

Edgar Filing: MYMETICS CORP - Form 10-Q

MYMETICS CORP
Form 10-Q
November 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-25132

MYMETICS CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

25-1741849
(I.R.S. Employer
Identification No.)

European Executive Office
14, rue de la Colombiere
1260 Nyon (Switzerland)
(Address of principal executive offices)

011 41 22 363 13 10
(Registrant's telephone number, including area code)

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 ☒ No ☐

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

Large Accelerated Filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ Smaller Reporting Company ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Edgar Filing: MYMETICS CORP - Form 10-Q

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class -----	Outstanding at November 3, 2008 -----
Common Stock, \$0.01 par value	194,313,630

ITEM 1. FINANCIAL STATEMENTS

MYMETICS CORPORATION (A DEVELOPMENT STAGE COMPANY) CONSOLIDATED BALANCE SHEETS (UNAUDITED) (IN THOUSANDS OF EUROS)

	September 30, 2008 -----	December 31, 2007 -----
ASSETS		
Current Assets		
Cash	E 588	E 159
Short-term investment	--	60
Dream Vaccines Foundation receivable	110	--
Employee receivables	--	71
Prepaid expenses	34	27
	-----	-----
Total current assets	732	317
	-----	-----
	E 732	E 317
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	E 506	E 2,307
Taxes and social costs payable	10	4
Current portion of notes payable	--	2,000
Deferred grant revenue	63	--
Accrued trade creditors	386	11
Other	38	41
	-----	-----
Total current liabilities	1,003	4,363
Unsecured Convertible Notes Payable to shareholders	7,539	150
	-----	-----
Total liabilities	8,542	4,513
Shareholders' Equity (Deficit)		
Common stock, U.S. \$.01 par value; 495,000,000 shares authorized; issued and outstanding 194,313,630 at September 30, 2008 and 186,963,630 at December 31, 2007	1,742	1,694
Common stock issuable; nil shares at September 30, 2008 and 500,000 at December 31, 2007	--	3
Preferred stock, U.S. \$.01 par value; 5,000,000 shares authorized; none issued or outstanding	--	--
Additional paid-in capital	19,836	18,401

Edgar Filing: MYMETICS CORP - Form 10-Q

Deficit accumulated during the development stage	(30,075)	(24,966)
Accumulated other comprehensive income	687	672
	-----	-----
	(7,810)	(4,196)
	-----	-----
E 732	E 317	
=====	=====	

The accompanying notes are an integral part of these financial statements.

MYMETICS CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(IN THOUSANDS OF EUROS, EXCEPT FOR PER SHARE AMOUNTS)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007	TOTAL ACCUMULATED DURING THE DEVELOPMENT STAGE
	-----	-----	-----
Revenue			
Sales	E --	E --	E 224
Interest	--	--	34
Gain on extinguishment of debt	--	--	774
	-----	-----	-----
	--	--	1,032
	-----	-----	-----
Expenses			
Research and development	1,789	722	13,399
General and administrative	2,927	3,215	13,995
Bank fee	--	--	935
Interest	389	115	1,758
Goodwill impairment	--	--	209
Amortization	--	14	513
Directors' fees	--	--	274
Other	--	--	10
	-----	-----	-----
	5,105	4,066	31,093
	-----	-----	-----
Loss before income tax provision	(5,105)	(4,066)	(30,061)
Income tax provision	(4)	--	(14)
	-----	-----	-----
Net loss	(5,109)	(4,066)	(30,075)
Other comprehensive income			
Foreign currency translation adjustment	15	(38)	687
	-----	-----	-----
Comprehensive loss	E (5,094)	E (4,104)	E (29,388)
	=====	=====	=====
Basic and diluted loss per share	E (0.03)	E (0.03)	
	=====	=====	

The accompanying notes are an integral part of these financial statements.

Edgar Filing: MYMETICS CORP - Form 10-Q

MYMETICS CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(IN THOUSANDS OF EUROS, EXCEPT FOR PER SHARE AMOUNTS)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 -----	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 -----
Revenue		
Sales	E --	E --
Interest	--	--
	-----	-----
	--	--
	-----	-----
Expenses		
Research and development	712	504
General and administrative	1,446	564
Bank fee	--	--
Interest	180	9
Goodwill impairment	--	--
Amortization	--	5
Directors' fees	--	--
Other	--	--
	-----	-----
	2,338	1,082
	-----	-----
Loss before income tax provision	(2,338)	(1,082)
Income tax provision	1	--
	-----	-----
Net loss	(2,337)	(1,082)
Other comprehensive income		
Foreign currency translation adjustment	8	(37)
	-----	-----
Comprehensive loss	E (2,329)	E (1,119)
	=====	=====
Basic and diluted loss per share	E (0.01)	E (0.01)
	=====	=====

The accompanying notes are an integral part of these financial statements.

MYMETICS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
For the Period from May 2, 1990 (Inception) to September 30, 2008
(In Thousands of Euros)

Deficit

Edgar Filing: MYMETICS CORP - Form 10-Q

	Date of Transaction	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated During the Development Stage	Subso
Balance at May 2, 1990						
Shares issued for cash	June 1990	33,311,361	E119	E --	E --	E
Net losses to December 31, 1999		--	--	--	(376)	
Balance at December 31, 1999		33,311,361	119	--	(376)	
Bank fee		--	--	806	--	
Net loss for the year		--	--	--	(1,314)	
Balance at December 31, 2000		33,311,361	119	806	(1,690)	
Effect on capital structure resulting from a business combination	March 2001	8,165,830	354	(354)	--	
Issuance of stock purchase warrants in connection with credit facility (restated)	March 2001	--	--	210	--	
Issuance of shares for bank fee	March 2001	1,800,000	21	(21)	--	
Issuance of shares for bank fee	June 2001	225,144	3	(3)	--	
Issuance of shares for cash	June 2001	1,333,333	15	2,109	--	
Exercise of stock purchase warrants in repayment of debt	June 2001	1,176,294	13	259	--	
Exercise of stock purchase warrants for cash	December 2001	3,250,000	37	563	--	
Net loss for the year (restated)		--	--	--	(1,848)	
Translation adjustment		--	--	--	--	
Balance at December 31, 2001		49,261,962	562	3,569	(3,538)	
Exercise of stock options	March 2002	10,000	--	8	--	
Issuance of stock purchase warrants for bank fee	June 2002	--	--	63	--	
Exercise of stock purchase warrants in repayment of debt	July 2002	1,625,567	16	396	--	
Issuance of remaining shares from 2001 business combination	August 2002	46,976	1	(1)	--	
Net loss for the year		--	--	--	(3,622)	
Translation adjustment		--	--	--	--	
Balance at December 31, 2002		50,944,505	579	4,035	(7,160)	
Issuance of shares for services	September 2003	400,000	4	29	--	
Shares retired	October 2003	(51)	--	--	--	
Issuance of shares for services	November 2003	1,500,000	12	100	--	
Issuance of shares for cash	December 2003	1,500,000	12	113	--	
Issuance of stock purchase						

Edgar Filing: MYMETICS CORP - Form 10-Q

warrants for financing fee	December 2003	--	--	12	--
Net loss for the year		--	--	--	(2,786)
Translation adjustment		--	--	--	--
		-----	-----	-----	-----
Balance at December 31, 2003		54,344,454	607	4,289	(9,946)
		=====	=====	=====	=====
Issuance of shares for services	January 2004	550,000	5	27	--
Issuance of shares for cash	January 2004	2,000,000	17	150	--
Issuance of stock purchase warrants for financing fee	January 2004	--	--	40	--
Issuance of shares for cash	February 2004	2,500,000	21	187	--
Issuance of stock purchase warrants for financing fee	February 2004	--	--	62	--
Issuance of shares for services	April 2004	120,000	1	11	--
Issuance of shares for bank fee	May 2004	500,000	4	62	--
Issuance of shares for cash	May 2004	2,000,000	16	148	--
Issuance of shares for services	August 2004	250,000	2	26	--
Issuance of shares for cash	August 2004	1,466,667	12	128	--
Issuance of stock purchase warrants for financing fee	August 2004	--	--	46	--
Issuance of shares for services	September 2004	520,000	4	29	--
Issuance of shares for cash	September 2004	50,000	--	4	--
Issuance of shares for services	October 2004	2,106,743	16	132	--
Issuance of shares for services	November 2004	2,000,000	15	177	--
Issuance of shares for cash	November 2004	40,000	--	4	--
Net loss for the year		--	--	--	(2,202)
Translation adjustment		--	--	--	--
		-----	-----	-----	-----
Balance at December 31, 2004		68,447,864	E720	E5,522	E(12,148)
		=====	=====	=====	=====
Issuance of shares for services	January 2005	500,000	4	83	--
Issuance of shares for services	March 2005	200,000	2	33	--
Issuance of shares for services	March 2005	1,500,000	11	247	--
Issuance of shares for services	April 2005	60,000	1	10	--
Issuance of shares for cash	May 2005	52,000	--	5	--
Issuance of shares for cash	June 2005	50,000	--	3	--
Issuance of shares for cash	June 2005	50,000	--	3	--
Issuance of shares for cash	June 2005	343,500	3	14	--
Issuance of shares for cash	June 2005	83,300	1	3	--
Issuance of shares for cash	June 2005	100,000	1	4	--
Issuance of shares for cash	July 2005	144,516	1	6	--
Issuance of shares for cash	July 2005	144,516	1	6	--
Issuance of shares for cash	July 2005	144,516	1	6	--
Issuance of shares for cash	August 2005	206,452	2	8	--
Issuance of shares for cash	August 2005	50,000	--	2	--
Issuance of shares for services	September 2005	500,000	4	8	--
Issuance of shares for services	September 2005	500,000	4	8	--
Issuance of shares for services	September 2005	500,000	4	8	--
Issuance of shares for services	September 2005	300,000	3	5	--
Issuance of shares for services	September 2005	68,000	1	1	--
Issuance of shares for services	September 2005	173,200	1	3	--
Issuance of shares for cash	October 2005	87,459	1	2	--
Issuance of shares for services	October 2005	185,000	2	6	--

Edgar Filing: MYMETICS CORP - Form 10-Q

Issuance of shares for cash	October 2005	174,918	1	5	--
Issuance of shares for cash	October 2005	116,612	1	3	--
Issuance of shares for cash	November 2005	116,611	1	3	--
Issuance of shares for cash	November 2005	390,667	3	3	--
Issuance of shares for services	November 2005	20,000	--	--	--
Issuance of shares for services	November 2005	20,000	--	--	--
Issuance of shares for services	November 2005	20,000	--	--	--
Issuance of shares for services	November 2005	500,000	5	9	--
Issuance of shares for services	December 2005	140,000	2	2	--
Issuance of shares for cash	December 2005	390,667	3	3	--
Issuance of shares for cash	December 2005	390,666	3	3	--
Issuance of shares for cash	December 2005	6,000,000	50	200	--
Net loss for the year		--	--	--	(1,939)
Translation adjustment		--	--	--	--
Balance at December 31, 2005		82,670,464	837	6,227	(14,087)
Issuance of shares for services	January 2006	2,500,000	21	31	--
Issuance of shares for cash	January 2006	4,000,000	33	132	--
Issuance of shares for services	January 2006	100,000	1	2	--
Issuance of shares for cash	March 2006	1,500,000	12	38	--
Issuance of shares for cash	March 2006	2,500,000	21	62	--
Issuance of shares for cash	March 2006	250,000	2	6	--
Issuance of shares for cash	March 2006	1,500,000	12	38	--
Issuance of shares for services	April 2006	100,000	1	4	--
Issuance of shares for cash	May 2006	300,000	2	3	--
Issuance of shares for cash	May 2006	300,000	3	7	--
Issuance of shares for cash	May 2006	2,350,000	18	82	--
Debt Conversion - non cash	May 2006	1,000,000	8	31	--
Issuance of shares for cash	June 2006	2,600,000	20	80	--
Debt Conversion - non cash	July 2006	1,000,000	8	72	--
Debt Conversion - non cash	July 2006	1,000,000	8	72	--
Debt Conversion - non cash	July 2006	1,000,000	8	72	--
Debt Conversion - non cash	July 2006	500,000	4	36	--
Issuance of shares for services	November 2006	300,000	2	4	--
Issuance of shares for cash	November 2006	1,300,000	10	90	--
Issuance of shares for cash	November 2006	1,280,000	10	90	--
Issuance of shares for cash	December 2006	1,320,000	10	90	--
Issuance of shares for cash	December 2006	1,320,000	10	90	--
Issuance of shares for cash	December 2006	330,000	3	22	--
Net loss for the year		--	--	--	(1,585)
Translation adjustment		--	--	--	--
Balance at December 31, 2006		111,020,464	1,064	7,381	(15,672)
Issuance of shares for cash	January 2007	650,000	5	45	--
Issuance of shares for services	January 2007	300,000	2	6	--
Issuance of shares for services	January 2007	200,000	2	4	--
Issuance of shares for services	January 2007	250,000	2	5	--
Issuance of shares for services	February 2007	250,000	2	5	--
Issuance of shares for cash	February 2007	1,420,000	11	99	--
Issuance of shares for cash	February 2007	325,000	2	22	--
Issuance of shares for cash	March 2007	650,000	5	45	--
Issuance of shares for cash	March 2007	8,712,000	115	875	--

Edgar Filing: MYMETICS CORP - Form 10-Q

Debt Conversion - non cash	March 2007	12,500,000	94	2,505	--
Issuance of shares for services	April 2007	100,000	1	13	--
Issuance of shares for services	April 2007	200,000	1	25	--
Issuance of shares for services	April 2007	1,000,000	7	67	--
Issuance of shares for cash	May 2007	1,000,000	7	140	--
Issuance of shares for cash	May 2007	750,000	6	105	--
Debt Cancellation - non cash	May 2007	--	--	242	--
Debt Conversion - non cash	June 2007	9,469,000	70	891	--
Issuance of shares for cash	June 2007	5,393,000	40	760	--
Issuance of shares for services	June 2007	261,250	2	25	--
Issuance of shares for services	June 2007	261,250	2	25	--
Issuance of shares for officer compensation	June 2007	2,500,000	19	318	--
Issuance of shares for officer compensation	June 2007	2,500,000	19	318	--
Issuance of shares for officer compensation	June 2007	4,000,000	30	508	--
Issuance of shares for officer compensation	June 2007	1,000,000	7	127	--
Issuance of shares for officer compensation	June 2007	6,000,000	45	762	--
Issuance of shares for services	June 2007	135,000	1	12	--
Issuance of shares for cash	June 2007	2,250,000	17	12	--
Issuance of shares for cash	July 2007	5,550,000	42	1,208	--
Issuance of shares for cash	August 2007	933,333	7	193	--
Issuance of shares for services	August 2007	1,000,000	7	66	--
Issuance of shares for services	August 2007	1,000,000	7	66	--
Issuance of shares for services	August 2007	100,000	1	7	--
Issuance of shares for services	September 2007	300,000	2	21	--
Issuance of shares for cash	September 2007	1,666,667	12	344	--
Cancellation of shares for collateral	September 2007	-2,000,000	--	--	--
Issuance of shares for cash	October 2007	2,350,000	17	483	--
Issuance of shares for cash	November 2007	2,966,666	21	623	--
Issuance of shares for services	December 2007	500,000	3	48	--
Net loss for the year		--	--	--	(9,294)
Translation adjustment		--	--	--	--
Balance at December 31, 2007		187,463,630	1,697	18,401	(24,966)
Issuance of shares for services	January 2008	800,000	6	79	--
Issuance of shares for services	January 2008	200,000	1	20	--
Issuance of shares for cash	February 2008	1,000,000	7	326	--
Issuance of shares for services	March 2008	500,000	3	73	--
Issuance of shares for services	March 2008	500,000	3	73	--
Net loss for the period		--	--	--	(1,145)
Translation adjustment		--	--	--	--
Balance at March 31, 2008		190,463,630	1,717	18,972	(26,111)
Issuance of shares for subscription receivable	June 2008	300,000	2	94	--
Issuance of shares for subscription receivable	June 2008	1,300,000	8	492	--
Net loss for the period		--	--	--	(1,627)
Translation adjustment		--	--	--	--

Edgar Filing: MYMETICS CORP - Form 10-Q

Balance at June 30, 2008	192,063,630	1,727	19,558	(27,738)
Issuance of shares for services July 2008	2,000,000	13	239	--
Issuance of shares for services August 2008	250,000	2	39	--
Receipt of funds for subscription receivable	--	--	--	--
Net loss for the period	--	--	--	(2,337)
Translation adjustment	--	--	--	--
Balance at September 30, 2008	194,313,630	1,742	19,836	(30,075)

The accompanying notes are an integral part of these financial statements.

PART I. FINANCIAL INFORMATION

MYMETICS CORPORATION
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS OF EUROS)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007	TOTAL AC DURI DEVELOPM
Cash flow from operating activities			
Net Loss	E (5,109)	E (4,066)	E (30)
Adjustments to reconcile net loss to net cash used in operating activities			
Amortization	--	14	
Goodwill impairment	--	--	
Fees paid in warrants	--	--	
Gain on extinguishment of debt	--	--	
Services and fee paid in common stock	551	2,539	5
Amortization of debt discount	--	--	
Changes in current assets and liabilities, net of effects from reverse purchase			
Decrease(increase) in receivables	(39)	15	
Increase(decrease) in accounts payable	(1,801)	(765)	1
Increase(decrease) in taxes and social costs payable	6	(5)	
Increase(decrease) in accrued trade creditors	375	--	
Increase(decrease) in Other	53	(377)	
Net cash used in operating activities	(5,964)	(2,645)	(22)
Cash flows from investing activities			
Patents and other	--	(175)	
Short-term investments	60	--	
Cash acquired in reverse purchase	--	--	
Net cash provided by (used in) investing activities	60	(175)	

Edgar Filing: MYMETICS CORP - Form 10-Q

Cash flows from financing activities	-----	-----	-----
Proceeds from issuance of common stock	929	4,216	11
Borrowing from shareholders	5,389	730	6
Increase in note payable and other short-term advances	--	--	7
Decrease in note payable and other short-term advances	--	(1,490)	(1
Loan fees	--	--	
Net cash provided by financing activities	6,318	3,456	23
Effect on foreign exchange rate on cash	15	(38)	
Net change in cash	429	598	
Cash, beginning of period	159	29	
Cash, end of period	E 588	E 627	E
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

MYMETICS CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2008 (UNAUDITED)

Note 1. The Company and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim period consolidated financial statements of Mymetics Corporation (the "Company") set forth herein have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such SEC rules and regulations. The interim period consolidated financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report on Form 10-K for the fiscal year ended December 31, 2007.

The accompanying financial statements of the Company are unaudited. However, in the opinion of the Company, the unaudited consolidated financial statements contained herein contain all adjustments necessary to present a fair statement of the results of the interim periods presented. All adjustments made during the three-month and nine month periods ended September 30, 2008 were of a normal and recurring nature.

The Company was created for the purpose of engaging in research and development of human health products. Its main research efforts have been concentrated in the prevention and treatment of the AIDS virus until it acquired an ongoing malaria vaccine project from one of its close scientific partners. The Company has established a network which enables it to work with education centers, research centers, pharmaceutical laboratories and biotechnology companies.

These financial statements have been prepared treating the Company as a development stage company. As of September 30, 2008, the Company had not

Edgar Filing: MYMETICS CORP - Form 10-Q

performed any clinical testing and a commercially viable product is not expected for several more years. As such, the Company has not generated significant revenues. For the purpose of these financial statements, the development stage started May 2, 1990.

These financial statements have also been prepared assuming the Company will continue as a going concern. The Company has experienced significant losses since inception resulting in a deficit accumulated during the development stage of E30,075,000 at September 30, 2008. Deficits in operating cash flows since inception have been financed through debt and equity funding sources. In order to remain a going concern and continue the Company's research and development activities, management intends to seek additional funding. Management is seeking additional financing but there can be no assurance that management will be successful in any of those efforts.

The Company is focusing its efforts on funding its on-going expenses through high net worth individuals located in Switzerland. To date, these individuals have purchased restricted common shares at prices at a premium to the market price of Mymetics shares and have introduced management to other high net worth individuals who have a similar interest in the Company's science and mission. In addition to purchasing shares, two of the Company's principal shareholders have granted the Company E7,539,000 in unsecured convertible loans maturing in July 2010, with an interest rate of 10% and a conversion price of \$0.50 per share. Management believes that these loans will be either converted or rolled over until the Company's cash flow allows them to be paid in full. The Company expects to continue to rely on its existing high net worth shareholders and new individuals who they know to meet its expenses during the next 12 months.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated.

Foreign Currency Translation

The Company translates non-Euro assets and liabilities of its subsidiaries at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange throughout the year. Unrealized gains or losses from these translations are reported as a separate component of comprehensive income. Transaction gains or losses are included in general and administrative expenses in the consolidated statements of operations. The translation adjustments do not recognize the effect of income tax because the Company expects to reinvest the amounts indefinitely in operations. The Company's reporting currency is the Euro because substantially all of the Company's activities are conducted in Europe.

Cash

Cash deposits are occasionally in excess of insured amounts for purposes of the statement of cash flow. Interest paid was E389,000 and E115,000 for the nine months ended September 30, 2008 and 2007, respectively. The Company has paid no income tax since its inception.

Short Term Investments

Short term investments consist of time deposits with initial three-month maturities. Short term investments are reported at market value which approximates cost and there were no gains or losses in 2008.

Edgar Filing: MYMETICS CORP - Form 10-Q

Revenue Recognition

Revenue related to the sale of products will be recognized when all of the following conditions are met: persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured.

Current liabilities

Current liabilities include E63,000 deferred grant revenue, E81,000 due to Company officers and the balance to various suppliers.

Research and Development

Research and development costs are expensed as incurred.

Taxes on Income

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates.

Earnings per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding in the period. The weighted average number of shares was 193,878,847 and 177,933,920 for the three months ended September 30, 2008 and 2007, respectively. The weighted average number of shares was 191,123,484 and 146,495,984 for the nine months ended September 30, 2008 and 2007, respectively. Diluted earnings per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive securities. Options were not included in the computation of diluted earnings per share because their effect would be anti-dilutive due to net losses incurred.

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock. No shares are issued or outstanding at September 30 2008. The preferred stock is issuable in several

series with varying dividend, conversion and voting rights. The specific series and rights will be determined upon any issuance of preferred stock.

Stock-Based Compensation

On January 1, 2006, the Company adopted the fair value recognition provisions of FAS No. 123(R), Share-Based Payment, ("FAS 123R"). Prior to January 1, 2006, the Company accounted for stock-based payments under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"), and related Interpretations, as permitted by FAS No. 123, Accounting for Stock-Based Compensation ("FAS 123"). In accordance with APB 25, no compensation cost was required to be recognized for options granted that had an exercise price equal to the market value of the underlying common stock on the date of grant.

The Company adopted FAS 123R using the modified-prospective transition method.

Edgar Filing: MYMETICS CORP - Form 10-Q

Under that transition method, compensation cost recognized for the year ended December 31, 2006 and thereafter includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of FAS 123, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of FAS 123R. The financial results for the prior periods have not been restated. The Company will amortize stock compensation cost ratably over the requisite service period.

There were no options issued in 2008 or 2007 and there were no stock options that vested in either of those years.

The issuance of common shares for services is recorded at the quoted price of the shares on the date the services are rendered.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The Company generally has the following financial instruments: cash, short-term investments, employee receivable, accounts receivable, employee payable, accounts payable, and convertible notes payable. The carrying value of cash, employee receivables, and accounts payable approximate their fair value based on the short-term nature of these financial instruments. The Company adjusts the carrying value of its short-term investments to fair value with any unrecognized gains or losses recorded as a component of "Accumulated Other Comprehensive Income" and thus the carrying value equals fair value. Due to the short term nature of the convertible notes payable, management estimates that the fair value approximates carrying value.

Concentrations

The Company enters into scientific collaboration agreements with selected partners such as Pevion Biotech Ltd., a Swiss company that granted Mymetetics exclusive licenses to use their virosome vaccine delivery technology in conjunction with the Company's AIDS and malaria preventive vaccines under development. Under this agreement, Pevion Biotech is committed to supply the actual Virosomes and perform their integration with the Company's antigens, which requires proprietary know-how, at Pevion's premises. The agreement includes specific mechanisms to mitigate the risk of losing a key component of Mymetetics' vaccines should Pevion become unable to live up to its commitment.

Related party transactions

The Company's general counsel became a member of the Board of Directors on January 1, 2008. The Company incurred professional fees to the counsel's law

firm during the period ended September 30, 2008, totaling E68,419 of which E9,088 is payable at September 30, 2008.

Commitments

Edgar Filing: MYMETICS CORP - Form 10-Q

The Company entered into an agreement dated August 29, 2008 with P.S. StarGames, LLC to act as a sponsor of a scheduled tennis event at Madison Square Garden in New York City on March 2, 2009 featuring professional tennis players who have qualified by winning certain Grand Slam singles championships. The event is intended to be a charitable event and involves Dream Vaccines Foundation ("DVF") discussed further below, a non-profit entity that The Company is registering in the State of Delaware for which a "501c (3)" public charity status request is in the process of being submitted to the U.S. Internal Revenues Service. The Company has an obligation to contribute \$300,000 towards the event and has paid \$60,000 already but intend, in accordance with the terms of the agreement with StarGames, to assign its sponsor rights and obligations to another company that The Company believes will be interested in the publicity to be gained from such a sponsorship role.

New Accounting Pronouncements

None

Subsequent Events

None

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following discussion and analysis of the results of operations and financial condition of Mymetics Corporation for the periods ended September 30, 2008 and 2007 should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2007 and related notes and the description of the Company's business and properties included elsewhere herein.

This report contains forward-looking statements that involve risks and uncertainties. The statements contained in this report are not purely historical, but are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. These forward looking statements concern matters that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Words such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue", "probably" or similar words are intended to identify forward looking statements, although not all forward looking statements contain these words.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We are under no duty to update any of the forward-looking statements after the date hereof to conform such statements to actual results or to changes in our expectations.

Readers are urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation disclosures made under the captions "Management Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," "Consolidated Financial Statements" and "Notes to

Edgar Filing: MYMETICS CORP - Form 10-Q

Consolidated Financial Statements" included in our annual report on Form 10-K for the year ended December 31, 2007 and, to the extent included therein, our quarterly reports on Form 10-Q filed during fiscal year 2007.

NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

Revenue was nil for the nine months ended September 30, 2008 and 2007.

Costs and expenses increased to E5,105,000 for the nine months ended September 30, 2008 from E4,066,000 (25.6%) for the nine months ended September 30, 2007. Research and development expenses increased to E1,789,000 in the current period from E722,000 (147.8%) in the comparative period of 2007 as we were preparing the viral challenge tests of our immunized non-human primates. General and administrative expenses decreased to E2,927,000 in the nine months ended September 30, 2008 from E3,215,000 in the comparative period of 2007 (8.9%) mostly due to significant legal costs incurred during the nine months ended September 30, 2007.

The Company reported a net loss of E5,109,000, or E0.03 per share, for the nine months ended September 30, 2008, compared to a net loss of E4,066,000, or E0.03 per share, for the nine months ended September 30, 2007.

THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

Revenue was nil for the three months ended September 30, 2008 and 2007.

Costs and expenses increased to E2,338,000 for the three months ended September 30, 2008 from E1,082,000 (116.1%) for the three months ended September 30, 2007. Research and development expenses increased to E712,000 in the current period from E504,000 (41.3%) in the comparative period of 2007. General and administrative expenses increased to E1,446,000 in the three months ended September 30, 2008 from E564,000 in the comparative period of 2007 (156.4%) mostly due to significant due diligence costs in relation to potential acquisitions incurred during the three months ended September 30, 2008.

The Company reported a net loss of E2,337,000, or E0.03 per share, for the three months ended September 30, 2008, compared to a net loss of E1,082,000, or E0.03 per share, for the three months ended September 30, 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of E588,000 at September 30, 2008 compared to E159,000 at December 31, 2007.

We have not generated any material revenues since we commenced our vaccine research and development business in 2001, and we do not anticipate generating any material revenues on a sustained basis unless and until a licensing agreement or other commercial arrangement is entered into with respect to our technology.

Increase in borrowing from our shareholders was E5,389,000 in the current period compared to E730,000 during the nine months ended September 30, 2007.

As of September 30, 2008, we had an accumulated deficit of approximately E30 million, and we incurred losses of E5,109,000 in the nine-month period ending on that date. These losses are principally associated with the research and development of our HIV vaccine technologies and the acquisition of our new malaria vaccine project. We expect to continue to incur expenses in the future for research, development and activities related to the future licensing of our technologies.

Accounts payable of E506,000 at September 30, 2008, include E81,000 due to our

Edgar Filing: MYMETICS CORP - Form 10-Q

officers as unpaid salaries, fees and out-of-pocket expenses.

Net cash used in operating activities was (E5,964,000) for the nine-month period ended September 30, 2008, compared to (E2,645,000) for the period ended September 30, 2007.

Investing activities provided E60,000 during the nine months ended September 30, 2008, as compared to E175,000 used during the nine months ended September 30, 2007, entirely in the application of new patents.

Financing activities provided cash of E6,318,000 for the nine-month period ended September 30, 2008 compared to E3,456,000 in the same period last year.

Proceeds from issuance of common stock provided E929,000 during the nine-month period ended September 30, 2008 compared to E4,216,000 in the same period in 2007.

Salaries and related payroll costs represent fees for all of our directors other than our employee directors, gross salaries for two of our executive officers, and payments under consulting contracts with two of our officers. Under Executive Employment Agreements with our CEO, CFO and CSO approved by our Board of Directors on July 1, 2006, we credit our salaried executive officers a combined amount of E54,000 per month, a portion of which is undrawn and left interest-free at the disposal of the Company.

Since January 15, 2004, payments of E12,000 per quarter for Professor Marc Girard's services as our Head of Vaccines Development were due pursuant to a consulting agreement dated June 10, 2004, as disclosed in our filing on Form 10-Q for the period ended March 31, 2004 to the Securities and Exchange Commission. We owed Professor Girard E12,000 at September 30, 2008.

Monthly fixed and recurring expenses for "Property leases" of E1,000 represents the monthly lease and maintenance payments to unaffiliated third parties for our executive offices located at 14, rue de la Colombiere in Nyon (Switzerland) (600 square feet), which can be cancelled on six months notice. We also lease minimal office facilities for Dr. Fleury at a monthly cost of E1,000, which includes full access to medical databases over high speed internet connection. This lease can be cancelled on very short term notice as we are planning to lease in the next few months facilities to conduct quality checks and to verify scientific results.

Included in professional fees are estimated recurring legal fees paid to outside corporate counsel and audit and review fees paid to our independent accountants, and fees paid for investor relations.

Interest expense of E389,000 refers to interest paid on convertible notes payable to shareholders which carry an interest rate of 10% and a conversion price of \$US 0.50 per share.

As of September 30, 2008, we had three full-time salaried executives, exclusive of our contracts for the consulting services of Professor Girard, our Head of Vaccines Development.

We have been able to hire three qualified assistants to our CEO, CFO and CSO, respectively, in addition to our part time office manager-secretary. We have also hired two vice presidents in charge of investor relations and we expect to hire a part-time laboratory technician in 2009. We may need to hire additional personnel to meet the needs and demands of any future workload.

Edgar Filing: MYMETICS CORP - Form 10-Q

We intend to continue to incur additional expenditures during the next 12 months for additional research and development of our HIV and malaria vaccines. Additional funding requirements during the next 12 months will arise as we commence a phase I clinical trial, which we expect to occur in November 2008. We expect that funding for the cost of any clinical trials would be available

either from debt or equity financings, donors and/or potential pharmaceutical partners before we commence the human trials.

In the past we have financed our research and development activities primarily through debt and equity financings from various parties.

We anticipate our operations will require approximately E3.1 million until December 31, 2008. We will seek to raise the required capital from equity or debt financings, donors and/or potential partnerships with major international pharmaceutical and biotechnology firms. However, there can be no assurance that we will be able to raise additional capital on terms satisfactory to us, or at all, to finance our operations. In the event that we are not able to obtain such additional capital, we would be required to further restrict or even halt our operations.

We entered into an agreement dated August 29, 2008 with P.S. StarGames, LLC to act as a sponsor of a scheduled tennis event at Madison Square Garden in New York City on March 2, 2009 featuring professional tennis players who have qualified by winning certain Grand Slam singles championships. The event is intended to be a charitable event and involves Dream Vaccines Foundation ("DVF") discussed further below, a non-profit entity that we are registering in the State of Delaware for which a "501c (3)" public charity status request is in the process of being submitted to the U.S. Internal Revenues Service. We have an obligation to contribute \$300,000 towards the event and have paid \$60,000 already but intend, in accordance with the terms of the agreement with StarGames, to assign our sponsor rights and obligations to another company that we believe will be interested in the publicity to be gained from such a sponsorship role.

RECENT FINANCING ACTIVITIES

To date we have generated no material revenues from our business operations. We are unable to predict when or if we will be able to generate revenues from licensing our technology or the amounts expected from such activities. These revenue streams may be generated by us or in conjunction with collaborative partners or third party licensing arrangements, and may include provisions for one-time, lump sum payments in addition to ongoing royalty payments or other revenue sharing arrangements. However, we presently have no commitments for any such payments.

Sources of additional capital include funding through future collaborative arrangements, licensing arrangements, and debt and equity financings. We do not know whether additional financing will be available on commercially acceptable terms when needed. If we cannot raise funds on acceptable terms when needed, we may not be able to successfully commercialize our technologies, take advantage of future opportunities, or respond to unanticipated requirements. If we are unable to secure such additional financing when needed, we will have to curtail or suspend all or a portion of our business activities and we could be required to cease operations entirely. Further, if we issue equity securities, our shareholders may experience severe dilution of their ownership percentage.

We anticipate using our current funds and those we receive in the future both to meet our working capital needs and for funding the ongoing research costs associated with our gp41 testing. Provided we can obtain sufficient financing

Edgar Filing: MYMETICS CORP - Form 10-Q

resources, we expect to begin phase I clinical trials in 2008. In accordance with our past strategy, we intend to subcontract such work to "best of class" research teams unless institutions such as the US National Institutes of Health (NIH) or the French CEA decide to conduct it at their own expense, which they presently do.

We do not anticipate that our existing capital resources will be sufficient to fund our cash requirements through the next three months. We do not have enough cash presently on hand, based upon our current levels of expenditures and

anticipated needs during this period, and we will need additional proceeds from additional equity investments such as private placements under Regulation D and Regulation S under the Securities Act of 1933. The extent and timing of our future capital requirements will depend primarily upon the rate of our progress in the research and development of our technologies, our ability to enter into a partnership agreement with a major pharmaceutical company, and the results of future clinical trials.

Our early attempts at attracting grants from humanitarian donors have not been successful because such donors are usually barred from making donations to for-profit and/or publicly traded companies such as Mymetics. In addition, most humanitarian donors demand that grant recipients abandon their intellectual property rights or alternatively, severely limit their commercial margins on the sale of preventive vaccines in the developing world. Based on the discussions we have had so far with major pharmaceutical companies in view of entering into a partnership agreement, it is obvious that these potential partners are concerned with the prospect of having to limit their margins in the developing world. Therefore and in order to become both eligible for grants and attractive to potential partners, the Company created DVF. Under DVF's 501(c)(3) status, the Company intends to grant DVF royalty-free access to its intellectual property related to HIV and malaria vaccines through a cross-licensing agreement. The purpose of this agreement is to allow DVF to attract donor funds to initially finance R&D and clinical trials of vaccines specifically targeting underserved and impoverished populations. Mymetics will retain all intellectual property related to Clade B, the form of HIV virus prevalent in Europe and North America.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates which could affect our financial condition and results of operations. We have not entered into derivative contracts for our own account to hedge against such risk.

INTEREST RATE RISK

Fluctuations in interest rates may affect the fair value of financial instruments. An increase in market interest rates may increase interest payments and a decrease in market interest rates may decrease interest payments of such financial instruments. We have no debt obligations which are sensitive to interest rate fluctuations as all our notes payable have fixed interest rates in the range of 5% to 10% per annum.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. As of the end of the registrant's fiscal year ended December 31, 2007, an evaluation of the effectiveness of the registrant's "disclosure controls and procedures" (as such term is defined in

Edgar Filing: MYMETICS CORP - Form 10-Q

Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the registrant's principal executive officer and principal financial officer. Based upon that evaluation, the registrant's principal executive officer and principal financial officer have concluded that as of the end of September 30, 2008, the registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the registrant in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

It should be noted that while the registrant's principal executive officer and principal financial officer believe that the registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A

control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in Internal Control Over Financial Reporting

The Company's management, including the CEO and CFO have indicated that the material weaknesses highlighted at the end of 2007 as: (i) the lack of independent oversight by an audit committee of independent members of the Board of Directors, (ii) the lack of controls over cash receipts and related equity issuances and (iii) the lack of controls over the period end closing process, have been addressed by: (i) Establishing an audit committee of nonexecutive directors, one of whom is Dr. Thomas Staehelin, an independent member of our Board of Directors and our audit committee financial expert, (ii) Ensuring that all issues of stock for services are approved by the Board of Directors (iii) The period end closing process includes a review by the audit committee.

There have been no changes in the Company's internal controls over financial reporting identified in connection with the evaluation that occurred during the latest quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting as required by paragraph (d) of Exchange Act Rules 13a-15(e) or 15d-15(e).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Our present policy is to defend vigorously only the suits with material amounts being sought in damages and after considering the potential legal costs involved.

Neither Mymetics Corporation nor our wholly owned subsidiaries 6543 Luxembourg SA and Mymetics Management Sarl are presently involved in any litigation incident to our business.

MYMETICS S.A.

On February 7, 2006, the Tribunal de Commerce in Lyon, France placed Mymetics S.A., under receivership ("Redressement Judiciaire") as a result of an ongoing dispute between Mymetics Corporation and a former officer and director, Dr. Pierre-Francois Serres, who obtained an initial judgment against Mymetics S.A. in France in the amount of €173,000 for an alleged wrongful termination by the Company's prior management during 2003, which judgment was reversed on appeal. Despite this positive outcome, the financial and legal status of Mymetics S.A.

Edgar Filing: MYMETICS CORP - Form 10-Q

was too impaired to justify the costs and efforts to revitalize it. We therefore decided to let the matter run its course under French law and to transfer all operations to Mymetics Corporation.

Under the order of the French court, Mymetics S.A. sold its patents to Lomastar Technologies Sarl, a Swiss company incorporated in Nyon, for E80,000 in order to pay its creditors and the administration costs of the case. Upon completion of this endeavor, the company will be dissolved under the control of the French court appointed judicial administrator. As a legal consequence of this court order, Mymetics Corporation has formally lost control over its French subsidiary. We do not believe that the sale of the patents is significant to us since they expire in 2017 and 2018, the dates we first expect to be selling the vaccine. To protect the value of our intellectual property, however, we are negotiating an exclusive worldwide perpetual license with Lomastar Technologies with respect to these patents. There can be no assurance, however, that we will be successful in achieving this result, which could limit the value of our intellectual property and the potential value of our company to a prospective purchaser.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT

NUMBER	DESCRIPTION
-----	-----

10.1	Agreement dated August 29, 2008 between Mymetics Corporation and P.S. StarGames, LLC
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

* Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b2 of the Securities Exchange Act of 1934, as amended, and the omitted material has been separately filed with the Securities and Exchange Commission.

Edgar Filing: MYMETICS CORP - Form 10-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 11, 2008

MYMETICS CORPORATION

By: /s/ Christian Rochet

President and Chief Executive Officer

By: /s/ Ernst Luebke

Chief Financial Officer