectus are in the range of €15-25 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 convertible bond holders of €10.9 million nominal value are entitled to receive €0.4 million interest in both April 2010 and October 2010. In addition, these bondholders may exercise their put option in October 2010, which would oblige Pharming to repay the principal amount of the outstanding Bonds. As a result, the aggregated cash expected to be used in the 12 months following the date of this Prospectus are in the range of €15.8-36.7 million. This range does not include a possible repayment of a part of cash generated to the Dutch government in relation to a government credit facility received in previous years, as further discussed below.

To enable continued operations there are several sources available to raise additional working capital in the short and medium term future have been outlined below. Pharming is optimistic that one or more of these resources will generate sufficient funding to continue operations in 2010 (and beyond) and to execute the Company's business plan. However, in case the Company is not able to attract sufficient additional cash from these resources, it may ultimately enter into bankruptcy.

1. Pharming's first priority is to enter into license agreements in respect of Rhucin for the US and Europe. The Company is in advanced discussions with a number of pharmaceutical companies regarding such a licensing agreement and is confident that these discussions will lead to at least one agreement in the next coming month. Such agreement will, inter alia, result in a substantial upfront cash payment.

2. As another main source of cash, the Company is reviewing possibilities to raise capital by means of a capital markets transaction, such as an issue of Shares either through a private placement to a limited group of investors or a rights issue. In order to be able to conduct such a transaction, and to meet its obligations under its option and share plans, the outstanding warrants and the Bonds and to settle milestones to be paid to former DNage shareholders in Shares, which are discussed elsewhere in this Prospectus, the Company plans to amend its articles of association to increase its authorised share capital and reduce the nominal value of its Shares. Pharming will ultimately decide by the end of this year, subject to the status of the discussions referred to under 1, whether it should convoke an extraordinary general meeting to resolve on these amendments of its articles or may wait for the next annual meeting of shareholders in 2010 to put this item on the agenda. Such resolution requires a majority vote of the general meeting of shareholders. The outcome of such a meeting is beyond the control of Pharming. Assuming that such resolution will be adopted, Pharming believes that it is able to raise at least €10-15 million based on discussions which it has had with several investors. The success of a potential rights issue is difficult to predict due to uncertain factors such as the condition of the stock market.

3. In addition to the entering into license agreements with respect to Rhucin, and subject to a successful completion and the size of a possible capital markets transaction, Pharming will use the SEDA to cover any deficits in the finance of its operations. Under the terms of the SEDA, Yorkville can invest a total of up to €30.0 million in a three year period until April 2011. Pharming has the right, but not the obligation, to call the funds in regular tranches. Until the date of this Prospectus, total cash received under the SEDA amounts to €6.6 million, resulting in €23.4 million funds still available. 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 €0.60 (i.e. 20% above the nominal value of the Shares). The weighted average (closing) market price of the Shares during the 20 trading days prior to the date of this Prospectus was €0.52. 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. Of the €6.6 million transactions concluded under the SEDA until the date of this Prospectus, several individual tranches exceeded the maximum of €0.4 million and/or were based on a market price of less than €0.60. Based on preliminary discussions with Yorkville, Pharming is confident that Yorkville is prepared to take up calls in these circumstances after the publication of this Prospectus.

4. In addition, the Company may also be able to attract project specific financing, for instance by issuing new shares in one or more of its subsidiaries. At the date of this Prospectus, Pharming is reviewing the possibility to issue new shares in DNage to one or more professional investors, thereby accepting a less than 100% shareholding in DNage but for the purpose of significantly reducing its cash burn. Indications of interest have been received from certain family funds and other investors and the Company is confident that sufficient DNage-specific financing can be raised over the next few months to support its ongoing business for at least two years.

5. Pharming expects to receive up to €20.0 million from the agreement with Aslan in the period 2009-2011 for the commercialisation of hLF, of which €10 million is expected to become due by the end of this year, although the timing of achieving milestones is partially beyond control of the Company. At the date of this Prospectus, Pharming is in discussions with an independent third party who may be willing to take over the rights and obligations of Aslan including the agreed upon payments. While the structure of the contemplated agreement may be different from the Aslan agreement, it is expected that such agreement will provide for more or less similar amounts of cash to Pharming over the same time period as in the Aslan agreement. Receipt of these payments would also in principle trigger repayment of a part of the funds to the Dutch government in relation to government loans received in previous years as has been more extensively outlined in Chapter 6 “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 the agreement with a partner. Pharming is confident that it will reach agreement on a payment schedule with the Dutch government which will accommodate Pharming in view of the available cash at that time.

6. Finally, the Company may be able to attract funds through divestment of individual assets or a group of assets. However, the outcome of such divestment activities is highly uncertain in view of current economic conditions in general and the relatively small market for available assets in particular. Additionally, the divestment of assets is subject to approval of remaining bondholders.

In order to limit cash outflows, the Company may renegotiate terms and conditions of the Bonds or settle the outstanding Bonds through payment in Shares or partial payment in both cash and Shares. The outcome of such negotiations is dependent on the interest of the bondholders in such a transaction. Given the fact that the current bondholders have not accepted the proposal made by Pharming in September 2009, the Company believes that such a transaction should either be based on conditions more favourable to the bondholders than the transaction of September 2009 or should be executed if and when the market for bonds in general would further deteriorate. Pharming has also the possibility to enter into one or more new debt transactions or financial instruments including a share component. However, the size and scope of such transactions is currently limited due to the restriction to issue Shares as outlined above under 2. No concrete steps have yet been taken in respect of either of these possibilities.

From an operational perspective, the Company does not expect material revenues from product sales in 2009 and 2010. However, based on potential agreements described above in this section significant revenues are expected from upfront payments and milestone payments.

Issuances of Shares in 2009

Conversion

During the first six months of 2009, Pharming agreed with certain holders of convertible bonds to convert their Bonds into a combination of cash and Shares. In connection with these individual transactions, Pharming converted an aggregated amount of €14.1 million of the outstanding principal amount of the Bonds into an aggregate number of 9,530,302 million Shares and the payment of €1.0 million in cash. These Shares have already been admitted to listing and trading on Euronext Amsterdam without a prospectus being required pursuant to the exemption as set forth in section 5:4 paragraph g AFS.

Additionally, following an exchange offer in September 2009 to the holders of Bonds to convert their Bonds into a combination of cash and Shares, Pharming converted 70% of the nominal amount of the then outstanding Bonds and issued an aggregate number of 29,382,000 Shares (the Conversion Shares) and paid €3,735,000. In respect of the Conversion Shares, application has been made to admit these Shares for listing and trading on Euronext Amsterdam.

The cash component of the Conversion was financed by means of private placements and enhanced calls under the SEDA.

Private Placements in connection with the Conversion

In order to (partially) finance the cash component of the Conversion, Pharming issued a total number of 5,087,212 Shares to certain existing shareholders, for which Pharming received an aggregate amount of €2,630,084. 1,218,695 Shares (the Placement Shares I) have already been admitted to listing and trading on Euronext Amsterdam without a prospectus being required pursuant to the exemption as set forth in section 5:4 paragraph a AFS In respect of the remaining 3,868,517 Shares (the Placement Shares II), application has been made to admit these Shares for listing and trading on Euronext Amsterdam.

SEDA

In September 2009, on the terms of the SEDA Pharming received an amount of €1.5 million from Yorkville in exchange for the issuance of 2,927,230 Shares (the Yorkville Shares II). The amount of €1.5 million was used to (partially) finance the cash component of the Conversion. Furthermore, in October 2009, in connection with the increase of the SEDA with €10.0 million to €30.0 million, Pharming issued 400,000 Shares (the Yorkville Shares III) to Yorkville as a fee.

To date, Pharming issued a total number of 13,071,669 Shares (the Yorkville Shares I, the Yorkville Shares II and the Yorkville Shares III) under the SEDA for which it received an aggregate amount of €6.6 million. The Yorkville Shares I have already been admitted to listing and trading on Euronext Amsterdam without a prospectus being required pursuant to the exemption as set forth in section 5:4 paragraph a AFS. In respect of the Yorkville Shares II and the Yorkville Shares III, application has been made to admit these Shares for listing and trading on Euronext Amsterdam.

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.

Off Balance Sheet Arrangements

Pharming has one material off balance sheet arrangement, which 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 bears 8% interest per annum, the repayment period ends at the end of 2009. Pharming has to repay 25% of realised net turnover for certain applications. At 30 September 2009, the total amount of grants and accrued interest under this arrangement amounted to €25.8 million.

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 30 September 2009, the total amount of grants and accrued interest under this arrangement amounted to €4.2 million.

Following the 2008 agreement with Aslan on hLF the Company has entered into discussions with the Dutch government on the effects of this contract on the Technical Development Credit repayment clauses. These discussions include, among others, the interpretation of the amounts qualifying for repayment, the percentage to apply to these amounts as well as the timing of the repayments. As per the date of this Prospectus discussions are still ongoing.

Dividend Policy

Pharming 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.

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.

7. 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 explores 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. Through the acquisition of DNage, the Company is also active in the field of ageing diseases through DNA repair. Products emanating from the DNA repair platform are, in many cases, not protein based, but could be various types of molecules derived from the proprietary platform of DNage.

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 public 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 EMEA 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. 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 EMEA in the course of 2010.

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

At the moment, the Company has one product under regulatory review to become registered as a pharmaceutical product, one product for nutritional purposes ready for scale up and commercialisation, two products for pharmaceutical use (including one derived from the DNage platform) in clinical stage of development and several products in the research stage.

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 divided in three arms:

1. Product development strategy: Pharming focuses on the development of therapeutic products for significant medical needs. In a next phase, these proven products are being developed for indications with larger markets and significant market potential.

2. Commercialisation strategy: Pharming intends to orchestrate the complete development of its therapeutics by concentrating on its core competencies and forming 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 aggressive development of its pipeline products and as such on generating further value in the short-term. The Company is, for its long term existence, exploring opportunities to further improve its financial position. Such options include (combinations of) project specific financing, licensing deals, loans and limited equity transactions.

The key elements of Pharming's strategy to bring selected therapeutic products to market include:

- pursuing regulatory marketing approval from the EMEA 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;

- pursuing marketing agreements for hLF;

- developing Prodarsan for Cockayne Syndrome and additional (premature) ageing indications;

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

- continuing to develop other proprietary technologies, including its DNA repair platform focused on ageing diseases, and its biomaterials technology;

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

- entering into development partnerships to accelerate development of its product candidates; and

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

Business Plan

Without prejudice to the risks described in Chapter 2 "Risk Factors", 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. The products under development (in particular Rhucin) will be approved by the competent regulatory authorities (in particular EMEA and FDA);

3. The Company will be able to find commercial partners capable of efficiently marketing and selling our products 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. 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 Prospectus, Pharming is positive that it will be able to secure these funds in a timely fashion though no assurance can be given (see also Chapter 6 "Operating and Financial Review – Working Capital"). Pharming's view is based on the following.

First, the Company currently has a SEDA in place with Yorkville which it can use, at its discretion, to issue new Shares in return for cash between the date of this Prospectus and April 2012, Pharming can potentially issue Shares to Yorkville for a cash consideration of €23.4 million. The main limitation under this instrument is the share price of Pharming since the Company cannot issue new shares below the nominal value (€0.50) and a low share price creates a higher dilution for the existing shareholders. Second, the Company has existing agreements in place with Aslan, Esteve and EIP which entitle Pharming to certain payments, usually related to the achievement of certain milestones. In particular, the Company expects the first milestone of €10 million to become due by Aslan by the end of this year, although the timing of achieving milestones is partially beyond control of the Company. Third, the Company is involved in several discussions regarding potential new collaborations with companies interested in commercial rights to, in particular, Rhucin. Agreements under discussion all provide for upfront payments and other milestone payments becoming due in the next 12-18 months. Such payments should be sufficient to fund the ongoing business for a prolonged period of time. Fourth, the Company may be able to issue new Shares either through private or public offerings. While stock markets in general have suffered over the last few years, the climate for such offerings is improving, including for life sciences companies. With major milestones coming up in the development of Pharming's products (in particular Rhucin), 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 is positive that such approvals can be obtained in respect of Rhucin, although no assurances can be given. This position is based on the fact that Rhucin was reviewed by the EMEA leading to a final negative opinion in early 2008. The negative opinion was based on a limited number of considerations which were all extensively addressed in the new MAA submitted in September 2009. The Company strongly believes that it has submitted sufficient and convincing data to address the concerns that were outstanding in 2008. If, nevertheless, one or more regulatory authorities such as the EMEA and the FDA would not approve the requests for marketing authorisation the Company will review the reasons why the product is not approvable and, if possible, will try to solve these issues as soon as possible. A negative decision would however cause a delay and may, ultimately, jeopardise the entire product development program as well as the commercialisation thereof.

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. Pharming is currently in negotiations with several companies to establish such agreements, in particular for Rhucin. If Pharming would be unable to find such a partner under acceptable terms it may have to establish its own organisation. This would

require additional financing efforts, without assurance of success, as well as a delay in the execution of the business plan. However, as outlined under assumption 2 above the Company's strongly believes that the MAA filed in September 2009 should ultimately result in a positive outcome and therefore it is assumed that a commercial partnership will be entered into under which marketing and sales will be outsourced to that partner.

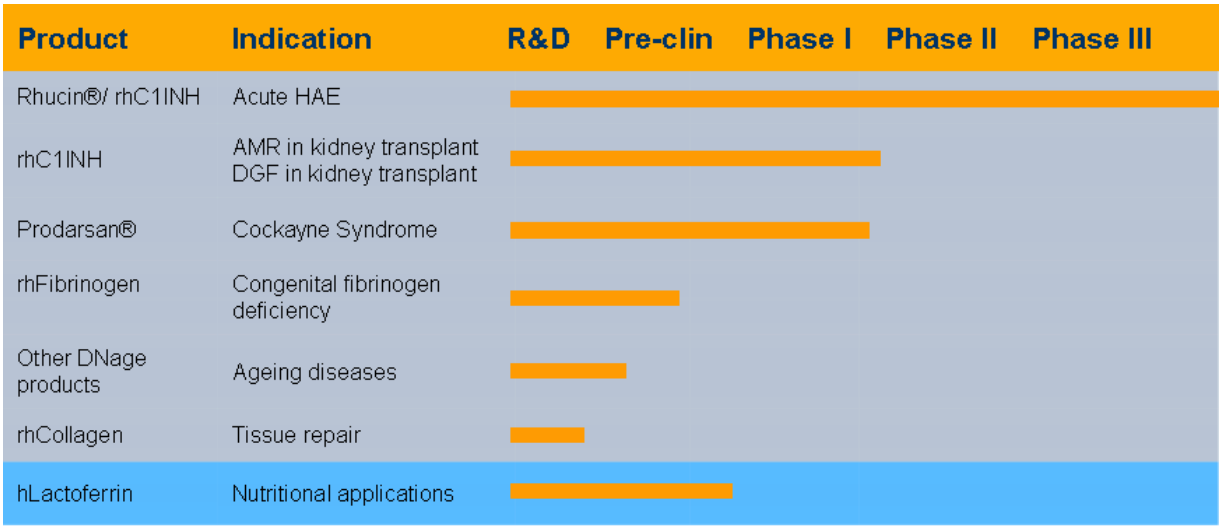
Assumption 4 is important for the further growth of the Company. Although the first application of Rhucin, being therapeutic treatment of acute attacks of HAE, is, in the view of the Company, a commercially attractive market, Pharming believes that additional indications of Rhucin and markets for other products are much larger in terms of commercial potential. Entry into other markets also makes the Company less vulnerable to the risks, unavoidably, associated with one product in one market or territory. If Rhucin, or other products of the Company including Prodarsan and hLF, do not seem to be sufficiently effective and/or safe in clinical studies the Company may be viewed as a 'one product' Company with limited upside and therefore it may be more difficult to obtain financing or attract the best commercial partners. 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 our industry for talented 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. Other applications include specialty products for surgical indications and intermediates for nutritional products. Pharming's strategy is to first develop products for orphan diseases to meet high medical needs. These products are then developed for indications with (significantly) larger markets.

Pharming's products under development are divided in three categories: biopharmaceuticals, biomaterials, and bio-nutritionals. A summary of Pharming's products, their applications and development status is depicted in the overview below.



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 Rhucin for acute HAE attacks has been completed. Rhucin has been filed for marketing authorisation with the EMEA early September 2009. Another product close to commercialisation is Pharming's hLF. In 2008, Pharming and Aslan agreed on the co-development of hLF as a nutritional food supplement. Other products in the clinical stage of development are Prodarsan for Cockayne Syndrome (a premature ageing disease) and rhC1INH for the treatment of AMR in kidney transplantation. Products in earlier stages of development include rhC1INH for reperfusion injury related indications (including DGF) in kidney transplantation) and rhFIB for the treatment of congenital fibrinogen deficiency. Pharming (through its subsidiary DNage) is also active in the field of identification and development of biomarkers in human ageing.

Rhucin

Rhucin is the trademark for Pharming's recombinant human C1 esterase inhibitor for the treatment of acute attacks of 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, it 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 open-label studies. The open-label data show that Rhucin acts quickly when treating HAE patients having an acute attack, with a median time to onset of relief of one hour (primary endpoint) and a median time to minimal symptoms of four hours (secondary endpoints). These results were confirmed in 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 these placebo-controlled studies, Rhucin showed statistically significant superiority over placebo in both endpoints and no statistically significant difference between the two doses of Rhucin. No relapse of the HAE-attack or any treatment related side-effects were reported from these studies.

Pharming filed a MAA for Rhucin with the EMEA in 2006. In March 2008 however, Pharming received a final negative opinion regarding its MAA. EMEA's Committee for Medicinal Products for Human Use expressed concerns 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 EMEA, 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, or allergic reactions and the efficacy remains very good. The dossier now also includes significant evidence of efficacy and safety in severe attacks, of which over thirty were laryngeal and all were successfully treated with Rhucin. Pharming believes that it has now successfully addressed the concerns raised by the EMEA on the previous dossier and has submitted a new MAA for Rhucin to the EMEA on 3 September 2009. Pharming expects to receive the final opinion from the EMEA in the course of next year.

Pharming is also preparing for market authorisation of Rhucin in the US. The Company's Investigational New Drug ("IND") was transferred from the CDER to the CBER within the FDA in 2008, following a request from Pharming. Pharming had a pre-BLA meeting for Rhucin with the FDA in December 2009. Based on the outcome of these and other ongoing discussions with the FDA, Pharming will apply for a marketing authorisation for the US promptly after conclusion of such discussions.

Pharming has entered into two commercial agreements for Rhucin. In 2004, the Company signed an agreement with Esteve on the development, marketing and sales of Rhucin in Spain, Portugal and Greece. In 2008, Pharming signed an exclusive licensing and distribution agreement with EIP, a leading Turkish pharmaceutical company for the marketing and sales of Rhucin in Turkey. Pharming is currently seeking one or more Rhucin license partners for the HAE program in all other territories outside those covered by the existing license agreements with Esteve and EIP. In addition the Company is seeking one or more license partners for the other indications of Rhucin.

Recombinant Human C1 Inhibitor

The first example of Pharming's product strategy is the development of 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 additional new and safe products that reduce the chances 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:

- DGF: this 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 or even rejection of the transplanted organ. As C1 inhibitor indirectly reduces inflammatory reactions, treatment with rhC1INH in an early stage of transplantation might improve the number of successful transplantations.

- AMR: this is a rejection situation occurring in a later stage of organ transplantation. When implanted, a foreign body might, depending on its histocompatibility, be perceived as foreign by the recipient. 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 may occur. This is resulting in a relatively higher rejection rate. Treatment with rhC1INH following transplantation might improve the transplantation success rate.

For AMR in kidney transplantation, a Phase I safety study in healthy volunteers was successfully completed during 2008. The FDA approved the IND for an investigator sponsored clinical study on AMR in kidney transplantation in the US. In this study, trial patients suffering from AMR will be treated with rhC1INH and compared with patients treated with the available standard of care, which consists of a combination of non-specific treatments including plasmapheresis, steroids and intravenous immunoglobulin.

An additional complication arising from oxygen shortage due to an interruption of the blood supply (ischemia) is reperfusion injury. When the blood supply returns to a certain tissue after a period of ischemia, the tissue or organ can be damaged. This can occur in the brain, in case of stroke, and in the heart, in case of myocardial infarction ('heart attack'). Pharming is preparing clinical investigations into reperfusion injury related rejection of kidney transplants. In addition, the pre-clinical development of other reperfusion injury related indications, such as myocardial infarction, and additional indications, such as macula degeneration, an ophthalmologic disease leading to blindness (age-related *macula* degeneration or AMD) are being evaluated.

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 EMEA and FDA for the treatment/prevention of DGF.

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

In October 2008, Pharming and Aslan signed a license agreement for the commercialisation of hLF as a food supplement. The agreement covers the development, manufacturing, marketing and distribution of food products containing hLF in Turkey, the Middle East, United Arab Emirates, Russia, Ukraine and several other countries in this region exclusively and other parts of the world non-exclusively. Processes and technology are being transferred and Aslan is building up facilities in Turkey for the production of a herd of more than 500 transgenic hLF cows by expanding Pharming's existing experimental herds. Milk

fractions containing hLF will be incorporated into nutritional products (see also Chapter 7 "Operating and Financial Review – Human Lactoferrin").

Although an independent scientific expert panel concluded that Pharming's hLF is safe for its intended uses, Pharming is still awaiting an official response from the FDA with regard to the GRAS notification procedure for hLF. However, with the commercial development of hLF moving ahead, the ongoing procedure to obtain GRAS status has become less important and is being given a lower priority. Pharming's strategy to seek a more direct route towards commercialisation is exemplified by the agreement with Aslan.

Prodarsan

Prodarsan - based on the DNage technology - 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.

Pharming is now developing Prodarsan as a biopharmaceutical for the treatment of Cockayne Syndrome. When successful, the DNage technology and products may provide new therapies for age-related disorders in elderly people as well. Although many age-related diseases (for example osteoporosis) are in fact not directly life-threatening, they rather impair the quality of life and put a high burden on the health care system. It is therefore expected that delaying ageing diseases is clinically highly relevant and will lead to a significant reduction in patient numbers.

In 2008, a Phase I study of single and multiple escalating doses of Prodarsan in healthy volunteers was completed. The results showed that Prodarsan is safe and well tolerated in clinically effective dosages. Pharming already demonstrated that Prodarsan has significant beneficial effects in animal models for premature ageing. In August 2009, the FDA approved an IND application allowing the Company to progress its clinical program in the US. Further clinical investigation in patients is expected to start in December 2009. Prodarsan received Orphan Drug status from the FDA for the treatment of Cockayne Syndrome.

Recombinant Human Fibrinogen

Fibrinogen is a natural plasma protein involved in blot clotting. In combination with thrombin, it can form insoluble fibrin polymers (fibres) 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.

In the US and certain European countries, fibrinogen isolated from human plasma is used to control bleeding. Applications are either as an intravenous product (biopharmaceutical), or in the form of fibrin glues, tissue sealants, and gauze dressings for use in a wide range of applications (biomaterials).

To provide an alternative to current plasma derived fibrinogen products, Pharming is developing recombinant human fibrinogen as a replacement therapy for genetic and acquired deficiencies of fibrinogen. Pharming's 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 great 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 for congenital fibrinogen deficiency is currently in pre-clinical stage.

In addition to this market of genetic deficiency, rhFIB has the potential to address the significantly larger market of acquired fibrinogen deficiency. This type of deficiency can arise as a result of profuse bleeding during surgery or traumatic injury. Pharming pursues the development of rhFIB as an intermediate for medical devices, bandages, or patches (biomaterials) that are intended to stop excessive blood loss through partnerships.

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.

Collagen is widely used as a coating or key structural component of injectable and other implants in plastic and reconstructive surgery, orthopaedic surgery, dentistry, and other areas. Collagen also plays a pivotal role in the ability of the body to stop bleeding. Therefore, collagen is also used as a haemostatic product, either alone or in combination with other materials, to form a range of wide haemostatic products (in formats including powders, dressings and many others) for use in surgery, emergency medicine, dentistry, and others.

However, the presently used collagens are derived from animal tissues, human cadaveric tissues, and cell culture and have several disadvantages. They are available in limited amounts for medical applications and exhibit variability in quality. Some patients have allergic responses to the non-human collagen from animal skin.

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 will thus provide an alternative to existing collagen products.

Activities on Collagen have been limited in 2008 and 2009 to research activities needed for future product development, due to the focus on other programs.

Research and Technology

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

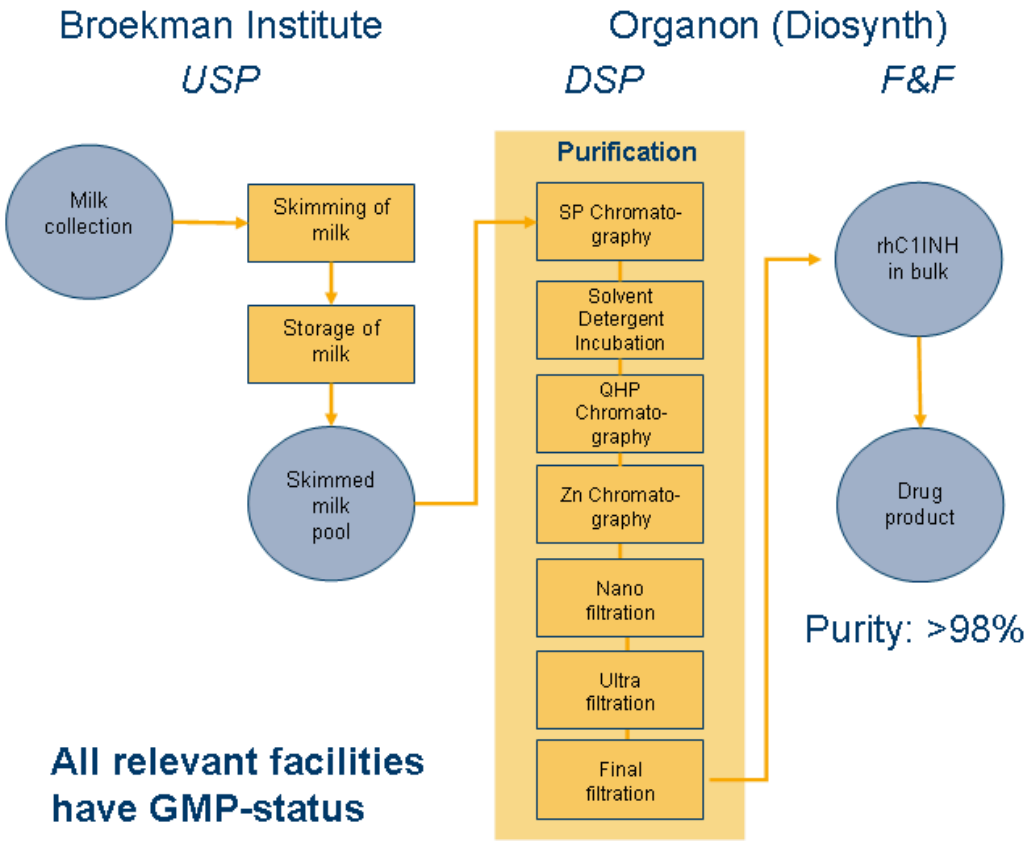
Transgenic Production Technology

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 at Schering-Plough.



Both upstream (milk production) and downstream processes (protein purification) are GMP-approved and can be fully controlled. This production system includes several virus removal and inactivation steps and obviously 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).

Another product for which a tailor-made purification process has been developed is Pharming's human lactoferrin in milk from cattle. In 2008, Pharming and Aslan agreed on the co-development of hLF product as a nutritional food supplement (see above under "Human Lactoferrin").

DNage and the DNage Technology

DNA is a so-called genetic blueprint and contains the instructions for the development and functioning of every living organism. DNA molecules are very complex and large molecules which makes them very sensible to damage. Damage to our DNA can have huge implications and can for instance lead to the development of various types of tumours or ageing diseases. DNA can be damaged by many different sorts of influences, both external factors from the environment like high-energy electromagnetic radiation (UV-light and X-rays) and by internal agents coming from oxidative respiration and metabolism (like hydrogen peroxide or free radicals). In each human cell, DNA damage occurs a few thousand times per day from oxidative damage alone.

To cope with this damage load, all organisms, from bacteria to man, are equipped with highly effective DNA repair systems. A research group from the Erasmus Medical Center in Rotterdam, headed by Prof. J. Hoeijmakers the scientific founder of DNage, discovered specific changes of the sequence of certain DNA repair genes (mutation) that causes rapid and premature ageing of animals. These mutations cause diseases such as osteoporosis and neurodegeneration and lead to shorter life expectations. These results formed the basis of the founding of DNage and the premature ageing animal models of DNage technology. Agents that can prevent DNA damage and/or improve DNA repair are screened in these models. An example of such an agent is Prodarsan, a combination of small molecules that, in animal models, is able to delay the development of ageing diseases.

DNage is also using its premature ageing animal models to identify and develop biomarkers in human ageing. Biomarkers are changes in body function or composition which are in this case related to ageing and could predict the onset of age-related diseases. By measuring these biomarkers of human ageing, individuals with a high risk of developing age-related diseases or disabilities could be identified and treated in an early-stage. DNage is in particular studying the way in which osteoporosis and neurodegenerative diseases develop, in order to identify biomarkers and to find new ways for prevention and/or intervention of these diseases. In addition, biomarkers could serve as novel targets for therapeutic products to interfere with the progression of ageing diseases. For many elderly patients these diseases impair quality of life and increase their demands on the health care system. A delay in development of these diseases could alleviate patients' suffering and lead to a reduction in the total number of patients, reducing costs as well.

Research Projects

Pharming has several research projects on products in early stage of development. These primarily include products in the area of ageing and tissue repair. Several of these early stage programs have been initiated and partnered with academic institutions and biotech companies. Most of these projects are subsidised or paid for by government grants.

DNage is participating in a large European study, called MARK-AGE. The goal of this research project is to identify biomarkers and to find new ways for prevention and/or intervention of ageing related diseases, like osteoporosis and neurodegenerative diseases. Research groups from all over Europe, including universities, research centres and companies like Unilever, are participating in this project. The study includes over 4,000 volunteers and is the largest study on biomarkers of ageing ever. Pharming expects that a delay in development of these diseases will improve quality of life and lead to a reduction in the total number of patients and thus a reduction of health care costs as well. This project is sponsored by the EU as part of the Seventh Research Framework.

DNage technology may also be applied to develop nutritional products that have a health effect. For instance, DNage has received a significant grant from the Netherlands Ministry of Economic Affairs to study the effect of certain nutritional compounds on the development of cognitive decline in (prematurely) ageing animals.

DNage also participates in Top Institute Pharma, a public private partnership between government, academic centres and corporations. In a large consortium, biomarkers for neuronal diseases are being investigated using, *inter alia*, the technology and animal-model systems owned by DNage.

Pharming has a research collaboration with NovaThera (fully-owned by MedCell BioScience Ltd), for the development of novel and effective new bioactive formulations, called TheraGlass-rH™. NovaThera's product technology TheraGlass™ and Pharming's recombinant proteins are linked for the localised delivery of therapeutic proteins. Although in an early stage of development, these TheraGlass-rH™ combination products have the potential to extend the therapeutic potential from transgenic technologies into the arena of medical devices and materials technologies.

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 dated 26 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 15 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 2004, Pharming provided a license to Esteve for the marketing, distribution and sales of Rhucin in Spain, Andorra, Portugal, and Greece.

In 2008, Pharming and Aslan concluded a supply agreement and a licensing agreement to further develop, manufacture and market food products containing hLF for Turkey, the Middle East, United Arab Emirates, Russia, Ukraine and several other countries in this region.

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

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 dated 26 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 2 "Risk Factors".

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 US 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 EMEA for the member states of the EU. Submissions for new biotechnology drugs need to go through a centralised procedure (at the EMEA) thus avoiding separate product approvals in different European countries. 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 specially appointed reporters. The legislation calls for the EMEA to reach a final decision on approval of new products within 210 days 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 EMEA 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 EMEA, 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 certain European countries 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 certain European countries and Dyax with an approved product in the US for patients 16 years of age and older.

In the field of diseases associated with old age most of the major pharmaceutical and biotechnology companies have active development programs. However, none of these programs are based on the same or similar technology platforms as the platforms of the Company. Hence, the therapeutic targets under development by the Company will be substantially different from those developed by other companies.

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 'state of the art' research facility rented in Leiden, the Netherlands. At the date of this Prospectus, 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. 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 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 number of employees of Pharming for each of the years ended 31 December 2006, 2007 and 2008 per functional category was as follows:

2006	General and administrative	15
	R&D	25
	Operations	37
	Total	77
2007	General and administrative	20
	R&D	32
	Operations	37
	Total	89
2008	General and administrative	22
	R&D	39
	Operations	30
	Total	91

The total number of full time employees as per 30 September 2009 is 95.

8. MANAGEMENT, SUPERVISION AND REMUNERATION

General

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, scientific advisory board (the "Scientific Advisory Board"), senior management (the "Senior Management") and other employees of Pharming.

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	3 November 2008	Up to AGM in 2013
Bruno Giannetti	57	Chief Operations Officer	1 December 2006	Up to AGM in 2011
Rein Strijker	52	Chief Commercial Officer	16 October 2006	Up to AGM in 2011

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. 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, medical affairs 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 of CRM, 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.

Members of the Supervisory Board

The Supervisory Board is composed of the following members:

Name	Age	Position	Member Since	Term
Mr. J. Blaak	68	Chairman	23 May 2007	Up to AGM in 2011
Mr. J. Ernst	70	Member	15 April 2009	Up to AGM in 2014
Mr. K. Macleod	49	Member	26 April 2006	Up to AGM in 2010
Mr. B. Ward	72	Member	23 May 2007	Up to AGM in 2011
Mr. A. de Winter	56	Member	15 April 2009	Up to AGM in 2014

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 50 companies, also 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 as a 'business angel'. Additionally, Mr. Blaak is a parent/shareholder in VenGen Holding B.V. and a member of the board of supervisory directors of to-BBB Holding B.V. and FlexGen Holding B.V. Mr. Blaak is also 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. 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. 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. 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. 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 director of Listing and Issuer Relations at NYSE Euronext, Amsterdam, where he was responsible for advising and admitting companies to the stock exchange in Amsterdam. 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. 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.

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 Schering-Plough). 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.

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.

Rienk Pijpstra, MD, MBA, Senior Director Development, is responsible for the planning and execution of Pharming's pre-clinical and clinical programs. As Global Medical Director, Dr Pijpstra assures the medical governance at Pharming. He is the head of the Drug Safety Committee of Pharming and Qualified Person for Pharmacovigilance for the EMEA. 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, SmithKline Beecham S.A., Glaxo SmithKline and became Chief Development Officer with Basilea (Switzerland). Dr Pijpstra received his MD and MBA from Leuven 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.

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 Dr 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 Mr. Blaak (chairman), Mr. Ernst and Dr Ward. 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.

Scientific Advisory Board

The main tasks of the scientific advisory board of Pharming (the "Scientific Advisory Board") are to advise the Company on new developments in science and technology which are relevant to Pharming's business. Members of the Scientific Advisory Board meet periodically with members of the Management Board. The Scientific Advisory Board has no formal powers under the Articles of Association or Dutch law.

Pharming has entered into consultancy agreements with the members of the Scientific Advisory Board and pay them for services rendered.

The Scientific Advisory Board currently comprises the following members:

Prof. dr. D.D. Breimer – Chairman

Professor Breimer is the professor of Pharmacology since 1975 and served as Rector Magnificus and President of the Leiden University Leiden, from 2001 till 2007. Professor Breimer's research focuses on pharmacokinetics, pharmacodynamics, drug metabolism and drug delivery, using in vitro and animal models, as well as human clinical studies. He is (co)author of more than 500 scientific publications, has served on the editorial boards of numerous scientific journals and received several scientific distinctions among which are honorary doctorates of universities in Gent, Uppsala, Budapest, London, Pamplona, Tokyo and Montreal. As a founder of the Centre for Human Drug Research (CHDR) in Leiden, he brings Pharming valuable insights into the drug development process. Furthermore, professor Breimer brings an extensive network of contacts in the field of academia and innovation, encompassing Dutch universities, the Dutch Organisation of Scientific Research (NWO), as well as the European League of Research Universities (LERU) and the European Federation for Pharmaceutical Sciences (EUFEPS). He has served on the scientific advisory boards of a number of pharmaceutical companies in Europe and in the US and is currently chairman of the board of directors of Life Sciences Partners in Amsterdam.

Prof. dr. J.H.J. Hoeijmakers – Member

Professor Hoeijmakers studied Biology at the Nijmegen University and did his PhD at the University of Amsterdam before joining the Erasmus University in Rotterdam to work on DNA repair in mammals. His team cloned the first of many subsequent human DNA repair genes, discovered the strong evolutionary conservation of DNA repair systems, elucidated the basis of several human repair syndromes, generated a large number of DNA repair mouse mutants that provided insight into the etiology of human repair syndromes and discovered a link between DNA damage, repair, transcription and ageing and an unexpected connection with longevity. This work led to the identification of a 'survival response' that promotes successful ageing. A new line of research explores the organisation of DNA repair and transcription in living cells and intact organisms. Recently, his group generated the first mouse mutant with intrinsic defects in the biological clock. Professor Hoeijmakers plays a leading role in several national and international scientific organisations and his work has been awarded with important prizes such as the Louis Jeantet Prize for Medicine in Europe and the Dutch Spinoza award. He has published over 300 papers in the field of genetics and DNA repair and his team owns several patents in genome stability. In 1993, he became the professor of Molecular Genetics and since 1999 he has been the head of the Department of Genetics of the Erasmus Medical Centre in Rotterdam. As a founder of DNage, professor Hoeijmakers and his research team support Pharming's technology platform for DNA repair.

Prof. dr. Dame J.M. Polak – Member

Professor Polak is professor of the Tissue Engineering and Regenerative Medicine Centre at Imperial College in London. In addition to advising Pharming, she is a member of a broad range of academic, medical and scientific research associations including the scientific advisory board of the Imperial College Institute of Biomedical Engineering and the Stem Cell Advisory Board Panel for the UK. Professor Polak is a council member of the Tissue Engineering Society International and the Academy of Medical Sciences and was also European editor of 'Tissue Engineering'. She is the author of 987 original papers, 116 review articles, editor/author of 25 books, owner of multiple patents and is one of the most highly cited researchers in the field of tissue engineering and regenerative medicine. Furthermore, professor Polak was the recipient of a heart and lung transplant in 1995 and is one of the longest living survivors of the procedure in Europe. Professor Polak makes a significant contribution to the development of Pharming's tissue repair technology and Rhucin studies in the field of transplants and immunology.

Remuneration Policy

The remuneration policy was approved in the annual general meeting of April 2009. Reference is made to the report of the Remuneration Committee in the annual report 2008, page 48-52, available on Pharming's website.

Management Board

The total remuneration Pharming paid to or for the benefit of members of the Management Board in 2008 amounted to €951,000. Dr Pinto resigned as member of the Management Board on 13 October 2008 and was replaced by Dr S. de Vries on 3 November 2008. The annual maximum base salary for Sijmen de Vries is €350,000, the annual maximum base salary for Bruno Giannetti and Rein Strijker is €250,000. Each member of the Management Board receives a bonus of up to 25% of his gross annual salary in the event he has achieved certain pre-defined targets.

The following table denotes the breakdown in remuneration of members of the Management Board in 2008.

Name	Base Salary	Bonus	Pension Contributions	Total Remuneration
Sijmen de Vries…….	€54,000	-	€5,000	€59,000
Bruno Giannetti ……	€229,000	€26,000	€22,000	€277,000
Rein Strijker …….	€229,000	€17,000	€28,000	€274,000
Francis Pinto…….	€323,000	€18,000	-	€341,000
Total …….	€835,000	€61,000	€55,000	€951,000

Remuneration totals for members of the Management Board in 2008 do not include the value of share options.

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 numbers of options currently owned by members of the Management Board are described below under "Option Plans".

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.

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 2008 amounted to €1,280,000. The following table denotes the breakdown in remuneration for Senior Management in 2008.

Base Salary	Bonus	Pension Contributions	Total Remuneration
€1,132,000	€97,000	€51,000	€1,280,000

Other Information

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.

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. Rein Strijker does not have a vote in the Management Board on decisions relating to achievement of the criteria which may trigger payment of these earn outs to former DNage shareholders.

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, the Scientific Advisory 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.

Overall, the maximum number of shares available under the LTIP was 1,257,500 of which 495,000 for 2008 and 762,500 for 2009.

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.

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 Prospectus 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	1,000,000	0.50
Granted under Employee option plan	1,157,425	0.52
Granted to Scientific Advisory Board	15,000	0.50
Expired	(1,379,398)	1.67
Forfeited	(84,385)	0.84
Balance at the date of this Prospectus	**5,160,116**	**1.44**

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
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
Total Management Board	**2,063,335**			**0.85**

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
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	21,000	2005	2010	1.88
	27,833	2006	2010	3.90
	46,000	2007	2011	3.70
	25,000	2008	2013	0.90
	65,000	2009	2014	0.52
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	19,000	2005	2010	1.88
	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.	30,000	2005	2010	1.88
	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
Pijpstra, R.R.D.	70,000	2009	2014	0.57
Relan, A.	40,000	2007	2012	3.09
	19,000	2008	2013	0.90
	65,000	2009	2014	0.52
Salaheddine, M.	21,000	2005	2010	1.88
	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
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	**1,332,580**			**1.31**

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 Prospectus can be summarised as follows:

Name	**Currently outstanding options**	**Weighted average exercise price (€)**
Total other employees	1,502,534	2.17
Total former Management Board members	141,667	2.27
Total consultants	105,000	3.29
Other	**1,749,201**	**2.24**

The weighted average share price for the options exercised in 2008 was €0.90. All options outstanding at 31 December 2008 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 31 December 2008 is 2.49 years with exercise prices ranging from €0.50 - €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.

9. MAJOR SHAREHOLDERS

The following table presents information about the ownership of the Shares as of the date of this Prospectus for each existing shareholder of which Pharming is aware to beneficially own 5% or more of the Shares, or whose shareholding has recently diluted below 5%. 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 Prospectus 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
A. van Herk	8 October 2009	154,501,037	7,541,513	4.88
UBS AG	8 October 2009	154,501,037	12,819,760	8.30

Except as disclosed above, Pharming is not aware of any person who, as of the date of this Prospectus, 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.

10. 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 2 July 1998. 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 13 November 2008 before 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 Prospectus, the authorised share capital of Pharming amounts to €100 million, divided into 200 million ordinary shares, each with a nominal value of €0.50 each. There are currently 154,501,037 ordinary shares (in this Prospectus referred to as Shares) issued and outstanding (including the New Shares).

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

Shares	154,501,037
Options	5,160,116
Convertible bonds	4,128,788
Warrants	3,150,000

In addition, the Company has granted 1,257,500 conditional entitlements to Shares under the LTIP. Reference is made to Chapter 8 "Management, Supervision and Remuneration – Option Plans".

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 Prospectus are fully paid up.

Form and Trading of Shares

Shares are either in registered form (*aandelen op naam*) or in bearer form (*aandelen aan toonder).* The Shares in bearer form are embodied in one global certificate and are traded through the book-entry facilities of Euroclear Netherlands. No share certificates are issued. The Company is responsible for keeping a shareholders' register.

Options

Since 1995, there has 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. Reference is made to Chapter 8 "Management, Supervision and Remuneration – Option Plans".

Convertible Bonds

Pharming raised €70.0 million gross through the issuance of the convertible bonds due 31 October 2012. As per the date of this Prospectus, further to the Conversion a nominal amount of €10.9 million is still outstanding. With respect to the Conversion reference is made to Chapter 6 "Operating and Financial Review".

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 upon any part of its assets or revenues as long as the Bonds are outstanding.

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. The conversion price became fixed at €2.64 on 30 April 2008;
- require Pharming to redeem the Bonds on 31 October 2010 or upon a change of control event.

Warrants

In connection with a license agreement entered into by Pharming with Paul Royalty Fund entered into 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 Prospectus, all 700,000 warrants are still outstanding; the warrants may be exercised until 3 February 2011.

Pursuant to a warrant agreement entered into by and between 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.

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. The Articles of Association were most recently amended on 13 November 2008 by notarial deed executed before Mr. D.F.M.M. Zaman, civil law notary in Rotterdam, the Netherlands.

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 15 April 2009, the Management Board has been granted such a designation concerning all the authorised and issued share capital of the Company until 23 May 2010. 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 15 April 2009, the Management Board has been granted such authorisation until 23 May 2010. 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 15 April 2009, the Management Board has been granted such authorisation until 23 May 2010.

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 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the corporate governance code (the "Code"). With effect from 1 January 2009, the Code has been amended. 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.

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.

Internal Auditor (section 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.

Obligations of Shareholders to Make a Public Offer

The European Directive on Takeover Bids (2004/25/EC) has been implemented in Dutch legislation in the AFS. Pursuant to the AFS, a shareholder who has acquired 30% of the Shares or of voting rights attached to the Shares has the obligation to launch a public offer for all Shares and depositary receipts issued for shares (if any). The legislation also applies to persons acting in concert who jointly acquire substantial control.

Squeeze Out Procedures

A shareholder who for his own account holds at least 95% of Pharming's issued capital may institute proceedings against Pharming's other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the "Enterprise Chamber") and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon advice of one or more experts.

An offeror under a public offer is also entitled to start such a squeeze out procedure before the Enterprise Chamber within three months after the offer period, if following the public offer he holds at least 95% of the shares (or class of shares) to which the offer relates, representing at least 95% of the voting rights carried by the shares to which the offer relates. Where the offer is made on a mandatory basis (as described above), the offer price is in principal deemed to be a reasonable price, which has to be accepted by minority shareholders. Where the offer is made on a voluntary basis, the offer price is considered reasonable if the offeror has acquired at least 90% of the shares (or class of shares) to which the offer relates. The Enterprise Chamber, however, may instruct one or more experts to determine the price.

Following a public offer, each remaining minority shareholder is entitled to demand a sale of its shares to the offeror if the offeror has acquired at least 95% of the shares (or class of shares) to which the offer relates, representing at least 95% of the voting rights carried by those shares. The same rules as for squeeze out proceedings initiated by the offeror apply to the determination of the price.

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% r 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.

11. TAXATION

This is a general summary and the tax consequences as described here may not apply to a holder of Shares. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Shares in his particular circumstances.

Dutch taxation

The following is a general summary and the tax consequences as described here may not apply to a holder of New Shares. Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of New Shares in his particular circumstances.

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of New Shares. It does not consider every aspect of taxation that may be relevant to a particular holder of New Shares under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. This summary also assumes that we are organised, and that our business will be conducted, in the manner outlined in this Prospectus. A change to such organisational structure or to the manner in which we conduct our business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

Taxes on income and capital gains

Resident holders of New Shares

General
The summary set out in this section "Taxes on income and capital gains - Resident holders of New Shares" applies only to a holder of Shares who is a "Dutch Individual" or a "Dutch Corporate Entity".

For the purposes of this section you are a "Dutch Individual" if you satisfy the following tests:
a. you are an individual;
b. you are resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or you have elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
c. your New Shares and any benefits derived or deemed to be derived therefrom have no connection with your past, present or future employment, if any; and
d. your New Shares do not form part of a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in us within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Generally, if a person holds an interest in us, such interest forms part of a substantial interest, or a deemed substantial interest, in us if any one or more of the following circumstances is present:

1. Such person alone or, if he is an individual, together with his partner (*partner*, as defined in Article 1.2 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)), if any, owns, directly or indirectly, a number of shares in us representing five per cent. or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares), or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of

our shares), or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of our annual profit or to five per cent. or more of our liquidation proceeds.
2. Such person's shares, profit participating certificates or rights to acquire shares or profit participating certificates in us have been acquired by him or are deemed to have been acquired by him under a non-recognition provision.
3. Such person's partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner has a substantial interest (as described under 1. and 2. above) in us.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and his entitlement to benefits is considered a share or profit participating certificate, as the case may be.

If you are an individual and a holder of New Shares and if you satisfy test b., but do not satisfy test c. and/or test d., your Dutch income tax position is not discussed in this Prospectus. If you are an individual and a holder of New Shares who does not satisfy test b., please refer to the section "Taxes on income and capital gains – Non-resident holders of New Shares."

For the purposes of this section you are a "Dutch Corporate Entity" if you satisfy the following tests:
i. you are a corporate entity (*lichaam*), including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax in respect of benefits derived from its New Shares;
ii. you are resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;
iii. you are not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and
iv. you are not an investment institution (*beleggingsinstelling*) as defined in article 28 of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

If you are not an individual and a holder of New Shares and if you do not satisfy any one or more of these tests, with the exception of test ii., your Dutch corporation tax position is not discussed in this Prospectus. If you are not an individual and a holder of New Shares that does not satisfy test ii., please refer to the section "Taxes on income and capital gains – Non-resident holders of New Shares."

Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise
If you are a Dutch Individual and if you derive or are deemed to derive any benefits from New Shares, including any capital gain realised on the disposal of New Shares, that are attributable to an enterprise from which you derive profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, such benefits are generally subject to Dutch income tax at progressive rates.

Dutch Individuals deriving benefits from miscellaneous activities
If you are a Dutch Individual and if you derive or are deemed to derive any benefits from New Shares, including any gain realised on the disposal of Shares, that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*), such benefits are generally subject to Dutch income tax at progressive rates.

If you are a Dutch Individual you may, *inter alia*, derive, or be deemed to derive, benefits from New Shares that are taxable as benefits from miscellaneous activities in the following circumstances:
a. if your investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
b. if you hold New Shares, whether directly or indirectly, and any benefits to be derived from such New Shares are intended, in whole or in part, as remuneration for activities performed by you or by a person who is a connected person to you as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Other Dutch Individuals
If you are a Dutch Individual and your situation has not been discussed before in this section "Taxes on income and capital gains – Resident holders of New Shares", benefits from your New Shares are taxed annually as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be 4 per cent. per annum of the average of your "yield basis" (*rendementsgrondslag*) at the beginning and at the end of the year, to the extent that such average exceeds the "exempt net asset amount" (*heffingvrij vermogen*) for the relevant year. The benefit is taxed at the rate of 30 per cent. The value of your New Shares forms part of your yield basis. Actual benefits derived from your New Shares, including any gain realised on the disposal of New Shares, are not as such subject to Dutch income tax.

Attribution rule
Benefits derived or deemed to be derived from certain miscellaneous activities by, and yield basis for benefits from savings and investments of, a child or a foster child who is under eighteen years of age, are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Dutch Corporate Entities
If you are a Dutch Corporate Entity, any benefits derived or deemed to be derived by you from New Shares, including any gain realised on the disposal thereof, are generally subject to Dutch corporation tax, except to the extent that the benefits are exempt under the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de Vennootschapsbelasting 1969*).

Non-resident holders of New Shares

The summary set out in this section "Taxes on income and capital gains – Non-resident holders of New Shares" applies only to a holder of New Shares who is a Non-resident holder of New Shares.

For the purposes of this section, you are a "Non-resident holder of New Shares" if you satisfy the following tests:
a. you are neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, if you are an individual, you have not elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
b. your New Shares and any benefits derived or deemed to be derived from New Shares have no connection with your past, present or future employment or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*);
c. your New Shares do not form part of a substantial interest or a deemed substantial interest in us within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), unless such interest forms part of the assets of an enterprise;
d. if you are not an individual, no part of the benefits derived from your New Shares is exempt from Dutch corporation tax under the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de Vennootschapsbelasting 1969*); and
e. you are not an entity that is resident in a Member State of the EU and that is not subject to a tax on profits levied there.

See the section "Taxes on income and capital gains – Resident holders of New Shares" for a description of the circumstances under which New Shares form part of a substantial interest or a deemed substantial interest in us.

If you are a holder of New Shares and you satisfy test a., but do not satisfy any one or more of tests b., c., d. and e., your Dutch income tax position or corporation tax position, as the case may be, is not discussed in this Prospectus.

If you are a Non-resident holder of New Shares you will not be subject to any Dutch taxes on income or capital gains (other than the dividend withholding tax described below) in respect of any benefits derived

or deemed to be derived by you from New Shares, including any capital gain realised on the disposal thereof, except if

1. (i) you derive profits from an enterprise, as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, if you are an individual, or other than as a holder of securities, if you are not an individual and (ii) such enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and (iii) your New Shares are attributable to such enterprise; or
2. you are an individual and you derive benefits from New Shares that are taxable as benefits from miscellaneous activities in the Netherlands.

See the section "Taxes on income and capital gains – Resident holders of New Shares" for a description of the circumstances under which the benefits derived from New Shares may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

Attribution rule
Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age, even if the child is resident in the Netherlands, are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Dividend withholding tax

General

We are generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by us.

The concept "dividends distributed by us" as used in this section "Dutch Taxation" includes, but is not limited to, the following:
- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognised as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of shares in excess of the average capital recognised as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by us to a holder of New shares or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognised as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the general meeting of our shareholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to our Articles of Association.

Dutch Individuals and Dutch Corporate Entities

A Dutch Individual (other than an individual who is not resident or deemed to be resident in the Netherlands, but who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes) or a Dutch Corporate Entity generally can credit Dutch dividend withholding tax against his Dutch income tax or its Dutch corporation tax liability, as the case may be, and generally is entitled to a refund in the form of a negative assessment of Dutch income tax or Dutch corporation tax, as the case may be, insofar as such dividend withholding tax, together with any other creditable domestic and/or foreign taxes, exceeds his aggregate Dutch income tax or its aggregate Dutch corporation tax liability, as the case may be, provided that, in the case of a Dutch Corporate Entity, (i) the dividends distributed by us

in respect of which such dividend withholding tax is withheld are included in its taxable profits and (ii) it has timely and duly filed a corporation tax return. In the case of a Dutch Corporate Entity for which dividends distributed by us are not included in its taxable profits, the dividend withholding tax withheld thereon is refunded upon a timely and duly filed request.

Pursuant to domestic rules to avoid dividend stripping, Dutch dividend withholding tax will only be creditable by or refundable to the beneficial owner (*uiteindelijk gerechtigde*) of dividends distributed by us. A holder of New Shares who receives proceeds therefrom shall *not* be recognised as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, it has given a consideration, in the framework of a composite transaction including, without limitation, the mere acquisition of one or more dividend coupons or the creation of short-term rights of enjoyment of shares (*kortlopende genotsrechten op aandelen*), whereas it may be presumed that (i) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, reduction or refund of, or credit for, dividend withholding tax, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and (ii) such person acquires or retains, directly or indirectly, an interest in New Shares or similar instruments, comparable to its interest in New Shares prior to the time the composite transaction was first initiated.

An individual who is not resident or deemed to be resident in the Netherlands, but who has elected to be treated as a resident of the Netherlands for Dutch income tax purposes, may be eligible for relief from Dutch dividend withholding tax on the same conditions as an individual who is a Non-resident holder of New Shares, as discussed below.

See the section "Dividend withholding tax – General" for a description of the concept "dividends distributed by us".

See the section "Taxes on income and capital gains – Resident holders of New Shares" for a description of the terms Dutch Individual and Dutch Corporate Entity.

Non-resident holders of New Shares

If a Non-resident holder of New Shares is resident in the Netherlands Antilles or Aruba or in a country that has concluded a double taxation treaty with the Netherlands, such holder may be eligible for a full or partial relief from the dividend withholding tax, provided such relief is timely and duly claimed. Pursuant to domestic rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by us. The Dutch tax authorities have taken the position that this beneficial-ownership test can also be applied to deny relief from dividend withholding tax under double tax treaties and the Tax Arrangement for the Kingdom (*Belastingregeling voor het Koninkrijk*).

In addition, a Non-resident holder of New Shares that is not an individual and that is resident in a Member State of the EU is entitled to an exemption from dividend withholding tax, provided that the following tests are satisfied:

1. it takes one of the legal forms listed in the Annex to the EU Parent Subsidiary Directive (Directive 90/435/EEC, as amended), or a legal form designated by ministerial decree;
2. any one or more of the following threshold conditions are satisfied:
    a. at the time the dividend is distributed by us, it holds shares representing at least five per cent. of our nominal paid up capital; or
    b. it has held shares representing at least five per cent. of our nominal paid up capital for a continuous period of more than one year at any time during the four years preceding the time the dividend is distributed by us, provided that such period ended after 31 December 2006; or
    c. it is connected with us within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act 1969 (*Wet op de Vennootschapsbelasting 1969*); or
    d. an entity connected with it within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act 1969 (*Wet op de Vennootschapsbelasting 1969*) holds at the time the

dividend is distributed by us, shares representing at least five per cent. of our nominal paid up capital;

3. it is subject to the tax levied in its country of residence as meant by article 2, paragraph 1, letter c, of the EU Parent Subsidiary Directive (Directive 90/435/EEC, as amended) without the possibility of an option or of being exempt; and
4. it is not considered to be resident outside the Member States of the EU under the terms of a double taxation treaty concluded with a third State.

The exemption from dividend withholding tax is not available if pursuant to a provision for the prevention of fraud or abuse included in a double taxation treaty between the Netherlands and the country of residence of the Non-resident holder of New Shares, such holder would not be entitled to the reduction of tax on dividends provided for by such treaty. Furthermore, the exemption from dividend withholding tax will only be available to the beneficial owner of dividends distributed by us. If a Non-resident holder of New Shares is resident in a Member State of the EU with which the Netherlands has concluded a double taxation treaty that provides for a reduction of tax on dividends based on the ownership of the number of voting rights, the test under 2.a. above is also satisfied if such holder owns five per cent. of the voting rights in us.

See the section "Dividend withholding tax – Dutch Individuals and Dutch Corporate Entities" for a description of the term beneficial owner.

See the section "Dividend withholding tax – General" for a description of the concept "dividends distributed by us".

See the section "Taxes on income and capital gains – Non-resident holders of New Shares" for a description of the term Non-resident holder of New Shares.

Gift and inheritance taxes

If you acquire New Shares as a gift (in form or in substance) or if you acquire or are deemed to acquire New Shares on the death of an individual, you will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

(i) the donor is, or the deceased was, resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax (as the case may be); or
(ii) the New Shares are or were attributable to an enterprise or part of an enterprise that the donor or deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
(iii) the donor made a gift of New Shares, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable by the holder of New Shares in respect of or in connection with (i) the subscription, issue, placement, allotment, delivery of New Shares, (ii) the delivery and/or enforcement by way of legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of New Shares or the performance by us of our obligations under such documents, or (iii) the transfer of New Shares.

12. 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 2006, 2007 and 2008, the third quarter reports for the periods ended 30 September 2008 and 2009, the Articles of Association and the press released incorporated by reference in this Prospectus may be obtained free of charge for the life of this Prospectus 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 Prospectus.

This Prospectus will 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 traded 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.	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

Advisors

Loyens & Loeff N.V. acted as Dutch counsel for Pharming in connection with the issuance of the New Shares, the Conversion and this Prospectus.

Independent Auditors

The consolidated financial statements of Pharming for the three-year period ended 31 December 2006, 2007 and 2008, incorporated by reference in this Prospectus, 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*).

At the annual general meeting of shareholders held on 15 April 2009, PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, has been appointed as the Company's auditors. 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 as disclosed in Chapter 6 "Operating and Financial Review – Human Lactoferrin", – Prodarsan and Other DNage Activities" and – Liquidity and Capital Resources" and in Chapter 7 "Business – Licenses", 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 Prospectus 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 Prospectus.

Related Party Transactions

Save as disclosed in note 32 of the annual report 2008, note 32 of the annual report 2007 and note 33 of the annual report 2006, no related party transactions between Pharming (including its subsidiaries) were entered into between 1 January 2006 and the date of this Prospectus.

13. GLOSSARY OF SELECTED TERMS

AMR: Antibody-mediated rejection is a rejection situation occurring in a later stage of organ transplantation. When implanted, a foreign body might, depending on its histocompatibility, be perceived as foreign by the recipient. The immune system is activated and the foreign body is attacked, which can lead to the organ failure and immunological rejection of the organ.

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.

CBER: The Center for Biologics Evaluation and Research is a centre within the US Food and Drug Administration. It is concerned with the regulation of biological and related products including blood, vaccines, allergenic, tissues, and cellular and gene therapies. Biologics, in contrast to drugs that are chemically synthesised, are derived from living sources (such as humans, animals, and microorganisms), are not easily identified or characterised, and many are manufactured using biotechnology. These products often represent cutting-edge biomedical research and, in time, may offer the most effective means to treat a variety of medical illnesses and conditions that presently have few or no other treatment options.

CDER: The Center for Drug Evaluation and Research (CDER) is the centre concerned with the evaluation of regular or emergency investigational drug products, new drugs, or generic drugs. CDER makes sure that safe and effective drugs are available.

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: With the acquisition of the Dutch company DNage B.V. in 2006, DNage has become a wholly-owned subsidiary of Pharming Group N.V. DNage is focusing 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).

EMEA: The European Medicines Agency (EMEA) 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 EMEA 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 wholly-owned 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 a €20 million Standby Equity Distribution Agreement (SEDA) with Yorkville Advisors Global Master SPV LTD (Yorkville), which was extended in October 2009 by an additional €10 million to €30 million in total. Under the agreement, Pharming is entitled to

request Yorkville to subscribe to and purchase newly issued shares in tranches of €0.4 million each, up to a total of €30 million at any time during the 36 months agreement, provided that the market price of the shares is at least 20% above the nominal value prior to the call. The proceeds to Pharming from future newly issued shares will equal 95% of the market price. Calculation of the market price is based on the volume weighted average price of Pharming shares over a period of five consecutive trading days following the date of Pharming's request notice to sell these new shares. Yorkville can either place these shares in the market or accumulate them up to a maximum holding in Pharming of 4.99% of the number of outstanding shares. Yorkville is committed not to short sell or enter into any hedging transactions related to the shares of Pharming.

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.

ISSUER

Pharming Group N.V.
Darwinweg 24
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the Netherlands

LEGAL ADVISORS TO THE ISSUER

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