PHARMING REPORTS ON FINANCIAL RESULTS FIRST QUARTER 2014

Leiden, The Netherlands, 15 May 2014. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its financial report for the three months ended 31 March 2014.

FINANCIAL HIGHLIGHTS

- Revenues and other income increased by €0.9 million to €1.4 million (Q1 2013: €0.5 million), resulting from an increase in revenues from sales of €0.9 million.
- Operating costs increased by €0.4 million to €3.3 million (Q1 2013: €2.9 million).
- Net financial expenses amounted to €13.0 million (Q1 2013: €3.0 million) as a result of revaluation of our warrants caused by the strong increase of our share price during Q1 2014. For more details on this, please refer to Note 10 on page 13 and 14 of the (attached) condensed consolidated interim financial statements for Q1 2014.
- Loss from operating activities increased by €0.6 million to €3.1 million.
- Total net loss (financial expenses and loss from operating expenses) increased by €10.6 million to €16.0 million (Q1 2013: €5.4 million).
- Net use of cash was €0.4 million, as result of cash outflow from operations of €4.6 million (Q1 2013: €2.8 million) and net cash flows from financing activities of €4.2 million (Q1 2013: €15.3 million).
- Cash at the end of the first quarter of 2014 was €18.8 million (2013 YE: €19.2 million).
- The equity position increased by €2.1 million to €7.1 million from €5.0 million at year end 2013 mainly as a result of the exercise of warrants.

OPERATIONAL HIGHLIGHTS

- Our Israeli commercialization partner MegaPharm Ltd (MegaPharm), received marketing approval for acute attacks of HAE RUCONEST® (recombinant human C1 inhibitor) in Israel.
- The US Food and Drug Administration (FDA) extended the Ruconest® BLA Prescription Drug User Fee Act (PDUFA) Action Date by three months to July 16, 2014.

FINANCIAL RESULTS

In the first quarter of 2014, the Company generated revenue from sales of Ruconest of €0.9 million (Q1 2013: €nil) and deferred licensing fees of €0.5 million, totaling to €1.4 million (Q1 2013: €0.5 million). The increase in revenue from sales reflect the underlying increased demands for Ruconest in the EU markets, compared to Q1 2013. Costs of revenues amounted to €1.2 million (2013: €nil) including impairments of inventories amounting to €0.4 million, reflecting the low yield from EU sales in combination with the current cost of manufacturing, absent economies of scale. Gross Profits decreased as result of this from €0.5 million to €0.2 million.

Loss from operating activities increased to €3.1 million (Q1 2013 €2.4 million), as a result of the increase in R&D costs and lower gross profits.

Financial income and expenses increased to €13.0 million (Q1 2013: €3.0 million), as a result of the (non-cash) increase of the fair value of our outstanding warrants, reflecting the increase of our share price in Q1 2014, while the Q1 2013 costs were related to the Q1 2013 €16.35 million convertible bond.

As a result of the above items, the net loss for the first quarter of 2014 increased to €16.0 million from €5.4 million in the same period of 2013.

Cash outflows from operations increased by €1.8 million to €4.6 million in Q1 2014 (Q1 2013: €2.8 million) due to the increase in manufacturing activities for Ruconest.

FINANCIAL POSITION

Total cash and cash equivalents (including restricted cash) decreased to €18.8 million at 31 March 2014 from €19.2 million at year end 2013. The decrease follows net cash outflows from operations of €4.6 million with net cash inflows from financing activities amounting to €4.3 million and net cash outflows from financing activities amounting to €0.1 million. Financing cash inflows mainly result from the 2013 exercise of warrants which raised €4.3 million gross in cash.

EQUITY POSITION

The equity position increased by €2.1 million versus year-end 2013 (€5.0 million) to €7.1 million (Q1 2013 €6.0 million negative).

Pharming continues to review its financial and liquidity position with the aim to further improve its equity standing under International Financial Reporting Standards (IFRS). Notably, the Company reports that the negative equity position at the end of 2011 was mainly caused by the inability to recognize the €19.7 million upfront payments and milestones received from Sobi and Santarus as equity (at 31 March 2014 the deferred license fees income amounted to €13.9 million).

The number of outstanding shares as of today, 15 May 2014, is 405,353,750 and the fully diluted number of shares is 443.7 million.

FINANCIAL GUIDANCE 2014

Pharming expects revenues from Ruconest (not including US sales) of €3.0 million. No additional financial guidance is provided.

About RUCONEST® and Hereditary Angioedema

RUCONEST (INN conestat alfa) is a recombinant version of the human protein C1 esterase inhibitor, and is produced with Pharming's proprietary transgenic technology. RUCONEST is approved in Europe for the treatment of acute angioedema attacks in patients with HAE, a genetic disorder in which the patient is deficient in or lacks a functional plasma protein C1 esterase inhibitor, resulting in unpredictable and debilitating episodes of intense swelling. The swelling may occur in one or more anatomical areas, including the extremities, face, trunk, genitals, abdomen and upper airway. The frequency and severity of HAE attacks vary and are most serious when they involve laryngeal edema, which can close the upper airway and cause death by asphyxiation. According to the U.S. Hereditary Angioedema Association, epidemiological estimates for HAE range from one in 10,000 to one in 50,000 individuals. RUCONEST is an investigational drug in the U.S. and has been granted orphan drug designation by the FDA both for the treatment of acute attacks of HAE and for prophylactic treatment of HAE.

About Pharming Group NV

Pharming Group NV 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 and a BLA for RUCONEST

was submitted to the FDA in April 2013. The product is also being evaluated for various follow-on indications. Pharming has a unique GMP compliant, validated 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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PHARMING GROUP N.V.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2014 (unaudited - amounts in €'000)

	Note	31 March 2014	31 December 2013
Intangible assets		372	405
Property, plant and equipment	5	5,990	6,228
Restricted cash	8	176	176
Non-current assets		6,538	6,809
Inventories	6	7,478	4,763
Trade and other receivables	7	587	860
Restricted cash		-	2,008
Cash and cash equivalents	8	18,600	16,968
Current assets		26,665	24,599
Total assets		**33,203**	**31,408**
Share capital	9	3,742	3,346
Share premium		272,491	254,901
Other reserves		15,023	14,874
Accumulated deficit		(284,145)	(268,111)
Total equity		7,111	5,010
Deferred license fees income		11,672	12,222
Finance lease liabilities		1,138	1,207
Other liabilities		36	44
Non-current liabilities		12,846	13,473
Deferred license fees income		2,200	2,200
Derivative financial liabilities	10	3,440	4,147
Trade and other payables	11	7,119	5,812
Finance lease liabilities		487	766
Current liabilities		13,246	12,925
Total equity and liabilities		**33,203**	**31,408**

Notes on pages 10-15 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2014 (unaudited - amounts in €'000, except per share data)

	Note	31 March 2014	31 March 2013
Continuing operations:			
License fees		550	484
Product sales		869	-
Revenues		**1,419**	**484**
Costs of revenues		1,217	-
Gross profit		**202**	**484**
Income from grants		33	12
Other income		**33**	**12**
Research and development		(2,686)	(2,274)
General and administrative		(606)	(606)
Costs		**(3,292)**	**(2,880)**
Loss from operating activities	12	**(3,057)**	**(2,384)**
Financial income	13	-	745
Financial expenses	14	(12,977)	(3,793)
Financial income and expenses		**(12,977)**	**(3,048)**
Net loss		**(16,034)**	**(5,432)**
Attributable to:			
Net loss from continuing operations		(16,034)	(5,432)
Owners of the parent		**(16,034)**	**(5,432)**
Share information:			
Basic and diluted net loss per share (€)		(0.04)	(0.05)
Weighted average shares outstanding		359,780,783	119,043,488

Notes on pages 10-15 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2014 (unaudited - amounts in €'000)

	31 March, 2014	31 March, 2013
Net loss	**(16,034)**	**(5,432)**
Currency translation differences	-	-
Items that may be subsequently reclassified to profit or loss	**-**	**-**
Other comprehensive income, net of tax	**-**	**-**
Total recognized income and expense	**(16,034)**	**(5,432)**
Attributable to:		
Equity owners of the parent	(16,034)	(5,432)

Notes on pages 10-15 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2014 (unaudited - amounts in €'000)

	Note	31 March 2014	31 March 2013
Receipts from license partners		1,080	-
Receipts of Value Added Tax		204	171
Interest received		35	-
Other receipts		122	-
Payments of third party fees and expenses, including Value Added Tax		(1,654)	(1,674)
Payments of third party manufacturing expenses		(3,381)	-
Net compensation paid to board members and employees		(516)	(487)
Payments of pension premiums, payroll taxes and social securities, net of grants settled		(451)	(389)
Restructuring payments	12	-	(385)
Net cash flows used in operating activities	8	**(4,561)**	**(2,764)**
Proceeds from sale of assets		-	262
Purchase of property, plant and equipment		-	-
Net cash flows provided by/(used in) investing activities	8	**-**	**262**
Proceeds of convertible bonds issued	11	-	16,023
Proceeds of equity and warrants issued		4,324	-
Payments of transaction fees and expenses		-	(569)
Payments of finance lease liabilities		(139)	(187)
Net cash flows from financing activities	8	**4,185**	**15,267**
Increase/ (decrease) cash		**(376)**	**12,765**
Exchange rate effects on cash		-	2
Cash at 1 January	8	19,152	6,314
Cash at 31 March		**18,776**	**19,081**
Cash composition:			
Restricted cash (non-current)		176	176
Restricted cash (current)		-	803
Cash and cash equivalents		18,600	18,102
Cash at 31 March		**18,776**	**19,081**

Notes on pages 10-15 are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2014 (unaudited - amounts in €'000)

	Note	Number of shares	Share capital	Share premium	Other reserves	Accu-mulated deficit	Share-holders' equity	Non-controlling interest	Total equity
Balance at 1 January 2013		**100,918,910**	**10,092**	**231,866**	**14,144**	**(263,754)**	**(7,652)**	**-**	**(7,652)**
Total recognized income and expense		-	-	-	-	(5,432)	(5,432)	-	(5,432)
Share-based compensation		-	-	-	75	-	75	-	75
Bonuses settled in shares		31,217,168	1,932	5,043	-	-	6,975	-	6,975
Repayments of bonds 2012		-	(10,703)	-	-	10,703	-	-	-
Balance at 31 March 2013		**132,136,078**	**1,321**	**236,909**	**14,219**	**(258,483)**	**(6,034)**	**-**	**(6,034)**
Balance at 1 January 2014		**334,655,224**	**3,346**	**254,901**	**14,874**	**(268,111)**	**5,010**	**-**	**5,010**
Total recognized income and expense		-	-	-	-	(16,034)	(16,034)	-	(16,034)
Share-based compensation		-	-	-	149	-	149	-	149
Warrants exercised	9	39,562,559	396	17,590	-	-	17,986	-	17,986
Options exercised		18,750	-	-	-	-	-	-	-
Balance at 31 March 2014		**374,236,533**	**3,742**	**272,491**	**15,023**	**(284,145)**	**7,111**	**-**	**7,111**

Notes on pages 10-15 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2014

1. Company information

Pharming Group N.V. ('Pharming' or 'the Company') is a limited liability public company which is listed on NYSE 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. 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.

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 2013. 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 14 May 2014.

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

Based on the above assessment, the Company has concluded that funding of its operations for a period of well in excess of one year after the date of the signing of these financial statements is realistic and achievable. In arriving at this conclusion, the following main items and assumptions have been taken into account:

- cash and cash equivalents of approximately €29.7 million as per the date of these financial statements; which includes the proceeds of:
    - the exercise of warrants; during the first months of 2014, the exercise of warrants has provided an additional inflow of cash of €4.3 million
    - the private equity placement of €14.7 million (€14.0 million net proceeds after subtraction of transaction fees) with existing institutional investors at 22 April 2014.
- the projected, however undisclosed sales revenues for the period involved, related to the markets in which the Company already has market approval;
- the Company's operating cash outflows, its investments in (in)tangible assets as well as its financing payments for one year after the end of the financial statements; The cash outflow is expected to increase as a result of the increase in manufacturing expenses.

Pharming has not taken into account other potential sources of cash income, including but not limited to the following:

- the anticipated receipt of US$20.0 million in cash from our US partner Salix following market approval of Ruconest® by the U.S. FDA in the course of 2014 (payment triggered upon the earlier of first commercial sale of Ruconest® in the US or 90 days following receipt of U.S. FDA approval);
- under the Equity Working Capital Facility of €10.0 million, the Company has received €4.9 million pursuant to tranches executed in 2012 and has the ability, if and when needed, to utilize the remaining balance of €5.1 million until expiration of the Equity Working Capital Facility on 1 August 2014. The timing and proceeds from future tranches is subject to various parameters that are partially or entirely beyond control of the Company,

including but not limited to (i) the share trading volumes, and (ii) the share price development, and (iii) the calls made by investors subsequent to the issue of draw down shares;
- proceeds from the exercise of warrants or options outstanding as per the date of these condensed consolidated financial interim statements;
- capital raised by means of an additional capital markets transaction, such as non-dilutive (debt) financing, issuance of equity or a combination thereof. The timing and proceeds from such a transaction are subject to, for instance, market conditions (e.g. the share price in relation to the nominal value per share), availability of assets to secure debt transactions as well as approvals of boards and/or shareholders (e.g. to issue additional shares); and
- receipts from existing or new license partners, other than cash proceeds of US$20.0 million following market approval of Ruconest by the U.S. FDA.

In addition, the Company may decide to cancel and/or defer certain activities in order to limit cash outflows until sufficient funding is available to resume them. Deferrals substantially relate to the timing of manufacturing-related and/or planned future clinical development activities for additional indications carried out on the initiative of Pharming.

Notwithstanding the above, the Board of Management of the Company emphasizes that the funding of the Company's operations beyond one year after these financial statements is largely affected by its ability to increase product sales and/or license fee payments from both existing and new partnerships to generate positive cash flows in the future.

With regards to its ability to generate operating cash flows from product sales and/or license fee payments, the following uncertainties (individually or combined) have been identified:
- receipt of US marketing authorization by the U.S. FDA and the subsequent receipt of US$20.0 million from our US partner Salix (payment triggered upon the earlier of first commercial sale of Ruconest® in the US or 90 days following receipt of U.S. FDA approval); and/or
- the commercial success of Ruconest® in the US.

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 in the period beyond 12 months as per the date of these financial statements.

3. Summary of significant accounting policies

The applied accounting principles are consistent with those as described in Pharming's Annual Report 2013.

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. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Property, plant and equipment

At the end of the first quarter of 2014, Pharming has property, plant and equipment with a net carrying value of €6.0 million. These assets are dedicated to the production of Rhucin inventories (€5.2 million) and other corporate purposes (€0.8 million). It is assumed these asset groups will continue to be used in ongoing production, research and development or general and administrative activities over its anticipated lifetime.

Inventories
At the end of the first quarter of 2014, the Company has capitalized Ruconest® product and milk with an aggregate net carrying value of €7.5 million. The Company has planned for additional inventory investments after the end of the reporting period. These inventories are available for use in commercial, preclinical and clinical activities. Estimates have been made with respect to the ultimate use or sale of the product, taking into account current and expected preclinical and clinical programs for both the HAE project and other indications of Ruconest as well as anticipation of market approval(s). In doing so, best estimates have been made with respect to the timing of such events in view of both the existing and expected lifetimes of the product involved.
As per the going concern assessment in Note 2, due to the early stage commercialization cycle of Ruconest the actual cash proceeds from these product sales are currently difficult to predict in terms of volumes, timing and reimbursement amounts. In addition, further inventory investments and execution of preclinical and clinical activities are subject to availability of sufficient financial resources.

Derivative financial liabilities
At 31 March 2014, the Company has presented derivative financial liabilities with a carrying value of €3.4 million. These liabilities primarily represent the fair values of warrants issued. These fair values are based on models using assumptions with respect to, amongst others, the exercise of the warrants on or before maturity dates as well as (historical) volatility. Actual share price developments may trigger exercise of these warrants on a different moment than anticipated in the model and also cause transfer of assets to warrant holders under conditions that are (much) more or (much) less favorable than anticipated at 31 March 2014. As a result, the difference between the value of assets transferred to warrant right holders upon exercise and the carrying value at 31 March 2014 as charged to the statement of income may be material.

Share price developments may also result in the warrants expiring unexercised while the fair value of warrants unexercised may fluctuate (significantly) until expiration. Fair value changes of warrant rights unexercised between 31 March 2014 and subsequent reporting dates are charged to the statement of income.

4. Cyclicality

In view of the Company's line of business, revenues and cash income from operating activities are subject to the timing of entering into commercial activities as well as the underlying mechanisms of the deal structure (e.g. achievement of milestones). Expenses incurred for research and development activities as well as their associated cash flows highly depend on the phase of research or development. Such items may vary significantly from period to period (i.e. from quarter to quarter) due to the timing and extent of commercial activities as well as research and development activities and are partially beyond control of the Company.

5. Property, plant and equipment

The carrying value of Pharming's property, plant and equipment decreased from €6.2 million at year end 2013 to €6.0 million at 31 March 2014 due to depreciation of these assets.

6. Inventories

Pharming's inventories increased from €4.8 million at 31 December 2013 to €7.5 million at 31 March 2014.

7. Trade and other receivables

The decrease of trade and other receivables to €0.6 million at 31 March 2014 from €0.9 million at 31 December 2013 mainly results from a decrease in trade receivables; at 31 March 2014 no trade receivables were outstanding.

8. Restricted cash, cash and cash equivalents, cash flows

The overall net cash position for the three months ended 31 March 2014 and 31 March 2013 is as follows:

Amounts in €'000	**31 March 2014**	**31 March 2013**
Non-current restricted cash	176	176
Current restricted cash	-	803
Cash and cash equivalents	18,600	18,102
Balance at end of period	18,776	19,081
Balance at beginning of period	19,152	6,314
Increase/(decrease) for the period	(376)	12,767

Restricted cash represent the value of banker's guarantees issued with respect to (potential) commitments towards third parties and are primarily related to finance lease liabilities and rent.

The main cash flow items for the first quarter of 2014 and 2013 can be summarized as follows:

Amounts in €'000	**31 March 2014**	**31 March 2013**
Net cash flows used in operating activities	(4,561)	(2,764)
Net cash flows provided by/(used in) investing activities	-	262
Net cash flows from financing activities	4,185	15,267
Exchange rate effects on cash	-	2
Increase/ (decrease) for the period	(376)	12,767

Cash flows used in operating activities increased by €1.8 million, which is entirely related to the increase of the third party manufacturing expenses, related to the build-up of Ruconest inventories.

Cash flows provided by investing activities of €0.3 million in the first quarter of 2013 concerns sale of an intangible asset. In the first quarter of 2014 no investing activities took place.

In the first quarter of 2014 the €4.2 million cash flows from financing activities follow receipt of €4.3 million in relation to the exercise of warrants and payments of finance lease liabilities of €0.1 million. Cash flows from financing activities of €15.3 million in the first quarter of 2013 largely stems from the €16.0 million received in relation to the issue of the 2013 convertible bonds, while financing payments totalling €0.7 related to transaction fees and expenses and payment of finance leasing terms.

9. Equity

Main developments total equity in the first quarter of 2014

During the first months of 2014 Pharming received an additional inflow of cash of €4.3 million from the exercise of 39,562,559 warrants.

10. Derivative financial liabilities

The changes in derivative financial liabilities in the first quarter of 2014 relate to adjustments of the fair value of outstanding warrants and to exercise of warrants during the quarter. All outstanding warrants were revalued for accounting purposes at 31 March 2014.

Derivative financial liabilities recognized in the first quarter of 2013 related to 16,349,999 warrants issued in relation to the 2013 Bonds (Note 11) and conversion rights on the 2013 Bonds with the initial fair value of these items upon recognition amounting to €1,161,000 and €223,000 or €1,384,000 in total. In addition, the fair value of the liability in shares regarding repayment of the second tranche was valued at 31 March 2013 at €878,000 and all outstanding warrants were revalued for accounting purposes at 31 March 2013.

Movement of derivative financial liabilities for the first quarter of 2014 and 2013 can be summarized as follows:

Amounts in €'000	**2014**	**2013**
Carrying value at 1 January	4,147	1,215
Fair value losses (gains) derivatives	11,238	(745)
Exercise of warrants	(11,945)	-
Initial recognition upon issue	-	1,384
Fair value of shares for repayment second tranche 2013 Bonds	-	878
Carrying value at 31 March	3,440	2,732

Fair value gains have been presented within financial income.

11. Trade and other payables

Trade and other payables balances increased from €5.8 million at year end 2013 to €7.1 million at 31 March 2014 mainly as a result of manufacturing expenses associated with the production of (Ruconest) inventories.

12. Loss from operating activities

In the first quarter of 2014, the Company reported a loss from operating activities of €3.1 million compared to €2.4 million in the same period of 2013.

As explained in Note 4, Pharming operates in an industry in which revenues and expense are to some extent varying based on the timing of events such as entering into commercial agreements, achievement of milestones or the phase of research or development. These activities are partially beyond control of the Company.

13. Financial income

Financial income in the first quarter of 2014 and 2013 amounted to respectively €nil and €0.7 million, which exclusively related in 2013 to the decreases in the fair value of derivative financial liabilities (Note 10).

14. Financial expenses

In 2014 financial income and expenses increased to €13.0 million (Q1 2013: €3.0 million), as a result of the (non-cash) increase of the fair value of our outstanding warrants, reflecting the increase of our share price in Q1 2014, while the Q1 2013 costs were related to the Q1 2013 €16.35 million convertible bond.

15. Operating segments

The Company has one operating segment, which is the recombinant proteins business unit.

16. Commitments and contingencies

In the first quarter of 2014 there were no material changes to the commitments and contingent liabilities from those disclosed in Note 30 of the 2013 Annual Report.

17. Events after the end of the reporting period

On 22 April 2014 Pharming entered into a "sub 10%" private equity placement of €14.7 million (€14.0 million net proceeds after subtraction of transaction fees) with existing institutional investors.
The placement was priced at €0.49 per share, which was the average closing price of the shares over the last five trading days until 22 April 2014. A total of 30,000,000 shares, representing 8% of the outstanding share capital, were issued to the investors. In addition the investors received 21,000,000 warrants with a strike price of €0.57. The exercise period of the warrants is two years.

During the reporting period up to and inclusive 15 May 2014 the Company issued a total of 70,698,526 shares of which 30,000,000 shares relate to the sub 10% private equity placement. The other shares were issued in connection with the exercise of warrants, the exercise of options and, in addition, 367,217 shares related to bonus payments in shares for senior staff members, which excludes the members of the Board of Management.

As a result of these issues, the total outstanding number of shares at 15 May 2014 amounts to 405,353,750.

The authorized number of shares of the Company is 450 million with fully diluted shares as per 15 May 2014 summarized as follows (in millions):

Shares	405.4
Warrants	28.1
Options	8.7
Long Term Incentive Plan	1.5
Total	443.7