

LEAR CORP
Form 10-K
February 26, 2010

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009.**
- 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: 1-11311

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
21557 Telegraph Road, Southfield, MI
(Address of principal executive offices)

13-3386776
*(I.R.S. Employer
Identification No.)*
48033
(Zip code)

**Registrant's telephone number, including area code:
(248) 447-1500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Warrants to purchase Common Stock, par value \$0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Act). Yes No

As of July 4, 2009, the aggregate market value of the registrant's common stock, par value \$0.01 per share, held by non-affiliates of the registrant was \$17,697,218. The closing price of the common stock on July 4, 2009, as reported on the New York Stock Exchange, was \$0.23 per share.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of February 23, 2010, the number of shares outstanding of the registrant's common stock was 42,764,954 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the Registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 13, 2010, as described in the Cross-Reference Sheet and Table of Contents included herewith, are incorporated by reference into Part III of this Report.

LEAR CORPORATION AND SUBSIDIARIES
CROSS REFERENCE SHEET AND TABLE OF CONTENTS

**Page
Number
or Reference**

PART I

<u>ITEM 1.</u>	<u>Business</u>	3
<u>ITEM 1A.</u>	<u>Risk factors</u>	16
<u>ITEM 1B.</u>	<u>Unresolved staff comments</u>	21
<u>ITEM 2.</u>	<u>Properties</u>	21
<u>ITEM 3.</u>	<u>Legal proceedings</u>	22
<u>ITEM 4.</u>	<u>Submission of matters to a vote of security holders</u>	22

PART II

<u>ITEM 5.</u>	<u>Market for the Company's common equity, related stockholder matters and issuer purchases of equity securities</u>	23
<u>ITEM 6.</u>	<u>Selected financial data</u>	25
<u>ITEM 7.</u>	<u>Management's discussion and analysis of financial condition and results of operations</u>	28
<u>ITEM 7A.</u>	<u>Quantitative and qualitative disclosures about market risk (included in Item 7)</u>	
<u>ITEM 8.</u>	<u>Consolidated financial statements and supplementary data</u>	60
<u>ITEM 9.</u>	<u>Changes in and disagreements with accountants on accounting and financial disclosure</u>	127
<u>ITEM 9A.</u>	<u>Controls and procedures</u>	127
<u>ITEM 9B.</u>	<u>Other information</u>	127

PART III⁽¹⁾

<u>ITEM 10.</u>	<u>Directors, executive officers and corporate governance</u>	128
<u>ITEM 11.</u>	<u>Executive compensation</u>	132
<u>ITEM 12.</u>	<u>Security ownership of certain beneficial owners and management and related stockholder matters⁽²⁾</u>	161
<u>ITEM 13.</u>	<u>Certain relationships and related transactions, and director independence</u>	162
<u>ITEM 14.</u>	<u>Principal accountant fees and services⁽³⁾</u>	165

PART IV

<u>ITEM 15.</u>	<u>Exhibits and financial statement schedule</u>	165
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- EX-4.2
- EX-10.24
- EX-10.25
- EX-12.1
- EX-21.1
- EX-23.1
- EX-31.1
- EX-31.2
- EX-32.1
- EX-32.2

- (1) Certain information is incorporated by reference, as indicated below, to the registrant's Notice of Annual Meeting of Stockholders and Definitive Proxy Statement on Schedule 14A for its Annual Meeting of Stockholders to be held on May 13, 2010 (the "Proxy Statement").
- (2) A portion of the information required is incorporated by reference to the Proxy Statement section entitled "Beneficial Ownership - Security Ownership of Certain Beneficial Owners and Management."
- (3) Incorporated by reference to the Proxy Statement section entitled "Fees of Independent Accountants."

Table of Contents

PART I

ITEM 1 BUSINESS

In this Report, when we use the terms the Company, Lear, we, us and our, unless otherwise indicated or the context otherwise requires, we are referring to Lear Corporation and its consolidated subsidiaries. A substantial portion of the Company's operations are conducted through subsidiaries controlled by Lear Corporation. The Company is also a party to various joint venture arrangements. Certain disclosures included in this Report constitute forward-looking statements that are subject to risks and uncertainties. See Item 1A, Risk Factors, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements.

BUSINESS OF THE COMPANY

General

We are a leading global tier I supplier of complete automotive seat systems and electrical power management systems with a global footprint that includes locations in 35 countries around the world. In 2009, we had net sales of \$9.7 billion. Our business is focused on providing complete seat systems and related components, as well as electrical power management systems. In seat systems, based on independent market studies and management estimates, we believe that we hold a #2 position globally on the basis of revenue. We estimate the global seat systems market to be approximately \$40 billion in 2009. We believe that we are also among the leading suppliers of various components produced for complete seat systems. In electrical power management systems, we estimate our global target market to be between \$35 and \$40 billion and that we are one of only four companies with both significant global capabilities and competency in all key electrical power management components.

Our business spans all regions and major automotive markets, thus enabling us to supply our products to every major automotive manufacturer in the world. Our sales are driven by the number of vehicles produced by the automotive manufacturers and the level of content that we produce for specific vehicle platforms. In 2009, approximately 70% of our net sales were generated outside of North America, and our average content per vehicle produced in North America and Europe was \$345 and \$293, respectively. In Asia, where we are pursuing a strategy of aggressively expanding our sales and operations, we had net sales of \$1.3 billion in 2009. General Motors, Ford and BMW are our three largest customers globally. In addition, Daimler, Fiat (excluding Chrysler), Hyundai, PSA, Renault-Nissan and VW each represented 3% or more of our 2009 net sales. We supply and have expertise in all vehicle segments of the automotive market. Our sales content tends to be higher on those vehicle platforms and segments which offer more features and functionality. The popularity of particular vehicle platforms and segments varies over time and by regional market. We expect to continue to win new business on vehicle platforms and segments in line with market trends. We believe that there are particular opportunities in the trends toward hybrid and electric vehicles and increasing consumer demand for additional features and functionality in their vehicles.

The global automotive industry is characterized by significant overcapacity and fierce competition among our automotive manufacturer customers. Increasingly, established automotive manufacturers are seeking new and emerging markets and vehicle segments in which to pursue growth and leverage high development and fixed costs. At the same time, new automotive manufacturers in emerging markets, such as China and India, are rapidly developing their own capabilities through partnerships and internal investment to produce vehicles which are competitive in both quality and technology. Automotive manufacturers and suppliers must also respond to constantly changing trends in consumer preferences and tastes, as well as to volatile, commodity-driven raw material and energy costs. This highly competitive and dynamic industry environment drives a focus on cost and price throughout the entire automotive

supply chain. As a result, it is imperative that we successfully implement on-going initiatives and execute restructuring strategies to lower our operating costs, streamline our organizational structure and align our manufacturing footprint with the changing needs of our customers.

The automotive industry in 2009 was severely affected by the turmoil in the global credit markets and the economic recession in the U.S. and global economies. These conditions had a dramatic impact on consumer vehicle demand in 2009, resulting in the lowest per capita sales rates in the United States in half a century and lower global

Table of Contents

automotive production for the second consecutive year following six consecutive years of steady growth. During 2009, North American light vehicle industry production declined by approximately 32% from 2008 levels to 8.5 million units and was down more than 50% from peak levels in 2000. European light vehicle industry production declined by approximately 17% from 2008 levels to 15.7 million units and was down 22% from peak levels in 2007. The impact of this difficult environment on the global automotive industry was partially offset by significant production increases in China, continued production growth in India and relatively stable production in Brazil. China produced an estimated 10.8 million light vehicles in 2009, exceeding production in both North America and Japan for the first time in history.

After sustained market share and operating losses in recent years, 2009 was a pivotal year for our two largest customers, General Motors and Ford. Vehicle production for General Motors and Ford declined in North America by 44% and 16%, respectively. In Europe, vehicle production followed similar trends for both customers. As a result, General Motors and Ford initiated strategic actions within their businesses, accelerated and broadened both operational and financial restructuring plans and sought direct or indirect governmental support. On June 1, 2009, General Motors and certain of its U.S. subsidiaries filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code (Chapter 11) as part of a U.S. government supported plan of reorganization. On July 10, 2009, General Motors sold substantially all of its assets to a new entity, General Motors Company, funded by the U.S. Department of the Treasury and emerged from bankruptcy proceedings. General Motors also pursued strategic transactions and government support for its Opel and Saab units in Europe. On December 23, 2009, Ford announced the settlement of all substantial commercial terms with respect to the sale of its Volvo unit in Europe to Geely, a Chinese automotive manufacturer. In addition, on April 30, 2009, Chrysler filed for bankruptcy protection under Chapter 11 as part of a U.S. government supported plan of reorganization. On June 10, 2009, Chrysler announced its emergence from bankruptcy proceedings and the consummation of a new global strategic alliance with Fiat. In 2009, less than 2% of our net sales were to Chrysler. Although General Motors Company and Chrysler emerged from bankruptcy proceedings, the prospects of our U.S. customers remain uncertain.

Lower production levels in North America and Europe caused a significant decrease in our operating earnings in 2009. In response, we expanded our restructuring actions to include further capacity and employment reduction actions, as well as the elimination of non-core and non-essential spending. We also scaled back new investment based on deferred program cycles and contraction in most emerging markets. From 2005 through the end of 2008, we incurred pretax costs of \$580 million in connection with our restructuring activities. In 2009, we incurred additional costs of \$160 million as we continued to restructure our global operations and aggressively reduce our costs. These restructuring actions, with costs totaling \$740 million, have resulted in a cumulative improvement of approximately \$400 million in our on-going annual operating costs. We expect operational restructuring actions and related investments to continue for the next few years. In addition to our operational restructuring, we completed a major restructuring of our capital structure in 2009, as further described below.

Chapter 11 Bankruptcy Proceedings

In 2009, we completed a comprehensive evaluation of our strategic and financial options and concluded that voluntarily filing for bankruptcy protection under Chapter 11 was necessary in order to re-align our capital structure to address lower industry production and capital market conditions and position our business for long-term success. On July 7, 2009, Lear and certain of its U.S. and Canadian subsidiaries (the Canadian Debtors and collectively, the Debtors) filed voluntary petitions for relief under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) (Consolidated Case No. 09-14326). On July 9, 2009, the Canadian Debtors also filed petitions for protection under section 18.6 of the Companies Creditors Arrangement Act in the Ontario Superior Court, Commercial List (the Canadian Court). On September 12, 2009, the Debtors filed with the Bankruptcy Court their First Amended Joint Plan of Reorganization (as amended and supplemented, the Plan or Plan of Reorganization) and their Disclosure Statement (as amended and supplemented, the Disclosure Statement). On

November 5, 2009, the Bankruptcy Court entered an order approving and confirming the Plan (the Confirmation Order), and on November 6, 2009, the Canadian Court entered an order recognizing the Confirmation Order and giving full force and effect to the Confirmation Order and Plan under applicable Canadian law.

Table of Contents

On November 9, 2009 (the Effective Date), the Debtors consummated the reorganization contemplated by the Plan and emerged from Chapter 11 bankruptcy proceedings.

In connection with the Chapter 11 bankruptcy proceedings, we were required to prepare and file with the Bankruptcy Court projected financial information to demonstrate to the Bankruptcy Court the feasibility of the Plan and our ability to continue operations upon emergence from Chapter 11 bankruptcy proceedings. Neither these projections nor our Disclosure Statement should be considered or relied on in connection with the purchase of our capital stock. Our actual results will vary from those contemplated by the projections filed with the Bankruptcy Court. See Item 1A, Risk Factors – Risks Related to Our Emergence from Chapter 11 Bankruptcy Proceedings.

Post-Emergence Capital Structure and Recent Events

Following the Effective Date and after giving effect to the Excess Cash Paydown (as described below), our capital structure consists of the following:

First Lien Facility A first lien credit facility of \$375 million (the First Lien Facility).

Second Lien Facility A second lien credit facility of \$550 million (the Second Lien Facility).

Series A Preferred Stock \$450 million, or 10,896,250 shares, of Series A convertible participating preferred stock (the Series A Preferred Stock), which does not bear any mandatory dividends. The Series A Preferred Stock is convertible into approximately 24.2% of our new common stock, par value \$0.01 per share (Common Stock), on a fully diluted basis. As of December 31, 2009, we had 9,881,303 shares of Series A Preferred Stock outstanding.

Common Stock and Warrants A single class of Common Stock, including sufficient shares to provide for (i) management equity grants, (ii) the conversion of the Series A Preferred Stock into Common Stock and (iii) Warrants to purchase 15%, or 8,157,249 shares, of our Common Stock, on a fully diluted basis (the Warrants). On December 21, 2009, the Warrants became exercisable at an exercise price of \$0.01 per share of Common Stock. The Warrants expire on November 9, 2014. As of December 31, 2009, we had 36,954,733 shares of Common Stock outstanding and 6,377,068 Warrants outstanding.

Pursuant to the Plan, to the extent that we had liquidity on the Effective Date in excess of \$1.0 billion, subject to certain working capital and other adjustments and accruals, the amount of such excess would be utilized (i) first, to prepay the Series A Preferred Stock in an aggregate stated value of up to \$50 million; (ii) second, to prepay the Second Lien Facility in an aggregate principal amount of up to \$50 million; and (iii) third, to reduce the First Lien Facility (such prepayments and reductions, the Excess Cash Paydown).

On November 27, 2009, we determined our liquidity on the Effective Date, for purposes of the Excess Cash Paydown, which consisted of approximately \$1.5 billion in cash and cash equivalents. After giving effect to certain working capital and other adjustments and accruals, the resulting aggregate Excess Cash Paydown was approximately \$225 million. The Excess Cash Paydown was applied, in accordance with the Plan, (i) first, to prepay the Series A Preferred Stock in an aggregate stated value of \$50 million; (ii) second, to prepay the Second Lien Facility in an aggregate principal amount of \$50 million; and (iii) third, to reduce the First Lien Facility by an aggregate principal amount of approximately \$125 million.

On November 27, 2009, we elected to make the delayed draw provided for under the First Lien Facility in the amount of \$175 million. Following such delayed draw funding, and when combined with our initial draw under the First Lien Facility of \$200 million on the Effective Date and after giving effect to the Excess Cash Paydown, the aggregate

principal amount outstanding under the First Lien Facility was \$375 million. The application of the Excess Cash Paydown and the delayed draw under the First Lien Facility are reflected above in the information setting forth our capital structure following the Effective Date.

Table of Contents

Cancellation of Certain Pre-petition Obligations

Under the Plan, our pre-petition equity, debt and certain of our other obligations were cancelled and extinguished, as follows:

Our pre-petition common stock was extinguished, and no distributions were made to our former shareholders;

Our pre-petition debt securities were cancelled, and the indentures governing such debt securities were terminated (other than for the purposes of allowing holders of the notes to receive distributions under the Plan and allowing the trustees to exercise certain rights); and

Our pre-petition primary credit facility was cancelled (other than for the purposes of allowing creditors under that facility to receive distributions under the Plan and allowing the administrative agent to exercise certain rights).

For further information regarding the First Lien Facility and Second Lien Facility, see Note 10, Long-Term Debt, to the consolidated financial statements included in this Report. For further information regarding the Series A Preferred Stock, the Common Stock and the Warrants, see Note 13, Capital Stock, to the consolidated financial statements included in this Report. For further information regarding the resolution of certain of our other pre-petition liabilities in accordance with the Plan, see Note 3, Fresh-Start Accounting Liabilities Subject to Compromise, and Note 15, Commitments and Contingencies, to the consolidated financial statements included in this Report.

Strategy

Although our immediate focus is on reducing our operating costs and efficiently managing our business through challenging industry conditions and the overall economic downturn, we believe that there is significant longer-term opportunity for continued growth in our seating and electrical power management businesses. We are pursuing a strategy which focuses on leveraging our global presence and expanding our low-cost footprint, with an emphasis on growth in emerging markets. This strategy includes investing in new products and technologies, as well as the selective vertical integration of key component capabilities. We believe that our commitment to superior customer service and quality, together with a cost competitive manufacturing footprint, will result in a global leadership position in each of our product segments, the further diversification of our sales and improved operating margins.

Our principal operating objective is to strengthen and expand our position as a leading automotive supplier to the global automotive industry by focusing on the needs of our customers. We believe that the criteria for selecting automotive suppliers includes not only cost, quality, delivery, service and innovation, but also worldwide presence and the ability to work collaboratively to reduce cost throughout the entire supply chain and vehicle life cycle on a global basis.

Specific elements of our strategy include:

Leverage Global Presence and Expand Low-Cost Footprint. We believe that it is important to have capabilities that are in alignment with our major customers' global presence and to be well-positioned to leverage our expanding design, engineering and manufacturing footprint in low-cost regions. We are organized into two global business units, seat systems and electrical power management systems, to maximize efficiencies across our worldwide network and to leverage the benefits of our global scale. We are one of the few suppliers in each of our product segments that is able to serve customers with design, development, engineering, integration and production capabilities in all automotive-producing regions of the world and every major market, including North America, South America, Europe and Asia. Our expansion plans are focused on

emerging markets. Asia, in particular, continues to present significant growth opportunities, as major global automotive manufacturers implement production expansion plans and local automotive manufacturers aggressively expand their operations to meet long-term demand in this region. We believe that we are well-positioned to take advantage of China's emerging growth as a result of our extensive network of high-quality manufacturing facilities throughout China, which provide seating and electrical

Table of Contents

power management products to a variety of global customers for local production. We also have operations in India, Thailand, the Philippines, Malaysia, Vietnam and Korea. We see opportunities for growth in serving local, regional and global markets with our operations in these countries. Our expansion in Asia has been accomplished, in part, through a series of joint ventures with our customers and/or local suppliers. We currently have 16 joint ventures throughout Asia. Our growing presence in Asia, in addition to our continued expansion of operations in other emerging markets, allows us to serve our customers globally and to increase our global competitiveness from a manufacturing, engineering and sourcing standpoint. We currently support our global operations with more than 100 manufacturing and engineering facilities located in 20 low-cost countries. We have aggressively pursued this strategy by selectively increasing our vertical integration capabilities and expanding our component manufacturing capacity in Mexico, Eastern Europe, Africa and Asia. Furthermore, we have expanded our low-cost engineering capabilities in China, India and the Philippines.

Focus on Core Capabilities, Selective Vertical Integration and Investments in Technology. We are focused on seat and electrical power management systems and components where we can provide value to our customers. We are able to provide integrated solutions in these core segments with global capabilities in the design, development, engineering, integration and production of complete system architectures that can be utilized across vehicle platforms at significant cost savings to our customers. The opportunity to strengthen our global leadership position in these segments exists as we develop new capabilities and innovations, as well as offer increased value to our customers through the selective vertical integration of key components. We have complete design, development, engineering, integration and production capabilities in the full complement of critical components in both our seating and electrical power management segments. See [Products](#) for further information regarding our two product operating segments.

In our seating segment, we offer complete seat integration capabilities, managing the supply of the entire seat system from design and development to just-in-time assembly and delivery, as well as key seat component capabilities, leveraging our proprietary technologies and low-cost engineering and manufacturing footprint. In this segment, we are focused on increasing our capabilities in key components, such as seat mechanisms and structures, seat trim covers, seat foam and other products, including fabric, leather and headrests. By incorporating these key components into our fully assembled seat systems, we are able to provide the highest quality product at the lowest total cost. We are also focused on providing the latest innovations and technologies, which meet or exceed the requirements of the automotive manufacturers and their customers, at an affordable cost. We provide industry-leading safety features, such as ProTec[®] PLS, our second generation of self-aligning head restraints that significantly reduce whiplash injuries. We are currently creating lightweight and environmentally friendly seating solutions by capitalizing on the application of technologies, such as our Dynamic Environmental Comfort System[™] and our SoyFoam[™] products, which feature low-mass, high-function and recyclable materials and designs. We also offer numerous flexible seating configurations that meet a wide range of customer requirements. We have leveraged our global scale and product expertise to develop common seat architectures. Such architectures allow us to leverage our global design, development and engineering capabilities and cost structure to deliver an end product with leading technology, quality and craftsmanship.

In our electrical power management segment, there is opportunity to increase our market share by leveraging our expertise in electrical power management architectures and our capabilities in core products, such as wire harnesses, terminals and connectors, junction boxes and body control modules. Our expertise and capabilities allow us to provide integrated electrical power management systems and key components on a global basis, at a lower cost and with superior functionality. We believe that the market for these products will continue to grow in step with the growth of electrical content in vehicles. In our electrical power management segment, we have developed new products for the rapidly growing hybrid and electric vehicle market by leveraging our core competency in electrical power management architectures. In addition to the high-power connection systems and on-board battery chargers for which we have established technical leadership, we are well-positioned to increase our offerings of key electrical power

management products for the future hybrid and electric vehicle market. Our progress in this rapidly growing area is evidenced by recent program awards for hybrid and electric vehicle components for new models from

Table of Contents

Daimler, Renault, General Motors (including the Chevrolet Volt extended range electric vehicle), BMW, Nissan and Land Rover, as well as emerging automotive manufacturers such as Fisker and Coda Automotive. We have over 100 vehicles being validated with our high-power systems.

Enhance and Diversify Strong Customer Relationships through Operational Excellence. We maintain relationships with every major global automotive manufacturer and are rapidly growing relationships with local automotive manufacturers in growth markets, such as China and India. In 2009, approximately 70% of our net sales were generated outside of North America. Our strategy is to continue to enhance these relationships and diversify our net sales on a regional, customer and vehicle segment basis. We believe that the long-standing and strong relationships that we have built with our customers are a significant competitive advantage that allows us to act as integral partners in identifying business opportunities and to anticipate the needs of our customers.

Enhancing such relationships is dependent on maintaining operational excellence which drives outstanding quality and service for our customers. Quality continues to be a differentiating factor in the eyes of the consumer and a competitive cost factor for our customers. We are dedicated to providing superior customer service and to maintaining a reputation for providing world-class quality at competitive prices. We maintain and improve the quality of our products and services through our ongoing initiatives. For our efforts, we continue to receive recognition from our customers and other industry sources. In 2009, these include Supplier of the Year from General Motors for the sixth consecutive year, as well as recognition from every major automotive manufacturer that we serve globally. We have ranked as the Highest Quality Major Seat Manufacturer in the J.D. Power and Associates Seat Quality and Satisfaction Studysm for eight of the last nine years. We also provide superior customer service through our world-class product development processes and program management capabilities. We leverage our program management skills and experience to help create value for our customers throughout the entire vehicle life cycle and support outstanding execution during the launch of new programs.

Providing low-cost, innovative solutions is also critical to enhancing our customer relationships. We are focused on the efficiency of our manufacturing operations and on identifying opportunities to reduce our overall cost structure. We manage our cost structure, in part, through continuous improvement and productivity initiatives, as well as initiatives that promote and enhance the sharing of technology, engineering, purchasing and capital investments across customer platforms and geographic regions. In response to the economic recession in the U.S. and global economies and dramatically lower automotive production levels, we expanded our restructuring actions to further eliminate excess capacity, lower our operating costs and better align our manufacturing footprint with the changing needs of our customers. Our restructuring strategy includes initiatives to utilize and expand our low-cost country engineering and manufacturing footprint, leverage our global scale and capabilities and lower our product costs through the selective vertical integration of key components. Since 2005, we have closed 35 manufacturing and 10 administrative facilities and located more than 50% of our total facilities and 75% of our employment in 20 low-cost countries. We believe that we can continue to diversify our sales through our focus on customer service, as well as the application of operational excellence disciplines and the resulting customer benefits of superior quality and cost.

Products

We conduct our business in two product operating segments: seat and electrical power management systems. The seating segment includes seat systems and related components. The electrical power management segment includes traditional wiring and power management systems, as well as emerging high-power and hybrid electrical systems. Key components that allow us to route electrical signals and manage electrical power within a vehicle include wiring harnesses, terminals and connectors, junction boxes, electronic control modules and wireless remote control devices, such as key fobs. In addition, we have niche capability in certain complementary electronic components, such as radio amplifiers, audio sound systems, lighting modules and selected in-vehicle audio/visual entertainment systems. In 2006

and 2007, we divested substantially all of the assets of our interior segment. The interior segment included instrument panels and cockpit systems, headliners and overhead systems, door panels,

Table of Contents

flooring and acoustic systems and other interior products. Net sales by product segment as a percentage of total net sales is shown below:

For the Year Ended December 31,	2009	2008	2007
Seating	80%	79%	76%
Electrical power management	20	21	20
Interior			4

For further information related to our reportable operating segments, see Note 16, *Segment Reporting*, to the consolidated financial statements included in this Report.

Seating. The seating segment consists of the design, manufacture, assembly and supply of vehicle seating requirements. We produce seat systems for automobiles and light trucks that are fully assembled and ready for installation. In all cases, seat systems are designed and engineered for specific vehicle models or platforms. We have developed modular seat architectures for both front and rear seats, whereby we utilize pre-developed, modular design concepts to build a program-specific seat, incorporating the latest performance requirements and safety technology, in a shorter period of time, thereby assisting our customers in achieving a faster time-to-market. Seat systems are designed to achieve maximum passenger comfort by adding a wide range of manual and power features, such as lumbar supports, cushion and back bolsters and leg supports. We also produce components that comprise the seat assemblies, such as seat structures and mechanisms, seat trim covers, headrests and seat foam.

As a result of our strong product design and technology capabilities, we are a leader in the design of seats with enhanced safety and convenience features. For example, our ProTec® PLS Self-Aligning Head Restraint is an advancement in seat safety features. By integrating the head restraint with the lumbar support, the occupant's head is supported earlier and for a longer period of time in a rear-impact collision, potentially reducing the risk of injury. We also supply ECO and EVO lightweight seat structures which have been designed to accommodate our customers needs for all market segments, from emerging to mature, and incorporate our ultra lightweight seat adjustment mechanisms. To address the increasing focus on craftsmanship, we have developed concave seat contours that eliminate wrinkles and provide improved styling. We are also satisfying our customers' growing demand for reconfigurable and lightweight seats with our thin profile rear seat and our stadium slide seat system. For example, General Motors' full-size sport utility vehicles and full-size pickups use our reconfigurable seat technology, and General Motors' full-size sport utility vehicles, as well as the Ford Explorer, use our thin profile rear seat technology for their third row seats. Additionally, our LeanProfile™ seats incorporate the next generation of low-mass, high-function and environmentally friendly features, and our Dynamic Environmental Comfort System™ can offer weight reductions of 30%–40%, as compared to current foam seat designs, and utilizes environmentally friendly materials, which reduce carbon dioxide emissions. Our seating products also reflect our environmental focus. For example, in addition to our Dynamic Environmental Comfort System™, our SoyFoam™ seats, which are used in the Ford Mustang, are up to 24% renewable, as compared to nonrenewable, petroleum-based foam seats.

Electrical Power Management. The electrical power management segment consists of the manufacture, assembly and supply of traditional electrical power management systems and components, as well as a new generation of high-power and hybrid electrical systems and components. With the increase in the number of electrical and electronically controlled functions and features on the vehicle, there is an increasing focus on the improvement of the functionality of the vehicle's electrical architecture. We are able to provide our customers with design and engineering solutions and manufactured systems, modules and components that optimally integrate the entire electrical distribution system, consisting of wiring, terminals and connectors, junction boxes

and electronic modules, within the overall architecture of the vehicle. This integration can reduce the overall system cost and weight and improve the reliability and packaging by reducing the number of wires and terminals and connectors normally required to manage electrical power and signal distribution within a vehicle. For example, our integrated seat adjuster module has twenty-four fewer cut circuits and five fewer connectors, weighs one-half pound less and costs 20% less than a traditional separated electronic control unit and seat wiring system. In addition, our smart junction box expands the traditional junction box functionality by utilizing printed circuit board technologies, which allows additional function integration.

Table of Contents

To support growth opportunities in the hybrid and electric vehicle market, we opened our High Power Global Center of Excellence in 2008, which is dedicated to the development of high-power wiring, terminals and connectors and high-power and hybrid electrical systems and components. Additionally, we will supply one or more high-power systems or components, including high voltage wire harnesses, custom terminals and connectors, Smart Connector™ technology, battery chargers and voltage quality modules, for new models from Daimler, Renault and General Motors (including the Chevrolet Volt extended range electric vehicle), BMW, Nissan, Land Rover and Coda Automotive.

Our electrical power management products can be grouped into two categories:

Electrical Distribution and Power Management Systems. Electrical distribution and power management systems are comprised primarily of wire harness assemblies, terminals and connectors and control modules, including junction boxes and fuse boxes. Wire harness assemblies consist of a collection of wiring and terminals and connectors that connect all of the various electrical and electronic devices within the vehicle to each other and/or to a power source. Fuse boxes are centrally located boxes within the vehicle that contain fuses and/or relays for circuit and device protection, as well as for power distribution. Junction boxes serve as a connection point for multiple wire harness assemblies. They may also contain fuses and/or relays for circuit and device protection.

Further, smart junction boxes are junction boxes with integrated electronic functionality often contained in other body control modules. Smart junction boxes eliminate interconnections, increase overall system reliability and can reduce the number of electronic modules within the vehicle. Certain vehicles may have two or three smart junction boxes linked as a multiplexed buss line. Body control modules control various interior comfort and convenience features. These body control modules may consolidate multiple functions into a single module or may focus on a specific function or part of the car interior, such as the integrated seat adjuster module or the integrated door module. The integrated seat adjuster module combines the controls for seat adjustment, power lumbar support, memory function and seat heating and ventilation. The integrated door module combines the controls for window lift, door lock, power mirror and seat heating and ventilation.

Lastly, wireless products send and receive signals using radio frequency technology. Our wireless systems include passive entry systems, dual range/dual function remote keyless entry systems and tire pressure monitoring systems. Passive entry systems allow the vehicle operator to unlock the door without using a key or physically activating a remote keyless fob. Dual range/dual function remote keyless entry systems allow a single transmitter to perform multiple functions. For example, our Car2U™ remote keyless entry system can control and display the status of the vehicle, such as starting the engine, locking and unlocking the doors, opening the trunk and setting the cabin temperature. In addition, dual range/dual function remote keyless entry systems combine remote keyless operations with vehicle immobilizer capability. Our tire pressure monitoring system, known as the Lear Intellitire® Tire Pressure Monitoring System, alerts drivers when a tire has low pressure. We have received production awards for Intellitire® from Ford for many of its North American vehicles and from Hyundai for several of its models. Automotive manufacturers are required to have tire pressure monitoring systems on all new vehicles sold in the United States.

Specialty Electronics. Our lighting control module integrates electronic control logic and diagnostics with the headlamp switch. Entertainment products include radio amplifiers, sound systems, in-vehicle television tuner modules and floor-, seat- or center console-mounted Media Console with a flip-up screen that provides DVD and video game viewing for back-seat passengers.

Manufacturing

A description of the manufacturing processes for our two operating segments is set forth below.

Seating. Our seat assembly facilities generally use just-in-time manufacturing techniques, and products are delivered to the automotive manufacturers on a just-in-time basis, matching our customers' exact build specifications for a particular day and shift, thereby reducing inventory levels. These facilities are typically located adjacent to or near our customers' manufacturing and assembly sites. Our seat components, including mechanisms, seat trim covers and seat foam, are manufactured in batches, utilizing facilities in low-cost regions. The principal raw materials used in our seat systems, including steel, foam chemicals

Table of Contents

and leather hides, are generally available and obtained from multiple suppliers under various types of supply agreements. Fabric, foam, seat frames, mechanisms and certain other components are either manufactured internally or purchased from multiple suppliers under various types of supply agreements. The majority of our steel purchases are comprised of components that are integrated into a seat system, such as seat frames, mechanisms and mechanical components. Therefore, our exposure to changes in steel prices is primarily indirect, through these purchased components. We utilize a combination of short-term and long-term supply contracts to purchase key components. We generally retain the right to terminate these agreements if our supplier does not remain competitive in terms of cost, quality, delivery, technology or customer support.

Electrical Power Management. Electrical power management systems are networks of wiring and associated control devices that route electrical signals and manage electrical power within a vehicle. Wire harness assemblies consist of raw, coiled wire, which is automatically cut to length and terminated. Individual circuits are assembled together on a jig or table, inserted into connectors and wrapped or taped to form wire harness assemblies. Substantially all of our materials are purchased from suppliers, with the exception of a portion of the terminals and connectors that are produced internally. The majority of our copper purchases are comprised of extruded wire that is integrated into electrical wire. Certain materials are available from a limited number of suppliers. Supply agreements typically last for up to one year, and our copper wire contracts are generally subject to price index agreements. The assembly process is labor intensive, and as a result, production is generally performed in low-cost labor sites in Mexico, Honduras, Eastern Europe, Africa, China and the Philippines.

Some of the principal components attached to the wire harness assemblies that we manufacture include junction boxes and electronic control modules. Junction boxes are manufactured in North America, Europe and the Philippines with a proprietary, capital-intensive assembly process, using printed circuit boards, a portion of which are purchased from third-party suppliers. Proprietary processes have been developed to improve the function of these junction boxes in harsh environments, including high temperatures and humidity. Electronic control modules are assembled using high-speed surface mount placement equipment in North America and Europe.

While we internally manufacture many of the components that are described above, a substantial portion of these components are furnished by independent, tier II automotive suppliers and other vendors throughout the world. In certain instances, it would be difficult and expensive for us to change suppliers of products and services that are critical to our business. With the continued decline in the automotive production of our key customers and substantial and continuing pressures to reduce costs, certain of our suppliers are experiencing, or may experience, financial difficulties. We seek to proactively manage our supplier relationships to minimize any significant disruptions of our operations. However, adverse developments affecting one or more of our major suppliers, including certain sole-source suppliers, could negatively impact our operating results. See Item 1A, Risk Factors The financial distress of our major customers and/or within our supply base could adversely affect our financial condition, operating results and cash flows.

Customers

We serve the worldwide automotive and light truck market, which produced approximately 57 million vehicles in 2009. We have automotive content on approximately 300 vehicle nameplates worldwide, and our major automotive manufacturing customers (including customers of our non-consolidated joint ventures) currently include:

BMW	ChangAn	Chery	Chrysler
Daimler	Dongfeng	Fiat	First Autoworks
Ford	GAZ	Geely	General Motors

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Honda
Land Rover
Nissan
Saab
Toyota

Hyundai
Mahindra & Mahindra
Porsche
Subaru
Volkswagen

Isuzu
Mazda
PSA
Suzuki
Volvo

Jaguar
Mitsubishi
Renault
Tata

Table of Contents

In 2009, General Motors and Ford, two of the largest automotive and light truck manufacturers in the world, together accounted for approximately 36% of our net sales, excluding net sales to Saab and Volvo, which are affiliates of General Motors and Ford. General Motors and Ford are pursuing the divestiture of Saab and Volvo, respectively. Inclusive of these affiliates, General Motors and Ford accounted for approximately 20% and 19%, respectively, of our net sales in 2009. In addition, BMW accounted for approximately 12% of our net sales in 2009. For further information related to our customers and domestic and foreign sales and operations, see Note 16, Segment Reporting, to the consolidated financial statements included in this Report.

We receive purchase orders from our customers that generally provide for the supply of a customer's annual requirements for a particular vehicle model, or in some cases, for the supply of a customer's requirements for the production life of a particular vehicle model, rather than for the purchase of a specified quantity of products. Although most purchase orders may be terminated by our customers at any time, such terminations have been minimal and have not had a material impact on our operating results. Our primary risks are that an automotive manufacturer will produce fewer units of a vehicle model than anticipated or that an automotive manufacturer will not award us a replacement program following the life of a vehicle model. In order to reduce our reliance on any one vehicle model, we produce automotive systems and components for a broad cross-section of both new and established models. However, larger cars and light trucks, as well as vehicle platforms that offer more features and functionality, such as luxury, sport utility and crossover vehicles, typically have more content and, therefore, tend to have a more significant impact on our operating performance.

Our agreements with our major customers generally provide for an annual productivity cost reduction. Historically, cost reductions through product design changes, increased productivity and similar programs with our suppliers have generally offset these customer-imposed productivity cost reduction requirements. However, in recent years, unprecedented increases and volatility in raw material, energy and commodity costs had a material adverse impact on our operating results and made it more difficult to offset these productivity cost reduction requirements. While we have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies typically offset only a portion of the adverse impact. Although raw material, energy and commodity costs have recently moderated, these costs remain volatile, and no assurance can be given that we will be able to achieve such customer-imposed cost reduction targets in the future. In addition, we are exposed to increasing market risk associated with fluctuations in foreign exchange as a result of our low-cost footprint and vertical integration strategies. We intend to use derivative financial instruments to manage our exposure to fluctuations in foreign exchange.

Technology

Advanced technology development is conducted worldwide at our six advanced technology centers and at our product engineering centers. At these centers, we engineer our products to comply with applicable safety standards, meet quality and durability standards, respond to environmental conditions and conform to customer and consumer requirements. Our global innovation and technology center located in Southfield, Michigan, develops and integrates new concepts and is our central location for consumer research, benchmarking, craftsmanship and industrial design activity. Our High Power Global Center of Excellence, also located in Southfield, Michigan, supports growth opportunities in the hybrid and electric vehicle market through the development of high-power and hybrid electrical systems and components.

One area of significant emerging technology that we are active in is electrical power management systems and components for the hybrid and electric vehicle market. We offer a product portfolio of stand-alone and fully integrated solutions for our customers' future hybrid and electric vehicles. Our systems and components have achieved industry leading efficiency, packaging and reliability. We have over 100 patents and patents pending in our high-power product segment, and our product portfolio includes the following:

High-power charging systems comprised of on/off board chargers, a family of charge cord sets, fast charge stations and charge receptacles and couplers.

High-power distribution systems including high voltage wire harnesses found throughout the vehicle and battery pack, high-power terminals and connectors (designed to carry high amounts of electric current, to be

Table of Contents

packaged tightly and to provide proper sealing, high-use reliability and ease of use for the consumer) and battery disconnect units, as well as manual service disconnects.

Energy management systems including DC-DC converters, battery monitoring systems, dual storage management units and our patent-pending integrated power module, which integrates the functionality of charging and energy management for an efficient solution for the upcoming generation of plug-in hybrid and electric vehicles.

We have developed independent brand and marketing strategies for our product segments and focused our efforts in three principal areas: (i) where we have a competitive advantage, such as our flexible seat architectures, our industry-leading ProTec® products, including our self-aligning head restraints, and our leading electronic technology, including our solid state junction boxes, (ii) where we perceive that there is a significant market opportunity, such as electrical products for the hybrid and electric vehicle market, and (iii) where we can contribute the most to the next generation of more fuel efficient and environmentally friendly vehicles, such as our alternative lightweight, low-mass products, including SoyFoam™ and Dynamic Environmental Comfort System™.

We have developed a number of innovative products and features focused on increasing value to our customers, such as interior control and entertainment systems, which include sound systems and family entertainment systems, and wireless systems, which include remote keyless entry. In addition, we incorporate many convenience, comfort and safety features into our designs, including advanced whiplash concepts, integrated restraint seat systems (3-point and 4-point integrated belt systems), side impact airbags and integrated child restraint seats. We also invest in our computer-aided engineering design and computer-aided manufacturing systems. Recent enhancements to these systems include advanced acoustic modeling and analysis capabilities and the enhancement of our research and design website. Our research and design website is a tool used for global customer telecommunications, technology communications, collaboration and the direct exchange of digital assets.

We continue to develop new products and technologies, including solid state smart junction boxes and new radio-frequency products like our Car2U™ Home Automation System, as well as high-end electronics for the premier luxury automotive manufacturers around the world, such as gateway signal-routing modules, exterior and interior lighting controls and other highly integrated electronic body modules. Solid state smart junction boxes represent a significant improvement over existing smart junction box technology because they replace the relatively large fuses and relays with solid state drivers. Importantly, the technology enables the integration of additional feature content into the smart junction box. This technology and integration result in a sizable cost reduction for the electrical system. We have also created certain brand identities, which identify our products for our customers, including the ProTec® brand of products optimized for interior safety, the Aventino™ collection of premium automotive leather and the EnviroTec™ brand of environmentally friendly products, such as Soy Foam™.

We also have state-of-the-art testing, instrumentation and data analysis capabilities. We own an industry-leading seat validation test center featuring crashworthiness, durability and full acoustic and sound quality testing capabilities. Together with computer-controlled data acquisition and analysis capabilities, this center provides precisely controlled laboratory conditions for sophisticated testing of parts, materials and systems. We also maintain electromagnetic compatibility labs at several of our electrical facilities, where we develop and test electronic products for compliance with government requirements and customer specifications.

Worldwide, we hold many patents and patent applications pending. While we believe that our patent portfolio is a valuable asset, no individual patent or group of patents is critical to the success of our business. We also license selected technologies to automotive manufacturers and to other automotive suppliers. We continually strive to identify and implement new technologies for use in the design and development of our products.

We have numerous registered trademarks in the United States and in many foreign countries. The most important of these marks include LEAR CORPORATION (including a stylized version thereof) and LEAR. These marks are widely used in connection with our product lines and services. The trademarks and service marks ADVANCE RELENTLESSLY, CAR2U, INTELLITIRE, PROTEC, PROTEC PLUS and others are used in connection with certain of our product lines and services.

We haeptember 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 BPH. In February 2009, the Corporation reported concluding a positive and productive End of Phase 2 (“EOP2”) meeting with the FDA concerning the Phase 3 program for NX-1207. In June 2009, the Corporation began conducting the first of two pivotal double blind placebo controlled Phase 3 trials for NX-1207 that incorporate the specific protocol design recommendations provided to the Corporation by the FDA.

As announced in November 2014, top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies, and expects to continue its efforts to work on the development program. On July 27, 2015 Nymox reported that the Company's U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of fexapotide trifluate (NX-1207) for BPH had successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. The Company announced that Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the two studies. As a result of the clinical benefits observed in the long-term extension trials, the Company intends to meet with regulatory authorities in various jurisdictions around the world and in due course to proceed to file for approval where possible.

After the top-line statistical failure of Nymox’s U.S. Phase 3 studies NX02-0017 and NX02-0018 at 12 months post-treatment, Recordati has terminated development and commercialization activities of NX-1207 in the Licensed Territories.

A U.S. Phase 2 U.S. study (NX03-0040) of NX-1207 in low grade localized prostate cancer involving 147 men at 28 clinical centers across the United States was started in 2012. Initial positive clinical results from this trial were reported in 2014.

The Corporation is in the process of working towards definitive studies for this indication.

We have incurred substantial operating losses since our inception due in large part to expenditures for our research and development activities. As at December 31, 2015, we had an accumulated deficit of \$118.0 million, and our total liabilities exceeded our total assets. Our current level of annual expenditures exceeds the anticipated revenues from sales of goods and may not be covered by additional sources of funds. Management believes that such operating losses will continue for at least the next few years as a result of expenditures relating to research and development of our potential therapeutic products.

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

History of Capital Funding

We have funded 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. In addition, Nymox received an upfront payment of \$13,088,000 through a license and collaboration agreement with Recordati in 2010. 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. In December 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bear interest at 6% per annum.

On December 1, 1996, 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.

On January 27 2003, we entered into a Common Stock Private Purchase Agreement with an investment corporation, Lorros-Greyse, for the future issuance and purchase of Nymox's common shares.

Under the terms of this agreement, Nymox gave notice to Lorros-Greyse requiring it to purchase a specified dollar amount of our shares. The amount specified in any one notice was a maximum of \$1,000,000 and a minimum of \$100,000. The maximum amount could have been higher if both parties agreed. The number of shares Nymox issued to Lorros-Greyse in return for that money was 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. The Corporation was subject to general covenants in order to draw on its facility, including maintaining its stock exchange listing and registration requirements and having no material adverse effects, as defined in the agreement, with respect to the business and operations of the Corporation. The Corporation could have terminated the agreement before the 24-month term, if it had issued at least \$8 million of common shares under the agreement. The Agreement expired in November 2015 and has not been renewed.

In November, 2013, we signed a new Common Stock Private Purchase Agreement, whereby Lorros-Greyse was committed to purchase up to \$15 million of Nymox's common shares over the twenty-four month period beginning in November 2013, subject to the same terms and conditions as before. Under this agreement, which became effective December 3, 2013, we received a total of \$6,400,000 for the following shares under this Common Stock Private Purchase Agreement:

- December 18, 2013, 48,544 common shares were issued at a price of \$6.18 per share.
- January 14, 2014, 69,686 common shares were issued at a price of \$5.74 per share.
- February 4, 2014, 61,533 common shares were issued at a price of \$5.69 per share.
- February 28, 2014, 62,297 common shares were issued at a price of \$5.62 per share.
- March 25, 2014, 65,408 common shares were issued at a price of \$5.35 per share.
- April 11, 2014, 28,468 common shares were issued at a price of \$5.27 per share.
- April 25, 2014, 29,487 common shares were issued at a price of \$5.09 per share.
- May 7, 2014, 63,573 common shares were issued at a price of \$4.72 per share.
- May 16, 2014, 59,595 common shares were issued at a price of \$5.03 per share.
- May 28, 2014, 29,132 common shares were issued at a price of \$5.15 per share.
- June 10, 2014, 31,062 common shares were issued at a price of \$4.83 per share.
- June 23, 2014, 31,302 common shares were issued at a price of \$4.79 per share.
- July 3, 2014, 21,501 common shares were issued at a price of \$4.65 per share.
- July 8, 2014, 52,312 common shares were issued at a price of \$4.78 per share.
- July 24, 2014, 31,672 common shares were issued at a price of \$4.74 per share.
- August 5, 2014, 31,179 common shares were issued at a price of \$4.81 per share.
- August 8, 2014, 60,926 common shares were issued at a price of \$4.92 per share.
- August 27, 2014, 60,048 common shares were issued at a price of \$5.00 per share.
- September 9, 2014, 61,703 common shares were issued at a price of \$4.86 per share.
- September 15, 2014, 31,049 common shares were issued at a price of \$4.83 per share.
- September 30, 2014, 37,406 common shares were issued at a price of \$4.01 per share.
- October 9, 2014, 33,791 common shares were issued at a price of \$4.44 per share.

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- October 24, 2014, 50,040 common shares were issued at a price of \$5.00 per share.
- November 12, 2014, 138,889 common shares were issued at a price of \$0.72 per share.
- April 28, 2015, 431,344 common shares were issued at a price of \$1.39 per share.
- May 26, 2015, 217,122 common shares were issued at a price of \$1.61 per share.

Twenty-six drawings were made under the November 2013 Common Stock Private Purchase Agreement, for total proceeds of \$6,400,000.

The Common Stock Private Placement Agreement expired in November 2015 and was not renewed.

On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bear interest at 6% per annum, payable quarterly with a maximum term of three years. The Corporation will also pay an administrative fee of 2% per annum on the outstanding principal amount, calculated quarterly and paid at the same time that the interest are paid on these notes. The notes are convertible by the holder at any time into common shares of the Corporation at a conversion price of \$0.533 per share.

The Corporation's ability to raise capital through the Agreement and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

In total, Nymox has raised over \$81.6 million through the issuance of common stock or securities exercisable for shares of common stock, since its incorporation in May 1995.

We have contractual obligations under long-term lease commitments for our premises in Canada of \$4,580 per month until August 2016 and in the United States of \$9,007 per month until October 2016 and contractual obligations under the 6% secured convertible notes. Corporation's contractual obligations are summarized in the Management's Discussion and Analysis below.

20

MANAGEMENT'S DISCUSSION AND ANALYSIS

(In US dollars)

This Management's discussion and analysis ("MD&A") comments on the Corporation's operations, performance and financial condition as at and for the years ended December 31, 2015 and 2014. This MD&A should be read together with the audited Consolidated Financial Statements and the related notes. This MD&A is dated March 30, 2016. All amounts in this report are in U.S. dollars, unless otherwise noted.

Except as otherwise indicated, all financial information contained in this MD&A and in the Consolidated Financial Statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Consolidated Financial Statements and this MD&A were reviewed by the Corporation's Audit Committee and were approved by our Board of Directors.

Additional information about the Corporation 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 focused on developing its drug candidate, NX-1207, for the treatment of BPH and the treatment of low-grade localized prostate cancer. Since 1989, the Corporation's activities and resources have been directed primarily on developing certain pharmaceutical technologies. Since 2002, Nymox has been developing its novel proprietary drug candidate, NX-1207, for the treatment of benign prostatic hyperplasia ("BPH"). In December 2010, the Corporation signed a license and collaboration agreement with Recordati, a European pharmaceutical group, for the development and commercialization of NX-1207 for BPH in Europe including Russia and the CIS, the Middle East, the Maghreb area of North Africa and South Africa. After the top-line statistical failure of Nymox's U.S. Phase 3 studies NX02-0017 and NX02-0018 at 12 months post-treatment, Recordati has terminated development and commercialization efforts for NX-1207 in the licensed territories. NX-1207 showed positive results for the treatment of BPH in Phase 1 and 2 clinical trials in the U.S. and in follow-up studies of available subjects from the completed clinical trials. In 2009, Nymox started two pivotal double blind placebo controlled Phase 3 trials for NX-1207, NX02-0017 and NX02-0018, that were conducted at investigational sites across the U.S. with a total enrollment of approximately 1,000 patients. Nymox also initiated subsequent open-label U.S. re-injection Phase 3 safety studies, NX02-0020 and NX02-0022. The NX02-0017 study completed patient enrollment and participation in December 2013 and the NX02-0018 study in May 2014. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies, and expects to continue its efforts to work on the development program. Nymox is also developing NX-1207 for the treatment of low-grade localized prostate cancer. A Phase 2 study of NX-1207 for low grade localized prostate cancer was started in 2012 with positive results reported in 2014. The Corporation is in the process of working towards definitive studies for this indication. The Corporation also has an extensive patent portfolio covering its marketed products, its investigational drug as well as other therapeutic and diagnostic indications. 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 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.

The Corporation is subject to a number of risks, including the successful development and marketing of its technologies and its ability to finance its research and development programs and operations through the sale of its common shares. Recently, the Corporation has filed an F-3 Registration Statement made effective on August 4, 2015, as well as, private placements and other types of financings, collaboration agreements, and revenues from product sales to fund its operations and research programs. In order to achieve its business plan and the realization of its assets and liabilities in the normal course of operations, the Corporation anticipates the need to raise additional debt or capital in the near term and/or achieve sales and other revenue-generating activities. Management has taken steps to reduce expenditures going forward in the short term by staff reductions, deferral of management salaries, and operational changes.

The top-line failure of the two Phase 3 studies of NX-1207 for BPH materially affects the Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations.

Management believes that current cash balances as at December 31, 2015 and anticipated funds from product sales are not sufficient to fund substantially all of its planned business operations and research and development programs over the next year. The Corporation intends to access financing through the existing F-3 and/or other sources of capital in order to fund these operations and activities over the next year.

We have incurred operating losses throughout our history. Management believes that such operating losses will continue for at least the next few years as a result of expenditures relating to research and development of our potential products.

Risk Factors

The business activities of the Corporation since inception have been devoted principally to research and development. Accordingly, the Corporation has had limited revenues from sales and has not been profitable to date. We refer to the Risk Factors section of our Form 20-F filed on EDGAR and on SEDAR for a discussion of the management and investment issues that affect the Corporation and our industry. The risk factors that could have an impact on the Corporation'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 Certain Of Our Therapeutic Products May Be Delayed, Making it Impossible to Achieve Anticipated Development or Commercialization Timelines And Our Development of NX-1207 Has Been Delayed Due to Negative Results In Phase III Clinical Trials
- 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
- We May Not Achieve our Projected Development Goals in the Time Frames We Announce and Expect
- Even If We Obtain Regulatory Approvals for Our Product Candidates, We Will be Subject to Stringent Ongoing Government Regulation
- It is Uncertain When, if Ever, We Will Make a Profit
- We Will Require Additional Funding to Continue as a Going Concern
- We Have Identified a Material Weaknesses in our Internal Control over Financial Reporting.
- Although We Expect to Make Every Effort to Address these Material Weaknesses, We May Find that We are Unable to Remediate these Deficiencies in our Control Environment, Which Could Reduce the Reliability of Our Financial Reporting, Harm Investor Confidence in our Company and Affect the Value of our Common Stock.
- We Face Challenges in Developing, Manufacturing and Improving Our Products
- Our Products and Services May Not Receive Necessary Regulatory Approvals
- We Face Significant and Growing Competition
- We May Not Be Able to Successfully Market Our Products
- Protecting Our Patents and Proprietary Information is Costly and Difficult
- We Face Changing Market Conditions
- Health Care Plans May Not Cover or Adequately Pay for Our Products and Services
- We Are Subject to Continuing Potential Product Liability Risks, Which Could Cost Us Material Amounts of Money
- The Issuance of New Shares May Dilute Nymox's Stock
- If We Fail to Remain in Compliance With the Requirements for Continued Listing on The NASDAQ Stock Market, Our Common Shares Could be Delisted from Trading on the NASDAQ Stock Market, Which Would Adversely Affect the Liquidity of Our Common Shares and Our Ability to Raise Additional Capital
- We Face Potential Losses Due to Foreign Currency Exchange Risks
- We Have Never Paid a Dividend and are Unlikely to do so in the Foreseeable Future

Critical Accounting Policies

The Consolidated Financial Statements of the Corporation have been prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board. The Corporation's functional and presentation currency is the United States dollar. Our accounting policies are described in the notes to our annual audited consolidated financial statements. We consider the following policies to be the most critical in understanding the

judgments that are involved in preparing our financial statements and the matters that could impact our results of operations, financial condition and cash flows. The going concern basis of presentation The Consolidated Financial Statements have been prepared under the going concern assumption. Refer to 'Corporate Profile' and note 1 to the consolidated financial statements for a detailed discussion of this matter.

Revenue Recognition

The Corporation has generally derived its revenue from product sales and collaboration agreements. Revenue from product sales is recognized when the product has been delivered and obligations as defined in the agreement are performed. Collaboration agreements that include multiple deliverables are considered to be multiple-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under a collaboration agreement may include upfront payments, milestone payments, sale of goods, royalties and license fees. Revenue for each unit of accounting are recorded as described below:

- (i) Upfront payments:

22

Upfront payments are deferred and recognized as revenue on a systematic basis over the estimated service period. Changes in estimates are recognized prospectively when changes to the expected term are determined.

(ii) Milestone payments:

Revenue subject to the achievement of milestones is recognized only when the specified events have occurred and collectability is reasonably assured.

Specifically, the criteria for recognizing milestone payments are that (i) the milestone is substantive in nature, (ii) the achievement was not reasonably assured at the inception of the agreement, and (iii) the Corporation has no further involvement or obligation to perform associated with the achievement of the milestone, as defined in the related collaboration arrangement.

(iii) Sale of goods:

Revenue from the sale of goods is recognized when the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(iv) Royalties and license fees:

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectability is reasonably assured.

Revenue recognition is subject to critical judgments, particularly in the collaboration agreement described above. Management uses judgment in estimating the service period over which revenue is recognized for upfront payments received.

Stock-based Compensation

Stock-based compensation is recorded using the fair value based method for stock options issued to employees and non-employees. Under this method, compensation cost related to employee awards is measured at fair value at the date of grant, net of forfeitures, and is expensed over the award's vesting period. The Corporation uses the Black-Scholes and other option pricing models to calculate stock option values, which requires certain assumptions, including the future stock price volatility and expected time to exercise. There is estimation uncertainty with respect to selecting inputs to the Black-Scholes pricing model used to determine the fair value of the stock options. Changes to any of these assumptions, or the use of a different option pricing model, could produce different fair values for stock-based compensation, which could have a material impact on the Corporation's earnings.

Contingent liabilities

Assessing the recognition of contingent liabilities requires judgement in evaluating whether it is probable that economic benefits will be required to settle the matters subject to litigation. Subsequent to the press release dated November 2, 2014 referred to in the 'Corporate Profile' section, a plaintiff was seeking certification of a class action suit against the Corporation and an officer of the Corporation. Refer to note 13 to the Consolidated Financial Statements. On February 10, 2016, the Court dismissed the action. Therefore the lawsuit is dismissed with prejudice. The plaintiffs had until February 24, 2016 to file an amended complaint and failed to file.

Compound financial instruments

Compound financial instruments issued by the Corporation comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The model used to measure the fair value of the liability component comprises estimation uncertainty in determining the interest rate applicable to a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Results of Operations

Selected Annual Information	2015	2014	2013
Total revenues	\$ 2,761,265	\$ 2,949,509	\$ 3,359,010
Net loss	\$ (17,893,863)	\$ (4,594,093)	\$ 4,908,603
Loss per share (basic & diluted)	\$ (0.48)	\$ (0.13)	\$ (0.14)
Total assets	\$ 712,231	\$ 1,422,566	\$ 966,385

23

Non-current financial liabilities	\$ 1,214,672	\$ 1,118,831	\$ 2,908,522
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Quarterly Results	Q4 – 2015	Q3 – 2015	Q2 – 2015	Q1 – 2015
Total revenues	\$ 74,669	\$ 46,852	\$ 55,824	\$ 2,583,920
Net income (loss)	\$ (4,114,617)	\$ (10,006,187)	\$ (5,349,610)	\$ 1,576,551
Income (loss) per share (basic & diluted)	\$ (0.10)	\$ (0.26)	\$ (0.14)	\$ 0.04
	Q4 – 2014	Q3 – 2014	Q2 – 2014	Q1 – 2014
Total revenues	\$ 729,136	\$ 735,529	\$ 752,280	\$ 732,564
Net loss	\$ (492,799)	\$ (688,206)	\$ (820,272)	\$ (2,592,816)
Loss per share (basic & diluted)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.07)

The revenues in 2015 and 2014 include the recognition of revenue related to the upfront payment of 10 million (US\$13.1 million) received from Recordati in December 2010. During the first quarter of 2015, the collaborative agreement was terminated by Recordati and the results of operations included the recognition of all of the remaining deferred amount of \$2,508,533 at the date of termination, which explains the net income for the quarter. The net losses for the second, third and fourth quarters of 2015 include stock-based compensation charges of \$4,427,909, \$8,346,867 and \$3,008,887, respectively, related to options granted to officers and directors, and shares issued to the Chief Executive Officer during 2015, which explains the losses in these quarters. The net loss during the first quarter of 2014 includes a stock compensation charge in the amount of \$1,420,185 which explains the increase in net losses for that quarter compared to other quarters presented in 2014.

Results of Operations – 2015 compared to 2014

Net losses were \$4,114,617, or \$0.10 per share, for the quarter, and \$17,893,863, or \$0.48 per share, for the year ended December 31, 2015, compared to \$492,799, or \$0.02 per share, for the quarter, and \$4,594,093, or \$0.13 per share, for the year ended December 31, 2014. Net loss includes stock compensation charges of \$15,783,664 in 2015 and \$ 1,579,914 in 2014. The increase in net loss for the twelve months ended December 31, 2015 compared to the same period in 2014 is primarily due to increases of \$3,887,953 in net research and development expenditures and increases of \$8,974,589 in general and administrative expenses. The increase in net losses for the quarter ended December 31, 2015 compared to same period in 2014 is mainly due to an increase of \$ 1,692,213 in net research and development and an increase of \$1,228,420 in general and administrative expenses. The weighted average number of common shares outstanding for the year ended December 31, 2015 was 42,760,869 compared to 35,872,445 for the same period in 2014.

Revenues

Revenues from sales of goods amounted to \$74,669 for the quarter and \$252,732 for the year ended December 31, 2015, compared with \$74,736 for the quarter and \$331,909 for the year ended December 31, 2014. The development of therapeutic candidates and of moving therapeutic product candidates through clinical trials is a priority for the Corporation at this time. The growth of sales will become more of a priority once these candidates have reached the marketing stage. The Corporation expects that revenues will increase if and when product candidates pass clinical trials and are launched on the market.

For the year ended December 31, 2015, an amount of \$2,508,533 was recognized as revenue relating to the upfront payment received from Recordati in December 2010 compared with \$2,617,600 for the year ended December 31, 2014. The initial estimated service period of five years to recognize the upfront payment was modified, in February 2015, following the announcement, by Recordati, to interrupt the European clinical trial.

Consequently, in the first quarter of 2015, the Corporation recognized, as revenue, an amount of \$2,508,533 which represented the remaining deferred revenue relating to the upfront payment received from Recordati in December 2010. As at December 31, 2015, the deferred revenue related to this transaction recorded in the statement of financial position amounted to \$nil (as at December 31, 2014 - \$2,508,533) as the balance of the deferred revenue was recognized in full during the first quarter of 2015.

Research and Development

Research and development expenditures were \$2,383,973 for the quarter and \$8,649,510 for the year ended December 31, 2015, compared with \$738,989 for the quarter and \$4,761,557 for the year ended December 31, 2014. Research and development expenditures include costs incurred mainly for advancing Nymox's BPH and prostate cancer product candidate NX-1207 through clinical trials. Research and development expenditures also include stock compensation charges of \$1,503,126 for the quarter and \$5,676,371 for the year ended December 31, 2015 and \$1,119 for the quarter and \$631,217 for the year ended December 31, 2014. On November 2, 2014, the Corporation announced that the two Phase 3 U.S. studies of NX-1207 for the treatment of BPH, NX02-0017 and NX02-0018, failed to meet their primary efficacy endpoints. The decrease in expenses for the quarter ended December 31, 2014 is mainly attributable to a reduction of \$672,924 in clinical trial expenditures and a decrease of \$140,517 in salaries and payroll related expenses. For the year ended December 31, 2014, a decrease of \$1,696,384 in clinical trial expenditures, a decrease of \$165,543 in professional fees and a decrease of \$184,431 in other expenditures combined with an increase of \$618,538 in stock compensation charges and a decrease of \$85,527 in salaries and payroll related expenses explained the reduction of expenses compared to the same period in 2013. In 2014, research tax credits amounted to \$264,827 compared to \$555,031 in 2013. The decrease of \$290,204 in 2014 is mainly attributable by the

receipt, in 2013, of amounts totaling \$194,695 which were realized but related to prior years, as well as less activities due to the fact that the U.S. BPH 12 month trials were completed in November 2014 and a reduction, in June 2014, of the research tax credit rate from 37.5% to 30.0%. The Corporation expects that research and development expenditures will decrease as a result of the Corporation's U.S. BPH trial activity reduction, pending the evaluation of the data. Because of the early stage of development and the uncertainty related to the Corporation's R&D projects, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete these projects, nor the anticipated completion dates for these projects. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate of the costs and timing necessary to complete projects include the risks inherent in any field trials, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture the products in accordance with current good manufacturing requirements (cGMP) and in sufficient quantities both for large scale trials and for commercial use as further described in the section entitled "Risk Factors". A drug candidate that shows efficacy can take a long period (7 years or more) to achieve regulatory approval. There is also uncertainty whether we will be able to successfully adapt our patented technologies or whether any new products we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such products at a commercially competitive price. In addition, given the very high costs of development of therapeutic products, we anticipate having to partner with larger pharmaceutical companies to bring therapeutic products to market. The terms of such partnership arrangements along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such products will likely not be within our sole control.

Marketing Expenses

Marketing expenditures were \$53 for the quarter and \$9,528 for the year ended December 31, 2015 compared with \$63,963 for the quarter and \$186,616 for the year ended December 31, 2014. The decrease is mainly due to the reduction of \$ 59,664 for the quarter and \$166,637 for the year ended December 31, 2015 in salaries and payroll related expenses following staff reductions. The Corporation expects that marketing expenditures will increase if and when new products are launched on the market.

General and Administrative Expenses

General and administrative expenses were \$1,652,920 for the quarter and \$11,602,216 for the year ended December 31, 2015, compared with \$614,075 for the quarter and \$2,817,201 for the year ended December 31, 2014. General and administrative expenditures also include stock compensation charges of \$10,107,293 for the year ended December 31, 2015 and \$948,697 in the comparative period in 2014. The increase of \$8,785,015 in expenses for the year ended December 31, 2015 is primarily attributable to an increase of \$9,158,596 in stock compensation charges and a decrease of \$308,040 in salaries and payroll related expenses compared to the same period in 2014. The increase of \$1,038,845 for the quarter ended December 31, 2015 is mainly attributable to an increase of \$1,481,698 in stock compensation charges, to a decrease of \$276,116 in professional fees and a decrease of \$85,090 in salaries compared to 2014. The Corporation expects that general and administrative expenditures will increase if and when product development leads to expanded operations.

Finance Costs

Finance costs were \$29,788 for the quarter and \$200,349 for the year ended December 31, 2015, compared with \$79,343 and \$112,922 for the year ended December 31, 2014. An amount of \$46,516 for the quarter and \$184,771 for the year ended December 31, 2015 in interests and accretion expenses were incurred in connection with convertible notes.

The Corporation incurs expenses in the local currency of the countries in which it operates, which include the United States, Canada and the Bahamas. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2015 or 2014.

Inflation

The Corporation does not believe that inflation has had a significant impact on its results of operations.

Results of Operations – 2014 compared to 2013

Net losses were \$492,799, or \$0.02 per share, for the quarter, and \$4,594,093, or \$0.13 per share, for the year ended December 31, 2014, compared to \$1,316,921, or \$0.04 per share, for the quarter, and \$4,908,603, or \$0.14 per share, for the year ended December 31, 2013. Net loss includes stock compensation charges of \$1,579,914 in 2014 and \$307,326 in 2013. The decrease in net loss for the twelve months ended December 31, 2014 compared to the same period in 2013 is primarily due to decreases of \$1,223,142 in net research and development expenditures, and \$95,439 in marketing expenses, net of increases of \$1,061,315 in general and administrative expenses, \$85,874 in finance costs and a non-recurring gain on settlement of agreement of \$189,575 in 2014. The decrease in net losses for the quarter ended December 31, 2014 compared to same period in 2013 is mainly due to a decrease of \$942,219 in research and development, an increase of \$72,358 in finance costs and a non-recurring gain on settlement of agreement of \$189,575 in 2014, net of a decrease of \$54,458 in research tax credits. The weighted average number of common shares outstanding for the year ended December 31, 2014 was 35,253,879 compared to 34,147,666 for the same period in 2013.

Revenues

25

For the quarter and year ended December 31, 2014, amounts of \$654,400 and \$2,617,600 respectively, were recognized as revenue relating to the upfront payment received from Recordati in December 2010. At December 31, 2014, the deferred revenue related to this transaction recorded in the statement of financial position amounted to \$2,508,533 (2013 - \$5,126,133).

Revenues from sales of goods amounted to \$74,736 for the quarter and \$331,909 for the year ended December 31, 2014, compared with \$283,090 for the quarter and \$741,410 for the year ended December 31, 2013. The decrease for the year ended December 31, 2014 compared to the same period in 2013 is primarily due to the non-recurrence in 2014 of the sale of goods of \$333,249 for the year ended December 31, 2013 under our licensing agreement with Recordati. The development of therapeutic candidates and of moving therapeutic product candidates through clinical trials is a priority for the Corporation at this time. The growth of sales will become more of a priority once these candidates have reached the marketing stage. The Corporation expects that revenues will increase if and when product candidates pass clinical trials and are launched on the market.

Research and Development

Research and development expenditures were \$738,989 for the quarter and \$4,761,557 for the year ended December 31, 2014, compared with \$1,681,208 for the quarter and \$6,274,903 for the year ended December 31, 2013. Research and development expenditures include costs incurred mainly for advancing Nymox's BPH and prostate cancer product candidate NX-1207 through clinical trials. Research and development expenditures also include stock compensation charges of \$1,119 for the quarter and \$631,217 for the year ended December 31, 2014 and \$2,611 for the quarter and \$12,679 for the year ended December 31, 2013. On November 2, 2014, the Corporation announced that the two Phase 3 U.S. studies of NX-1207 for the treatment of BPH, NX02-0017 and NX02-0018, failed to meet their primary efficacy endpoints. The decrease in expenses for the quarter ended December 31, 2014 is mainly attributable to a reduction of \$672,924 in clinical trial expenditures and a decrease of \$140,517 in salaries and payroll related expenses. For the year ended December 31, 2014, a decrease of \$1,696,384 in clinical trial expenditures, a decrease of \$165,543 in professional fees and a decrease of \$184,431 in other expenditures combined with an increase of \$618,538 in stock compensation charges and a decrease of \$85,527 in salaries and payroll related expenses explained the reduction of expenses compared to the same period in 2013. In 2014, research tax credits amounted to \$264,827 compared to \$555,031 in 2013. The decrease of \$290,204 in 2014 is mainly attributable by the receipt, in 2013, of amounts totaling \$194,695 which were realized but related to prior years, as well as less activities due to the fact that the U.S. BPH 12 month trials were completed in November 2014 and a reduction, in June 2014, of the research tax credit rate from 37.5% to 30.0%. The Corporation expects that research and development expenditures will decrease as a result of the Corporation's U.S. BPH trial activity reduction, pending the evaluation of the data. Because of the early stage of development and the uncertainty related to the Corporation's R&D projects, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete these projects, nor the anticipated completion dates for these projects. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate of the costs and timing necessary to complete projects include the risks inherent in any field trials, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture the products in accordance with current good manufacturing requirements (cGMP) and in sufficient quantities both for large scale trials and for commercial use as further described in the section entitled "Risk Factors". A drug candidate that shows efficacy can take a long period (7 years or more) to achieve regulatory approval. There is also uncertainty whether we will be able to successfully adapt our patented technologies or whether any new products we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such products at a commercially competitive price. In addition, given the very high costs of development of therapeutic products, we anticipate having to partner with larger pharmaceutical companies to bring therapeutic products to market. The terms of such partnership arrangements along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such products will likely

not be within our sole control.

Marketing Expenses

Marketing expenditures were \$63,963 for the quarter and \$186,616 for the year ended December 31, 2014 compared with \$44,356 for the quarter and \$282,055 for the year ended December 31, 2013. Marketing expenses for the quarter were relatively stable. The decrease in expenses for the year ended December 2014 is attributable to stock compensation charges recorded in the second quarter of 2013 which amounted to \$123,700 compared to nil for the same period in 2014. The Corporation expects that marketing expenditures will increase if and when new products are launched on the market.

General and Administrative Expenses

General and administrative expenses were \$614,075 for the quarter and \$2,817,201 for the year ended December 31, 2014, compared with \$401,038 for the quarter and \$1,755,886 for the year ended December 31, 2013. General and administrative expenditures also include stock compensation charges of \$948,697 for the year ended December 31, 2014 and \$170,947 in the comparative period in 2013. The increase of \$1,061,315 in expenses for the year ended December 31, 2014 is primarily attributable to an increase of \$777,750 in stock compensation charges, an increase of \$73,247 in salaries and payroll related expenses, other charges of \$121,000 related to operational changes, an increase of \$61,839 in professional fees and a decrease of \$68,818 in investor relations compared to the same period in 2013. The increase of \$213,037 for the quarter ended December 31, 2014 is mainly attributable to an increase of \$98,143 in professional fees, other charges of \$121,000 related to operational changes offset by a decrease of \$62,984 in investor relations compared to 2013. The Corporation expects that general and administrative expenditures will increase if and when product development leads to expanded operations.

26

Finance Costs - Foreign Exchange

Finance costs were \$79,343 for the quarter and \$ 112,922 for the year ended December 31, 2014, compared with \$3,141 and \$27,048 for the year ended December 31, 2013. The increase of \$85,874 for the year ended December 31, 2014 is primarily due to financial costs of \$71,009 incurred in connection with a bridge loan that was repaid before year-end and \$26,148 in accretion of liabilities incurred in connection with the departure of the former Chief Financial Officer. The increase of \$72,358 for the quarter ended December 31, 2014 is mainly attributable to the finance costs of \$71,009 incurred in connection with a bridge loan that was repaid before year-end.

The Corporation incurs expenses in the local currency of the countries in which it operates, which include the United States and Canada. Approximately 56% of 2014 expenses (2013 - 59%; 2012 - 57%) were in U.S. dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2014, 2013 or 2012.

Gain on settlement

This gain relates to the settlement agreement for the departure of the former Chief Financial Officer. Refer to note 8 to the Consolidated Financial Statements.

Inflation

The Corporation does not believe that inflation has had a significant impact on its results of operations.

Contractual Obligations

Nymox has no contractual obligations of significance other than its accounts payable, accrued liabilities and the following:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years
Rent for laboratory and office space	\$ 144,730	\$ 144,730	\$ 0	\$ 0
Insurance premium installments	\$ 63,597	\$ 63,597	\$ 0	\$ 0
Operating leases	\$ 11,025	\$ 7,882	\$ 3,143	\$ 0
Convertible notes	\$ 1,070,000	\$ 0	\$ 1,070,000	\$ 0
Interest and fees on convertible notes	\$ 164,067	\$ 85,600	\$ 78,467	\$ 0
Total Contractual Obligations other than accounts payable and accrued liabilities	\$ 1,453,419	\$ 301,809	\$ 1,151,610	\$ 0

The redeemable preferred shares for the Corporation's subsidiary Serex, Inc. in the amount of \$400,000 have no specific terms of repayment.

Off-Balance Sheet Arrangements

The Corporation has no binding commitments for the purchase of property, equipment or intellectual property. The Corporation has no commitments that are not reflected in the statement of financial position except for operating leases and insurance premium installments.

Contingent liabilities

Dismissal of Law Suit. On November 24, 2014, a shareholder of the Corporation, filed a proposed class action suit in the United States District Court, District of New Jersey, against the Corporation and the President and CEO of the Corporation. On February 10, 2016, the court dismissed the lawsuit. The Plaintiffs had until February 24, 2016 to file an amended complaint and failed to do so. Therefore, the suit is dismissed with prejudice. No provision has been recognized in these financial statements for this matter.

Transactions with Related Parties

The Corporation had no transactions with related parties in 2015 and 2014 other than those disclosed for key management personnel to note 21 of the Consolidated Financial Statements.

Financial Position

Liquidity and Capital Resources

As of December 31, 2015, cash and receivables including tax credits totalled \$653,107 compared with \$1,307,501 at December 31, 2014. The decrease is mainly due to a reduction of \$344,096 in tax credits receivable and a decrease of \$257,809 in cash. The decrease in tax credits receivable is explained by the receipt, in the first quarter of 2015, of \$349,827 (CA\$ 387,350) related to the 2013 tax credits receivable. In November 2013, the Corporation signed a new Common Stock Private Purchase Agreement, whereby Lorros-Greyse Investments Limited (the “Purchaser”) was committed to purchase up to \$15 million of the Corporation’s common shares over a twenty-four month period. The agreement became effective December 3, 2013. As at

November 14, 2015, twenty-six drawings were made under the new common stock private purchase agreement, for total proceeds of \$6,400,000. On December 18, 2013, 48,544 common shares were issued at a price of \$6.18 per share. On January 14, 2014, 69,686 common shares were issued at a price of \$5.74 per share. On February 4, 2014, 61,533 common shares were issued at a price of \$5.69 per share. On February 28, 2014, 62,297 common shares were issued at a price of \$5.62 per share. On March 25, 2014, 65,408 common shares were issued at a price of \$5.35 per share. On April 11, 2014, 28,468 common shares were issued at a price of \$5.27 per share. On April 25, 2014, 29,487 common shares were issued at a price of \$5.09 per share. On May 7, 2014, 63,573 common shares were issued at a price of \$4.72 per share. On May 16, 2014, 59,595 common shares were issued at a price of \$5.03 per share. On May 28, 2014, 29,132 common shares were issued at a price of \$5.15 per share. On June 10, 2014, 31,062 common shares were issued at a price of \$4.83 per share. On June 23, 2014, 31,302 common shares were issued at a price of \$4.79 per share. On July 3, 2014, 21,501 common shares were issued at a price of \$4.65 per share. On July 8, 2014, 52,312 common shares were issued at a price of \$4.78 per share. On July 24, 2014, 31,672 common shares were issued at a price of \$4.74 per share. On August 5, 2014, 31,179 common shares were issued at a price of \$4.81 per share. On August 8, 2014, 60,926 common shares were issued at a price of \$4.92 per share. On August 27, 2014, 60,048 common shares were issued at a price of \$5.00 per share. On September 9, 2014, 61,703 common shares were issued at a price of \$4.86 per share. On September 15, 2014, 31,049 common shares were issued at a price of \$4.83 per share. On September 30, 2014, 37,406 common shares were issued at a price of \$4.01 per share. On October 9, 2014, 33,791 common shares were issued at a price of \$4.44 per share. On October 24, 2014, 50,040 common shares were issued at a price of \$5.00 per share. On November 12, 2014, 138,889 common shares were issued at a price of \$0.72 per share. On April 28, 2015, 431,344 common shares were issued at a price of \$1.39 per share. On May 26, 2015, 217,122 common shares were issued at a price of \$1.61 per share. The Common Stock Private Purchase Agreement, expired in November 2015 and has not been renewed.

The Corporation believes its current cash balance as at December 31, 2015 and anticipated funds from product sales are not sufficient to fund substantially all of its planned business operations and research and development programs over the next year. The Corporation cannot assure you that it will be able to secure additional financing on favourable terms or at all.

The top-line failure of the two Phase 3 studies of NX-1207 for BPH, announced by the Corporation on November 2, 2014, materially affects the Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations. On November 2, 2014, the Corporation announced that the Corporation's Phase 3 trials of its investigational drug product, NX-1207, for the treatment of benign prostatic hyperplasia (BPH), NX02-0017 and NX02-0018, had failed to meet their primary endpoints. On November 3, 2014, the Corporation's stock price fell from its previous close of \$5.14 to a closing price of \$0.93 equaling, an 82% decline. On April 28, 2015 and on May 26, 2015, the Corporation completed two drawdowns of \$600,000 and \$350,000 pursuant to the Agreement.

The Corporation will have to seek other sources of financing in order to be able to pay its obligations as they become due, which could have an impact on its ability to continue as a going concern.

The Corporation's ability to raise capital through the Agreement and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favourable to the Corporation.

In addition to financing operations through the issuance of equity, the Corporation may also secure additional funding through the issuance of debt, licensing or partnering products in development, increasing revenue from our products, or realizing on intellectual property and other assets. There can be no assurances that the Corporation will be successful in realizing on any such potential opportunities for additional funding at a price or on terms that are favourable to the Corporation.

On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bear interest at 6% per annum, payable quarterly with a maximum term of 3 years. The Corporation will also pay an administrative fee of 2% per annum on the outstanding principal amount, calculated quarterly and paid at the same time that the interest are paid on these notes. The notes are convertible by the holder at any time into common shares of the Corporation at a conversion price of \$0.533 per share.

On January 23, 2015 and on March 12, 2015, the Corporation completed two \$200,000 private placements financing for a total of \$400,000 (see note 12 of the Consolidated Financial Statements). A total of 883,058 units were issued at a weighted average price of \$0.39 per unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Corporation at a price per share equal to U.S. \$2.00 for a period 24 months following the subscription date.

On June 19, 2015, the Corporation completed one private placement for an amount of \$500,000 and 400,000 shares were issued.

On August 17, 2015, the Corporation completed one private placement for an amount of \$200,000 and 90,000 shares were issued.

On August 19, 2015, the Corporation completed two private placements financing for a total of \$99,990. A total of 45,000 units were issued.

On September 29, 2015, the Corporation completed three private placements financing for a total of \$167,972. A total of 56,950 units were issued.

On October 13, 2015, the Corporation completed one private placement for an amount of \$162,447 and 50,000 shares were issued.

On November 5, 2015, the Corporation completed one private placement for an amount of \$500,000 and 169,500 shares were issued.

On November 10, 2015, the Corporation completed one private placement for an amount of \$82,600 and 28,000 shares were issued.

On November 12, 2015, the Corporation completed one private placement for an amount of \$44,250 and 15,000 shares were issued.

On November 13, 2015, the Corporation completed one private placement for an amount of \$88,495 and 30,000 shares were issued.

On November 16, 2015, the Corporation completed one private placement for an amount of \$191,750 and 65,000 shares were issued.

On November 27, 2015, the Corporation completed one private placement for an amount of \$147,500 and 50,000 shares were issued.

On December 15, 2015, the Corporation completed two private placements financing for a total of \$29,960. A total of 10,180 units were issued.

On December 17, 2015, the Corporation completed two private placements financing for a total of \$60,194. A total of 20,420 units were issued.

On December 18, 2015, the Corporation completed one private placement for an amount of \$12,975 and 4,400 shares were issued.

On December 30, 2015, the Corporation completed one private placement for an amount of \$147,500 and 50,000 shares were issued.

Other than the financing discussed above, the Corporation does not have arranged sources of financing.

In February 2016, the Corporation filed a prospectus supplement and accompanying prospectus related to the potential issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales, if any, will be made under an equity distribution agreement, dated February 5, 2016, between the Corporation and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker or through an electronic communications

network. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan will act as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

We have incurred substantial operating losses since our inception due in large part to expenditures for our research and development activities and expense charges related the issuance of stock options to our key employees. As at December 31, 2015, we had an accumulated deficit of \$117,980,943, and we have negative cash flows from operations. The Corporation's working capital deficiency is \$1,559,132 at December 31, 2015. Our current level of annual expenditures exceeds the anticipated revenues from sales of goods and may not be covered by additional sources of funds.

In response to the top-line twelve month failure of the two Phase 3 trials of NX-1207 for BPH, Management has taken steps to reduce expenditures going forward in the short term by staff reductions for the U.S. BPH development program for NX-1207, deferral of management salaries, and other operational changes. Management is exploring other options, including the securing of additional sources of financing. While management believes the use of the going concern assumption is appropriate, there is no assurance the above actions will be successful. The Consolidated Financial Statements for the year ended December 31, 2015, do not include any adjustments or disclosures that may be necessary should the Corporation not be able to continue as a going concern. If the going concern assumption is not appropriate for the Consolidated Financial Statements for the year ended December 31, 2015, then adjustments may be necessary to the carrying value and classification of assets and liabilities and reported results of operations and such adjustments could be material.

Capital disclosures

The Corporation's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Corporation defines capital as total equity. To fund its activities, the Corporation has followed an approach that relied almost exclusively on the issuance of common shares and, during 2010, entered into a collaboration agreement. Since inception, the Corporation has financed its liquidity needs primarily through private placements and, since 2003, through a financing agreement with an investment company that has been replaced annually by a new agreement with the same purchaser (see note 12 -Common Stock Private Purchase Agreement of the Consolidated Financial Statements. As at the date of the MD&A, the Common Stock Private Purchase Agreement has expired.

On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bear interest at 6% per annum, payable quarterly with a maximum term of 3 years (see note 9 of the Consolidated Financial Statements). On January 23, 2015 and on March 12, 2015, the Corporation completed two \$200,000 private placement financing for a total of \$400,000. Thereafter, the Corporation completed 15 private placements for an amount of \$2,408,669.

The Corporation will have to seek other sources of financing in order to be able to pay its obligations as they become due, which could have an impact on its ability to continue as a going concern.

In February 2016, the Corporation filed a prospectus supplement and accompanying prospectus related to the potential issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales, if any, will be made under an equity distribution agreement, dated February 5, 2016, between the Corporation and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker or through an electronic communications network. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan will act as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

The Corporation's ability to raise capital through private placements and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

The capital management objectives remain the same as for the previous fiscal year. When possible, the Corporation tries to optimize its liquidity needs by non-dilutive sources, including sales, collaboration agreements, research tax

credits and interest income. The Corporation's general policy on dividends is to retain cash to keep funds available to finance its research and development and operating expenses.

The Corporation is not subject to any capital requirements imposed by external parties other than the Nasdaq Capital Market requirements related to the Listing Rules. On December 16, 2014, the Corporation was notified, by the Nasdaq Listing Qualifications department, that the Corporation's Nasdaq Capital Market requirements were currently deficient for the preceding 30 consecutive business days. In May, 2015, the Corporation received notification from the Nasdaq Listing Qualifications department that it had regained compliance with the listing rules.

Financial risk management

This section provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including foreign currency risk, credit risk, interest rate risk and liquidity risk, and to how the Corporation manages those risks.

Foreign currency risk

The Corporation uses the US dollar as its measurement currency because a substantial portion of revenues, expenses, assets and liabilities of its operations are denominated in US dollars. The Corporation's equity financing facility is also in US dollars. Foreign currency risk is limited to the portion of the Corporation's business transactions denominated in currencies other than the US dollar. Additional variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollar at each statement of financial position date. Fluctuations in the currency used for the payment of the

Corporation's expenses denominated in currencies other than the US dollar (primarily Canadian dollars) could cause unanticipated fluctuations in the Corporation's operating results, but would not impair or enhance its ability to pay its Canadian dollar denominated obligations. The Corporation's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by transacting with parties in US dollars to the maximum extent possible. The Corporation does not engage in the use of derivative financial instruments to manage its currency exposures.

Approximately 99% of expenses that occurred during the year ended December 31, 2015 (2014 - 56%; 2013 - 59%) were denominated in US dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2015, 2014 or 2013.

The following table provides significant items exposed to foreign exchange:

CA\$	December 31, 2015	December 31, 2014
Cash	\$ 31,207	\$ 5,840
Trade accounts receivable and other receivables	\$ 10,305	\$ 55,239
Trade accounts payable and accrued liabilities	\$ (449,621)	\$ (595,411)
	\$ (408,109)	\$ (534,332)

The following exchange rates were applied for the years ended December 31, 2015, 2014 and 2013:

	Average rate (twelve months)	Reporting date rate
US\$ - CA\$ - December 31, 2015	1.2788	1.3840
US\$ - CA\$ - December 31, 2014	1.1047	1.1601
US\$ - CA\$ - December 31, 2013	1.0299	1.0636

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar against the Canadian dollar would have decreased the net loss for the year ended December 31, 2015 by approximately \$15,000, assuming that all other variables remained constant.

An assumed 5% weakening of the US dollar against the Canadian dollar would have had an equal but opposite effect on the amount shown above, on the basis that all other variables remained constant.

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and trade accounts receivable. Cash is maintained with high-credit quality financial institutions. For trade accounts receivable, the Corporation performs periodic credit evaluations and typically does not require collateral. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

The Corporation has a limited number of customers. Included in the consolidated statement of financial position are trade accounts receivable of \$640 (December 31, 2014 - \$12,959), all of which were aged under 45 days. Two customers (December

31, 2014 - two customers) accounted for 100% (December 31, 2014 – 86.8%) of the trade receivables balance at December 31, 2015, all of whom have a good payment record with the Corporation. No bad debt expense on trade accounts receivable was recorded for the year ended December 31, 2015, nor for the year ended December 31, 2014.

At December 31, 2015, the Corporation's maximum credit exposure corresponded to the carrying amount of cash, trade accounts receivable and other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at a variable rate. Trade accounts receivable, other receivables, trade accounts payable and accrued liabilities bear no interest. The convertible notes bear interest at 6% per annum. In addition, the Corporation pays an administrative fee of 2% per annum under the terms of the convertible notes. An account payable of \$20,201 (CA\$23,435) bears interest at 12.99%. The Corporation has no other interest-bearing financial instruments.

Based on the value of variable interest-bearing cash during the year ended December 31, 2015, an assumed 0.5% increase or 0.5% decrease in interest rates during such period would have had no significant effect on the net loss.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure, as outlined in Capital Disclosures above. The Corporation does not have an operating credit facility and has historically financed its activities primarily through an equity financing agreement with an investment company and the issuance of convertible notes, as described in Liquidity and Capital Resources above.

The following are the contractual maturities of financial liabilities:

Trade accounts payable and accrued liabilities:	Carrying Amount	Less than 1 year	1 year to 5 years
December 31, 2015	\$ 2,250,568	\$ 2,250,568	–
December 31, 2014	\$ 1,976,145	\$ 1,976,145	–
Convertible notes ⁽¹⁾:			
December 31, 2015	\$ 814,672	– \$	1,070,000
December 31, 2014	\$ 718,831	– \$	1,070,000

(1) Before financing costs

The redeemable preferred shares for the Corporation's subsidiary Serex, Inc. in the amount of \$400,000 have no specific terms of repayment.

The Corporation's ability to raise capital through private placements and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

In addition to financing operations through the issuance of equity, the Corporation may also secure additional funding through the issuance of debt, licensing or partnering products in development, increasing revenue from our products, or realizing on intellectual property and other assets. There can be no assurances that the Corporation will be successful in realizing on any such potential opportunities for additional funding at a price or on terms that are favorable to the Corporation.

Outstanding Share Data

As at March 30, 2016, there were 43,810,869 common shares of Nymox issued and outstanding, as well as, 6,519,500 share options are outstanding, of which 6,519,500 are currently vested. There are 548,529 warrants outstanding. In addition, the convertible notes are convertible into 2,007,504 common shares.

Disclosure Controls and Procedures/Internal Control over Financial Reporting

(a) *Disclosure Controls and Procedures.* In accordance with Rule 13a-15(b) of the Exchange Act, the Corporation's management, including the Corporation's Chief Executive Officer, and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 20-F and the Chief Executive Officer, and the Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of December 31, 2015 because of the material weakness in our internal control over financial reporting that is described below in "Management's Annual Report on Internal Control Over Financial Reporting."

However, giving full consideration to the material weakness, the Corporation's management has concluded that the Consolidated Financial Statements as of and for the year ended December 31, 2015 present fairly, in all material

respects, the Corporation's financial position, results of operations and cash flows for the periods disclosed in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

THAYER O'NEAL has issued its report dated March 30, 2016, which expressed an unqualified opinion on those Consolidated Financial Statements.

(b) *Management's Annual Report on Internal Control over Financial Reporting.* Management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. The Corporation's internal control over financial reporting is designed to provide reasonable assurance to management and our board of directors regarding the preparation and fair presentation of published financial statements.

The Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2015, based on the framework set forth in Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Corporation's annual

financial statements will not be prevented or detected on a timely basis. Based on its evaluation under this framework, the Chief Executive Officer and the Chief Financial Officer concluded that our internal control over financial reporting was not effective as of December 31, 2015 due to the material weakness described below.

Following the announcement made on November 2, 2014 concerning the results of the two U.S. Phase 3 clinical trials, Management took steps to reduce expenditures going forward, including operational staff reductions. As a result, the Corporation did not employ a sufficient complement of finance and accounting personnel at December 31, 2015 to ensure that there was proper segregation of incompatible duties related to certain processes, primarily impacting the expenditures/disbursements processes and information technology general controls (“ITGC”) and sufficient compensating controls did not exist in these areas. Specifically, because of the limited number of qualified personnel, review controls of expenditures and disbursements, were not effective to ensure that expenditures and disbursements were properly authorized and recorded in the financial information system, and certain ITGCs that potentially impact two applications used for expenditures and disbursements were not effective to monitor activities of individuals with access to modify data.

While the control deficiency identified did not result in any misstatements, a reasonable possibility exists that a material misstatement to the annual consolidated financial statements will not be prevented or detected on a timely basis.

Further, the Corporation restated its second quarter of 2015 financial statements to correct a material error in stock compensation expense. The Corporation has determined that as a result of the operational staff reductions referred to above, the Corporation did not employ a sufficient complement of accounting personnel at June 30, 2015 to ensure that complex, non-routine accounting matters were properly addressed under the accounting framework. The lack of accounting personnel with sufficient technical accounting skills attributed to the restatement and is a material weakness because a reasonable possibility exists that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore it is possible to design into the process safeguards to reduce, though not eliminate, this risk. See “Risk Factors”

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

Management believes that a lack of segregation of duties is typical of companies with limited personnel and resources. Nonetheless, in response to the material weakness identified above, the Corporation, in the immediate future, intends to develop a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weakness. The Corporation does not currently intend to hire additional finance personnel or engage external experts until the size and operations warrant such additional resources.

The remediation efforts expected to be implemented include the following:

- i) Evaluate staffing levels and responsibilities to enhance appropriate segregation of duties where possible amongst our personnel.

- ii) Establishing a more comprehensive review and approval process for authorizing user access to financial information systems and monitoring user access to ensure that all information technology controls designed to restrict access to applications and data are operating in a manner that provides the Corporation with assurance that such access is properly restricted to the appropriate personnel.

Regarding the material weakness related to lack of accounting personnel at June 30, 2015 to ensure that complex, non-routine accounting matters are properly addressed, the Corporation now seeks the assistance of external accounting and/or other specialists to assist in the accounting of non-routine complex accounting matters.

(c) *Attestation Report of the Registered Public Accounting Firm.* This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report

(d) *Changes in Internal Controls over Financial Reporting.* Other than the material weakness described above, there have been no changes during the year ended December 31, 2015 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Changes in accounting policies:

New accounting standards and interpretations:

Issued but not yet adopted:

33

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee (“IFRS IC”). They are mandatory but not yet effective for the period ended December 31, 2015, and have not been applied in preparing these consolidated financial statements. Many of these are not applicable or are inconsequential to the Corporation and have been excluded from the discussion below.

The following standards and interpretations have been issued by the IASB and the IFRS IC and the Corporation is currently assessing their impact on the financial statements:

(a) IFRS 9, Financial Instruments:

IFRS 9 - *Financial Instruments* (“*IFRS 9*”) ultimately replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”), with the objective of improving and simplifying the reporting for financial instruments.

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9). IFRS 9 supersedes IAS 39, IFRIC 9 and earlier versions of IFRS 9. This standard provides guidance on the classification and measurement of financial liabilities and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

(b) IFRS 15, Revenue from Contracts with Customers:

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

c) IFRS 16, Leases

This standard introduces a new approach to lessee accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. IFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. The IASB concluded that such an approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, greater transparency of a lessee's financial leverage and capital employed. IFRS 16 requires enhanced disclosure by lessors of information about their risk exposure.

Effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15, Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

A lessee should apply IFRS 16 to its leases either: (a) retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; or (b) retrospectively with the cumulative effect of initially applying IFRS 16 recognized at the date of initial application. A lessor is not required to make any adjustments on transition for leases in which it is a lessor and should account for those leases applying IFRS 16 from the date of initial application. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

(d) IAS 12, Paragraph BC60 Recognition of Deferred Tax Assets for Unrealized Losses, Amendments to IAS 12

This standard requires that A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that: (a) is not a business combination; and (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

Forward Looking Statements

Certain statements included in this MD&A may constitute “forward-looking statements” within the meaning of the U.S. *Private Securities Litigation Reform Act of 1995* and Canadian securities legislation and regulations, and are subject to important risks, uncertainties and assumptions. This forward-looking information includes amongst others, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. We refer you to the Corporation’s filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, as well as the “Risk Factors” section of this MD&A, and of our Form 20-F, for a discussion of the various factors that may affect the Corporation’s future results. The results or events predicted in such forward-looking information may differ materially from actual results or events.

Factors that could cause actual results or plans to differ materially from those projected in forward-looking statements made by, or on behalf of, the Corporation, many of which are beyond our control, include the Corporation’s ability to:

- identify and capitalize on possible collaboration, strategic partnering or divestiture opportunities;
- obtain suitable financing to support its operations and clinical trials;
- access financing under the Common Stock Private Purchase Agreement;
- successfully defend pending and/or unforeseeable future litigation;
- manage its growth and the commercialization of its products;
- achieve operating efficiencies as it progresses from a development-stage to a later-stage biotechnology corporation;
- successfully compete in its markets;
- realize the results it anticipates from the clinical trials of its products;
- overcome negative results from its clinical trials;
- succeed in finding and retaining joint venture and collaboration partners to assist it in the successful marketing, distribution and commercialization of its products;
- achieve regulatory clearances for its products;
- obtain on commercially reasonable terms adequate product liability insurance for its commercialized products and avoid product liability claims;
- adequately protect its proprietary information and technology from competitors and avoid infringement of proprietary information and technology of its competitors;
- assure that its products, if successfully developed and commercialized following regulatory approval, are not rendered obsolete by products or technologies of competitors; and
- not encounter problems with third parties, including key personnel, upon whom it is dependent.

Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Corporation’s business. For example, they do not include the effect of business dispositions, acquisitions, other business transactions, asset write downs or other charges announced or occurring after forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

We believe that the expectations represented by our forward-looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. Furthermore, the forward-looking statements contained in this report are made as of the date of this report, and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

Research and Development, Patents and Licenses

Nymox's research and development policies are targeted at the development of novel therapeutic and diagnostic proprietary products that are subject to patent rights either directly owned by the Corporation or licensed to the Corporation through exclusive licensing agreements of patent rights. Over the last three financial years, the Corporation's major research and development activities were primarily focused on our drug candidate, NX-1207, for the treatment of BPH and the treatment of low-grade localized prostate cancer. Corporation's areas are the followings:

- *Therapeutic products for enlarged prostate (benign prostatic hyperplasia or BPH) and prostate cancer.* We have successfully completed several Phase 1 and Phase 2 multi-center, double-blind, placebo-controlled clinical trials, and follow-up studies, in the U.S. for NX-1207, our drug candidate for the treatment of BPH, and are presently in Phase 3. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies, and expects to continue its efforts to work on the development program. On July 27, 2015 Nymox announced that the Company's U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of

35

fexapotide trifluate (NX-1207) for BPH have successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. The Company announced that Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the 2 studies. As a result of the clinical benefits observed in the long-term extension trial, the Company intends to meet with regulatory authorities in various jurisdictions around the world and in due course to proceed to file for approval where possible.

- In March 2012, Nymox started a Phase 2 U.S. clinical trial to evaluate the company's NX-1207 drug for the treatment of low grade localized prostate cancer with positive results reported in 2014. We cannot predict with any certainty the outcome of any future trials nor estimate the costs of completing such trials, given the inherent uncertainties in conducting clinical trials, including as yet unknown response rates to our treatment candidate, unforeseeable safety issues, patient enrollment rates, manufacturing costs, and regulatory requirements. Given the inherent uncertainties with any Phase 3 clinical trial, we cannot provide a more precise estimate of the costs and timing of the completion of this project. These uncertainties include the chances of success of any phase of the clinical trials, the nature and extent of FDA requirements to proceed with a Phase 3 and for filing an NDA, our ability to scale up manufacture in accordance with cGMP and in sufficient quantities for commercial use, and whether or when the FDA will ultimately grant us such approval.
- *Therapeutic products for Alzheimer's disease.* We have conducted early stage research and development work into preclinical development of novel drug candidates and original research into the role spherons play in the

Alzheimer's disease process in order to pursue spheron-based therapeutics. Because of the early stage of development of this project, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete this project, nor the anticipated completion dates for this project. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate include the inherent uncertainties in the pre-clinical and clinical development of therapeutic candidates. In addition, given the very high costs of development of a drug for Alzheimer's disease, we anticipate having to partner with a larger pharmaceutical corporation to conduct and finance clinical trials. The terms of such a partnership arrangement along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such a drug will likely not be within our sole control. Most pre-clinical drug candidates do not meet necessary milestones to enter clinical trials; of those which do, only a small percentage ultimately achieve regulatory approval and enter the marketplace. We also have global patent rights to the use of statins in the prevention or treatment of Alzheimer's disease. Various published epidemiological and other research studies have shown evidence that statins may help in the prevention or treatment of Alzheimer's disease; other studies have shown otherwise. Other companies and organizations are currently carrying out clinical trials into the use of statin drugs for Alzheimer's disease. The effect of the results of such trials on this program is uncertain.

- *Tobacco exposure and other diagnostic tests.* We developed and validated NicAlert™, which is an FDA-cleared test for tobacco product use, and TobacAlert™, which is an over-the-counter test for second-hand smoke exposure. These are completed projects with any further research and development costs being related to product improvement and obtaining regulatory approvals where required in order to expand the market for these products. The development of other new diagnostic tests using our patented diagnostic technologies is in early stage development. Because of the early stage of development of these projects, it is not possible to outline the nature, timing or estimated costs of the efforts necessary to complete any of neither them nor their anticipated completion dates. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate include the uncertainty about whether we will be able to successfully adapt our patented diagnostic technologies to these new diagnostic indicators, whether any new diagnostic tests we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such tests at a commercially competitive price.
- *Anti-infectives.* Our anti-bacterial agent, NXC-4720, which is targeted as a treatment of meat at the processing stage, has 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 and treating bacterial infections in humans, are in preliminary stages of development with more uncertain prospects and timing and course of development. Because of the early stage of development of this project, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete this project or the anticipated completion dates for this project. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate of the costs and timing necessary to complete this project include the risks inherent in any field trials of NXC-4720, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture NXC-4720 in accordance with cGMP and in sufficient quantities both for large scale trials and for commercial use. In addition, we anticipate that we may need to partner with a larger Corporation in the food or agricultural sectors in order to finance and conduct field trials and to market any approved product; thus the timing of completion of the regulatory approval of such a product will not likely be within our sole control.

Research and development expenses, excluding stock-based compensation and depreciation expenses, allocated to our major research and development programs are as follows:

For the Year Ended December 31,	2015	2014	2013
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Alzheimer's Disease: Diagnostics	\$ 33,764	\$ 39,311	\$ 33,667
Alzheimer's Disease: Therapeutics	9,322	13,966	4,686
Anti-Infectives	4,910	7,103	4,692

36

BPH (Enlarged Prostate) and Prostate Cancer Therapeutics	2,919,502	3,783,158	5,650,931
Tobacco Exposure Tests: NicAlert™ and TobacAlert™	-	15,326	4,113
Total	\$ 2,967,498	\$ 3,858,864	\$ 5,698,089

For the earlier periods from 1995 to 1998, the Corporation did not maintain a cost accounting system that tracked research and development costs on a project-by-project basis. During the initial discovery stages, research and development is more general in nature and cannot be specifically categorized. During the periods 1995 to 2001, the general research expenses related primarily to the development of diagnostic products and therapeutic candidates for Alzheimer's disease. From 2002 to 2004, expenses related primarily to R&D in the areas of Alzheimer's disease and in BPH. Since 2005, expenses have primarily related to the development and clinical trials of NX-1207, our candidate for the treatment of BPH. The breakdown of research and development costs for these periods is as follows: 2012: \$6,586,039; 2011: \$6,602,148; 2010: \$4,551,719; 2009: \$3,043,219; 2008: \$2,388,911; 2007: \$3,468,273; 2006: \$3,171,428; 2005: \$2,292,610. The total research and development expenditures for the 1995 to 2004 period were \$18,507,409. Total research and development expenditures to date, excluding stock-based compensation and depreciation expenses, are \$63,148,109.

The Corporation expenses all research and development costs as incurred but does not currently maintain a cost accounting system to track, record and allocate staffing time on a specific project-by-project basis. We manage our ongoing research and development projects and programs in a dynamic, flexible manner. Research and development costs are allocated in reasonable and realistic proportion to the projects that benefited from those costs.

According to industry statistics, on average it takes 10 to 15 years to research, develop and bring to market a new prescription medicine in the United States. In light of the steps and complexities involved, the successful development of our product candidates is highly uncertain. Actual product timelines and costs are subject to enormous variability and are very difficult to predict. Accordingly, we cannot provide reliable estimates of the nature, timing and estimated costs of the efforts necessary to complete our programs. This is particularly the case for our programs in early stage development. The risk of failure to complete any such program is high because of uncertain feasibility and commercial viability, long lead times to program completion and potentially high costs in relation to anticipated returns. We update and change our product development programs to reflect the most recent preclinical and clinical data and other relevant information. Many of our products under development require regulatory approval before being sold. The process of obtaining such approvals is often lengthy and uncertain and requires the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business. We cannot assure you that any such approvals required will be obtained on a timely basis, if at all.

Trend Information

The Corporation does not currently know of any trends that would be material to our operations other than those disclosed in Items 4 and 5.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

Paul Averback, M.D., D.A.B.P., 65, President and Director since September 1995 and Chairman since June of 2001, is the founder of Nymox and the inventor of much of its initial technology. Prior to founding Nymox, Dr. Averback served as President of Nymox's predecessor, DMS Pharmaceuticals Inc. He received his M.D. in 1975 and taught pathology at universities, including Cambridge University, England (1977-1980), during which time he initiated his research on Alzheimer's disease. He has practised medicine in numerous institutions as well as in private practice. Dr. Averback has published extensively in the scientific and medical literature.

Randall Lanham, Esquire, 51, has been a director since June 8, 2006. He attained his Juris Doctor from Whittier College School of Law in 1991 and a Bachelor of Science degree from the University of Delaware in 1987. Mr. Lanham has vast experience in both domestic and international corporate legal matters. Currently Mr. Lanham manages his own law office in California specializing in corporate mergers and acquisitions. In addition, Mr. Lanham has a broad base of entrepreneurial experience and currently owns and operates several small entertainment companies.

Professor David Morse, Ph.D., 59, has been a director since June 8, 2006. He is a world expert in the biochemistry, proteomics and genomics of cell function particularly as it relates to circadian regulation in single cell organisms. He received a Ph.D. from McGill University in 1984, completed a post-doctoral fellowship at Harvard University in 1989 and has been a Full Professor at the University of Montreal since 2001. He has published extensively in the peer-reviewed scientific literature, including papers in journals such as Science, Cell, Proceedings of the National Academy of Science, Journal of Biological Chemistry, and Nature. Dr. Morse has previously collaborated with Nymox scientists in research and development projects.

Mr. James G. Robinson, 80, CEO of Morgan Creek Productions, which for over 25 years has continued to be one of the leading and most successful independent production entities in the film business. Under Robinson's leadership, Morgan Creek has produced an assortment of highly successful and critically acclaimed feature films.

Richard Cutler, Esq. 58, is a graduate of Brigham Young University and Columbia University School of Law. Mr. Cutler has worked at several major national law firms, and in 1996, formed Cutler Law Group in Newport Beach, California and subsequently Atlanta, Georgia and Houston, Texas, a firm which specializes in corporate and securities law, as well as international business transactions.

Mr. Erik Danielsen, Chief Financial Officer, 52, is a graduate from Universite de Fribourg with a Masters in Business Law and Corporate Finance. Mr. Danielsen a former Senior Auditor for Price Waterhouse and has extensive experience in international business. Mr. Danielsen is a former Credit Suisse Equity Strategist.

Compensation

Named Executive Officers

The Summary Compensation Table and Outstanding Incentive Plan Awards tables below for Named Executive Officers summarize the total compensation paid during the Corporation's financial year ended on December 31, 2015 to the Named Executive Officers of the Corporation and all incentive plan awards outstanding at December 31, 2015 for the Named Executive Officers. The Named Executive Officers are the Corporation's Chief Executive Officer, Chief Financial Officer, and two most highly compensated executive officers.

On July 17, 2015, the Corporation approved the long-term employment agreement of Dr. Paul Averback as President and Chief Executive Officer. Dr. Averback has not taken a salary since November of 2014. The employment agreement retains the services of Dr. Averback for an initial period of seven years. Dr. Averback has agreed to forgo 100% of his salary until the Company receives a significant increase in its financing to expand its operations and execute its business plans at which time Dr. Averback will have the option to receive a cash salary or to continue the equity compensation. Dr. Averback received 3,000,000 restricted shares on July, 2015 and shall receive 250,000 restricted stock each month for the duration of the contract, totaling up to 21,000,000 restricted shares, in lieu of cash salary. The Corporation determined that a grant date for all of the restricted shares occurred on July 17, 2015 and established the fair value of each share at \$1.36. The Corporation is recording the expense on a pro-rata basis and recorded an expense of \$11.4 million in fiscal 2015. The unrecognized compensation cost as of December 31, 2015, which will be recognized on a pro-rata basis over the duration of the employment contract as services are performed assuming Dr. Averback continued to elect equity compensation is \$21.2 million.

The Chief Financial Officer received an option grant totaling 100,000 options. Randall Lanham, Secretary received 100,000 in options; James G. Robinson received 100,000; and, David Morse received 25,000; No executive officer received any other share-based awards, or any bonuses or other non-equity incentive compensation. The Corporation does not have a share-based incentive plan, other than its stock option plan as described below, non-equity incentive plan or pension plan for its executive officers. The Corporation has not made any agreements or arrangements with any of its executive officers in connection with any termination or change of employment or change of control of the Corporation.

Compensation Discussion and Analysis

The Human Resources and Compensation Committee of the Board of Directors oversees the compensation of executive officers of the Corporation. The members of the Human Resources and Compensation Committee for the financial year ended December 31, 2015 were James G. Robinson, Dr. David Morse and Richard Cutler, Esq.

The Corporation's current compensation policy for its executive officers, including the Chief Executive Officer and the Named Executive Officers, emphasizes the granting of options over base salary as a means of attracting, motivating and retaining talented individuals. Such a policy is believed to better further the Corporation's business goals by allocating more financial resources to the Corporation's ongoing product development programs. Given the current stage of the Corporation's development, the Corporation has not established and does not use formal benchmarks, performance goals, review processes or other qualitative or quantitative criteria or targets relating to the performance of the Corporation or the individual in order to determine compensation. The Corporation does not have a non-equity incentive plan or a policy of annually granting performance bonuses or salary increases to its executive officers.

The Corporation grants option-based awards to its executive officers in accordance with a stock option plan approved by the shareholders. Further details of the stock option plan are provided below. The stock option plan provides long-term incentives to the Corporation's officers and employees to advance the Corporation's product development programs towards commercialization and to enhance shareholder value. The Corporation endeavours to provide salaries and option grants that are internally equitable and that are consistent with both job performance and ongoing progress towards corporate goals. The amount of option grants is determined in part by the amount and terms of outstanding and expiring options, the experience and expertise of each executive officer and the needs of the Corporation, among other factors. The Human Resources and Compensation Committee of the Board of Directors reviews all proposals for awards of stock options to executive officers and decides on the appropriateness of the awards. In doing so, the Committee relies solely on discussion among the independent board members on the Committee without any formal pre-determined objectives, criteria or analytic processes but with a view to attracting and retaining executive officers who can help further the Corporation's business plan.

By relying on option grants as a primary means of compensating its executive officers, the Corporation's intention is to provide a direct link between corporate performance and executive compensation while maximizing shareholder value and controlling cash expenditures.

Directors

The Summary Compensation Table and Outstanding Incentive Plan Awards tables below for the directors of the Corporation summarize the total compensation paid during the Corporation's financial year ended on December 31, 2015 to the directors of the Corporation and all incentive plan awards outstanding at December 31, 2015 for the directors. One current director, Dr. Paul Averbach, the President and CEO of the Corporation, is member of the senior management of the Corporation and does not receive any compensation for acting as a director. His compensation as Named Executive Officer is summarized in the summary tables for compensation and incentive plans for Named Executive Officers below.

Summary Compensation Table: Named Executive Officers

Name and principal position	Year	Salary	Share - based	Option-based awards (#)	Non-equity incentive plan compensation	Pension value	All Other Compensation	Total Compensation (\$)
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			awards		Annual incentive plans	Long-term incentive plans	
Dr. Paul Averbach CEO and President	2015	\$0* ⁶	4,500,000 ⁶	1,025,000			\$0
André Monette CFO ²	2015	\$71,182*					\$71,182
Roy Wolvin CFO ¹	2015	42,191*			\$0 ⁵		\$0
Eric Danielson CFO ³	2015	\$0*				36,000	\$0
Randall Lanham General Counsel ⁴	2015	\$0*					\$0

*Salaries are payable in Canadian dollars, but expressed above in US\$.

¹ Mr. Wolvin ceased being an Executive Officer on January 22, 2014. Amounts paid in 2015 represent final amounts paid under option settlement agreement. Refer to Note 8 to Consolidated Financial Statements

² André Monette ceased being an Executive Officer on June 1, 2015.

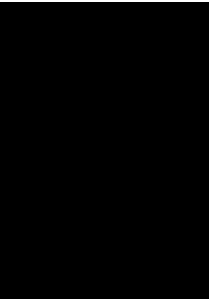
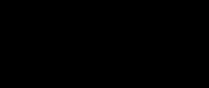
³ Erik Danielsen became an Executive Officer on June 1, 2015. Not paid as an employee, paid as a contractor so compensation shown as other as opposed to salary

⁴ Randall Lanham became an Executive Officer on June 1, 2015. Not paid as an employee, paid as a contractor so compensation shown as other as opposed to salary

⁵ Amounts paid under option settlement agreement in Canadian dollars, but expressed above in US\$.

⁶ Dr Averback has waived his salary, per his employment agreement. Under the employment agreement, he receives restricted stock on a monthly basis. Refer to note 12 of Consolidated Financial Statements.

Outstanding Incentive Plan Awards as of December 31, 2015: Named Executive Officers

Name	Number of securities underlying unexercised options		Option-based Awards		Value of unexercised in-the-money options
	Unvested	Vested	Option exercise price	Option expiration date (mm/dd/yy)	
Total	3,000,000	3,000,000	\$1.74	08/24/16	\$0
Dr. Paul Averback	500,000	500,000	\$1.74	01/24/21	\$0
	500,000	500,000	\$1.74	10/15/22	\$0
	500,000	500,000	\$1.74	01/09/24	\$0
	1,025,000	1,025,000	\$1.74	05/14/25	\$0
	200,000;	200,000	\$1.74	6/30/25	\$0
	110,000	110,000	\$1.74	6/30/25	\$0

¹ Brian Doyle ceased being an Executive Officer on November 21, 2014.

³ The options may be exercised until the expiration of the option or the date that is 90 days following the termination date, whichever occurs first.

Option exercise prices and the values of unexercised in-the-money options are expressed in US\$. The Corporation does not have a share-based award plan.

Summary Compensation Table: Directors

Name	Year	Fees Earned	Share-based awards	Option-based awards (#)	Non-equity incentive plan compensation	Pension value	All other compensation	Total (\$)
Paul McDonald ²	2015	\$15,500		10,000				\$15,500
Randall Lanham, Esq.	2015	\$6,500		110,000				\$6,500
Roger Guy, MD ¹	2015	\$0		10,000				\$0
David Morse, Ph.D.	2015	\$6,500		10,000				\$6,500
James G. Robinson ³								

Richard Cutler⁴¹Dr. Roger Guy resigned on December 15, 2014.²Paul McDonald resigned on December 15, 2014.³James Robinson was appointed to the Board on December 15, 2014⁴Richard Cutler was appointed to the Board on December 15, 2014**Outstanding Incentive Plan Awards as of December 31, 2015: Directors**

Name	Number of securities underlying unexercised options	Option-based Awards		Value of unexercised in-the-money options
		Option exercise price	Option expiration date (mm/dd/yy)	
James G. Robinson	100,000	\$1.74	June 30, 2025	\$0
	10,000	\$1.74	07/17/16	\$0
	10,000	\$1.74	08/23/17	\$0
	10,000	\$1.74	07/16/18	\$0
Randall Lanham, Esq.	10,000	\$1.74	07/09/19	\$0
	10,000	\$1.74	07/16/20	\$0
	10,000	\$1.74	07/16/21	\$0
	10,000	\$1.74	07/16/22	\$0
	10,000	\$1.74	07/16/23	\$0
	10,000	\$1.74	08/14/24	\$0
	10,000	\$1.74	07/17/16	\$0
	10,000	\$1.74	08/23/17	\$0
	10,000	\$1.74	07/16/18	\$0
David Morse, Ph.D.	10,000	\$1.74	07/09/19	\$0
	10,000	\$1.74	07/16/20	\$0
	10,000	\$1.74	07/16/21	\$0
	10,000	\$1.74	07/16/22	\$0
	10,000	\$1.74	07/16/23	\$0
	10,000	\$1.74	08/14/24	\$0

The options may be exercised until the expiration of the option or the date that is 90 days following the termination date, whichever occurs first.

Share Ownership

As of March 30, 2016, the number of common shares owned or controlled by directors and senior officers of the Corporation were as follows:

Name	Common Shares Owned and Controlled	Percentage of Common Shares Owned and Controlled
Paul Averback, M.D.	15,181,448	34.6%
Paul Averback, M.D., Trustee	607,031 ¹	1.3%
James G. Robinson	2,167,550	*
David Morse, Ph.D.	396	*

* Denotes less than 1%.

1) As joint trustee of a family trust.

Options

Nymox has created a stock option plan for its employees, officers and directors, and for consultants. The board of directors of Nymox administers the stock option plan and authorizes the granting of options in accordance with the terms of the plan. Each option gives the individual granted the option the right to purchase a common share of the Corporation at a fixed price during a specified period of no more than ten years. The board may also make all or a portion of the options granted effective only as of a specific future date or dates. The option price must not be less than the market price of the common shares when the option is granted. The total number of shares under option to any one individual may not exceed fifteen percent of the total number of issued and outstanding common shares of the Corporation. The options may not be assigned, transferred or pledged, and expire within three months of the termination of employment or active office with the Corporation and six months of the death of the individual.

No more than 7,500,000 common shares may be under option at any time and a maximum of 7,500,000 common shares are available to be issued under the stock option plan as the result of the exercise of options. Options that expire or terminate without being exercised become available to be granted again. Material changes to the stock option plan such as the number of shares available to be optioned require shareholder approval. On June 13, 2011, the shareholders approved amendments to the plan that included increasing the maximum number of shares that could be issued in total under the plan from 5,500,000 to 7,500,000. Since the inception of the stock option plan in 1995, 383,400 options have been exercised under the plan and 100,514 shares have been issued as a result of cashless exercises.

Board Practices

Directors are elected at each annual meeting for a term of office until the next annual meeting. Executive officers are appointed by the board of directors and serve at the pleasure of the board. Other than Dr. Averback, no other officer or director previously was affiliated with DMS Pharmaceuticals Inc.

Nymox does not have written contracts with any of the directors named above. We do not have any pension plans or other type of plans providing retirement or similar benefits for directors, nor any benefits upon termination of service as a director.

Nymox's Audit Committee consists of three directors appointed by the Board who are independent of management and who are generally knowledgeable in financial and auditing matters. The Chairman of the Audit Committee is Richard Cutler, Esq.; the other members are James G. Robinson and Dr. David Morse. Since January 5, 2015, Dr. David Morse replaced Dr. Roger Guy and James G Robinson replaced Paul McDonald and Richard Cutler, Esq., replaced Randall Lanham. The primary role of the Audit Committee is to provide independent oversight of the quality and integrity of the accounting, auditing, and reporting practices of Nymox with a particular focus on financial statements and financial reporting to shareholders. The Committee is responsible for the appointment, compensation, and oversight of the public accounting firm engaged to prepare or issue an audit report on our financial statements. It oversees all relationships between Nymox and the auditor, including reviewing on an ongoing basis any non-audit services and special engagements that may impact the objectivity or independence of the auditors. The auditor reports directly to the Audit Committee. The Audit Committee reviews the scope and results of the audit with the independent auditors.

The Audit Committee meets at least four times a year to review with management and the independent auditors the Corporation's interim and year-end financial condition and results of operations. Its review includes an assessment of the adequacy of the internal accounting, bookkeeping and control procedures of the Corporation. The Audit Committee also has the responsibility for reviewing on an ongoing basis all material transactions between Nymox and its affiliates and other related parties such as officers, directors, other key management personnel, major shareholders and their close family members, affiliated companies or associated enterprises.

The Audit Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including the power and authority to retain and determine funding for independent counsel, accountants, or other advisors as it determines necessary to carry out its duties.

The Human Resources and Compensation Committee consists of the independent directors of the Board. The Chairman of the Committee is James G. Robinson; the other members are Richard Cutler, Esq., and Dr. David Morse. The Committee establishes and reviews overall policy and structure with respect to compensation and employment matters, including the determination of compensation arrangements for directors, executive officers and key employees of the Corporation. The Committee is also responsible for the administration and award of options to purchase shares pursuant to our share option plan.

The Corporate Governance Committee consists of the independent directors of the Board. The Chairman of the Committee is Randall Lanham, Esq.; the other members are Richard Cutler, Esq. and Dr. Paul Averbach. This Committee has the general mandate of providing an independent and regular review of the management, business and affairs of Nymox, including our corporate governance. This Committee also reviews and approves director nominations to ensure each nominee meets the requisite requirements under applicable corporate and securities laws, rules and regulations and otherwise possesses the skills, judgment and independence appropriate for a director of a public corporation.

Employees

In addition to the employees in its St. Laurent and Hasbrouck Heights offices, Nymox carries out its work with the assistance of an extensive group of research collaborators, out-sourced manufacturing teams, research suppliers, research institutions, service providers and research consultants. To help carrying out its marketing, Nymox has independent medical representatives detailing its products.

In its St. Laurent and Hasbrouck Heights offices, As at December 31, 2015, the Corporation employed four persons in research and development and two in administration and marketing. For the year 2014, the Corporation employed eight persons; for the year 2013, the Corporation employed on the average twenty four persons with twenty in research and development and four in administration and marketing.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets out as of March 30, 2016, the number of common shares owned and controlled by Dr. Paul Averbach, the President and CEO of Nymox and a member of the Nymox board of directors, and by all directors and officers as a group.

Name of Shareholder	Number of Common Shares owned by Shareholder	Percent of Class of Common Shares
Dr. Paul Averbach	15,181,448	34.6%
All directors and officers as a group	17,956,425	40.9%

The above shareholders have the same voting rights as all other shareholders. The percent of class of common shares held by Dr. Paul Averbach is 34.6% as of March 30, 2016 (29.7% as of March 31, 2015; 32.7% as of March 14, 2014).

All shareholders of Nymox stock have the same voting rights. Other than Dr. Paul Averback and the individuals above, Nymox does not know of any other shareholders that beneficially own or hold dispositive power over more than 5% of its shares.

According to information furnished to Nymox by the transfer agent for the common shares, as of March 16, 2016, total shares outstanding were 43,869,810; there were 189 holders of record of the common shares and 5,366 beneficial shareholders in total. Of these, 59 were holders of record of the common shares and 4,514 were beneficial shareholders with addresses in the United States and such holders owned an aggregate of 21,990,266 shares, representing approximately 61.30% of the outstanding shares of common stock.

Related Party Transactions

The Corporation did not have any related party transactions other than salaries, benefits and stock based compensation disclosed above for the years ended December 31, 2015 and 2014.

Refer to Note 21 of the consolidated financial statements for key management personnel disclosures. The Corporation also entered into a long-term employment agreement with its President and Chief Executive Officer. See note 12 to the Consolidated Financial Statements.

ITEM 8. FINANCIAL INFORMATION

In 2015, revenues of Nymox Pharmaceutical Corporation's US subsidiaries were \$221,926 and revenues of its Canadian Corporation were \$2,539,339 (including Europe and other). We refer to Note 20 of the financial statements below.

42

Dividends

The Corporation has not issued dividends since inception.

Cease Trade Orders, or Bankruptcies

To the knowledge of the Corporation, no director or officer of the Corporation or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or has been within the past 10 years, a director or officer of any other Corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such Corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the knowledge of the Corporation, no director, officer or control person of the Corporation has been subject to any penalties or sanctions imposed by a court relating to U.S. or Canadian securities legislation or by a U.S. or Canadian securities regulatory authority or has entered into a settlement agreement with a U.S. or Canadian securities authority, nor has any director, officer or control person of the Corporation been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of the Corporation, no director, officer or control person of the Corporation, nor any personal holding Corporation of any such person, has within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

To the knowledge of the Corporation, there are no existing or potential material conflicts of interest between the Corporation, or subsidiary of the Corporation, and any director, officer or control person of the Corporation.

Legal Proceedings

Dismissal of Lawsuit. On November 24, 2014, Roy Sapir, a shareholder of the Corporation, filed a proposed class action suit in the United States District Court, District of New Jersey, against the Corporation and the President and the CEO of the Corporation. On February 10, 2016, the Court dismissed the lawsuit. No provision has been recognized in our financial statements for this legal proceeding.

Consolidated Financial Statements of

**NYMOX PHARMACEUTICAL
CORPORATION**

As of December 31, 2015 and 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Nymox Pharmaceutical Corporation

We have audited the accompanying consolidated statements of financial position of Nymox Pharmaceutical Corporation as of December 31, 2015 and the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of Nymox Pharmaceutical Corporations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used in significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nymox Pharmaceutical Corporation as of December 31, 2015, and its consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the failure of U.S. phase 3 studies of NX – 1207 materially affects Nymox Pharmaceutical Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate the existence of the material uncertainty that casts substantial doubt about Nymox Pharmaceutical Corporation's ability to continue as a going concern.

/S/ ThayerONeal

March 30, 2016
Thayer O'Neal Company, LLC
Sugar Land, Texas

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Nymox Pharmaceutical Corporation

We have audited the accompanying consolidated statements of financial position of Nymox Pharmaceutical Corporation as of December 31, 2014 and the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2014. These consolidated financial statements are the responsibility of Nymox Pharmaceutical Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nymox Pharmaceutical Corporation as of December 31, 2014, and its consolidated financial performance and its consolidated cash flows for each of the years in the two-year period ended December 31, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Without qualifying our opinion, Note 1 to the 2014 consolidated financial statements indicated that the failure of two U.S. Phase 3 studies of NX - 1207 materially affected Nymox Pharmaceutical Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations. These conditions, along with other matters as set forth in Note 1 in the 2014 consolidated financial statements, indicated the existence of a material uncertainty that cast substantial doubt about Nymox Pharmaceutical Corporation's ability to continue as a going concern.

Page 2

We also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Nymox Pharmaceutical Corporation's internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 26, 2015 expressed an adverse opinion on the effectiveness of Nymox Pharmaceutical Corporation's internal control over financial reporting.

(signed) KPMG LLP*

March 26, 2015 Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A110592

NYMOX PHARMACEUTICAL CORPORATION

Consolidated Financial Statements

As of December 31, 2014 and 2013

Financial Statements

Consolidated Statements of Financial Position	1
Consolidated Statements of Operations and Comprehensive Loss	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	5

Notes to Consolidated Financial Statements

1. Business activities and future operations	6
2. Basis of preparation	7
3. Significant accounting policies	9
4. New accounting standards and interpretations	13
5. Property and equipment	14
6. Intangible assets	14
7. Accounts payable and accrued liabilities	14
8. Other liabilities	15
9. Convertible notes	15
10. Licensing revenues and deferred revenue	16
11. Preferred shares of a subsidiary and non-controlling interest	16
12. Share capital	16
13. Commitments and contingencies	20
14. Cost of sales	21
15. Research tax credits and grants and income taxes	21
16. Earnings per share	23
17. Capital disclosures	24
18. Financial risk management	24
19. Financial instruments	26
20. Segment disclosures	27
21. Related parties	27
22. Personnel expenses	28
23. Subsequent events	28

NYMOX PHARMACEUTICAL CORPORATION

Consolidated Statements of Financial Position

December 31, 2015 and 2014

(In US dollars)

ASSETS	Note	2015	2014
Current assets			
Cash and cash equivalents		\$ 374,463	\$ 632,272
Accounts receivable		640	12,959
Other receivables		7,446	47,616
Research credits receivable		270,558	614,654
Inventory		37,644	88,269
Prepaid expenses and other current assets		685	-
Total current assets		691,436	1,395,770
Property and equipment	5	3,399	9,400
Other assets		17,396	17,396
Total assets		\$ 712,231	\$ 1,422,566
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7,8	\$ 2,250,568	\$ 1,976,145
Deferred revenue	10	-	2,508,533
Total current liabilities		2,250,568	4,484,678
Non-current liabilities			
Convertible notes	9	814,672	718,831
Deferred revenue	10	-	-
Preferred shares of a subsidiary	11	400,000	400,000
Total liabilities		3,465,240	5,603,509
Equity			
Share capital	12	84,954,211	81,227,058
Share capital subscription	23	-	200,000
Additional paid-in capital	9,12	29,873,722	14,031,578
Accumulated deficit		(117,980,942)	(100,039,579)

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Equity attributable to owners		(3,153,009)	(4,580,943)
Non-controlling interest	11	400,000	400,000
Total equity (deficit)		(2,753,009)	(4,180,943)
Business activities and future operations			
Commitments and contingencies	13		
Subsequent events	23		
Total liabilities and equity (deficit)		\$ 712,231	\$ 1,422,566

See accompanying notes to consolidated financial statements.

1

NYMOX PHARMACEUTICAL CORPORATION

Consolidated Statements of Operations and Comprehensive Loss

Years ended December 31, 2015, 2014 and 2013

(In US dollars)

	Notes	2015	2014	2013
Revenues				
Sales of goods		\$ 252,732	\$ 331,909	\$ 741,410
Licensing revenue - upfront payment	10	2,508,533	2,617,600	2,617,600
Total revenue		2,761,265	2,949,509	3,359,010
Expenses				
Research and development	12	8,649,510	4,761,557	6,274,903
Less research tax credits	15	-	(264,827)	(555,031)
Net research and development		8,649,510	4,496,730	5,719,872
General and administrative	12	11,602,216	2,817,201	1,755,886
Marketing	12	9,528	186,616	282,055
Cost of goods sold	14	160,315	173,667	486,154
Total expenses		20,421,569	7,674,214	8,243,967
Loss from operations		(17,660,304)	(4,724,705)	(4,884,957)
Other income (expense)				
Finance costs	19	(223,559)	(110,963)	(23,646)
Gain on settlement agreement	8	-	189,575	-
Loss before income taxes		(17,883,863)	(4,646,093)	(4,908,603)
Income tax recovery	15	-	52,000	-
Net loss		\$ (17,883,863)	\$ (4,594,093)	\$ (4,908,603)
Basic and diluted loss per share	16	\$ (0.48)	\$ (0.13)	\$ (0.14)
Weighted average number of common shares outstanding	16	37,402,598	35,253,879	34,147,666

See accompanying notes to consolidated financial statements.

NYMOX PHARMACEUTICAL CORPORATION

Consolidated Statements of Changes in Equity

For the Years ended December 31, 2015 and 2014

(In US dollars)

Attributable to Owners of the Corporation

	Note	Number	Share Capital Amount	Subscription	Additional Paid-in Capital	Accumulated Deficit	Total	
Balance January 1, 2013		33,572,442	\$ 69,705,389	\$ -	\$ 12,362,281	\$ (89,912,383)	\$ (7,844,713)	\$
Activity for the year ended December 31, 2013								
Issuance of share capital	12	1,068,760	6,300,000	-	-	-	6,300,000	
Exercise of stock options and option surrender agreement		-	-	-	-	-	-	
Cash		30,955	2,620	-	-	-	2,620	
Ascribed value		-	38,540	-	(38,540)	-	-	
Share issuance costs		-	-	-	-	(315,000)	(315,000)	
Share based compensation		-	-	-	307,326	-	307,326	
Net loss and comprehensive loss		-	-	-	-	(4,908,603)	(4,908,603)	
Balance at December 31, 2013		34,672,157	76,046,549	-	12,631,067	(95,135,986)	(6,458,370)	
Activity for the year ended December 31, 2014								
Issuance of	12	1,142,059	5,150,000	-	-	-	5,150,000	

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share capital							
Share capital subscription	-		200,000	-	-	200,000	
Share issuance costs	-		-	-	(257,500)	(257,500)	
Options settled	8	-	-	(397,872)	-	(397,872)	
Shares issued in settlement of financial charges and debt issuance		58,229	30,509	-	-	-	30,509
Warrants issued in connection with convertible notes		-		-	29,532	-	29,532
Equity component of convertible note		-		-	188,937	-	188,937
Deferred tax on convertible note charged to equity	15	-		-	-	(52,000)	(52,000)
Share based compensation	12	-		-	1,579,914	-	1,579,914
Net loss and comprehensive loss						(4,594,093)	(4,594,093)
Balance at December 31, 2014		35,872,445	81,227,058	200,000	14,031,578	(100,039,579)	(4,580,943)
Activity for the year ended December 31, 2015							
Issuance of share capital	12	2,615,974	3,727,153	-	-	-	3,727,153
Share capital subscription		-		(200,000)	-	-	(200,000)
Share issuance costs		-		-	-	(47,500)	(47,500)
Warrants issued in connection with		-		-	58,480	-	58,480

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convertible notes							
Share based compensation	12	4,500,000		-	15,783,664		- 15,783,664
Net loss and comprehensive loss		-		-	-	(17,893,863)	(17,893,863)
Balance December 31, 2015		42,988,419	\$ 84,954,211	\$ -	\$ 29,873,722	\$ (117,980,942)	\$ (3,153,009) \$

See accompanying notes to consolidated financial statements.

NYMOX PHARMACEUTICAL CORPORATION

Consolidated Statements of Cash Flow

For the Years ended December 31, 2015, 2014 and 2013

(In US dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2015	2014	2013
Net loss		\$ (17,893,863)	\$ (4,594,093)	(4,908,603)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation	5	6,002	6,649	9,102
Share based compensation	12	15,783,663	1,579,914	307,326
Accretion expense		95,841	110,963	-
Gain on settlement agreement	8	-	(189,575)	-
Deferred tax recovery		-	(52,000)	-
Changes in operating assets and liabilities:				
Accounts receivable and other receivables		52,489	160,061	(135,735)
Research tax credit receivable		344,096	(254,324)	171,868
Prepaid expense		(685)	20,291	11,697
Inventory		50,625	(48,581)	2,815
Accounts payable and accrued liabilities		317,522	434,423	443,463
Deferred revenue		(2,508,533)	(2,617,600)	(2,617,600)
Finance costs paid		-	(71,607)	-
Net cash used in operating activities		(3,752,843)	(5,515,479)	(6,715,667)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment		-	(3,528)	(6,505)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of share capital	12	3,385,633	5,150,000	6,300,000
Proceeds form share capital subscriptions		200,000	200,000	-
Share issue costs		(47,500)	(257,500)	(315,000)
Proceeds from the issuance of convertible notes	8	-	1,070,000	-
Debt issuance costs	9	-	(125,700)	-
Payments under option settlement agreements	8	(43,100)	(181,044)	-
Proceeds from the exercise of stock options		-	-	2,620
Net cash provided from financing activities		3,495,033	5,855,756	5,987,620
Net (decrease) increase in cash and cash equivalents		(257,810)	336,749	(734,552)

CASH AND CASH EQUIVALENTS

Beginning of year	632,272	295,523	1,030,075
End of year	\$ 374,462	\$ 632,272	\$ 295,523

SUPPLEMENTAL DISCLOSURE**NON CASH INVESTING AND FINANCING
ACTIVITIES**

Shares and warrants issued on connection with convertible notes	\$ 58,480	\$ 36,532	\$ -
Shares issued in settlement of finance charges	\$ -	\$ 23,509	\$ -
Amount unpaid and included at year-end in accrued liabilities under amended settlement agreement	\$ -	\$ 43,100	\$ -
Deferred tax liability on convertible note charged to equity	\$ -	\$ 52,000	\$ -
See accompanying notes to consolidated financial statements.			

4

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

NOTE 1 - BUSINESS ACTIVITIES AND FUTURE OPERATIONS

Nymox Pharmaceutical Corporation is a company which re-domiciled from Canada to the Commonwealth of The Bahamas in 2015 and is incorporated under the *International Business Companies Act of the Commonwealth of The Bahamas*. Nymox Pharmaceutical Corporation including its subsidiaries, Nymox Corporation, a Delaware Corporation, and Serex Inc. of New Jersey (together referred to as the “Corporation”), is a biopharmaceutical corporation, which specializes in the research and development of products for the aging population. The head office of the Corporation is located at Bay & Deveaux Sts., 2nd Floor, Nassau, The Bahamas. The Corporation currently markets NicAlert™ and TobacAlert™, tests that use urine or saliva to detect use of tobacco products. Since 1989, the Corporation’s activities and resources have been primarily focused on developing certain pharmaceutical technologies. Since 2002, the Corporation has been developing its novel proprietary drug candidate, NX-1207, for the treatment of benign prostatic hyperplasia (BPH) and, since 2012, for the treatment of low-grade localized prostate cancer. The Corporation also has an extensive patent portfolio covering its marketed products, its investigational drug as well as other therapeutic and diagnostic indications.

Since 1989, the Corporation’s activities and resources have been primarily focused on developing certain pharmaceutical technologies. The Corporation is subject to a number of risks, including the successful development and marketing of its technologies the ability to raise financing to pursue the development of its operations. The Corporation depends on private placements and other types of financing as well as collaboration agreements, to fund its operations. In order to achieve its business plan and the realization of its assets and liabilities in the normal course of operations, the Corporation anticipates the need to raise additional capital and/or achieve sales and other revenue-generating activities.

The Corporation is listed on the Nasdaq Stock Market. On December 16, 2014, the Corporation was notified by the Nasdaq Listing Qualifications department that the Corporation’s Nasdaq Capital Market requirements were currently deficient for the preceding 30 consecutive business days. However, the Listing Rules provide the Corporation a compliance period of 180 calendar days in which to regain compliance. In order to do so, the Corporation must maintain a minimum market value of \$35 million for a minimum of ten consecutive business days and the closing bid price of the Corporation’s common share must be at least \$1 for a minimum of ten consecutive business days. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation would consider an alternate trading platform for its common shares. In May, 2015, the Corporation received notification from the Nasdaq Listing Qualifications department that it had regained compliance with the listing rules.

On November 2, 2014, the Corporation issued a press release announcing that the two Phase 3 U.S. studies of NX-1207 for the treatment of BPH, NX02-0017 and NX02-0018, failed to meet their primary efficacy endpoints. As a result, the Corporation’s U.S. BPH development program has been put on hold, pending further evaluation of the data. Management has taken steps to reduce expenditures going forward in the short term by staff reductions, deferral of management salaries, and operational changes. In addition, on February 12, 2015, Recordati S.p.A. announced its decision to prematurely interrupt the European clinical trials for NX-1207 for BPH in light of the Corporation’s announcement of the results of the U.S. trials (see notes 10 and 23(b)). The NX-1207 program for low grade localized prostate cancer continues. The Corporation announced positive top line results for its Phase 2 study of NX-1207 for localized prostate cancer in April 2014.

The Corporation is in the process of further data analysis and assessments of the two BPH studies, and expects to continue its efforts to work on the development program. On July 27, 2015 Nymox announced that the Company’s

U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of fexapotide triflutate (NX-1207) for BPH have successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. The Company

5

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

announced that Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the 2 studies. As a result of the clinical benefits observed in the long-term extension trial, the Company intends to meet with regulatory authorities in various jurisdictions around the world and in due course to proceed to file for approval where possible.

The failure of the two Phase 3 studies of NX-1207 for BPH materially affects the Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations.

Management believes that current cash balances as at December 31, 2015 and anticipated funds from product sales are not sufficient to fund substantially all of its planned business operations and research and development programs over the next year. The Corporation's primary sources of financing since 2003 has been the Common Stock Private Purchase Agreement, which expired in November 2015 and was not renewed. The Corporation intends to access financing through the existing private placements and/or other sources of capital in order to fund these operations and activities over the next year.

The Corporation will have to seek other sources of financing in order to be able to pay its obligations as they become due, which could have an impact on its ability to continue as a going concern. Considering recent developments and the need for additional financing, there exists a material uncertainty that casts substantial doubt about the Corporation's ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption is not appropriate, then adjustments may be necessary to the carrying value and classification of assets and liabilities and reported results of operations and such adjustments could be material.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Audit Committee of the Corporation's Board of Directors on March 24, 2016.

Basis of measurement

The consolidated financial statements have been prepared on a going concern and on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is the Corporation and its subsidiaries' functional currency.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Information about critical judgments in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below:

Judgments in applying accounting policies

The use of the going concern basis (Note 1)

6

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Licensing revenues and deferred revenue

Revenue recognition is subject to critical judgments, particularly in collaboration agreements that include multiple deliverables, as judgment is required in allocating revenue to each component, including upfront payments, milestone payments, sale of goods, royalties and license fees. Management also uses judgment in estimating the service period over which revenue is recognized for upfront payments received (note 10).

Contingent liability

Assessing the recognition of contingent liabilities requires judgment in evaluating whether it is probable that economic benefits will be required to settle matters subject to litigation (note 13).

Estimation uncertainties

Convertible notes

The model used to measure the fair value of the liability component comprises estimation uncertainty for the interest rate applicable to a similar liability that does not have an equity conversion option (note 9).

Stock options and warrants

There is estimation uncertainty with respect to selecting inputs to the Black-Scholes pricing model used to determine the fair value of the stock options and warrants (note 12).

Other areas of judgment and uncertainty relate to the recoverability of research tax credits and deferred tax assets.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Refer to note 4 which addresses accounting standards adopted during the year and issued but not yet effective.

Consolidation

The consolidated financial statements of the Corporation include the accounts of its subsidiaries. Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions have been eliminated on consolidation.

Financial instruments

Financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included in the consolidated statements of financial position and are measured at fair value, with the exception of loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost.

The Corporation has classified its cash, trade accounts receivable and other receivables as “loans and receivables”, and its trade accounts payable, accrued liabilities, convertible notes (excluding the conversion option) and redeemable preferred shares as “other financial liabilities”. The redeemable preferred shares are recorded at their redemption amount (see note 11).

7

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

The Corporation must classify the fair value measurements of financial instruments according to a three-level hierarchy, based on the type of inputs used in making these measurements. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. As at December 31, 2015, 2014 and 2013, the Corporation held no assets or liabilities required to be measured at fair value.

Financial assets

The Corporation initially recognizes loans and receivables on the date that they are originated. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial liabilities

The Corporation initially recognizes other financial liabilities on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Interest, losses and gains relating to a financial liability are recognized in the statement of operations and comprehensive loss.

Compound financial instruments

Compound financial instruments issued by the Corporation comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of compound financial instrument is not remeasured subsequent to initial recognition.

Share capital

Common shares are classified as equity. Incremental costs attributable to the issuance of common shares are recognized as an increase to deficit.

Inventories

8

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Inventories consist primarily of finished goods held for sales and materials and are carried at the lower of first-in, first-out cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have significantly different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are recognized as the difference in the proceeds from disposal and the carrying amount of property and equipment.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of operations and comprehensive loss.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are represented by the following estimated useful lives:

Asset	Useful life
Laboratory equipment	5 years
Computer equipment	3 years
Office equipment and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed on an ongoing basis and adjusted if appropriate.

Intangible assets***Intellectual property rights***

Intellectual property rights that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Research and development expenditures

Expenditure on research activities, net of research tax credits, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in comprehensive loss as incurred. Development activities, net of research tax credits, involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete

9

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

development and to use or sell the asset. Other development expenditure is recognized in research and development expenses as incurred. No development expenditures have been capitalized as of December 31, 2015 and 2014.

Amortization

Amortization is calculated on the cost of the asset, less its residual value. Amortization methods, useful lives and residual values are reviewed on an ongoing basis and adjusted if appropriate.

Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy.

In assessing impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated and recognized for the amount by which the asset's carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

Non-financial assets

The carrying amounts of the Corporation's non-financial assets, including property and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

10

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Revenue recognition

Revenue from product sales is recognized when the product has been delivered and obligations as defined in the agreement are performed. Collaboration agreements that include multiple deliverables are considered to be multiple-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under a collaboration agreement may include upfront payments, milestone payments, sale of goods, royalties and license fees. Revenue for each unit of accounting is recorded as described below:

Upfront payments

Upfront payments are deferred and recognized as revenue on a systematic basis over the estimated service period. Changes in estimates are recognized prospectively when changes to the expected term are determined.

Milestone payments

Revenue subject to the achievement of milestones is recognized only when the specified events have occurred and collectability is reasonably assured.

Specifically, the criteria for recognizing milestone payments are that (i) the milestone is substantive in nature, (ii) the achievement was not reasonably assured at the inception of the agreement, and (iii) the Corporation has no further involvement or obligation to perform associated with the achievement of the milestone, as defined in the related collaboration arrangement.

Sale of goods

Revenue from the sale of goods is recognized when the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Royalties and license fees

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectability is reasonably assured.

Foreign currency

Monetary assets and liabilities of the Corporation's Canadian and US subsidiaries denominated in currencies other than the US dollar are translated at the rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Income and expenses denominated in foreign currencies are translated at the average rate prevailing during the year.

Foreign exchange loss and gain are reported on a net basis, within finance costs or finance income.

Research tax credits

11

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

The Corporation is entitled to scientific research and experimental development tax credits (“research tax credits”) granted by the Canadian federal government and the government of the province of Québec. Federal research tax credits, which are non-refundable, are earned on qualified research and development expenditures and can only be used to offset federal income taxes otherwise payable. Provincial research tax credits, which are refundable, are earned on qualified research and development expenditures incurred in the province of Québec.

These research tax credits are recognized as a reduction of research and development expenditures in the period in which they become receivable, provided that there is reasonable assurance that they will be received.

Stock-based compensation

The grant date fair value of stock-based compensation awards granted to employees, consultants and directors is recognized as an expense, with a corresponding increase in equity, over the period that the employees, consultants or directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service at the vesting date.

The fair value of the stock options is measured using the Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service conditions attached to the transactions are not taken into account in determining fair value.

Share based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

In addition to their salaries, employees of the Corporation are covered by a benefit package which includes a health plan, dental plan, disability insurance and life insurance coverage. Participation in this plan is paid by the Corporation in full. Any employee that elects to extend the coverage to members of their family must pay the additional premium.

Lease payments

Payments made under operating leases are recognized on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in the statement of operations and comprehensive loss except to the extent that it relates to a business combination, or items recognized

directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss of the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

12

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

Basic earnings per share are determined using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed in a manner consistent with basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding options were exercised, and that the proceeds from such exercises as well as the assumed proceeds from future services were used to acquire shares of common stock at the average market price during the reporting period.

Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

Contingent liability

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the

Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

NOTE 4 - NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

13

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Issued but not yet adopted

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee (“IFRS IC”). They are mandatory but not yet effective for the period ended December 31, 2015, and have not been applied in preparing these consolidated financial statements. Many of these are not applicable or are inconsequential to the Corporation and have been excluded from the discussion below.

The following standards and interpretations have been issued by the IASB and the IFRS IC and the Corporation is currently assessing their impact on the financial statements:

IFRS 9, Financial Instruments

IFRS 9 - *Financial Instruments* (“IFRS 9”) ultimately replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”), with the objective of improving and simplifying the reporting for financial instruments.

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9). IFRS 9 supersedes IAS 39, IFRIC 9 and earlier versions of IFRS 9. This standard provides guidance on the classification and measurement of financial liabilities and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16, Leases

This standard introduces a new approach to lessee accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. IFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of

14

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

low value. The IASB concluded that such an approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, greater transparency of a lessee's financial leverage and capital employed. IFRS 16 requires enhanced disclosure by lessors of information about their risk exposure.

Effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15, Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

A lessee should apply IFRS 16 to its leases either: (a) retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; or (b) retrospectively with the cumulative effect of initially applying IFRS 16 recognized at the date of initial application. A lessor is not required to make any adjustments on transition for leases in which it is a lessor and should account for those leases applying IFRS 16 from the date of initial application. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IAS 12, Paragraph BC60 Recognition of Deferred Tax Assets for Unrealized Losses, Amendments to IAS 12

This standard requires that A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that: (a) is not a business combination; and (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Corporation has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

NOTE 5 - PROPERTY AND EQUIPMENT

	Laboratory equipment	Computer equipment	Office equipment and fixtures	Total
Cost:				
Balance at December 31, 2013	\$ 418,427	\$ 29,554	\$ 102,188	\$ 550,169
Additions	–	3,528	–	3,528
Disposals	–	(1,418)	(75)	(1,493)
Balance at December 31, 2014	\$ 418,427	\$ 31,664	\$ 102,113	\$ 552,204
Additions	–	–	–	–
Disposals	–	(2,033)	(13,592)	(15,625)
Balance at December 31, 2015	\$ 418,427	\$ 29,631	\$ 88,521	\$ 536,579

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Accumulated depreciation:

Balance at December 31, 2013	\$	416,044	\$	25,932	\$	95,672	\$	537,648
Depreciation for the year		1,182		2,539		2,928		6,649
Disposals		–		(1,418)		(75)		(1,493)
Balance at December 31, 2014	\$	417,226	\$	27,053	\$	98,525	\$	542,804
Depreciation for the year		1,182		1,984		2,474		5,640
Disposals		–		(1,672)		(13,592)		(15,264)
Balance at December 31, 2015	\$	418,408	\$	27,365	\$	87,407	\$	533,180

15

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Carrying amounts:

At December 31, 2013	2,383	3,622	6,516	12,521
At December 31, 2014	1,201	4,611	3,588	9,400
At December 31, 2015	19	2,266	1,114	3,399

The depreciation expense of property and equipment is included in research and development in the statements of operations and comprehensive loss.

NOTE 6 - INTANGIBLE ASSETS

The intellectual property rights, having a cost of \$2,222,661 and an accumulated amortization of \$2,222,661 at December 31, 2015 and 2014, are still property of the Corporation.

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014
Accounts payable	\$ 1,840,178	\$ 1,484,335
Accrued liabilities:		
Payroll related liabilities	208,997	69,447
Other accrued liabilities	201,393	379,263
Other liabilities (note 8)	-	43,100
Total accounts payable and accrued liabilities	\$ 2,250,568	\$ 1,976,145

NOTE 8 - OTHER LIABILITIES

On January 22, 2014, in connection with the departure of the former Chief Financial Officer, the Corporation entered into an agreement with him, whereby he was entitled to receive \$451,700, payable in equal bimonthly installments until July 26, 2016, in exchange for cancelling all of his outstanding 240,000 stock options. This exchange of options for future cash payments was accounted for as an equity transaction and therefore an accrued liability and a reduction to additional paid-in capital of \$397,872, the discounted value of the total consideration, was recorded during the first quarter of 2014. All future payments will reduce the accrued liability balance, net of the related accretion expense.

On December 15, 2014, the Corporation and the former Chief Financial Officer entered into an agreement to amend the term and the amounts payable under the initial agreement. Under the amended agreement, the Corporation will pay a total of \$85,984, \$42,992 payable within five business days of signing the new agreement, and \$42,992 within thirty days of signing the new agreement, and there will be no further payments or obligations of any amounts from the Corporation.

At the time of the amended agreement, the accrued liability was \$280,136. As a result, the difference between the carrying amount of the accrued current and non-current liability and the amended settlement amount was recognized as a gain in the amount of \$189,575 on the consolidated statements of operations and comprehensive loss for the year ended December 2014.

As of December 31, 2015, no further amounts remain to be paid under this agreement.

NOTE 9 - CONVERTIBLE NOTES

The convertible note payable was entered into on December 16, 2014, bears interest at 6% and is due on December 1, 2017. Additionally, the company has agreed to pay an annual administration fee equal to 2% of the face value of the note.

16

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

The convertible note has been classified as a liability at its estimated fair value with the residual allocated to the conversion feature. As a result, the recorded liability for the convertible note is lower than its face value, the difference being characterized as a debt discount and amortized as interest expense using the effective interest method over the term of the note. The value assigned to the conversion feature has been characterized as equity. Fair value of the debt component was determined using a discounted cash flow model.

The carrying value of the convertible notes consist of the following:

	December 31,	
	2015	2014
Balance, beginning of the period	718,831	-
Convertible notes issued for cash	-	1,070,000
Debt issue costs	-	(377,317)
Accretion expense	95,841	26,148
Balance, end of the period	814,672	718,831

In connection with the issuance of the convertible notes, the Corporation issued 107,000 warrants to the placement agent as part of the placement fee. The warrants are classified as equity as they meet the criteria for such classification. See note 12.

Using the effective interest rate method and the 23.57% rate implicit in the calculation, the difference of \$351,169 between the amounts attributed to the debt component and the face value of the convertible note is being accreted to the fair value over the term of the note.

Any time after December 16, 2014, the Company may, with 30 days written notice, prepay the amounts due without premium or penalty including all outstanding interest accumulated to the date of prepayment, when the following conditions are met: if the per share closing sale price is at least 200% of the conversion price for twenty (20) consecutive trading days prior to the date of the prepayment notice, and the average daily volume of the Company's common stock for the fifty (50) trading days prior to the date of the prepayment notice is a minimum of 100,000 shares per day. In addition, the Company may only prepay the amounts due if the Company has filed a registration statement with the Securities and Exchange Commission and such registration statement is then effective for the registration of all shares into which the notes may be converted.

NOTE 10 - LICENSING REVENUES AND DEFERRED REVENUE

On December 16, 2010, the Corporation signed a license and collaboration agreement with Recordati Ireland Ltd. ("Recordati"), a European pharmaceutical group, for the development and commercialization of NX-1207 in Europe, including Russia and the CIS, the Middle East, the Maghreb area of North Africa and South Africa. The license and collaboration agreement covered the use of NX-1207 for the treatment of benign prostatic hyperplasia ("BPH") as the initial indication for development and commercialization.

Recordati made an upfront payment to the Corporation of \$13,088,000 in December 2010. The agreement provided for further payments to be made upon regulatory approval and sales milestones payments, and tiered supply and

royalty payments of a minimum of 26% to increase progressively up to 40% of total net sales in the case specific contractual conditions are achieved.

The upfront payment of \$13,088,000 was deferred and recognized as revenue on a systematic basis over the estimated service period of five years which was completed on December 31, 2015. This period may be modified in the future based on additional information that may be received by the Corporation. On February 12, 2015, Recordati S.p.A. announced their decision to prematurely interrupt the European clinical trial before having reached the expected target of 340 patients. As at this date, the Corporation determined that the estimated service period for recognizing the upfront payment received in December 2010 concluded effective February 12, 2015.

17

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

For the years ended December 31, 2015 and 2014, revenues in the amount of \$2,508,533 and \$2,617,600 was recognized related to this agreement. The deferred revenue related to this transaction amounted to \$0 and \$2,508,533 as of December 31, 2015 and 2014, respectively.

NOTE 11 - PREFERRED SHARES OF A SUBSIDIARY AND NON-CONTROLLING INTEREST

The preferred shares of a subsidiary and the non-controlling interest relate to redeemable and/or convertible preferred shares of Serex in the amount of \$800,000. These preferred shares are convertible into common shares of Serex at a price of \$3.946 per share. Up to 50% of the preferred shares are redeemable at any time at the option of the preferred shareholders for their issue price, subject to holders with at least 51% of the face value of the preferred shares asking for redemption, and sufficient funds being available in Serex. These redeemable preferred shares in the amount of \$400,000 have been presented as a liability in the statements of financial position and are measured at their issue price which is also the redemption value. The non-redeemable portion is presented within equity, separately from equity of the owners of the Corporation, as non-controlling interest.

NOTE 12 - SHARE CAPITAL

	2015	2014
Authorized:		
An unlimited number of common shares, at no par value		
Issued, outstanding and fully paid:		
Number of common shares	42,988,419	35,872,445
Dollars	\$ 84,954,211	\$ 81,227,058

The holders of common shares are entitled to receive dividends as declared, which is at the discretion of the Corporation, and are entitled to one vote per share at the annual general meeting of the Corporation. The Corporation has never paid any dividends.

Common Stock Private Purchase Agreement

In November 2013, the Corporation entered into a Common Stock Private Purchase Agreement with an investment company (the "Purchaser") that established the terms and conditions for the purchase of common shares by the Purchaser. In November, 2015, the agreement expired and was not renewed. In general, the Corporation could, at its discretion, require the Purchaser to purchase up to \$15 million of common shares over a 24-month period based on notices given by the Corporation. The Corporation had to comply with general covenants in order to draw on its facility, including maintaining its stock exchange listing and registration requirements and having no material adverse effects, as defined in the agreement, with respect to the business and operations of the Corporation. See Note 1.

The number of shares issued in connection with each notice was equal to the amount specified in the notice, divided by 97% of the average price of the Corporation's common shares for the five days preceding the giving of the notice. The maximum amount of each notice was \$1,000,000 and the minimum amount was \$100,000. The Corporation could have terminated the agreement before the 24-month term, if it has issued at least \$8 million of common shares under the agreement.

The Corporation issued 648,466 and 1,142,059 common shares to the Purchaser during the years ended December 31, 2015 and 2014, respectively for aggregate proceeds of \$950,000 and \$5,150,000 in 2015 and 2014, respectively under the agreements. All issued shares were fully paid.

18

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

On January 23, 2015 and on March 12, 2015, the Corporation completed two \$200,000 private placements financing for a total of \$400,000. A total of 883,058 units were issued at a weighted average price of \$0.39 per unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to acquire one common share of the Corporation at a price per share equal to U.S. \$2.00 for a period 24 months following the subscription date.

On June 19, 2015, the Corporation completed one private placement for an amount of \$500,000 and 400,000 shares were issued.

On August 17, 2015, the Corporation completed one private placement for an amount of \$200,000 and 90,000 shares were issued.

On August 19, 2015, the Corporation completed two private placements financing for a total of \$99,990. A total of 45,000 units were issued.

On September 29, 2015, the Corporation completed three private placements financing for a total of \$167,972. A total of 56,950 units were issued.

On October 13, 2015, the Corporation completed one private placement for an amount of \$162,447 and 50,000 shares were issued.

On November 5, 2015, the Corporation completed one private placement for an amount of \$500,000 and 169,500 shares were issued.

On November 10, 2015, the Corporation completed one private placement for an amount of \$82,600 and 28,000 shares were issued.

On November 12, 2015, the Corporation completed one private placement for an amount of \$44,250 and 15,000 shares were issued.

On November 13, 2015, the Corporation completed one private placement for an amount of \$88,495 and 30,000 shares were issued.

On November 16, 2015, the Corporation completed one private placement for an amount of \$191,750 and 65,000 shares were issued.

On November 27, 2015, the Corporation completed one private placement for an amount of \$147,500 and 50,000 shares were issued.

On December 15, 2015, the Corporation completed two private placements financing for a total of \$29,960. A total of 10,180 units were issued.

On December 17, 2015, the Corporation completed two private placements financing for a total of \$60,194. A total of 20,420 units were issued.

On December 18, 2015, the Corporation completed one private placement for an amount of \$12,975 and 4,400 shares were issued.

On December 30, 2015, the Corporation completed one private placement for an amount of \$147,500 and 50,000 shares were issued.

The Corporation recorded the equity transactions at the amounts received.

Stock options

The Corporation has established a stock option plan (the “Plan”) for its key employees, its officers and directors, and certain consultants. The Plan is administered by the Board of Directors of the Corporation. The Board may from time to time designate individuals to whom options to purchase common shares of the

19

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Corporation may be granted, the number of shares to be optioned to each, and the option price per share. The option price per share cannot involve a discount to the market price at the time the option is granted. The maximum number of shares which may be optioned under the stock option plan is 7,500,000. The maximum number of shares which may be optioned to any one individual is 15% of the total issued and outstanding common shares. Options under the Plan expire ten years after the grant date and vest either immediately or over periods up to six years, and are equity-settled. As of December 31, 2015, 980,500 options could still be granted by the Corporation.

The following table provides the activity of stock option awards during the year and for options outstanding and exercisable at the end of the year, the weighted average exercise price, and the weighted average years to expiration.

		Options outstanding		
	Number	Weighted average exercise price	Weighted average remaining contractual life (in years)	
Outstanding December 31, 2013	5,429,500	\$ 4.16	4.24	
Granted	640,000	5.93		
Settled (note 8)	(240,000)	3.36		
Outstanding December 31, 2014	5,829,500	\$ 4.39	3.92	
Expired	(4,792,000)	5.07		
Cancelled (note 8)	(37,500)	6.47		
Granted	5,650,000	1.74		
Outstanding December 31, 2015	6,650,000	\$ 1.74	10.0	

Options exercisable 6,640,000 \$ 1.74 10.0

During the year ended December 31, 2014, a total of 240,000 options were settled in consideration of \$397,872 (note 8 – Other liabilities).

In 2014, no options were surrendered (i.e. a “cashless exercise”) to the corporation in consideration for the issuance of common shares.

At December 31, 2015, options outstanding and exercisable were as follows:

Options outstanding	Options exercisable	Exercise price per share	Expiry date
200,000	200,000	1.74	May 14, 2025
200,000	200,000	1.74	May 14, 2025
1,025,000	1,025,000	1.74	May 14, 2025
125,000	125,000	1.74	May 14, 2025
4,000,000	4,000,000	1.74	May 14, 2025
100,000	90,000	1.74	May 14, 2025
6,519,500	6,509,500 \$	1.74	

20

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Stock-based compensation

	2015	2014	2013
-			
- Stock options granted in 2013			\$ 238,860
- Stock options granted in 2014	\$ 13,995	\$ 1,544,311	-
- Stock options granted in 2015	15,755,911	-	-
- Total stock-based compensation expense recognize	\$ 15,769,906	\$ 1,534,311	\$ 238,860

The stock-based compensation expense is disaggregated in the statements of operations and comprehensive loss as follows:

	2015	2014	2013
Stock-based compensation pertaining to general and administrative	\$ 10,107,293	\$ 948,697	\$ 170,947
Stock-based compensation pertaining to marketing	-	-	123,700
Stock-based compensation pertaining to research and development	5,676,371	631,217	12,679
	\$ 15,783,664	\$ 1,579,914	\$ 307,236

The fair value of the options granted during the years ended December 31, 2015 and 2014 was determined using the Black-Scholes pricing model using the following weighted average assumptions:

	2015	2014	2013
-			
-			

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- Share price	\$	5.24	\$	5.93	\$	5.24
- Exercise price		5.24		5.93		5.24
- Risk-free interest rate		1.41 %		1.18 %		1.41 %
- Expected volatility		58.99 %		53.96 %		58.99 %
- Expected option life in years		5		4		5
- Expected dividend yield		-		-		-

The weighted average grant-date fair value of options granted during the years ended December 31, 2015 and 2014 was \$2.52 per option.

Expected volatility was estimated considering historic average share price volatility.

Expected dividends were determined to be nil, since it is the present policy of the Corporation to retain all earnings to finance operations.

On July 17, 2015, the Corporation approved the long-term employment agreement of Dr. Paul Averback as President and Chief Executive Officer. Dr. Averback has not taken a salary since November of 2014. The employment agreement retains the services of Dr. Averback for an initial period of seven years. Dr Averback has agreed to forgo 100% of his salary until the Company receives a significant increase in its financing to

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

expand its operations and execute its business plans at which time Dr. Averback will have the option to receive a cash salary or to continue the equity compensation. Dr. Averback received 3,000,000 restricted shares on July, 2015 and shall receive 250,000 restricted stock each month for the duration of the contract, totaling up to 21,000,000 restricted shares, in lieu of cash salary. The Corporation determined that a grant date for all of the restricted shares occurred on July 17, 2015 and established the fair value of each share at \$1.36. The Corporation is recording the expense on a pro-rata basis and recorded an expense of \$11,350,504 in 2015. The unrecognized compensation cost as at December 31, 2015, which will be recognized on a pro-rata basis over the duration of the employment contract as services are performed, assuming Dr. Averback continued to elect equity compensation, is \$21,289,495.

Warrants

On December 16, 2014, in connection with the convertible notes private placement financing referred to in note 9, the Corporation issued 107,000 warrants to the placement agent as partial consideration for the placement fees. Each warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.54 prior to December 16, 2017.

		Warrants outstanding	Weighted average remaining contractual life (in years)
	Number	Weighted average exercise price	
Outstanding December 31, 2014	107,000	\$ 0.54	2.21
Exercised	-	-	-
Granted	441,529	2.00	1.15
Expired	-	-	-
Cancelled	-	-	-
Outstanding December 31, 2015	548,529	\$ 1.72	1.31

The fair value of the services provided of \$29,532 was estimated at the time of grant using the Black-Scholes option pricing model with the following assumptions:

Date Granted	December 16, 2014
Share price	\$ 0.41
Exercise price	\$ 0.54
Risk-free interest rate	1.00 %
Expected dividend yield	-%

Expected share price volatility	123 %
Expected warrant life in years	3

Pricing models require the input of highly subjective assumptions including the expected share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's warrants.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Operating leases

22

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Minimum lease payments under non-cancelable operating leases that were entered into by the Corporation are payable as follows:

Less than one year	\$ 134,042
Between one and five years	-
More than five years	-
 Total	 \$ 134,042

In July 2014 and November 2013, the Corporation entered into new operating lease agreements for its Canadian and US premises, both of which will expire on August 31, 2015 and October 31, 2016, respectively.

The current leases for the Canadian and U.S. operations run for one year and two years respectively, with an option to renew the leases after these dates. Lease payments are increased with every renewal to reflect market rentals. During the years ended December 31, 2015 and 2014, we incurred \$288,395 and \$364,723, respectively in expenses related to these operating leases.

Contingencies

On November 24, 2014, Roy Sapir, a shareholder of the Corporation, filed a proposed class action suit in the United States District Court, District of New Jersey, against the Corporation and the President and the CEO of the Corporation. On February 10, 2016, the Court dismissed the lawsuit. No provision has been recognized in our financial statements for this legal proceedings

NOTE 14 - COST OF SALES

Materials cost expensed as cost of sales amounted to \$50,625 and \$46,504 for the years ended December 31, 2015 and 2014.

NOTE 15 - RESEARCH TAX CREDITS AND INCOME TAXES Research tax credits

Unused federal research tax credits may be used to reduce future federal income tax payable, which are not recognized and expire as follows:

2018	\$ 5,228
2019	8,504
2020	23,093
2021	23,483
2022	53,537
2023	69,362

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2024	22,561
2025	29,084
2026	66,314
2027	73,235
2028	71,538
2029	96,957
2030	174,430
2031	244,789
2032	287,586
2033	241,067
2034	163,684
	\$ 1,654,452

23

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Income taxes

	2015	2014	2013
Current income tax expense for the year	\$ -	\$ -	\$ -
Recognition of previously unrecognized tax loss	-	-	-
Current income tax expense	-	-	-
Deferred tax expense:			
Recognition of previously unrecognized tax loss	-	(52,000)	-
Origination and reversal of temporary differences	-	(816,670)	(1,317,839)
Change in unrecognized deductible temporary differences	-	816,670	1,317,839
Deferred tax expense	-	(52,000)	-
Total income tax recovery	\$ -	\$ (52,000)	-

Reconciliation of effective tax rate:

	2015	2014	2013
Net loss for the year, before income taxes	\$ (17,893,863)	\$ (4,646,093)	\$ (4,908,603)
Domestic tax rate applicable to the Corporation	26.9 %	26.9 %	26.9 %
Income taxes at domestic tax statutory rate	(4,813,449)	(1,249,799)	(1,320,414)
Recognition of previously unrecognized tax loss	-	(52,000)	-
Change in unrecognized deductible temporary differences	4,809,979	816,670	1,317,839
Non-deductible expenses and other	3,470	433,129	2,575
Deferred tax recovery	\$ -	\$ (52,000)	\$ -

The Corporation was re-domiciled to The Bahamas in 2015 however its applicable tax rate is the Canadian combined rates applicable in the Canadian and U.S. jurisdictions in which it has nexus and is considered a taxpaying entity according to local tax laws.

As at December 31, 2015 and 2014, deferred tax (assets) and liabilities recognized were as follows:

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	2015	2014	2013
- Convertible notes	\$ -	\$ 52,000	\$ -
- Tax loss carry forward	\$ -	\$ (52,000)	-
- Deferred tax (assets) liabilities	\$ -	\$ -	\$ -

As at December 31, 2015 and 2014, deferred tax assets not recognized were as follows:

	2015	2014	2013
- Deferred revenue	\$ -	\$ 674,795	\$ 1,378,929
- Tax loss carry forward	16,774,366	15,551,835	14,293,352

24

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

-	Property and equipment and patents	2,012,128	2,027,751	2,012,128
-	Research and development expenditures	2,251,060	2,387,883	2,251,060
-	Share issue costs and financial costs	113,026	136,641	125,959
-	Unrecognized deferred tax assets	\$ 21,150,580	\$ 20,778,905	\$ 20,061,428

Deferred tax assets have not been recognized in respect to these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom. The generation of future taxable profit is dependent on the successful commercialization of the Corporation's products and technologies.

At December 31, 2015, the amounts and expiry dates of tax attributes for which no deferred tax assets were recognized are as follows:

	Federal	Provincial
Research and development expenditures, without time limitation	\$ 6,679,777	\$ 11,646,360

Losses carried forward:

2024	581,932	581,932
2025	3,544,044	3,544,044
2026	3,807,913	3,700,607
2027	3,608,571	3,487,087
2028	2,750,121	2,750,121
2029	3,607,077	3,509,077
2031	7,385,581	7,368,724
2032	7,336,538	7,319,236
2033	6,653,591	6,636,788
2034	5,273,835	5,256,346
2035	43,967,271	43,530,006

Other deductible temporary differences:

Share issue costs and financial costs	684,390	635,060
Excess of tax value of intellectual property and patent fees over carrying value	7,266,343	7,266,602
Excess of tax value of property and equipment over carrying value	294,415	294,415
Deferred revenue	-	2,508,533

US losses carried forward:

2017		1,932,153
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2018	2,781,408
2019	1,077,985
2020	813,001
2021	664,129
2022	522,140
2023	564,484
2024	353,204
2025	264,237
2026	355,198
2027	372,942
2028	351,224
2029	86,251
2030	541,457
2031	479,755
2032	176,525
2033	121,051
2034	69,918
2035	126,804
	\$ 11,653,866

25

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

NOTE 16 - EARNINGS PER SHARE

Weighted average number of common shares outstanding:

	2015	2014	2013
Issued common shares at January 1	35,872,445	4,672,157	33,572,442
Effect of shares issued	1,530,153	581,722	575,224
Weighted average number of common shares outstanding at December 31	37,402,598	35,253,879	34,147,666

Diluted loss per share was the same amount as basic loss per share, as the effect of options and warrants would have been anti-dilutive, because the Corporation incurred losses in each of the years presented. All outstanding options and warrants could potentially be dilutive in the future.

NOTE 17 - CAPITAL DISCLOSURES

The Corporation's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Corporation defines capital as total equity. To fund its activities, the Corporation has followed an approach that relies almost exclusively on the issuance of common shares and, during 2010, entered into a collaboration agreement. Since inception, the Corporation has financed its liquidity needs primarily through private placements and, since 2003, through a financing agreement with an investment company that has been replaced annually by a new agreement with the same purchaser (see note 9 - Common Stock Private Purchase Agreement). Since 2003 through to December 2014, the Purchaser has always complied with the drawdowns made pursuant to the agreement. The Corporation must comply with general covenants in order to draw on its facility including maintaining its stock exchange listing and registration requirements and having no material adverse effects, as defined in the agreement, with respect to the business and operations of the Corporation.

On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bears interest at 6% per annum, payable quarterly with a maximum term of 3 years (see note 9). In 2015, the Corporation raised \$2,435,453 and issued 1,084,450 common shares from private placement financings.

As part of its business plan, the Corporation anticipates the need to raise financing to pursue its planned business operations and research and development programs over the next year. The Corporation intends to access financing through other sources of capital in order to fund these operations and activities over the next year. (See Note 23).

The Corporation's ability to raise capital through the Agreement and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials

may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research,

26

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

The capital management objectives remain the same as for the previous fiscal year. When possible, the Corporation tries to optimize its liquidity needs by non-dilutive sources, including sales, collaboration agreements, research tax credits and interest income. The Corporation's general policy on dividends is to retain cash to keep funds available to finance its research and development and operating expenses.

The Corporation is not subject to any capital requirements imposed by external parties other than the Nasdaq Capital Market requirements related to the Listing Rules (see note 1).

NOTE 18 - FINANCIAL RISK MANAGEMENT

This note provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including foreign currency risk, credit risk, interest rate risk and liquidity risk, and to how the Corporation manages those risks.

Foreign currency risk

The Corporation uses the US dollar as its measurement currency because a substantial portion of revenues, expenses, assets and liabilities of its Canadian and US operations are denominated in US dollars. The Corporation's equity financing facility is also in US dollars. Foreign currency risk is limited to the portion of the Corporation's business transactions denominated in currencies other than the US dollar. The Canadian operation has transactions denominated in Canadian dollars, principally relating to salaries and rent. Additional variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollar at each statement of financial position date. Fluctuations in the currency used for the payment of the Corporation's expenses denominated in currencies other than the US dollar (primarily Canadian dollars) could cause unanticipated fluctuations in the Corporation's operating results, but would not impair or enhance its ability to pay its Canadian dollar denominated obligations. The Corporation's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by transacting with parties in US dollars to the maximum extent possible. The Corporation does not engage in the use of derivative financial instruments to manage its currency exposures.

Approximately 99 % and 56% of expenses that occurred during the years ended December 31, 2015 and 2014, respectively, were denominated in US dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2015 or 2014.

The following table provides significant items exposed to foreign exchange:

CA\$	2015	2014
Cash	\$ 31,207	\$ 5,840
Trade accounts receivable and other receivables	10,305	55,239
Trade accounts payable and accrued liabilities	(449,621)	(595,411)

Total \$ (408,109) \$ (535,332)

The following exchange rates were applied for the years ended December 31, 2015 and 2014:

27

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

	Average rate	
	(twelve months)	Reporting date rate
US\$ - CA\$ - December 31, 2015	1.2788	1.3840
US\$ - CA\$ - December 31, 2014	1.1047	1.1601

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar would have decreased the net loss for the year ended December 31, 2015 by approximately \$15,000, assuming that all other variables remained constant.

An assumed 5% weakening of the US dollar against the Canadian dollar would have had an equal but opposite effect on the amount shown above, on the basis that all other variables remained constant.

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and trade and other accounts receivable. Cash is maintained with high-credit quality financial institutions. For trade accounts receivable, the Corporation performs periodic credit evaluations and typically does not require collateral. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

The Corporation has a limited number of customers. Included in the consolidated statement of financial position as of December 31, 2015 and 2014 are trade accounts receivable of \$640 and \$12,959, respectively, all of which were aged under 45 days. Two customers accounted for 100% and 86.8% of the trade receivables balance as of December 31, 2015 and 2014, respectively, all of whom have a good payment record with the Corporation. No bad debt expense was recorded on trade accounts receivable for the years ended December 31, 2015 or 2014.

At December 31, 2015, the Corporation's maximum credit exposure corresponded to the carrying amount of cash, trade accounts receivable and other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at a variable rate. Trade accounts receivable, other receivables, trade accounts payable and accrued liabilities bear no interest. The convertible note bears interest at 6% per annum. In addition, the Corporation pays an administrative fee of 2% per annum under the terms of the convertible notes.

Based on the value of variable interest-bearing cash during the year ended December 31, 2015, an assumed 0.5% increase or 0.5% decrease in interest rates during such period would have had no significant effect on the net loss.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure, as outlined in Capital Disclosures above. Refer also to note 1. The Corporation does not have an operating credit facility and has historically financed its activities primarily through an equity financing agreement with an investment company, as described in note 12 - Common Stock Private Purchase Agreement and the issuance of convertible notes as described in note 9.

The following are the contractual maturities of financial liabilities:

28

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

	Carrying amount	Less than 1 year	1 year to 5 years
Trade accounts payable and accrued liabilities:			
December 31, 2015	\$ 2,250,568	\$ 2,250,568	\$ -
December 31, 2014	\$ 1,976,145	\$ 1,976,145	\$ -
Convertible notes ⁽¹⁾ :			
December 31, 2015	\$ 814,672	\$ -	\$ 1,070,000
December 31, 2014	\$ 718,831	\$ -	\$ 1,070,000

(1) Before financing costs

The redeemable preferred shares in the amount of \$400,000 have no specific terms of repayment.

NOTE 19 - FINANCIAL INSTRUMENTS**Fair value disclosure**

The Corporation has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value due to the immediate or short-term maturity of these financial instruments. The fair values of the convertible notes, determined using a discounted cash flow model for a similar liability that does not have an equity conversion option, have been determined to approximate the carrying amounts.

Finance income and finance costs

	2015	2014	2013
Interest income	\$ -	\$ 361	\$ 3,402
Interest and bank charges	91,957	(15,765)	(8,853)
Financial costs	-	(71,009)	-
Accretion of the other liabilities	(95,841)	(26,148)	-
Net foreign exchange gain	(45,761)	1,598	(18,195)
Net finance costs	\$ (233,559)	\$ (110,963)	\$ (23,646)
Finance income	\$ -	\$ 1,959	\$ 3,402
Finance costs	(233,559)	(112,922)	(27,048)
Net finance costs	\$ (233,559)	\$ (110,963)	\$ (23,646)

NOTE 20 - SEGMENT DISCLOSURES

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The Corporation operates in one reportable segment, which is the Corporation's strategic business unit -the research and development of products for the aging population.

Information regarding the geographic reportable segment is as follows:

	Canada	United States	Europe and other
Revenues:			
2015	\$ 8,125	\$ 221,926	\$ 2,531,214
2014	\$ 6,845	\$ 290,061	\$ 2,652,603
2013	\$ 5,104	\$ 365,277	\$ 2,988,629
Property and equipment:			
December 31, 2015	3,399	—	—
December 31, 2014	9,233	167	—

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

Revenues are attributed to geographic locations based on location of customers.

Major customers

Customers that accounted for greater than 10% of revenues from sales of goods in any of the last three years were as follows:

	2015	2014	2013
-			
- Customer A	\$ -	\$ -	\$ 333,249
- Customer B	24,803	134,393	119,325
- Customer C	5,242	24,061	83,210
- Customer D	11,787	43,282	46,625

One customer accounted for 100% of licensing revenues during 2015, 2014 and 2013 (refer to note 10).

NOTE 21 - RELATED PARTIES

Executive officers and directors participate in the Corporation's stock option plan (see note 12 (b)). Executive officers are covered under the Corporation's health plan.

Key management personnel compensation is comprised of:

	2015	2014	2013
-			
- Salaries	\$ 202,748	\$ 746,224	\$ 793,552
- Short-term employee benefits	3,627	8,892	10,097
- Stock-based compensation	15,769,906	1,544,311	238,860
	\$ 15,976,281	\$ 2,299,427	\$ 1,042,509

Total honorariums earned by the independent directors of the Corporation for participation in Board and Committee meetings were \$28,500 and \$73,500 for the years ended December 31, 2015 and 2014, respectively.

NOTE 22 - PERSONNEL EXPENSES

	2015	2014	2013
-			
- Salaries	\$ 485,559	\$ 2,018,354	\$ 1,994,783
- Employer contributions	33,544	170,161	177,993
- Short-term employee benefits	16,324	49,414	51,082
- Stock-based compensation	15,771,025	1,466,038	123,700

-
\$ 16,306,452 \$ 3,703,967 \$ 2,347,558

The table above includes the compensation figures from the table in note 21.

NOTE 23 - SUBSEQUENT EVENTS

a) Prospectus Supplement

In February 2016, the Corporation filed a prospectus supplement and accompanying prospectus related to the potential issuance and sale of up to \$12,000,000 of our common stock, no par value per share,

30

NYMOX PHARMACEUTICAL CORPORATION

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales, if any, will be made under an equity distribution agreement, dated February 5, 2016, between the Corporation and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker or through an electronic communications network. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan will act as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

Chardan will be entitled to compensation at a fixed commission rate of 3.0% of the gross proceeds from the sale of our common stock pursuant to the equity distribution agreement. In connection with the sale of the common stock on our behalf, Chardan may, and will with respect to sales effected in an “at-the-market” offering, be deemed to be an “underwriter” within the meaning of the Securities Act, and the compensation of Chardan may be deemed to be underwriting commissions or discounts. We have also agreed to provide indemnification and contribution to Chardan against certain civil liabilities, including liabilities under the Securities Act.

b) Clinical results

On February 9th 2016, the Corporation announced successful clinical results from the completion of the Corporation’s U.S. 40 month (18 month outcomes) localized prostate cancer Phase 2 NX03-0040 clinical trial of fexapotide trifluate (NX-1207). The study successfully met its pre-determined endpoints. Cancer progression clinical outcomes were significantly improved in the fexapotide treated patient groups when compared to placebo. The clinical trial commenced in February 2012 at 28 U.S.investigational clinical trial sites and enrolled 147 patients with low grade localized (T1c) prostate cancer. The study lasted 40 months overall from the first patient randomized to the last patient 18 month endpoints

The Corporation has evaluated subsequent events through March 24, 2016, the date the financial statements were authorized for issuance by the Audit Committee of the Board of Directors. Although it has expressed no intention to do so the Audit Committee has the authorization to amend these financial statements.

ITEM 9. OFFER AND LISTING DETAILS

Nymox's common shares trade on the NASDAQ Stock Market. Nymox's common shares traded on the NASDAQ National Market from December 1, 1997 until September 16, 1999 when they began trading on the NASDAQ SmallCap Market, now called the NASDAQ Capital Market. Nymox's common shares also traded on the Montreal Exchange from December 18, 1995 until November 19, 1999.

The following tables set out the high and low reported trading prices of the common shares on the NASDAQ Stock Market during the periods indicated.

Annual High and Low Market Prices – Past Five Years

<u>YEAR</u>	<u>ANNUAL HIGH</u>	<u>ANNUAL LOW</u>
2011	\$9.890	\$6.000
2012	\$8.980	\$6.000
2013	\$8.190	\$4.200
2014	\$6.780	\$0.330
2015	\$4.37	\$0.350

Quarterly High and Low Market Prices – Past Two Years

<u>YEAR</u>	<u>QUARTERLY PERIOD</u>	<u>HIGH SALES PRICE</u>	<u>LOW SALES PRICE</u>
2014	1 st Quarter	\$6.780	\$5.020
	2 nd Quarter	\$5.760	\$4.400
	3 rd Quarter	\$5.750	\$3.810
	4 th Quarter	\$5.550	\$0.330
2015	1 st Quarter	\$0.92	\$0.35
	2 nd Quarter	\$2.00	\$0.86
	3 rd Quarter	\$4.37	\$1.13
	4 th Quarter	\$4.19	\$3.11

Monthly High and Low Market Prices – Most Recent Six Months

<u>DATE</u>	<u>MONTHLY HIGH</u>	<u>MONTHLY LOW</u>
October, 2015	\$4.37	\$2.87
November, 2015	\$3.95	\$2.87
December, 2015	\$3.90	\$3.60
January, 2016	\$3.16	\$2.11
February, 2016	\$2.88	\$2.04
March, 2016 (up to and including March 24, 2016)	\$2.88	\$2.04

ITEM 10. ADDITIONAL INFORMATION**Memorandum and Articles of Association**

Bylaws and Articles of Incorporation

The Corporation's Certificate of Continuation filed pursuant to the International Business Companies Act of the Commonwealth of The Bahamas, which we refer to as our articles of incorporation, are on file with the Acting Registrar General of the Commonwealth of The Bahamas under Corporation Number 175894 (B). Our articles of incorporation do not include a stated purpose and do not place any restrictions on the business that the Corporation may carry on.

Directors

A director of our Corporation need not be a shareholder. In accordance with our bylaws and the Canada Business Corporations Act, at least 25% of our directors must be residents of Canada. In order to serve as a director, a person must be a natural person at least 18 years of age, of sound mind and not bankrupt. Neither our articles of incorporation or by-laws, nor the Canada Business Corporations Act, impose any mandatory retirement requirements for directors.

32

Our bylaws and the Canada Business Corporations Act authorize the directors from time to time to determine the remuneration for their services. There is no requirement for an independent quorum.

A director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with our Corporation must disclose to the Corporation the nature and extent of his or her interest at the time and in the manner provided by the Canada Business Corporations Act. The Canada Business Corporations Act prohibits such a director from voting on any resolution to approve the contract or transaction unless the contract or transaction:

- is an arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the Corporation or an affiliate;
- relates primarily to his or her remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- is for indemnity or insurance for director's liability as permitted by the Act; or
- is with an affiliate.

Our board of directors may, on behalf of the Corporation and without authorization of our shareholders:

- borrow money upon the credit of the Corporation;
- issue, reissue, sell or pledge debt obligations of the Corporation;
- give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The Canada Business Corporations Act prohibits the giving of a guarantee to any shareholder, director, officer or employee of the Corporation or of an affiliated corporation or to an associate of any such person for any purpose or to any person for the purpose of or in connection with a purchase of a share issued or to be issued by the Corporation or its affiliates, where there are reasonable grounds for believing that the Corporation is or, after giving the guarantee, would be unable to pay its liabilities as they become due, or the realizable value of the Corporation's assets in the form of assets pledged or encumbered to secure a guarantee, after giving the guarantee, would be less than the aggregate of the Corporation's liabilities and stated capital of all classes.

These borrowing powers may be varied by the Corporation's bylaws or its articles of incorporation. However, our bylaws and articles of incorporation do not contain any restrictions on or variations of these borrowing powers.

Common Shares

Our articles of incorporation authorize the issuance of an unlimited number of common shares. They do not authorize the issuance of any other class of shares.

The holders of the common shares of our Corporation are entitled to receive notice of and to attend all meetings of the shareholders of our Corporation and have one vote for each common share held at all meetings of the shareholders of our Corporation. Our directors are elected at each annual meeting of shareholders and do not stand for reelection at staggered intervals.

The holders of common shares are entitled to receive dividends and the Corporation will pay dividends, as and when declared by our board of directors, out of moneys properly applicable to the payment of dividends, in such amount and in such form as our board of directors may from time to time determine, and all dividends which our board of directors may declare on the common shares shall be declared and paid in equal amounts per share on all common

shares at the time outstanding.

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares will be entitled to receive the remaining property and assets of the Corporation.

There are no redemption provisions and no liability for further capital calls associated with the Corporation's common stock.

Action Necessary To Change Rights Of Shareholders

In order to change the rights of our shareholders, we would need to amend our articles of incorporation to effect the change. Such an amendment would require the approval of holders of two-thirds of the shares cast at a duly called special meeting. For certain amendments such as those creating of a class of preferred shares, a shareholder is entitled to dissent in respect of such a resolution amending our articles and, if the resolution is adopted and the Corporation implements such changes, demand payment of the fair value of its shares.

Meetings of Shareholders

33

An annual meeting of shareholders is held each year for the purpose of considering the financial statements and reports, electing directors, appointing auditors and for the transaction of other business as may be brought before the meeting. The board of directors has the power to call a special meeting of shareholders at any time.

Notice of the time and place of each meeting of shareholders must be given not less than 21 days, nor more than 60 days, before the date of each meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of meeting of shareholders called for any other purpose other than consideration of the minutes of an earlier meeting, financial statements and auditor's report, election of directors and reappointment of the incumbent auditor, must state the nature of the business in sufficient detail to permit the shareholder to form a reasoned judgment on and must state the text of any special resolution or by-law to be submitted to the meeting.

The only persons entitled to be present at a meeting of shareholders are those entitled to vote, the directors of the Corporation and the auditor of the Corporation. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting. In circumstances where a court orders a meeting of shareholders, the court may direct how the meeting may be held, including who may attend the meeting.

Limitations On Right To Own Securities

Neither Canadian law nor our articles or by-laws limit the right of a nonresident to hold or vote our shares, other than as provided in the Investment Canada Act (the "Investment Act"), as amended by the World Trade Organization Agreement Implementation Act. The Investment Act generally prohibits implementation of a direct reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture that is not a "Canadian," as defined in the Investment Act (a "non-Canadian"), unless, after review, the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in our shares by a non-Canadian (other than a "WTO Investor," as defined below) would be reviewable under the Investment Act if it were an investment to acquire direct control of our Corporation, and the value of the assets of our Corporation were CDN\$5.0 million or more (provided that immediately prior to the implementation of the investment the Corporation was not controlled by WTO Investors). An investment in our shares by a WTO Investor (or by a non-Canadian other than a WTO Investor if, immediately prior to the implementation of the investment the Corporation was controlled by WTO Investors) would be reviewable under the Investment Act if it were an investment to acquire direct control of the Corporation and the value of the assets of the Corporation equaled or exceeded a specified amount (the "Review Threshold"). The Review Threshold in 2014 was CDN\$354 million and in 2015 is CDN\$369 million. A non-Canadian, whether a WTO Investor or otherwise, would be deemed to acquire control of the Corporation for purposes of the Investment Act if he or she acquired a majority of our shares. The acquisition of less than a majority, but at least one-third of our shares, would be presumed to be an acquisition of control of the Corporation, unless it could be established that we were not controlled in fact by the acquirer through the ownership of our shares. In general, an individual is a WTO Investor if he or she is a "national" of a country (other than Canada) that is a member of the World Trade Organization ("WTO Member") or has a right of permanent residence in a WTO Member. A corporation or other entity will be a "WTO Investor" if it is a "WTO investor-controlled entity," pursuant to detailed rules set out in the Investment Act. The United States is a WTO Member. Certain transactions involving our shares would be exempt from the Investment Act, including:

- (a) an acquisition of our shares if the acquisition were made in the ordinary course of that person's business as a trader or dealer in securities;
- (b) an acquisition of control of the Corporation in connection with the foreclosure of a security interest granted for a loan or other assistance and not for any purpose related to the provisions the Investment Act; and

an acquisition of control of the Corporation by reason of an amalgamation, consolidation or corporate reorganization, following which the direct or indirect control in fact of the Corporation, through ownership of (c) voting interests, remains unchanged.

Change of Control

There are no provisions of our bylaws or articles of incorporation that would have an effect of delaying, deferring or preventing a change in control of the Corporation and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Corporation. Our bylaws do not contain a provision governing the ownership threshold above which shareholder ownership must be disclosed.

Material Contracts

The following is a summary of the material contracts to which the Corporation is a party, for the two years ended March 31, 2016.

1. On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000, which bear interest at 6% per annum, payable quarterly with a maximum term of 3 years. The Corporation will also pay an administrative fee of 2% per annum on the outstanding principal amount, calculated quarterly and paid at the same time that interest is paid on these notes. The Corporation has agreed to grant a first lien on its assets to secure its obligations under the note. The notes are convertible at the holder's option at any time into common shares of the Corporation at a conversion price of \$0.533 per share.

2. This prospectus supplement and accompanying prospectus relates to the issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales, if any, will be made under an equity distribution agreement, dated February 5, 2016, between us and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 under the Securities Act of 1933, as amended, which we refer to as the Securities Act, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker or through an electronic communications network. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan will act as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

Chardan will be entitled to compensation at a fixed commission rate of 3.0% of the gross proceeds from the sale of our common stock pursuant to the equity distribution agreement. In connection with the sale of the common stock on our behalf, Chardan may, and will with respect to sales effected in an “at-the-market” offering, be deemed to be an “underwriter” within the meaning of the Securities Act, and the compensation of Chardan may be deemed to be underwriting commissions or discounts. We have also agreed to provide indemnification and contribution to Chardan against certain civil liabilities, including liabilities under the Securities Act.

Exchange Controls

The Bahamas has no system of exchange controls. There are no exchange restrictions on borrowing from foreign countries or on the remittance of dividends, interest, royalties and similar payments, management fees, loan repayments, settlement of trade debts or the repatriation of capital.

There are no limitations on the rights of non-Canadians to exercise voting rights on their shares of Nymox.

Taxation

U.S. Federal Income Tax Considerations for U.S. Persons

This section contains a summary of certain U.S. federal income tax considerations for U.S. Persons (as defined below) who hold common shares of Nymox. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations, rulings of the Internal Revenue Service (the “IRS”), and judicial decisions in existence on the date hereof, all of which are subject to change. Any such change could apply retroactively and could have adverse consequences to Nymox and its shareholders. This summary is necessarily general and does not attempt to summarize all aspects of the federal tax laws (and does not attempt to summarize any state or local laws) that may affect an investor’s acquisition of an interest in Nymox. No ruling from the IRS will be requested and no assurance can be given that the IRS will agree with the tax consequences described in this summary.

For purposes of this discussion, the term “U.S. Person” means (a) an individual who is a citizen of the United States or who is resident in the United States for United States federal income tax purposes, (b) a corporation or a partnership that is organized under the laws of the United States or any state thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust (i) that is subject to the supervision of a court within the United States and is subject to the control of one or more United States persons as described in the Code, or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a United States

person. The term “U.S. Holder” means a shareholder of Nymox who is a U.S. Person. The term “foreign corporation” means an entity that is classified as a corporation for U.S. federal income tax purposes and that is not organized under the laws of the United States or any state thereof.

This summary does not discuss all United States federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to certain holders that may be subject to special treatment under United States federal income tax law (for example, insurance companies, tax-exempt organizations, financial institutions, dealers in securities, persons who hold shares as part of a straddle, hedging, constructive sale, or conversion transaction, U.S. Holders whose functional currency is not the U.S. dollar, and U.S. Holders who acquired shares through exercise of employee stock options or otherwise as compensation for services). Furthermore, this summary does not address any aspects of state or local taxation.

The tax consequences of an investment in Nymox are complex and based on tax provisions that are subject to change. You are urged to consult with, and must depend upon, your own tax advisors with specific reference to your own tax situations as to the income and other tax consequences of an investment in Nymox.

Dividends and gains on sale. Except as described below with respect to the “passive foreign investment corporation” rules, dividends paid by Nymox to a U.S. Holder, without reduction for Canadian withholding taxes, will be included in the gross income of such U.S. Holder, as a dividend, to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax. Such dividends will not be eligible for the dividend-received deduction generally allowed under the Code to dividend recipients that are U.S. corporations. The amount of any distribution in excess of Nymox’s current and accumulated earnings and profits will first be applied to reduce the U.S. Holder’s tax basis in its Nymox common shares, and any amount in excess of tax basis will be treated as gain from the sale or exchange of the common shares. A dividend paid by Nymox generally will be taxed at the preferential tax rates applicable to long-term capital gains (where the maximum federal rate is currently 20%) if (a) Nymox is a “qualified foreign corporation” as defined in Section 1(h)(11) of the Code, (a “QFC”), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on common shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the “ex-dividend date” (i.e., the first date that a purchaser of such common shares will not be entitled to receive such dividend). Nymox currently meets the definition of a QFC because its common shares are readily tradable on the Nasdaq Stock Market, an established securities market in the United States, provided that Nymox is not a “passive foreign investment corporation” (as described below) for the taxable year during which Nymox pays a dividend or for the preceding taxable year. If Nymox were to be delisted from the Nasdaq Stock Market, it is not clear whether Nymox would meet the definition of a QFC. If Nymox is not a QFC, a dividend paid by Nymox to a U.S. Holder that is an individual, estate, or trust generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the dividend rules.

Except as described below with respect to the “passive foreign investment corporation” rules, any gain recognized by a U.S. Holder on a sale or exchange of Nymox common shares (or on a distribution treated as a sale or exchange) generally will be treated as capital gain. Capital gains of corporations are taxable at the same rate as ordinary income. With respect to non-corporate taxpayers, the excess of net long-term capital gain over net short term capital loss may be taxed at a substantially lower rate than is ordinary income. A capital gain or loss is long-term if the asset has been held for more than one year and short-term if held for one year or less. In addition, the distinction between capital gain or loss and ordinary income or loss is relevant for purposes of limitations on the deductibility of capital losses.

A U.S. Holder generally may claim a credit against its U.S. federal income tax liability for Canadian income tax withheld from dividends received on Nymox common shares. The amount of this credit is subject to several limitations under the Code.

Controlled foreign corporation rules. A foreign corporation generally is classified as a “controlled foreign corporation” (a “CFC”) if more than 50% of the corporation’s shares (by vote or value) are owned, directly or indirectly, by “10% U.S. Shareholders”. For this purpose, a “10% U.S. Shareholder” is a U.S. Person that owns, directly or indirectly, shares possessing 10% or more of the voting power in the foreign corporation. Nymox believes that it is not a CFC at the present time. If Nymox were a CFC, each 10% U.S. Shareholder that owns, directly or indirectly through foreign entities, an interest in Nymox generally would be required to include in its gross income for U.S. federal income tax purposes a pro-rata share of any “Subpart F” income earned by Nymox, whether or not such income is distributed by Nymox. Subpart F income generally includes interest, dividends, royalties, gain on the sale of stock or securities and certain other categories of income.

Passive foreign investment corporation rules. In general, a foreign corporation is a “passive foreign investment corporation” (a “PFIC”) during a taxable year if 75% or more of its gross income for the taxable year constitutes “passive income” or if 50% or more of its assets (by average fair market value) held during the taxable year produce, or are held for the production of, passive income. In general, any U.S. Person that owns, directly or indirectly, an interest in a foreign corporation will be subject to an interest charge (in addition to regular U.S. federal income tax) upon the

disposition by the U.S. Person of, or receipt by the U.S. Person of “excess distributions” with respect to, any shares of the foreign corporation if: (i) the foreign corporation is a PFIC during the taxable year in which such income is realized by the U.S. Person; or (ii) the foreign corporation was a PFIC during any prior taxable year that is included in whole or in part in the U.S. Person’s “holding period” (within the meaning of Section 1223 of the Code) with respect to its interest in the shares of the foreign corporation. Furthermore, the U.S. Person’s share of such gain or “excess distribution” will be taxable as ordinary income. There exist several other adverse tax consequences that may apply to any U.S. Person that owns, directly or indirectly, an interest in a PFIC.

A U.S. Person that owns, directly or indirectly, an interest in a PFIC can elect to treat such PFIC as a “qualified electing fund” (a “QEF”) with respect to the U.S. Person. In general, the effect of a QEF election with respect to a PFIC is that, beginning with the first taxable year to which the election applies and in all succeeding taxable years during which the foreign corporation is a PFIC, the U.S. Person is required to include in its income its share of the ordinary earnings and net capital gains of the PFIC. The U.S. Person is not taxable with respect to any distribution by the PFIC from earnings that have been included previously in the U.S. Person’s income under the QEF provisions. If the QEF election is made with respect to the first taxable year in which a U.S. Person owns, directly or indirectly, an interest in the particular PFIC, the adverse tax consequences described in the immediately preceding paragraph (including the interest charge and the treatment of gains as ordinary income) would not apply to the U.S. Person’s interest in that PFIC. In order to make a QEF election, a U.S. Person is required to provide to the IRS certain information furnished by the PFIC.

Nymox believes that it has not been a PFIC during any taxable year ending on or before December 31, 2014. There can be no assurance that Nymox will not be a PFIC during its current taxable year. Because PFIC classification cannot be determined until the close of a taxable year, is determined annually, and depends on the application of complex rules which are subject to differing interpretations, there can be no assurance that Nymox has never been and will not become a PFIC for any taxable year during which U.S. Holders hold Nymox common stock. Nymox intends to notify its U.S. Holders within 45 days after the end of

any taxable year for which Nymox believes it might be a PFIC. Nymox has further undertaken (i) to provide its U.S. Holders with timely and accurate information as to its status as a PFIC and the manner in which the QEF election can be made and (ii) to comply with all record-keeping, reporting and other requirements so that the U.S. Holders, at their option, may make a QEF election.

Each U.S. Person who owns, directly or indirectly, common shares of Nymox is urged to consult its own tax advisor with respect to the advantages and disadvantages of making a QEF election with respect to Nymox.

Information Reporting and Backup withholding. Information reporting to the IRS may be required with respect to payments of dividends on the Nymox common shares to U.S. Holders, and with respect to proceeds received by U.S. Holders on the sale of Nymox common shares. A U.S. Holder may be subject to backup withholding with respect to dividends received with respect to Nymox common shares, or proceeds received on the sale of Nymox common shares through a broker, unless the U.S. Holder (i) demonstrates that it qualifies for an applicable exemption (such as the exemption for holders that are corporations), or (ii) provides a taxpayer identification number and complies with certain other requirements. Any amount withheld from payment to a U.S. Holder under the backup withholding rules generally will be allowed as credit against the U.S. Holder's U.S. federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS.

In addition, certain categories of U.S. Holders that hold certain "foreign financial assets" (which may include Nymox common shares), over a certain threshold, must file IRS Form 8938 to report information relating to such assets, subject to certain exceptions. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the application of these information reporting and backup withholding rules to it.

Medicare Contribution Tax. Certain U.S. Holders who are individuals, estates or trusts are required to pay up to an additional 3.8% tax on, among other things, dividends and capital gains. Each U.S. Holder should consult its own financial advisor, legal counsel or accountant regarding the possible application of this additional tax to income earned with respect to Nymox common shares.

Canadian Federal Income Taxation

The following summary describes the principal Canadian federal tax considerations generally applicable to a shareholder who holds as beneficial owner common shares of Nymox and who, at all relevant times, for purposes of *the Income Tax Act* (Canada) and the *Income Tax Regulations* (collectively, the "**Tax Act**"), (1) holds the common shares of Nymox as capital property, (2) deals at arm's length with Nymox, (3) is not affiliated with Nymox, and (4) has not entered into, with respect to their common shares of Nymox, a "derivative forward agreement" as that term is defined in the Tax Act (a "**Holder**"). Generally, the common shares of Nymox will be capital property to a Holder provided the Holder does not acquire or hold their common shares of Nymox in the course of carrying on a business or provided the Holder has not acquired their common shares of Nymox as part of an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, and an understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein. **This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all possible**

Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of common shares of Nymox must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act. The amount of dividends required to be included in the income of, and capital gains or capital losses realized by, a Holder may be affected by fluctuations in the Canadian / U.S. dollar exchange rate.

Canadian Resident Holders

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be resident in Canada (a “**Resident Holder**”). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act the effect of which may be to deem to be capital property any common shares of Nymox (and all other “Canadian securities”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose common shares of Nymox might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. This portion of the summary is not applicable to (i) a Holder that is a “specified financial institution”, (ii) a Holder an interest in which is a “tax shelter investment”, (iii) a Holder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”, or (iv) a Holder that reports its

“Canadian tax results” in a currency other than Canadian currency, or (v) a Holder that is a corporation and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of common shares of Nymox, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in proposed section 212.3 of the Tax Act, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the common shares of Nymox. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Nymox as an eligible dividend in accordance with the provisions of the Tax Act. A dividend received (or deemed to be received) by a Resident Holder that is a corporation will generally be deductible in computing the corporation’s taxable income.

A Resident Holder that is “private corporation”, as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 33 1/3 % under Part IV of the Tax Act on dividends received (or deemed to be received) on the common shares of Nymox to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the taxation year.

Dispositions

Generally, on a disposition or deemed disposition of a common share of Nymox, the Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the common share of Nymox immediately before the disposition or deemed disposition.

The adjusted cost base to the Resident Holder of a common share of Nymox will be determined by averaging the cost of such common share of Nymox with the adjusted cost base of all other common shares of Nymox owned by the Resident Holder as capital property at that time, if any.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “taxable capital gain”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a common share of Nymox may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on a common share of Nymox to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a common share of Nymox is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own tax advisors.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be,, resident in Canada and does not use or hold, and is not deemed to use or hold, common shares of Nymox in a business carried on in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a holder that is not resident in Canada that is an insurance business in Canada and elsewhere.

Dividends

Dividends paid or credited on the common shares of Nymox or deemed to be paid or credited on the common shares of Nymox will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. . For example, under the *Canada-United States Tax Convention* (1980), as amended (the “**Canada-U.S. Tax Treaty**”), where dividends on the common shares of Nymox are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits of, the Canada-U.S. Tax Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition or deemed disposition of common shares of Nymox, unless the common shares of Nymox are “taxable Canadian property” to the NonResident Holder for purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the common shares of Nymox will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that the common shares of Nymox are listed at that time on a designated stock exchange (which includes the NASDAQ), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal with at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the capital stock of Nymox, and (ii) more than 50% of the fair market value of the common shares of Nymox was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, common shares of Nymox could be deemed to be taxable Canadian property. Non-Resident Holders whose common shares of Nymox may constitute taxable Canadian property should consult their own tax advisors.

Documents on Display

Nymox is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In accordance with these requirements, the Corporation files reports and other information with the Securities and Exchange Commission. These materials, including this Annual Report on Form 20-F and the exhibits hereto, may be inspected and copied at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the materials may be obtained from the Commission's Public Reference Room at prescribed rates. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers, including Nymox, that file electronically with the Commission.

We are required to file reports and other information with the securities commissions in all provinces of Canada. You also are invited to read and copy any reports, statements or other information, other than confidential filings, that we file with the provincial securities commissions. These filings are also electronically available from the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") (<http://www.sedar.com>), the Canadian equivalent of the SEC's electronic document gathering and retrieval system. This material includes our Management Information Circular for the most recent annual meeting, which provides information including directors' and officers', remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans. Additional financial information is provided in our annual financial statements and our Management's Discussion and Analysis relating to these statements. These documents are also accessible on SEDAR (www.sedar.com).

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this Annual Report on Form 20-F (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us at the following address: Nymox Pharmaceutical Corporation, Bay & Deveaux Sts., Nassau The Bahamas, Attention: Investor Relations. Telephone (800) 936-9669. Facsimile (514) 332-2227 EMAIL: info@nymox.com

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Capital disclosures

The Corporation's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Corporation defines capital as total equity. To fund its activities, the Corporation has followed an approach that relies almost exclusively on the issuance of common shares and, during 2010, entered into a collaboration agreement. Since inception, the Corporation has financed its liquidity needs primarily through private placements and, since 2003, through a financing agreement with an investment company that has been replaced annually by a new agreement with the same purchaser (see note 12 - Common Stock Private Purchase Agreement of the Consolidated Financial Statements). As of the date of the MD&A, the Common Stock Private Purchase Agreement has expired. In 2015, the Corporation raised \$2,435,453 and issued 1,084,450 common shares from private placement financings.

The Corporation's ability to raise capital through the Agreement and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

The capital management objectives remain the same as for the previous fiscal year. When possible, the Corporation tries to optimize its liquidity needs by non-dilutive sources, including sales, collaboration agreements, research tax credits and interest income. The Corporation's general policy on dividends is to retain cash to keep funds available to finance its research and development and operating expenses.

Other than the financing discussed above, the Corporation does not have arranged sources of financing. See Note 23 to the consolidated financial statements.

The Corporation is not subject to any capital requirements imposed by external parties other than the Nasdaq Capital Market requirements related to the Listing Rules. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation will consider an alternate trading platform for its common shares.

Financial risk management

This section provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including foreign currency risk, credit risk, interest rate risk and liquidity risk, and to how the Corporation manages those risks.

Foreign currency risk

The Corporation uses the US dollar as its measurement currency because a substantial portion of revenues, expenses, assets and liabilities of its Canadian and US operations are denominated in US dollars. The Corporation's equity financing facility is also in US dollars. Foreign currency risk is limited to the portion of the Corporation's business transactions denominated in currencies other than the US dollar. The Canadian operation has transactions denominated in Canadian dollars, principally relating to salaries and rent. Additional variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollar at each statement of financial position date. Fluctuations in the currency used for the payment of the Corporation's expenses denominated in currencies other than the US dollar (primarily Canadian dollars) could cause unanticipated fluctuations in the Corporation's operating results, but would not impair or enhance its ability to pay its Canadian dollar denominated obligations. The Corporation's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by transacting with parties in US dollars to the maximum extent possible. The Corporation does not engage in the use of derivative financial instruments to manage its currency exposures.

Approximately 99% of expenses that occurred during the year ended December 31, 2015 (2014 - 56%; 2013 - 59%) were denominated in US dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2015, 2014 or 2013.

The following table provides significant items exposed to foreign exchange:

	December 31, 2015	December 31, 2014
CAS		
Cash	\$ 31,207	\$ 5,840
Trade accounts receivable and other receivables	\$ 10,305	\$ 55,239
Trade accounts payable and accrued liabilities	\$ (449,621)	\$ (595,411)
	\$ (408,109)	\$ (534,332)

The following exchange rates were applied for the years ended December 31, 2015, 2014 and 2013:

	Average rate (twelve months)	Reporting date rate
US\$ - CA\$ - December 31, 2015	1.2788	1.3840
US\$ - CA\$ - December 31, 2014	1.1047	1.1601
US\$ - CA\$ - December 31, 2013	1.0299	1.0636

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar against the Canadian dollar would have decreased the net loss for the year ended December 31, 2015 by approximately \$15,000, assuming that all other variables remained constant.

An assumed 5% weakening of the US dollar against the Canadian dollar would have had an equal but opposite effect on the amount shown above, on the basis that all other variables remained constant.

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and trade accounts receivable. Cash is maintained with high-credit quality financial institutions. For trade accounts receivable, the Corporation performs periodic credit evaluations and typically does not require collateral. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

The Corporation has a limited number of customers. Included in the consolidated statement of financial position are trade accounts receivable of \$640 (December 31, 2014 - \$12,959), all of which were aged under 45 days. Two customers (December 31, 2014 - two customers) accounted for 100% (December 31, 2014 – 86.8%) of the trade receivables balance at December 31, 2015, all of whom have a good payment record with the Corporation. No bad debt expense on trade accounts receivable was recorded for the year ended December 31, 2015, nor for the year ended December 31, 2014.

At December 31, 2015, the Corporation’s maximum credit exposure corresponded to the carrying amount of cash, trade accounts receivable and other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at a variable rate. Trade accounts receivable, other receivables, trade accounts payable and accrued liabilities bear no interest. The convertible notes bear interest at 6% per annum. In addition, the Corporation pays an administrative fee of 2% per annum under the terms of the convertible notes. An account payable of \$20,201 (CA\$23,435) bears interest at 12.99%. The Corporation has no other interest-bearing financial instruments.

Based on the value of variable interest-bearing cash during the year ended December 31, 2015, an assumed 0.5% increase or 0.5% decrease in interest rates during such period would have had no significant effect on the net loss.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure, as outlined in note 17 - Capital disclosures. The Corporation does not have an operating credit facility and has historically financed its activities primarily through an equity financing agreement with an investment company, as described in note 12 - Common Stock Private Purchase Agreement and the issuance of a convertible notes as described in note 9 – Convertible notes of the Consolidated Financial Statements.

The Corporation’s ability to raise capital through other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation’s ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

In addition to financing operations through the issuance of equity, the Corporation may also secure additional funding through the issuance of debt, licensing or partnering products in development, increasing revenue from our products, or realizing on intellectual property and other assets. There can be no assurances that the Corporation will be successful in realizing on any such potential opportunities for additional funding at a price or on terms that are favorable to the Corporation.

The following are the contractual maturities of financial liabilities:

Trade accounts payable and accrued liabilities:	Carrying Amount	Less than 1 year	1 year to 5 years
--	------------------------	-------------------------	--------------------------

December 31, 2015	\$ 2,250,568	\$ 2,250,568	
December 31, 2014	\$ 1,976,145	\$ 1,976,145	
Convertible notes ⁽¹⁾ :			
December 31, 2015	\$ 814,672		\$ 1,070,000
December 31, 2014	\$ 718,831		\$ 1,070,000

The redeemable preferred shares for the Corporation's subsidiary Serex, Inc. in the amount of \$400,000 have no specific terms of repayment.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

None.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures.* In accordance with Rule 13a-15(b) of the Exchange Act, the Corporation's management, including the Corporation's Chief Executive Officer, and the Chief Financial Officer, evaluated the effectiveness of

41

the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 20-F and the Chief Executive Officer, and the Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of December 31, 2015 because of the material weakness in our internal control over financial reporting that is described below in "Management's Annual Report on Internal Control Over Financial Reporting."

However, giving full consideration to the material weakness, the Corporation's management has concluded that the Consolidated Financial Statements as of and for the year ended December 31, 2015 present fairly, in all material respects, the Corporation's financial position, results of operations and cash flows for the periods disclosed in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

THAYER O'NEAL has issued its report dated March 30, 2016, which expressed an unqualified opinion on those Consolidated Financial Statements.

(b) *Management's Annual Report on Internal Control over Financial Reporting.* Management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. The Corporation's internal control over financial reporting is designed to provide reasonable assurance to management and our board of directors regarding the preparation and fair presentation of published financial statements.

The Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2015, based on the framework set forth in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Corporation's annual financial statements will not be prevented or detected on a timely basis. Based on its evaluation under this framework, the Chief Executive Officer and the Chief Financial Officer concluded that our internal control over financial reporting was not effective as of December 31, 2015 due to the material weakness described below.

Following the announcement made on November 2, 2014 concerning the results of the two U.S. Phase 3 clinical trials, Management took steps to reduce expenditures going forward, including operational staff reductions. As a result, the Corporation did not employ a sufficient complement of finance and accounting personnel at December 31, 2015 to ensure that there was proper segregation of incompatible duties related to certain processes, primarily impacting the expenditures/disbursements processes and information technology general controls ("ITGC") and sufficient compensating controls did not exist in these areas. Specifically, because of the limited number of qualified personnel, review controls of expenditures and disbursements, were not effective to ensure that expenditures and disbursements were properly authorized and recorded in the financial information system, and certain ITGCs that potentially impact two applications used for expenditures and disbursements were not effective to monitor activities of individuals with access to modify data.

While the control deficiency identified did not result in any misstatements, a reasonable possibility exists that a material misstatement to the annual consolidated financial statements will not be prevented or detected on a timely basis.

Further, the Corporation restated its second quarter of 2015 financial statements to correct a material error in stock compensation expense. The Corporation has determined that as a result of the operational staff reductions referred to above, the Corporation did not employ a sufficient complement of accounting personnel at June 30, 2015 to ensure that complex, non-routine accounting matters were properly addressed under the accounting framework. The lack of accounting personnel with sufficient technical accounting skills attributed to the restatement and is a material weakness because a reasonable possibility exists that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore it is possible to design into the process safeguards to reduce, though not eliminate, this risk. See “Risk Factors”.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

Management believes that a lack of segregation of duties is typical of companies with limited personnel and resources. Nonetheless, in response to the material weakness identified above, the Corporation, in the immediate future, intends to develop a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weakness. The Corporation

does not currently intend to hire additional finance personnel or engage external experts until the size and operations warrant such additional resources.

The remediation efforts expected to be implemented include the following:

- i) Evaluate staffing levels and responsibilities to enhance appropriate segregation of duties where possible amongst our personnel.
- ii) Establishing a more comprehensive review and approval process for authorizing user access to financial information systems and monitoring user access to ensure that all information technology controls designed to restrict access to applications are operating in a manner that provides the Corporation with assurance that such access is properly restricted to the appropriate personnel.

Regarding the material weakness related to lack of accounting personnel at June 30, 2015 to ensure that complex, non-routine accounting matters are properly addressed, the Corporation now seeks the assistance of external accounting and/or other specialists to assist in the accounting of non-routine complex accounting matters.

(c) *Attestation Report of the Registered Public Accounting Firm.* This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report

(d) *Changes in Internal Controls over Financial Reporting.* Other than the material weakness described above, there have been no changes during the year ended December 31, 2015 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. RESERVED

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Richard Cutler, Esq., the Chairman of our Audit Committee, is an audit committee financial expert and is an independent director under the applicable listing rules of the Nasdaq Stock Market.

Item 16B. CODE OF ETHICS

We have adopted a code of ethics that is applicable to our officers, directors and employees in general and our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions in particular. The code of ethics can be found on our website, www.nymox.com.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our principal independent auditor is Thayer O'Neal, CPA. During the calendar year ended December 31, 2015 we had three different audit firms as described in Item 16F

Fees and Services

For the years ended December 31, 2015 and 2014, Thayer O'Neal Company, LLC and KPMG LLP billed, for professional services, the following fees:

Description	ThayerONeal	KPMG
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	US	2015	CAN	2015	CAN	2014
Audit fees	\$	16,122	\$	91,500	\$	214,000
Audit related fees		25,067		2,000		10,000
Tax fees		-		16,700		21,200
All other fees		-		-		-
Total	\$	41,189	\$	110,200	\$	245,200

Also during the year ended December 31, 2015, Nymox paid Cutler and Company \$25,000 for audit related fees.

Audit Fees consisted of professional services rendered for the annual audit of the Corporation's consolidated financial statements and the quarterly reviews of the Corporation's interim financial statements, consultation concerning financial reporting and accounting standards, and services provided in connection with statutory and regulatory filings or engagements. The fees for the annual audit of the Corporation's consolidated financial statements include fees relating to KPMG's audit of the effectiveness of the Corporation's internal control over financial reporting.

Audit-Related Fees consisted of translation services rendered in connection with the Corporation's financial documents.

Tax Fees consisted of services rendered in connection with the preparation of tax returns of the Corporation and its subsidiaries and general tax advice.

All Other Fees – there were no other professional services rendered during the years ended December 31, 2015 and 2014.

Policy on Pre-Approval of Audit and Non-Audit Services of Independent Auditors

Our Audit Committee is responsible for the oversight of our independent auditor's work. Our Audit Committee's policy is to pre-approve all audit and non-audit services provided by ThayerONeal. These services may include audit services, audit-related services, tax services and other services. The Audit Committee appoints the auditors and oversees and fixes the compensation for all such services. ThayerONeal and our management report to the Audit Committee regarding the extent of services actually provided in accordance with the applicable pre-approval, and regarding the fees for the services performed. The Audit Committee approved 100% of the fees listed on the table above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

On July 15, 2015, the Board of Directors (the "Board") of Nymox Pharmaceutical Corporation (the "Company") approved the dismissal of KPMG LLP ("KPMG") as the Company's independent registered public accounting firm.

The audit reports of KPMG on the Company's financial statements as of and for the years ended December 31, 2014 and 2013 did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except as follows:

KPMG's report on the consolidated financial statements of the Company as of and for the years ended December 31, 2014 and 2013 contained an explanatory paragraph that states that the failure of two Phase 3 studies of NX-1207 materially affects Nymox Pharmaceutical Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations, and casts substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

The audit reports of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2014 and 2013 did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except as follows:

KPMG's report indicates that the Company did not maintain effective internal control over financial reporting as of December 31, 2014 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls,

and sufficient compensating controls did not exist in these areas.

During the years ended December 31, 2014 and 2013 and through the subsequent interim period to July 15, 2015, the date of KPMG's dismissal, there were no: (i) disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the their satisfaction, would have caused them to make reference in connection with their opinion to the subject matter of the disagreements, or (2) reportable events, except that KPMG advised the Company of the following material weakness: the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls, and sufficient compensating controls did not exist in these areas.

On July 15, 2015, the Board approved the engagement of Cutler & Co., LLC ("Cutler") to serve as the Company's new independent registered public accounting firm. Prior to the date of Cutler's engagement, the Company has not consulted with Cutler regarding (i) the application of accounting principles to a specific completed or contemplated transaction, (ii) the type of audit opinion that might be rendered on the Company's financial statements and neither a written report was provided to the registrant nor oral advice was provided that the new accountant concluded was an important factor considered by the registrant

44

in reaching a decision as to the accounting, auditing or financial reporting issue; or (iii) any matter that was either the subject of a disagreement.

On December 15, 2015, the Board of Directors (the "Board") of Nymox Pharmaceutical Corporation (the "Company") was notified by Cutler & Co., LLC ("Cutler") that Cutler had filed for deregistering with the PCAOB and was transferring its foreign issuers to Thayer O'Neal Company, LLC ("ThayerONEal"). Accordingly Cutler resigned as the Registrant's independent registered public accounting firm.

The review of Cutler & Co on the Company's financial statements as of and for the quarter ended June 30, 2015 resulted in no: (i) disagreements with Cutler & Co on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the their satisfaction, would have caused them to make reference in connection with their opinion to the subject matter of the disagreements, or (2) reportable events, except that Cutler & Co advised the Company of the following material weakness: the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls, and sufficient compensating controls did not exist in these areas.

On December 16, 2015, the Board approved the engagement of ThayerONEal to serve as the Company's new independent registered public accounting firm. Prior to the date of ThayerONEal's engagement, the Company has not consulted with ThayerONEal regarding (i) the application of accounting principles to a specific completed or contemplated transaction, other than that noted below, (ii) the type of audit opinion that might be rendered on the Company's financial statements and neither a written report was provided to the registrant nor oral advice was provided that the new accounting firm concluded was an important factor considered by the registrant in reaching a decision as to the accounting, auditing or financial reporting; or (iii) any matter that was either the subject of a

disagreement.

With respect to item (i) in the preceding paragraph the Company engaged a specialist to value share based compensation expense related to the issuance of options and the modification of those options associated with an employment agreement with an officer of the Company at the request of KPMG, the independent registered accounting firm which preceded the appointment of Cutler & Co. In connection with that engagement, ThayerONeal has reviewed and tested the accounting model created by the specialist for future reliance thereon and has provided comments to management concerning that model.

ITEM 16G. CORPORATE GOVERNANCE

The Corporation is listed on the Nasdaq Stock Market. The Corporation complies with all the Nasdaq Stock Market corporate governance requirements.

On December 16, 2014, the Corporation was notified by the Nasdaq Listing Qualifications department that the Corporation's Nasdaq Capital Market requirements were currently deficient for the preceding 30 consecutive business days. However, the Listing Rules provide the Corporation a compliance period of 180 calendar days in which to regain compliance. In order to do so, the Corporation must maintain a minimum market value of \$35 million for a minimum of ten consecutive business days and the closing bid price of the Corporation's common share must be at least \$1 for a minimum of ten consecutive business days. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation will consider an alternate trading platform for its common shares. In May, 2015, the Corporation received notification from the Nasdaq Listing Qualifications department that it had regained compliance with the listing rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM

17. FINANCIAL STATEMENTS

Not applicable.

ITEM

18. FINANCIAL STATEMENTS

The financial statements for the three years ended December 31, 2015, 2014 and 2013 are included in Item 8 of this report and are incorporated by reference in this item.

45

ITEM**19. EXHIBITS**

The following exhibits are included with or incorporated by reference into this report:

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
1(a)	Articles of Incorporation, as amended. (incorporated by reference to Exhibit 3.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)
1(b)	Bylaws of the Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)
4(a)	Memorandum of Agreement between Paul Averback and the Corporation (incorporated by reference to Exhibit 10.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)
4(b)	Share Option Plan of the Corporation (incorporated by reference to Exhibit 10.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)
4(c)	Research and License Agreement between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.3 to the Corporation's Form 20-F filed with the Commission December 9, 1996)
4(d)	Research and License Amendment between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.5 to the Corporation's Form 20-F filed with the Commission February 21, 1997)
4(e)	Common Stock Purchase Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.0 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)
4(f)	Registration Rights Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.1 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)
4(g)	Escrow Agreement among Nymox Pharmaceutical Corporation, Jaspas Investments Limited and Epstein, Becker & Green, P.C. dated November 1, 1999 (incorporated by reference to Exhibit 2.2 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)
4(h)	Stock Purchase Warrant to purchase common shares issued to Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.3 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)
4(i)	Research and License Agreement between the Rhode Island Hospital Corporation and the Corporation dated May 14, 1999 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission May 15, 2000).
4(j)	Research and License Amendment between the Rhode Island Hospital Corporation and the Corporation dated November 19, 2001 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission June 28, 2002).
4(s)	Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2010. (incorporated by reference to Exhibit 4(s) to the Corporation's Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011).
4(t)*	License and Collaboration Agreement between Nymox Pharmaceutical Corporation and Recordati Ireland Ltd. dated December 16, 2010. (incorporated by reference to Exhibit 4(t) to the Corporation's Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011)

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- 4(u) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2011. (incorporated by reference to Exhibit 4(u) to the Corporation's 6-K Report filed with the Commission on March 15, 2012).
- 4(v) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2012. (incorporated by reference to Exhibit 4(v) to the Corporation's 6-K Report filed with the Commission on March 15, 2013).
- 4(w) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2013.
- 4(x) 6% Secured Convertible Note between Nymox Pharmaceutical Corporation and Cantone Asset Management, LLC dated December 16, 2014. (filed herewith).
- 4(y) Response Letter from KPMG in the Corporation's 6-K dated July 16, 2015 (Incorporated by reference herewith)
- 8 List of Subsidiaries of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 8 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 11 Code of Business Conduct for the Officers, Directors and Employees of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 11 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 12(a) Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 12(b) Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 13(a) Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13(b) Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Portions of this exhibit have been omitted pursuant to a confidential treatment request. Omitted portions have been filed separately with the SEC.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NYMOX PHARMACEUTICAL CORPORATION
(Registrant)

/s/ Paul Averback
Paul Averback,
Title: President and Chief Executive Officer

Date: March 30, 2016

47

EXHIBIT INDEX - NYMOX PHARMACEUTICAL CORPORATION

Form 20-F Annual Report

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