PHARMING

PHARMING REPORTS ON FINANCIAL RESULTS
FIRST HALF YEAR 2015

Substantially increasing revenues from sales

***Leiden, The Netherlands*, 30 July 2015.** Biotech company Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) today published its (unaudited) financial report for the six months ended 30 June 2015.

FINANCIAL HIGHLIGHTS

- Revenues from operations increased to €5.2 million (H1 2014: €2.5 million) as a result of substantially increased revenues from product sales of €4.1 million (€2.9 million for Q2), compared to €1.4 million for H1 2014. Revenues from Ruconest® sales in the US amounted to €3.0 million (€2.4 million for Q2) and in the EU amounted to €1.1 million (€0.5 million for Q2).

- Gross profit increased to €2.9 million (€2.1 million for Q2) from €0.7 million in H1 2014 as a result of sales in the US and a gain on inventory impairments, reflecting the improving yields from sales in the US and direct commercialisation in the EU.

- As result of increasing costs of operations (R&D, General and Administrative and Marketing and Sales), operating result decreased by €0.7 million, to a loss of €6.1 million compared to a €5.4 million loss for H1 2014. The increase is mostly a result of the (non-cash) share-based compensation.

- Financial income and expenses improved by €14.9 million to a gain of €2.6 million (H1 2014: €12.3 million loss). The loss in 2014 was a result of a (non-cash) revaluation of warrants due to the strong increase in Pharming's share price during H1 2014.

- Net loss amounted to €3.5 million (H1 2014: €17.7 million).

- The equity position decreased to €27.9 million compared to 31 December 2014, as a result of the net loss in H1 2015.

- The inventories of Ruconest increased to €14.6 million from €13.4 million as per 31 December 2014 in preparation of growing sales.

- The cash position decreased during H1 2015 by €9.4 million to €25.0 million, due to negative cash flows from operating activities.

OPERATIONAL HIGHLIGHTS

- Following the completed acquisition of our US partner, Salix Pharmaceuticals by Valeant Pharmaceuticals (VRX), the Ruconest US commercial infrastructure remains intact and commercialisation continues to be unaffected.

- A steady inflow of new patients into Ruconest Solutions (the US total care program under which Ruconest is made available to Hereditary Angioedema (HAE) patients in the US) continued during H1 2015, creating the basis for continued revenue growth from sales in the US.

- Patient enrollment for the randomised double blind placebo controlled Phase II clinical trial to investigate Ruconest for the prophylaxis of HAE was initiated in January and continued during the period.

- In February, Dr. Perry Calias was appointed as Chief Scientific Officer. Dr. Calias has overall responsibility for the Company's new Enzyme Replacement Therapy (ERT) programs, achieving the scientific milestones set in the business plan, enhancing the IP portfolio, overseeing new product development and contributing to the overall strategic direction of the Company.

- In May, Pharming and Clinigen Group (CLIN) entered into an international global access collaboration for HAEi, the International Patient Organisation for C1-Inhibitor Deficiencies. The "HAEi GAP" program will provide access to Ruconest to eligible patients with HAE, who currently do not have access to effective medication, to treat acute attacks of the disease.

- The Company entered into an exclusive distribution agreement with Cytobioteck S.A.S. ("Cytobioteck"), a privately owned Bogota, Colombia based specialty healthcare company, for the distribution of Ruconest for the treatment of acute attacks of HAE in Colombia and Venezuela.

Sijmen de Vries, Pharming's CEO, commented: "Pharming's performance during the first half of 2015 continued to reflect the transformational changes made in 2014. In particular, on a quarter by quarter basis, we have seen substantially increasing Ruconest sales in the US. We have also established new agreements that will widen the availability of Ruconest to HAE patients across the world, such as the HAEi GAP programme and the distribution agreement for Colombia and Venezuela with Cytobioteck. Outside of this reporting period, we were pleased to report, on 20 July, that we have attracted non-dilutive growth capital financing from Oxford Finance and Silicon Valley Bank, which represents an important validation of our business model, growth plans and financial stability. The funding enables us to accelerate the growth of the business by simultaneously financing the working capital required to support manufacturing for increasing Ruconest sales and our investments in additional indications for Ruconest, as well as the development of new products, utilising the strengths of our platform."

FINANCIAL RESULTS

Key figures *Amounts in €'000*	**HY 2015**	**HY 2014**
Revenues	**5,235**	**2,539**
Gross profit	**2,884**	**739**
Other income	**34**	**66**
Operating costs	**(8,980)**	**(6,223)**
Operating result	**(6,062)**	**(5,418)**
Financial income/expenses	**2,575**	**(12,270)**
Net result	**(3,487)**	**(17,688)**

Revenues

Revenues increased to €5.2 million (H1 2014: €2.5 million), mainly as a result of product sales in the US.

Other license fee income amounted to €1.1 million (H1 2014: €1.1 million). This license fee income reflects the release of accrued deferred license fees following receipt of €21.0 million upfront and milestone payments in 2010 and 2013 from Sobi, Salix and SIPI.

Cost of product sales in the first half year of 2015 amounted to €2.6 million (H1 2014: €1.4 million).

In the first half year of 2015 the Company incurred a gain of €0.2 million for release of inventory impairments (H1 2014: €0.4 million loss), related to reallocation of inventories to the different markets with different prices, based on sales forecasts by management and commercial partners, and clinical programmes. Actual sales can differ from these forecasts.

Gross profit

Gross profit increased by €2.2 million, from €0.7 million in the first half year of 2014 to €2.9 million in the first half year of 2015, mainly as a result of an improving "product mix", from sales in the US by our partner Salix, direct commercialisation by Pharming in Austria, Germany and Netherlands and a gain due to release of impairments of inventories.

Operating costs

Operating costs increased to €9.0 million from €6.2 million in the first half year of 2014. The increase is a result of the increased (non-cash) share-based compensation, marketing & sales expenses for direct commercialisation activities in the EU and costs for the new R&D sites in Schaijk and France.

R&D costs increased by €1.3 million compared to H1 2014 and amounted to €6.6 million in the first half year of 2015. General and Administrative costs increased to €1.8 million from €1.0 million in 2014 and Marketing and Sales costs amounted to €0.6 million. In 2014 no direct commercialisation of Ruconest took place.

Operating result

As a result of a higher increase of the operating costs compared to the increase in gross profit, the operating loss increased to €6.1 million in the first half year (H1 2014: €5.4 million loss).

Financial income and expenses

The 2015 net gain on financial income and expenses was €2.6 million, compared to a €12.3 million net loss on financial income and expenses in the first half year of 2014. The financial income and expenses reflected the (non-cash) revaluation of warrants and exchange rate effects on foreign currencies.

Net result

As a result of the above items, the net loss decreased by €14.2 million to €3.5 million in the first half year of 2015 (H1 2014: €17.7 million). The net loss per share for the first half year of 2015 decreased to €0.009 (H1 2014: €0.047).

FINANCIAL POSITION

Total cash and cash equivalents (including restricted cash) decreased by €9.4 million from €34.4 million at the end of 2014 to €25.0 million at the end of the first half year 2015. The decrease follows from net cash outflows from operations of €8.7 million and investing activities of €0.5 million, with net cash outflows from financing activities amounting to €0.5 million and positive exchange rate effects amounting to €0.3 million.

EQUITY POSITION

The Company's equity position amounted to €27.9 million at the end of the first half year 2015 (31 December 2014: €29.8 million). In addition, it should be noted that the Company has a significant amount of deferred license fee income (30 June 2015: €11.1 million) regarding non-refundable license fees received in 2010 and 2013, which will be recognised in the statement of income over the term of the license agreements involved.

The number of outstanding shares as of 30 June 2015 is 408.2 million and the fully diluted number of shares is 477.8 million.

OUTLOOK

For 2015, the Company anticipates :

- Increasing sales of Ruconest from US partner Salix (Valeant), EU partner Sobi, Israel partner Megapharm and the direct commercialisation of Ruconest in Austria, Germany and the Netherlands.
- Continued significant investments in purification of sufficient quantities of Ruconest.
- Investments in the continuing Phase II clinical trial for Prophylaxis of HAE; a 50/50 cost sharing project with US partner Salix (Valeant).
- Investments in (early) development of new pipeline projects driven by the French Research Group and the Boston-based New Product Development group.

No financial guidance for 2015 is provided.

Risks and uncertainties

Pharming's Board of Management is responsible for designing, implementing and operating the Company's internal risk management and control systems. The purpose of these systems is to manage in an effective and efficient manner the significant risks to which the Company is exposed and that provide reasonable assurance that the financial reporting does not contain any errors of material importance. The Company's internal risk management and control systems are designed to provide reasonable assurance that strategic objectives can be met. The Company has developed an internal risk management and control system that is tailored to the risk factors that are relevant to the Company, allowing for its small size. Such systems can never provide absolute assurance regarding achievement of Company objectives, nor can they provide an absolute assurance that material errors, losses, fraud, and the violation of laws or regulations will not occur.
A summary of the risks that could prevent Pharming from realising its objectives is included in the section 'Risk Factors' in the Annual Report 2014 (pages 21-25). Management reviewed these risks and concluded that the most important risks and risk-mitigation actions reported in this Annual Report 2014 are still applicable.

Auditor's involvement

These interim financial statements have not been audited or reviewed by an external auditor.

Statement of the Board of Management

The Board of Management declares that to the best of its knowledge and in accordance with applicable reporting principles, the half-year consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Pharming, and the half-year report incorporated in this press release includes a fair review of the development and performance of the business and the position of the Company, together with a description of certain risks associated with the expected development of the Company.

Leiden, 30 July 2015

The Board of Management

Sijmen de Vries, CEO
Bruno Giannetti, COO

ABOUT PHARMING GROUP N.V.

Pharming Group N.V. is developing innovative products for the treatment of unmet medical needs. Ruconest® (conestat alfa) is a recombinant human C1 esterase inhibitor approved for the treatment of angioedema attacks in patients with HAE in the US, Israel, all 28 EU countries plus Norway, Iceland and Liechtenstein.

Ruconest is commercialised by Pharming in Austria, Germany and the Netherlands.

Ruconest is distributed by Swedish Orphan Biovitrum AB (publ) (SS: SOBI) in the other EU countries and in Azerbaijan, Belarus, Georgia, Iceland, Kazakhstan, Liechtenstein, Norway, Russia, Serbia and Ukraine.

Ruconest is partnered with Salix Pharmaceuticals, Ltd. ("Salix") in North America. Salix is part of Valeant Pharmaceuticals International, Inc. (NYSE: VRX/TSX: VRX).

RUCONEST is also being investigated in a randomised Phase II clinical trial for prophylaxis of HAE, in a Phase II clinical trial for the treatment of HAE in young children (2-13 years of age) and evaluated for various additional follow-on indications.

Pharming has a unique GMP compliant, validated platform for the production of recombinant human proteins that has proven capable of producing industrial volumes of high quality recombinant human protein in a more economical way compared to current cell-based technologies. Leads for Enzyme Replacement Therapy (ERT) in Pompe, Fabry's and Gaucher's diseases are under early evaluation. The platform is partnered with Shanghai Institute of Pharmaceutical Industry (SIPI), a Sinopharm Company, for joint global development of new products. Pre-clinical development and manufacturing will take place at SIPI and are funded by SIPI. Pharming and SIPI initially plan to utilise this platform for the development of recombinant human Factor VIII for the treatment of Haemophilia A.

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

Conference call information

Today, Chief Executive Officer Sijmen de Vries will discuss the half year 2015 results in a conference call at 10:00 am (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands:	+31(0)20 713 2998
From the UK:	+44(0)20 7136 2051
From Belgium:	+32(0)2 404 0662
From France:	+33(0)1 76 77 22 28
From Germany:	+49(0)69 2222 10626
From Switzerland:	+41(0)22 592 7953

Conference ID: 2660051

Forward-looking statements

This press release may contain forward-looking statements including without limitation those regarding Pharming's (the "Company") financial projections, market expectations, developments, partnerships, plans, strategies and capital expenditures.

The Company cautions that such forward-looking statements may involve certain risks and uncertainties, and actual results may differ. Risks and uncertainties include without limitation the effect of competitive, political and (macro) economic factors, legal claims, the Company's ability to protect intellectual property, fluctuations in exchange and interest rates, changes in tax rates, changes in legislation and the Company's ability to identify, develop and successfully commercialise new products, markets or technologies.

As a result, the Company's actual performance, position and financial results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates, unless required by law or regulations.

Contact

Sijmen de Vries, CEO: T: +31 71 524 7400

FTI Consulting
Julia Phillips/ Victoria Foster Mitchell: T: +44 203 727 1136

PHARMING GROUP N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the first half year ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the first half year ended 30 June

Amounts in €'000, except per share data	Notes	HY 2015	HY 2014 [1]
Product sales		4,131	1,439
License fees		1,104	1,100
Revenues	7	**5,235**	**2,539**
Costs of product sales		(2,551)	(1,436)
Inventory impairments		200	(364)
Costs of sales	8	**(2,351)**	**(1,800)**
Gross profit		**2,884**	**739**
Other income		**34**	**66**
Research and development		(6,565)	(5,256)
General and administrative		(1,794)	(967)
Marketing and sales		(621)	-
Costs	8	**(8,980)**	**(6,223)**
Operating result		**(6,062)**	**(5,418)**
Financial income and expenses		**2,575**	**(12,270)**
Result before income tax		**(3,487)**	(17,688)
Income tax expense		**-**	**-**
Net result for the year from continuing operations		**(3,487)**	**(17,688)**
Net result for the year from discontinued operations		-	-
Net result for the year		**(3,487)**	**(17,688)**
Attributable to:			
Owners of the parent		(3,487)	(17,688)
Non-controlling interests		-	-
Total net result		**(3,487)**	**(17,688)**
Basic earnings per share (€) from continuing operations		(0.009)	(0.047)

The notes are an integral part of these condensed interim financial statements

[1] *As disclosed under Note 6, the prior year's interim financial statements have been restated.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first half year ended 30 June

Amounts in €'000	HY 2015	HY 2014 [1]
Net result for the year	**(3,487)**	**(17,688)**
Currency translation differences	3	-
Items that may be subsequently reclassified to profit or loss	**3**	**-**
Other comprehensive income, net of tax	**3**	**-**
Total comprehensive income for the year	**(3,484)**	**(17,688)**
Attributable to:		
Owners of the parent	(3,484)	(17,688)
Non-controlling interests	-	-

The notes are an integral part of these condensed interim financial statements

[1] *As disclosed under Note 6, the prior year's interim financial statements have been restated.*

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June

Amounts in €'000	Notes	30 June 2015	31 December 2014
Intangible assets		751	777
Property, plant and equipment		5,619	5,598
Restricted cash		200	200
Non-current assets		**6,570**	**6,575**
Inventories	9	14,557	13,404
Trade and other receivables		4,256	1,554
Cash and cash equivalents		24,777	34,185
Current assets		**43,590**	**49,143**
Total assets		**50,160**	**55,718**
Share capital		4,082	4,077
Share premium		282,428	282,260
Other reserves		39	36
Accumulated deficit		(258,656)	(256,530)
Shareholders' equity	10	**27,893**	**29,843**
Deferred license fees income		8,911	10,022
Finance lease liabilities		895	965
Other liabilities		-	15
Non-current liabilities		**9,806**	**11,002**
Deferred license fees income		2,207	2,200
Derivative financial liabilities	11	1,964	4,266
Trade and other payables		8,079	7,781
Finance lease liabilities		211	626
Current liabilities		**12,461**	**14,873**
Total equity and liabilities		**50,160**	**55,718**

The notes are an integral part of these condensed interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the first half year ended 30 June

Amounts in €'000	HY 2015	HY 2014
Receipts from license partners, including product sales	2,458	1,080
Receipt of Value Added Tax	577	480
Interest received	80	81
Other receipts	-	283
Payments of third party fees and expenses, including Value Added Tax	(4,083)	(3,310)
Payments of manufacturing expenses	(4,477)	(7,364)
Net compensation paid to (former) board members and (former) employees	(1,854)	(1,110)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(1,399)	(1,150)
Net cash flows from operating activities	**(8,698)**	**(11,010)**
Purchases of property, plant and equipment	(476)	-
Purchases of intangible assets	-	-
Net cash flows from investing activities	**(476)**	**-**
Proceeds of equity and warrants issued	-	19,125
Payments of transaction fees and expenses	-	(697)
Payments of finance lease liabilities	(562)	(139)
Net cash flows from financing activities	**(562)**	**18,289**
Increase/(decrease) of cash	**(9,736)**	**7,279**
Exchange rate effects	328	-
Cash and cash equivalents at 1 January	34,385	19,152
Total cash at 30 June	**24,977**	**26,431**
Of which restricted cash	200	176
Cash and cash equivalents at 30 June	**24,777**	**26,255**

The notes are an integral part of these condensed interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half year ended 30 June

		Attributable to owners of the parent				
Amounts in €'000	Number of shares (* 1,000)	Share capital	Share premium	Other reserves	Accu-mulated deficit	Share-holders' equity
Balance at 1 January 2014	**334,655**	**3,346**	**254,901**	**-**	**(253,237)**	**5,010**
Loss for the period		-	-	-	(17,688)	(17,688)
Other comprehensive income		-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**(17,688)**	**(17,688)**
Share-based compensation	-	-	-	-	299	299
Bonuses settled in shares	367	4	186	-	-	190
Shares issued for cash	30,000	300	13,704	-	-	14,004
Warrants exercised	40,313	404	12,425	-	-	12,829
Options exercised	19	-	-	-	-	-
Total transactions with owners, recognised directly in equity	**70,699**	**708**	**26,315**		**299**	**27,322**
Balance at 30 June 2014 [1]	**405,354**	**4,054**	**281,216**		**(270,626)**	**14,644**
Balance at 1 January 2015	**407,687**	**4,077**	**282,260**	**36**	**(256,530)**	**29,843**
Loss for the period		-	-	-	(3,487)	(3,487)
Other comprehensive income		-	-	3	-	3
Total comprehensive income		**-**	**-**	**3**	**(3,487)**	**(3,484)**
Share-based compensation		-	-	-	1,361	1,361
Bonuses settled in shares	523	5	168	-	-	173
Shares issued for cash		-	-	-	-	-
Warrants exercised/ issued		-	-	-	-	-
Options exercised		-	-	-	-	-
Total transactions with owners, recognised directly in equity	**523**	**5**	**168**	**-**	**1,361**	**1,534**
Balance at 30 June 2015	**408,210**	**4,082**	**282,428**	**39**	**(258,656)**	**27,893**

The notes are an integral part of these condensed interim financial statements

[1] *As disclosed under Note 6, the prior year's interim financial statements have been restated.*

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

1. Company information

Pharming Group N.V. is a limited liability public company which is listed on Euronext Amsterdam (PHARM), with its headquarters and registered office located at:

Darwinweg 24
2333 CR Leiden
The Netherlands

2. Basis of preparation

These condensed interim financial statements for the six month ended 30 June 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'.The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committtee (IFRS IC) interpretations applicable to companies reporting under IFRS as adopted by the European Union and valid as of the balance sheet date.

3. Accounting policies

The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2014.

4. Estimates and judgements

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies were the same as those apllied to the consolidated financial statements for the ended 31 December 2014.

5. Seasonality of operations

Seasonality has no material impact on Company's interim financial statements.

6. Restatement of prior year

As reported in the Financial results for the first nine months of 2014, the Company restated the prior year's interim financial statements due to a correction in calculating the fair value of warrants. The fair values of warrant rights are based on calculation models using assumptions with respect to, amongst others, the exercise price of warrants, the maturity date, the risk free rates well as (historical) volatility. Changes in the fair value are recognised in the statement of income, under financial expenses, as they arise.

As a consequence the reported financial expenses were €2.4 million too high. The resulting adjustment has no impact on reported cash flows and also no impact on the reported financial statements for the full year 2014. The restatement to the Company's 2014 comparative amounts is as follows:

Amounts in €'000, except per share data	HY 2014 as reported	Restatement	HY 2014 restated
Operating result	(5,418)		(5,418)
Financial income and expenses	(14,724)	2,454	(12,270)
Result before income tax	(20,142)	2,454	(17,688)
Basic earnings per share (€) from continuing operations	(0.053)	0.006	(0,047)

	Attributable to owners of the parent				
Amounts in €'000	Share capital	Share premium	Other reserves	Accu-mulated deficit	Share- holders' equity
Balance at 30 June 2014 as reported	4,054	281,216		(273,080)	12,190
Restatement				2,454	2,454
Balance at 30 June 2014 restated	4,054	281,216		(270,626)	14,644

7. Segment information

The Board of Management is the chief operating decision-maker. The Board of Management considers the business from both a geographic and product perspective. From a product perspective the Company's business was almost exclusively related to the recombinant human C1 esterase inhibitor business. From a geographic perspective the Company is operating in three main segments: The US, Europe and Rest of the world. These segments are only related to revenues. Management and thus costs and assets are almost exclusively based at the central office in Leiden, the Netherlands. Costs and assets are not allocated to the geographic segments.

Total revenues per geographic segment:

Amounts in €'000	HY 2015	HY 2014
US	3,570	568
Europe	1,393	1,839
Rest of the world	272	132
	5,235	**2,539**

8. Expenses by nature

Cost of product sales in the first half year of 2015 amounted to €2.6 million (H1 2014: €1.4 million). In the first half year of 2015 the Company incurred a gain of €0.2 million for release of inventory impairments (H1 2014: €0.4 million loss), related to reallocation of inventories to the different markets with different prices, based on sales forecasts by management and commercial partners, and clinical programmes. Actual sales can differ from these forecasts.
The loss of €0.4 million in the first half year of 2014 is related to cost of goods exceeding the anticipated sales revenue for the product.

Operating costs increased to €9.0 million from €6.2 million in the first half year of 2014. The increase is a result of the increased (non-cash) share-based compensation, marketing & sales expenses for direct commercialization activities in the EU and costs for the new R&D sites in Schaijk and in France.

Research and Development costs increased with €1.3 million compared to H1 2014 and amounted to €6.6 million in the first half year of 2015, General and Administrative costs increased to €1.8 million from €1.0 million in 2014 and Marketing and Sales costs amounted to €0.6 million. In 2014 no direct commercialisation of Ruconest took place.

Employee benefits

Employee benefits are charged to Research and development costs or General and administrative costs or Sales and Marketing costs based on the nature of the services provided.

Depreciation and amortisation charges

Amounts in €'000	HY 2015	HY 2014
Property, plant and equipment	(231)	(209)
Intangible assets	(26)	(65)
	(257)	**(274)**

The increase of depreciation charges of property, plant and equipment in the first half year of 2015 as compared to 2014 stems from investments.
Amortisation charges of intangible assets have been fully allocated to research and development costs in the statement of income; for property, plant and equipment, in the first half year of 2015 an amount of €179,000 was charged to research and development costs (H1 2014: €162,000) and €52,000 to general and administrative expenses (H1 2014: €47,000).

9. Inventories

Inventories include batches Ruconest and skimmed milk available for production of Ruconest.

Amounts in €'000	30 June 2015	31 December 2014
Finished goods	10,913	7,023
Work in progress	2,188	5,044
Raw materials	1,456	1,337
	14,557	**13,404**

The inventory valuation at 30 June 2015 is stated net of a provision of €1.0 million (December 2014: €1.7 million) to write inventories down to their net realisable value. In the first half year of 2015 the Company released €0.2 million out of this provision to the cost of sales due to the improved expected product mix.

Amounts in €'000	**2015**
Balance at 1 January	**(1,691)**
Release impairment	200
Used in cost of product sales	282
Used in clinical trials	239
Balance at 30 June	**(970)**

The cost of inventories included in the costs of product sales in the first half year 2015 was €2.6 million (HY 2014: €1.4 million).

The major portion of inventories at 30 June 2015 has expiration dates starting beyond 2017 and is expected to be sold or used before expiration.

10. Equity

Main developments total equity in the first half year of 2015
The Company transferred an aggregate number of 523,813 shares to members of the Board of Management and employees in lieu of bonus rights for the year 2014.

11. Derivative financial liabilities

Derivative financial liabilities relate to financial instruments and include warrants issued in relation to the issue of equity. Derivative financial liabilities include the initial fair value of the 26,392,736 warrants issued in connection with the private placements in October 2013 and April 2014, as well as changes in the fair value of the warrants resulting from adjustments of their exercise prices. All outstanding warrants were revalued for accounting purposes at 30 June 2015.

Movement of derivative financial liabilities for the first half year of 2015 can be summarised as follows:

Amounts in €'000	**2015**
Balance at 1 January	**4,266**
Initial recognition upon issue	-
Fair value losses (gains) derivatives	(2,302)
Exercise of warrants	-
Balance at 30 June	**1,964**

Fair value gains on derivatives have been presented within financial income.

11. Commitments and contingencies

In the first half year of 2015, there were no material changes to the commitments and contingent liabilities from those disclosed in Note 30 of the 2014 Annual Report.

12. Number of shares

The total number of outstanding shares at 30 July 2015 amounts to 408,210,412.

The composition of the number of shares and share rights outstanding as well as authorised share capital as per the date of these financial statements is provided in the following tables.

	30 July 2015
Shares	408,210,412
Warrants	28,708,253
Options	37,959,027
LTIP	5,260,596
Issued	**480,138,288**
Available for issue	69,861,712
Authorised share capital	**550,000,000**

13. Events after the end of the reporting period

On 17 July 2015, the Company entered into a straight debt financing of €15.6 million (€15.0 million net proceeds after subtraction of transaction fees and costs) with Oxford Finance LLC and Silicon Valley Bank ("The Lenders").