PHARMING

PHARMING REPORTS ON PRELIMINARY FINANCIAL RESULTS 2012

Leiden, The Netherlands, March 7, 2013. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its preliminary (unaudited) financial results for the year ended December 31, 2012.

FINANCIAL HIGHLIGHTS

- Revenues and other income increased to €10.9 million (2011: €3.2 million) following the Q4 2012 receipt of US$10.0 million (€7.9 million) from our US partner Santarus in relation to the successful completion of Study 1310 for Ruconest®.
- Operating costs from continuing operations increased to €24.1 million (2011: €18.2 million).
- Total net loss from continuing operations increased to €24.1 million (2011: €17.8 million) mainly as a result of non-cash charges, such as €5.8 million in costs associated with financing activities and impairment charges of €1.2 million in relation to the closure of the US-based cattle operations.
- Net cash outflows from operations decreased to €10.3 million (2011: €16.9 million) with net cash inflows from financing activities amounting to €11.6 million (including €8.0 million in relation to the issue of convertible bonds) and net cash inflows from investing activities amounting to €0.1 million (€0.7 million in cash was received due to sale of the US-based cattle operations, which offset investment payments of €0.6 million).
- Cash at the end of 2012 increased to €6.3 million (2011: €5.1 million). The negative equity position of €1.2 million at year end 2011 increased to a negative equity position of €7.7 million.

OPERATIONAL UPDATE

- Successful completion of the Ruconest US Phase III pivotal study (Study 1310) followed by receipt of an associated US$10.0 million milestone payment from our US partner Santarus.

- Ruconest continues roll-out across Europe:
  - Roll-out progressing slower than expected as a result of challenging market access conditions in the EU during 2012.
  - To address these issues, our partner Sobi has recently re-aligned their commercial organisation and have initiated specific in-market actions.

- First production validation runs completed and initiation of the certification process with the European Medicines Agency (EMA) and Food and Drug Authority (FDA) for new downstream manufacturing site for Ruconest, which will enable significant future reductions in the cost of manufacturing.

- Restructuring to reduce cash-burn initiated in the second half of 2012; sale of the US facility and the downsizing of the Netherlands organization. The latter is expected to be completed in the first half of 2013.

- New positive data published showing that Ruconest was not observed to have a prothrombotic effect when used to treat acute HAE attacks
  - study published by Relan et al in the peer-reviewed journal Biodrugs
  - competitive drugs have shown to be prothrombotic

- Expansion of the geographical coverage for Ruconest through new agreements with Singapore based Transmedic Pte for Brunei, Indonesia, Malaysia, Philippines, Singapore, as well as Thailand and Seoul based Hypjin Corp for South Korea.

- Initiated an open-label Phase II clinical study evaluating Ruconest for the treatment of acute attacks of angioedema in paediatric patients with HAE.

- Data published showing that Ruconest has a protective effect in a preclinical animal model of severe blood loss designed to simulate battlefield injuries.

Sijmen de Vries, CEO, commented: "2012 was a challenging and volatile year for Pharming, largely due to an unforeseen delay in Study 1310 which negatively impacted on our cash resources. However, this early challenge was followed by the arrangement of an Equity Working Capital Facility for financing and the successful completion of Study 1310, which triggered the payment of a US$10.0 million milestone by our US partner Santarus. This in turn provided the platform for the January 2013 €16.35 million financing, by means of a short term convertible bond, and hence a strong ending to the year. In sharp contrast to only some months ago, Pharming is now well prepared and funded to enter the US regulatory review process for the treatment of acute HAE with Ruconest. Furthermore, in the second half of the year, assuming that the Ruconest BLA will have been accepted for review, together with our US partner Santarus we plan to request separate meetings with the FDA to discuss the pathway for other potential indications for Ruconest such as the treatment of acute pancreatitis and the prophylactic treatment of HAE. As we near potential approval and a subsequent launch for Ruconest in the US, the world's largest pharmaceutical market, Pharming is in a strong position to capitalise on this significant commercial opportunity."

FINANCIAL RESULTS

In the year 2012 the Company generated revenue from continuing operations of €10.6 million (2011: €3.0 million). This increase stems from the Q4 2012 receipt of US$10.0 million (€7.9 million) from our US partner Santarus in relation to successful completion of Study 1310. Costs of revenues amounted to €4.3 million (2011: €3.5 million) with impairments on inventories previously reserved for sales amounting to €3.1 million (2011: €1.7 million). Other income related to grants exclusively and increased from €0.2 million in 2011 to €0.3 million in 2012.

Total operating costs from continuing operations increased by €5.9 million from €18.2 million in 2011 to €24.1 million in the same period of 2012. The increase in part reflects items such as impairment charges related to the US-based cattle platform operations (€1.2 million), a restructuring provision expense in relation to the Dutch operations and the US-based cattle platform operations (€1.4 million) as well as the Company's activities in relation to Study 1310 required for US regulatory approval for Ruconest.

Early in 2012 the Company finalized a transaction announced in December 2011 under which it issued €8.4 million convertible bonds plus 38,717,484 warrants. The bonds had to be repaid in six monthly installments and could be settled in cash and/or in shares. The bonds have been fully repaid in 2012; all installments plus interest were in shares with the number of shares based on volume weighted average price, a reference period minus a discount. With regard to these pay-backs, the Company issued a total of 210,181,995 shares. Total non-cash costs associated with these bonds amounted to €5.1 million, which in addition to the one-time recycling expense of an equity translation reserve of €1.4 million and €1.3 million profit posted on financial derivatives and various other expense items totaling €1.4 million, accounted for a net loss on financial income and expenses of €6.6 million as compared to a €0.7 million net profit on financial income and expenses in 2011.

As a result of the above items, the net loss from continuing operations increased by €6.3 million to €24.1 million in 2012 (2011: €17.8 million). Due to a one-time €0.6 million profit on discontinued operations in 2011, total net loss increased from €17.2 million to €24.1 million. The net loss per share for 2012 amounted to €0.03 (2011: €0.04).

FINANCIAL POSITION

Total cash and cash equivalents (including restricted cash) increased by €1.2 million from €5.1 million at year end 2011 to €6.3 million at the end of 2012. The increase follows from net cash outflows from operations of €10.3 million with net cash inflows from financing activities amounting to €11.6 million and net cash inflows from investing activities amounting to €0.1 million. Net cash flows used in operating activities decreased from €16.9 million in 2011 to €10.3 million in 2012,

which largely reflects receipt of US$10.0 million from our US partner Santarus following the successful completion of Study 1310.

Financing cash flows followed the early 2012 issue of convertible bonds which raised €8.0 million in cash (fully repaid in 210,181,995 shares in 2012), €4.9 million through the issue of 258,768,453 shares under a €10.0 million equity working capital facility concluded in August 2012 and €0.4 million through the issue of 24,051,258 shares following the exercise of warrants; financing cash outflows of €1.8 million in 2012 related to finance lease payments and costs associated with the issue of convertible bonds and shares. Investing cash flows included €0.6 million in payments related to investments; these were offset with €0.7 million received in relation to the closure and subsequent sale of the US-based cattle operations.

Pharming continues to seek improvement in its financial position and at December 31, 2012 had a remaining amount available under the €10.0 million equity working capital facility of €5.1 million. In January 2013 the Company announced it had entered into a €16.35 million convertible bond agreement (net proceeds of €15.3 million); the transaction was subject to shareholder approval, which was obtained at the Extraordinary General Meeting of Shareholders held on February 28, 2013.

In addition, the Company anticipates receiving US$5.0 million from Santarus when the US Food and Drug Administration accepts the BLA filing for review. Receipt of this milestone is expected to further improve the Company's cash and equity position.

NEGATIVE EQUITY

In December 2011 the Company announced that it had entered negative equity. This negative equity position of €1.2 million at year end 2011 increased by €6.5 million to €7.7 million and mainly reflects the €24.1 million net loss for the year 2012, net of €12.5 million posted for shares issued as a repayment of convertible bonds (€9.9 million), shares issued in relation to the equity working capital facility (€4.7 million), shares issued in relation to the exercise of warrants (€0.9 million) and other payments in shares (€0.3 million). In addition, following the closure of the US-based cattle platform operations Pharming restated a negative equity translation reserve of €1.4 million to the statement of income; this restatement impacted the €24.1 million net loss for the year 2012 but in itself did not affect equity.

The negative equity position has in itself no immediate impact on the execution of Pharming's business plan, nor does it imply that the Company is legally required to issue new share capital. However, the Company is considering various options in order to reduce the negative equity and return to a positive equity position.

Pharming is continuously reviewing its financial and liquidity position and has various options to improve its equity standing under International Financial Reporting Standards (IFRS). Notably, the Company reports that the negative equity position was mainly caused by the inability to recognize the €19.7 million upfront payments and milestones received from Sobi and Santarus as equity (at December 31, 2012 the deferred license fees income amounted to €15.4 million; if release to the statement of income would have been permitted under IFRS, the Company would have reported a positive equity position of €7.7 million). Anticipated receipt of the development milestone associated with the acceptance of the BLA filing by the FDA (US$5.0 million) will, under IFRS, be recognized immediately and thus augment the equity position.

Conference call information
Today, Chief Executive Officer Sijmen de Vries will discuss the full year 2012 results in a conference call at 10:00am (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands: 31 (0) 45 631 6902
From the UK: 44 (0) 207 153 2027

About Pharming Group N.V.
Pharming Group N.V. is developing innovative products for the treatment of unmet medical needs. RUCONEST® is a recombinant human C1 inhibitor approved for the treatment of angioedema attacks in patients with HAE in all 27 EU countries plus Norway, Iceland and Liechtenstein, and is distributed in the EU by Swedish Orphan Biovitrum.

RUCONEST® is partnered with Santarus Inc (NASDAQ: SNTS) in North America where the drug has completed Phase III clinical development. The product is also being evaluated for various follow-on indications. Pharming has a unique GMP compliant, validated rabbit platform for the production of recombinant human proteins that, with the EU approval of Pharming's rhC1 inhibitor, has proven capable of producing industrial volumes of high quality recombinant human protein in a significantly more economical way through low upfront capital investment and manufacturing costs, compared to current cell based technologies. Pharming now plans to utilise this platform for the development of rhFVIII for the treatment of Haemophilia A.

Additional information is available on the Pharming website, www.pharming.com.

This press release contains forward looking statements that involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from the results, performance or achievements expressed or implied by these forward looking statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2012 (unaudited)
(amounts in €'000)

	December 31, 2012	December 31, 2011
Intangible assets	535	987
Property, plant and equipment	7,128	9,567
Restricted cash	732	979
Non-current assets	8,395	11,533
Inventories	2,101	6,580
Assets held for sale	242	-
Trade and other receivables	524	2,495
Restricted cash	309	309
Cash and cash equivalents	5,273	3,777
Current assets	8,449	13,161
Total assets	**16,844**	**24,694**
Share capital	10,092	20,405
Share premium	231,866	224,495
Other reserves	14,144	12,325
Accumulated deficit	(263,754)	(258,413)
Total equity	(7,652)	(1,188)
Deferred license fees income	13,495	15,431
Finance lease liabilities	1,961	2,215
Other liabilities	72	101
Non-current liabilities	15,528	17,747
Deferred license fees income	1,936	1,936
Derivative financial liabilities	1,215	1,171
Restructuring provision	1,232	-
Trade and other payables	3,690	3,810
Finance lease liabilities	895	1,218
Current liabilities	8,968	8,135
Total equity and liabilities	**16,844**	**24,694**

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2012 (unaudited)
(amounts in €'000, except per share data)

	December 31, 2012	December 31, 2011
Continuing operations:		
License fees	9,815	1,936
Product sales	798	1,063
Revenues	**10,613**	**2,999**
Costs of product sales	(1,126)	(1,814)
Inventory impairments	(3,141)	(1,716)
Gross profit/(loss)	**6,346**	**(531)**
Income from grants	250	196
Other income	**250**	**196**
Research and development	(19,350)	(13,830)
General and administrative	(3,080)	(3,262)
Impairment charges	(1,257)	(35)
Share-based compensation	(370)	(1,039)
Costs	**(24,057)**	**(18,166)**
Loss from operating activities	**(17,461)**	**(18,501)**
Financial income	1,283	1,026
Financial expenses	(7,915)	(368)
Financial income and expenses	**(6,632)**	**658**
Net loss from continuing operations	**(24,093)**	**(17,843)**
Net profit from discontinued operations	-	643
Net loss	**(24,093)**	**(17,200)**
Attributable to:		
Net loss from continuing operations	(24,093)	(17,843)
Net profit from discontinued operations	-	739
Owners of the parent	**(24,093)**	**(17,104)**
Net loss from continuing operations	-	-
Net profit/(loss) from discontinued operations	-	(96)
Non-controlling interest	**-**	**(96)**
Share information:		
Number of shares outstanding at year-end	1,009,189,097	510,116,470
Weighted average shares outstanding	729,772,688	470,223,995
Basic and diluted net loss per share (€)	(0.03)	(0.04)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2012 (unaudited)
(amounts in €'000)

	December 31, 2012	December 31, 2011
Receipts from license partners	9,069	814
Receipts of Value Added Tax	1,163	1,162
Interest received	18	1
Receipts of grants	72	384
Other receipts	829	240
Payments of third party fees and expenses, including Value Added Tax	(14,941)	(12,663)
Net compensation paid to (former) board members and employees	(3,285)	(3,790)
Payments of pension premiums, payroll taxes and social securities	(2,983)	(3,078)
Other payments	(212)	-
Net cash flows used in operating activities	**(10,270)**	**(16,930)**
Proceeds from sale of assets	722	-
Purchase of property, plant and equipment	(614)	(1,058)
Deconsolidation	-	(40)
Net cash flows from/(used in) investing activities	**108**	**(1,098)**
Proceeds of equity and warrants issued	5,340	13,198
Proceeds of convertible bonds issued	8,000	-
Receipt from finance lease transaction	-	618
Payments of transaction fees and expenses	(931)	(369)
Payments of finance lease liabilities	(838)	(790)
Net cash flows from financing activities	**11,571**	**12,657**
Increase/(decrease) cash	**1,409**	**(5,371)**
Exchange rate effects on cash	(160)	(42)
Cash at January 1	5,065	10,478
Cash at December 31	**6,314**	**5,065**
Cash composition:		
Restricted cash (non-current)	732	979
Restricted cash (current)	309	309
Cash and cash equivalents	5,273	3,777
Cash at December 31	**6,314**	**5,065**