NYMOX PHARMACEUTICAL CORP
Form 20-F
March 13, 2009

Form 20 F

[ ]

Registration Statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934

or

[X]

Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2008

or

[ ]

Transition Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

or

[ ]

Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of event requiring this Shell Company Report from to

Commission File Number: 001-12033

NYMOX PHARMACEUTICAL CORPORATION

(Exact name of registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

9900 Cavendish Blvd., Suite 306

St. Laurent, Quebec, Canada, H4M 2V2

(Address of principal executive offices)

Contact person: Roy Wolvin

Tel. 800-936-9669, e-mail: rwolvin@nymox.com,fax: 514-332-2227

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
None	Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act

Common Stock

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

30,178,607 shares as of December 31, 2008

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ]

No [X]

If this is a transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes [ ]

No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]

No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP [ ]

International Financial Reporting Standards [ ]

Other [X]

as issued by the International Accounting

Standards Board.

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 [ ]

Item 18 [X]

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]

No [X]

In this annual report, the term Nymox refers to both Nymox Pharmaceutical Corporation and its subsidiaries, Nymox Corporation and Serex Inc. Unless otherwise indicated all dollar amounts are in United States Dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

You should be aware that this report contains forward-looking statements about, among other things, the anticipated operations, product development, financial condition and operating results of Nymox, proposed clinical trials and proposed transactions, including collaboration agreements.

By forward-looking statements, we mean any statements that are not statements of historical fact, including (but not limited to) statements preceded by or that include the words, believes , expects , anticipates , hopes , targets or s expressions.

In connection with the safe harbor provisions in the Private Securities Litigation Reform Act of 1995, we are including this cautionary statement to identify some of the important factors that could cause Nymox s actual results or plans to differ materially from those projected in forward-looking statements made by, or on behalf of, Nymox. These factors, many of which are beyond the control of Nymox, include Nymox s ability to:

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identify and capitalize on possible collaboration, strategic partnering or divestiture opportunities;

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obtain suitable financing to support its operations and clinical trials;

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manage its growth and the commercialization of its products;

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achieve operating efficiencies as it progresses from a development-stage to a later-stage biotechnology company;

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successfully compete in its markets;

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realize the results it anticipates from the clinical trials of its products;

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succeed in finding and retaining joint venture and collaboration partners to assist it in the successful marketing, distribution and commercialization of its products;

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achieve regulatory clearances for its products;

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obtain on commercially reasonable terms adequate product liability insurance for its commercialized products;

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adequately protect its proprietary information and technology from competitors and avoid infringement of proprietary information and technology of its competitors;

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assure that its products, if successfully developed and commercialized following regulatory approval, are not rendered obsolete by products or technologies of competitors; and

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not encounter problems with third parties, including key personnel, upon whom it is dependent.

Although Nymox believes that the forward-looking statements contained in this annual report are reasonable, it cannot ensure that its expectations will be met. These statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. Factors that could cause such differences include, but are not limited to, those discussed under Risk Factors.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable

ITEM 3. KEY INFORMATION

Selected Financial Data

The following table sets forth selected consolidated financial data for Nymox for the periods indicated, derived from financial statements prepared in accordance with generally accepted accounting principles (GAAP). We prepare our basic financial statements in accordance with Canadian GAAP and include, as a note to the statements, a reconciliation of material differences to United States GAAP. The financial statements have been audited by KPMG LLP, Montreal, Canada as at and for the years ended December 31, 2004, 2005, 2006, 2007 and 2008 and are reported in U.S. dollars. The data set forth below should be read in conjunction with the Company s consolidated financial statements and notes thereto included in Part I, Item 8 of this report.

NYMOX PHARMACEUTICAL CORPORATION

Selected Consolidated Financial Data

(In U.S. dollars)

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
CANADIAN GAAP					
Current Assets	$ 480,505	$ 430,960	$ 379,194	$ 291,454	$ 699,074
Property & Equipment	21,525	19,710	7,839	11,463	25,348
Patents & Intellectual Property	3,538,587	3,712,682	3,477,819	3,310,129	3,271,599
Total Assets	4,067,611	4,260,346	3,970,845	3,719,039	4,066,021
Total Liabilities	1,250,470	1,294,745	2,144,312	2,506,902	2,053,634
Share Capital	53,850,147	50,155,147	44,443,350	39,488,350	36,553,350
Shareholders Equity	2,010,726	2,165,601	1,026,533	412,137	1,212,387
Total Revenues	428,409	433,933	442,861	426,282	321,948

Sales	426,675	412,923	437,440	424,506	321,895
Research & Development Expenditures (1)	2,053,368	2,729,862	2,541,096	1,828,516	1,851,881
Net Loss	4,590,345	5,290,431	4,893,685	3,584,528	3,745,625
Loss per Share (basic & diluted)	$ 0.15	$ 0.18	$ 0.18	$ 0.14	$ 0.15
Weighted Avg. No. of Common Shares	29,749,000	29,005,342	27,644,749	26,080,470	24,924,674
U.S. GAAP (2)					
Net Loss	$ 4,590,345	$ 5,290,431	$ 4,893,685	$ 3,609,448	$ 3,770,545
Loss per Share	0.15	0.18	0.18	0.14	0.15
Shareholders Equity	$ 2,000,617	$ 2,155,492	$ 1,016,424	$ 402,028	$ 1,202,278

(1)

We earn investment tax credits by making qualifying research and development expenditures. These amounts shown are net of investment tax credits.

(2)

Reference is made to Note 14 of Nymox s audited financial statements as at and for the years ended December 31, 2008, 2007 and 2006 for a reconciliation of differences between Canadian and U.S. GAAP.

Risk Factors

Investing in our securities involves a significant degree of risk. You should carefully consider the risks described below, together with all of the other information in our publicly filed documents, before making an investment decision. If any of the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. In such an event, the trading price of our Common Shares could decline and shareholders may lose part or all of their investment in our securities.

Our Clinical Trials for our Therapeutic Products in Development, Such as NX-1207, May Not Be Successful and We May Not Receive the Required Regulatory Approvals Necessary to Commercialize These Products

Products requiring regulatory approval, such as NX-1207, will be approved for commercial sale only if governmental regulatory authorities are satisfied that our clinical trials are properly designed and conducted and that the results of those trials provide valid and acceptable evidence that the product is safe and effective for the conditions or diseases it is intended to treat. We do not know whether our pending or any future clinical trials will demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals or will result in marketable products. Clinical trials are lengthy, complex, expensive and uncertain processes and failure can occur at any stage of testing. Results attained in pre-clinical testing or in early clinical trials may not be indicative of results that are obtained in later studies. We may suffer significant setbacks in advanced clinical trials, even after promising results in earlier studies. Based on results at any stage of clinical trials, we may decide to repeat or redesign a trial or discontinue development of one or more of our product candidates. If we fail to adequately demonstrate the safety and efficacy of our products under development, we will not be able to obtain the required regulatory approvals to commercialize our product candidates. Failure to obtain such approval could cause the price of our shares to decline and adversely affect our business, operations, product development programs and financial condition.

Our Clinical Trials for Our Therapeutic Products, Such as NX-1207, May Be Delayed, Making it Impossible to Achieve Anticipated Development or Commercialization Timelines

Delays in the initiation, conduct or completion of clinical trials are not uncommon. If one or more of our clinical trials is delayed, we may be unable to meet our anticipated development or commercialization timelines. Either circumstance could cause the price of our shares to decline, increase clinical trial and product development costs, and affect the company s business, operations, product development programs and financial condition.

The design, conduct and completion of clinical trials is a complex process involving many third parties, including governmental authorities, institutional review boards, contract manufacturers, contract research organizations (CROs), consultants, investigators, patients, and data monitoring committees. The initiation, progress, completion and success of a clinical trial is in part dependent on third parties providing necessary approvals, agreements and consents, performing necessary tasks in a timely, competent manner, and complying with protocols, good clinical practices and applicable laws, rules and regulations. Failure of a third party to perform as expected or agreed upon may result in delays or failure in initiating or completing a clinical trial.

Our clinical trials are subject to prior approvals and continuing oversight by governmental regulatory authorities and institutional review boards. We must meet and comply with their requirements in order to start, continue and successfully complete a clinical trial. We may not be able to comply with one or more of these requirements or there may be delays in doing so. A clinical trial may be put on hold or halted altogether due to concerns about patient safety. Governmental regulatory authorities may change approvals or requirements, resulting in changes to the design or conduct of a clinical trial or the need for new or further clinical trials.

Clinical trials for our product candidates require that we identify and enroll a large number of patients with the disorder under investigation. We may not be able to enroll a sufficient number of patients to complete our clinical trials in a timely manner. Patient enrollment is a function of many factors including:

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design of the protocol;

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the size of the patient population;

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eligibility criteria for the study in question;

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perceived risks and benefits of the drug under study;

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availability of competing therapies;

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efforts to facilitate timely enrollment in clinical trials;

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patient referral practices of physicians; and

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availability of clinical trial sites.

If we have difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned, we may need to delay or terminate ongoing clinical trials.

A Setback in Any of Our Clinical Trials Would Likely Cause a Drop in the Price of Our Shares

We have successfully completed several Phase 1 and Phase 2 multi-center, blinded and controlled clinical trials, and follow-up studies, in the U.S. for NX-1207, our drug candidate for the treatment of enlarged prostate (benign prostatic hyperplasia or BPH), and we are currently in Phase 3. The clinical testing of drug candidates is fraught with uncertainties and positive results from earlier clinical trials may not be repeated in later trials. As well, government

regulators such as the U.S. Food and Drug Administration, or FDA, may require additional testing or further documentation relating to the preclinical testing, clinical studies, manufacturing or other issues at any time. These requirements may result in substantial delays in obtaining regulatory approval or make obtaining such approval much more difficult. Setbacks in any phase of the clinical development of our product candidates could have a negative impact on our business, operations, product development programs and financial condition, could jeopardize FDA or other regulatory approval and would likely cause a drop in the price of our shares.

We May Not be Able to Make Adequate Arrangements with Third Parties for the Commercialization of Our Product Candidates, such as NX-1207

In order to commercialize our product candidates successfully, we intend, on a product-by-product basis, either to make arrangements with third parties to perform some or all of these services or to expand our existing sales, marketing and distribution capabilities. We currently have limited sales and marketing capabilities and limited experience in developing, training or managing a large marketing or sales force. We currently rely primarily upon distributors for the sales of our existing products. The cost of establishing and maintaining a larger sales force would be substantial and may exceed its cost effectiveness. In addition, in marketing our products, we would likely compete with many companies that currently have extensive and well-funded marketing and sales operations. Despite our marketing and sales efforts, we may be unable to compete successfully against these companies. We may make arrangements with third parties to market and sell some or all of our products under development in certain territories, rather than establish our own sales force. We may not be able to do so on favorable terms. If we contract with third parties for the sales and marketing of our products, our revenues will depend upon the efforts of these third parties, whose efforts may not be successful.

We anticipate entering into co-development and co-marketing agreements with one or more partners with established sales, marketing and regulatory capabilities in order to assist in the completion of the development and commercialization of NX-1207. We may not be able to do so on favorable terms. If we fail to establish or make adequate arrangements with third parties for such purposes, our business, operations, product development programs and financial condition will be materially adversely affected.

We May Not Achieve Our Projected Development Goals in the Time Frames We Announce and Expect

We make public statements regarding our estimates and projections for meeting milestones, such as the commencement and completion of clinical trials, anticipated regulatory submission and approval dates and time of product launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in our clinical trials, the uncertainties inherent in the regulatory approval process and delays in achieving manufacturing or marketing arrangements sufficient to commercialize our products. There can be no assurance that our clinical trials will be completed, that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our current schedule for the launch of any of our products. If we fail to achieve one or more of these milestones as planned, the price of our shares could decline.

Even If We Obtain Regulatory Approvals for Our Product Candidates, We Will be Subject to Stringent Ongoing Government Regulation

Even if regulatory authorities approve any of our product candidates, the manufacture, marketing and sale of such products will be subject to strict and ongoing regulation. Compliance with such regulation will be expensive and consume substantial financial and management resources. For example, an approval for a product may be conditioned on our conducting costly post-marketing follow-up studies. In addition, if based on these studies, a regulatory authority does not believe that the product demonstrates a benefit to patients, such authority could limit the indications for which the product may be sold or revoke the product s regulatory approval.

We and our contract manufacturers will be required to comply with applicable current Good Manufacturing Practice (cGMP) regulations for the manufacture of our products. These regulations include requirements relating to quality assurance, as well as the corresponding maintenance of records and documentation. Manufacturing facilities must be approved before we can use them in commercial manufacturing of our products and are subject to subsequent periodic inspection by regulatory authorities. In addition, material changes in the methods of manufacturing or changes in the suppliers of raw materials are subject to further regulatory review and approval.

If we or any marketing collaborators or contract manufacturers fail to comply with applicable regulatory requirements, we may be subject to sanctions including fines, product recalls or seizures, injunctions, total or partial suspension of production, civil penalties, withdrawals of previously granted regulatory approvals and criminal prosecution. Any of these penalties could delay or prevent the development, marketing or sale of our products.

It is Uncertain When, if Ever, We Will Make a Profit

We first began operations in 1995 and are only in the early stages of commercial marketing of our diagnostic products, AlzheimAlert™, NicAlert™ and TobacAlert™. We have never made a profit. We incurred a net loss of $3.7 million in 2004, $3.6 million in 2005, $4.9 million in 2006, $5.3 million in 2007 and $4.6 million in 2008. As of December 31, 2008, Nymox s accumulated deficit was $55.2 million.

We cannot say when, if ever, Nymox will become profitable. Profitability will depend on our uncertain ability to generate revenues from the sale of our products and the licensing of our technology that will offset the significant expenditures required for us to advance our research, protect and extend our intellectual property and develop, manufacture, license, market, distribute and sell our technology and products successfully. Similar types of expenditures in the past have helped produce the net losses reported above.

We May Not Be Able to Raise Enough Capital to Develop and Market Our Products

Nymox has funded its operations primarily by selling shares of its common stock. Since late 1998, a small portion of the funds came from sales. However, sales have not been, and may not be in the foreseeable future, sufficient to meet our anticipated financial requirements.

We will continue to need to raise substantial amounts of capital for our business activities including our research and development programs, the conduct of clinical trials needed to obtain regulatory approvals and the marketing and sales of our products. We anticipate being able to fund our current total annual budgeted expenditures of approximately $3.5 - 5 million per year over the next year through our current cash position and additional financing, including draw downs through our common stock private purchase agreement with Lorros-Greyse Investments, Inc. Clinical trials will substantially increase cash requirements. We anticipate being able to meet these requirements as they arise. We plan to raise capital either through a new round of financing and/or through partnering with a major pharmaceutical company. The recent financial crisis in the United States and the global economic recession has had a negative impact on the availability of liquidity in the market and may have an effect on the liquidity of the purchaser in our common stock private purchase agreement. Additional financing may not be available when needed, or, if available, may not be available on acceptable terms. If adequate funds on acceptable terms are not available, we may have to curtail or eliminate expenditures for research and development, testing, clinical trials, promotion and marketing for some or all of our products.

We Face Challenges in Developing, Manufacturing and Improving Our Products

Our success depends on our ability to develop or acquire rights to new products or to improve our existing products. We are still developing many of our products and have not yet brought them to market. We cannot assure you that we will be able to develop or acquire rights to such products and to market them successfully.

Developing a treatment for Alzheimer s disease is particularly challenging. Many pharmaceutical companies, institutions and researchers are working on many different approaches and treatments. There is no consensus among researchers about the cause of this fatal illness and no guarantee that our drug development programs in this area are targeting significant factors in its cause, progression or symptoms. It is difficult to design drug candidates that can cross from the bloodstream into the brain, where the damage from Alzheimer s disease is occurring. Clinical trials to establish efficacy for drugs that slow down the progression of Alzheimer s disease over a period of months or years often require that a large number of subjects be tracked over many months or years, making them very expensive to conduct. The potentially long period from discovery and patenting through development and regulatory approval to the market can significantly reduce the patent life of an Alzheimer s disease treatment. Any marketed treatment in this area may well eventually face competition from me-too drugs developed by other pharmaceutical companies based on our research. We will be under constant competitive pressure to improve our products and to develop new treatments

in order to protect our position in the field.

Developing and improving our diagnostic products is also challenging. The science and technology of the detection and measurement of very small amounts of biochemicals in bodily fluids and tissue is evolving rapidly. We may need to make significant expenditures in research and development costs and licensing fees in order to take advantage of new technologies. If any major changes to our testing technologies used in our AlzheimAlert™ and NicAlert™ and TobacAlert™ tests are made, further validation studies will be required. Developing new diagnostic products is more challenging, requiring identification and validation of the biochemical marker being detected by the new product in the clinical context and the development and validation of the product designed to detect the marker.

We anticipate outsourcing at least some of the manufacturing required for new products we may develop in order to control start-up and operating costs and to take advantage of the existing manufacturing capabilities and capacity in the large contract manufacturing sectors in the pharmaceutical and diagnostic industries. There are risks associated with this strategy, including difficulties in the transfer of manufacturing, the possibility of production interruption due to causes beyond our control and the need to arrange alternative suppliers. We currently out-source some of the manufacturing services required for our NicAlert™ and TobacAlert™ products to a contract manufacturer. We do not anticipate any significant risk of long-term interruption of manufacture due to this arrangement. The services supplied are not unique or unduly complicated and other contract manufacturers are available to provide similar services. The manufacture of therapeutics is more challenging and capital-intensive and may require us to partner with a major pharmaceutical company or other partner in order to manufacture a therapeutic for market.

Our Products and Services May Not Receive Necessary Regulatory Approvals

Our diagnostic products, AlzheimAlert™, NicAlert™ and TobacAlert™, and our products in development, are subject to a wide range of government regulation governing laboratory standards, product safety and efficacy. The actual regulatory schemes in place vary from country to country and regulatory compliance can take several years and involve substantial expenditures.

We cannot be sure that we can obtain necessary regulatory approvals on a timely basis, if at all, for our products in development and all of the following could have a material adverse effect on our business:

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failure to obtain or significant delays in obtaining requisite approvals;

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loss of or changes to previously obtained approvals; and

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failure to comply with existing or future regulatory requirements.

Any changes in CMS or state law requirements or in the FDA regulations could have a detrimental impact on our ability to offer or market any reference laboratory services and/or on our ability to obtain reimbursement from the Medicare and Medicaid programs and providers.

We have developed a diagnostic kit based on AlzheimAlert™ for sale to third parties. We will require prior approval from the FDA before we can market, distribute or sell this product in the United States. In July 2005, an FDA advisory panel voted 5-2 against approval of our kit, citing the need for further studies, such as long term follow-up and autopsy confirmation.

Similar requirements exist in many other countries. Obtaining these approvals and complying with the subsequent regulatory requirements can be both time-consuming and expensive. In November 2004, Nymox satisfactorily completed the testing and registration required by European regulatory, environmental and quality standards in order to obtain a CE Mark for the AlzheimAlert™ kit. The CE Mark makes the AlzheimAlert™ kit eligible for sale in the

European Union and will allow European clinical and hospital laboratories to perform the AlzheimAlert™ test in their own facilities in Europe.

We currently sell NicAlert™ and TobacAlert™ as tests for tobacco product use and exposure and for research use. In October, 2002, we received 510(k) clearance from the U.S. Food and Drug Administration for our NicAlert™ product for medical uses. In January, 2006, we announced the certification of the urine-based version of NicAlert™ with a CE Mark making it eligible for sale in the European Union and in May, 2006 the certification of the saliva-based version of NicAlert™ with a CE Mark. In September, 2003, Nymox launched TobacAlert™ for nonmedical testing for second hand smoke exposure in the U.S.

In the United States, our drugs in development will require final FDA approval before their sale or distribution. Such approval comes only at the end of a lengthy, expensive and often arduous process. In September, 2006, we announced the successful completion of a multi-center, double-blind, placebo-controlled Phase 2 trial of NX-1207, our lead candidate for the treatment of benign prostatic hyperplasia (BPH), a common disorder of older men. The Company reported positive results in 2007 and 2008 in several follow-up studies of BPH patients. In February 2008, the Company reported positive results in a 32 site U.S. Phase 2 prospective randomized clinical trial, with statistically significant improvement compared to an approved BPH drug (finasteride). We cannot predict with any certainty the outcome of this program, what further steps may be required in order to apply for final FDA approval for this drug or whether the FDA will ultimately grant us such approval. Similar requirements exist in many other countries.

We Face Significant and Growing Competition

The modern pharmaceutical and biotechnology industries are intensely competitive, particularly in the field of Alzheimer s disease where there is a large unmet need for an effective treatment. Currently there are five drugs with similar mechanisms of action approved for sale in the United States (Aricept®, Cognex®, Exelon®, Razadyne® and Namenda®). These drugs offer some relatively short-term symptomatic relief, but do not treat the underlying causes of the illness. Over the past decade, there has been an intense research effort both in the non-profit sectors such as universities, government agencies and research institutes and in the pharmaceutical and biotechnology industry to develop new treatments for Alzheimer's disease. Treatment candidates under development include:

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vaccines and other immunotherapies for Alzheimer's disease. A number of pharmaceutical and biotechnology companies including Wyeth, Elan, and Baxter are working on such therapies.

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enzyme-blocking therapies intended to block the production of the protein found in the senile plaques characteristic of Alzheimer's disease. A number of pharmaceutical and biotechnology companies including Lilly, Bristol-Myers Squibb and Merck are working on such therapies.

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drugs aimed at reducing, blocking or clearing the aggregation or accumulation of the protein found in senile plaques. A number of pharmaceutical and biotechnology companies including Pfizer and Prana Biotechnology are working on such therapies.

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drugs designed to enhance cognition from Pfizer, GlaxoSmithKline, and Abbott among others.

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antihistamines such as Dimebon from Medivation.

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insulin therapies, including already approved diabetes drug such as rosiglitazone and metformin.

There is also ongoing research into possible methods of preventing Alzheimer s disease such as taking certain cholesterol-lowering drugs called statins, estrogen replacement therapies, anti-oxidants such as vitamin E and ginkgo biloba or anti-inflammatory drugs such as ibuprofen (*e.g.,* Advil® or Motrin®). The successful development of a treatment or method of preventing Alzheimer s disease could significantly impact on our ability to develop or market a

competing treatment for Alzheimer s disease.

Our treatments under development for enlarged prostate (benign prostatic hyperplasia or BPH) face significant competition from existing products. There are eight drugs approved for treatment of BPH: four proprietary drugs (dutasteride (Avodart®), tamsulosin (Flomax®), alfusozin (Uroxatral®), and silodosin (Rapaflo™)) and four generics (finasteride, terazozin, doxazozin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the passage leading from the bladder through the penis through which men urinate). The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat, energy or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted.

The diagnostic testing industry is also highly competitive. In the area of Alzheimer s disease, Athena Diagnostics, Inc. markets diagnostic tests for different biochemical indicators found in blood and spinal fluid and for genetic predispositions for the illness. Other companies are attempting to develop and market other diagnostic products in this area. The introduction of other diagnostics products for Alzheimer s disease or tobacco product use that are cheaper, easier to perform, more accurate or otherwise more attractive to the physicians, health care payers or other potential customers would have a significant impact on the sales of our AlzheimAlert™, NicAlert™ or TobacAlert™ products.

We May Not Be Able to Successfully Market Our Products

To increase our marketing, distribution and sales capabilities both in the United States and around the world, we will need to enter into licensing arrangements, contract sales agreements and co-marketing deals. We cannot assure you that we will be able to enter into agreements with other companies on terms acceptable to us, that any licensing arrangement will generate any revenue for the company or that the costs of engaging and retaining the services of a contract sales organization will not exceed the revenues generated.

Protecting Our Patents and Proprietary Information is Costly and Difficult

We believe that patent and trade secret protection is important to our business, and that our success will depend, in part, on our ability to obtain strong patents, to maintain trade secret protection and to operate without infringing the proprietary rights of others.

Obtaining and maintaining our patent position is costly. We pay for the filing, prosecution and fees of several hundred patents and patent applications in countries around the world, including the United States, Europe, Japan, Canada, Australia, New Zealand and South Korea. In the United States alone, Nymox has twenty patents issued or allowed relating to its technology. Our subsidiary, Serex, Inc. has thirteen patents.

We believe that we have strong patent protection for the products we sell and for our product development programs and we are in the process of extending that patent protection to cover more countries or new discoveries or products. We cannot assure you that additional patents covering new products or improvements will be issued or that any new or existing patents will be of commercial benefit or be valid and enforceable if challenged.

Many companies have patents covering various drugs, methods and discoveries in the fields of diagnostics and therapeutics for Alzheimer s disease and related conditions and of new anti-infective agents. We believe that the patents issued to date will not preclude Nymox from developing and marketing our products; however, it is impossible to predict the extent to which licenses from third parties will be necessary. If Nymox were to need licenses from third parties there can be no assurance that we could obtain such licenses on commercially reasonable terms, if at all.

In the fields of diagnostic methods and diagnostic tests for common human diseases and conditions, where Serex has many of its patents, there are many patents issued covering many areas of diagnostic methods, tests and technologies. We believe that these patents issued to date to other companies will not preclude Serex from developing and marketing its products but you should be aware that it is often difficult to determine the nature, breadth and validity of competing patent claims in these fields, that there has been significant litigation in some of these areas (not involving Serex) and that, if and when Serex s products become more commercially successful, Serex s products or patents may become the subject matter of litigation. If Serex were to need licenses from third parties there can be no assurance that it could obtain such licenses on commercially reasonable terms, if at all.

We are not currently involved in patent litigation. In the pharmaceutical and biotechnology industry patent disputes are frequent and can preclude the commercialization of products. Patent litigation is costly and the outcome often difficult to predict. It can expose us to significant liabilities to third parties and may require us to obtain third-party licenses at a material cost or cease using the technology or product in dispute.

We Face Changing Market Conditions

The healthcare industry is in transition with a number of changes that affect the market for therapeutic and diagnostic test products. The U.S. Federal and various state governments have under consideration a number of proposals that may have the effect of directly or indirectly limiting drug prices in the U.S. markets. Such changes may adversely affect the prices we may charge for any therapeutic drug we develop. Funding changes and budgetary considerations can lead major health care payers and providers to make changes in reimbursement policies for our products. These changes can seriously impact the potential for growth for the market for our products, either favorably when the decision is to offer broad coverage for our test at a reasonable price or negatively when the decision is to deny coverage altogether. Changes in the healthcare delivery system have resulted in major consolidation among reference laboratories and in the formation of multi-hospital alliances, reducing the number of institutional customers for therapeutic and diagnostic test products. There can be no assurance that Nymox will be able to enter into and/or sustain contractual or other marketing or distribution arrangements on a satisfactory commercial basis with these institutional customers.

Health Care Plans May Not Cover or Adequately Pay for Our Products and Services

Throughout the developed world, both public and private health care plans are under considerable financial and political pressure to contain their costs. The two principal methods of restricting expenditures on drugs and diagnostic products and services are to deny coverage or, if coverage is granted, to limit reimbursement. For single-payer government health care systems, a decision to deny coverage or to severely restrict reimbursement for one of our products can have an adverse effect on our business and revenues.

In the United States, where, to a significant degree, the patient population for our products is elderly, Medicare and Medicaid are sources of reimbursement. In general, any restriction on reimbursement, coverage or eligibility under either program could adversely affect reimbursement to Nymox for products and services provided to beneficiaries of the Medicare and/or Medicaid programs. Many elderly people are covered by a variety of private health care organizations either operating private health care plans or Medicare or Medicaid programs subject to government regulation. These organizations are also under considerable financial constraints and we may not be able to secure coverage or adequate reimbursement from these organizations. Without coverage, we will have to look to the patients themselves who may be unwilling or unable to pay for the product; in turn, doctors may be reluctant to order or

prescribe our products in the absence of coverage of the product for the patient.

The Issuance of New Shares May Dilute Nymox s Stock

The issuance of further shares and the eligibility of issued shares for sale will dilute our common stock and may lower its share price. There were 30,314,621 common shares of Nymox issued and outstanding as of March 13, 2009. All of these shares are eligible for sale under Rule 144 or are otherwise freely tradable. In addition, 4,869,000 share options are outstanding, of which 2,943,375 are currently vested. Expiry dates for Nymox options range from 1 month to 10 years (see note 7(b) to our consolidated financial statements). These options have been granted to employees, officers, directors and consultants of the company. Moreover, Nymox may use its shares as currency in acquisitions.

We Face Potential Losses Due to Foreign Currency Exchange Risks

Nymox incurs certain expenses, principally relating to salaries and operating expenses at its Canadian head office, in Canadian dollars. All other expenses are derived in U.S. dollars. As a result, we are exposed to the risk of losses due to fluctuations in the exchange rates between the U.S. dollar and the Canadian dollar. We protect ourselves against this risk by maintaining cash balances in both currencies. We do not currently engage in hedging activities. We cannot say with any assurance that the Company will not suffer losses as a result of unfavorable fluctuations in the exchange rates between the United States dollar and Canadian dollar.

We Have Never Paid a Dividend and are Unlikely to do so in the Foreseeable Future

Nymox has never paid any dividends and does not expect to do so in the foreseeable future. We expect to retain any earnings or positive cash flow in order to finance and develop Nymox s business.

ITEM 4. INFORMATION ON THE COMPANY

History of the Company

Nymox was incorporated under the Canada Business Corporations Act in May, 1995 to acquire all of the common shares of DMS Pharmaceutical Inc., a private company which had been carrying on research and development since 1989 on diagnostics and drugs for brain disorders and diseases of the aged with an emphasis on Alzheimer s disease. Nymox has two subsidiaries: one wholly-owned subsidiary named Nymox Corporation and the other a majority owned subsidiary named Serex, Inc., acquired in 2000. Both subsidiaries are based in the same building in Hasbrouck Heights, New Jersey. Nymox Corporation conducts some research and development, while Serex conducts research and development, and some of the manufacturing for NicAlert™ and TobacAlert™.

Nymox's principal executive offices are located at:

Nymox Pharmaceutical Corporation

9900 Cavendish Boulevard, Suite 306, St. Laurent, Quebec, Canada, H4M 2V2

Phone: (800) 936-9669 Fax: (514) 332-2227

Nymox s registered agent in the United States is:

CT Corporation System

111 Eighth Avenue, 13th Floor

New York, NY, 10011

Nymox s two subsidiaries are located at:

Nymox Corporation

777 Terrace Avenue

Hasbrouck Heights, NJ, USA 07604

Serex, Inc.

777 Terrace Avenue

Hasbrouck Heights, NJ, USA 07604

Nymox Pharmaceutical Corporation is a biopharmaceutical company with three unique proprietary products on the market, and a significant R&D pipeline of drug and diagnostic products in development for the treatment of such conditions and diseases as enlarged prostate (benign prostatic hyperplasia or BPH), Alzheimer s disease (AD), *E. coli* O157:H7 contamination of food and drink products, and bacterial infections and for the diagnosis of AD and other indications. Nymox has also U.S. and global patent rights for the use of statin drugs for the treatment and prevention of Alzheimer s disease.

Acquisition of a Majority Interest in Serex, Inc.

In March 2000, we acquired a controlling interest in Serex, Inc., a privately held diagnostic company based in New Jersey and now own approximately 99% of its common stock.

Serex s patented diagnostic technologies include its particle valence technology, a unique, highly sensitive, new method to detect very small amounts of biochemical indicators in body fluids such as blood, urine and saliva. This technology can be adapted to detect a wide range of biochemical indicators for diseases, conditions and drug use. Our NicAlert™ and TobacAlert™ employ this technology to measure levels of one of the metabolic products of nicotine in human urine, in order to determine whether a person is using or has been exposed to a tobacco product. NicAlert™ and TobacAlert™ are currently being distributed by Nymox, drugstore.com and Jant Pharmacal Corporation.

Products

NicAlert™ for Tobacco Product Use and TobacAlert™ for Second-Hand Smoke Exposure

Nymox has developed and markets NicAlert™ and TobacAlert™, which are inexpensive, simple-to-use test strips for determining whether a person is using tobacco products (NicAlert™) or has been recently exposed to second-hand smoke (TobacAlert™). Both NicAlert™ and TobacAlert™ employ Serex, Inc.'s patented technology to provide an accurate read-out of levels of cotinine, a by-product of the body s breakdown of nicotine and generally regarded as the best indicator of tobacco exposure for smokers and nonsmokers. The technology can be used with saliva as well as urine samples in order to detect tobacco product use. NicAlert™ and TobacAlert™ do not require instruments or special training to use and offer a quick, convenient means to test on-site whether a person, such as a child, teenager, student athlete or insurance applicant, is using a tobacco product or has been exposed to second-hand smoke.

Smoking and other tobacco product use is a serious public health problem around the world. Smoking kills. According to the Centers for Disease Control and Prevention, cigarette smoking is responsible for more than 430,000 deaths per year in the United States alone. Smoking can cause cancer of the lung, mouth, bladder, larynx, esophagus and other organs, as well as heart disease and stroke and chronic lung disease. Every year, exposure to second-hand smoke (environmental tobacco smoke or ETS) causes an estimated 3,000 nonsmoking Americans to die of lung cancer and up to 300,000 American infants and small children to suffer from lower respiratory tract infections.

NicAlert™ received clearance from the U.S. Food and Drug Administration (FDA) in October 2002 for medical use to determine if an individual has been exposed to tobacco products. In January, 2006, Nymox announced the certification of the urine-based version of NicAlert™ with a CE Mark making it eligible for sale in the European Union and in May, 2006 the certification of the saliva-based version of NicAlert™ with a CE Mark. In September, 2003, Nymox launched TobacAlert™ for nonmedical testing for second hand smoke exposure in the U.S.

We market the NicAlert™ and TobacAlert™ tests through our own marketing arm and distributors in North America, Europe and Asia. TobacAlert™ is also available online at www.drugstore.com. and at www.tobacalert.com. Nymox has entered into distribution and marketing agreements with companies and organizations in the U.S., the U.K., and Spain for these products.

Our NicAlert™ and TobacAlert™ products face competition from clinical laboratories such as LabCorp and Quest Diagnostics which provide off-site lab testing for cotinine, the by-product of the body's breakdown of nicotine measured by NicAlert™ and TobacAlert™, and from assay suppliers, including immunoassay developers such as Orasure Techologies Inc. and Cozart Bioscience Ltd, and diagnostic system manufacturers such as Roche Diagnostics, Abbott and Diagnostic Products Corporation. NicAlert™ and TobacAlert™ also face competition from distributors who supply yes-no smoking status tests such as SmokeCheck, NicQuick, and QuickScreen, from NicCheck I, an FDA-cleared smoking status test being marketed by Mossman & Associates Ltd, from SmokeScreen, a chemical color-based tobacco test being marketed by Mermaid Diagnostics, Ltd. in the United Kingdom, and from carbon monoxide (CO) monitors such as SmokeCheck.

NicAlert™ and TobacAlert™ products are currently partly manufactured through out-sourcing arrangements with contract manufacturers. To date, we have not experienced any significant interruptions in the manufacture of these products and the cost of the manufacturing services has not been volatile. The manufacturing services supplied by our current contract manufacturers are not unique or unduly complicated and other contract manufacturers are available to provide similar services in the event that our current contract manufacturers fail to meet our needs.

The technology used in these products is covered by patents and patent applications held by Nymox's subsidiary, Serex, Inc., both in the U.S. and elsewhere in the world with expiry dates no earlier than 2012.

Independent studies published in peer-reviewed medical and scientific journals reported finding that the Company's NicAlert™ Saliva product provides an accurate, convenient and cost-effective way to verify self-reported smoking status with broad potential applications both in the clinic and in large research trials and surveys. In 2008, one such study, Fiona Cooke et al. Diagnostic accuracy of NicAlert cotinine test strips in saliva for verifying smoking status, *Nicotine Tob Res.* 2008;10:607-12, was published in *Nicotine & Tobacco Research*, the official journal of the Society for Research on Nicotine and Tobacco (SRNT). Other published studies include *Cancer Epidemiol Biomarkers Prev.* 2007;16:1858-62 and *Int J Circumpolar Health.* 2007; 66 Suppl 1:29-38.

NicAlert™ Saliva was also reported used in research studies where there was a need to verify or monitor smoking status or nicotine replacement therapy (NRT): see, for example, *Am J Prev Med.* 2007; 33:297-305 (monitoring NRT in smoking cessation research involving pregnant women), *Int J Behav Med.* 2006; 13:16-25 (verifying smoking status in a smoking study of cancer patients), and *Neuropsychopharmacology* 2008; 33:480–490 (confirming non-smoking status for entry into the study).

AlzheimAlert ™; an Aid to the Diagnosis of Alzheimer's Disease

We offer AlzheimAlert™, a proprietary urine assay that can aid physicians in the diagnosis of Alzheimer's disease. We offer a kit version of the AlzheimAlert™ assay for sale in Europe. The AlzheimAlert™ kit has the CE Mark. The kit allows clinical reference laboratories to perform the AlzheimAlert™ assay on site with urine samples sent directly to the laboratory. Nymox has signed distribution deals for AlzheimAlert™ with companies in Italy, Spain, Greece, the U.K., the Czech Republic and South Korea. We filed a premarket approval (PMA) application for the diagnostic kit version of the AlzheimAlert™ test with the U.S. FDA in February 2004. On July 15, 2005, an FDA advisory panel voted 5-2 against approval of the kit, citing the need for further studies, such as long term follow-up and autopsy confirmation.

The AlzheimAlert™ assay is based on research by scientists at the Massachusetts General Hospital and Brown University – and on years of clinical studies to establish and confirm the accuracy of the assay technology as an aid to the diagnosis of Alzheimer s disease. In 1997, Nymox succeeded in developing a commercial assay that used spinal fluid samples. Subsequently, Nymox was able to develop an assay that used more easily obtained first morning urine samples. The AlzheimAlert™ assay represents the latest generation of development of this testing technology.

Nymox licensed the technology that led to the development of the AlzheimAlert™ assay in 1997 from the Massachusetts General Hospital as part of a sponsored research and licensing agreement, under which Nymox sponsored the research of the principal investigators into the use of neural thread protein (NTP), its antibodies or genes for diagnostic or therapeutic purposes. Nymox also paid the patent costs for the patent applications filed arising out of this research. In return, Nymox received an exclusive worldwide license of the patents to sell products and to use processes encompassed by them. Nymox is to pay the Massachusetts General Hospital a 4% royalty of the net sales price of any product developed and sold under the license. Nymox currently pays this royalty on its sales of its AlzheimAlert™ product. The license and the obligation to pay patent costs and royalties continue for the life of the patents, which run until November 2014 at the earliest. The Massachusetts General Hospital has the right to terminate the license in any country where, after the first commercial sale of the product in the country, there is a continuous two year period in which no product is sold in such country. There are eight issued U.S. patents under license and a correspondingly larger number of patents and patent applications in Europe, Japan, Canada, Australia, New Zealand and South Korea. The sponsored research portion of this agreement terminated in March 1999. Nymox retained the exclusive license to the rights to the AlzheimAlert™-related patents owned by the Massachusetts General Hospital.

Effective March 1999, Nymox entered into a similar sponsored research and licensing agreement with Brown University and the Rhode Island Hospital. Under the terms of this agreement, Nymox continued to sponsor research into the uses of neural thread proteins, their antibodies or genes for diagnostic, therapeutic and research purposes and to pay the patent costs for any patent applications filed arising out of this research. In return, Nymox received an exclusive worldwide license of any such patents to sell products and to use processes encompassed by them. The Rhode Island Hospital has the right to terminate the license in any country where, after the first commercial sale of the product in the country, there is a continuous two year period in which no product is sold in such country. Nymox is to pay the Rhode Island Hospital a 4% royalty of the net sales price of any product developed and sold under the license. The sponsorship of this agreement expired in March 2005; however, Nymox retains the exclusive license to patent rights on certain NTP-based technology including a license to an issued U.S. patent.

Recent publications in the peer-reviewed literature concerning the clinical utility of the assay in the diagnosis of Alzheimer s disease include, for example, the *Journal of Clinical Investigation* (1997; 100: 3093-3104); *Journal of Contemporary Neurology* (1998; art. 4a); *Journal of Clinical Laboratory Analysis* (1998; 12: 285-288) and (1998; 12: 223-226); *Alzheimer s Reports* (1999; 2: 327-332), (2000; 3: 177-184), (2001; 4: 61-65) and (2002; 5: 1-6); *Neurology* (2000; 54: 1498-1504) and (2000; 55: 1068); *Journal of Alzheimer s Disease* (2001; 3: 345-353) and (2004; 6(3): 231-42); *Cellular and Molecular Life Sciences* (2001; 58: 844-849) and (2003; 60: 2679-91); *Neurology and Clinical Neurophysiology* (2002; 1: 2-7); *Journal of Neuropathology and Experimental Neurology* (2001; 60: 195-207) and (1996; 55: 1038-1050), *Frontiers in Bioscience* (2002; 7: d989-96), *Journal of the American Medical Directors Association* (Jan 2007; 8:21-30), *Journal of Clinical Laboratory Analysis* (Jan 2007;21:24-33), and *Expert Review of Molecular Diagnostics* (January 2008; 8:21-28).

Nymox believes that its AlzheimAlert™ test can assist a physician faced with the task of diagnosing whether a patient has Alzheimer's disease. A recently published independent peer-reviewed double blind study from 8 prestigious centers across the U.S. found the level of accuracy of the AlzheimAlert™ urine test to be over 90% (*Journal of the American Medical Directors Association* Jan 2007; 8:21-30; "A multi-center blinded prospective study of urine neural thread protein measurements in patients with suspected Alzheimer's disease," Goodman I *et al.*). This study confirmed several earlier company funded trials of the AlzheimAlert™ technology. In earlier studies, the test results were positive for over 87% of the patients with verified Alzheimer disease and negative in over 89% of subjects without the disease (known as a low false positive rate). The low rate of positive results for patients without the disease is important for doctors investigating patients with subtle or marginal symptoms of mental, emotional, cognitive, or behavioral changes. If the doctor can rule out Alzheimer s with more assurance, a great deal of patient and family anguish and anxiety will be avoided. A low test score will help the doctor to be more certain that Alzheimer s disease is not the cause of the patient s symptoms and to target the other, often reversible causes of the patient s symptoms, such as depression. There can be no assurance that further studies will repeat the same level of success experienced to date.

There is a large unmet need for a simple, non-invasive test that can aid in the diagnosis of Alzheimer s disease. Alzheimer s disease is the most common cause of dementia in persons 65 years of age and older and is the fourth leading cause of death among the elderly. There are an estimated 4.5 million people with Alzheimer's disease in the United States alone; by 2050 this number is projected to increase almost three times to 13.2 million. Worldwide estimates of the current number of people with Alzheimer's disease range from 15 to 20 million. The annual national direct and indirect costs of caring for Alzheimer patients in the U.S. alone are estimated at $100 billion. The human toll on patients, families and caregivers is incalculable. Despite the need for an accurate clinical test, the definitive diagnosis of the disease is possible only after the death of the patient by expert, pathologic examination of brain tissue.

The U.S. Surgeon General s Report on Mental Health, released on December 13, 1999, identified the importance and the need for the early detection and diagnosis of Alzheimer s disease. The report described the current approach to Alzheimer s disease diagnosis, clinical examination and the exclusion of other common causes of its symptoms, as time- and labor-intensive, costly and largely dependent on the expertise of the examiner. As a result, the illness is currently under-recognized, especially in primary care settings, where most older patients seek care. The report joined other experts writing in the field in recognizing the need for a better, more reliable method for diagnosing the disease in living patients and in particular, the need of a simple, accurate and convenient test that could detect a biochemical change early in patients with Alzheimer’s disease. We believe our AlzheimAlert™ product provides such a test.

The early diagnosis of Alzheimer’s disease is important to physicians, patients and their families and enables them to make informed and early social, legal and medical decisions about treatment and care. Early diagnosis of Alzheimer s disease has become increasingly important with new improvements in drug treatment and care. Even a modest delay in institutionalization can mean substantial social and financial savings. Conversely, any testing procedure that could rule out Alzheimer s disease would eliminate the tremendous uncertainty and anxiety patients and their families otherwise face and would allow physicians to focus on the other, often reversible, causes of cognitive changes.

Early diagnosis as facilitated by the AlzheimAlert™ test represents a potentially large cost-savings in the form of a reduced number of office visits, lab tests, scans and other procedures required by the traditional methods of diagnosis.

In the field of Alzheimer’s disease diagnosis, our AlzheimAlert™ test faces growing competition which could detrimentally impact on our ability to successfully market and sell our diagnostic test. Our competitors include:

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Athena Diagnostics, Inc., a wholly owned subsidiary of Thermo Fisher Scientific, which is currently marketing three tests claimed to aid in the diagnosis of Alzheimer's disease: a genetic test for the rare cases of familial, early-onset Alzheimer's disease; a genetic test for a relatively common mutation of a gene said to increase the likelihood of a person with at least one of the genes contracting the disease; and a test for two proteins in the spinal fluid of patients.

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Innogenetics NV, a Solvay Pharmaceuticals company, which currently markets tests and kits for two proteins and a variant of one of these proteins in the spinal fluid of patients and a genetic test for a relatively common mutation of a gene said to increase the likelihood of a person developing the disease.

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Applied NeuroSolutions, Inc. currently markets a research test for a variant of a protein in the spinal fluid of patients.

There are also a number of other proposed biochemical signs of the disease that could potentially be developed into a commercial diagnostic test as well as various scanning and imaging technologies which compete for a portion of the diagnostic market for Alzheimer s disease. In June 2004, the Centers for Medicare and Medicaid Services (CMS) approved limited coverage of a Positronic Emission Tomography (PET) imaging procedure for helping to more precisely distinguish Alzheimer's disease from a rarer type of dementia when clinical evaluation has been inconclusive. In October 2004, the National Institute on Aging in conjunction with other Federal agencies, private companies and organizations launched the Alzheimer s disease Neuroimaging Initiative, a $60 million initiative to test whether various scanning and imaging technologies, biochemical markers, and clinical and neuropsychological testing can be combined to help diagnose early Alzheimer s disease. A number of companies, including GE, are actively working to develop imaging technologies for the diagnosis of Alzheimer s disease.

Products in Development:

NX-1207 for Enlarged Prostate (BPH)

We are developing treatments for enlarged prostate (benign prostatic hyperplasia or BPH), using novel compounds. Our lead candidate NX-1207, which successfully completed a multi-center, double-blind, placebo-controlled Phase 2 trial in September 2006, is presently in Phase 3. We cannot predict with any certainty the outcome of this trial, what further steps may be required in order to apply for final FDA approval for this drug or whether the FDA will ultimately grant us such approval.

There is a significant unmet need for an effective treatment for BPH. More than half of men in their sixties and as many as 90% of men in their seventies and eighties have some symptoms of BPH. Symptoms include more frequent urination (especially at night), difficulty urinating, incomplete emptying of the bladder and sometimes complete inability to urinate. More serious cases may require surgical intervention to reduce the size of the prostate. There is a need for a simple, effective treatment for BPH, particularly in cases where existing drug treatments have proven to be ineffective and where more intrusive procedures such as surgery may be inadvisable or bring unacceptable risks.

In September, 2006, Nymox announced positive efficacy and safety results from the completed multi-center, double-blind, placebo-controlled Phase 2 clinical trial of NX-1207. 43 clinical trial sites across the U.S. and 175 subjects participated in the Phase 2 trial. Overall, patients treated with NX-1207 showed a total pooled mean improvement of 9.35 points in the primary outcome endpoint of AUA Symptom Score values, a standardized measurement of BPH symptoms used to evaluate the effectiveness of treatments for BPH. This total mean improvement for NX-1207 treatment reached statistical significance when compared with the placebo control (p=.017). Published studies of currently approved drugs for BPH show AUA Symptom Score improvement in the 3.5 to 5 point range. The treated subjects also showed an overall significant reduction in mean prostate volume (secondary outcome) of 11.7% (6.84 grams; p=.02). The results of the trial demonstrated an excellent safety and side effect profile for NX-1207. Subjects treated with NX-1207 had no serious side effects. In particular, patients given NX-1207 had no (0%) significant sexual side effects.

In February 2008, the Company reported statistically significant positive results in a new 32 site U.S. study of NX-1207. The mean improvement in this Phase 2 study (9.71 points in the BPH Symptom Score) was superior to the study comparator, which was finasteride, an approved drug for BPH (4.13 points) (p=.001). The study demonstrated a statistically significant greater improvement in patients given full dose NX-1207 compared to low dose NX-1207

(p=.033). Safety results in the clinical trial were excellent.

Results of 6 follow-up studies of available subjects from NX-1207 clinical trials have provided evidence of durable benefits from NX-1207 treatment for up to 4½ years from the date of treatment. In May 2008, the Company reported statistically significant improvement compared to placebo in a 22 to 33 month follow-up study of 93 patients treated with NX-1207 at 17 U.S. clinical trial sites. Results in that study showed that patients at follow-up without any other treatment for BPH had a mean of 11.3 points BPH Symptom Score reduction, which represents a 47% improvement in symptoms from before treatment.

Our treatments under development for enlarged prostate (benign prostatic hyperplasia or BPH) face significant competition from existing products. There are eight drugs approved for treatment of BPH: four proprietary drugs (dutasteride (Avodart®), tamsulosin (Flomax®), alfusozin (Uroxatral®), and silodosin (Rapaflo™)) and four generics (finasteride, terazozin, doxazozin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the passage leading from the bladder through the penis through which men urinate). The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted.

NXC-4720 for E. coli Contamination of Meat

We are developing novel antibacterial agents for the treatment of *E. coli* O157:H7 bacterial contamination in hamburger meat and other food and drink products and for the treatment of urinary tract and other bacterial infections in humans which have proved highly resistant to conventional antibiotic treatments.

E. coli contamination of food and drink is a serious public health problem worldwide and a major concern for meat processors in particular. *E. coli* bacteria occur normally and usually harmlessly in the gastrointestinal tracts of humans, cows and other animals. However, one mutant variety of the E. coli bacteria, *E. coli* O157:H7, can cause life-threatening illness and has been implicated in cases of severe diarrhea, intestinal bleeding and kidney failure, leading, in some cases, to death in children and the elderly. *E. coli* contamination in hamburger meat and other food products and in drinking water affects about 70,000 people in the United States a year.

There is a well-recognized need in the beef industry to address the problem of *E. coli* contamination in meat processing and in livestock. *E. coli* contamination has triggered massive recalls of ground beef in the U.S. Cattle are a natural reservoir for the deadly strain of *E. coli*. Water contamination from cattle operations have led to public health tragedies.

Nymox developed a potent new antibacterial agent, NXC-4720. Tests of NXC-4720 show it to be highly effective against all known substrains of *E. coli* O157:H7, destroying the bacteria efficiently, rapidly and at a very low dose. In 1999, we began further laboratory trials for this agent as a treatment for food and drink contamination and entered into agreements with various collaborators. NXC-4720, which is being developed as a treatment of meat at the processing stage, has been shown to be capable of substantially reducing the level of potentially fatal *E. coli* O157:H7 contamination on fresh beef according to laboratory studies. Other projects in this area, such as treating *E. coli* O157:H7 infection in livestock, are in preliminary stages of development. Further pre-clinical testing and development is required before we can apply for regulatory approval for use of this agent on the processing of food and drink for human consumption.

The problem of *E. coli* O157:H7 contamination of hamburger meat and other food products is also well-known and a number of companies and researchers have been pursuing various potential solutions, including irradiation with x-rays, better detection of contamination, electronic pasteurization, vaccination and competitive exclusion of the pathogenic *E. coli* bacteria by harmless bacteria. The development of alternative solutions to the problem of E. coli infection may adversely affect the market for our treatment for *E. coli* O157:H7 infection in cattle and contamination of food products.

Nymox has also developed three other novel antibacterial agents, NXB-4221 for the treatment of difficult chronic and persistent urinary tract infections; NXB-5886 for the treatment of streptococcal infection; and NXT-1021 for the treatment of staphylococcal infection. Urinary tract infections in women caused by bacteria such as *E. coli* are a common and significant infection often resistant to conventional antibiotic treatment. Some varieties of streptococcus and staphylococcus bacteria, a common source of infection in humans, have acquired a broad immunity to antibiotic treatments. Infections from these antibiotic resistant bacteria are difficult to treat and can be life threatening.

Nymox s three antibacterial agents for the treatment of infectious disease have all shown the ability to kill their bacterial targets in culture with no signs of toxicity. Further pre-clinical testing and development is required before we can apply for regulatory approval to begin initial testing in humans.

A similar competitive reality prevails in the field of novel anti-infectives. Over the past ten years, there has been an increasing awareness of the medical need and of emerging market opportunities for new treatments for antibiotic resistant bacterial infections. Many of the major pharmaceutical companies are developing anti-infective drugs that either modify their existing drugs or involve new anti-bacterial properties. Many biotechnology companies are developing new classes of anti-bacterial drugs. At least three major pharmaceutical companies have vaccines against bacterial infections in development. To the extent that these companies are able to develop drugs or vaccines that offer treatment for some or all of the indications for our anti-infectives, the market for our products may be adversely affected.

Nymox has patent rights to these and other antibacterial agents.

The Use of Statin Drugs for the Treatment or Prevention of Alzheimer s Disease

In October 2002, we were issued a United States patent for the use of statin drugs to treat, prevent or reduce the risk of the onset of Alzheimer s disease and have issued patents or pending patent applications elsewhere, including Europe, Japan, Canada and Australia. Statins are a class of commonly prescribed cholesterol lowering drugs that have a well-established safety record and are widely available. The potential of statin drugs for AD has been featured in a cover story in *Newsweek*, as well as in the *New York Times*, *Fortune*, *Los Angeles Times*, and *The Wall Street Journal.* Some of the recent scientific studies and reviews concerning the potential for statin drugs to treat or reduce the risk of AD or loss of cognitive function include *Neurology*. 2007; 69:1873-80; *Expert Opinion on Ther Targets*. 2007;11:1257-60; *CNS Drugs.* 2007;21:449-62; *Neurosci Lett.* 2007;416:279-84; *Curr Med Chem.* 2007;14:103-12; *Neurol Res.* 2006; 28:630-6, *Acta Neurol Scand* 2006; 114 (Suppl. 185): 78-86, *Acta Neurol Scand* 2006; 114 (Suppl. 185): 3 7, *J.Neurochem.* 2006; 97:716-723; *Restor. Neurol. Neurosci* 2006; 24:79-95; *Neuromolecular Med.* 2006; 8:319-328, *Neurology* 2005; 65:1388-1394, *J. Neurol. Neurosurg. Psychiatry* 2005; 76:1624-1629, *The American Journal of Medicine* 2005; 118: 48S-53S; *The Lancet Neurology* 2005; 4:841-852; *Current Opinions in Lipidology* 2005;16: 619-623; *The Lancet Neurology* 2005; 4: 521-2, *Arch Neurol* 2005; 62:1047-51, *Neurology* 2005; 64:1531-8, *Arch Neurol* 2005; 62:753-7, *J Neurol Sci* 2005; 229-230:147-50, *Arch Gen Psychiatry* 2005; 62:217-24. *International Journal of Geriatric Psychiatry* (2004; 19:327-32), *Neuroepidemiology* (2004; 23:94-8); *Neuron* (2004; 41:7-10); *Archives of Neurology* (2000; 57:1439-1443); *Lancet* (2000; 356:1627-1631); *Archives of Neurology* (2002; 59:223-227); *Journals of Gerontology: Biological Sciences and Medical Sciences* (2002; 57:M414-M418); and *Journal of the American Geriatrics Society* (2002;50:1852-1856). Some studies, however, have not found evidence that statins may help treat or prevent Alzheimer s disease and research in this area is ongoing. No statin drug has been approved for use in the treatment or prevention of Alzheimer s disease.

Research and Development of New Products

New Therapeutics for Alzheimer s Disease

Nymox has a number of proprietary drug development programs aimed at treatments for Alzheimer's disease and other indications. One program targets neural thread protein (NTP) and its role in the extensive brain cell loss associated with AD. Another program is based on spherons, which Nymox researchers regard as a source of senile plaques, the characteristic abnormality found in abundance in the brains of patients with AD and widely believed to play a major role in the cause and course of the illness. A third program is based on a novel drug candidate, NXD-5150, for neurodegenerative disease.

At present, there is no cure for Alzheimer s disease. There are five drugs approved by the FDA, tacrine (brand-name Cognex®), donepezil HCI (brand-name Aricept®), rivastigmine (brand-name Exelon®), galantamine hydrobromide (brand name Razadyne®) and memantine (brand name Namenda™) for the treatment of Alzheimer's disease. However, at most these drugs offer symptomatic relief for the loss of mental function associated with the disease and possibly help to delay the progression. There is no consensus as to the cause of Alzheimer s disease or even whether it is one disease or many.

There is an urgent need for an effective treatment for the illness, caused in part by the rising health care, institutional and social costs for the treatment and care of Alzheimer s disease sufferers. The Surgeon General s Report on Mental Health released on December 13, 1999, put the direct health care costs for the illness in the United States at almost $18 billion for 1996. In April 2002, the National Institute on Aging reported that the cost of care to family, caregivers and society in general was estimated to exceed $100 billion per year.

These costs are expected to rise sharply as the baby boom generation ages and more people become at risk for the disease. According to the National Institute on Aging s *2007 Progress Report on Alzheimer s Disease: Discovery and Hope*, experts agree that the number of people with AD will increase significantly if current population trends continue and no preventive treatments become available. As people live longer, they become more at risk of developing Alzheimer s disease. The U.S. Census Bureau estimates that the number of people in the U.S. aged 65 and older is expected to double to about 72 million people in the next 25 years. Moreover, the 85-and-older age group is now the fastest growing segment of the U.S. population.

Nymox s research into drug treatments for Alzheimer s disease is aimed at compounds that could arrest the progression of the disease and therefore are targeted for long term use.

Drugs Targeting Spherons

We are a leader in research and development into drugs for the treatment of Alzheimer s disease that target spherons. Nymox researchers believe that spherons are a cause of senile plaques, the characteristic lesion found abundantly in the brains of patients with Alzheimer s disease and believed by many researchers to play a pivotal role in the fatal illness. Spherons are tiny balls of densely packed protein found in brain cells scattered throughout the brains of all humans from age one. Nymox researchers have found that as humans age the spherons grow up to a hundred times larger until they become too large for the cells that hold them. Once released from the cells, the researchers believe that the spherons burst, creating senile plaques, contributing to the cellular damage and biochemical changes pivotal to the symptoms and signs of Alzheimer s disease.

The substantial evidence linking spherons to senile plaques and Alzheimer s disease has been published in journals such as the *Journal of Alzheimer s Disease*, *Drug News & Perspectives* and *Alzheimer Reports*. There are 20 important criteria of validity which have been set forth correlating the disappearance of spherons in old age with the appearance of senile plaques and implicating spherons as a major cause in Alzheimer s disease. In 2000, Nymox researchers published important findings in *Alzheimer Reports* (2000; 3: 177-184) confirming that spherons contain key proteins that are also known to be in senile plaques and showing that, like senile plaques, spherons contain unusually old proteins in terms of the human body s metabolism, with an average age of 20 to 40 years. In 2003, Nymox announced the discovery that spherons contain toxic molecules termed spherotoxins which its researchers believe contribute significantly to the cell death and symptoms characteristic of Alzheimer's disease.

Nymox researchers believe that stopping or inhibiting the transformation of spherons into senile plaques will help stop or slow the progress of this illness. However, there is no consensus among researchers about the causes or possible treatments of Alzheimer s disease and not all researchers share this belief that spherons are a causative factor in Alzheimer s disease or are a target for the development of treatments for the disease.

Based on the research findings discussed above and the spheron-based approach to the treatment of the disease, we have developed novel, proprietary drug screening methods based on spherons and used them to discover, develop and test drug candidates to inhibit the formation of Alzheimer plaques from spherons. These candidates have the potential to slow or stop the progression of the disease.

We have two distinct new drug candidates, NXD-3109 and NXD-1191, neither of which demonstrate significant toxicity and both of which had positive animal testing results. These candidates are at the stage of pre-clinical testing.

Such drug candidates will require regulatory approval in order to begin clinical studies for humans, but there is no guarantee that any of these drug candidates will ever be approved for marketing as a treatment for Alzheimer s disease. Drug candidates that look promising in early studies in the laboratory or with animals often prove on further testing to be unsafe, ineffective or impractical to use with human patients. The cost of bringing a drug candidate through the necessary clinical trial and regulatory approvals is very high and may require us to seek substantial financing through various sources including the issuing of more stock, the borrowing of funds secured by financial instruments such as bonds or agreements with major pharmaceutical companies. We risk not being able to secure such funding in the necessary amounts or on sufficiently favorable terms.

Nymox holds global patent rights covering both methods for using spherons as targets for developing drugs and for the actual drug candidates discovered.

Neural Thread Protein Based Drugs

Nymox developed a unique drug screening system, based on the research that led to its AlzheimAlert™ test, to identify other potential drug candidates for the treatment of Alzheimer s disease. There is a substantial body of evidence showing that NTP may play a key role in Alzheimer s disease, including such published studies as *Journal of the Neurological Sciences* (1996; 138: 26-35), *Journal of Neuropathology and Experimental Neurology* (1996; 55: 1038-50) and (2001; 60: 195-207), *Journal of Clinical Investigation* (1997; 100: 3093-3104), *Alzheimer s Reports* (1999; 2: 327-332), *Journal of Alzheimer s Disease* (2001; 3: 345-353) and (2005; 7(1): 45-61), and *Cellular and Molecular Life Sciences* (2001; 58: 844-849) and (2003; 60:2679-91).

Nymox licensed the NTP technology in 1997 from Harvard University and the Massachusetts General Hospital as part of a sponsored research and licensing agreement. Under the terms of this agreement, Nymox sponsored the research of the principal investigators into the use of neural thread protein, its antibodies or genes for diagnostic or therapeutic purposes. Nymox also paid the patent costs for the patent applications filed arising out of this research. In return,

Nymox received an exclusive worldwide license of the patents to sell products and to use processes encompassed by them. Nymox is to pay the Massachusetts General Hospital a 4% royalty of the net sales price of any product developed and sold under the license. Nymox currently pays this royalty on its sales of its AlzheimAlert™ product. The license and the obligation to pay patents costs and royalties continue for the life of the patents, which run until November, 2014 at the earliest. The Massachusetts General Hospital has the right to terminate the license in any country where, after the first commercial sale of the product in the country, there is a continuous two year period in which no product is sold in such country. There are eight issued U.S. patents under license and a correspondingly larger number of patents and patent applications in Europe, Japan, Canada, Australia, New Zealand and South Korea. The sponsored research portion of this agreement terminated in March, 1999. Nymox retained the exclusive license to the rights to the NTP-related patents owned by the Massachusetts General Hospital.

Effective March 1999, Nymox entered into a similar sponsored research and licensing agreement with Brown University and the Rhode Island Hospital. Under the terms of this agreement, Nymox continued to sponsor research into the uses of neural thread proteins, their antibodies or genes for diagnostic, therapeutic and research purposes and to pay the patent costs for any patent applications filed arising out of this research. In return, Nymox received an exclusive worldwide license of any such patents to sell products and to use processes encompassed by them. The Rhode Island Hospital has the right to terminate the license in any country where, after the first commercial sale of the product in the country, there is a continuous two year period in which no product is sold in such country. Nymox is to pay the Rhode Island Hospital a 4% royalty of the net sales price of any product developed and sold under the license. The sponsorship agreement expired in March 2005; however, Nymox retains the exclusive license to patent rights on certain NTP-based technology including a license to an issued U.S. patent.

Nymox has screened compounds for their ability to impede the process of premature cell death and thus potentially help slow or halt the loss of brain cells in the Alzheimer s disease brain. This screening process identified promising drug candidates. The Company has developed a candidate, NXD-9062, which has shown significant progress in preclinical studies but successful completion of other pre-clinical studies is necessary before it can move into formal regulatory studies.

The company s third program is based on a new drug candidate for neurodegenerative disease, NXD-5150, which successfully completed important pre-clinical milestones. Nymox has exclusive rights to two patent applications covering NXD-5150 as well as other related drug candidates for neurodegenerative disorders.

Nymox faces intense competition for the development of an effective treatment for Alzheimer s disease. The market conditions for an Alzheimer s disease drug strongly favor the entry of other corporations into the area. The current market for therapeutic drugs for Alzheimer s disease is an estimated $2 billion. This market is expected to grow rapidly as new drugs enter the market and as the baby boom generation becomes more at risk for developing Alzheimer s disease. As a result, most of the major pharmaceutical companies and many biotechnology companies have ongoing research and development programs for drugs and treatments for Alzheimer s disease. Many of these companies have much greater scientific, financial and marketing resources than we have and may succeed in developing and introducing effective treatments for Alzheimer s disease before we can. At present, four drugs for Alzheimer s disease are being widely marketed in the United States, Aricept® by Pfizer, Exelon® by Novartis, Razadyne® by Janssen and Namenda™ by Forest. These four drugs only treat some of the symptoms of Alzheimer’s disease by enhancing memory and other mental functions and not the underlying causes of the illness.

Oncology products

We are in the preclinical stage of developing therapeutic products for oncological indications based on technology licensed from the Massachusetts General Hospital. We cannot predict with any certainty whether any such product will successfully complete preclinical testing, whether government regulatory agencies, such as the FDA, will permit such products to proceed to human trials, or whether ultimately any such product will be granted approval for sale and marketing in the U.S., Canada, or elsewhere in the world.

New Diagnostic Products

Nymox has a number of proprietary diagnostic markers and technologies, including a patented platform for point-of-care testing, and has tests utilizing these technologies in the early stages of development. Nymox also has U.S. patents for a unique method and device for using saliva to determine cholesterol levels and for a method of testing for osteoporosis. The company also owns patent rights to several novel biochemical indicators for Alzheimer s disease.

Manufacturing Arrangements

Our NicAlert™ and TobacAlert™ products and AlzheimAlert™ kits are currently partly manufactured through out-sourcing arrangements with contract manufacturers. To date, we have not experienced any significant interruptions in the manufacture of these products and the cost of the manufacturing services has not been volatile. The manufacturing services supplied by our current contract manufacturer are not unique or unduly complicated and other contract manufacturers are available to provide similar services in the event that our current contract manufacturer fails to meet our needs.

Property, Plant and Equipment

Nymox and Serex laboratory facilities in Hasbrouck Heights, New Jersey comprise 4,799 square feet of leased space. That lease agreement expires August 31, 2010. Nymox office and research facilities in St. Laurent, Quebec, Canada comprise 8,781 square feet of leased space. The lease agreement expires on August 31, 2010. Nymox Pharmaceutical Corp. and its two US subsidiaries Nymox Corp. and Serex, Inc. own a full complement of equipment used in all aspects of their research and development work. Nymox believes that its facilities are adequate for its current needs and that additional space, if required, would be available on commercially reasonable terms.

Governmental Regulation

Our AlzheimAlert™ test is subject to extensive government regulation in the United States. Any changes in CMS or state law requirements or in the FDA regulations could have an impact on our future ability to offer or market any reference laboratory services and/or on our ability to obtain reimbursement from the Medicare and Medicaid programs and providers.

We have developed a diagnostic kit version of the AlzheimAlert™ test. We will need to obtain FDA approval before we can market or sell such a diagnostic kit version outside of the clinical reference laboratory setting in the United States. Such approval for this type of commercial development is necessary for all in vitro diagnostic kits. On July 15, 2005, an FDA advisory panel voted 5-2 against recommending approval of our PMA application for the kit, citing the need for further studies, such as long term follow-up and autopsy confirmation. We cannot predict with any certainty when or if FDA approval will be forthcoming and we anticipate that more clinical testing or further documentation will be required before approval. If approved, the diagnostic kit would then be subject to postmarketing record and reporting obligations and manufacturing requirements.

Similar requirements exist in many other countries. In November 2004, Nymox satisfactorily completed the testing and registration required by European regulatory, environmental and quality standards in order to obtain a CE Mark for the AlzheimAlert™ kit. The CE Mark makes the AlzheimAlert™ kit eligible for sale in the European Union and enables European clinical and hospital laboratories to perform the AlzheimAlert™ test in their own facilities in Europe.

The regulatory process leading to such approval can be time-consuming and expensive and can result in an outright denial or a very limited approval only. Our product will be subject to premarketing and postmarketing requirements applicable to such devices, including those governing:

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clinical testing;

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design control procedures;

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prior FDA approval of a 510(k) application, where the FDA has determined that our diagnostic device is substantially equivalent to a marketed device, or a premarket approval application, where the FDA has been satisfied with clinical studies demonstrating the safety and efficacy of our device;

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postmarketing record and reporting obligations; and

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good manufacturing practices.

The requirements for a premarket approval application are analogous to those for the approval of a new drug and include four categories of information: indications for use, device description and manufacturing methods, alternative practices and procedures for the diagnosis of the disease and clinical and nonclinical studies. The requirements for a 510(k) application are generally less onerous but still include indications for use, safety and effectiveness data as well as manufacturing and quality assurance data and information. There can be no assurance that the AlzheimAlert™ test or any other medical device that we may develop in the future will obtain the necessary approvals within a specified time framework, if ever. In addition, the FDA may impose certain postmarketing requirements that may significantly increase the regulatory costs associated with our product. The FDA has recourse to a wide range of administrative sanctions and civil and criminal penalties in order to enforce the applicable laws, rules and regulations.

Our therapeutic products under development by Nymox would also have to receive regulatory approval. This is a costly, lengthy and risky process. In the United States, in order for a product to be marketed, it must go through four distinct development and evaluation stages:

Product Evaluation

We must conduct preliminary studies of potential drug candidates using various screening methods to evaluate them for further testing, development and marketing.

Optimization of Product Formulation

The activities in this stage of development involve consultations between us and investigators and scientific personnel. Preliminary selection of screening candidates to become product candidates for further development and further evaluation of drug efficacy is based on a panel of research based biochemical measurements. Extensive formulation work and in vitro testing are conducted for each of various selected screening candidates and/or product candidates.

Clinical Screening and Evaluation

During this phase of development, portions of which may overlap with product evaluation and optimization of product formulation, initial clinical screening of product candidates is undertaken and full scale clinical trials commence. The FDA must approve any clinical testing on healthy subjects (Phase 1) and on patients (Phase 2 and 3).

Final Product Development

The activities to be undertaken in final product development include performing final clinical evaluations, conducting large-scale experiments to confirm the reproducibility of clinical responses, making clinical lots for any additional extensive clinical testing that may be required, performing any further safety studies required by the FDA, carrying out process development work to allow pilot scale production of the product, completing production demonstration runs for each potential product, filing new drug applications, product license applications, investigational device exemptions (and any necessary supplements or amendments) and undergoing comprehensive regulatory approval programs and processes.

We cannot assure you that we will successfully complete the development and commercialization of any therapeutic products.

In the United States, obtaining the necessary FDA approval for any drug is a lengthy, expensive and often arduous process. We cannot predict with any certainty the amount of time the FDA will take to approve one of our drugs or even whether any such approval will be forthcoming. Similar requirements exist in many other countries.

In the United States, the FDA approval procedure is a two-step process. We must file an investigational new drug (IND) application for each product with the FDA before beginning the initial (Phase 1) clinical testing of the new drug in healthy subjects. If the FDA has not commented on or questioned the application within 30 days of its filing, initial clinical studies may begin. If, however, the FDA has comments or questions, the questions must be answered to the satisfaction of the FDA before initial clinical testing can begin. In some instances, this process could result in substantial delay and expense. Phase I studies are intended to demonstrate the functional characteristics and safety of a product.

After Phase 1 testing, we must conduct extensive clinical trials with patients in order to establish the efficacy and safety of our drug. Once we complete the required clinical testing, we expect to have to file a new drug application for FDA approval in order to market most, if not all, of our new drugs. The application is complicated and detailed and must include the results of extensive clinical and other testing, the cost of which is substantial. The FDA conducts an extensive and often lengthy review of such applications. The agency is required to review applications within 180 days of their filing, but, during the review, frequently requests that additional information be submitted. This starts the 180-day regulatory review period anew when the requested additional information is submitted and, as a result, can significantly extend the review period. Until the FDA actually approves the new drug application, there can be no assurance that the agency will consider the information requested and submitted to justify approval. The packaging and labeling of products are also subject to FDA regulation. Accordingly, it is impossible to anticipate when the FDA will approve a new drug application.

Our lead candidate is NX-1207. We cannot predict with any certainty the outcome of future trials, what further steps may be required in order to apply for final FDA approval for this drug or whether the FDA will ultimately grant us such approval.

We must also obtain approval for our drugs or diagnostic devices from the comparable regulatory authority in other countries before we can begin marketing our product in that country. The approval procedure varies from country to country and can involve additional testing. The time required may differ from that required for FDA approval. Although there are some procedures for unified filings for certain European countries, in general each country has its own procedures and requirements, many of which are time-consuming and expensive. Thus, there can be substantial delays in obtaining required approvals from both the FDA and foreign regulatory authorities after the relevant applications are filed.

After such approvals are obtained, further delays may be encountered before the products become commercially available. If, subsequent to approval, new information becomes available concerning the safety or effectiveness of any approved product, the regulatory authority may require the labeling for the affected product to be revised or the product to be withdrawn. Our manufacturing of any approved drug must conform with the FDA s good manufacturing practice regulations which govern the production of pharmaceutical products and be subject to inspections and compliance orders.

Government regulation also affects our ability to receive an appropriate level of reimbursement for our products. Throughout the developed world, both public and private health care plans are under considerable financial and political pressure to contain their costs. The two principal methods of restricting expenditures on drugs and diagnostic products and services are to deny coverage or, if coverage is granted, to limit reimbursement. For single-payer government health care systems, a decision to deny coverage or to severely restrict reimbursement for one of our products can have an adverse effect on our business and revenues.

In the United States, where, to a significant degree, the patient population for our products is elderly, Medicare and Medicaid are sources of reimbursement. In general, any restriction on reimbursement, coverage or eligibility under either program could adversely affect reimbursement to Nymox for products and services provided to beneficiaries of the Medicare and/or Medicaid programs. Many elderly people are covered by a variety of private health care organizations either operating private health care plans or Medicare or Medicaid programs subject to government regulation. These organizations are also under considerable financial constraints and we may not be able to secure coverage or adequate reimbursement from these organizations. Without coverage, we will have to look to the patients themselves who may be unwilling or unable to pay for the product; in turn, doctors may be reluctant to order or prescribe our products in the absence of coverage of the product for the patient.

In response to rising health care costs, there have been a number of legislative and administrative proposals in the U.S. for the reform of the heathcare system. In 1997 the U.S. Congress implemented sweeping changes to the U.S. Medicare and Medicaid systems. Under Part C: Medicare + Choice programs, beneficiaries can opt for a variety of health delivery models, including coordinated care plans, HMOs, preferred provider organizations and provider sponsored organizations, private fee-for-service plans and medical savings account plans. In addition, states have the option to require Medicaid recipients to enroll with managed health care plans without first obtaining a waiver, making it substantially easier for the states to meet their Medicaid obligations through private managed care organizations. All these health care delivery systems, including the original Medicare and Medicaid systems, are subject to funding formulas and spending caps and may compensate for these restrictions by limiting coverage, eligibility and/or payments. In 2003, the U.S. government added insurance coverage to help pay for prescription drugs to Medicare. Legislative proposals before Congress to change the pricing mechanism for the prescription drugs available through that program, if passed, may have the effect of reducing the prices and profitability of such drugs. The long-term impact of legislative changes in terms of their efficiency, effectiveness and financial viability in delivering health care services to an aging population is uncertain at present. Any legislative or regulatory actions to reduce or contain federal spending under either the Medicare or Medicaid programs could adversely affect our ability to participate in either program as a provider or supplier of services or products and the amount of reimbursement under these programs potentially available to us.

Our AlzheimAlert™ test, and any of the new diagnostic and therapeutic products and services that we may develop, will be subject to coverage determinations by health care providers and payers. Federal and state regulations and law and internal coverage policies of health care organizations affect our ability to obtain payments for our products and services. The Medicare program will not pay for any expenses incurred for items or services that are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member. Historically, CMS interpreted this provision in order to exclude from Medicare coverage those medical and health care services that are not demonstrated to be safe and effective by acceptable clinical evidence. CMS recently revised both its national coverage policies and procedures in general and specifically its coverage of diagnostic laboratory tests and constituted a Medicare Coverage Advisory Committee to provide advice on the effectiveness and appropriateness of medical items and services that are eligible for coverage under Medicare. It is unknown how these changes will affect our ability to obtain Medicare coverage for its products and services. However, an adverse national coverage decision with respect to one of our products or services will make it impossible to receive reimbursement from Medicare for that product and more difficult to convince private health care organizations to provide coverage for it. Even if we receive a favorable coverage decision for one of our products or services, there is no guarantee that the level of reimbursement for it will be close to our retail price for it or commensurate with the costs of developing and marketing it.

Patents And Proprietary Information

We believe that patent and trade secret protection is important to our business, and that our success will depend, in part, on our ability to obtain strong patents, to maintain trade secret protection and to operate without infringing the proprietary rights of others.

The commercial success of products incorporating our technologies may depend, in part, upon our ability to obtain strong patent protection. We cannot assure you that additional patents covering new products or improvements will be issued or that any new or existing patents will be of commercial benefit or be valid and enforceable if challenged.

We pursue a policy of seeking patent protection for valuable patentable subject matter of our proprietary technology and require all employees, consultants and other persons who may have access to its proprietary technology to sign confidentiality agreements.

The Company currently owns or has licensed exclusive rights to several hundred patents and patent applications in the U.S. and other countries around the world in support of its proprietary product development programs. Nymox has twenty U.S. patents issued or allowed and a corresponding larger number of patents and patent applications worldwide. Nymox has issued patents in the main European markets, including Great Britain, Germany, France, Italy, The Netherlands, Sweden and Spain among others and in other countries such as Japan, Canada and Australia. These patents and patent applications cover much of our current product development and technologies, including new drug candidates, proprietary screening technologies for finding drugs, promising diagnostic markers, new diagnostic assay methods, methods of treating meat and other food products; and anti-infective agents. The earliest expiry date for its

issued patents is July 2010 and the rest range from 2013 through 2021.

Nymox's subsidiary, Serex, has thirteen patents issued or allowed in the United States and a corresponding larger number of patents and patent applications worldwide. These patents and patent applications cover such areas as Serex's proprietary diagnostic technologies and methodologies. The expiry dates for its patents range from 2012 to 2017.

Nymox also has exclusive rights to twelve issued U.S. patents as well as a corresponding larger number of patents and patent applications worldwide through research and license agreements. The earliest of these patents expires in 2014.

Many companies have patents covering various drugs, methods and discoveries in the fields of diagnostics and therapeutics for Alzheimer s disease and related conditions and of new anti-infective agents. We believe that the patents issued to date will not preclude Nymox from developing and marketing our products; however, it is impossible to predict the extent to which licenses from third parties will be necessary. If Nymox were to need licenses from third parties there can be no assurance that we could obtain such licenses on commercially reasonable terms, if at all.

In the fields of diagnostic methods and diagnostic tests for common human diseases and conditions, where Serex has many of its patents, there are many patents issued covering many areas of diagnostic methods, tests and technologies. We believe that these patents issued to date to other companies will not preclude Serex from developing and marketing its products but you should be aware that it is often difficult to determine the nature, breadth and validity of competing patent claims in these fields, that there has been significant litigation in some of these areas (not involving Serex) and that, if and when Serex s products become more commercially successful, Serex s products or patents may become the subject matter of litigation. If Serex were to need licenses from third parties there can be no assurance that it could obtain such license on commercially reasonable terms, if at all.

Neither Nymox nor Serex are currently involved in litigation over patent and other intellectual property rights but significant litigation over these matters in the pharmaceutical and biotechnology industry is not uncommon. The validity and extent of patent rights can be very difficult to determine and involve complex legal, factual and scientific questions. Important legal issues about patent protection in the field of biotechnology have not been resolved. Patent litigation is costly and time-consuming and can consume substantial resources. An adverse decision can preclude the marketing of a product, expose us to significant liabilities or require us to obtain third party licenses, which may not be available at commercially reasonable prices.

We also rely upon trade secrets, know-how, and continuing technological advancement to develop and maintain our competitive position. We control the disclosure and use of our know-how and confidential information through agreements with the parties involved. In addition, we have confidentiality agreements with our key employees, consultants, officers and directors. There can be no assurance, however, that all confidentiality agreements will be honored, that others will not independently develop equivalent technology, that disputes will not arise as to the ownership of intellectual property, or that disclosure of our trade secrets will not occur. Furthermore, there can be no

assurance that others have not obtained or will not obtain patent protection that will exclude us from using our trade secrets and confidential information. To the extent that consultants or research collaborators use intellectual property owned by others in their work with us, disputes may also arise as to the rights to related or resulting know-how or inventions.

Competition

Rapidly evolving technology and intense competition are the hallmarks of modern pharmaceutical and biotechnology industries. Our competitors include:

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major pharmaceutical, diagnostic, chemical and biotechnology companies, many of which have financial, technical and marketing resources significantly greater than ours;

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biotechnology companies, either alone or in collaborations with large, established pharmaceutical companies to support research, development and commercialization of products that may be competitive with ours; and

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academic institutions, government agencies and other public and private research organizations which are conducting research into Alzheimer’s disease and which increasingly are patenting, licensing and commercializing their products either on their own or through joint ventures.

In the field of Alzheimer’s disease diagnosis, our AlzheimAlert™ test faces growing competition which could detrimentally impact on our ability to successfully market and sell our diagnostic test. Our competitors include:

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Athena Diagnostics, Inc., a wholly owned subsidiary of Thermo Fischer Scientific, which is currently marketing three tests claimed to aid in the diagnosis of Alzheimer's disease: a genetic test for the rare cases of familial, early-onset Alzheimer's disease; a genetic test for a relatively common mutation of a gene said to increase the likelihood of a person with at least one of the genes contracting the disease; and a test for two proteins in the spinal fluid of patients.

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Innogenetics NV which currently markets tests and kits for two proteins and a variant of one of these proteins in the spinal fluid of patients and a genetic test for a relatively common mutation of a gene said to increase the likelihood of a person developing the disease.

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Applied NeuroSolutions, Inc. currently markets a research test for a variant of a protein in the spinal fluid of patients.

There are also a number of other proposed biochemical signs of the disease that could potentially be developed into a commercial diagnostic test as well as various scanning and imaging technologies which compete for a portion of the diagnostic market for Alzheimer s disease. In June 2004, the Centers for Medicare and Medicaid Services (CMS) approved limited coverage of a Positronic Emission Tomography (PET) imaging procedure for helping to more precisely distinguish Alzheimer's disease from a rarer type of dementia when clinical evaluation has been inconclusive. In October 2004, the National Institute of Aging in conjunction with other Federal agencies, private companies and organizations launched the Alzheimer s Disease Neuroimaging Initiative, a $60 million initiative to test whether various scanning and imaging technologies, biochemical markers, and clinical and neuropsychological testing can be combined to help diagnose early Alzheimer s disease. A number of companies, including GE, are actively working to develop imaging technologies for the diagnosis of Alzheimer s disease.

Our NicAlert™ and TobacAlert™ products face competition from clinical laboratories such as LabCorp and Quest Diagnostics which provide off-site lab testing for cotinine, the by-product of the body’s breakdown of nicotine measured by NicAlert™ and TobacAlert™, and from assay suppliers, including immunoassay developers such as Orasure Techologies Inc. and Cozart Bioscience Ltd, and diagnostic system manufacturers such as Roche Diagnostics, Abbott and Diagnostic Products Corporation. NicAlert™ and TobacAlert™ also face competition from distributors who supply simple yes-no smoking status tests such as SmokeCheck, NicQuick, and QuickScreen, from NicCheck I, an FDA-cleared smoking status test being marketed by Mossman & Associates Ltd, from SmokeScreen, a chemical color-based tobacco test being marketed by Mermaid Diagnostics, Ltd. in the United Kingdom, and from carbon monoxide (CO) monitors such as SmokeCheck.

We also face intense competition for the development of an effective treatment for Alzheimer s disease. The market conditions for an Alzheimer s disease drug strongly favor the entry of other corporations into the area. The current market for therapeutic drugs for Alzheimer s disease is an estimated $2 billion. This market is expected to grow rapidly as new drugs enter the market and as the baby boom generation becomes more at risk for developing Alzheimer s disease. As a result, most of the major pharmaceutical companies and many biotechnology companies have ongoing research and development programs for drugs and treatments for Alzheimer s disease. Many of these companies have much greater scientific, financial and marketing resources than we have and may succeed in developing and introducing effective treatments for Alzheimer s disease before we can. At present, four drugs for Alzheimer s disease are being widely marketed in the United States, Aricept® by Pfizer, Exelon® by Novartis, Razadyne® by Janssen and Namenda™ by Forest. These four drugs only treat some of the symptoms of Alzheimer's disease by enhancing memory and other mental functions and not the underlying causes of the illness.

A similar competitive reality prevails in the field of novel anti-infectives. Over the past ten years, there has been an increasing awareness of the medical need and of emerging market opportunities for new treatments for antibiotic resistant bacterial infections. Many of the major pharmaceutical companies are developing anti-infective drugs that either modify their existing drugs or involve new anti-bacterial properties. Many biotechnology companies are developing new classes of anti-bacterial drugs. At least three major pharmaceutical companies have vaccines against bacterial infections in development. To the extent that these companies are able to develop drugs or vaccines that offer treatment for some or all of the indications for our anti-infectives, the market for our products may be adversely affected.

Our treatments under development for enlarged prostate (benign prostatic hyperplasia or BPH) face significant competition from existing products. There are eight drugs approved for treatment of BPH: four proprietary drugs (dutasteride (Avodart®), tamsulosin (Flomax®), alfusozin (Uroxatral®), and silodosin (Rapaflo™)) and four generics (finasteride, terazozin, doxazozin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the tube leading from the bladder through the penis through which men urinate) or through the abdomen. The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted.

The problem of *E. coli* O157:H7 contamination of hamburger meat and other food products is also well-known and a number of companies and researchers have been pursuing various potential solutions, including irradiation with x-rays, better detection of contamination, electronic pasteurization, vaccination and competitive exclusion of the pathogenic *E. coli* bacteria by harmless bacteria. The development of alternative solutions to the problem of E. coli infection may adversely affect the market for our treatment for *E. coli* O157:H7 infection in cattle and contamination of food products.

Marketing

Our AlzheimAlert™ test is certified with a CE Mark, making the device eligible for sale in the European Union. Nymox has signed distribution agreements for AlzheimAlert™ in Italy, the Czech Republic, Spain, Greece, Italy, the United Kingdom and South Korea.

At present, we do most of our marketing ourselves. To increase our marketing, distribution and sales capabilities both in the United States and around the world, we will need to enter into licensing arrangements, contract sales agreements and co-marketing deals. We cannot assure you that we will be able to enter into agreements with other companies on terms acceptable to us, that any licensing arrangement will generate any revenue for the company or that the costs of engaging and retaining the services of a contract sales organization will not exceed the revenues generated.

If successfully developed and approved, we plan to market and sell our therapeutic and diagnostic products directly or through co-promotion arrangements or other licensing arrangements with third parties. In cases where we have sole or shared marketing rights, we plan to build a small, focused sales force if and when such products approach marketing approval in some markets, including Europe. Implementation of this strategy will depend on many factors, including the market potential of any products we develop as well as on our financial resources. To the extent we will enter into co-promotion or other licensing arrangements, any revenues received by us will be dependent on the efforts of third parties.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

Principal Markets

The Company markets its products for sale principally in the United States, Canada and overseas. Set forth below is a breakdown of the Company s revenues by geographic market for the last three years.

	Canada	United States	Europe and other
Revenues:			
2008	$ 9,637	$ 347,764	$ 71,008
2007	34,410	349,337	50,186
2006	26,370	313,148	103,343

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

General

Nymox Pharmaceutical Corporation is a biopharmaceutical company with three unique proprietary products on the market, and an R&D pipeline of drug and diagnostic products in development.

We market the AlzheimAlert™ test as an aid to the diagnosis of Alzheimer’s disease. The kit version of the AlzheimAlert™ test is certified with a CE Mark in Europe. AlzheimAlert™ is an improved version of our AD7C™ test, from which we began generating revenue from sales in 1997.

We also market NicAlert™ and TobacAlert™, our two products, which determine a person's level of exposure to tobacco products. These products are also certified with a CE Mark, making the devices eligible for sale in the European Union.

We have under development therapeutic agents for the treatment of Alzheimer s disease, for the treatment of enlarged prostate (BPH) and of certain antibiotic-resistant infections as well as antibacterial agents for E. coli contamination of food and drink products.

We also have the rights to a U.S. patent for the use of statin drugs for the treatment or prevention of Alzheimer s Disease.

We have incurred operating losses throughout our history. Management believes that such operating losses will continue for the next few years. The costs relating to clinical trials for our potential therapeutic products will increase expenditures and delay profitability, despite anticipated increases in sales revenue in the coming years.

All figures are presented in U.S. dollars, unless otherwise stated.

History of Capital Funding

We fund our operations and projects primarily by selling shares of Nymox s common stock. However, since 1997, a small portion of our funding also comes from sales. This source of funding became more significant in late 1998, following the launch of our urinary version of the AD7C™ test. Since its incorporation in May, 1995, Nymox raised the capital necessary to fund its on-going research and development work and its marketing and sales operations primarily through private placements of its shares.

On December 1, 1997, our common shares began trading on the Nasdaq Stock Market. Nymox s common shares also traded on the Montreal Exchange from December 18, 1995 to November 19,1999.

Private placements completed by Nymox since December, 1995 are as follows:

.

December 1995, 1,578,635 common shares at a price of CAN$2.00 (US$1.38) per share for total proceeds of CAN$3,157,270 (US$2,187,536);

.

April 1996, 877,300 common shares at a price of CAN$6.00 (US$4.15) per share for total proceeds of CAN$5,263,800 (US$3,647,059);

.

May 1997, 696,491 common shares at a price of CAN$6.50 (US$4.50) and warrants exercisable at a price of CAN$8.50 (US$5.88) per share for total proceeds of CAN$4,527,191 (US$3,136,694). In 1998, all 696,491 of these warrants were exercised for additional proceeds to Nymox of CAN$5,920,174 (US$4,101,832);

.

May 1998, 231,630 common shares at a price of CAN$8.50 (US$5.88) for total proceeds of CAN$1,968,855 (US$1,364,134). A total of 110,000 warrants were issued as well, exercisable at a price of CAN$8.50 (US$5.88) per share (50,000) and CAN$10.00 (US$6.93) per share (60,000). These warrants have since expired;

.

December 1998, 135,000 common shares and January 1999, 55,000 common shares at CAN$8.50 (US$5.88) per share, for total proceeds of CAN$1,615,000 (US$1,118,963). A total of 95,000 warrants were issued as well, exercisable at the price of CAN$10.00 (US$6.93) per share. These warrants have since expired;

.

September 1999, 122,000 common shares at CAN$5.00 (US$3.46) per share, for total proceeds of CAN$610,000 (US$422,642).

.

March 2000, 821,637 common shares at an average price of $4.87 per share, for total proceeds of $4,000,000. A total of 93,334 warrants were issued as well, exercisable at a price of $9.375 per share (66,667) and $7.8125 per share (26,667). These warrants expired on March 6, 2004.

.

March, 2001, 200,000 common shares at $2.06 per share, for total proceeds of $412,000. A total of 100,000 warrants were issued as well, exercisable at a price of $2.06. These warrants were exercised on February 17, 2003.

.

August 3, 2001, 80,000 common shares at $2.50 per share for total proceeds of $200,000.

.

August 22, 2001, 140,000 common shares at $3.75 per share for total proceeds of $525,000.

.

October 3, 2001, 110,000 common shares at $3.75 per share for total proceeds of $412,500.

.

November 14, 2001, 64,100 common shares at $3.90 per share for total proceeds of $250,000.

.

January 24, 2002, 74,074 common shares at $4.05 per share for total proceeds of $300,000.

.

March 18, 2002, 195,000 common shares at $4.20 per share for total proceeds of $819,000.

.

June 18, 2002, 90,000 common shares at $4.00 per share for total proceeds of $360,000.

.

July 17, 2002, 86,000 common shares at $4.68 per share for total proceeds of $403,000.

.

September 9, 2002, 91,000 common shares at $4.40 per share for total proceeds of $400,400.

.

November 27, 2002, 53,500 common shares at $3.75 per share for total proceeds of $200,625.

.

December 17, 2002, 125,000 common shares at $4.10 per share for total proceeds of $512,500.

.

February 17, 2003, 100,000 warrants were exercised at a price of $2.06 per share for total proceeds of $206,000.

From March 2000 to January 2003, we received a total of $1,327,273 for the following sales of our shares pursuant to a common stock purchase agreement with an investment company:

.

August 16, 2000, 152,616 common shares at a volume weighted average price of $3.2924 per share;

.

October 12, 2000, 137,889 common shares at a volume weighted average price of $3.6261 per share;

.

February 7, 2001, 161,696 common shares at a volume weighted average price of $2.0240 per share;

.

May 31, 2001, 56,108 common shares at a volume weighted average price of $1.9466 per share.

This common stock purchase agreement expired in January 2003. As part of the agreement we issued to the investment company a stock purchase warrant, which expired November 30, 2004, permitting it to purchase up to 200,000 shares of our common stock at an exercise price of $4.53 per share.

On January 27, 2003 we entered into a Common Stock Private Purchase Agreement with an investment company, Lorros-Greyse Investments, Ltd., for the future issuance and purchase of Nymox s common shares. In general, the agreement provided Nymox with a commitment from the investment company to purchase up to $5 million of Nymox s common shares over the twenty-four month period beginning in January 2003.

Under the terms of this agreement, which has since been replaced annually by new agreements with the same investor, we may give notice to the investment company requiring it to purchase a specified dollar amount of our shares. The amount specified in any one notice may be up to $500,000 but not less than $100,000. The maximum amount can be higher if both parties agree. The number of shares Nymox will issue to the investment company in return for that money will be equal to the amount specified in the notice divided by 97% of the average market price of our common shares for the five trading days preceding the giving of the notice.

Under the agreement dated January 27, 2003, we received a total of $2,360,000 for the following shares under this common stock private purchase agreement:

.

January 30, 2003, 107,382 common shares at a price of $3.725 per share.

.

March 3, 2003, 245,098 common shares at a price of $4.08 per share.

.

June 6, 2003, 167,224 common shares at a price of $2.99 per share.

.

July 8, 2003, 80,128 common shares at a price of $3.12 per share.

.

August 8, 2003, 77,778 common shares at a price of $2.70 per share.

On August 25, 2003, we signed a new Common Stock Private Purchase Agreement, whereby the same investor was committed to purchase up to $12 million of Nymox's common shares over the twenty-four month period beginning in August 2003, subject to the same terms and conditions as before.

Under the agreement dated August 25, 2003, we received a total of $4,350,000 for the following shares under this common stock private purchase agreement:

.

September 30, 2003, 204,918 common shares at a price of $2.44 per share.

.

October 21, 2003, 182,203 common shares at a price of $2.36 per share.

.

December 8, 2003, 106,383 common shares at a price of $2.82 per share.

.

December 22, 2003, 109,091 common shares at a price of $2.75 per share.

.

January 14, 2004, 102,041 common shares at a price of $3.92 per share.

.

February 27, 2004, 69,284 common shares at a price of $4.33 per share.

.

March 10, 2004, 100,402 common shares at a price of $4.98 per share.

.

April 30, 2004, 92,807 common shares at a price of $4.31 per share.

.

June 22, 2004, 69,444 common shares at a price of $2.88 per share.

.

July 7, 2004, 140,056 common shares at a price of $3.57 per share.

.

August 3, 2004, 130,990 common shares at a price of $3.13 per share.

.

September 27, 2004, 52,885 common shares at a price of $2.08 per share.

On October 6, 2004, we signed a new Common Stock Private Purchase Agreement, whereby the same investor was committed to purchase up to $13 million of Nymox s common shares over the twenty-four month period beginning in October 2004, subject to the same terms and conditions as before.

Under the agreement dated October 6, 2004, we received a total of $3,485,000 for the following shares under this common stock private purchase agreement:

.

October 25, 2004, 95,238 common shares at a price of $2.10 per share.

.

December 14, 2004, 148,699 common shares at a price of $2.69 per share.

.

December 22, 2004, 78,616 common shares at a price of $3.18 per share.

.

February 9, 2005, 82,474 common shares at a price of $2.91 per share.

.

February 22, 2005, 50,676 common shares at a price of $2.96 per share.

.

March 17, 2005, 51,136 common shares at a price of $2.64 per share.

.

April 25, 2005, 127,119 common shares at a price of $2.36 per share.

.

May 24, 2005, 109,489 common shares at a price of $2.74 per share.

.

June 9, 2005, 95,339 common shares at a price of $2.36 per share.

.

June 17, 2005, 58,333 common shares at a price of $2.40 per share.

.

July 15, 2005, 92,437 common shares at a price of $2.38 per share.

.

August 2, 2005, 98,684 common shares at a price of $2.28 per share.

.

August 18, 2005, 83,333 common shares at a price of $2.40 per share.

.

September 26, 2005, 110,619 common shares at a price of $2.26 per share.

.

October 11, 2005, 72,464 common shares at a price of $2.07 per share.

.

November 10, 2005, 49,020 common shares at a price of $2.04 per share.

On October 21, 2005, we signed a new Common Stock Private Purchase Agreement, whereby the same investor was committed to purchase up to $13 million of Nymox s common shares over the twenty-four month period beginning in October 2005, subject to the same terms and conditions as before.

Under this agreement dated October 21, 2005, we received a total of $4,655,000 for the following shares under this common stock private purchase agreement:

.

November 18, 2005, 49,020 common shares at a price of $2.04 per share.

.

December 8, 2005, 46,729 common shares at a price of $2.14 per share.

.

December 14, 2006, 47,847 common shares at a price of $2.09 per share.

.

January 10, 2006, 50,000 common shares at a price of $2.00 per share.

.

January 18, 2006, 51,020 common shares at a price of $1.96 per share.

.

January 24, 2006, 52,083 common shares at a price of $1.92 per share.

.

February 3, 2006, 51,020 common shares at a price of $1.96 per share.

.

February 10, 2006, 51,546 common shares at a price of $1.94 per share.

.

February 25, 2006, 103,093 common shares at a price of $1.94 per share.

.

March 6, 2006, 52,632 common shares at a price of $1.90 per share.

.

March 16, 2006, 51,813 common shares at a price of $1.93 per share.

.

March 27, 2006, 246,914 common shares at a price of $4.05 per share.

.

April 12, 2006, 188,917 common shares at a price of $3.97 per share.

.

May 2, 2006, 82,645 common shares at a price of $3.63 per share.

.

July 25, 2006, 37,488 common shares were issued at a price of $2.67 per share.

.

August 7, 2006, 37,879 common shares were issued at a price of $2.64 per share.

.

August 24, 2006, 39,063 common shares were issued at a price of $2.56 per share.

.

September 12, 2006, 40,000 common shares were issued at a price of $2.50 per share.

.

September 26, 2006, 73,260 common shares were issued at a price of $2.73 per share.

.

October 3, 2006, 56,022 common shares were issued at a price of $3.57 per share.

.

October 18, 2006, 33,943 common shares were issued at a price of $3.83 per share.

.

October 25, 2006, 73,529 common shares were issued at a price of $4.08 per share.

.

November 20, 2006, 43,103 common shares were issued at a price of $4.06 per share.

On November 13, 2006, we signed a new Common Stock Private Purchase Agreement, whereby the same investor was committed to purchase up to $13 million of Nymox s common shares over the twenty-four month period beginning in November 2006, subject to the same terms and conditions as before.

Under this agreement dated November 13, 2006, we received a total of $4,750,000 for the following shares under this common stock private purchase agreement:

.

December 6, 2006, 29,499 common shares were issued at a price of $3.39 per share.

.

December 13, 2006, 56,818 common shares were issued at a price of $3.52 per share.

.

December 20, 2006, 91,185 common shares were issued at a price of $3.29 per share.

.

January 24, 2007, 121,294 common shares were issued at a price of $3.71 per share.

.

February 14, 2007, 181,087 common shares were issued at a price of $4.97 per share.

.

March 26, 2007, 67,869 common shares were issued at a price of $5.89 per share.

.

April 26, 2007, 97,276 common shares were issued at a price of $5.14 per share.

.

May 9, 2007, 286,145 common shares were issued at a price of $6.64 per share.

.

September 6, 2007, 57,582 common shares were issued at a price of $5.21 per share.

.

October 11, 2007, 77,042 common shares were issued at a price of $6.49 per share.

.

December 4, 2007, 64,205 common shares were issued at a price of $6.23 per share.

On November 16, 2007, we signed a new Common Stock Private Purchase Agreement, whereby the same investor was committed to purchase up to $15 million of Nymox s common shares over the twenty-four month period beginning in November 2007, subject to the same terms and conditions as before.

Under this agreement dated November 16, 2007, we received a total of $3,695,000 for the following shares under this common stock private purchase agreement:

.

January 30, 2008, 50,917 common shares were issued at a price of $4.91 per share.

.

February 12, 2008, 84,980 common shares were issued at a price of $5.06 per share.

.

March 4, 2008, 56,391 common shares were issued at a price of $5.32 per share.

.

March 28, 2008, 58,366 common shares were issued at a price of $5.14 per share.

.

May 6, 2008, 34,325 common shares were issued at a price of $4.37 per share.

.

May 27, 2008, 34,965 common shares were issued at a price of $4.29 per share.

.

June 23, 2008, 46,838 common shares were issued at a price of $4.27 per share.

.

July 24, 2008, 28,169 common shares were issued at a price of $3.55 per share.

.

August 6, 2008, 59,267 common shares were issued at a price of $4.64 per share.

.

August 22, 2008, 23,364 common shares were issued at a price of $5.35 per share.

.

September 10, 2008, 36,496 common shares were issued at a price of $5.48 per share.

.

September 17, 2008, 36,430 common shares were issued at a price of $5.49 per share.

.

September 26, 2008, 43,706 common shares were issued at a price of $5.72 per share.

.

October 23, 2008, 61,659 common shares were issued at a price of $4.46 per share.

.

November 26, 2008, 108,280 common shares were issued at a price of $3.14 per share.

.

December 22, 2008, 48,701 common shares were issued at a price of $3.08 per share.

On November 10, 2008, we signed a new Common Stock Private Purchase Agreement, whereby the same investor is committed to purchase up to $15 million of Nymox s common shares over the twenty-four month period beginning in November 2008, subject to the same terms and conditions as before.

Under this agreement dated November 10, 2008, which became effective December 23, 2008, we received a total of $450,000 for the following shares under this common stock private purchase agreement:

.

January 27, 2009, 70,225 common shares were issued at a price of $3.56 per share.

.

February 27, 2009, 65,789 common shares were issued at a price of $3.04 per share.

As of March 13, 2009, Nymox had approximately $14.55 million of financing available under the facility. We expect this stock purchase agreement to provide sufficient financing to enable us to advance our research and product development for the next two years.

Also, the Company has received total proceeds of approximately $1.03 million from the exercise of 346,400 options since 1995 as follows:

.

$355,536 for 158,900 shares at a per share price of $2.25

.

$258,858 for 83,000 shares at a per share price of $3.12

.

$16,000 for 5,000 shares at a per share price of $3.20

.

$38,750 for 10,000 shares at a per share price of $3.875

.

$2,620 for 1,000 shares at a per share price of $2.62

.

$96,290 for 25,000 shares at a per share price of $3.852

.

$9,650 for 5,000 shares at a per share price of $1.93

.

$47,000 for 10,000 shares at a per share price of $4.70

.

$96,875 for 25,000 shares at a per share price of $3.875

.

$108,250 for 25,000 shares at a price per share of $4.33

Pursuant to the share purchase agreement we entered into in March 2000 to acquire a controlling interest of Serex, Inc., a total of 257,607 additional shares and 158,526 warrants were issued in exchange for the shares of Serex. Since January 2004, 131,940 of these warrants have been exercised under a cashless exercise , whereby the warrant holder receives a number of shares equivalent in value to the net difference between the strike price on the warrant and the average market price on the day before the date of the cashless exercise , according to a formula contained in the warrant agreement. The net effect of these cashless exercises has been the issuance of 22,061 shares of Nymox common stock. Another 1,090 of these warrants were exercised resulting in the issuance of 1,090 shares of Nymox, for proceeds of $4,033.

In total, Nymox has raised over $53.8 million through the issuance of common stock or securities exercisable for shares of common stock, since its incorporation in May 1995.

We have no financial obligations of significance other than long-term lease commitments for our premises in the United States and Canada of $23,947 per month in 2009. Total commitments in 2009 and beyond are summarized in note 8 to the consolidated financial statements.

The demand note payable by the Company to a third party of $500,000, as at December 31, 2006 was paid in full in May 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in US dollars)

This Management s discussion and analysis (MD&A) comments on the Company s operations, performance and financial condition as at and for the years ended December 31, 2008, 2007 and 2006. This MD&A should be read together with the audited Consolidated Financial Statements and the related notes. All amounts in this report are in U.S. dollars, unless otherwise noted.

All financial information contained in this MD&A and in the Consolidated Financial Statements has been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The audited Consolidated Financial Statements and this MD&A were reviewed by the Company s Audit and Finance Committee and were approved by our Board of Directors.

Additional information about the Company can be obtained on EDGAR at www.sec.gov or on SEDAR at www.sedar.com.

Overview

Corporate Profile

Nymox Pharmaceutical Corporation is a biopharmaceutical company with a significant R&D pipeline in development. Nymox is developing NX-1207, a novel treatment for benign prostatic hyperplasia which is in Phase 3. NX-1207 has shown positive results in several Phase 1 and 2 clinical trials in the U.S. The Company successfully completed a 43 site prospective randomized double-blinded placebo controlled Phase 2 U.S. clinical trial of NX-1207 in 2006, which showed statistically significant efficacy and a good safety profile. In February 2008, the Company reported positive results in a 32 site U.S. Phase 2 prospective randomized blinded clinical trial, with statistically significant improvement compared to an approved BPH drug (finasteride). Nymox reported positive results in six other follow-up studies of NX-1207 in BPH patients. The Company is developing new treatments for bacterial infections in humans and for the treatment of E. coli O157:H7 contamination in food products. Nymox has candidates which are under development as drug treatments aimed at the causes of Alzheimer s disease, and has several other drug candidates in development. Nymox has U.S. and global patent rights for the use of statin drugs for the treatment and prevention of Alzheimer’s disease. Nymox developed the AlzheimAlert™ test, which is certified with a CE Mark in Europe. AlzheimAlert™ is an accurate, non-invasive aid in the diagnosis of Alzheimer’s disease. Nymox developed and markets NicAlert™ and TobacAlert™; which are tests that use urine or saliva to detect use of and exposure to tobacco products. NicAlert™ has received clearance from the U.S. Food and Drug Administration (FDA) and is also certified with a CE Mark in Europe. TobacAlert™ is the first test of its kind to accurately measure second and third hand smoke exposure in

individuals.

Risk Factors

The business activities of the Company since inception have been devoted principally to research and development. Accordingly, the Company has had limited revenues from sales and has not been profitable to date. We refer to the Risk Factors section of this Form 20F and of our Annual Information Form filed on SEDAR for a discussion of the management and investment issues that affect the Company and our industry. The risk factors that could have an impact on the Company's financial results are summarized as follows:

.

Our Clinical Trials for our Therapeutic Products in Development, such as NX-1207, May Not be Successful and We May Not Receive the Required Regulatory Approvals Necessary to Commercialize These Products

.

Our Clinical Trials for our Therapeutic Products, such as NX-1207, May be Delayed, Making it Impossible to Achieve Anticipated Development or Commercialization Timelines

.

A Setback in Any of our Clinical Trials Would Likely Cause a Drop in the Price of our Shares

.

We May Not be Able to Make Adequate Arrangements with Third Parties for the Commercialization of our Product Candidates, such as NX-1207

.