PHARMING PUBLISHES FINANCIAL REPORT FIRST HALF YEAR 2010

Leiden, The Netherlands, July 21, 2010. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its financial report for the first half year ended June 30, 2010 ("HY1"). The Company reports improved operating results and a significantly increased cash position. At the same time, Pharming reports a substantial net loss as a result of securities issued to public and private bondholders.

Key financial items first half year 2010

- Net cash position increased from €2.3 million at year-end 2009 to €9.8 million at the end of the first half of 2010. This results from the January convertible debt financing of €7.5 million, the equity financing of 100 million shares with gross proceeds of €12 million and a €3.0 million upfront payment received from Swedish Orphan Biovitrum International (SOBI) in the second quarter of 2010;
- Operational costs decreased from €14.6 million in the first half of 2009 to €12.1 million in the same period of 2010 as a result of capitalization of Ruconest™/Rhucin® development costs in 2010 (€0.3 million) and the higher development costs incurred in (the first half of) 2009;
- Of the €7.5 million convertible debt financing in early January, €6.4 million converted into shares in the second quarter of 2010 (€1.1 million remaining at June 30, 2010);
- Financial and other income and expenses resulted in a €0.8 million loss in the first six months of 2009 and €16.3 million in the same period ended June 30, 2010. The first half 2009 income and expenses were highly effected by one-time profits of €3.1 million on bond conversions and fair value appreciation of marketable securities. In 2010, former bondholders, bought off in the fourth quarter of 2009, were eligible for shares valued at €2.6 million and a net expense of €9.0 million results from several adjustments in conversion and warrant rights granted to private bondholders engaged in 2010;
- Number of outstanding shares increased at year end 2009 and end of first quarter 2010 from 154,501,037 to 304,953,323 at June 30, 2010 as a result of the equity financing of 100 million shares, bond conversions (38,444,574 shares), the exercise of warrants (11,600,237 shares) and the payment of interest (407,475 shares).

"We are very pleased with the more rapid than anticipated progress we have been making on the Ruconest EMA filing and with the reduction of operating costs compared to the same period last year", said Sijmen de Vries, Chief Executive Officer. "For the second half of 2010, our main focus will be on working with our European partner Swedish Orphan Biovitrum International to prepare for the upcoming market launches of Ruconest, whilst at the same time we continue to work on the conclusion of additional licensing deals and on furthering progress of the FDA filing process in the USA. Although we have already improved our cash position substantially, we may however need some additional funding to be able to at the end of October clear the remaining €10.9 million convertible debt and continue operations. Besides the expected milestone payment from SOBI upon the issuing of the marketing authorization for Ruconest by the European Commission, the first sales from Ruconest and milestones from potential other partners, we are also assessing various financing options, including capital market transactions and use of the SEDA facility with Yorkville, under which we can still raise over €23 million. Despite the continuing challenging market conditions, we are confident that we will succeed in achieving our targets and thus creating a financially stable Pharming."

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

	HY1 ended June 30, 2010	Year ended December 31, 2009	HY1 ended June 30, 2009
Statement of financial position:			
Non-current assets (excluding restricted cash)	27.0	27.1	30.1
Cash and marketable securities, net of bank overdrafts	9.8	2.3	10.7
Inventories and other current assets	12.4	12.6	14.2
Convertible bonds (including derivative financial liability)	16.5	9.5	26.7
Other liabilities (excluding bank overdrafts)	21.3	19.2	20.3
Total equity	11.4	13.3	8.0
Statement of income:			
Grants and other income	0.4	1.1	0.3
Operational costs	(12.1)	(29.0)	(14.6)
Financial and other income and expenses	(16.3)	(4.2)	(0.8)
Net loss	(28.0)	(32.1)	(15.1)
Statement of cash flows:			
Net cash used in operating activities	(10.0)	(24.3)	(13.4)
Net cash from/(used in) investment activities	-	4.2	(0.3)
Net cash from financing activities	18.3	2.5	0.2
Share data:			
Outstanding shares at the end of the period	304,953,323	154,501,037	112,362,987
Weighted average shares outstanding in the period	177,091,915	116,177,686	100,138,967
Basic and diluted net loss per share (€)	(0.24)	(0.28)	(0.15)

The Company significantly increased its net cash position from €2.3 million at year end 2009 to €9.8 million at the end of the first half 2010 by raising a net amount of €18.7 million from several key equity and debt transactions, including the partial conversion of debts into shares, while equity slightly decreased from €13.3 million to €11.4 million.

The Company reports improving operating results: decreasing losses from operating activities of €11.7 million compared to €14.3 million in the first half of 2009 and decreasing operating cash outflows from €13.4 million to €10.0 million as a result of a combination of a €3 million upfront payment received from SOBI, reduced operating costs and timing of various payments.

Net losses increased significantly for the first half of 2010 to €28.0 million compared to €15.1 million in the same period of 2009, which first and foremost stems from the effect of securities issued to public and private bondholders. These effects are expected to be substantially non-recurring.

Inventories at June 30, 2010 amounted to €11.2 million of Ruconest/Rhucin. The majority of these inventories are immediately available for future Ruconest sales in the European territory through commercial partnerships. Other inventories are dedicated to carry out other (pre)clinical studies for indications in the field of transplantation. On July 6, 2010, Pharming announced the signing of a toll manufacturing agreement with

Sanofi Chimie in order to increase the production capacity of Ruconest/Rhucin, including up-scaling of the production process and further decrease the cost of goods.

On 19 July, 2010, the Company announced the completion of the DNage B.V ("DNage") spin-off. As part of the spin-off, an agreement was reached with the former shareholders of DNage under which certain earn-out obligations will be settled through payment of 5 million Pharming shares and providing the former DNage shareholders with a 49% stake in DNage. The initial share of the Company in DNage will be 51% but is expected to further decrease if and when DNage attracts new investors. Pharming will provide an undisclosed but limited bridge funding to DNage and will discontinue this after a certain period has expired.

Financial position

Early 2010, the Company entered into a 9% convertible debt financing of €7.5 million and issued 15,000,000 warrants with an exercise price of €0.50 and an expiration date of December 31, 2012. At the end of the first quarter 2010, as a result of meeting certain conditions in the investment agreement, the bondholders received an additional number of 3,750,000 warrants, bringing the total number of warrants under the agreement to 18,750,000, while at the same time the exercise price was lowered from €0.50 to €0.40. The maximum conversion price for the bonds also decreased from €0.50 to €0.40.

On March 30, 2010, the Company's shareholders approved to increase authorized share capital from 200 million to 400 million and to adjust the nominal value per share from €0.50 to €0.04. These changes were legally formalized on April 1, 2010 as a result of which, at about 154.5 million shares outstanding, the Company's share capital in the second quarter 2010 decreased with €71.1 million with a corresponding increase of other reserves; the overall effect of the adjustment on total equity therefore is nil.

In the second quarter of 2010, Pharming issued a total number of 100 million shares at a price of €0.12 per share or €12.0 million on aggregate. Total fees and expenses associated with the transaction amounted to €1.3 million and have been charged to share premium within equity. At June 30, 2010, the Company has paid €0.8 million of fees and expenses and accordingly reports net cash proceeds of €11.2 million with payment of €0.4 other fees and expenses scheduled for the second half of 2010.

Due to the equity financing, the number of warrants issued to the 2010 bondholders further increased to about 58.8 million whereas the exercise price decreased to €0.12. In addition, the conversion price of the remaining bonds 2010 also decreased to €0.12. In the second quarter of this year, the 2010 bondholders received a total number of 407,475 shares as consideration for first quarter 2010 interest, and in addition, Pharming issued an aggregate number of 38,444,574 shares with a fair value of €9.2 million due to the conversion of €6.4 million nominal bonds (largely converted at the conversion price of €0.12). Also, a total of about 21.7 million warrants were exercised to the extent that 11,600,237 shares were issued to 2010 bondholders with an aggregate value of €2.8 million.

At June 30, 2010, the 2010 bondholders' right to convert the €1.1 million into shares at a conversion price of €0.12 (below the actual market price) and the potential value of the remaining 37.1 million cashless warrants together represent an additional right with an estimated fair value of about €4.9 million. This potential value has been presented as a derivative financial liability in the statement of financial position at June 30, 2010 but can fluctuate in subsequent periods as effected by the actual share price upon actual conversions or exercises. Such fluctuations may ultimately have a further impact, both positively and negatively, on the statements of financial position and income in the second half of 2010 and beyond.

In the fourth quarter of 2009, the Company settled nominal convertible debt of €24.9 million through payment in cash and a total number of 29,382,000 shares. The transaction included anti-dilution protection for these new shares which, as a result of the issuance of shares in the second quarter of 2010, as well as the various prices under which shares were issued, triggered the additional issuance of 12,536,035 shares. These shares, which will be transferred in the third quarter of 2010, are valued at €2.6 million and have been fully expensed in the second quarter of 2010 with a corresponding increase in equity. Additional shares may have to be

transferred based on events occuring after June 30, 2010. The anti-dilution clauses terminate if the nominal value of outstanding bonds (currently €10.9 million) decreases to less than €7.0 million.

As a result of these transactions, the total number of outstanding ordinary shares at January 1, 2010 and March 31, 2010 of 154,501,037 increased to 304,953,323 at June 30, 2010. Overall, total equity of €13.3 million at December 31, 2009 decreased to €11.4 million at June 30. The €1.9 million decrease reflects the €25.5 million net effect of shares issued or to be issued and other charges of €0.6 million minus the first half 2010 net loss of €28.0 million.

As a result of the issuance of private bonds and shares, the Company raised a net amount of €18.7 million and significantly increased its net cash position from €2.3 million at year end 2009 to €9.8 million at the end of the first half 2010. Operating cash outflows in the first half of 2009, respectively 2010, were €13.4 million and €10.0 million due to a combination of the upfront payment received from SOBI, reduced operating costs and timing of various payments in both 2009 and 2010.

Financial results
In the first half year of 2010, the Company's income increased from €0.3 million to €0.4 million, which in both periods exclusively related to grants.

Total operational costs decreased from €14.6 million in the first half of 2009 to €12.1 million in the same period of 2010 as a result of capitalization of Ruconest/Rhucin development costs in 2010 (€0.3 million) and the timing of various expense items incurred in 2009. Such timing issues in particular relate to expenses incurred in the first half of 2009 in relation to very intensive activities related to the European Marketing Authorisation Application ("MAA") in Europe. These costs decreased considerably in 2010 since the filing was made in September 2009 and the regulatory process showed no major obstacles and at the end of the second quarter 2010, EMA's Committee for Medicinal Products for Human Use (CHMP) adopted a positive opinion on Ruconest for the treatment of acute angioedema attacks in patients with Hereditary Angioedema (HAE). The official granting of the MA by the European Commission is expected early September 2010 and will result in an additional (undisclosed) milestone payment by SOBI. Part of the cost reductions for the EMA filing have been offset with increased costs associated with activities regarding the US regulatory filing of Rhucin and the further development of indications in the field of transplantation such as antibody-mediated rejection and delayed graft function.

Financial and other income and expenses resulted in a €0.8 million loss in the first six months of 2009 and €16.3 million in the same period ended June 30, 2010. In 2009, these losses were reduced due to the effect of one-time profits of €3.1 million on bond conversions and fair value appreciation of marketable securities. For the first six months of 2010, the loss included the value of shares to be transferred to bondholders settled in 2009 (€2.6 million) and several adjustments in conversion and warrant rights granted to private bondholders engaged resulted in a net expense of €9.0 million. Also, effective interest charges on convertible bonds amounted to €3.1 million compared to €2.8 million in the first half of 2009.

The full half year report for the period ended June 30, 2010 can be found on Pharming's website.

Conference call information
Today, Chief Executive Officer Sijmen de Vries will present the first half 2010 results in a conference call for analysts at 9:00 am and for press at 10:30 am CET. To participate, please call one of the following numbers 10 minutes prior to the call:

Analyst call (conference ID 433 0914):
- From the Netherlands: 0800 265 8543 (toll-free) or +31 (0)45 631 6902
- From the UK: 0800 358 0886 (toll-free) or +44 207 153 2027

Press call (conference ID 433 0919):
- From the Netherlands: 0800 265 8543 (toll-free) or +31 (0)45 631 6902
- From the UK: 0800 358 0886 (toll-free) or +44 207 153 2027.

Following a presentation of the results, the lines will be opened for a question and answer session. An audio cast of the conference calls will be available on Pharming's website shortly thereafter.

About Pharming Group NV
Pharming Group NV is developing innovative products for the treatment of genetic disorders, specialty products for surgical indications, and nutritional products. On June 24 2010, the European Medicines Agency adopted a positive opinion for Ruconest™ (Rhucin in non-EU territories) for the treatment of angioedema attacks. Market Authorization in the European Economic Area is therefore expected to be granted in September 2010. The product is also under development for follow-on indications, i.e. antibody-mediated rejection (AMR) and delayed graft function (DGF) following kidney transplantation. The technologies of the Company include innovative platforms for the production of protein therapeutics, including technology and processes for the purification and formulation of these products. Additional information is available on the Pharming website, http://www.pharming.com.

Contact
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INTERIM REPORT OF THE BOARD OF MANAGEMENT FOR THE HALF YEAR ENDED JUNE 30, 2010

Discussion of financial position and results

The financial results for the first half year 2010 and the financial position for the half year ended June 30, 2010 of Pharming Group NV (''Pharming'' or ''the Company'') have been highly affected by transactions with holders of (private) convertible bonds issued in 2010 and the equity financing of May 2010 resulting in the issuance of 100 million shares.

With the convertible bonds issued early 2010, the Company raised a cash amount of €7.5 million (with net cash available at year end 2009 of €2.3 million) while at the same time offering 2010 bondholders, next to adjustable conversion prices, a number of 15 million warrants. Due to a range of events in the second quarter of 2010, as per agreement with the bondholders 2010 the conversion prices of the bonds and the exercise price of the warrants further decreased to €0.12 whereas the final number of warrants increased to 58.8 million. This price adjustment, the increase of warrants as well as subsequent bond conversions and warrants exercises, together with anti-dilution shares reserved for former bondholders settled in the fourth quarter of 2009, highly contributed to the €28.0 million net loss for the first half of 2010 as compared to €15.1 million in the same period of 2009. However, this loss is highly related to the non-cash effect of these financial expenses since loss from operating activities in the same period decreased from €14.3 million to €11.7 million, mainly due to the costs incurred in the first half of 2009 for the September 2009 Rhucin/Ruconest filing in Europe.

Although in the second quarter of 2010 Pharming received a €3.0 million upfront payment from a European distribution agreement with Swedish Orphan Biovitrum International (''SOBI''), additional sources of financing were explored in order to finance the operational cash flows. This ultimately resulted in the issuance of 100 million shares at an issue price of €0.12 per share and with net cash proceeds of €11.2 million. Together with the €7.5 million received from the bonds 2010 this significantly improved the Company's net cash position form €2.3 million at year end 2009 to €9.8 million at June 30, 2010. The issuance of shares and the conversion of bonds into shares limited the effect of the first half year 2010 net loss of €28.0 million on equity, which therefore slightly decreased from €13.3 million to €11.4 million.

Outlook

For the second half of 2010 the Company's main focus will be on the market launch of Ruconest, the conclusion of one or more licensing deals, further progress on the FDA filing process and completion of the spin-off of DNage as announced on July 19, 2010. The Board of Management is preparing for a scenario in which the remaining €10.9 million (public) bondholders 2007 will exercise their option to receive this amount in cash in the fourth quarter of 2010. In order to anticipate on this, it is considering various sources of financing including use of the YA Global Standby Equity Distribution Agreement of 2009.

Related party transactions

There were no material changes in the nature, scale or scope of related party transactions in the first half of 2010 compared with the disclosures made in Note 31 of the 2009 consolidated financial statements published in the Annual Report 2009.

Auditor's involvement

The content of these condensed consolidated interim financial statements has not been audited or reviewed by an external auditor.

Risks and uncertainties

Note 34 on pages 111-113 of the Annual Report 2009 include an extensive overview of the Company's (financial) risk management.

With reference to the Going Concern Assessment in Note 2 of the condensed consolidated interim financial statements for the half year ended June 30, 2010, Pharming will – both for the second half of 2010 and the period beyond – highly focus on managing liquidity risk through generating sufficient cash income to fund its operations. With this respect the Board of Management emphasizes that certain bondholders have a right to exercise their put option under which the Company would be obliged to pay up to €10.9 million in cash (plus semi-annual interest of up to €0.4 million) on October 31, 2010.

Responsibility statement

The Board of Management of the Company hereby declares that to the best of their knowledge, the condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the Interim Report of the Board of Management gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Act on Financial Supervision (*Wet op het Financieel toezicht*).

Leiden, July 20, 2010

Board of Management

S. de Vries, Chief Executive Officer
B.M.L. Giannetti, Chief Operations Officer
R.R.D. Pijpstra, Chief Medical Officer

PHARMING GROUP NV
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30, 2010
(amounts in €'000)

	Note	June 30, 2010	December 31, 2009
Goodwill	6.	3,926	4,312
Intangible assets		17,866	17,585
Property, plant and equipment		5,210	5,240
Restricted cash	7.	176	176
Non-current assets		27,178	27,313
Inventories		11,205	11,255
Other current assets		1,201	1,392
Cash and cash equivalents	7.	32,528	15,923
Current assets		44,934	28,570
Total assets		**72,112**	**55,883**
Share capital	8.	12,198	77,251
Share premium	8.	204,565	187,708
Other reserves	8.	(205,388)	(251,646)
Total equity		11,375	13,313
Deferred tax liability		4,276	4,276
Deferred revenue		2,800	-
Earn-out obligations	6.	1,983	1,788
Other		199	236
Non-current liabilities		9,258	6,300
Bank overdrafts	7.	22,892	13,761
Convertible bonds	9.	11,652	9,461
Derivative financial liability	9.	4,881	-
Trade and other payables		7,773	8,840
Earn-out obligations	6.	4,281	4,208
Current liabilities		51,479	36,270
Total equity and liabilities		**72,112**	**55,883**

Notes on pages 14-23 are an integral part of these of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the half year ended June 30, 2010
(amounts in €'000, except per share data)

	Note	June 30, 2010	June 30, 2009
Grants and other income		**405**	**348**
Research and development		10,056	12,580
General and administrative		1,813	1,758
Share-based compensation		263	332
Costs		**12,132**	**14,670**
Loss from operating activities	10.	**(11,727)**	**(14,322)**
Financial income	11.	-	3,476
Financial expenses	12.	(16,262)	(3,916)
Financial income and expenses		**(16,262)**	**(440)**
Income taxes		-	(336)
Net loss		**(27,989)**	**(15,098)**
Attributable to Equity holders of the parent		**(27,989)**	**(15,098)**
Share information:			
Basic and diluted net loss per share (€)		(0.24)	(0.15)
Weighted average shares outstanding		177,091,915	100,138,967

Notes on pages 14-23 are an integral part of these of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended June 30, 2010
(amounts in €'000)

	June 30, 2010	June 30, 2009
Net loss	(27,989)	(15,098)
Foreign currency translation	329	(80)
Other comprehensive income, net of tax	329	(80)
Total recognized income and expense	**(27,660)**	**(15,178)**
Attributable to Equity holders of the parent	**(27,660)**	**(15,178)**

Notes on pages 14-23 are an integral part of these of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended June 30, 2010
(amounts in €'000)

	Note	June 30, 2010	June 30, 2009
Payments of third party fees and expenses, including Value Added Tax		(10,960)	(10,667)
Net compensation paid to board members and employees		(1,986)	(2,039)
Payments of pension premiums, payroll taxes and social securities, net of grants settled		(1,531)	(1,897)
Other payments		(136)	(573)
Receipt of Value Added Tax		798	775
Interest received from cash and marketable securities		36	570
Receipt of grants and license fees		3,556	123
Other receipts		189	281
Net cash flows used in operating activities		**(10,034)**	**(13,427)**
Purchase of property, plant and equipment		(34)	(259)
Net cash flows used in investing activities		**(34)**	**(259)**
Net proceeds of increase of share capital	8.	11,160	2,800
Proceeds convertible bonds issued	9.	7,500	-
Payments of convertible bonds at nominal value	9.	-	(1,010)
Interest payments convertible bonds	9.	(375)	(1,553)
Payments of other financial liabilities		(24)	(46)
Net cash flows from financing activities		**18,261**	**191**
Net increase/(decrease) cash and cash equivalents		**8,193**	**(13,495)**
Net cash and cash equivalents at January 1		2,338	19,786
Exchange rate effect		(719)	131
Net increase/(decrease) cash and cash equivalents		8,193	(13,495)
Net cash and cash equivalents at June 30		**9,812**	**6,422**
Liquidity information			
Restricted cash	6.	176	176
Cash and cash equivalents	6.	32,528	12,652
Bank overdrafts	6.	(22,892)	(6,406)
Net cash and cash equivalents at June 30		**9,812**	**6,422**
Marketable securities at June 30		-	4,231
Total liquidities at June 30		**9,812**	**10,653**

Notes on pages 14-23 are an integral part of these of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended June 30, 2010
(amounts in €'000)

	Note	Number of shares	Share capital	Share premium	Currency translation	Share-based compensation	Net unrealized gains/(losses)	Other	Accu-mulated deficit	Total
Balance at January 1, 2009		**97,429,854**	**48,715**	**183,980**	**(1,602)**	**8,993**	**(2,443)**	**2,455**	**(227,565)**	**12,533**
Reclassification fair value results	5.	-	-	-	-	-	2,443	-	(2,443)	-
Total recognized income and expense		-	-	-	(80)	-	-	-	(15,098)	(15,178)
Share-based compensation		-	-	-	-	332	-	-	-	332
Commitment shares issued (non-cash)	8.	800,000	400	-	-	-	-	-	-	400
Shares issued in exchange of cash	8.	4,602,831	2,301	748	-	-	-	-	-	3,049
Bonds converted	9.	9,530,302	4,765	2,309	-	-	-	(243)	-	6,831
Balance at June 30, 2009		**112,362,987**	**56,181**	**187,037**	**(1,682)**	**9,325**	**-**	**2,212**	**(245,106)**	**7,967**
Balance at January 1, 2010		**154,501,037**	**77,251**	**187,708**	**(1,675)**	**9,885**	**-**	**2,212**	**(262,068)**	**13,313**
Adjustment nominal value	8.	-	(71,071)	-	-	-	-	-	71,071	-
Total recognized income and expense		-	-	-	329	-	-	-	(27,989)	(27,660)
Share-based compensation		-	-	-	-	263	-	-	-	263
Anti-dilution shares to be issued	8.	-	-	-	-	-	-	2,584	-	2,584
Shares issued in exchange of cash	8.	100,000,000	4,000	6,740	-	-	-	-	-	10,740
Bonds converted	9.	38,444,574	1,538	7,668	-	-	-	-	-	9,206
Exercise of warrants	9.	11,600,237	464	2,304	-	-	-	-	-	2,768
Interest paid in shares	9.	407,475	16	145	-	-	-	-	-	161
Balance at June 30, 2010		**304,953,323**	**12,198**	**204,565**	**(1,346)**	**10,148**	**-**	**4,796**	**(218,986)**	**11,375**

Notes on pages 14-23 are an integral part of these of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended June 30, 2010

1. Company information

Pharming Group NV ('Pharming' or 'the Company') is a limited liability public company which is listed on Euronext Amsterdam, with its headquarters and registered office located at:
Darwinweg 24
2333 CR Leiden
The Netherlands

Pharming focuses on the development, production and commercialization of human therapeutic proteins to be used in highly innovative therapies. The Company's products are aimed at treatments for genetic disorders and surgical and traumatic bleeding. Pharming's technologies include novel transgenic platforms for the production of biopharmaceuticals, as well as technology and processes for the purification and formulation of these biopharmaceuticals. Pharming has also been active in the field of DNA repair through its wholly-owned subsidiary DNage BV ('DNage'); the Company on July 19, 2010 announced it completed the spin- off of DNage, as a result of which Pharming's interest in DNage will initially decrease from 100% to 51% but with a possibility to further dilute this share through new equity investments by third parties in DNage.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting). As permitted by IAS 34, the condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Pharming's Annual Report 2009. In addition, the notes to these condensed consolidated interim financial statements are presented in a condensed format.

These condensed consolidated interim financial statements have not been reviewed or audited and are based on IFRS as adopted by the European Union. The Board of Management has approved these condensed consolidated interim financial statements on July 20, 2010.

Going Concern Assessment

The Board of Management of Pharming has, upon preparing and finalizing these condensed consolidated interim financial statements, assessed the Company's ability to fund its operations for a period of at least one year after the date of these condensed consolidated interim financial statements.

Pharming does not yet generate sufficient cash from commercial activities 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. Pharming's operational and capital expenditure requirements, plus semi-annual cash interest payments to bondholders, for the 12 months after the date of these financial statements are in the range of €19-21 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 as issued in 2007 may exercise their put option in October 2010, which would oblige Pharming to repay the principal amount of these outstanding bonds. As a result, the aggregated cash expected to be used in the 12 months following the date of these condensed consolidated interim financial statements may increase to approximately €32 million. Given the net cash position of €9.8 million at June 30, 2010, additional funds to the amount of some €22 million may be needed.

To enable continued operations and obtain such amount of funds for a period of at least 12 months after the date of these condensed consolidated interim financial statements, several sources available to raise additional working capital in the short and medium term future have been outlined below.

1. Pharming's is seeking to enter into license agreements in respect of Rhucin/Ruconest for all territories not already covered through existing license agreements for the territories of Iceland, Norway, Switzerland, Turkey and the Europe Union. The Company is in discussions with a number of pharmaceutical companies regarding such agreements and is confident that these discussions will lead to at least one agreement, of which the United States is considered likely by the Board of Management. Such agreement will, inter alia, potentially result in a substantial upfront cash payment;
2. Upon formal approval by the European Commission of the Marketing Authorization of Ruconest for HAE, Pharming will receive a substantial milestone payment from its European partner Swedish Orphan Biovitrum International ("SOBI"') in the third quarter of 2010;
3. The Company also expects cash income from sales of Rhucin/Ruconest inventories to one or more license partners from the third quarter of 2010 onwards;
4. As another 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. The success of a potential rights issue is difficult to predict due to uncertain factors such as the condition of the stock market;
5. Alternatively, Pharming may use the SEDA to raise additional funds to finance 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 2012. Pharming has the right, but not the obligation, to call the funds in regular tranches. Until the date of these financial statements, 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 20% above the nominal value of the Shares. Yorkville may also accept a single tranche exceeding €0.4 million. However, capital market transactions under item 4 may from time to time restrict Pharming to execute transactions under the SEDA for a certain period of 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 the remaining bondholders.

In order to limit cash outflows, with respect to remaining bonds issued in 2007 the Company may renegotiate terms and conditions or settle the outstanding €10.9 million (plus accrued interest) through payment in shares or a combination of shares and cash. The outcome of such negotiations is dependent on the interest of the bondholders in such a transaction. Pharming also has the possibility to enter into one or more new debt transactions or financial instruments including a share component. The outcome of such negotiations may have a material impact on the carrying value of the convertible bonds as well as effective interest charges associated with the carrying value.

However, in case the Company is not able to attract sufficient additional cash from any or a combination of these items, it may ultimately enter into bankruptcy and/or sell all or a part of its assets. Such an event could have a material impact on the carrying value of, in particular, goodwill, intangible assets, property, plant and equipment as well as inventories.

Also, the Company's equity position of €13.3 million at December 31, 2009 decreased to €11.4 million (unaudited) at June 30, 2010. The outcome of all or a combination of the events above may significantly affect equity. If equity were to become negative, it would reduce the number of alternative financing possibilities.

Overall, based on the outcome of this assessment, these financial statements have been prepared on a going concern basis. Notwithstanding their belief and confidence that Pharming will be able to continue as a going concern, the Board of Management emphasizes that the actual cash flows for various reasons may ultimately (significantly) deviate from their projections. Therefore, in a negative scenario (actual cash inflows less than projected and/or actual cash outflows higher than projected) the going concern of the Company could be at risk.

3. Summary of significant accounting policies

The applied accounting principles are consistent with those as described in Pharming's Annual Report 2009.

Significant accounting estimates and judgments

The preparation of financial statements requires judgments and estimates that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements. Management cautions that actual results could differ from those estimates.

For Pharming's critical accounting estimates and judgments, reference is made to the notes to the Consolidated Financial Statements contained in the Annual Report 2009. Items which particularly are subject to estimates that may ultimately result in differences between the actual amounts as included in the underlying financial statements and the realization thereof, include – but are not limited to – the following:

- the net carrying values of goodwill, intangible assets and inventories as based on expected future cash flows and/or use of the assets involved;
- earn-out obligations due to former shareholders of DNage as based on achievement of certain milestones relevant for clinical development and royalties based on milestone payments, upfront fees, license fees and royalties of certain DNage compounds.

The ultimate outcomes depend of the actual realization of business plans, which are substantially long-term in nature, and of the applicable discount rate which may vary from time to time based on both external and internal factors with an impact on cost of capital.

Also reference is made to note 34 'Financial Risk Management' to the Consolidated Financial Statements in the Annual Report 2009, which discusses Pharming's exposure to liquidity risk. Actual results in the future may differ from those estimates. Estimates and judgments are being continually evaluated and based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

4. Cyclicality

In view of the Company's line of business, expenses incurred for research and development activities as well as their associated cash flows highly depend on the phase of research or development. Costs from period to period (i.e. from quarter to quarter) may vary significantly due to the timing and extent of research and development activities and are partially beyond control of the Company.

5. Reclassification of comparative information

As of the quarterly results for the fourth quarter 2009, the Company classifies depreciation and amortization charges on non-current assets to the main cost categories, being 'research and development' and 'general and administrative'. In the first half year 2009 statement of income, total depreciation and amortization charges amounted to €628,000. The comparative statement of income in the first half year 2009 financial statements has been adjusted to reflect the portion of these expenses related to research and development (€532,000) and to general and administrative (€96,000). Accordingly, the presented comparative research and development costs increased from €12,048,000 to €12,580,000 and the comparative general and administrative costs increased from €1,662,000 to €1,758,000. This reclassification did not have an impact on the comparative Statement of Financial Position at June 30, 2009 nor the Statement of Consolidated Cash Flows for the first half year ended June 30, 2009.

Upon preparation of the condensed interim financial statements for the second quarter ended June 30, 2009, the Company identified that marketable securities acquired in 2005 (see Note 11 of the Annual Report 2009) included an embedded derivative. In the financial years 2005-2008 the fair value changes of this embedded derivative were charged to the reserve for 'net unrealized gains/(losses)' within equity but should have been charged to the statement of income. The accumulated fair value losses were €2,235,000 at December 31, 2007 and €2,443,000 at December 31, 2008. In view of the immaterial impact (being a €208,000 loss), the comparative statement of income for 2008 was not adjusted but the year end 2008 balance of €2,443,000 was reclassified from 'net unrealized gains/(losses)' to 'accumulated deficit', both within equity. This reclassification has been reflected in the Consolidated Statement of Changes in Equity. In the first half of 2009, the Company realized a fair value profit of €663,000 on these marketable securities, which has been included under Financial Income (Note 11) in the Consolidated Statement of Income.

6. Goodwill and earn-out obligations

Upon acquisition of DNage in 2006, the Company agreed to pay two milestone earn-outs of € 5.0 million each to former DNage shareholders, subject to achievement of certain milestones relevant for clinical development. Pharming at its sole discretion may decide to pay the milestones in Pharming shares at a price per share valued on the basis of the average closing price of the Pharming shares on twenty business days prior to achievement of the milestone. At each reporting date the Company assesses the success rate of achieving the milestones as well as the expected dates of achievement; these nominal values, adjusted for success rates, are subsequently discounted at a rate of 23%.

In the first half of 2009, the Company accrued non-cash interest of €780,000 to arrive at total discounted earn-out obligations of €7,932,000; due to reassessments of the expected timing of the achievement of the milestones, the net present values were subsequently adjusted to €7,519,000 with the decrease of €413,000 charged to the amount of goodwill (decreasing from €6,998,000 at year end 2008 to €6,585,000 at June 30, 2009).

At December 31, 2009 the net present value of the earn-outs amounted to €5,996,000, which in the first half year of 2010 accrued non-cash interest of €654,000 to arrive at total discounted earn-out obligations of €6,650,000; due to reassessments of the expected timing of the achievement of the milestones, the net present values were subsequently adjusted to €6,264,000 with the decrease of €386,000 charged to the amount of goodwill (decreasing from €4,312,000 at year end 2009 to €3,926,000 at June 30, 2010).

As further explained in Note 15, the Company after the end of the reporting period completed the spin- off of DNage which included a settlement agreement with former DNage shareholders under which the Company agreed to pay former DNage shareholders 5 million shares and issue new DNage shares to the former DNage shareholders to the effect that Pharming initially holds a 51% interest in DNage. In exchange for these payments the former DNage shareholders have given up their rights to receive the earn-out payments so that the total earn-out liabilities June 30, 2010 of €6,264,000 will be nil after completion of the transaction in the third quarter of 2010.

7. Net cash position and analysis of cash flows

The (movement in the) overall net cash position for the half year ended June 30, 2009 and June 30, 2010 is as follows:

Amounts in €'000	**2010**	**2009**
Non-current restricted cash	176	176
Cash and cash equivalents	32,528	12,652
Bank overdrafts	(22,892)	(6,406)
Balance at June 30	9,812	6,422
Balance at January 1	2,338	19,786
Net increase/(decrease) for the period	7,474	(13,364)

The main cash flow items for the first half year of 2009 and 2010 can be summarized as follows:

Amounts in €'000	**June 30, 2010**	**June 30, 2009**
Net cash flows used in operating activities	(10,034)	(13,427)
Net cash flows used in investing activities	(34)	(259)
Net cash flows from financing activities	18,261	191
Exchange rate effects	(719)	131
Net increase/(decrease) for the period	7,474	(13,364)

Pharming's €10.0 million net cash flows used in operating activities in the first half of 2010 remained is considerably lower than the €13.4 million in the comparative period of 2009, particular due to receipt of a €3.0 million upfront payment from SOBI.

Financing cash flows in the first half year of 2009 included €2.8 million cash income from the issuance of shares offset with cancellation of bonds and bond interest payments of €2.6 million. Cash flows from financing activities in the first six months of 2010 include €7.5 million cash proceeds from private bonds issued in January 2010, the €11.2 million net proceeds of the issuance of shares in the second quarter as well as nominal interest paid on bonds of €0.4 million. Further information on the issuance of shares and transactions with bondholders have been provided in Note 8 and Note 9.

8. Total equity

Developments total equity first half year 2009

In April 2009, the Company entered into a Standby Equity Distribution Agreement with YA Global under which YA Global can invest a total of up to €20.0 million in a three year period, in return for which Pharming issues a number of shares based on the lowest volume weighted average price over a five day period minus a 5% discount. Upon closing of the SEDA, Pharming issued and transferred 800,000 Commitment Shares to YA Global valued at €0.50 per share.

In the first half of 2009, Pharming called a total amount of €3,700,000, of which €2,800,000 was fully settled at balance sheet date. In return, Pharming issued a total number of 4,602,831 shares to YA Global with a total fair value of €3,049,000. The overall result of the transaction is based on the difference between the fair value of the shares issued and the cash received in the amount of €249,000 and has been recognized in Financial expenses (Note 12) The remaining €900,000 not settled prior to the end of the reporting period has been capitalized in other current assets with an increase of trade and other payables in the amount of €947,000 to reflect the Company's obligation to settle the receivable in a variable number of shares with the difference charged to the Statement of Income.

Also in the first half of 2009, the Company entered into individual negotiations with bondholders under which bonds with a total nominal value of €14,050,000 were cancelled in exchange of a total of 9,530,302 shares with a fair value of €7,074,000 and €1,023,000 in cash (including €13,000 interest).

Developments total equity first half year 2010

On March 30, 2010 the Company's shareholders approved to increase authorized share capital from 200 million to 400 million and to adjust the nominal value per share from €0.50 to €0.04. These changes were legally formalized on April 1, 2010 as a result of which, at 154,501,037 shares outstanding, the Company's share capital decreased with approximately €71.1 million with a corresponding increase of other reserves; the overall effect of the adjustment on total equity therefore was nil.

In the second quarter of 2010, the Company issued 100 million shares at €0.12 per share with gross proceeds of €12.0 million. Total fees and expenses related to the transaction of €1,260,000 have been charged to share premium, so that the net effect on equity amounts to €10,740,000. At June 30, 2010, €840,000 of the total fees and expenses had been paid so that the financing cash flows of this transaction for the first half year 2010 amounts to €11,160,000.

With respect to the 50,452,286 shares issued in relation to conversions, exercise of warrants and interest payment, reference is given to Note 9.

Anti-dilution shares relate to commitments towards (public) bondholders accepting the public offer on outstanding bonds in the fourth quarter of 2009 under which – as long as at least €7.0 million of the bonds are outstanding (€10.9 million is still outstanding) – the issuance of shares as well as the pricing of such securities trigger a certain additional number of shares to be issued to these former bondholders. In the second quarter of 2010, such rights have build up to 12,536,035 shares to be issued with an aggregate fair value of €2,584,000. This amount has been charged to Financial expenses in the statement of income (Note 12).

9. Convertible bonds and Derivative financial liability

The amounts due for convertible bonds and the Derivative financial liability relate to financial instruments issued in October 2007 ('Bonds 2007') and January 2010 ('Bonds 2010'); the Bonds 2010 include a derivative financial instrument which has been separately measured and presented ('Derivative 2010'). Movement of the carrying values of these instruments for the first half year ended June 30, 2009 and June 30, 2010 was as follows:

Amounts in €'000	Note	Bonds 2007	Bonds 2010	Sub-total	Deriva-tive 2010	Total
Total carrying value at January 1, 2009		35,693	-	35,693	-	35,693
Effective interest convertible bonds	12.	2,781	-	2,781	-	2,781
Shares issued upon conversion bonds	8.	(7,074)	-	(7,074)	-	(7,074)
Payment of nominal interest convertible bonds	7.	(1,553)	-	(1,553)	-	(1,553)
Payments of convertible bonds at nominal value	7.	(1,010)	-	(1,010)	-	(1,010)
Transaction result bonds converted		(2,185)	-	(2,185)	-	(2,185)
Total carrying value at June 30, 2009		26,652	-	26,652	-	26,652
Current portion carrying value at June 30, 2009		(410)	-	(410)	-	(410)
Non-current portion carrying value at June 30, 2009		26,242		26,242	-	26,242
Total carrying value at January 1, 2010		9,461	-	9,461	-	9,461
Proceeds convertible bonds issued	7.	-	7,500	7,500	-	7,500
Fair value derivative portion upon issuance		-	(3,423)	(3,423)	3,423	-
Effective interest convertible bonds	12.	1,473	1,657	3,130	-	3,130
Payment of nominal interest convertible bonds	7.	(375)	-	(375)	-	(375)
Shares issued for bond conversions and interest payment	8.	-	(4,641)	(4,641)	(4,726)	(9,367)
Shares issued for exercise of warrants	8.	-	-	-	(2,768)	(2,768)
Fair value movement derivative (net loss)	12.	-	-	-	8,952	8,952
Total carrying value at June 30, 2010		10,559	1,093	11,652	4,881	16,533

Since the Company does not have an unconditional right to defer settlement of these liabilities for at least twelve months after the end of the reporting period, the carrying values at June 30, 2010 have been presented as current liabilities.

Main developments (public) Bonds 2007

In 2007 Pharming issued the Bonds 2007 with a nominal value of €70.0 million and 6,875% nominal interest due in semi-annual interest payments. Until January 1, 2009, bonds notes with an aggregate nominal value of €20.1 million were cancelled through payment of cash and shares.

In the first half of 2009, the Company entered into individual negotiations with bondholders under which bonds with a total nominal value of €14,050,000 were cancelled in exchange of a total of 9,530,302 shares with a fair value of €7,074,000 and €1,023,000 in cash (including €13,000 interest). The €2,185,000 difference between the total consideration of €8,097,000 and the net carrying value of these bonds upon settlement date, being €10,282,000, has been released to the statement of income and recognized in Financial income (Note 11). In addition, in the first half of 2009 the Company recognized a €243,000 gain on the fair value portion of the derivative embedded in the Bonds 2007 (Note 11).

As a result of these conversions, nominal bonds outstanding were reduced from to €49.9 million at January 1, 2009 to €35.8 million at the end of the first half year of 2009. Due to transactions with bondholders in the second half year of 2009, nominal bonds outstanding further reduced to €10.9 million outstanding at both year end 2009 and June 30, 2010.

Main developments (private) Bonds 2010

On January 5, 2010 the Company announced it had secured a private convertible debt financing of €7.5 million carrying 9% interest per annum and a maturity date of December 31, 2010. The debt is subordinated to the Bonds 2007 and can be repaid in cash in whole or in part at the option of the investor if a commercialization deal for Rhucin/Ruconest materializes with an upfront payment in excess of an undisclosed amount. The initial conversion price was set at €0.50. In addition, 15 million warrants were issued to the bondholders with an initial exercise price of €0.50 and an expiration date of December 31, 2012.

The initial cash proceeds of €7,500,000 minus the €3,423,000 derivative portion carved out upon issuance of the Bonds 2010 (see section 'Derivative 2010' further in this Note) resulted in an initial liability of €4,077,000. This initial liability accrues effective interest over the expected lifetime of the Bonds 2010, of which €1,657,000 was charged to the statement of income in the first half of 2010. Due to conversion of Bonds 2010 with a nominal value of €6.4 million in the second quarter of 2010 and payment of first quarter 2010 interest, the Company issued an aggregate number of 38,852,049 shares with a total fair value of €9,367,000; an amount of €4,641,000 related to the debt portion of the Bonds 2010 (the remaining €4,726,000 related to the Derivative as outlined further in this document) and accordingly the liability at June 30, 2010 amounted to €1,093,000.

Derivative 2010

The initial conversion price and initial exercise price of the warrants issued in connection to the Bonds 2010 could an have been reduced subject to the occurrence of certain events which also triggered issuance of additional warrants. As a result of these adjusting mechanisms, the Bonds 2010 include derivative elements with fluctuating fair values carried through profit or loss. Upon issuance of the Bonds 2010, the fair value of the Derivative 2010 amounted to €3,423,000, which has been carved out of the debt portion of the Bonds 2010. Due to the issuance of an additional 43,780,443 warrants and an adjustment of the maximum conversion price and exercise price to €0.12 between the issue date and June 30, 2010, the fair value of the Derivative 2010 increased to €4,881,000 at June 30, 2010. As a result, the increase in the fair value of the liability in the amount of €1,458,000 has been forwarded to Financial expenses in addition to the portion of the shares issued for Bonds 2010 conversions in the second quarter (€4,726,000) and the fair value of shares issued in relation to the exercise of warrants (€2,768,000) as explained below. Overall, the net effect of the derivative in the first half of 2010 amounted to €8,952,000 which has been forwarded to Financial expenses (see Note 12).

The warrants 58,780,443 warrants can be exercised cashless, which implies that a theoretical profit (based on a contractually agreed reference price) on a part of warrants exercised is forfeited in order to pay for shares transferred to the exercising party without any consideration (in cash or other assets). In the second quarter of 2010, bondholders had exercised 21,705,743 warrants for which Pharming transferred 11,600,237 shares at no consideration whereas 10,105,506 warrants forfeited. The 11,600,237 shares transferred had an aggregate fair value upon transfer of €2,768,000 which has been charged to Financial expenses (Note 12) in the statement of income. At June 30, 2010, a total number of 37,074,700 warrants were outstanding.

10. Loss from operating activities

In the first half of 2010, the Company reported a loss from operating activities of €11.7 million compared to €14.3 million in the comparative period of 2009. The €2.6 million decrease primarily reflects the capitalization of €0.3 million of Rhucin/Ruconest development costs in the first six months of 2010 (compared to none in the first quarter of 2009) and various other items with a total net effect of €2.3 million. Contributing to the decreased operating costs is, that in the first half of 2009 Pharming incurred considerable costs in anticipation of the filing of Rhucin/Ruconest in September 2009; these particular activities were not applicable in the first half of 2010.

As explained in Note 4, Pharming operates in an industry in which expense are to some extent varying based on the timing of events such as the phase of research or development. These activities are partially beyond control of the Company. Note 13 provides further information on the allocation of results from operating activities for the first half year 2009 and 2010 as per the Company's two business units Recombinant Proteins and DNage.

11. Financial income

Financial income in the first half of 2009 amounted to about €3.5 million, which primarily included €2.4 million in relation to the settlement of convertible bonds (€2.2 million due to the carrying value of these bonds exceeding the fair value of the shares and cash paid; €0.2 million release of a derivative) and a €0.7 million fair value profit on an embedded derivative. Bond settlements in the first half of 2010 did not result in profits whereas the marketable securities were fully sold in the fourth quarter of 2009 so that no further results are applicable from these assets.

12. Financial expenses

The financial expenses of €3.9 million in the first half of 2009 increased to €16.3 million in the same period of 2010. First half 2010 financial expenses included the effective interest on convertible bonds (Note 9) of €3.1 million and interest on earn-out obligations (Note 6) of €0.7 million, compared to €2.8 million respectively €0.8 million in the first half of 2009. In addition, the Company in the first half of 2010 incurred €9.0 million costs in relation to the derivative portion of the 2010 bonds (Note 9) and €2.6 million due to an obligation to issue anti-dilution shares to former bondholders (Note 8); no such costs were incurred in 2009.

Other financial expenses increased from €0.3 million in the first six months of 2009 to €0.9 million in the same period of 2010, which primarily reflects losses incurred on debts and bank overdrafts in United States dollars.

13. Operating segments

Business segmentation of the selected statement of income lines for the first half year ended June 30 is disclosed in the table below:

	Recombinant Proteins		DNage		Total	
Amounts in €'000	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Grants and other income	133	125	272	223	405	348
Loss from operating activities	(10,047)	(12,681)	(1,680)	(1,461)	(11,727)	(14,322)
Net loss	(21,267)	(13,301)	(1,680)	(1,797)	(27,989)	(15,098)

14. Commitments and contingencies

In the first half year of 2010 there were no material changes to the commitments and contingent liabilities from those disclosed in Note 32 of the Annual Report 2009.

15. Events after the end of the reporting period

In the period July 1, 2010 until the date of these condensed consolidated interim financial statements, the Company's outstanding shares increased from 304,953,323 to 312,500,900. The 7,547,577 shares issued relate to the payment of second quarter interest in relation to the bonds 2010 (107,611 shares), the conversion of €0.2 million nominal bonds 2010 (1,668,542 shares) and the exercise of warrants (5,771,424 shares transferred and 8,895,253 forfeited). The nominal value of the outstanding 2010 bonds therefore decreased from €1.1 million at June 30, 2010 to €0.9 million as per the date of these condensed consolidated interim financial statements, whereas the total number of warrants decreased from 37,074,700 at June 30, 2010 to 22,408,023.

On July 19, 2010 Pharming completed the spin- off of DNage, which agreement included a settlement with former DNage shareholders under which the Company agreed to pay former DNage shareholders 5 million shares and issue new DNage shares to the former DNage shareholders to the effect that Pharming initially holds a 51% interest in DNage. In exchange for these payments the former DNage shareholders have given up their rights to receive future earn-out payments of €10.0 million in total and with a net present value at June 30, 2010 of €6,264,000 (see Note 6). Pharming's initial 51% in DNage is expected to further decrease as and when DNage secures new specialized investors who will share the risks and rewards by purchasing newly issued equity in DNage. Until such new financing is completed, Pharming will provide DNage with an undisclosed but limited bridge funding. Thereafter, Pharming will discontinue the funding of DNage fully. The outcome of this transaction with former DNage shareholders as well as the potential transactions with third parties acquiring shares in DNage, ultimately may effect the carrying values of, in particular, goodwill and earn-out obligations. In addition, the effect of any or all of these transactions may be that the financial statements of DNage are no longer consolidated in those of Pharming. As per the date of these condensed consolidated interim financial statements, both the timing and impact of these (potential) transactions are not yet known. However, these do not have an effect on the statement of financial position and statement of income for the half year ended June 30, 2010.