DAXOR CORP
Form 10-K
March 31, 2008

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

Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES Exchange Act of 1934

For the fiscal year ended: **December 31, 2007**
Or
o 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 0-12248

Daxor Corporation

(Exact name of registrant as specified in its charter)

New York	13-2682108
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

350 5th Avenue, Suite 7120, New York, New York 10118
(Address of Principal Executive Offices)

Registrant s telephone number, including area code: 212-244-0555
Name of each exchange on which registered: American Stock Exchange
Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to section 12(g) of the Act:

COMMON STOCK, PAR VALUE $.01 PER SHARE
(Title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
o Yes x 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.
o Yes x 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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days

x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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.

o Yes x No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act)

o Yes x No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act

o Yes x No

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of the registrant s common stock on June 30, 2007, the last day of the registrant s most recently completed second fiscal quarter was $22,778,757. As of February 29, 2008 there were 4,413,118 shares of the Registrant s common stock, par value $.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant maintains an internet website at www.daxor.com for Daxor Corporation. For the Scientific Medical Systems subsidiary, the website is www.Idant.com. None of the information contained on this website is incorporated by reference into this Form 10-K or into any other document filed by the Registrant with the Securities and Exchange Commission.

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Introductory Note: Forward Looking Statements

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include statements regarding our plans, goals, strategies, intent, beliefs or current expectations. These statements are expressed in good faith and based upon reasonable assumptions when made, but there can be no assurance that these expectations will be achieved or accomplished. Sentences in this document containing verbs such as believe , plan , intend, anticipate target, estimate, expect, and the like, and/or future tense or conditional constructions (will , may, could, should, , etc.) constitute forw statements that involve risks and uncertainties. Items contemplating or making assumptions about, actual or potential future sales, market size, collaborations and trends or operating results also constitute such forward-looking statements. These statements are only predictions and actual results could differ materially. Certain factors that might cause such a difference are discussed throughout this Annual Report on Form 10-K, including the section entitled Risk Factors . Any forward-looking statement speaks only as of the date we made the statement, and we do not undertake to update the disclosures contained in this document or reflect events or circumstances that occur subsequently or the occurrence of unanticipated events.

PART I

Item 1. Business

Daxor Corporation is a medical device manufacturing company with additional biotechnology services. Daxor was originally founded in 1970 for cryobanking services and continues these services through its wholly owned subsidiary, Scientific Medical Systems. For the past 14 years, the Company s major focus has been on the development of the BVA-100® Blood Volume Analyzer, an instrument that rapidly and accurately measures human blood volume. The instrument is used in conjunction with Volumex®, a single use radiopharmaceutical diagnostic injection and collection kit. The Company also performs cryobanking of blood through Scientific Medical Systems and of semen through Idant, a subdivision of Scientific Medical Systems. The Company maintains websites at www.daxor.com and www.idant.com that describes its operations.

BVA-100 BLOOD VOLUME ANALYZER

Blood volume measurement has a large potential market. Blood volume derangements are associated with a variety of medical conditions, and it is well established that clinical assessment of blood volume using physical examination or simple blood tests such as hematocrit testing are frequently inadequate to determine total blood volume. Previous methods of directly measuring blood volume have been extremely complex and time-consuming. The BVA-100 is a CLIA rated medium complexity instrument that can measure blood volume with 98% accuracy within 60 to 90 minutes. Participating institutions utilize the BVA-100 for diagnosing and treating patients with heart failure, kidney failure, syncope, and to aid in fluid and blood transfusion management in the critical care unit. The BVA-100 has also been used to aid in the diagnosis and treatment of polycythemia, hypertension, anemia, chronic fatigue, and for presurgical evaluation. Additional possible uses include management of kidney dialysis and for use in a comprehensive program of blood optimization for elective surgery.

History and Development of the BVA-100

Blood volume measurement has been available for more than 60 years, although previous methods required as much as four to eight hours of technician time with variable degrees of accuracy. Measurement of blood volume is achieved by infusing a radioisotope indicator, or tracer, into a patient s vein and then collecting timed blood samples after the tracer has distributed evenly throughout the circulatory system. The volume of blood in a patient is inversely proportional to the dilution of the tracer. The measurement, while relatively simple in principle, has been difficult to perform accurately and rapidly because of the high degree of precision required in each step. Standard techniques require a technician to prepare an exact matching set of standards, precisely and completely injecting the tracer, collecting five timed blood samples, and then preparing the samples in precise quantities for measurement. Due to the time required, certain technical shortcuts were often used that reduced the accuracy of the measurement. Therefore, the complexity and length required for achieving an accurate blood volume result, prior to the introduction of Daxor s BVA-100 Blood Volume Analyzer, reduced the use of blood volume measurements to be performed in only a small minority of hospitals in the United States.

Another technique used for blood volume measurement, particularly the red cell volume part of the blood volume, involves taking a sample of the patient s blood and incubating it with CR51, a radioisotope. This blood then undergoes a series of complex steps which involves removal of the excess chromium isotope and carefully measuring the amount of radioisotope which has attached itself to the patient s red cells. The patient s chromated red blood cells are then re-transfused into the patient. This test has been particularly used by nuclear medicine departments for evaluation of the red cell volume in a condition called polycythemia. Polycythemia is a condition in which the patient may have too much blood which can predispose to thrombosis and other complications. One of the problems with this test is that it requires re-transfusion of a patient s blood and has the potential for erroneous transfusion of another patient s blood. This complication has occurred. Daxor s BVA-100 Blood Volume Analyzer system, which includes a prepared dose with a matched standard, eliminates the need to re-transfuse patient blood. Historically, however, it was thought that the chromated red blood cell method was a more accurate method to determine a patient s red blood cell volume. A recent publication in the *American Journal of Medical Sciences* (Am J Med Sci 2007;334(1):37-40) compared the Chromium 51

method to Daxor s method and found the two studies to be equivalent, with significant time and ease of use benefits with Daxor s Blood Volume Analyzer BVA-100.

At the present time blood volume measurement is an infrequently performed test. Instead of accurate blood volume measurement, physicians who needed to assess volume status commonly used clinical assessment with physical examination or standard surrogate, or proxy, tests such as hemoglobin and hematocrit. However, these methods have frequently been found to be inadequate determinations of total blood volume. The only time the hematocrit or hemoglobin is accurate is when the patient s volume status is normal. If the total blood volume is either expanded or contracted, then the use of these tests can produce misguided information. Hemoglobin and hematocrit testing measure only the thickness of the blood (percentage of red cells to plasma within the blood) and not the actual volume. The hematocrit and hemoglobin tests themselves may be significantly inaccurate. New York State Department of Health proficiency tests which are required of laboratories performing these tests will tolerate an error of 8 to 10% of the red cell volume status and still be considered passing. A patient who has undergone a change of red cell volume of 8 to 10% has lost a considerable amount of blood. Physical Symptoms are not reliable indicators of blood volume status. In acute situations, such as during surgical blood loss or after trauma, it may take as long as 24 to 72 hours for the hematocrit to reasonably reflect the degree of blood loss.

An additional problem with respect to blood volume measurement is the difficulty of calculating an accurate normal blood volume for a specific individual. Daxor s Chief Scientific Officer, Dr. Joseph Feldschuh, and Dr. Yale Enson from Columbia University College of Physicians and Surgeons, published their research studies in *Circulation* in October 1977 and the American Journal of Medical Sciences in June 2007 which showed that normal blood volume has varied in relation to the degree of deviation from ideal weight. The work was performed in the laboratory of Nobel Prize Winner Dr. Andre Cournand. A leaner individual has a higher blood volume percentage of body weight as compared to an obese individual. The computations for an individual s normal expected blood volume were complex and time consuming, and frequently simpler norms incorporating body weight or body surface area were used. These norms, however, are known to have systematic errors for individuals who are lean, obese, short, or tall. The combination of difficult time consuming, sometimes inaccurate techniques for measuring blood volume, in combination with inaccurate norms for a specific individual, presented a formidable barrier to the implementation of blood volume measurement for routine clinical use. It was widely understood by a significant number of physicians that an accurate measurement of blood volume could provide important essential information in the management of critically ill patients.

The BVA-100® Blood Volume Analyzer enables rapid, reliable measurement of blood volume. The Company s patented injection and collection kit, Volumex, utilizes Albumin I-131, a classic tracer used for blood volume measurement. The kit includes two matching standards and a pre-measured volumetric flow-through chamber that contains the radiopharmaceutical. This kit eliminates most of the previous time consuming steps to prepare for a blood volume as well as improving accuracy. The BVA-100 software automatically calculates the blood volume evaluates the statistical reliability of the measurement, and compares the results to the most accurate known predicted norm, which is a function of the patient s height, weight and gender. Results are available within 60 to 90 minutes. In emergency situations, preliminary results can be available within 20 to 25 minutes.

The Company initially obtained marketing clearance from the FDA for the BVA-100 Blood Volume Analyzer in 1997, and for its Volumex specialized single use injection kit in 1998. The Company manufactures its own injection kit components and specialized collection kit, and injection kit filling is performed by an FDA licensed radiopharmaceutical manufacturer. The Company can provide customized collection kits for customers with special needs. The Company has received United States, European Common Market, and Japanese patents for its Blood Volume Analyzer. In January, 2007, the Company purchased two 10,000 square foot buildings in Oak Ridge, Tenessee to expand its research, development, and manufacturing capabilities.

After successful beta testing for the Blood Volume Analyzer at hospitals in the New York metropolitan region, the Company expanded marketing efforts outside of the New York region. The initial beta testing period can be considered to have run from approximately early 1998 to mid 2000. The next phase of beta testing was a change in focus to reaching out to major hospitals in the United States, such as the Mayo Clinic, The National Institutes of Health (NIH), and the Cleveland Clinic. This phase was marked by incorporation of the BVA-100® into various research studies, many of which later resulted in publication. This phase, which lasted from approximately mid 2000 to mid 2003, resulted in the first retention of instruments by hospitals and the utilization of the instrument on a wider scale by nationally recognized physicians and institutions. Test results from hospital sites indicated that the Blood Volume Analyzer was accurate and provided information that was important in a wide variety of acute and chronic medical and surgical situations. The first results from studies began to appear in 2000, but it was not until 2002 that we began to see publication in peer reviewed journals of studies initiated in 2000. Often there is a gap of 2-4 years between initial contact and full publication in a peer reviewed journal. In 2002 the Company retained a recruiting firm to develop a professional sales team. Since 2003, we have entered a marketing phase, focusing on developing a strong marketing team and working to transition the BVA-100® from utilization primarily in research studies into widespread clinical use. In 2003, we also initiated a major overhaul of the BVA-100® technology from a DOS-based system to a Windows based system (see Research and Development).

MARKET OPPORTUNITY

Utilization of the BVA-100

The Company believes that the most significant market for its blood volume measurement equipment consists of approximately 8,500 hospitals and Radiology Imaging Centers in the United States. The Company believes that there is an additional international market of 10,000-14,000 potential users of the BVA-100. Below we describe some of the many widespread conditions in which blood volume measurement promises to improve diagnosis and treatment.

Blood volume measurement is an approved test with six separate CPT codes. Reimbursement has been received from a number of insurance companies, including Medicare, for measurement of blood volume using the BVA-100 Blood Volume Analyzer. Reimbursement is particularly important for hospitals because revenue from patients who are admitted to the hospital is based upon set amounts from the insurance companies based on the condition for which they were admitted. However, out-patients provide an additional stream of cash flow with well defined costs and the ability for the hospital to be profitable by providing such services.

Scientific Studies Utilizing the BVA-100

Since 2002, a number of studies have been published utilizing data obtained from the BVA-100, one of which was cited in the American College of Cardiology/American Heart Association treatment guidelines for heart failure. Several clinical studies are ongoing or are in the final approval phase which investigate the clinical application of blood volume measurements in critical care, heart failure, hypertension and pre and post-surgical applications. A recent symposium issue from Vanderbilt University was published in the *American Journal of Medical Sciences* in June 2007 featuring articles from varied institutions representing the areas in which blood volume measurement have already achieved some measure of acceptance and utilization and in which expanded utilization is likely.

Daxor has worked extensively with the facilities who have published research studies to help them to publication. Daxor has provided these facilities with use of equipment, training, ongoing consultation and help with interpretation and display of results. For certain research projects, Daxor has also provided the Volumex doses and financial support. The Company believes that supporting these initial studies will result in increased acceptance and utilization of the BVA-100 Blood Volume Analyzer.

Heart Failure

Approximately five million individuals are treated annually for heart failure. It is estimated that $38 billion is spent annually on heart failure treatment, of which $23 billion is spent on hospital treatment. Heart failure is the number one reason for admission to hospitals in the US for patients over 65 years of age. The overwhelming majority of patients treated for heart failure must be treated with a combination of powerful drugs that may drastically change the patients blood volume. Three thousand patients annually receive heart transplants, and an increasing number are receiving left ventricular assist devices (LVAD), a type of mechanical heart.

In the May 2004 issue of the *American Journal of Cardiology*, Dr. Ana-Silvia Androne, Dr. Stuart Katz and their colleagues at Columbia Presbyterian Medical Center published a landmark study utilizing the BVA-100® to measure blood volume in NYHA Class III and IV heart failure patients. In this observational study, cardiologists treated the patients according to their usual clinical guidelines without incorporating blood volume measurement which was performed on the patients. Patients were categorized as hypovolemic, normovolemic, or hypervolemic, and their outcomes over time were recorded. At the end of one year, 39% of the hypervolemic patients had died or received an urgent heart transplant. In contrast, *none* of the normovolemic or hypovolemic patients died or received an urgent transplant. At the end of two years, 55% of hypervolemic patients had died or received an urgent heart transplant, while the normovolemic patients continued to have a 0% mortality rate. This study showed a remarkable correlation between blood volume and outcome and suggests that effectively treating patients to normovolemia promises to improve outcomes.

The study also reported on the accuracy of clinical assessment of volume status in these patients. Physicians who were trained in cardiology assessed patients blood volume statuses using standard laboratory tools and physical examination. When choosing between three possible choices decreased, normal, or increased blood volume specialists were correct only 51% of the time in evaluating these severely ill cardiac patients when compared to the direct measurement results provided by the BVA-100. This study was cited in the most recent revision of the American College of Cardiology/American Heart Association 2005 guidelines for the treatment of chronic heart failure. The guidelines are updated once every 3 to 5 years.

This landmark study highlights the importance of correcting a heart failure patient s blood volume to normal. The most recent revision (2005) of the Heart Failure Treatment Guidelines of the American College of Cardiology and American Heart Association (ACC/AHA) has cited the Androne study and has referred to the BVA-100 Blood Volume Analyzer as an accurate method of blood volume measurement. The ACC/AHA guidelines have, for the past 20 years, recommended blood volume assessment as an essential component of the diagnosis and ongoing treatment of heart failure. This study is the first to provide direct evidence that achievement of normovolemia is associated with improved outcomes, and that treating to normovolemia is a legitimate goal.

Two earlier studies from New York Presbyterian Medical Center and Hospital were published in the leading cardiac journal *Circulation*. One study used blood volume measurement with Daxor s BVA-100, Blood Volume Analyzer to distinguish between true anemia and hemodilution in heart failure patients. The second study examined the effects of erythropoietin on exercise performance in anemic heart failure patients. Senior authors were, respectively, Ana-Silvia Androne, MD, Stuart D. Katz, MD, et al, and Donna M. Mancini, MD. These studies demonstrated that different heart failure patients with similar physical symptoms and low hematocrits might have true anemia (a decrease in red cell volume) or hemodilution (an increase in plasma volume). These differences were not reliably identified without direct blood volume measurement from the BVA-100.

Many of the patients in the above studies were severely ill and were being considered for heart transplant or implantation of left ventricular assistance devices. Several other studies have recently confirmed that anemic heart failure patients may have very significant improvement through pharmacological treatment rather than more expensive and risky surgical interventions. Cardiac transplants are obviously available to only a very small fraction of congestive heart failure patients. Left ventricular assistance devices (LVAD) may be available as an interim measure while waiting for transplantation and have been studied as a possible destination therapy. While the mortality rate of LVAD implantation continues to improve, the one-year mortality after LVAD implantation averages around 50%. Further, LVAD therapy is costly (initial costs average around $200,000, with approximately $100,000 in annual follow-up costs for surviving patients), requires intensive follow-up, and is available at only a limited number of heart failure care centers. The ability to effectively treat these patients pharmacologically, without surgery, promises not only to prolong patients lives but to be much less expensive.

In the November 2005 issue of the American Heart Journal, Dr. Karen James and colleagues from the Cleveland Clinic published a study utilizing the BVA-100, comparing blood volume measurement, brain natriuretic peptide (BNP, a common test used to measure the severity of heart failure), and hemodynamic measurements in the short term treatment of acute heart failure. All patients had expanded volumes at the beginning of treatment and tended to experience improvement in blood volume and symptoms after treatment. Blood volume was a better indicator of improvement than brain natriuretic peptide. The authors concluded that blood volume measurement may be a better measurement to track short-term improvement in heart failure. This is the first study of its kind in which serial direct blood volume measurements were performed, first before treatment and then 24-36 hours after initiation of acute heart failure treatment in the cardiac ICU. The study also documented that blood volume measurement was more accurate than Pulmonary Artery Catheterization (PAC), Brain Natiuretic Peptide, or any other test in determining the blood volume status of the patient. PAC is an invasive procedure with significant risks in contrast to whole blood volume measurement, which is a non-invasive procedure.

Dr. Matthew Maurer, et al. at Columbia Presbyterian, recently published a study in the April 2005 issue of the *Journal of Cardiac Failure*. This study utilized the BVA-100 Blood Volume Analyzer with other diagnostic methods to identify subgroups of patients with diastolic heart failure. Diastolic heart failure is a major category in heart failure that is difficult to treat. Blood volume measurement may provide essential information for optimum treatment in these patients.

Multiple case reports from other cardiologists using the Blood Volume Analyzer have confirmed that heart failure patients may have serious blood volume derangements that cannot be correctly diagnosed without direct blood volume measurement. Utilization of blood volume measurement in heart failure treatment may significantly prolong lives and reduce expensive and risky interventions.

Critical Care (Intensive Care Unit)

One of the essential components of critical care is the optimal management of fluid status. Correct interpretation of clinical signs and symptoms is essential for fluid resuscitation and fluid management in the critical care setting. Blood volume measurement promises to take the guesswork out of volume assessment and enable more precise and appropriate treatment.

Dr. Mihae Yu and colleagues at The Queen s Medical Center in Honolulu, Hawaii, have been studying the use of blood volume measurement in the critical care unit. They have performed blood volume measurement in the surgical intensive care unit and recorded how results have influenced treatment decisions. In their most recent results, including 86 data points from 40 patients, blood volume measurement results led to a change in treatment plan 36% of the time. Among patients who received a pulmonary artery catheter (PAC) for hemodynamic measurements, treatment was changed 20% of the time. Among patients who did not receive PAC measurement, treatment was changed 45% of the time. Dr. Yu and her colleagues have presented their findings at the Society of Critical Care 2006 and 2007 annual meetings and their studies were featured in the November 2005 issue of *Anesthesiology News* and the January 2008 *Hawaii Medical Journal*. These studies are preliminary studies that are currently being followed up by additional studies evaluating how incorporating blood volume measurement into critical care treatment affects outcomes. However, these initial studies showed little to no correlation between blood volume and various pressure measurements that are typically used in the critical care unit. However, by utilizing the BVA-100 data, altered treatment occurred 21% of the time, with a demonstrated favorable clinical response in 83% of the patients.

Dr. Yu is now engaged in a major study, partially funded by Daxor, involving blood volume measurement in the intensive care unit. The purpose of the study will be to determine specifically whether clinical outcomes and length of hospital stays will be altered by incorporating blood volume measurement as a routine clinical tool in the intensive care unit. Patients will be divided into two groups, those in whom blood volume measurements will be performed and repeated as necessary, and patients in whom blood volume measurements will not be used for clinical management. This study will be the most specific of its type to document the potential benefits in such cases. Currently decisions on treatment of critical care patients is often made on the basis of the use of pulmonary artery catheterization, which is an invasive technique and measures pressures, not volume. It also has the potential of causing damage within the circulatory system and, occasionally, death. Previous studies have shown that PAC has previously been shown not to be an accurate substitute for a blood volume measurement. This was first shown in a smaller previously published study from Lutheran Medical Center using the blood volume analyzer. Dr. Yu s study is expected to be much larger and will be from a university hospital affiliated with a medical school. The Queen s Medical Center is the largest hospital in the Hawaiian Islands.

At the annual meeting of the Society of Critical Care Medicine in February, a study entitled Does Hematocrit Reflect Red Cell Volume when Adjusted for Plasma Volume was presented. This study involved 370 patients who had a total of 689 separate blood volume measurements in the intensive care units at The Queen s Medical Center in Honolulu, Hawaii. Senior authors of the study were Dr. Kurt Edwards and Mihae Yu, et al, from the University of Hawaii. This is the largest series in medical history where hematocrits were compared to direct blood volume measurement.

The study compared the hematocrit, which is the proportion of a volume of a blood sample that is red blood cells, to the result obtained when actually measuring the volume of blood in a patient. The hematocrit is the standard test used to estimate the quantity of blood in a person and is used in hundreds of thousands of clinical decisions annually with respect to whether or not to transfuse a patient. Patients in the study were critically ill, 36% had severe sepsis and/or shock; 31.2% were trauma patients; 10% were congestive heart failure patients, and 14% were acute kidney failure patients. 28 (5% of the cases,) patients had lost more than 40% of their red blood cells and still had a hematocrit of 30 or better, indicating no need for transfusions. Under usual circumstances they would have been denied a transfusion. In 12 (2% of the patients) there was a red cell deficit of less than 10% with a hematocrit less than 30. These were patients who clearly did not need transfusions yet, under the usual circumstances, would have been transfused. The authors concluded that direct measurement of blood volume provides a more specific guide to red cell transfusion than the hematocrit test which does not measure volume directly. Patients may be denied transfusions that would benefit from transfusions, and some patients who do not need a transfusion may be transfused.

At the same conference Dr. Yu presented a second study on the use of the BNP test for assessing the volume status of the patient entitled Does Blood Volume and BNP Correlate? to determine if there is any correlation between BNP levels and blood volume measurements in critically ill patients. The study reported on 38 surgical intensive care unit patients who had a total of 58 blood volume measurements obtained simultaneously with BNP measurements. The diagnosis of the patients included septic shock, trauma, and hemorrhagic shock. The study concluded that there was no correlation between BNP levels and the blood volume status of the patient. This is the largest study reported to date where blood volumes were actually measured simultaneously with BNP levels in critically ill patients. The authors concluded that blood volume measurements may guide in optimizing fluid measurements when there is uncertainty about the intravascular volume status of complex patients.

A fundamental goal of the Company is to make blood volume measurement a standard of care in critically ill patients in the intensive care unit. In order to achieve this goal, it is necessary to have basic studies that can document that there is a significant improvement in both patient outcomes and reduction of costs.

Syncope

The Cleveland Clinic Cardiovascular Department is ranked #1 in the United States by the annual survey in the U.S. World & New Report. There have been more blood volumes performed at the Cleveland Clinic than at any other hospital in the United States.

Syncope, or sudden loss of consciousness, has been estimated to be responsible for 3-5% of emergency department visits and 1- 6% of hospital admissions. As many as one million individuals per year experience an episode of syncope.

Since March 2000, the Syncope Section in the Cardiovascular Department of the Cleveland Clinic has been utilizing the BVA-100® for help in diagnosing over 2000 syncope patients. These patients have presented with a wide range of blood volume derangements, including moderate to severe hypovolemia that would not have been diagnosed without blood volume measurement. Results from blood volume measurement and tilt table testing (a standard test in syncope diagnosis) were published in June of 2007 in the *American Journal of Medical Sciences* by Dr. Fetnat Fouad-Tarazi, Head of the Hemodynamic and Neuroregulation Lab. Dr. Fouad-Tarazi s study demonstrated that blood volume derangements are a frequent finding in syncope patients and that blood volume measurements should be incorporated in the diagnostic work-up of a syncope patient to guide therapy.

An important condition related to syncope is orthostatic hypotension, which has been estimated to be present in one out of every three elderly patients. Orthostatic hypotension is a sudden drop in blood pressure that occurs when an individual rises to a standing position. It may cause dizziness, loss of balance, or a complete loss of consciousness. If an episode of orthostatic hypotension precipitates a fall, the person may suffer severe injuries, such as a broken hip. One in eight elderly Americans experiences a hip fracture.

Effective treatment of syncope requires an understanding of the underlying causes in each individual. Among other possible causes, a low blood volume can contribute to a predisposition to syncope. Some pharmacological treatments include fludrocortisone, which increases the plasma volume, and midodrine, which causes increased constriction of the blood vessels. The safety and effectiveness of these medications can be affected by blood volume derangements.

Postural Orthostatic Tachycardia Syndrome (POTS) is a condition in which patients, primarily women, develop a rapid heart beat and symptoms suggesting impending fainting. POTS affects an estimated 500,000 people in the United States alone. POTS (excessive increase in hear rate [>30 bpm] on standing, associated with orthostatic symptoms in the absence of orthostatic hypotension) can produce substantial disability among otherwise healthy people. Vanderbilt University Medical School published a study in *Circulation, 2005;111:1574-1582* utilizing the blood volume analyzer. Senior authors were Satish R. Raj, M.D, David Robertson, M.D, et al. This study was initiated in October 2002 and reported in 2005. Patients with these conditions, particularly those with rapid heart beats, are sometimes diagnosed as having panic attacks and treated inappropriately with psychiatric medications. These are two of the first studies to provide clear evidence that low blood volume may play a major role in many of these cases and provide an opportunity for specific corrective therapy. This study, using the BVA-100, demonstrated that many of these patients have a marked reduction in their plasma volume and that they also have a significant reduction in their red cell volume. This was the first study of its type to document that these patients have low blood volume as a cause of their condition and they could theoretically be treated with medications (such as epoietin alfa) to increase their blood volume and decrease these attacks. Another study from the same institution entitled Postural Pseudoanemia: Posture-Dependent Change in Hematocrit was published in the Mayo Clinic Proceedings 2005;80(5):611-614. Senior authors were Drs. Geris Jacob, David Robertson, et al. These authors demonstrated that Changes in posture can lead to substantial changes in hematocrit, which may be attributed mistakenly to blood loss or acute anemia and result in a cascade of unnecessary diagnostic costs. In reality, these changes represent postural pseudoanemia, a normal physiological response to a change in their position from standing to lying and vice versa.

Transfusion Decisions in Surgery

Effective use of transfusion in surgical situations requires accurate assessment of a patient s need for transfusion. Knowing whether and when to transfuse blood depends on effectively balancing the benefits and risks of transfusion for each patient at any given time. The risks of donor transfusion, such as infectious disease transmission and transfusion reactions, are well documented, and physicians frequently attempt to avoid these risks by withholding transfusion until a patient is severely anemic. Under current transfusion practices, patients may undergo major surgery with half the concentration of normal red cells. This level of anemia, however, has its own risks. There have been recent reports in the *New England Journal of Medicine* that as many as 40 - 50% of patients undergoing cardiac bypass graft surgery (CABG) experience some degree of measurable permanent brain damage such as memory loss. In the journal *Transfusion*, Dr. Robert Valeri, a senior researcher at the Boston Naval Hospital, estimated that there may be as many as 40,000 heart attacks per one million operations due to undertransfusion.

Blood volume measurement, by quantifying a patient s blood volume prior to surgery, can provide important information about how much blood loss a patient can safely sustain.

Dr K Shevde and colleagues from Maimonides Medical Center in Brooklyn published a report in the November 2002 issue of the *Journal of Clinical Anesthesia* that evaluated blood volume measurement results with the BVA-100 to compare transfusion requirements in males and females undergoing coronary bypass graft surgery. They found that women, on average, had lower blood volumes than men prior to surgery and received more transfusions despite losing the same amounts of blood. This is the first study to document the reasons why women are at increased risk for requiring a transfusion when undergoing cardiac bypass surgery.

Clinical Validation of the BVA-100

In addition to examining the role of blood volume in relation to various medical conditions, some studies have examined how blood volume measurement with the BVA-100 compares to other measurement methods. These reports provide important validation for physicians to accept the use of the BVA-100 in clinical settings.

Dr. SJ Alrawi and colleagues from the Lutheran Medical Center (New York) published an article in the November 2002 *Saudi Medical Journal* comparing the BVA-100 with pulmonary artery catheterization. In this study, patients in the critical care unit received pulmonary artery catheterization as well as blood volume measurement with the BVA-100, and results were compared. There was some correlation between blood volume and cardiac output, but otherwise measurements using the pulmonary artery catheter and blood volume results were not related to each other. This indicates that, in addition to being invasive, pulmonary artery catheterization does not provide an accurate estimate of blood volume. Direct blood volume measurement is less invasive and more accurate

Dr. Howard Dworkin and colleagues from William Beaumont Hospital compared blood volume measurement with the BVA-100 to the previous gold standard blood volume measurement method, which consists of simultaneous radioisotopic measurement of red cell and plasma volume. They found that results correlated very closely with each other, but measurement with the BVA-100 took 90 minutes as opposed to 3.5 hours required for the standard method. These findings support the reliability and improved feasibility of the BVA-100 for clinical use. Results from this study were published in the June 2007 *American Journal of Medical Sciences*. Dr. Dworkin s paper demonstrated that preliminary blood volume results could be obtained in under 45 minutes

Other Medical Conditions for Blood Volume Measurement Utilizing the BVA-100

Below are examples of some other major conditions for which blood volume measurement promises to improve diagnosis and treatment. While no research studies have been published focusing specifically on these conditions, some users of the BVA-100 utilize blood volume measurement in their treatment of these and other conditions.

Hypertension

A recent study by the Mayo Clinic estimated that 50 million Americans have hypertension (high blood pressure). It is reported that 70% of hypertensive patients have their blood pressures inadequately controlled. Hypertension is caused primarily by two variables: abnormal expansion of blood volume or excessive constriction of the blood vessels. Hypertension treatments are aimed at reducing blood volume (such as with diuretics) or relaxing the blood vessels (such as with vasodilators), but for any individual patient, the specific choice of treatment is determined on a trial and error basis. With blood volume measurement, blood volume expansion can be confirmed or ruled out, allowing a physician to choose treatment more precisely and avoid the risks of inappropriate treatment.

One of the most serious complications of hypertension is loss of kidney function (renal failure), which may result in a patient requiring permanent renal dialysis. The kidney is particularly vulnerable to low blood volume. Certain medications, such as diuretics, can cause blood volume to decrease and, when inappropriately prescribed, can increase the possibility of kidney failure. The measurement of blood volume in the treatment of hypertension may help prevent these types of complications.

African-Americans are disproportionately at risk for hypertension and have been reported to have significantly higher rates of kidney failure as a complication of hypertension. While no studies have yet to be published on the use of the BVA-100 in hypertension, the Company is currently engaged in negotiating with leading medical institutions to conduct such studies. Currently, several medical facilities have been using the BVA-100 on a clinical basis in the diagnosis and treatment of hypertension. The Mayo Clinic, which purchased the BVA-100 in 2003, has reported that blood volume measurement can be helpful in defining therapy.

While no studies have been published on the use of the BVA-100 in hypertension, several medical facilities have been using the BVA-100 on a clinical basis in the diagnosis and treatment of hypertension. The Mayo Clinic, which purchased the BVA-100 in 2003, has reported that blood volume measurement can be helpful in defining therapy.

Anemia

Studies have been published documenting the usefulness of the BVA-100 in diagnosing anemia in heart failure, but the ability to accurately diagnose anemia has much wider implications. Anemia is common in a wide number of conditions, including chemotherapy for cancer, HIV and chronic fatigue syndrome. Frequently, the presence of anemia is associated with poorer outcomes, and in some conditions successful treatment of anemia leads to improved outcomes.

Clinical assessment with physical examination and the use of surrogate tests such as hematocrit measurement does not reliably detect anemia. In some cases a patient may have a pseudoanemia, or a normal red cell volume with an expanded plasma volume. In other cases, a patient may have a hidden anemia, in which both the red cell and the plasma volume are low. A hematocrit or hemoglobin test would not indicate the presence or the true severity of the patient s anemia.

Epogen and Procrit can be used to treat certain types of anemia. These medications are manufactured by the Amgen Corporation, and Procrit is distributed by the Ortho Division of Johnson & Johnson. Blood volume measurement can be a key test in determining the need for and evaluating the effectiveness of these types of treatments. These drugs have recently received significant criticism because of studies that have implicated them in higher incidence of thrombosis resulting in strokes and heart attacks. The Company has been in discussions with representatives of Amgen to conduct studies which could demonstrate that blood volume measurement would provide for a more definitive and accurate type of treatment. In some of these studies that were reported, there was a significant overshoot of the targeted hematocrit which may have been a factor in the increased incidence of thrombosis. In a published study entitled Hemodilution is Common in Patients with Advanced Heart Failure (*Circulation*, 2002) it was demonstrated that in these anemic patients, a blood volume measurement was necessary to differentiate patients who were truly anemic from those who had an expanded blood volume and who could suddenly have a marked overshoot of their hematocrit. These patients were termed pseudo anemic.

Renal Dialysis

Renal dialysis patients undergo major fluid shifts during dialysis. Anecdotal evidence suggests that approximately 25% of dialysis patients experience significant episodes of hypotension (sudden drop in blood pressure) during the course of treatment. Hypotensive episodes may have consequences ranging from nausea and lightheadedness to myocardial infarction and death.

Blood volume measurement may be used as a way to establish a patient s baseline blood volume; hematocrit measurements can then be used to track fluid shifts during dialysis. This can enable physicians to more precisely determine how much fluid can be safely removed during dialysis.

The Company has discussed the use of the BVA-100® with several dialysis centers. While some individual patients undergoing dialysis receive blood volume measurement, no large-scale agreement has yet been reached with any dialysis centers.

Blood Substitutes

Blood substitutes have been proposed for over a decade as a desirable alternative to donor blood transfusion. Ideally, blood substitutes would increase the oxygen carrying capacity of blood without exposing the patient to the risks of donor blood transfusion. They could have the added benefit of having longer shelf lives and being sterilizable, and could be carried in emergency medical vehicles for immediate availability in emergency situations.

Several manufacturers, including Northfield Laboratories, Biopure, and Hemosol Corporation, have tested different types of blood substitutes. To date, despite many attempts by these companies, none have received FDA approval for these procedures. In blood substitute studies, patients were treated without the treating physicians knowing the patients blood volumes prior to or after administration of the blood substitute. Even in standard transfusion situations, patient outcomes can vary greatly depending on the need for transfusion and on whether an appropriate amount of blood was transfused. Lack of this type of basic information may obscure results on the effectiveness and safety of blood substitutes and may be one of the factors behind the FDA s unwillingness over the past 10 years to license any of these types of blood substitutes.

Additionally, blood substitutes have a very short half life of 24-28 hours, as opposed to 20-30 days for transfused red blood cells. Thus, transfusion of a blood substitute without follow-up blood management may only delay the consequences of lost blood by a day or two. Blood volume measurement could also be helpful in guiding longer-term blood management decisions.

The Company had extensive discussions about incorporating blood volume measurement into blood substitute studies with the Hemosol Corporation, and one of the medical directors had indicated a willingness to use a Blood Volume Analyzer. However, the company developed a financial crisis and was unable to continue their studies. The company has discontinued almost all its operations. At the present, only Northfield Laboratories appears to be actively engaged in testing a blood substitute. Northfield recently had increased incidence of death and complications in patients receiving their blood substitute. The Company believes that one of the reasons these negative results occur is because treating physicians do not have an accurate assessment of the amount of blood the patient has lost or an accurate assessment of the amount of blood the patient has after the blood substitute is no longer effective. The Company has contacted an FDA official about the potential benefits of incorporating blood volume measurement into future protocols to more accurately assess any potential benefits from blood substitutes, as well as their inherent risks.

SCIENTIFIC MEDICAL SYSTEMS SUBSIDIARY (wholly owned by Daxor)

Scientific Medical Systems is a subsidiary wholly owned by Daxor that engages in cryobanking of frozen blood and semen (sperm). Idant is a division of the Scientific Medical Systems subsidiary that offers sperm banking services.

Blood Banking

The blood banking industry is a group of for-profit and not-for-profit corporations whose total revenue is estimated to exceed six billion dollars. Blood Banking services are provided by a broad spectrum of organizations. Approximately one-half of the blood supply used for transfusions is supplied by the American Red Cross and its affiliates. The other portion is supplied by various other tax-exempt and for-profit organizations. Some hospitals operate their own donor services but require the services of outside vendors such as the Red Cross for adequate supplies of blood products.

There are approximately 15-18 million blood transfusions administered annually to four million patients. The present donor system of blood transfusions presents risks to individuals receiving blood. Despite improved testing, infectious diseases such as HIV, hepatitis, and West Nile Virus may be transmitted through donor blood. For HIV and hepatitis, there is a window period of 3-6 months between initial infection and when an individual develops detectable antibodies. The FDA is particularly cautious and will not permit an individual who received a transfusion to donate blood for up to one year following the transfusion. Additional risks of donor blood include adverse reactions to incorrectly or incompletely matched blood and suppression of the immune system.

In an effort to avoid the risks of donor transfusion, physicians frequently withhold blood from severely anemic patients. It is a common medical practice to replace the first three pints of lost blood with three pints of sterile water or the equivalent. When patients are under the stress of illness and surgery, they are even more vulnerable to ill effects of decreased perfusion and oxygen delivery than healthy individuals. Multiple studies have shown increased complications, such as shock, kidney failure, myocardial infarction, stroke, and death, in people undergoing surgical procedures who develop extremely low hematocrits (red cell concentration). The number of patients who suffer major complications, including sudden death from under-transfusion, is unknown but significant. This problem has not been brought to the public s attention, but it is widely known among physicians who have treated patients who have lost blood.

Many risks from donor blood, such as the risks of infectious disease transmission, can be avoided by utilizing autologous (the patient s own) blood. Additionally, physicians who fear the complications of transfusion with donor blood may be more likely to transfuse autologous blood as soon as it is needed, rather than withholding transfusion until a patient is extremely anemic and at higher risk from blood-loss-related complications.

In 1985, the Company established the first facility in the United States for frozen long-term autologous (self-storage) blood banking. The Company s frozen blood bank is the only blood bank in New York that allows people to store their own blood for up to ten years. Utilizing cryobiology technology, frozen blood has been shown to be capable of being stored for up to 37 years; however, the current legal limit is 10 years for red cell cryostorage.

The Company believes that an educational process can establish the advantages of frozen autologous blood storage. Education can also overcome opposition to any change in the current blood banking system from established tax-exempt (non-profit) and profit-making entities. The Company believes that it can work with some voluntary blood banks and hospitals to establish joint marketing of long term frozen personal blood storage programs. The Company is in the process of developing partnership programs whereby corporations can provide frozen long-term blood storage as a benefit to their employees.

Recent Improvements and Innovations

In 2005, the Company began using a recently available FDA-approved technology (manufactured by another company) that extends the shelf life of thawed frozen blood from 24 hours to 14 days. This development greatly increases the flexibility with which frozen blood can be used and greatly increases the number of situations in which thawed frozen blood can be provided to patients as needed. As part of this program the company has also purchased new freezers and equipment that incorporate this technology. It has also installed a back-up liquid nitrogen system at its headquarters so that in the event of electrical failure, the freezing temperatures can be maintained. The previous system can theoretically withstand more than 48 hours without electricity without irreversible loss of the frozen blood. The new system provides for a 2 3 week frozen capability without electricity. Freezing blood requires highly sophisticated technology to enable a sterile cryo protective agent to be mixed into the blood prior to freezing. Freezing blood directly destroys the red blood cells. When the blood is ready for use, the process is reversed and the special cryo protective agent is removed, utilizing special sterile technologies, from the frozen blood after thawing.

The Company has recently received a trademark for a proposed program of Quality Assured Blood (QAB). This concept is similar to existing safety protocols used to ensure the safety of frozen donor semen (see Idant Semen Banking page 12) and is only possible because of the unique advantages of frozen blood storage. Infectious diseases such as HIV and Hepatitis have a window period of 3-6 months during which a donor may be infected but has not yet produced the antibodies that are required for the diseases to be detected. With Quality Assured Blood, a donor can be tested, donate blood to be frozen, and then be retested after six months of the donation. This blood can then be used as donor blood with markedly reduced risk of infectious disease transmission. These types of safety procedures are standard with frozen donor semen, which is much less infectious than blood. In contrast, standard donor blood is tested only once, refrigerated, and used within weeks of collection.

The Company has also trademarked its Blood Optimization Program® (BOP) for maximizing blood safety during surgery. The BOP uses a combination of blood volume measurement, pre-surgical treatment of blood volume deficits, and frozen autologous blood transfusion. The Company has applied for and received trademark protection for the BOP name and filed in February of 2007 for a methods patent for the Blood Optimization Concept.

The underlying principal of the BOP is to enable patients undergoing elective surgery to store frozen blood in advance of surgery at a time and frequency that will be determined with the help of blood volume measurement. If a patient does not donate his or her own blood at all, then he or she faces the risks that come from donor transfusion. The only truly safe blood is one s own blood. However, patients who donate their own blood just prior to surgery are frequently anemic and at a higher risk for complications than they would be had they not donated blood. Patients who store blood 28 to 35 days prior to surgery may be able to restore one to two pints of blood, but blood that is refrigerated for 28 to 35 days has been shown to undergo significant deterioration, decreasing the effectiveness of transfusion. Frozen blood does not suffer such deterioration and thus is more effective than refrigerated blood that has been stored for several weeks. Because of its reliable quality and improved safety, infants who require transfusion usually receive only fresh frozen blood which is thawed and reconstituted just prior to use.

Under the Blood Optimization Program, a patient can donate blood well in advance of surgery and store it in a frozen state, with sufficient time to restore a normal amount of blood before entering surgery. Additionally, blood volume measurement prior to surgery can identify patients with existing blood volume deficits, which can be treated with medications such as erythropoietin.

In addition to the desire to provide improved patient care, hospitals may have a significant monetary incentive to participate in the Blood Optimization Program. Surgical patients who experience complications from undertransfusion or adverse donor transfusion reactions require extended hospital stays, for which the hospitals are often not reimbursed. Hospitals operate under a Diagnostic Regulatory Guideline (DRG) system for reimbursement, which means that a hospital will be reimbursed according to a diagnosis, not according to the number of days that a patient spends in the hospital. A low blood volume detection and treatment program could significantly reduce complications and enable shorter hospital stays.

Idant Semen (Sperm) Banking

Idant, a subdivision of the wholly owned subsidiary Scientific Medical Systems, has been a pioneer in the technology and commercial application of long-term cryopreservation of human sperm. The division provides frozen semen services to physicians worldwide. Idant holds approximately 50,000 human semen units in long-term storage at its central New York City facility. The Company was a founding member of the American Association of Tissue Banks.

Semen stored at -321 degrees Fahrenheit (immersed in liquid nitrogen) has shown minimal change after as long as 30 years of storage. Idant stores semen for donor insemination as well as for personal storage by men facing infertility. The Company also provides, on request, special screening for rare hereditary recessive genetic traits.

The company stores semen from a large cross-section of anonymous donors and is able to offer semen from donors with varying physical characteristics that meet our clients needs. The Company maintains a complete physical description of each donor on file and can match multiple physical characteristics and other desired special characteristics to those of the sterile father. The increased likelihood of a child who resembles his recipient father can make a child conceived via artificial insemination much more psychologically acceptable to the father.

The Company also provides cryostorage for later personal use. Semen storage may be desirable for men who have been found to be marginally fertile and may attain improved fertility with artificial insemination, who anticipate impaired fertility or sterility such as may occur with chemotherapy or radiation for cancer treatment, or who are undergoing a vasectomy but may wish to father children in the future. Cancer patients who store semen are frequently in their teens or twenties; by utilizing cryopreservation they will be able to father their own children in later years, despite the high risk of sterility and birth defects associated with treatments. The Company receives referrals for these services from multiple sources, primarily physicians.

Idant has been a pioneer in the safety of anonymous sperm donation. In 1985, Idant was the first semen bank to institute an AIDS quarantine period for frozen semen. Viruses such as HIV and Hepatitis B or C may be undetectable for up to six months in infected individuals. By testing the donor prior to and then six months after donation, the risk of Hepatitis and HIV transmission can be virtually eliminated. Four years later, in 1989, New York and a number of other states enacted laws requiring sperm banks to quarantine frozen sperm for a minimum of six months.

Idant utilizes the most reliable and effective cryopreservation technology available. The FDA does not currently have specific standards for reporting the effectiveness of semen storage, so there is no assurance that a given semen bank uses the best available technology to ensure the longest possible viability of frozen sperm. The Company uses a customized carousel canister system in its sperm bank storage system. This permits retrieval of specimens from lower levels without removal of upper specimens, thereby avoiding any exposure of other specimens to room temperature air. Even brief exposure to room temperature may result in long-term loss of viability of frozen sperm. Most other banks use a rack and cane pull-up system, which requires removal of upper specimens from the tank to retrieve specimens at lower levels. In such a bank, a specimen may be exposed to a temperature change from liquid nitrogen (-321ºF) to room temperature (72ºF) more than 100 times during its storage lifetime. This will result in a gradual degradation of the specimen. In the Idant system the specimen remains immersed in liquid nitrogen almost continuously while in storage. The Company is aware of only one other semen bank that uses the carousel system for long-term storage of semen.

Idant also uses a system of storing semen in sealed special plastic straws. Almost all other human semen banks use a system of storing semen in vials with a screw cap. Semen stored in straws can be heat sealed. This makes the contents of the straws impermeable to any viruses which may be present in the liquid nitrogen. In contrast, semen stored in screw top vials cannot be heat sealed. Changes in temperature when vials are removed from the liquid nitrogen and then replaced can result in some liquid nitrogen being sucked into the vial. There have been reports of contamination of stored semen from storage in liquid nitrogen tanks when screw top vials have been used. This type of contamination is impossible when using heat sealed straws.

In 2004 Idant received confirmation of two successful conceptions utilizing sperm stored at Idant for, respectively, 21 and 29 years. This was the longest successful cryopreservation of sperm in medical history. The case report was published in the October 2005 issue of *Fertility and Sterility*, a major journal. The pregnancies were notable because they were achieved by artificial insemination. The previous record was for 20 years and was achieved by the considerably more expensive in vitro fertilization method. The Company believes that its unique storage system for human sperm is responsible for this extraordinary success.

RESEARCH AND DEVELOPMENT

As detailed in Item 2 Properties , in January of 2007 Daxor acquired additional space with the intention of being able to further our ability to expand our research and development and be prepared, in the future, for increased demand for our products.

In 2006, we released version 5.3 of WINBVA. This software release included enhanced capabilities for quality assurance, allowing the end users to have increased flexibility should they fail daily quality control. In the previous release of the software, if a customer failed daily quality control, they would need to correct the problem and then re-run the 40 minute test. The updated version allows the user to correct the issue, and then re-run the subset of quality control, thus decreasing the length of time to achieve the required full Pass of daily quality control, which is needed in order to run patient samples. In addition to the changes to quality control, there were numerous coding changes that occurred in this version of the software. Most of these changes are invisible to the end user; however, they either correct small coding errors from previous versions or enhance speed and performance of the internal software.

Although blood volume measurement has been available for over 50 years, the test was rarely performed because of cumbersome requirements that made the procedure difficult. When Daxor Corporation developed the first semi-automated system ever approved by the FDA, it encountered a generation of physicians who had little or no direct experience with blood volume measurements, with the exception of hematologists who used the test for a single condition, polycythemia vera (elevated red cell volume) and preferred to use another method (Chromium 51) that measured red cell volume. That method required 4 - 6 hours to perform and included re-transfusion of the patient s blood cells after they were tagged with Chromium 51. This technique exposed the patient to the risk of a potential mismatched transfusion, which has occurred.

Daxor presumed that the benefits of an automated system which involved no transfusion risks and measured both red cell count and plasma volume would be readily and widely accepted. However, key personnel at the first facilities to use the BVA-100 (Lutheran Medical Center, Maimonides Hospital, Englewood Hospital, Brooklyn Hospital, Coney Island Hospital, and Long Island Jewish Hospital) returned the system after performing beta testing because they could not convince administration that the test was cost effective. A blood volume measurement can cost the hospital $450 - $600 to perform. In contrast, a surrogate test such as a hemoglobin or hematocrit, which can be quite inaccurate, can be performed for $5 - $10. The company had and has to demonstrate that the savings in lives and shortened hospital stays makes the test cost effective.

Until mid 2002 the company employed a limited sales staff with heavy emphasis on scientific training. Management then began to recruit a professional sales and marketing team. By mid 2003, it became apparent from feedback from the new sales staff that in addition to opposition to the instrument because of cost, there were additional technical problems that needed to be overcome.

Among the major problems was that the blood volume analyzer was functioning on a DOS operating platform that dated from the mid 1980s. This placed a number of restrictions on the flexibility of the system. For example, the system could not be altered to provide a graphic display of the results in addition to numerical results. It also prevented the incorporation of enhancements that potential users desired. Another major

problem was that all gamma counters in use at that time for clinical measurement were considered high complexity instruments under the Clinical Laboratory Improvement Act (CLIA). This meant that the instrument had to be used by a facility headed by an individual with advanced specialized background training.

By 2003 the company sold only five instruments despite multiple trials. It had become clear that major changes were needed. By early 2004 the company had decided to expand its research and development facilities in Oak Ridge, Tennessee, to develop a more advanced version of the system which would run on a Windows operating platform. The Company developed a new network of subcontractors, including a group of specialized computer programmers, who were absorbed into the Company as full time employees in January, 2005. The Company also contracted with an original equipment manufacturer (OEM) to build the instrument and to retain for itself the final quality assurance testing operations.

The following is an enumeration of a significant number of the engineering changes that were included in converting the BVA-100D (DOS version) into BVA-100W (Windows version).

Hardware

- The computer interface was upgraded from a separate CPU, CRT monitor, and keyboard to a panel PC with a mouse and touch screen.
- Color printers were installed.
- A USB connection for the multi channel analyzer (MCA) was installed.
- A new control data board was installed.
- A new dust cover design resulted in a decreased height requirement.
- The internal housing was redesigned.
- New sky shield housing, with added finger guards, was added.
- The carousel which holds the samples was changed from Plexiglas to metal.
- A guide for the placement of samples was added on top of the carousel.
- A rear Plexiglas plate was added for safety purposes.
- The manual sensor used to determine the position of the carousel was upgraded to an optical sensor.
- The carousel advance button was moved to the rear of the instrument.
- The motor was converted from AC to DC to create the potential for worldwide placement of the system.
- The electrical grounding was improved
- All internal mechanical parts were re-engineered to a tolerance of 5/1000.
- A new lead design with better tolerance was installed.

Software

- The system was designed to be both HIPPA and CLIA compliant.
- The operating system was upgraded from DOS to Windows XP, using C-Sharp and Visual Basic, with over 500,000 lines of code and an additional 750,000 lines of hidden code in Visual Basic.
- Text commands in the DOS system were replaced with screen options and easy to use on-screen buttons, resulting in easier navigation.
- A touch screen keyboard was added for easily entering patient demographics.
- Software for calibrating and adjusting the sensitivity of the touch screen was installed.
- User friendly instructions were added to guide the user through entering data and placing the samples into the instrument.
- Warnings/flags were provided to inform users of errors or questionable data, thus helping the end user generate statistically accurate results.

- The time required for aberrant point elimination was reduced from over 25 minutes to 5 seconds. Instead of requiring the user to re-enter data and recalculate the entire blood volume, results are instantly recalculated with the erroneous point excluded.
- A color screen and graphical software were added to graphically present results, including a bar graph of results and a color regression chart of blood volume points. A print screen function was added to enable color printing of results.
- A 30 Gb hard drive, which can store a few hundred thousand patient tests and quality control tests, was added. This replaced a much smaller previous hard drive that could only store 200 patient tests. Data can also be backed up on a CD and restored.
- Options were added allowing results to be saved as HTML, PDF, ASCII, Word and Excel files.
- Options were added allowing BVA tests to be sorted by 6 different fields, 2 of which are customizable by the end user, thus making it easier to find saved tests.
- A program for daily Quality Control (QC) was installed that greatly simplifies and speeds up quality control

1. QC requires only two minutes of technician time and is completed in about 40 minutes.
2. Utilizes 4 barium sources that are at the nano curie level.
    - Checks for background radiation.
    - Checks each well for contamination.
    - Compares and contrasts matched standards provided with the Volumex injection kit.
    - Checks the gamma counter for centroid and full width half max (FWHM), the shape of the peak of the centroid, which cannot be to broad or too narrow.
    - Checks for linearity of the system. Each barium source is at a decrease in strength and therefore each source has its own rate of counts per minute. The decreasing rate of counts should be proportional to the strength of the check source (the barium).

- An automatic system for calibrating the gamma counter was added. The user pushes two buttons and enters his or her initials, and the system performs the calibration and prints out a final report.
- New software decreased the time required to install software upgrades.
- New software, which performs preventative maintenance and contains diagnostic features for service calls, was installed.
- A new manual calibration screen for Daxor technicians was added.
- Programming was added to automatically adjust for daylight savings time and leap years. A separate section was also included in which date and time corrections can be entered with the mouse.
- Individually customized laboratory operations manual (Standard Operating Procedures Manual SOPM) and laminated flip charts were designed and are provide to all users, along with the Quick Users Guide, an abbreviated laboratory operations manual.

As a result of these improvements, especially the upgrade to a Windows operating system, the new BVA-100 system was categorized by CLIA as a medium complexity instrument, enabling a wider range of facilities to utilize it. In addition, the many improvements allow the system to better meet users needs. This upgrade was essential to helping establish the necessity, reliability, and cost effectiveness of accurate, rapid blood volume measurement. A primary goal of clinical research studies is to provide evidence from peer review journals that will support and document that blood volume measurement should be a standard of care in specific conditions. To the best of our knowledge, this is the only radioisotope nuclear medical instrument which has been designated as a medium complexity instrument because of the quality assurance controls that have been built into the instrument.

In addition to improving the BVA-100, the Company has dedicated considerable time and effort to physician education. A limited number of account representatives work primarily to educate physicians (clinicians) on how best to utilize the instrument. The company also offers unlimited clinical assistance through the services of its Chief Scientist and CEO, Dr. Joseph Feldschuh, as well as Dr. Gary Fischman, PhD, Director of Research. Additional staff, including the Vice President of Marketing and a medical writer and statistician, devotes part or all of their time to supporting the development, completion, and publication of clinical studies. The Company continues to provide support for studies at various institutions. Support may consist of free use of blood volume analyzer equipment, Volumex kits, and support services from Daxor staff. The Company expects that there will be additional studies published in 2008 on research studies it has previously helped support. Previously published studies have documented the benefit of blood volume measurement in the intensive care unit and in cardiology. However, additional studies are needed for other institutions to provide further backup. For example, heart failure studies are continuing at Columbia Presbyterian Medical Center. The Company has unpublished data documenting the benefit of blood volume measurement using the BVA-100 in hypertension. Based on this data, we believe that African American patients, in particular, will benefit from the use of blood volume measurement in determining choice of therapy. (Refer to previous sections on clinical conditions utilizing blood volume measurement.)

Blood Banking

Scientific Medical Systems blood bank has devoted a significant amount of its resources to improvements and upgrades. The Company installed a system that enables thawed frozen blood to be used for up to 14 days, as well as a new freezer system that can maintain blood in a frozen state for 2-3 weeks without electricity.

The Company also devoted a significant amount of time to developing the Blood Optimization Program, a method for using both autologous frozen blood and the BVA-100 to optimize transfusion safety and minimize anemia during surgery (see Blood Banking discussion on page 11).

In February 2007 the Company filed a methods patent on its Blood Optimization Program (BOP). In 2007 the Company signed an agreement with New York University Medical Center to implement the Blood Optimization Program. The Program incorporates the concept of blood volume measurement prior to surgery, treatment with blood stimulants such as epoietin alfa to correct anemia, donation and frozen storage of one s own blood well in advance of elective surgery, use of autologous blood during and post surgery, followed up with another blood volume where indicated. The Program has the ability to fundamentally alter transfusion practices. At the present time it is not uncommon for patients in their 60s, 70s, 80s, and even 90s, to be permitted to remain in a condition where almost half of their lost blood is not replaced except with sterile water. There have been published studies, particularly from Duke University and other institutions, demonstrating that as much as 40 to 50% of patients undergoing cardiac bypass surgery, have measurable memory loss. Similar findings have been published in regard to major orthopedic surgery such as hip replacement. There are numerous published studies that have demonstrated that there is higher mortality and morbidity the more anemic patients are. There are many so-called bloodless surgery programs which advocate very limited blood transfusion replacement. We are not aware of any study, however, in these programs, which has measured the degree of memory loss in these programs as compared to patients who undergo a more liberal transfusion policy.

A major study published in the New York Times from Duke and Columbia Universities in June, 2006 entitled Age of Transfused Blood May Play Part in Recovery demonstrated that patients who receive older blood have increased mortality and morbidity. Blood can be stored in a refrigerated state for up to 42 days. Blood banks routinely use the oldest blood first. Blood stored for more than 20 days already demonstrate considerable loss of ability to transport oxygen and remove carbon dioxide. Newborn infants requiring a transfusion are routinely transfused only with frozen blood. Blood that is frozen within 24 hours after collection does not show the deterioration of critical oxygen transporting enzymes that occur with refrigerated blood. A major advantage of the Blood Optimization Program is that not only will the patient be receiving their own blood, but will be receiving blood that has been frozen within 24 to 48 hours, and than defrosted when it is needed.

MARKETING

The Company s marketing of the blood volume analyzer can be divided roughly into three phases: initial beta testing with local facilities, later beta testing at nationally recognized institutions with an emphasis on developing studies for publication, and marketing of the instrument for clinical use. During later beta testing and the marketing phase, the instrument also underwent a number of major technical improvements and alternations.

Initial Beta Testing (1999-2000)

After FDA approval for the instrument and its associated kit, in 1999 the Company began beta testing the BVA-100 at local hospitals. The Company had no prior experience in marketing a medical instrument or device and relied on a limited number of sales staff who had specialized technical knowledge and a background in physiology. From 1999 to 2000, the Company loaned the instrument and provided associated kits to a number of local hospitals free of charge. In some cases, these hospitals also received direct financial support for performing research studies. The participating facilities included Lutheran Medical center, Maimonides Hospital, Brooklyn Hospital, Coney Island Hospital, and Long Island Jewish Hospital.

Some hospitals, such as Lutheran Medical Center, were able to publish results in peer reviewed journals. Some of these early studies clearly demonstrated that invasive techniques such as pulmonary artery catheterization were not as accurate as direct measurement of blood volume for assessing a patient s volume status. In some cases, the hospitals performed studies but were unsuccessful in publishing results.

After these facilities completed their studies, they returned the instruments because they could not convince their respective administrations that the test was cost effective. During this time, the Company sold only a single Blood Volume Analyzer.

Later Beta Testing (2000-2002)

As a result of feedback from the initial testing, the Company recognized that it was essential for the instrument next to be placed in nationally recognized facilities. These facilities, because they worked with more complex conditions and had wider name recognition, were more likely to recognize the benefits of blood volume measurement and to publish study results. Additionally, studies from these prestigious institutions were more likely to be highly regarded by other facilities. The Company arranged for the loan of an instrument to the Cleveland Clinic, the Mayo Clinic, and NYU Medical Center. US News and World Report publishes an annual ranking of 6200 Hospitals in the United States. The Mayo Clinic and The Cleveland Clinic ranked respectively 2 and 3 in the annual ranking of hospitals. The Cleveland Clinic Cardiovascular Department ranked number 1 in the US. After trial periods lasting more than one year, these facilities purchased their instruments and paid for kits as they continued to utilize the Blood Volume Analyzer.

Despite the positive response from these facilities, it became increasingly apparent that the company needed significantly more studies to support the reliability, utility, and cost effectiveness of blood volume measurement with the BVA-100®. It also became clear that the original version of the BVA-100, which was based on a DOS platform, needed to be markedly improved in order to provide sufficient features and flexibility to meet users needs (see Research and Development page 13).

It has been an ongoing goal of the Company to partner with medical facilities to develop studies that will result in publication in peer reviewed journals, with the intent of increasing awareness and acceptance of the need for accurate, rapid blood volume measurement. A number of studies initiated between 2000 and 2002 were published in 2004 and later. In addition to the time needed to complete the study itself, it can take a year or more from submission to final publication.

Marketing Phase (2002-present)

By 2002, the Company recognized that it needed to recruit an experienced medical device marketing staff. In September 2002 the Company hired a National Sales Manager and three Regional Sales Managers with extensive experience in the medical device and nuclear medicine field. Subsequently, several different sales programs were tested. It was determined that the best program was a National Sales Manager with regional sales representatives. John Reyes-Guerra, one of the original regional vice presidents, was made Vice President of Sales and Marketing.

The marketing team has made progress in identifying which facilities and departments are most able to utilize the BVA-100 in a cost effective manner and has developed a repertoire of educational and marketing material. Depending on a facility s needs and its ability to perform studies that are likely to increase widespread acceptance of the BVA-100, the Company offers the Blood Volume Analyzer to potential users on a sale, lease, or loan basis. Facilities that receive a loan of the instrument for research pay for the Volumex® kits that are not used purely for research purposes, which can provide a source of ongoing revenue for the Company. Primarily, users are expected to be hospitals, surgery centers, intensive care units, and imaging centers (radiology). The Company also has been demonstrating its equipment at major trade shows such as nuclear medicine, surgical anesthesiology, and trauma conferences. The Company s website (http:// www.daxor.com) contains extensive detail about the BVA-100® Blood Volume Analyzer as well as examples of actual cases (with patient identities removed). The website permits rapid communication between researcher, marketing personnel, and potential users prior to an onsite visit. In 2007 the Company exhibited at a total of 20 national, local and regional trade shows.

Despite its success with a few key institutions, the BVA-100 continues to encounter some significant obstacles to widespread acceptance. The Company has attempted to balance sales efforts with education and the development and support of continued research. Towards this goal, presentations and studies developed in 2005 and 2006 utilizing the BVA-100 blood volume analyzer are (1) 2005 - AHA CHF Guidelines Updated Guidelines for the Treatment of Adults with Heart Failure - Included Katz/Androne data concerning 50% unrecognized volume status. (ref. Hunt SA, et al. ACC/AHA 2005 Guideline Update for the Diagnosis and Management of Chronic Heart Failure in the Adult: A report of the American College of Cardiology/American Heart Association Task Force on Practice Guidelines.) (2) American Heart Journal - Published BNP vs. BVA - Pilot Study from Cleveland Clinic - James, K et al. (ref. Am Heart J 2005;150:984.e1-984.e6, Blood Volume and Brain Natriuretic Peptide in Congestive Heart Failure: A Pilot Study.) (3) 2006 HFSA Poster Presentations - Columbia Presbyterian College of Surgeons and Physicians - Anemia in Patients with a Normal Ejection Fraction - Patients are often women and are anemic and not hemodiluted. (ref. Cohen, R et al. 2006 Heart Failure Society of America Scientific Session - Poster Presentation, Anemic Patients with NFHEF have a reduced red cell volume, true anemia and concomitant plasma volume expansion.) (4) 2006 HFSA Poster Presentations - Columbia Presbyterian College of Surgeons and Physicians -Is EPO safe and effective in patients with Diastolic HF - EPO is safe and provide improved quality of life. (ref. Cohen, R et al. 2006 Heart Failure Society of America Scientific Session - Poster Presentation, The Administration of subcutaneous erythropoietin in elderly patients with heart failure and normal ejection fraction over three month is safe and effective.) (5) Plasma catecholamines and blood volume in native Andeans during hypoxia and normoxia. (ref. Alfredo Gamboa et al. Clinical Autonomic Research;2006 - 16:40-45) (6) Society of Critical Care Medicine - 2006 - Yu & Biuk - BVA and the Impact on Fluid Management - Change in fluid management 45% of the time. (ref. Biuk-Aghai, E, et al. 2006 Society of Critical Care Medicine Scientific Session Poster Presentation, Blood Volume Measurements: Impact on Fluid Management.)

One of the barriers to acceptance of the BVA-100 is that despite the fact that blood volume measurement is important in so many different medical and surgical situations, very few physicians have any previous experience utilizing direct blood volume measurement. Instead, they have relied on surrogate tests such as hematocrit or hemoglobin measurement, despite the proven inaccuracy of these tests. Even among institutions that utilize the Blood Volume Analyzer, physicians frequently have questions regarding the interpretation of blood volume results and how to best use the results to guide treatment. The Company has instituted a program of educational representatives to help educate physicians about the use of blood volume measurement and to act as a liaison between the Company and users of the BVA-100®. The Company also provides unlimited clinical assistance through the services of its Chief Scientist and CEO, and its Director of Research. The Company s Vice President of Marketing spends a significant portion of time working with facilities to develop research projects, and the Company employs a medical statistician to help with the interpretation of research data and preparation of results for publication.

Another barrier is the perceived cost effectiveness of the tests and the ability of hospitals to obtain appropriate insurance reimbursement. Hospitals and health facilities are exceedingly cost conscious in regard to acquiring additional medical technology. Blood volume measurement is an approved and reimbursable Medicare test. The Company expends great time and effort to ensure that insurance companies reimburse hospitals correctly for the cost of the radiopharmaceutical kit as well as for the performance of the test. The Company also provides assistance to hospitals and physicians to utilize correct codes and indications for blood volume measurement. Some of the research projects performed by the Company s clients are focused on developing cost benefit analysis studies. Such studies are particularly important to HMOs, which focus on avoiding hospitalization when possible.

The Company s representatives undergo a training program in basic medical physiology to enable them to interact with both physicians and administrators to explain cost benefit factors.

Blood Optimization Program

In 2005 the Company hired an individual with marketing experience to work on a new program called the Blood Optimization Program® (BOP). This program is intended to incorporate Daxor s BVA-100® Blood Volume Analyzer and its subsidiary s frozen autologous blood banking, increasing awareness and utilization of both these technologies. This individual has been meeting with administrative blood bank representatives to develop strategies that would enable hospitals to utilize these technologies to optimize blood volumes in patients undergoing surgery. The combination of blood volume measurement and frozen blood banking provides the unique opportunity to simultaneously minimize the consequences of blood loss by optimizing a patient s blood volume before surgery, and maximize transfusion safety by making sure that a patient s own blood is available if transfusion is required. The Company has signed agreements with four hospitals who participate in this program (see page 11 for a discussion of the Blood Bank Program).

PATENT AND COPYRIGHT PROTECTION

Existing Patents

The Company has received separate United States patents on its Blood Volume Analyzer BVA-100® and on its Volumex® injection kit. These are the only US patents ever issued for an automated instrument dedicated to the measurement of total human blood volume for a specific individual. The Company received a European patent covering 12 countries and received the first patent ever issued in Japan for an instrument to measure human blood volume.

The instrument is designed to work with the Volumex® injection kit, which is manufactured by the Company. It is theoretically possible to use the Blood Volume Analyzer without the kit by preparing the reagents used for the test. However, the cost and time for such preparations would be uneconomical and it is unlikely that a purchaser of the instrument would use it without purchasing the reagent kit. This is the first U.S. patent ever issued for a system that permits a fixed quantitative amount of isotope to be injected for diagnostic purposes. The injection system was specifically designed for use with the BVA-100®. However, it can be used for other diagnostic test purposes where a precise complete quantitative injection of a diagnostic reagent is required.

The blood bank has received two recent trademarks. One is for Quality Assured Blood, which would incorporate the same type of double testing currently used to ensure the safety of donated semen (see Blood Banking pages 11 and 15). The other is for the Blood Optimization Program® (BOP), a method for maximizing blood safety during surgery using a combination of blood volume measurement, presurgical treatment of blood volume deficits, and frozen autologous blood transfusion. The Company has applied for and received trademark protection for the BOP name.

In February, 2007 the company s patent attorneys filed a methods patent for the Company s Blood Optimization Program (BOP). The program is designed to ensure, where possible, that patients undergoing surgery enter surgery with a normal amount of blood, both plasma volume and red cell volume. It is also designed to enable patients to have their own autologous blood available to them to replace blood lost during surgery and in the post operative period. At the present time many patients enter surgery in an anemic or blood depleted state. This can result from donating blood one to four weeks prior to surgery, it can also result from chronic conditions which result in patients being anemic. Entering surgery in a blood depleted state reduces the chances for a positive outcome. At the present time the majority of patients who donate blood to themselves prior to surgery enter surgery in a blood depleted state. The blood optimization program is ideally suited for patients undergoing elective surgery where there is adequate time to treat patients who are anemic and also to have the patient donate blood far enough in advance of surgery so that the patient is not anemic. An additional problem is that women have 18% less red cell volume than a man of equal height and weight. In New York, the New York State Department of Health, and the New York City Department of Health, sent out warnings to all physicians about the unacceptable death rate in patients during and after childbirth from blood loss. Patients contemplating pregnancy or in the early stages of pregnancy are ideal candidates to store their own blood. Some programs have pregnant patients donating blood to themselves two to four weeks prior to their expected delivery date. This is likely to cause the patient to be anemic at the time of delivery.

The Blood Optimization Program is the first program that specifically targets these problems. Included among the problems is the fact that the standard test, the hematocrit, used to detect blood loss, only measures the thickness or ratio of red cells to plasma and is a lagging indicator. This is one of the reasons that some pregnant patients die suddenly after childbirth because the full extent of their blood loss is not recognized.

The main elements of the Blood Optimization Program are a) blood volume measurement to determine the current blood volume status of the patient and suitability for blood donation; b) if the patient is anemic or red cell volume deficient, treatment with epoietin alfa (Procrit and Epogen manufactured by Amgen) to stimulate rapid replacement; c) if the patient is suitable for blood donation, remove one unit of blood and process for freezing of both red cells and plasma. Frozen blood requires special processing with a sterile cryopreservative agent to prevent destruction of the red cells from freezing; d) treat the patient with epoietin alfa where appropriate to stimulate more rapid replacement of red cells; e) repeat blood donation to provide enough blood availability at the time of surgery so the patient will not receive any blood but their own; f) quantify the amount of blood donated, where time permits, so that patients will have no more than a 20% red cell deficit at the end of the post operative period. At the present time, patients in their 60s, 70s, 80s, and 90s are sometimes permitted to remain with red cell volume deficits as great as 50% without replacement transfusions.

The Blood Optimization Methods Program Patent is designed to eliminate, where possible, these types of situations which can result in stroke, heart attack, or even death. The use of frozen blood as opposed to refrigerated blood eliminates many of the aging effects which have been demonstrated in refrigerated blood. For further discussion, see reference to the Duke University study on Page 20.

Future Projects and Potential Patents

The Company expects to file additional patents for tests associated with the BVA-100® in the near future.

Glomerular Filtration Rate

The Company is working on an instrument that will automate the measurement of glomerular filtration rate (GFR). This GFR is a very important and sensitive test of kidney function. At the present this test is infrequently performed because of the difficulty in the current methodology. The situation is analogous to blood volume measurement which is rarely performed because of the difficulty of performing the test. The BVA-100 has significantly shortened the time required, as well as improved the accuracy of the test. The Company believes that it can automate the glomerlular filtration rate test, which will make it more feasible for regular medical use.

Measurement of Total Body Albumin

The Company is planning to file a patent for the measurement of total body albumin using measurements from the Blood Volume Analyzer. Albumin is a major carrier of hundreds of vital components within the circulation and is a key molecule responsible for maintaining oncotic pressure. Abnormal total body albumin is common in many disease states, such as heart failure, cancer, and diabetes. Burn patients in particular experience serious loss of albumin, and replacement quantities may be difficult to calculate. The ability to measure total body albumin accurately would be expected to facilitate more precise therapy.

Needleless Injection System

The Company is reviewing an alternative injection kit system that can be used without a needle. Some intensive care units emphasize an elimination of needles wherever possible. The Volumex® kit is injected into an intravenous system flowing into the patient s vein, rather than through a direct needle stick. A person using a kit who accidentally stuck himself would not be exposed to the patient s blood; nevertheless, we think it would be an advantage if we can develop a needleless system.

UL and CE Mark

In March, 2007, Daxor finished the final phase, which was the inspection part, to receive U.L. (Underwriters Laboratory) approval. The process consisted of Daxor submitting the complete BVA-100 and associated panel P.C. for physical inspection and testing, including the strenuous electrical inspection safety examination. Blood volume analyzers shipped after April 2007 bear the U.L. mark.

Daxor is in the process of achieving the CE mark. CE is a self-certification mark for which the manufacturer must possess proof of compliance with the standards. Daxor s immediate goal is to pass the U.S. and Canadian standards for CE. As part of the UL testing, Daxor has passed the electrical safety part and possesses its verification from the UL for this component. The second component is EMC (electro magnetic compatibility). For Daxor to be able to market and distribute the instrument in countries other than the U.S. and Canada, it would need to pass those country s specific requirements, which may or may not have been met by the EMC and electrical testing. Most of the time countries require the existing documentation that Daxor provides with the BVA-100 to be translated into the country s specific language

Idant Semen Storage Client Identification

The Company is also exploring the submission of a patent for methodology of improving client identification in its semen bank. It is introducing additional patient protection for stored donor semen, which may be eligible for patent protection. In the 34 years of the Bank s operations, it has never had a mix-up in any stored specimen.

CUSTOMERS

In the Company s fiscal year ended December 31, 2007 there were three customers (hospitals) that accounted for 32% of the Company s total consolidated sales. Management believes that the loss of any one customer would have an adverse effect on the Company s consolidated business for a short period of time. All three of these hospitals have purchased their BVA-100 equipment. The Company has not had any situations in which a hospital, after having purchased a blood volume analyzer, discontinued purchasing Volumex kits. This suggests that, when more hospitals purchase equipment, they will continue with ongoing purchase of Volumex kits. The Company continues to seek new customers, so that any one hospital will represent a smaller percentage of overall sales.

COMPETITION

BVA-100® Blood Volume Analyzer

The medical technology market is intensely competitive. However, there are no direct competing instruments manufactured or marketed that perform rapid, accurate semi-automated blood volume analysis, such as the BVA-100®. The Company believes that its receipt of United States, European and Japanese patents for its Blood Volume Analyzer provides significant protection against any future potential competition in the blood volume analysis field.

The receipt of the U.S. patent for the injection kit system provides significant additional protection, as the Company believes that the kits will be a major source of ongoing revenue. The Company believes that its main hindrance to market acceptability, rather than any specific competition, will be the need to demonstrate that its blood volume measurement equipment is capable of producing accurate data on a cost effective basis. There are several layers of acceptance required for a sale to be completed. The hospital administration must first see a need for the instrument, and then the nuclear medicine department must also see this need and be willing to perform the tests. Physicians treating patients with the conditions described previously must understand the need for, use of, and possible interpretation of blood volume measurement for their patients. Then the hospital administration must also accept the instrument on the basis of pure cost effectiveness. The Company believes that the one-time cost of the instrument and the ongoing costs of test kits are modest relative to the benefits of the critical information derived from the test.

Blood Banking

The Scientific Medical System s frozen blood bank is the only facility that provides long-term personal frozen blood storage in the Northeastern United States. Multiple companies that previously attempted to provide long-term personal blood storage to members of the public were unsuccessful.

To date, the Company has not made a profit from its blood banking services. A major disadvantage of the use of frozen blood was that it had to be used within 24 hours after it was thawed. Frozen blood can be stored for up to 10 years in contrast to refrigerated blood, which has a maximum shelf life of 35 to 42 days. The requirement that blood had to be used within 24 hours of thawing placed significant limitations on the timing of transfusions. However, the Company has recently begun to utilize a new FDA-approved technology, manufactured by another company, which enables thawed frozen blood to be used up to 14 days after thawing. The Company is not aware of any other facility in New York State that is using this technology.

The Company believes that this additional technology may enable frozen blood banking services to eventually become financially self-sustaining and profitable. This technology also opens up the potential for paid, double tested donors, in a similar fashion to how sperm donors are tested before and then six months after initial freezing and storage. This additional safety procedure is particularly appropriate for donated blood, since transfused blood is more infectious for many diseases than semen.

In the past, the Company has experienced significant opposition from some non-profit blood banking organizations that viewed frozen autologous blood as a potential loss of income from their operations. It is the Company s intention to form alliances with hospitals utilizing the Blood Optimization Program. The Company views personal blood storage as a supplement to and not as competition to other existing blood donor services. The Company will initially focus its attention on facilities within a 200 mile radius of New York City. If the Program proves successful, the Company will then develop satellite facilities in conjunction with other medical partners in other parts of the United States. For further discussion, please see the patent and copyright section on page 18.

In February 2007 the Company filed a methods patent on its Blood Optimization Program (BOP). The Program incorporates the concept of blood volume measurement prior to surgery, treatment with blood stimulants such as epoietin alfa to correct anemia, donation and frozen storage of one s own blood well in advance of elective surgery, use of autologous blood during and post surgery, followed up with another blood volume where indicated. The Program has the ability to fundamentally alter transfusion practices. At the present time it is not uncommon for patients in their 60s, 70s, 80s, and even 90s, to be permitted to remain in a condition where almost half of their lost blood is not replaced except with sterile water. There have been published studies, particularly from Duke University and other institutions, demonstrating that as much as 40 to 50% of patients undergoing cardiac bypass surgery, have measurable memory loss. Similar findings have been published in regard to major orthopedic surgery such as hip replacement. There are numerous published studies that have demonstrated that there is higher mortality and morbidity the more anemic patients are. There are many so-called bloodless surgery programs which advocate very limited blood transfusion replacement. We are not aware of any study, however, in these programs, which has measured the degree of memory loss in these programs as compared to patients who undergo a more liberal transfusion policy.

A major study published in the New York Times from Duke and Columbia Universities in June, 2006 entitled Age of Transfused Blood May Play Part in Recovery demonstrated that patients who receive older blood have increased mortality and morbidity. Blood can be stored in a refrigerated state for up to 42 days. Blood banks routinely use the oldest blood first. Blood stored for more than 20 days already demonstrate considerable loss of ability to transport oxygen and remove carbon dioxide. Newborn infants requiring a transfusion are routinely transfused only with frozen blood. Blood that is frozen within 24 hours after collection does not show the deterioration of critical oxygen transporting enzymes that occur with refrigerated blood. A major advantage of the Blood Optimization Program is that not only will the patient be receiving their own blood, but will be receiving blood that has been frozen within 24 to 48 hours, and than defrosted when it is needed.

Semen Banking

There are at least 300 sperm banks in the United States operated either by commercial entities or by academic institutions.

The Company believes that its unique storage system, coupled with clear documentation of a successful conception occurring from the longest-term frozen stored semen in medical history, will help it in expanding its marketing efforts. The Company s use of storing sperm in straws, and the unique carousel storage system which allows the frozen semen to constantly remain in the liquid nitrogen, avoids any type of cross contamination with other samples.

The Company has developed a web site (www.Idant.com) that will be helpful for marketing purposes.

WARRANTEES

The Company generally warrants its Blood Volume Analyzers against defects in material and workmanship for a period of up to one year from the date of shipment, plus any extended warrantee period purchased by the consumer. With respect to semen banking and blood banking, the Company warrantees that its methods of storage are in compliance with all existing federal and state regulations.

GOVERNMENT REGULATION

The development, testing, production and marketing of medical devices are subject to regulation by the FDA under the Federal Food, Drug and Cosmetic Act, and may be subject to regulation by similar agencies in various states and foreign countries.

The governing statutes and regulations generally require manufacturers to comply with regulatory requirements designed to assure the safety and effectiveness of medical devices. The FDA clearance for marketing of the Blood Volume Analyzer, BVA-100, and the associated quantitative injection kit marks one of the most important milestones in the history of Daxor. The products manufactured by and for the Company in regard to the BVA-100 are subject to continuing FDA regulations and inspections.

The New York State Department of Health regulates the Company s Idant Semen and Blood Bank within New York State. The Idant Semen Bank and Blood Bank are divisions of Scientific Medical Systems, which is a subsidiary wholly owned by the Daxor Corporation. Scientific Medical Systems has its own separate directors. These facilities are licensed and annually inspected by the New York State Department of Health.

PRODUCT LIABILITY EXPOSURE

The Company s business involves the inherent risk of product liability claims. The Company currently maintains general product liability insurance and an umbrella liability policy, which the Company believes are sufficient to protect the Company from any potential risks to which it may be subject. However, there can be no assurances that product liability insurance coverage will continue to be available or, if available, that it can be obtained in sufficient amounts or at a reasonable cost.

ENVIRONMENTAL

The Company believes it is in compliance with the current laws and regulations governing the protection of the environment and that continued compliance would not have a material adverse effect on the Company or require any material capital expenditures. Compliance with local codes for the installation and operation of the Company s products is the responsibility of the end user.

EMPLOYEES

On February 29, 2008, the Company had a labor force of 40, all of which were leased through ADP Total Source. The Company maintains a work force at its main headquarters in the Empire State Building in New York City, as well as a manufacturing division in Oak Ridge, Tennessee, and a technology support group. The Company believes that its labor force relations are good.

Item 1A. Risk Factors

The Company has incurred substantial operating losses over the past five years. These losses have mainly resulted from steadily increasing expenses for marketing and research and development as the Company attempts to build a market for its products. During this time, the Company has relied on income from investments to partially cover operating losses and provide the necessary funds for expanded research and development and marketing.

In the Company s fiscal year ended December 31, 2007 there were three customers (hospitals) that accounted for 32% of the Company s total consolidated sales. Management believes that the loss of any one customer would have an adverse effect on the Company s consolidated business for a short period of time. All three of these hospitals have purchased their BVA-100 equipment. The Company has not had any situations in which a hospital, after having purchased a blood volume analyzer, discontinued purchasing Volumex kits. This suggests that, when more hospitals purchase equipment, they will continue with ongoing purchase of Volumex kits. The Company continues to seek new customers, so that any one hospital will represent a smaller percentage of overall sales.

As disclosed in our Form 10-Q for the period ended September 30, 2007, the Centers for Medicare and Medicaid Services (CMS) implemented a significant policy change affecting the reimbursement for all diagnostic radiopharmaceutical products and contrast agents which was effective as of January 1, 2008. Diagnostic radiopharmaceuticals such as Daxor s Volumex will not be separately reimbursable by Medicare for outpatient services. At this time, it is unclear if this policy change will also be implemented by private third party health insurance companies.

The reimbursement policy for hospital outpatients through December 31, 2007 included payment for both the cost of the procedure to perform a blood volume analysis (BVA) and the radiopharmaceutical (Daxor s Volumex radiopharmaceutical). CMS s new policy only includes the reimbursement for the procedure and would require the hospital to absorb the cost of the radiopharmaceutical. There will be an upward adjustment for the procedure code to include some of the costs of the radiopharmaceutical. However, this upward adjustment does not entirely cover the costs associated with the procedure and the radiopharmaceutical.

Many medical societies and major manufacturers of radiopharmaceuticals and contrast agents are currently engaged in an aggressive attempt to reverse this ruling. The Company has had similar issues in the past that have negatively impaired revenue from operations. This particular issue may have a similar impact. However, at the present time, the Company is unable to quantify what the effect of this ruling will be on revenue from operations for the year ending December 31, 2008.

At December 31, 2007, approximately 95% of the fair market value of the Company s investment portfolio consisted of utility stocks whose market price can be sensitive to rising interest rates. There is a risk that in an environment of rising interest rates that the market value of these stocks could decline and the utilities could reduce their dividend payments to compensate for increased interest expense. This could have an adverse effect on the Company s ability to fund research and development and marketing efforts necessary to build a market for their products.

At December 31, 2007, the Company s investment portfolio consisted of 63 separate stocks. The top five holdings at December 31, 2007 comprised approximately 58% of the value of the investment portfolio. These same five holdings accounted for approximately 47% of the dividend income for the year ended December 31, 2007. A reduction in dividend payments by these companies could have a material effect on the Company s dividend income.

The Company also receives significant income from option sales related to its investment portfolio. The income from options is variable, and less predictable than income from dividends from the Company s portfolio, which have minor variations.

The Company has a significant dependence on a single individual, Dr. Joseph Feldschuh, who is the CEO of the Company. Dr. Feldschuh is the Chief Scientist of the Company and is believed to have more experience with blood volume measurement than any other physician in the United States. He is involved in assisting and advising various physician groups that are conducting research. His scientific knowledge would be difficult to replace. Dr. Feldschuh is also the sole individual responsible for investment decisions with respect to the Company s investment portfolio. Loss of his part time services in this area would be expected to result in a material reduction in return on the Company s assets.

The Company s Volumex syringes are filled by an FDA approved radio pharmaceutical manufacturer. This manufacturer is the only one approved by the FDA in the United States to manufacture Volumex for interstate commerce. If this manufacturer were to cease filling the Volumex syringes for Daxor before the Company had a chance to make alternative arrangements, the effect on Daxor s business could be material.

As discussed in our Form 10-K for the year ended December 31, 2006, by a letter dated February 8, 2007, the staff of the Northeast Regional Office of the United States Securities and Exchange Commission advised Dr. Joseph Feldschuh, the President and Chief Executive Officer of Daxor that it is recommending that the Commission bring action against Dr. Feldschuh and Daxor Corporation for violation of Section 7(a) of the Investment Company Act. The company responded to the Securities and Exchange Commission on March 9, 2007.

The company received a notice from the SEC in November of 2005 about whether or not it should be designated as an investment company. The company responded to this notice on January 13, 2006. The Company has provided extensive documentation directly to the SEC and in the 10-K filing for the year ended December 31, 2006 as to why it is primarily an operating company and not primarily an investment company.

As disclosed in our Forms 10-Q for the quarters ended September 30, 2007 and June 30, 2007, the Company received a verbal request from the Northeast Regional Office of the United States Securities and Exchange Commission (SEC) in June of 2007 for information pertaining to discussions that had taken place at previous meetings with representatives of the SEC in 1984 and 1992. The Company has complied with that request.

The company cannot determine whether the Commission will decide to bring an enforcement action against either the Company or its Chief Executive Officer, nor can the Company determine the nature or amount of any legal or other regulatory penalties or sanctions that may be imposed.

A resolution was passed at the Board of Directors meeting of March 23, 2007 whereby the Company agreed to indemnify the Chief Executive Officer for any expenses he may incur if the Securities and Exchange Commission brings an enforcement action against him as specified in their letter of February 8, 2007.

Item 2. Properties

In December 2002, the Company signed a ten-year lease extension commencing January 1, 2003, for its existing facility at the Empire State Building. The Company has occupied this space since January 1992. The Company currently occupies approximately 7,200 square feet. The lease has a two year option for renewal after ten years. There are options for an additional 18,000 square feet of space. The Company has a pilot manufacturing facility in Oak Ridge, Tennessee which is currently manufacturing the BVA-100 Blood Volume Analyzers, and where R&D activities are performed.

On January 3, 2007, Daxor closed on the purchase of 3.5 acres of land at 107 and 109 Meco Lane, Oak Ridge, Tennessee that contains two separate 10,000 sq. ft. buildings. The buildings were constructed in 2004; each structure is a single story steel frame with metal shell and roof constructed on a concrete slab. The total purchase price for the land and property was $775,000 plus closing fees. Daxor financed the purchase with a $500,000 10-year mortgage, with the first five years fixed at 7.49%, and the second 5 years to be reset in 2012. For the years ending December 31, 2008 through December 31, 2011, principal and interest payments will total $71,190 per year.

Regarding the second building at 109 Meco Lane, the current plan is to use that space for radiopharmaceutical manufacturing and distribution. To achieve this end, we have obtained our license from the Nuclear Regulatory Commission for State of Tennessee for nuclear capability and, subsequently, obtained a license from the FDA to become a re-shipper. This license will enable Daxor to receive bulk quantities of Volumex from our third party manufacturer and distribute the doses individually.

The Company subleases a small portion of its New York City office space to the President of the Company for 5 hours per week. This sublease agreement has no formal terms and is executed on a month to month basis. The annual amount of rental income received from the President of the Company in each of the years ended December 31, 2007, 2006 and 2005 was $11,022, $10,646 and $9,750. For the years ended December 31, 2007, 2006 and 2005 the Company had sublease income from non-affiliated third parties of $0, $3,000 and $4,936. The sublease income is shown on the Income Statement as part of other revenues.

Item 3. Legal Proceedings

There are currently no outstanding legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of the stockholders during the fourth quarter of the fiscal year ended December 31, 2007.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.
The common stock is traded on the American Stock Exchange under the symbol DXR.

2007	High	Low
First Quarter	$ 14.65	$ 12.75
Second Quarter	$ 15.75	$ 12.96
Third Quarter	$ 16.99	$ 14.02
Fourth Quarter	$ 18.30	$ 12.75

2006	High	Low
First Quarter	$ 20.50	$ 18.25
Second Quarter	$ 17.90	$ 16.00
Third Quarter	$ 17.00	$ 16.16
Fourth Quarter	$ 15.00	$ 14.00

On March 19, 2008, the Company had approximately 144 holders of record of the Common Stock. The Company believes there are approximately 1,050 beneficial holders of their Common Stock.

The Company paid a single cash dividend of $.50 per share on the Common Stock in 1997. No dividends have been declared or paid since 1997. Any future dividends will be dependent upon the Company s earnings, financial condition and other relevant factors.

Item 6. Selected Financial Data.

The following table sets forth certain selected financial data with respect to the Company. The consolidated statements of operations data for the years ended December 31, 2007, 2006, 2005 are derived from our audited consolidated financial statements that are included in this Form 10-K. The consolidated statements of operations data for the years ended December 31, 2004 and 2003 have been derived from audited consolidated financial statements that are not included in this report.

Operations Data:

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Operating revenues	$ 1,869,779	$ 1,486,449	$ 1,343,538	$ 1,066,314	$ 1,013,647
Total revenues	$ 1,869,779	$ 1,486,449	$ 1,343,538	$ 1,066,314	$ 1,013,647
Costs and expenses:					
Operations of laboratories & costs of production	682,786	631,567	565,742	251,622	246,206
Research and development	2,576,708	2,332,399	2,152,261	1,566,115	1,246,526
Selling, general and administrative	4,041,155	3,947,404	3,528,560	2,790,444	2,600,310
Total costs and expenses	7,300,649	6,911,370	6,246,563	4,608,181	4,093,042
Loss from operations	(5,430,870)	(5,424,921)	(4,903,025)	(3,541,867)	(3,079,395)
Other income and expenses:					
Dividend income	2,419,476	2,273,737	2,511,054	1,990,669	1,897,669
Gains on sale of investments	14,853,934	3,316,710	1,515,653	989,599	238,550
Mark to market of short positions	357,337	(544,629)	(204,225)	266,807	115,871
Other revenues	11,112	13,838	14,686	15,245	15,571
Investment recovery			75,000		
Admin expense relating to portfolio investments	(55,538)	(44,564)	(36,842)	(1,126)	
Interest expense, net of interest Income	(197,211)	(363,952)	(296,114)	(108,949)	(83,133)
Total other income and expenses	17,389,110	4,651,140	3,579,212	3,152,245	2,184,528
Income (loss) before income taxes	11,958,240	(773,781)	(1,323,813)	(389,622)	(894,867)
Provision for income taxes	1,311,024	11,750	12,168		
Net Income (loss)	$ 10,647,216	$ (785,531)	$ (1,335,981)	$ (389,622)	$ (894,867)
Weighted average number of common shares outstanding - basic and diluted	4,572,119	4,625,168	4,638,384	4,615,993	4,645,700

Income (loss) per common equivalent share - basic and diluted	$ 2.33	$ (0.17)	$ (0.29)	$ (0.08)	$ (0.19)

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Selected Balance Sheet Data:

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Total assets	$ 102,560,500	$ 78,166,312	$ 59,565,053	$ 55,746,607	$ 48,752,533
Total liabilities*	$ 47,644,615	$ 32,528,520	$ 20,820,252	$ 15,493,319	$ 12,154,041
Stockholders equity	$ 54,915,885	$ 45,637,792	$ 38,744,801	$ 40,253,288	$ 36,598,492
Return on equity**	21.18%	0.00%	0.00%	0.00%	0.00%

* Total liabilities include deferred taxes on unrealized gains.

** Return on equity is calculated by dividing the Company s net income or loss for the period by the average stockholders equity for the period.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operation.

RECENT DEVELOPMENTS

As disclosed in our Form 10-Q for the period ended September 30, 2007, the Centers for Medicare and Medicaid Services (CMS) implemented a significant policy change affecting the reimbursement for all diagnostic radiopharmaceutical products and contrast agents which was effective as of January 1, 2008. Diagnostic radiopharmaceuticals such as Daxor s Volumex will not be separately reimbursable by Medicare for outpatient services. At this time, it is unclear if this policy change will also be implemented by private third party health insurance companies.

The reimbursement policy for hospital outpatients through December 31, 2007 included separate payment for both the cost of the procedure to perform a blood volume analysis (BVA) and the radiopharmaceutical (Daxor s Volumex radiopharmaceutical). CMS s new policy only includes the reimbursement for the procedure and would require the hospital to absorb the cost of the radiopharmaceutical. There will be an upward adjustment for the procedure code to include some of the costs of the radiopharmaceutical. However, this upward adjustment does not entirely cover the costs associated with the procedure and the radiopharmaceutical.

Many medical societies and major manufacturers of radiopharmaceuticals and contrast agents are currently engaged in an aggressive attempt to reverse this ruling. The Company has had similar issues in the past that have negatively impaired revenue from operations. This particular issue may have a similar impact. However, at the present time, the Company is unable to quantify what the effect of this ruling will be on revenue from operations for the year ending December 31, 2008.

RESULTS OF OPERATIONS

Operating Revenues

In 2007 revenue from operations was $1,869,779.vs. 2006 revenue from operations of $1,486,449 for an increase of 26%. In 2005, operating revenues were $1,343,538.

Equipment sales and kit sales increased from $1,055,706 in 2006 to $1,453,201 in 2007. In 2007 the Company sold six blood volume analyzers for a total of $390,500 versus two in 2006 for $130,000. Kit sales increased by 15% in 2007 over 2006 and by 35% in 2006 over 2005. Kit sales increased by 53% in 2005 over 2004 and by 35% in 2004 over 2003. 3,015 patients, utilizing the BVA-100, had blood volume measurements in 2007 vs. 2,876 in 2006, 2,132 in 2005 and 1,474 in 2004. For the year ended December 31, 2007 the Company provided 328 Volumex doses free of charge to facilities utilizing the BVA-100 for research versus 194 in 2006, 95 in 2005,83 in 2004 and 101 in 2003.

The major reason for the current year increase in kit sales is that there are 58 Blood Volume Analyzers placed at December 31, 2007 versus 48 placed at December 31, 2006. Effective February 1, 2007, the Company raised prices by approximately 5% on Blood Volume Kits. This was the first price increase in two years and helped to increase revenue from kit sales by 15% even though the number of kits sold increased by 5%.

The main reason for the increase in Gross Profit Percentage for Equipment Sales and Related Services from 44.5% for the year ended December 31, 2006 to 56.3% for the year ended December 31, 2007 is that six blood volume analyzers were sold in 2007 versus two in 2006. The gross margin on the blood volume analyzer is substantially higher than the gross margin on Volumex Kits.

The following table provides gross margin information on Equipment Sales & Related Services for the years ended December 31, 2007 and December 31, 2006:

Equipment Sales and Related Services:	Kit Sales Year Ended December 31, 2007	Equipment Sales and Other Year Ended December 31, 2007	Total Year Ended December 31, 2007	Total Year Ended December 31, 2006
Revenue	$ 963,318	$ 489,883	$ 1,453,201	$ 1,055,706
Cost of Goods Sold	475,811	159,127	634,938	585,742
Gross Profit	487,507	330,756	818,263	469,964
Gross Profit Percentage	50.6%	67.5%	56.3%	44.5%

There were twelve trial agreements signed for the BVA-100 Blood Volume Analyzer during the year ended December 31, 2007 versus twenty in the year ended December 31, 2006. The reduction in the amount of trial agreements is a result of the sales force focusing more on securing sale and clinical research agreements instead of trial agreements.

Operating revenues from Cryobanking and related services decreased in 2007 by $14,165 or 3.3% from 2006. This was due mainly to revenue from semen storage decreasing by $23,153 or 7.6% to $282,067 versus $305,220 in the year ended December 31, 2006. There was also a decrease of $4,302 in semen analysis and other lab services. The Company s Idant Laboratories subsidiary contributed 22.3%, 29.0%, and 44.0% of operating revenues in 2007, 2006 and 2005 respectively.

Operating Expenses

The increase in operating expenses for 2007, 2006 and 2005 was due to additional hiring in each year of sales and marketing personnel for the Blood Volume Analyzer and costs of expanded research and development efforts.

For 2007, consolidated expenses from operations including cost of sales totaled $7,300,649 and the loss from operations was $5,430,870. In 2006, expenses from operations including cost of sales totaled $6,911,370; the loss from operations was $5,424,921. In 2005, expenses from operations including cost of sales totaled $6,246,563; the loss from operations totaled $4,903,025.

Total Operating costs including cost of sales for Daxor and the BVA segment were $6,351,501 for the year ended December 31, 2007 versus $6,426,768 for the year ended December 31, 2006 for a decrease of $75,267 or 1.2%. The main reason for this decrease is that $390,973 of rent and salary expense paid by Daxor was allocated to the Cryobanking segment in 2007. This allocation was not done in 2006.

Research and Development expenses for Daxor and the BVA segment increased in 2007 by $194,981 or 8.9% to $2,390,352 from $2,195,371 in 2006. Daxor is committed to making Blood Volume Analysis a standard of care in at least three disease states. In order to achieve this goal, we are continuing to spend time and money in research and development in order to get the best product to market. We are still working on the following three projects: 1) GFR: Glomeril Filtration Rate, 2) Total Body Albumin Analysis, and 3) Wipe Tests for radiation contamination and detection. We are also progressing on the next version of the delivery device for the radioactive dose Volumex. The current version is the Max-100 which has a patent. The next version, the Max-200 will be without a needle and should give the company extended protection with a second patent when it is completed.

Total Operating Costs including cost of sales for the Cryobanking segment were $949,148 for the year ended December 31, 2007 versus $485,002 for the year ended December 31, 2006 for an increase of $464,146 or 95.7%.The major reason for this increase is that $390,973 of rent and salary expense paid by Daxor was allocated to the Cryobanking segment in 2007. This allocation was not done in 2006. Payroll and Benefits expense increased in 2007 to $368,332 from $310,706 in 2006 for an increase of $57,626 or 18.6%. This increase was due mostly to the hiring of additional personnel for the Cryobanking laboratory.

In January of 2007 the Company completed the purchase of a 20,000 square foot facility, including 3.5 acres of land. This provides an opportunity for expansion. The Company selected the town of Oak Ridge, Tennessee because of its long history and association with radio isotopic facilities and its local pool of talent in this area. There are only a few sites in the United States which could provide this combination of expertise and community acceptance of nuclear medicine.

Dividend Income

Dividend income earned on the Company s securities portfolio was $2,419,476 in 2007 vs. $2,273,737 in 2006, for an increase of $145,739, or 6.4%. This is mainly due to a one-time special dividend of $156,200 received in 2007 on a stock that was not in the portfolio at December 31, 2007. Including this distribution, the Company received dividends of $381,578 on stocks that were no longer in the portfolio at the end of the year. In 2005, dividend income was $2,511,054 which included a one-time special dividend of $402,896 received as the result of a utility company merger.

Investment Gains

Gains on the sale of investments were $14,853,934 in 2007 vs. $3,316,710 in 2006, and $1,515,653 in 2005. A major reason for the increase in Gains on the sale of investments in 2007 is that the Company realized $3,954,428 in gains on securities that were sold as the result of mergers and stock buybacks. These stocks would not have otherwise been sold but would have been held by the Company as of December 31, 2007.

The sum of dividend income plus investment gain from sale of securities was $17,273,410 in 2007, $5,590,447 in 2006, and $4,026,707 in 2005.

LIQUIDITY AND CAPITAL RESOURCES

The Company s management has pursued a policy of maintaining sufficient liquidity and capital resources in order to assure continued availability of necessary funds for the viability and projected growth of all ongoing projects.

At December 31, 2007, the Company had $47,214,047 in short-term debt vs. $32,528,520 at December 31, 2006. The following amounts are included in short-term debt at December 31, 2007 and December 31, 2006: Income Taxes Payable of $1,295,668 and $13,826 respectively, Deferred Tax Liability of $15,726,213 and $15,281,370 respectively, and Securities borrowed at fair market value of $20,362,259 and $10,665,722. The Deferred Tax Liability represents taxes due on the unrealized gain of the investment portfolio and Securities borrowed at fair market value represent short positions in common stock.

At December 31, 2007, stockholders equity was $54,915,885 vs. $45,637,792 at December 31, 2006. At December 31, 2007 the Company s security portfolio had a market value of $74,919,193 vs. $66,968,446 at December 31, 2006. At December 31, 2007, the Company s total liabilities and stockholders equity were $102,560,500 vs. $78,166,312 at December 31, 2006.

Starting February 2, 2007, the Company made the first monthly mortgage payment of $5,932 (which includes principal and interest) for the properties purchased at 107 and 109 Meco Lane, Oak Ridge, Tennessee. This monthly amount is due to paid through December 31, 2011. There is a balloon payment of $301,972 due on January 2, 2012 for the remaining principal and interest. The Company has the option of making this payment or refinancing the mortgage for an additional five year term at a fixed rate of interest that would be set on January 2, 2012.

Income from the Company s security portfolio is a major asset for the Company as it expands its research and marketing staff. At December 31, 2007, the Company is in a satisfactory financial position with adequate funds available for its immediate and anticipated needs. The Company plans its budgetary outlays on the assumption that the raising of additional financial capital may be difficult in the next 2 to 4 years. The Company believes that its present liquidity and assets are adequate to sustain the additional expenses associated with an expanding sales and marketing program.

The following table shows the Cost, Market Value, Net Unrealized Gain, Unrealized Gain and Loss at December 31st from 2003 through 2007.

Valuation Date:	Cost	Fair Market Value	Net Unrealized Gain	Unrealized Gains	Unrealized Losses
December 31, 2007	$ 29,987,157	$ 74,919,193	$ 44,932,036	$ 47,386,399	$ (2,454,363)
December 31, 2006	23,307,390	66,968,446	43,661,056	43,927,770	(266,714)
December 31, 2005	25,649,467	57,246,006	31,596,539	32,440,131	(843,592)
December 31, 2004	22,907,780	54,806,400	31,898,620	32,133,292	(234,672)
December 31, 2003	22,307,744	47,399,159	25,091,415	25,409,592	(318,177)

The Company s invested capital has varied over the past 5 years, varying from $22,307,744 in 2003 to $29,987,157 in 2007. The value of the Company s investments increased from $47,399,159 in 2003 to $74,919,193 during this 5 year period. The Company has been able to partially offset the continuing operating losses which in 2007 were the highest in the Company s history. The increase in value of the Company s assets provides an underpinning for the Company s expanding activities. While there can be no assurance that these assets will not decrease in value, it is unlikely, at the present time, that they will go back to historical cost. The Company feels, however, that with respect to the Blood Volume Analyzer and the Blood Optimization Program, it is undercapitalized. Recent inquiries have indicated that additional capital is not available on reasonable terms without great dilution to existing shareholders. The Company believes that if the blood volume analyzer becomes a standard of care in any one of the areas described in this 10-K filing, it will then have much easier access to additional capital.

CRITICAL ACCOUNTING POLICIES

Management s Discussion and Analysis of Financial Condition and Results of Operations discuss the Company s condensed consolidated financial statements, which have been prepared in accordance with US GAAP. The Company considers the following accounting policies to be critical accounting policies.

Available-for-Sale Securities

Available-for-sale securities represent investments in debt and equity securities (primarily common and preferred stock of utility companies) that management has determined meet the definition of available-for-sale under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Accordingly, these investments are stated at fair market value and all unrealized holding gains or losses are recorded in the Stockholders Equity section as Accumulated Other Comprehensive Income (Loss). Conversely, all realized gains, losses and earnings are recorded in the Statement of Operations under Other Income (Expense).

The company will also engage in the short selling of stock. When this occurs, the short position is marked to the market and this adjustment is recorded in the Statement of Operations. Any gain or loss is recorded for the period presented

Historical cost is used by the Company to determine all gains and losses, and fair market value is obtained by readily available market quotes on all securities.

The Company s investment goals, strategies and policies are as follows:

1. The Company s investment goals are capital preservation and maintaining returns on this capital with a high degree of safety.

2. The Company maintains a diversified securities portfolio comprised primarily of electric utility preferred and common stocks. The Company also sells covered calls on portions of its portfolio and also sells puts on stocks it is willing to own. It also sells uncovered calls and will engage in short positions up to 15% of the value of its portfolio. The Company s short position may temporarily rise to 20% of the Company s portfolio without any specific action because of changes in valuation, but should not exceed this amount. The Company s investment policy is to maintain a minimum of 80% of its portfolio in electric utilities. Investments in utilities are primarily in electric companies. Investments in non-utility stocks will not exceed 15% of the portfolio.

3. Investment in speculative issues, including short sales, maximum of 15%.

4. Limited use of options to increase yearly investment income.

    a. The use of Call Options. Covered options can be sold up to a maximum of 20% of the value of the portfolio. This provides extra income in addition to dividends received from the company s investments. The risk of this strategy is that investments the company may have preferred to retain can be called away. Therefore, a limitation of 20% is placed on the amount of stock on which options which can be written. The amount of the portfolio on which options are actually written is usually between 3-10% of the portfolio. The actual turnover of the portfolio is such that the average holding period is in excess of 5 years for available for sale securities.

    b. The use of Put options. Put options are written on stocks which the company is willing to purchase. While the company does not have a high rate of turnover in its portfolio, there is some turnover; for example, due to preferred stocks being called back by the issuing company, or stocks being called away because call options have been written. If the stock does not go below the put exercise price, the company records the proceeds from the sale as income. If the put is exercised, the cost basis is reduced by the proceeds received from the sale of the put option. There may be occasions where the cost basis of the stock is lower than the market price at the time the option is exercised.

    c. Speculative Short Sales/Short Options. The company limits its speculative transactions to no more than 15% of the value of the portfolio. The company may sell uncovered calls on certain stocks. If the stock price does not rise to the price of the calls, the option is not exercised, and the company records the proceeds from the sale of the call as income. If the call is exercised, the company will have a short position in the related stock. The company then has the choice of covering the short position or selling a put against it. If the put is exercised, the short position is covered. The company s current accounting policy is to mark to the market at the end of each quarter any short positions, and include it in the income statement. While the company may have so-called speculative positions equal to 15% of its accounts, in actual practice the average short stock positions usually account for less than 10% of the assets of the company.

5. In the event of a merger, the Company will elect to receive shares in the new company. In the event of a cash only offer, the Company will receive cash and be forced to sell its stock.

The income derived from these investments has been essential to offset the research, operating and marketing expenses of developing the Blood Volume Analyzer. The Company has followed a conservative policy of assuring adequate liquidity so that it can expand its marketing and research development without the sudden necessity of raising additional capital. The securities in the Company s portfolio are selected to provide stability of both income and capital. The Company has been able to achieve financial stability because of these returns, which covered a significant portion of the Company s continuing losses from operations. The Company s investment policy is reviewed at least once yearly by the Board of Directors and the Audit Committee, who vote upon the policy. Individual investment decisions are made solely by Dr. Joseph Feldschuh, CEO, who devotes approximately 10 to 15% of his time, or 5 to 7.5 hours per week to this activity. He is assisted by a single

part-time employee. No other member of the Company is involved in individual investment decisions.

Revenue Recognition

The Company recognizes operational revenues from several sources. The first source is the outright sale of equipment, the Blood Volume Analyzer, to customers. The second source is the sale and associated shipping revenues of single-use radioisotope doses (Volumex) that are injected into the patient and measured by the Blood Volume Analyzer. The third source of revenue is service contracts on the Blood Volume Analyzer, after it has been sold to a customer. The fourth source of revenue is the storage fees associated with cryobanked blood and semen specimens. The fifth is lab revenues from laboratory services, and the sixth is revenue from semen sales.

The Company currently offers three different methods of purchasing the Blood Volume Analyzer equipment. A customer may purchase the equipment directly, lease the equipment, or rent the equipment on a month-to-month basis. The revenues generated by a direct sale or a monthly rental are recognized as revenue in the period in which the sale or rental occurred. If a customer is to select the lease option, the Company refers its customer to a third party finance company with which it has established a relationship, and if the lease is approved, the Company receives 100% of the sales proceeds from the finance company and recognizes 100% of the revenue. The finance company then deals directly with the customer with regard to lease payments and related collections. Daxor Corporation does not guarantee payments to the leasing company.

The sales of the single-use radioisotope doses (Volumex) that are used in conjunction with the Blood Volume Analyzer are recognized as revenue in the period in which the sale occurred.

When Blood Volume Analyzer equipment has been sold to a customer, the Company offers a one year warranty on the product, which covers all mechanical failures. This one year warranty is effective on the date of sale of the equipment. After the one year period expires, customers may purchase a service contract through the Company. Historically, service contracts were recorded by the Company as deferred revenue and were amortized into income in the period in which they were earned. Effective January 1, 2006, the Company began offering service contracts priced on an annual basis which are billed annually or quarterly depending upon the contractual arrangement with the customer. There were two hospitals that the Company billed during the year ended December 31, 2007 for the entire amount of their annual service contract. At December 31, 2007, deferred revenue pertaining to the historical service contracts was $7,417 and $0 respectively.

The storage fees associated with the cryobanked blood and semen samples are recognized as income in the period for which the fee applies. The Company invoices customers for storage fees for various time periods. These time periods range from one month up to one, two or three years. The Company will only recognize revenue for those storage fees that are earned in the current reporting period, and will defer the remaining revenues to the period in which they are earned. Effective October, 2005, the Company has altered our billing procedure as such that clients will only be billed on a quarterly basis. Therefore, future revenue recognition will not include deferred revenue on the storage fees, but rather will be earned in the same period in which the invoices are generated.

Comprehensive Income (Loss)

The Company reports components of comprehensive income under the requirements of SFAS No. 130, Reporting Comprehensive Income. This statement establishes rules for the reporting of comprehensive income and requires certain transactions to be presented as separate components of stockholders equity. The Company currently reports the unrealized holding gains and losses on available-for-sale securities, net of deferred taxes, as accumulated other comprehensive income (loss).

Product Warrantees and Related Liabilities

The Company offers a one year warranty on the Blood Volume Analyzer equipment. This warranty is effective on the date of sale and covers all mechanical failures of the equipment. All major components of the equipment are purchased and warranted by the original 3rd party manufacturers.

Once the initial one year warranty period has expired, customers may purchase annual service contracts for the equipment. These service contracts warranty the mechanical failures of the equipment that are not associated with normal wear-and-tear of the components.

To date, the Company has not experienced any major mechanical failures on any equipment sold. In addition, the majority of the potential liability would revert to the original manufacturer. Due to this history, a liability has not been recorded with respect to product / warranty liability.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management s best knowledge of current events and

actions, actual results could differ from those estimates

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. This pronouncement requires recognition of deferred tax assets and liabilities for the estimated future tax consequences of event attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of operations in the period in which the enactment rate changes. Deferred tax assets and liabilities are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized.

CONTRACTUAL OBLIGATIONS

In December 2002, the Company signed a lease which commenced on January 1, 2003, for its existing facility at the Empire State Building. The lease expires on December 31, 2015. The Company has occupied this space since January 1992. The company currently occupies approximately 7,200 square feet. There are options for an additional 18,000 square feet of space. The Company has acquired a 20,000 square foot manufacturing facility in Oak Ridge, Tennessee which is currently manufacturing the BVA-100 Blood Volume Analyzers, and where R&D activities are performed. The Company s Volumex syringes are filled by an FDA approved radio pharmaceutical manufacturer. The manufacturer has worked with Daxor since 1987. The manufacturer s prices are reviewed annually.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

	Payments Due By Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 3 Years**	**3 5 Years**	**More Than 5 years**
(Long-Term Debt Obligations) [1]	**$ 586,372**	**$ 71,190**	**$ 142,380**	**$ 372,802**	**0**
(Capital Lease Obligations)	**0**	**0**	**0**	**0**	**0**
(Operating Lease Obligations) [2]	**$ 2,690,112**	**$ 336,264**	**$ 672,528**	**$ 672,528**	**$ 1,008,792**
(Purchase Obligations)	**0**	**0**	**0**	**0**	**0**
(Other Long-Term Liabilities Reflected on the Registrant s Balance Sheet under GAAP)	**0**	**0**	**0**	**0**	**0**
Total	**$ 3,276,484**	**$ 407,454**	**$ 814,908**	**$ 1,045,330**	**$ 1,008,792**

[1] This amount represents the total monthly mortgage payment of $5,932 which includes principal and interest for the property purchased at 107 and 109 Meco Lane in Oak Ridge, Tennessee. There is a monthly payment of $5,932 through December of 2011. The Company has the option of making a balloon payment of $301,972 in January of 2012 or refinancing the remaining amount of the mortgage.

[2] This amount represents a total monthly rental payment of $28,022 which consists of base rent of $27,317 and $705 for two separate spaces at 350 5th Avenue.

Summary of Actual Portfolio Investments

The company s portfolio value is exposed to fluctuations in the general value of utilities. An increase of interest rates could affect the company in two ways: one would be to put downward pressure on the valuation of utility stocks as well as increase the company s cost of borrowing.

Because of the size of the unrealized gains in the company s portfolio, the company does not anticipate any changes which could reduce the value of the company s utility portfolio below historical cost. Utilities operate in an environment of federal, state and local regulations, and they may disproportionately affect an individual utility. The company s exposure to regulatory risk is mitigated due to it s diversity of holdings. At December 31, 2007 and 2006, the company held 63 and 62 separate stocks, respectively.

Puts and calls are marked to market for each reporting period and any gain or loss is recognized through the Statement of Operations and labeled as Mark to market of short positions .

December 31, 2007

The following is summary information on the actual Securities Portfolio held by Daxor Corporation during the year ended and as at December 31, 2007:

Description	Percent of Portfolio Cost	Cost	Market Value	Unrealized Gains	Unrealized Losses	Dividends and Interest
Utilities-Common Stock	86.51%	$ 25,941,264	$ 70,550,992	$ 46,696,888	(2,087,160)	$ 1,957,012
Non-Utilities Common	9.68%	2,903,548	2,770,677	226,645	(359,516)	4,640
Total Common Stock	96.19%	28,844,812	73,321,669	46,923,533	(2,446,676)	1,961,652
Utilities-Preferred Stock	2.25%	673,367	968,869	295,502	0	47,594
Non-Utilities-Preferred	.95%	284,332	282,105	5,460	(7,687)	9,444
Total Preferred Stock	3.20%	957,699	1,250,974	300,962	(7,687)	57,038
Total Equities	99.39%	29,802,511	74,572,643	47,224,495	(2,454,363)	2,018,690
Utilities-Bonds	.51%	151,881	289,550	137,669	0	0
Non-Utilities-Bonds	.10%	32,765	57,000	24,235	0	3,687
Total Bonds	.61%	184,646	346,550	161,904	0	3,687
Total Portfolio	100.00%	$ 29,987,157	$ 74,919,193	$ 47,386,399	$ (2,454,363)	$ 2,022,377

During the year ended December 31, 2007, the Company received $381,578 of dividends on stocks that were not in the Securities Portfolio at December 31, 2007 and was charged $74,427 for dividends on short positions. The Company also received $93,635 in money market dividends.

Summary of Put and Call Options at December 31, 2007

Description	**Proceeds Received**	**Market Value**	**Unrealized Gains**	**Unrealized Losses**
Puts	$ 1,545,102	$ 2,172,670	$ 360,565	$ (988,133)
Calls	$ 6,100,731	$ 3,799,962	$ 3,602,061	$ (1,301,292)
Total Puts and Calls	$ 7,645,833	$ 5,972,632	$ 3,962,626	$ (2,289,425)

December 31, 2006

The following is summary information on the actual Securities Portfolio held by Daxor Corporation during the year ended and as at December 31, 2006:

Description	Percent of Portfolio Cost	Cost	Market Value	Unrealized Gains	Unrealized Losses	Dividends and Interest
Utilities-Common Stock	87.88%	$ 20,481,218	$ 63,888,800	$ 43,414,597	(7,015)	$ 2,005,856
Non-Utilities Common Stock	7.76%	1,809,107	1,648,402	98,313	(259,018)	10,360
Total Common Stock	95.64%	22,290,325	65,537,202	43,512,910	(266,033)	2,016,216
Utilities-Preferred Stock	3.40%	792,419	1,114,925	322,506	0	52,009
Non-Utilities-Preferred	.17%	40,000	40,429	1,110	(681)	2,450
Total Preferred Stock	3.57%	832,419	1,155,354	323,616	(681)	54,459
Total Equities	99.21%	23,122,744	66,692,556	43,836,526	(266,714)	2,070,675
Utilities-Bonds	.65%	151,881	237,650	85,769	0	0
Non-Utilities Bonds	.14%	32,765	38,240	5,475	0	1,844
Total Bonds	.79%	184,646	275,890	91,244	0	1,844
Total Portfolio	100.00%	$ 23,307,390	$ 66,968,446	$ 43,927,770	$ (266,714)	$ 2,072,519

During the year ended December 31, 2006, the Company received $213,045 of dividends on stocks that were not in the Securities Portfolio at December 31, 2006 and was charged $19,518 for dividends on short positions. The Company also received $5,209 in money market dividends and recorded an additional $4,326 in dividend income as the value of shares received.

Summary of Put and Call Options at December 31, 2006

Description	**Proceeds Received**	**Market Value**	**Unrealized Gains**	**Unrealized Losses**
Puts	$ 655,053	$ 640,182	$ 329,018	$ (314,147)
Calls	$ 2,193,614	$ 2,042,363	$ 919,025	$ (767,774)
Total Puts and Calls	$ 2,848,667	$ 2,682,545	$ 1,248,043	$ (1,081,921)

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

In light of the Safe Harbor provisions so that a company could not be considered an investment company, we have done an analysis of what would have occurred if the company had elected to use a Safe Harbor provision instead of the cash management program that it developed which utilizes dividend paying utilities combined with option sales. It should be noted that it is not mandatory to utilize T-bills, only that it is a Safe Harbor provision, where one is not required to explain or justify that one is an operating company rather than in investment company. We elected to augment the company s revenue rather than accept the Safe Harbor T-bill scenario. We understood that there were risks, and the concept was approved by the Board of Directors of Daxor before this policy was inaugurated.

The Board of Directors reviews and approves the investment policy at least once a year. The current policy is: 1) the primary investments are in electric utilities; no more than 15% of the company s assets can be in shorts at any one time; 2) the company can continue to sell covered call options; sell naked put options on securities it is willing to own; 3) concentration of no more than 10% of any one stock in the portfolio; 4) if a stock were to grow to more than 10% due to natural increase in value, it is exempt from the 10% concentration rule. All individual investment decisions are made by Dr. Joseph Feldschuh. Dr. Feldschuh spends approximately 10 15% of his time (approximately 5 7.5 hours per week) on reviewing information relative to investment decisions, as well as transmitting instructions concerning these decisions. A single part-time administrative employee provides assistance to Dr. Feldschuh. No other employee is involved in investment making decisions. The Company subscribes to two independent investment/economic newsletters and three financial newspapers. The Company also receives free investment analysis from the two primary brokerage houses where it has corporate

accounts.

The Company has always had on its Board of Directors, for the last twenty years, at least one person who could be considered an expert on investing accounting policy with Wall Street experience.

In 1985, the Company had a secondary offering which raised approximately $7.1 million. In 1984, prior to clearance by the SEC of the underwriting, the Company had its cash management policy of investing in electric utilities reviewed by the SEC. The SEC reviewed the policy and the Company s operations, and permitted the secondary offering to proceed without any alterations. In 1992, the Company had its cash management investment policies questioned by the SEC and no action was taken against the Company. The following graphs illustrate what would have happened to the company if the Company had chosen at that time, beginning in 1993, to undertake a so-called Safe Harbor policy. Two separate T-bill rates were used for this analysis; one for an average rate of approximately 2%, and one for an average rate of approximately 3%. The 2% and 3% scenarios are reasonable approximations of which the Company might have encountered during this time. During the 15 year period of 1993-2007 which is covered in this analysis, the annual yield on U.S. Treasuries at a one year constant maturity varied from 1.24% to 6.11%.

In November 2005, the Company s cash policy was again questioned by the SEC and a formal response was provided by the Company on January 13, 2006. The following additional information is provided to illustrate what the Company s current financial position would have been had it followed a simple policy of investing its cash in treasury securities. The Company also is providing a graph adapted from information provided on the Federal Reserve website at www.federalreserve.gov. The company provided similar information in an amended 10-K filed on November 9, 2006. The current graphs include the year ended December 31, 2007.

Graph 1: Comparison of Net Earnings with Hypothetical Earnings That Would Have Resulted Had the Company Invested in Treasury Bills from 1993 to 2007 and Received a 2% Interest Rate

Graph 1 illustrates three sets of data from 1993 to 2007: 1) the company s reported net income from all sources, 2) the company s operation income minus operating expenses, and 3) a hypothetical net income calculated assuming that, rather than following its existing investment policy, the Company had invested in Treasury Bills and received an interest rate of 2%.

For the year ended December 31, 2007, the Company had net income of $10,647,216. However, for the years ended December 31, 2006, 2005 and 2004, the company recorded total losses of $785,531, $1,335,981 and $389,622 despite supplemental revenue from investments. For the years ended December 31, 1996 through December 31,2002, the company sustained heavy operating losses but was close to breaking even due to supplemental income. From 1993 to 1995, the company reported a net profit despite increasing losses from operations. As can be seen, from 1993 through 1995, the company also sustained operating losses.

Had the company invested in Treasury Bills and received a 2% interest rate the annual losses in 2007, 2006 and 2005 would have exceeded $5 million. In 2004, the loss would have been over $3 million and in 2003 close to $3 million. From 1996-2002, the company would have lost approximately $2 million each year.

Graph 2: Comparison of Net Earnings with Hypothetical Earnings That Would Have Resulted Had the Company Invested in Treasury Bills from 1993 to 2007 and Received a 3% Interest Rate

Graph 2 shows the same basic scenario as Graph 1, except that the hypothetical net income was calculated assuming a 3% interest rate from Treasury Bills. The results are similar to those from Graph 2, but the loss is slightly lower because of the 1% higher interest rate.

Graph 3: Hypothetical Change in Company Assets that Would Have Occurred Had Persistent Losses from Investment in Treasury Bills with a 2% Rate of Interest Forced the Company to Cover Losses by Liquidating Sections of its Portfolio

Graph 3 compares the Company s marketable securities at cost with a hypothetical value of securities. This hypothetical value was calculated assuming that the Company had begun investing in Treasury Bills in 1993 and received a 2% interest rate. The marketable securities at cost approximately represent the amount of money the Company has available, or its approximate assets. Using our existing investment policy, the cost of the Company s marketable securities has gradually increased from approximately $28 million at December 31, 1993 to approximately $30 million at December 31, 2007.

Had the company invested in Treasury Bills, because of the continuing net loss (as demonstrated in Graph 1), the Company would have been forced to steadily sell investment capital to cover those losses. The calculations take this dwindling supply of capital into account. Lost capital would only have been partially replaced by interest on the Treasury Bills, and the amount of investment income would have declined as the amount of capital decreased. By year end 2004, the value of the Company s securities would have dwindled to approximately $7 million, from a starting point of over $27 million. By year end 2005, the estimated value of the securities would have fallen to approximately $2 million and the Company would likely have faced likely bankruptcy by the end of 2006.

Graph 4: Hypothetical Change in Company Assets that Would Have Occurred Had Persistent Losses from Investment in Treasury Bills a 3% Rate of Interest Forced the Company to Cover Losses by Liquidating Sections of its Portfolio

Graph 4 illustrates the same scenario as Graph 3, but assuming a 3% interest rate from Treasury Bills. The loss is somewhat less in this scenario, but by year end 2004, securities would have fallen to approximately $10 million, and the estimated value of the securities by 2005 would have been approximately $5 million. Under this scenario, the Company would have been facing bankruptcy by the end of 2007.

Graph 5: Loans Payable per Year

Graph 5 illustrates the Company s loans payable at December 31 from 1993 to 2007. From 1993 to 1995, the amount of loans payable decreased sharply, and then stayed in a narrow range from 1995 to 2001, remaining below $3 million and reaching a low of $1 million at December 31, 2001. After 2001, because of the company s expanded research and development, the amount of loans began to increase steadily until December 31, 2005, when they exceeded the 1993 amount. By December 31, 2007, the amount of loans returned somewhat to 2004 levels but was still significant. Had the company invested in Treasury Bills, this would have led by year end 2007 to a combination of reduced capital, increased debt, and likely bankruptcy.

Graph 6: Operating Revenues and Total Expenses from 1993 to 2007

Graph 6 illustrates operational revenues and total expenses from 1993 to 2007. Operational revenues dropped sharply between 1995 and 1996. Between 1998 and 1999, operational revenues began to recover, and reached pre-1995 levels in 2007. Expenses were fairly constant between 1993 and 2001, but they have increased since 2001 because of the expansion in research, development, and marketing. Throughout the entire fifteen year period of 1993-2007, operating expenses have exceeded operating revenues each year.

Graph 7: Marketable Securities at Cost Compared to the Rate of Return

Graph 7 shows the cost of securities compared with rate of return (investment income/cost of securities) from 1993 to 2007. The rate of return includes dividends and net profits from security sales, but it does not include unrealized profits. If unrealized profits had been included, the rate of return would have been higher.

The actual rate of return is more than three times the rate of return that the company would have received if the Company had invested exclusively in Treasury Bills. The Company, therefore, has benefited from the cash management policy of the past 15 years.

Graph 8: Portfolio of Treasury Securities at One Year constant maturity from 1993 -2007 from Federal Reserve Bank Data.

Graph 8 shows the market yield for the past 15 years on U.S Government Treasury securities at a one year constant maturity. The yields have ranged from a high of 6.11% in 2000 down to a low of 1.24% in 2003. The average yield for the past fifteen years is 4.25%, and the average interest rate for the past five years is 3.24%.

Graph 9: Comparison of Net Earnings with Hypothetical Earnings That Would Have Resulted Had the Company Invested in Treasury Bills with Yields reported by the Federal Reserve Bank from 1993-2007.

Graph 9 illustrates the same three sets of data as graphs 1 and 2, utilizing interest rates from Graph 8. The results are similar to those from the previous two graphs, validating the accuracy of those hypothetical predictions. Had the company invested in these or similar Treasury Bills, the company would have faced persistent losses over this 15 year period.

Graph 10: Hypothetical Change in Company Assets that Would Have Occurred Had Persistent Losses from Investment in Treasury Bills with Yields Reported by the Federal Reserve Bank Forced the Company to Cover Losses by Liquidating Sections of its Portfolio

Graph 10 illustrates the same scenario as Graphs 3 and 4, utilizing the interest rates from Graph 8. Again, the results are very similar to those from graphs 4 and 5, providing validation for the hypothetical predictions. By year end 2004, securities would have fallen to approximately $15 million, and securities by year end 2005 to been approximately $10 million. Had the company invested in these or similar Treasury Bills, by year end 2006, the value of the securities would have fallen to $5 million and the Company would likely have faced bankruptcy in 2007.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Daxor Corporation

We have audited the accompanying consolidated balance sheets of Daxor Corporation and subsidiary (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Daxor Corporation and subsidiary as of December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ Rotenberg Meril Solomon Bertiger & Guttilla, P.C.

Saddle Brook, NJ

March 28, 2008

DAXOR CORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS

DAXOR CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,029,834	$ 2,838,927
Receivable from broker (held in money market accounts)	10,495,417	
Available-for-sale securities, at fair value	74,919,193	66,968,446
Securities sold, not received, at fair value	12,404,409	7,102,763
Accounts receivable, net of reserve of $57,655 in 2007 and $34,163 in 2006	214,334	174,109
Inventory	255,834	170,996
Prepaid expenses and other current assets	145,827	115,111
Total Current Assets	100,464,848	77,370,352
Property and equipment, net	2,058,494	763,802
Other assets	37,158	32,158
Total Assets	$ 102,560,500	$ 78,166,312
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 498,212	$ 399,141
Loans payable	3,314,303	3,483,161
Income taxes payable	1,295,668	13,826
Mortgage payable, current portion	37,313	
Puts and calls, at fair value	5,972,632	2,682,545
Securities borrowed, at fair value	20,362,259	10,665,722
Deferred revenue	7,417	2,755
Deferred income taxes	15,726,213	15,281,370
Total Current Liabilities	47,214,017	32,528,520
LONG TERM LIABILITIES		
Mortgage payable, less current portion	430,598	
Total Liabilities	47,644,615	32,528,250
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY		

Common stock, $.01 par value Authorized - 10,000,000 shares Issued - 5,316,550 shares Outstanding 4,468,618 and 4,615,326 shares, respectively	53,165	53,165
Additional paid in capital	10,594,161	10,381,882
Accumulated other comprehensive income	29,205,823	28,379,687
Retained earnings	23,487,371	12,840,155
Less: cost of common stock held in treasury, at cost, 847,932 shares in 2007 and 701,224 in 2006	(8,424,635)	(6,017,097)
Total Stockholders Equity	54,915,885	45,637,792
Total Liabilities and Stockholders Equity	$ 102,560,500	$ 78,166,312

See accompanying notes to consolidated financial statements.

DAXOR CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31

	2007	2006	2005
REVENUES:			
Operating revenues - equipment sales and related services	$ 1,453,201	$ 1,055,706	$ 751,071
Operating revenues - cryobanking and related services	416,578	430,743	592,467
Total Revenues	1,869,779	1,486,449	1,343,538
Costs of Sales:			
Costs of equipment sales and related services	634,938	585,742	530,652
Costs of cryobanking and related services	47,848	45,825	35,090
Total Costs of Sales	682,786	631,567	565,742
Gross Profit	1,186,993	854,882	777,796
OPERATING EXPENSES:			
Research and development expenses:			
Research and development-equipment sales and related services	2,390,352	2,195,371	2,082,835
Research and development-cryobanking and related services	186,356	137,028	69,426
Total Research and Development Expenses	2,576,708	2,332,399	2,152,261
Selling, General & Administrative Expenses:			
Selling, general, and administrative; equipment sales and related services	3,326,211	3,645,655	3,105,119
Selling, general & administrative; cryobanking and related services	714,944	301,749	423,441
Total Selling, General & Administrative Expenses	4,041,155	3,947,404	3,528,560
Total Operating Expenses	6,617,863	6,279,803	5,680,821
Loss from Operations	(5,430,870)	(5,424,921)	(4,903,025)

Other income (expenses):			
Dividend income-investment portfolio	2,419,476	2,273,737	2,511,054
Realized gains on sale of securities, net	14,853,934	3,316,710	1,515,653
Mark to market of short positions	357,337	(544,629)	(204,225)
Other revenues	11,112	13,838	14,686
Investment recovery			75,000
Interest expense, net of interest income of $12,838, $3,699 and $23,031	(197,211)	(363,952)	(296,114)
Administrative expenses relating to portfolio investments	(55,538)	(44,564)	(36,842)
Total Other income, net	17,389,110	4,651,140	3,579,212
Income (Loss) before income taxes	$ 11,958,240	($ 773,781)	($ 1,323,813)
Provision for income taxes	1,311,024	11,750	12,168
Net Income (Loss)	$ 10,647,216	($ 785,531)	($ 1,335,981)
Weighted average number of shares outstanding - basic and diluted	4,572,119	4,625,168	4,638,384
Net income (loss) per common equivalent share - basic and diluted	$ 2.33	($ 0.17)	($ 0.29)

DAXOR CORPORATION AND SUBSIDIARY
STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Common Stock							
	Number of Shares Outstanding	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock	Total	Comprehensive Income (Loss)
Balances, December 31, 2004	4,610,826	$ 53,097	$ 9,821,564	$ 21,053,089	$ 14,961,667	$ (5,636,129)	$ 40,253,288	
Change in unrealized gain on securities net of $213,257 deferred taxes				(515,339)			(515,339)	$ (515,339)
Share adjustment		68	(68)					
Net loss					(1,335,981)		(1,335,981)	(1,335,981)
Sale of treasury stock	27,500		482,406			79,447	561,853	
Purchase of treasury stock	(7,900)					(219,020)	(219,020)	
Comprehensive Income (Loss)								$ (1,851,320)
Balances, December 31, 2005	4,630,426	$ 53,165	$ 10,303,902	$ 20,537,750	$ 13,625,686	$ (5,775,702)	$ 38,744,801	
Change in unrealized gain on securities, net of $4,222,581 deferred taxes				7,841,937			7,841,937	$ 7,841,937
Option based compensation expense			77,980				77,980	
Net loss					(785,531)		(785,531)	(785,531)
Purchase of treasury stock	(15,100)					(241,395)	(241,395)	
Comprehensive Income								$ 7,056,406
Balances, December 31, 2006	4,615,326	$ 53,165	$ 10,381,882	$ 28,379,687	$ 12,840,155	$ (6,017,097)	$ 45,637,792	
Change in unrealized gain on securities, net of $444,843 deferred taxes				826,136			826,136	$ 826,136

Option based compensation expense			43,937				43,937	
Net income					10,647,216		10,647,216	10,647,216
Treasury stock issued upon exercise of stock options	17,100		168,342			91,578	259,920	
Purchase of treasury stock	(163,808)					(2,499,116)	(2,499,116)	
Comprehensive Income								$ 11,473,352
Balances, December 31, 2007	4,468,618	$ 53,165	$ 10,594,161	$ 29,205,823	$ 23,487,371	$ (8,424,635)	$ 54,915,885	

DAXOR CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 10,647,216	$ (785,531)	$ (1,335,981)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation & amortization	229,929	166,399	112,813
Provision for bad debts	23,492	(7,137)	41,300
Gain on sale of fixed assets	(151,016)	(29,802)	
Loss on disposal of fixed assets	73,384		
Non-cash consideration received on instrument sale (1)	(65,000)		
Stock dividend income received on investments		(4,326)	(402,896)
Stock based compensation associated with employee stock option plans	43,937	77,980	
Non-cash research and development Expense (1)	65,000		
Gains on sale of investments, net	(14,853,934)	(3,316,710)	(1,515,653)
Marked to market adjustments on options and shorts	(357,337)	544,629	204,225
Investment recovery			(75,000)
Change in operating assets and operating liabilities:			
(Increase)/decrease in accounts receivable (2)	(63,717)	(35,380)	24,795
(Increase) decrease in prepaid expenses & other current assets	(30,716)	115,521	(72,063)
(Increase) decrease in inventory	(84,838)	20,865	(52,523)
Increase in other assets	(5,000)		
Increase (decrease) in accounts payable and accrued liabilities	99,071	(99,057)	422,862
Increase in Income Taxes Payable	1,281,842		
Increase(decrease) in deferred income	4,662	(87,713)	(49,548)
Net cash used in operating activities	(3,143,025)	(3,440,262)	(2,697,669)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(1,642,489)	(344,534)	(285,002)
Proceeds from sale of fixed assets	195,500	65,000	
Increase in securities sold, not received	(5,301,646)	(6,083,827)	(1,018,936)
Increase in securities borrowed	9,696,537	9,362,925	1,287,900
Purchases of put and call options	(772,799)	(224,165)	(368,159)
Sale of put and call options	18,662,703	6,710,808	3,059,531
Purchase of investments	(31,263,920)	(13,697,234)	(24,092,647)
Sales of investments	25,195,606	14,238,819	21,279,360
Net cash provided by (used in) investing activities	14,769,492	10,027,792	(137,953)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from bank loan	1,400,000		
Repayment of bank loan	(1,400,000)		
Proceeds from margin loans	40,045,820	23,902,822	5,530,857
Repayment of margin loans	(50,710,095)	(27,503,033)	(2,950,144)
Proceeds from mortgage	500,000		
Repayment of mortgage	(32,089)		
Purchase of treasury stock	(2,499,116)	(241,395)	(219,020)
Proceeds from sale of treasury stock	259,920		561,853
Net cash (used in) provided by financing activities	(12,435,560)	(3,841,606)	2,923,546
Net increase (decrease) in cash and cash equivalents	(809,093)	2,745,924	87,924
Cash and cash equivalents at beginning of period	2,838,927	93,003	5,079
Cash and cash equivalents at end of period	$ 2,029,834	$ 2,838,927	$ 93,003

1. The Company owed a hospital $65,000 of credits for Volumex Kits that were paid for and used in a research study.

2. Changes in account classifications were made to consistently present investment activity and accrued liabilities as follows:

    a. Accounts Receivable for the year ended December 31, 2005 only.

See accompanying notes to consolidated financial statements

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Business

Daxor Corporation is a medical device manufacturing company that offers additional biotech services, such as cryobanking, through its wholly owned subsidiary Scientific Medical Systems Corp. The main focus of Daxor Corporation has been the development and marketing of an instrument that rapidly and accurately measures human blood volume. This instrument is used in conjunction with a single use diagnostic injection and collection kit that the Company also sells to its customers.

Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Daxor Corporation and Scientific Medical Systems Corp, a wholly-owned subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

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

Reclassifications

Reclassifications occurred to certain prior year amounts in order to conform to the current year classifications. The reclassifications have no effect on the reported net loss.

Segment Information

The Company has two operating segments: Equipment Sales and Related Services, and Cryobanking and Related Services.

The Equipment Sales and Related Services segment comprises the Blood Volume Analyzer equipment and related activity. This includes equipment sales, equipment rentals, equipment delivery fees, BVA-100 kit sales and service contract revenues.

The Cryobanking and Related Services segment is comprised of activity relating to the storage of blood and semen, and related laboratory services and handling fees.

Although not deemed an operating segment, the Company reports a third business segment; Investment activity. This segment reports the activity of the Company s Investment Portfolio. This includes all earnings, gains and losses, and expenses relating to these investments.

Cash and Cash Equivalents

The Company considers cash equivalents to be all highly liquid investments purchased with an original maturity of 90 days or less. Normally, these consist of U.S. Treasury Bills. At December 31, 2007 and 2006 there were $1,970,872 and $2,491,571 of U.S. Treasury Bills included in Cash and Cash Equivalents.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable and payable, accrued liabilities deferred option premiums and short term debt (loans payable and short positions on securities) approximate fair value because of their short maturities. The carrying amount of the mortgage payable is estimated to approximate fair value as the mortgage was closed in 2007 at a current interest rate.

Available-for-Sale Securities

Available-for-sale securities represent investments in debt and equity securities (primarily common and preferred stock of electric utility companies) that management has determined meet the definition of available-for-sale under SFAS No. 115 - *Accounting for Certain Investments in Debt and Equity Securities*. Accordingly, these investments are stated at fair value and all unrealized holding gains or losses are recorded in the Stockholders Equity section as Accumulated Other Comprehensive Income (Loss), net of tax effects. Conversely, all realized gains, losses and earnings are recorded in the Statement of Operations under Other Income (Expense).

At certain times, the Company will engage in short selling of stock. When this occurs, the short position is marked to the market and recorded as a realized sale. Any gain or (loss) is recorded for the period presented in the Statement of Operations.

Historical cost is used by the Company to determine all gains and losses, and fair value is obtained by readily available market quotes on all securities

Puts and Calls at Fair Value

As part of the company s investment strategy, put and call options are sold on various stocks the company is willing to buy or sell. The premiums received are deferred until such time as they are exercised or expire. In accordance with SFAS No. 133 - *Accounting for Derivative Instruments and Hedging Activities,* these options are marked to market for each reporting period using readily available market quotes, and this fair value adjustment is recorded as a gain or loss in the Statement of Operations.

Upon exercise, the value of the premium will adjust the basis of the underlying security bought or sold. Options that expire are recorded as income in the period they expire.

Receivable from Broker

The Receivable from Broker represents cash proceeds from sales of securities and dividends. These proceeds are kept in dividend bearing money market accounts.

Securities borrowed at fair value

When a call option that has been sold short is exercised, a short position is created in the related common stock. The recorded cost of these short positions is the amount received on the sale of the stock plus the proceeds received from the underlying call option. These positions are shown on the Balance Sheet as Securities borrowed at fair value and the carrying value is reduced or increased at the end of each quarter by the mark to market adjustment which is recorded in accordance with SFAS No. 115 *Accounting for Certain Investments in Debt and Equity Securities.*

Securities sold, not yet received at fair value

Some of the financial institutions who hold our securities do not increase our account with the cash proceeds on the sale of a short stock. In lieu of cash, our account receives a credit for the proceeds of the short sale. Cash is added to or subtracted from our account weekly based on the market value of our short positions. These securities are recorded by the Company as received but not delivered and are valued at their quoted market price.

Investment Goals, Strategies & Policies

The Company s investment goals, strategies and policies are as follows:

1. The Company s investment goals are capital preservation and maintaining returns on this capital with a high degree of safety.

2. The Company maintains a diversified securities portfolio comprised primarily of electric utility preferred and common stocks. The Company also sells covered calls on portions of its portfolio and also sells puts on stocks it is willing to own. It also sells uncovered calls and will engage in short position up to 15% of the value of its portfolio. The Company s short position may temporarily rise to 20% of the Company s portfolio without any specific action because of changes in valuation, but should not exceed this amount. The Company s investment policy is to maintain a minimum of 80% of its portfolio in electric utilities. Investments in utilities are primarily in electric companies. Investments in non-utility stocks will not exceed 15% of the portfolio.

3. Investment in speculative issues, including short sales, maximum of 15%.

4. Limited use of options to increase yearly investment income.

   a. The use of Call Options. Covered options can be sold up to a maximum of 20% of the value of the portfolio. This provides extra income in addition to dividends received from the Company s investments. The risk of this strategy is that investments the Company may have preferred to retain can be called away. Therefore, a limitation of 20% is placed on the amount of stock on which options which can be written. The amount of the portfolio on which options are actually written is usually between 3-10% of the portfolio. The actual turnover of the portfolio is such that the average holding period is in excess of 5 years for available for sale securities.

b. The use of Put options. Put options are written on stocks which the company is willing to purchase. While the company does not have a high rate of turnover in its portfolio, there is some turnover; for example, due to preferred stocks being called back by the issuing company, or stocks being called away because call options have been written. If the stock does not go below the put exercise price, the Company records the proceeds from the sale as income. If the put is exercised, the cost basis is reduced by the proceeds received from the sale of the put option. There may be occasions where the cost basis of the stock is lower than the market price at the time the option is exercised.

c. Speculative Short Sales/Short Options. The Company limits its speculative transactions to no more than 15% of the value of the portfolio. The Company may sell uncovered calls on certain stocks. If the stock price does not rise to the price of the calls, the option is not exercised, and the Company records the proceeds from the sale of the call as income. If the call is exercised, the Company will have a short position in the related stock. The Company then has the choice of covering the short position or selling a put against it. If the put is exercised, the short position is covered. The Company s current accounting policy is to mark to the market at the end of each quarter any short positions, and include it in the income statement. While the Company may have so-called speculative positions equal to 15% of its accounts, in actual practice the average short stock positions usually account for less than 10% of the assets of the Company.

5. In the event of a merger, the Company will elect to receive shares in the new company. In the event of a cash only offer, the Company will receive cash and be forced to sell its stock.

Accounts Receivable

Accounts receivable are reviewed by the Company at the end of each reporting period to determine the collectability based upon the aging of the balances and the history of the customer. As of December 31, 2007, the Company determined that a reserve of $57,655 should be placed against the outstanding receivable balance of $271,989. As of December 31, 2006, the Company determined that a reserve of $34,163 should be placed against the outstanding receivable balance of $208,272.

Inventory

Inventory is stated at the lower of cost or market, using the first-in, first-out method (FIFO), and consists primarily of finished goods.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets generally consist of prepayments for future services and corporate capital base/personal holding taxes. Prepayments are expensed when the services are received or as the prepaid capital base/personal holding taxes are offset by the related tax liability. All prepaid expenses and taxes are expensed within one year of the Balance Sheet date and are thus classified as Current Assets.

Property and Equipment

Property and Equipment is stated at cost and consists of BVA equipment loaned on a trial basis, laboratory and office equipment, furniture and fixtures, and leasehold improvements. These assets are depreciated under the straight-line method, over their estimated useful lives, which range from 5 to 39 years.

Amounts spent to repair or maintain these assets arising out of the normal course of business are expensed in the period incurred. The cost of betterments and additions are capitalized and depreciated over the life of the asset. The cost of assets disposed of or determined to be non-revenue producing, together with the related accumulated depreciation applicable thereto, are eliminated from the accounts, and any gain or loss is recognized.

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Currently, management does not believe there is any impairment of any long-lived assets.

Revenue Recognition

The Company recognizes operational revenues from several sources. The first source is the sale of equipment, the Blood Volume Analyzer, to customers. The second source is the sale of single use tracer doses supplied as Volumex kits that are injected into the patient and measured by the Blood Volume Analyzer. The third source of revenue is service contracts on the Blood Volume Analyzer, after it has been sold to a customer. The fourth source of revenue is the storage fees associated with cryobanked blood and semen specimens, and associated laboratory tests.

The Company currently offers three different methods of purchasing the Blood Volume Analyzer equipment. A customer may purchase the equipment directly, lease the equipment, or rent the equipment on a month-to-month basis. The revenues generated by a direct sale or a monthly rental are recognized as revenue in the period in which the sale or rental occurred. If a customer is to select the lease option, the Company refers its customer to a third party finance company with which it has established a relationship, and if the lease is approved, the Company receives 100% of the sales proceeds from the finance company and recognizes 100% of the revenue. The finance company then deals directly with the customer with regard to lease payments and related collections.

The sales of the single-use radioisotope doses (Volumex) that are used in conjunction with the Blood Volume Analyzer are recognized as revenue in the period in which the doses are shipped.

When Blood Volume Analyzer equipment has been sold to a customer, the Company offers a one year warranty on the product, which covers all mechanical failures. This one year warranty is effective on the date of sale of the equipment. After the one year period expires, customers may purchase a service contract through the Company, which is usually offered in one-year increments. These service contracts are recorded by the Company as deferred revenue and are amortized into income in the period in which they apply. As at December 31, 2007 and 2006, deferred revenue pertaining to these service contracts was $ 7,417and $0, respectively.

The storage fees associated with the cryobanked blood and semen samples are recognized as income in the period for which the fee applies. Although the Company historically offered annual storage fee contracts, effective October 1, 2005, the Company only offers three month storage terms.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, *Accounting for Income Taxes*. This pronouncement requires recognition of deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of operations in the period in which the enactment rate changes. Deferred tax assets and liabilities are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized.

Comprehensive Income (Loss)

The Company reports components of comprehensive income under the requirements of SFAS No. 130, Reporting Comprehensive Income. This statement establishes rules for the reporting of comprehensive income and requires certain transactions to be presented as separate components of stockholders equity. The Company currently reports the unrealized holding gains and losses on available-for-sale securities, net of deferred taxes, as accumulated other comprehensive income (loss).

Product Warranties and Related Liabilities

When a Blood Volume Analyzer has been sold to a customer, the Company offers a one year warranty on the product, which covers all mechanical failures. This one year warranty is effective on the date of sale of the unit. All major components of the equipment are purchased and warranted by the original third party manufacturers. After the one year period expires, customers may purchase a service contract through the Company, which is usually offered in one-year increments. To date, the Company has not experienced any major mechanical failures on any equipment sold. In addition, the majority of the potential liability would revert to the original manufacturer. Due to this history, a liability has not been recorded with respect to product or warranty liability.

Historically, service contracts were recorded by the Company as deferred revenue and were amortized into income in the period in which they were earned. Effective January 1, 2006, the company offers service contracts priced on annual basis which are billed quarterly and revenue is earned in the same calendar quarter that it is billed. There were three hospitals that the Company billed during the year ended December 31, 2007 for the entire amount of their annual service contract. As at December 31, 2007 and December 31, 2006, deferred revenue pertaining to the historical service contracts was $7,417 and $0 respectively.

Research and Development

Costs associated with the development of new products are charged to operations as incurred. Research and development costs for the years ended December 31, 2007, 2006 and 2005 were $2,576,708, $2,332,399 and $2,152,261. These amounts have been calculated according to the criteria specified in SFAS No. 2 *Accounting for Research and Development Costs*

Advertising Costs

Advertising expenditures relating to the advertising and marketing of the Company s products and services are expensed in the period incurred. Advertising Expenses for the years ended December 31, 2007, 2006 and 2005 amounted to $ 18,050, $17,943 and $20,262.

Earnings Per Share

The Company computes earnings per share in accordance with SFAS No. 128, Earnings per Share. Basic earnings per common share is computed by dividing income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share are based on the average number of common shares outstanding during each period, adjusted for the effects of outstanding stock options.

In 2007, 2006 and 2005, stock options were not included in the computation of diluted loss per common share due to their anti-dilutive effect. The number of anti-dilutive stock options excluded from the computation of diluted loss per common share was 90,000, 96,500, and 78,100, respectively.

Leased Employees

The Company has entered into an agreement with ADP Total Source, whereby the Company leases its employees from ADP. The agreement requires the Company to reimburse ADP for all employee wages, related taxes, employee benefit costs and human resource fees.

The Company records these payments using the same classifications for which the reimbursement is made (i.e. wage reimbursements are recorded as wage expense).

Stock Based Compensation

In December 2004, the FASB issued SFAS No. 123R - Share-Based Payment: An Amendment of FASB Statements No. 123, (SFAS 123R) which requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. SFAS 123R is effective for financial statements issued for annual reporting periods that begin after June 15, 2005. In adopting SFAS No. 123R, the Company used the modified prospective transition method, as of January 1, 2006, the first day of the Company s fiscal year 2006.

Under the modified prospective transition method, awards that are granted, modified or settled after the date of adoption will be measured and accounted for in accordance with SFAS 123R. Compensation cost for awards granted prior to, but not vested, as of the date SFAS 123R is adopted would be based on the grant date attributes originally used to value those awards for pro forma purposes under SFAS 123. The Company s condensed consolidated financial statements as of, and for the year ended December 31, 2007, reflect the impact of SFAS No. 123R. In accordance with the modified prospective transition method, the Company s consolidated financial statements for periods prior to January 1, 2006 have not been restated to reflect, and do not include, the impact of SFAS 123R.

SFAS 123R also requires the tax benefits associated with these share-based payments to be classified as financing activities in the Condensed Consolidated Statements of Cash Flows, rather than as operating cash flows as required under previous regulations.

At December 31, 2007, the Company has one stock-based compensation plan, the 2004 Stock Option Plan. This Plan allows for the issuance of a maximum of 200,000 shares of common stock or 5% of the outstanding balance of shares of the Company on the date of grant, whichever is greater. Under the provisions of the Option Plan, the exercise price of any stock options issued is a minimum of 110% of the closing market price of the Company s stock on the grant date of the option.

At December 31, 2007, there is a total unvested stock-based compensation expense of $41,090 and a total weighted average remaining service term of 0.70 years. Total share-based compensation expense recognized in the Statement of Operations aggregated $43,937 for the year ended December 31, 2007 and $77,980 for the year ended December 31, 2006.

To calculate the option-based compensation under SFAS 123R, the Company used the Black-Scholes option-pricing model, which it had previously used for the valuation of option-based awards for its pro-forma information required under SFAS 123 for periods prior to fiscal 2006. The Company s determination of fair value of option-based awards on the date of grant using the Black-Scholes model is affected by the Company s stock price as well as assumptions regarding a number of subjective variables. These variables include, but are not limited to, the Company s expected stock price volatility over the term of the awards, risk-free interest rate, and the expected life of the options. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options. The expected volatility, holding period, and forfeitures of options are based on historical experience.

The following table represents stock option activity for the year ended December 31, 2007:

	Number of Shares		Exercise Price	Remaining Contract Life
Outstanding options at beginning of period	96,500	$	19.36	2.19Yrs
Granted	30,200	$	16.84	
Exercised	(17,100)		15.20	
Canceled/Expired	(19,600)	$	21.06	
Outstanding options at end of period	90,000	$	18.93	2.60Yrs
Outstanding exercisable at end of period	59,800	$	19.99	2.93Yrs

On October 1, 2002 the Company granted options to an Officer of the Corporation giving him the right to purchase 20,000 shares of Daxor Common Stock at a price of $15.20. During the year ended December 31, 2007, the employee exercised 17,100 options and the remaining 2,900 expired without being exercised.

As part of this exercise of options, the Company sold 17,100 shares of Treasury stock for $15.20 during the year ended December 31, 2007 resulting in total proceeds due of $259,920.

Prior to the adoption of SFAS 123R, the Company accounted for stock options issued under its plans under APB Opinion No. 25, Accounting for Stock Issued to Employees , and related interpretations. If compensation cost had been determined based on fair values at the date of grant under SFAS 123, Accounting for Stock-Based Compensation , pro-forma net loss and loss per share would have been as follows:

	2005
Net loss, as reported	$ (1,335,981)
Deduct total stock-based employee compensation expense determined under fair-value-based method, net of tax	(82,790)
Proforma net income (loss)	$ (1,418,771)
Pro forma net income (loss) per common share: basic and diluted	$ (.31)

In 2007, 2006 and 2005 a total of 30,200, 36,900 and 25,000, respectively, of stock options were issued to various employees under the 2004 Stock Option Plan. The weighted-average fair value per stock option granted in 2007, 2006 and 2005 was $2.65, $2.95 and $3.40 respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2007, 2006 and 2005: no dividend yield, expected volatility of 24.14%, 24.62% and 28.65%, respectively, risk-free interest rates of 4.14%, 4.34% and 3.32%, respectively and an expected life of 3.00 years for 2007, 2.67 years for 2006 and 2.25 years for 2005.

Recent Accounting Pronouncements

In June 2006, The FASB issued Interpretation No. 48 Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. Earlier application of the provisions of this Interpretation is encouraged if the enterprise has not yet issued financial statements, including interim financial statements, in the period this Interpretation is adopted. Management does not expect that the application of this standard will have any effect on the Company s results of operations or its financial condition.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157), to define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP) and expand disclosures about fair value measurements. SFAS 157 requires quantitative disclosures using a tabular format in all periods (interim and annual) and qualitative disclosures about the valuation techniques used to measure fair value in all annual periods. SFAS 157 will be effective for the Company beginning January 1, 2008. The Company is currently evaluating the impact of adopting SFAS 157.

In September 2006, the SEC staff issued Staff Accounting Bulletin (SAB) Topic 1M (SAB 108), Financial Statements - Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements, which is effective for the 2007 year. SAB 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for the purpose of determining whether the financial statements are materially misstated. Under this guidance, companies should take into account both the effect of a misstatement on the current year balance sheet as well as the impact upon the current year income statement in assessing the materiality of a current year misstatement. Once a current year misstatement has been quantified, the guidance in SAB Topic 1M, Financial Statements - Materiality, (SAB 99) should be applied to determine whether the misstatement is material. The implementation of SAB 108 did not have any impact on the Company s financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 will be effective for the Company on January 1, 2008. The Company is currently evaluating the impact of adopting SFAS 159 on its financial statements.

In June 2007, the Emerging Issues Task Force (EITF) issued EITF 07-3, Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities, which provides guidance on the accounting for certain nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities. This issue is effective prospectively for fiscal years beginning after December 15, 2007, or fiscal 2009 for the Company. We are still assessing the potential impact of adoption.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements -- an amendment of ARB No. 51 (SFAS 160). SFAS 160 requires that ownership interests in subsidiaries held by parties other than the parent, and the amount of consolidated net income, be clearly identified, labeled, and presented in the consolidated financial statements within equity, but separate from the parent s equity. It also requires once a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. Sufficient disclosures are required to clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 will be effective for the Company beginning January 1, 2009. The Company is currently evaluating the impact of the provisions of SFAS 160 on its financial position, results of operations and cash flows and does not believe the impact of the adoption will be material.

In December 2007, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 110 (*SAB 110*). SAB 110 amends and replaces Question 6 of Section D.2 of Topic 14, Share-Based Payment of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expresses the views of the staff regarding the use of the simplified method in developing an estimate of expected term of plain vanilla share options and allows usage of the simplified method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the simplified method for estimating the expected term of plain vanilla share option grants after December 31, 2007. We currently use the simplified method to estimate the expected term for share option grants as we do not have enough historical experience to provide a reasonable estimate. We will continue to use the simplified method until we have enough historical experience to provide a reasonable estimate of expected term in accordance with SAB 110. SAB 110 is effective for the Company on January 1, 2008.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (revised 2007). SFAS No. 141(R) applies the acquisition method of accounting for business combinations established in SFAS No. 141 to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. Consistent with SFAS No. 141, SFAS No. 141(R) requires the acquirer to fair value the assets and liabilities of the acquiree and record goodwill on bargain purchases, with main difference the application to all acquisitions where control is achieved. SFAS No. 141(R) is effective for financial statements issued for fiscal years beginning after December 15, 2008 and will be adopted by the Company in the first quarter of fiscal year 2009. The Company does not expect that the adoption of SFAS No. 141(R) will have a material impact on our financial condition or results of operation.

(2) AVAILABLE-FOR-SALE SECURITIES

Upon adoption of SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, management has determined that the company s portfolio is best characterized as Available-For-Sale . SFAS No. 115 requires these securities to be recorded at their fair market values, with the offsetting unrealized holding gains or losses being recorded as Comprehensive Income (Loss) in the Equity section of the Balance Sheet. The adoption of this pronouncement has resulted in an increase in the carrying value of the company s available-for-sale securities, as at December 31, 2007 and December 31, 2006, of approximately 149.84% and 187.33%, respectively, over its historical cost.

In accordance with the provisions of SFAS No. 115, the adjustment in stockholders equity has been recorded net of the tax effect had these gains been realized.

The Company uses the historical cost method in the determination of its realized and unrealized gains and losses. The following tables summarize the Company s investments as of:

	December 31, 2007			
Type of security	Cost	Fair Value	Unrealized holding gains	Unrealized holding losses
Equity	$ 29,802,511	$ 74,572,643	$ 47,224,495	$ (2,454,363)
Debt	184,646	346,550	161,904	(0)
Total	$ 29,987,157	$ 74,919,193	$ 47,386,399	$ (2,454,363)

	December 31, 2006			
Type of security	Cost	Fair Value	Unrealized holding gains	Unrealized holding losses
Equity	$ 23,122,744	$ 66,692,556	$ 43,836,526	$ (266,714)
Debt	184,646	275,890	91,244	(0)
Total	$ 23,307,390	$ 66,968,446	$ 43,927,770	$ (266,714)

At December 31, 2007, the securities held by the Company had a market value of $74,919,193 and a cost basis of $29,987,157 resulting in a net unrealized gain of $44,932,036 or 149.84% of cost.

At December 31, 2006, the securities held by the Company had a market value of $66,968,446 and a cost basis of $23,307,390 resulting in a net unrealized gain of $43,661,056 or 187.33% of cost.

At December 31, 2007 and December 31, 2006, marketable securities, primarily consisting of preferred and common stocks of utility companies, are valued at fair value. Debt securities consist of Corporate Bonds. As at December 31, 2006, the Company held $346,550 in bonds at various rates and maturities.

(3) Valuation and Qualifying allowance

The allowance for doubtful accounts for the years ended December 31, 2007, 2006, and 2005 were as follows:

Classifications	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions From Reserves	Balance at End of Year
Year ended December 31, 2005				
Allowance for Doubtful Accounts	$	$ 41,300	$	$ 41,300
Year ended December 31, 2006				
Allowance for Doubtful Accounts	41,300		7,137	34,163
Year ended December 31, 2007				
Allowance for Doubtful Accounts	$ 34,163	$ 23,492	$	$ 57,655

There was no inventory reserve recorded for the years ended December 31, 2007, 2006 and 2005. The inventory reflects proper valuation for slow moving and obsolete items.

(4) PROPERTY AND EQUIPMENT

Property and equipment as at December 31, 2007 and 2006, respectively, consist of:

	2007	2006
Machinery and equipment	$ 1,161,413	$ 975,656
BVA Equipment on trial	782,000	578,000
Land and Land Improvements	196,991	
Buildings	598,422	
Furniture and fixtures	352,972	338,473
Leasehold improvements	591,866	295,530
	3,683,664	2,187,659
Accumulated depreciation	(1,625,170)	(1,423,857)
Property and equipment, net	$ 2,058,494	$ 763,802

For the years ended December 31, 2007 and 2006, depreciation expense for the above listed assets was $ 229,929 and $166,399.

On January 3, 2007, Daxor closed on the purchase of 3.5 acres of land at 107 and 109 Meco Lane, Oak Ridge, Tennessee that contains two separate 10,000 square foot buildings. The buildings were constructed in 2004 and each structure is a single story steel frame with metal shell and roof constructed on a concrete slab. The total purchase price for the land and buildings including closing costs was $784,064.

The build out of the buildings in Oak Ridge commenced in the beginning of July of 2007 after the Company received the necessary state and local permits and licenses and the company moved in to the new buildings during the first week of October 2007.

(5) OTHER ASSETS

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, management periodically reviews any goodwill or intangible assets for potential impairment. At December 31, 2007 and 2006, the Company had no intangible assets.

(6) LOANS AND MORTGAGE PAYABLE

LOANS PAYABLE

As at December 31, 2007 and 2006 the Company has a note payable of $1,500,000 and $1,500,000 respectively, with a bank. The note matures each year, with an option to renew, and is classified as short term. The note balance is an aggregate of borrowings (loans) that renews as one note each year. The interest rate on the note payable is the Bank s Prime Interest rate less 1.50%. The interest rate on the total amount due resets whenever the Prime Interest rate changes.

Interest expense on the note payable was $82,669 for the year ended December 31, 2007 and $88,377 for the year ended December 31, 2006.

The loans bear interest at approximately 5.75% at December 31, 2007 and 5.95% at December 31, 2006. These loans are secured by certain marketable securities of the Company.

Short term margin debt due to brokers is secured by the Company s marketable securities and totaled $1,814,303 at December 31, 2007 and $1,983,161 at December 31, 2006.

Interest expense on short term margin debt was $94,211 for the year ended December 31, 2007 and $278,937 for the year ended December 31, 2006.

SHORT-TERM BORROWINGS
Years Ended December 31, 2007 and 2006.

Column A	Column B	Column C	Column D	Column E	Column F
Category of aggregate short-term borrowings	Balance at the end of period	Weighted average interest rate at end of the period	Maximum amount outstanding during this period	Average amount outstanding during the period	Weighted average interest rates during the period
2007					
Banks	$ 1,500,000	5.75%	$ 1,500,000	$ 1,200,000	6.89%
Brokers	$ 1,814,303	5.89%	$ 2,914,807	$ 1,481,789	6.36%
All Categories	$ 3,314,303	5.83%	$ 4,414,807	$ 2,681,789	5.93%
2006					
Banks	$ 1,500,000	5.95%	$ 1,500,000	$ 1,500,000	5.95%
Brokers	$ 1,983,161	6.42%	6,752,666	3,620,616	7.70%
All Categories	$ 3,483,161	6.22%	$ 8,252,666	$ 5,120,616	7.17%

The average borrowings were determined on the basis of the amounts outstanding at each month-end. The weighted interest rate during the year was computed by dividing actual interest expense in each year by average short-term borrowings in such year.

MORTGAGE PAYABLE

Daxor financed the purchase of the land and buildings in Oak Ridge, Tennessee with a $500,000 10-year mortgage, with the first five years fixed at 7.49%. On January 2, 2012 there is a single payment of $301,972 for the remaining principal and interest on the mortgage. The Company has the option of making this payment or refinancing the mortgage for an additional five year term at a fixed rate of interest that would be set on January 2, 2012.

The future payments of principal on the mortgage for each of the next five years are as follows:

12/31/08	12/31/09	12/31/10	12/31/11	12/31/12
$ 37,313	40,306	43,431	46,798	$ 300,063

At December 31, 2007, the remaining principal due on the mortgage for the land and buildings in Oak Ridge, Tennessee is $467,911. Of this amount, $37,313 is due before December 31, 2008 and the remaining $430,598 is due after that date.

(7) SECURITIES BORROWED AT FAIR VALUE

At December 31, 2007 and 2006 the Company maintained short positions in certain marketable securities. The liability for short sales of securities is included in Securities borrowed, at fair value in the accompanying balance sheets. The cost basis of these positions or proceeds for these short sales were $18,712,876 and $10,166,081 at December 31, 2007 and 2006, respectively, and had respective market values of $20,362,259 and $10,665,722, resulting in mark to market adjustments of $(1,649,383) and $(499,641) at December 31, 2007 and 2006.

(8) PUTS AND CALLS, AT FAIR VALUE

At December 31, 2007 and 2006 the Company had open positions of put and call options on various stocks the company is willing to buy or sell.

The following summarizes the Company s Put and Call Options as of December 31, 2007 and December 31, 2006.

Put and Call Options	Selling price	Fair value	Mark to Market Adjustment
December 31, 2007	7,645,833	5,972,632	1,673,201
December 31, 2006	2,848,667	2,682,545	166,122

(9) STOCK OPTIONS

In June 2004, the Company created the 2004 Stock Option Plan in an effort to provide incentive to employees, officers, agents, consultants, and independent contractors through proprietary interest. The Board of Directors shall act as the Plan Administrator, and may issue these options at its discretion. The maximum number of shares that may be issued under this Plan is 200,000 or 5% of the Company s outstanding shares, whichever is greater. Prior to June 2004, the Company issued options to various employees under the previous Stock Option Plan that was also administered by the Board of Directors. All issuances have varying vesting and expiration timelines. As at December 31, 2007, 2006 and 2005, 59,800, 62,800 and 67,100 of the outstanding options were exercisable, respectively.

Details of employee option activity are as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2004	62,500	$ 17.64
Granted	25,000	23.96
Exercised	(3,200)	15.73
Cancelled/Expired	(6,200)	21.36
Outstanding, December 31, 2005	78,100	$ 17.64
Granted	36,900	19.47
Exercised		
Cancelled/Expired	(18,500)	19.92
Outstanding, December 31, 2006	96,500	$ 19.36
Granted	30,200	16.84
Exercised	(17,100)	15.20
Cancelled/Expired	(19,600)	21.06
Outstanding, December 31, 2007	90,000	$ 18.93
Outstanding - excercisable, December 31, 2007	59,800	$ 19.99

The following table summarizes information concerning currently outstanding and exercisable options at December 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2007	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable December 31, 2007	Weighted-Average Exercise Price
Below - $16.00	16,700	2.05 years	$ 15.64	12,500	$ 15.77
$16.01 - $18.00	35,000	3.57 years	$ 16.99	9,000	$ 16.70
$18.01 - $20.00	1,000	1.51 years	$ 19.44	1,000	$ 19.44
$20.01 - $22.00	22,300	1.94 years	$ 21.44	22,300	$ 21.44
$22.01 - $25.00	11,000	1.94 years	$ 22.68	11,000	$ 22.68
$25.01 above	4,000	2.12 years	$ 25.20	4,000	$ 25.20
	90,000	2.60 years	$ 18.93	59,800	$ 19.99

In addition to the employee options described above, the Company issued 25,000 options to a non-employee consultant on March 1, 2002 at an exercise price of $21.00. These options were exercised during 2005.

On October 1, 2002 the Company granted options to an Officer of the Corporation giving him the right to purchase 20,000 shares of Daxor Common Stock at a price of $15.20. During the year ended December 31, 2007, the employee exercised 17,100 options and the remaining 2,900 expired without being exercised.

1,000 options were granted to a member of the Board of Directors of the Company on July 5, 2006 at an exercise price of $19.44. This member of the Board of Directors received a grant of an additional 1,000 options on October 26, 2007 at an exercise price of $17.47.These options are reflected in the schedule shown above.

Another member of the Board of Directors received a grant of 2,000 options on April 12, 2007 at an exercise price of $15.11. These options are reflected in the schedule shown above.

(10) CURRENT INCOME TAXES

The provision for income taxes, all of which is current, is comprised of the following:

	2007	2006	2005
Federal			
Undistributed PHC tax	1,021,164		
AMT Tax	219,977		
State Franchise taxes	69,883	11,750	12,168
Total Current Tax Provision	1,311,024	11,750	12,168

The current federal income tax is comprised of the personal holding company (PHC) income tax assessment of $1,021,164 and the Alternative Minimum Tax (AMT) of $219,977.

Under Internal revenue code section 542 a company is defined as a PHC if it meets both an ownership test and an income test. The ownership test is met if a company has five or fewer shareholders that own more than 50% of the company, which is applicable to Daxor. The income test is met if PHC income items such as dividends, interest and rents exceed 60% of adjusted ordinary gross income. Adjusted ordinary income is defined as all items of income except capital gains. For the year ended December 31, 2007, more than 60% of Daxor s adjusted gross income came from items defined as PHC income.

Determining the PHC tax liability requires computing Daxor s undistributed PHC income and taxing such PHC income at the statutory rate of 15%. Undistributed PHC income is current year taxable income of the Company, exclusive of the net operating loss carry forward deduction that is allowed for regular tax purposes. Undistributed PHC income for the year ended December 31, 2007 was $11,096,760. The calculation does allow for certain deductions and the most significant of these deductions is long-term capital gains, which for Daxor in 2007 was $4,063,828. During 2007 the Company had a large amount of short-term capital gains totaling $10,258,359. Short term capital gains are not a deduction for PHC tax purposes, and therefore the Company had undistributed PHC income of $6,807,758, that gave rise to the PHC tax liability. To avoid the PHC tax, the Company could have elected to distribute its undistributed PHC income as a dividend to its shareholders and the Company elected not to do so.

The AMT liability is caused because the statute limits AMT NOL carry forwards to 90% of AMT taxable income, leaving 10% to be taxed at AMT rates.

The federal tax liability was paid on March 17, 2008.

The long and short term capital gains are shown on the Income Statement as part of Gains on sales of securities, net .

State franchise taxes are based on the company s net worth.

The following is a reconciliation for the year ended December 31, 2007 between the federal statutory rate of 35% and the effective rate:

Book Income	3,726,525	35.00%
Non-deductible items	459,110	4.31%
Franchise Tax	69,883	0.66%
Undistributed PHC tax	1,021,164	9.59%
AMT Tax	219,977	2.07%
Dividend deduction	(592,771)	-5.57%
NOL Utilization	(3,592,864)	-33.74%

1,311,024	12.32%

By statute, the tax years ended December 31, 2003 through December 31, 2006 remain open to examination by the major taxing jurisdictions to which we are subject.

(11) DEFERRED INCOME TAXES

Deferred income taxes result from differences in the recognition of gains and losses on marketable securities, as well as operating loss carry forwards, for tax and financial statement purposes. The deferred income tax results in a liability for the marketable securities, while the operating loss carry forwards result in a deferred tax asset.

A valuation allowance has been recorded for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset balance due to the history of losses and the variability of operating results. These net operating losses and corresponding expiration dates are as follows:

Net Operating Loss	Expiration Date December 31;
$ 723,939	2022
$ 2,362,191	2023
$ 1,964,522	2024
$ 2,916,514	2025
$ 1,776,823	2026

The deferred tax liability that results from the marketable securities does not flow through the Statement of Operations due to the classification of the marketable securities as available-for-sale. Instead, the deferred tax liability is recorded against the Accumulated Other Comprehensive Income, in the Stockholders Equity section of the Balance Sheet.

The deferred tax computations, computed at federal statutory rates of 35% in 2007 and 35% in 2006, are as follows:

	2007	2006
Deferred tax assets:		
Net operating loss carry forwards	$ 3,410,396	$ 5,724,139
Valuation allowance	(3,410,396)	(5,724,139)
Total deferred tax assets	0	0
Deferred tax liabilities:		
Fair market value adjustment for available-for-sale securities	$ 15,726,213	$ 15,281,370

As a result of the implementation of FIN 48, we recognized no material adjustment to unrecognized tax benefits. At the adoption date of January 1, 2007, we had $5,724,139 of unrecognized tax benefits, all of which would affect our effective tax rate if recognized. At December 31, 2007 we have $ 3,410,396 of unrecognized tax benefits.

A valuation allowance has been established equal to the full amount of the deferred tax assets as the Company is not assured at December 31, 2007 and December 31, 2006 that it is more likely than not that these benefits will be realized. The valuation allowance is evaluated considering positive and negative evidence about whether the deferred tax assets will be realized. At that time of evaluation, the allowance is either increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax assets is no longer impaired and the allowance is no longer required. The decrease in the valuation allowance of approximately $2,314,000 was due to the decrease in the net operating loss of Daxor Corporation and subsidiary.

(12) CERTAIN CONCENTRATIONS AND CONTINGENCIES

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of the common stock of marketable electric utilities. At December 31, 2007, stocks representing 97.98% of the market value of common stocks held by the Company were listed on either the New York Stock Exchange (NYSE) or the American Stock Exchange (AMEX). The Company maintains its investments in six different brokerage accounts, four at UBS, one at Merrill Lynch and one at JP Morgan Chase. The limits of this insurance which is offered by the Securities Investor Protection Corporation (SIPC) is up to $100,000 for the total amount of cash on deposit and up to $500,000 for the total amount of securities held at Merrill Lynch and JP Morgan Chase. UBS provides supplemental insurance up to the face value of the securities in excess of the SIPC limit of $500,000.

Each of these brokerage houses is well known in the industry and management does not believe that these securities bear any risk of loss over and above the basic risk that a security bears through the normal activity of the securities markets. However, as at December 31, 2007, the fair market value of securities in excess of the insured limits is $26,820,046 and the cash on deposit in excess of the insured limit is $9,395,416.

In the Company s fiscal year ended December 31, 2007 there were three customers (hospitals) that accounted for 32% of the Company s total consolidated sales. Management believes that the loss of any one customer would have an adverse effect on the Company s consolidated business for a short period of time. All three of these hospitals have purchased their BVA-100 equipment. The Company has not had any situations in which a hospital, after having purchased a blood volume analyzer, discontinued purchasing Volumex kits. This suggests that, when more hospitals purchase equipment, they will continue with ongoing purchase of Volumex kits. The Company continues to seek new customers, so that any one hospital will represent a smaller percentage of overall sales.

The Company s Volumex syringes are filled by an FDA approved radio pharmaceutical manufacturer. This manufacturer is the only one approved by the FDA in the United States to manufacture Volumex for interstate commerce. If this manufacturer were to cease filling the Volumex syringes for Daxor before the Company had a chance to make alternative arrangements, the effect on Daxor s business could be material.

As disclosed in our Form 10-Q for the period ended September 30, 2007, the Centers for Medicare and Medicaid Services (CMS) implemented a significant policy change affecting the reimbursement for all diagnostic radiopharmaceutical products and contrast agents which was effective as of January 1, 2008. Diagnostic radiopharmaceuticals such as Daxor s Volumex will not be separately reimbursable by Medicare for outpatient services. At this time, it is unclear if this policy change will also be implemented by private third party health insurance companies.

The reimbursement policy for hospital outpatients through December 31, 2007 included payment for both the cost of the procedure to perform a blood volume analysis (BVA) and the radiopharmaceutical (Daxor s Volumex radiopharmaceutical). CMS s new policy only includes the reimbursement for the procedure and would require the hospital to absorb the cost of the radiopharmaceutical. There will be an upward adjustment for the procedure code to include some of the costs of the radiopharmaceutical. However, this upward adjustment does not entirely cover the costs associated with the procedure and the radiopharmaceutical.

Many medical societies and major manufacturers of radiopharmaceuticals and contrast agents are currently engaged in an aggressive attempt to reverse this ruling. The Company has had similar issues in the past that have negatively impaired revenue from operations. This particular issue may have a similar impact. However, at the present time, the Company is unable to quantify what the effect of this ruling will be on revenue from operations for the year ending December 31, 2008.

As discussed in our Form 10-K for the year ended December 31, 2006, by a letter dated February 8, 2007, the staff of the Northeast Regional Office of the United States Securities and Exchange Commission advised Dr. Joseph Feldschuh, the President and Chief Executive Officer of Daxor that it is recommending that the Commission bring action against Dr. Feldschuh and Daxor Corporation for violation of Section 7(a) of the Investment Company Act. The company responded to the Securities and Exchange Commission on March 9, 2007.

The company received a notice from the SEC in November of 2005 about whether or not it should be designated as an investment company. The company responded to this notice on January 13, 2006. The Company has provided extensive documentation directly to the SEC and in the 10-K filing for the year ended December 31, 2006 as to why it is primarily an operating company and not primarily an investment company.

As disclosed in our Forms 10-Q for the quarters ended June 30, 2007 and September 30, 2007, the Company received a verbal request from the Northeast Regional Office of the United States Securities and Exchange Commission (SEC) in June of 2007 for information pertaining to discussions that had taken place at previous meetings with representatives of the SEC in 1984 and 1992. The Company has complied with that request.

The company cannot determine whether the Commission will decide to bring an enforcement action against either the Company or its Chief Executive Officer, nor can the Company determine the nature or amount of any legal or other regulatory penalties or sanctions that may be imposed.

A resolution was passed at the Board of Directors meeting of March 23, 2007 whereby the Company agreed to indemnify the Chief Executive Officer for any expenses he may incur if the Securities and Exchange Commission brings an enforcement action against him as specified in their letter of February 8, 2007.

The Company has incurred claims in the normal course of business. None of these claims had a material effect on the financial statements. At the present time there are no pending legal claims.

(13) RELATED PARTY TRANSACTIONS

The Company subleases a portion of its New York City office space to the President of the Company for five hours per week. This sublease agreement has no formal terms and is executed on a month to month basis. The annual amount of rental income received from the President of the Company in the years ended December 31, 2007, 2006 and 2005 was $11,022, $10,646 and $9,750.

Jonathan Feldschuh is the co-inventor of the BVA-100 Blood Volume Analyzer and is the son of Dr. Joseph Feldschuh. In 2007 he provided specialized consulting services with respect to the blood volume analyzer for which he received a salary of $18,720 plus benefits. He is expected to provide a limited amount of consultative help in the filing of the additional patents in 2008.

(14) RESEARCH AND DEVELOPMENT EXPENSES

All research and development costs are expensed in the period they are incurred. Research and development costs for the years ended December 31, 2007, 2006 and 2005 were $2,576,708, $2,332,339 and $2,152,261. These amounts have been classified according to the criteria specified in SFAS No. 2 *Accounting for Research and Development Costs*.

(15) INTEREST EXPENSE AND INCOME

Interest expense was $210,049, $367,651, and $319,145 and interest income was $12,838, $3,699, and $23,031 in 2007, 2006, and 2005 respectively.

(16) COMMITMENTS

(A) Operating Leases

The Company leases office and laboratory space in both New York City. The lease agreement for the New York City facility is a non-cancelable lease, subject to annual increases based on the Consumer Price Index, and will expire on December 31, 2015.

The Company subleased space in its New York facility to a related party and a third party in 2007, 2006 and 2005. As of December 31, 2007, the Company is only subleasing space to a related third party. The amount of rental income received for the year ended December 31, 2007, 2006 and 2005 was $11,022, $13,646 and $14,686 and is classified as other income in the Statement of Operations.

Future minimum rental payments under the non-cancelable operating lease, exclusive of future cost of living and tax escalation increases, are as follows:

2008	$	336,264
2009	$	336,264
2010	$	336,264
2011	$	336,264
2012	$	336,264
Thereafter	$	1,008,792

Rent expense for all non-cancelable operating leases was $371,561, $352,560, and $284,147 for the years ended December 31, 2007, 2006 and 2005 respectively.

(17) SUBSEQUENT EVENTS

There were no subsequent events which took place after December 31, 2007 which required disclosure in this Form 10-K.

(18) SEGEMENT REPORTING

The Company has two operating segments: the sale of blood volume analysis equipment and related services, and cryobanking services which encompasses blood and semen storage and related services. In addition, the Company reports an additional segment, Investment Activity, although it is not deemed to be an operating segment.

The following tables summarize the results of each segment described above for the years ended December 31, 2007, 2006 and 2005.

	December 31, 2007			
	Equipment Sales & Related Services	Cryobanking & Related Services	Investment Activity	Total
Revenues	$ 1,453,201	$ 416,578		$ 1,869,779
Cost of sales	634,938	47,848		682,786
Research and Development	2,390,352	186,356		2,576,708
Selling, general and administrative expenses	3,326,211	714,944		4,041,155
Operating loss	(4,898,300)	(532,570)		(5,430,870)
Investment income, net				
Dividends			2,419,476	2,419,476
Gain on sales of securities, net			14,853,934	14,853,934
Mark to market of short positions			357,337	357,337
Administrative expenses relating to portfolio investments			(55,538)	(55,538)
Total Investment income, net			17,575,209	17,575,209
Interest expense, net, of interest income of $12,838	(33,169)		(164,042)	(197,211)
Other income	11,022	90	0	11,112
Income (loss) before income taxes	(4,920,447)	(532,480)	17,411,167	11,958,240
Income tax expense	56,328	563	1,254,133	1,311,024
Net income (loss)	$ (4,976,775)	$ (533,043)	$ 16,157,034	$ 10,647,216
Total assets	$ 4,594,491	$ 146,990	$ 97,819,019	$ 102,560,500

	December 31, 2006			
	Equipment Sales & Related Services	Cryobanking & Related Services	Investment Activity	Total
Revenues	$ 1,055,706	$ 430,743	$	$ 1,486,449
Cost of sales	585,742	45,825		631,567
Research and Development	2,195,371	137,028		2,332,399

Selling, general and administrative expenses	3,645,655	301,749		3,947,404
Operating loss	(5,371,062)	(53,859)		(5,424,921)
Investment income				
Dividends			2,273,737	2,273,737
Gain on sales of securities, net			3,316,710	3,316,710
Mark to market of short positions			(544,629)	(544,629)
Administrative expenses relating to portfolio investments			(44,564)	(44,564)
Total Investment income, net			5,001,254	5,001,254
Interest income (expense), net of interest income of $3,699		(258)	(363,694)	(363,952)
Other income	13,652	186		13,838
Income (loss) before income taxes	(5,357,410)	(53,931)	4,637,560	(773,781)
Income tax expense	11,350	400		11,750
Net income (loss)	$ (5,368,760)	$ (54,331)	$ 4,637,560	$ (785,531)
Total assets	$ 3,978,385	$ 116,718	74,071,209	$ 78,166,312

	December 31, 2005			
	Equipment Sales & Related Services	Cryobanking & Related Services	Investment Activity	Total
Revenues	$ 751,071	$ 592,467		$ 1,343,538
Cost of sales	530,652	35,090		565,742
Research and Development	2,082,835	69,426		2,152,261
Selling, general and administrative expenses	3,105,119	423,441		3,528,560
Operating income (loss)	(4,967,535)	64,510		(4,903,025)
Investment income				
Dividends			2,511,054	2,511,054
Gain on sales of securities, net			1,515,653	1,515,653
Mark to market of short positions			(204,225)	(204,225)
Investment Recovery			75,000	75,000
*Administrative expenses relating to portfolio investments			(36,842)	(36,842)
Total Investment income, net			3,860,640	3,860,640
Interest expense, net of interest income of $23,031		803	(296,917)	(296,114)
Other income	13,850	836	0	14,686
Income (loss) before income taxes	(4,953,685)	66,149	3,563,723	(1,323,813)
Income tax expense	11,601	567		12,168
Net income (loss)	$ (4,965,286)	$ 65,582	$ 3,563,723	$ $ (1,335,981)
Total assets	$ 2,191,982	$ 127,065	$ 57,246,006	$ 59,565,053

(19) SELECTED FINANCIAL DATA

Summary of Quarterly Financial Data (Unaudited) for the Year Ended December 31, 2007

Description	Quarter ended 03/31/07	Quarter ended 06/30/07	Quarter ended 09/30/07	Quarter ended 12/31/07
Operating Revenues	$ 505,882	$ 545,318	$ 349,547	$ 469,032
Operating Expenses including Cost of Sales	$ 1,711,749	$ 1,779,579	$ 1,918,386	$ 1,890,935
Other Income	$ 4,265,861	$ 3,574,176	$ 3,524,442	$ 6,024,631
Income Taxes				$ 1,311,024
Net Income	$ 3,059,994	$ 2,339,915	$ 1,955,603	$ 3,291,704
Income Per Share	$ 0.66	$ 0.51	$ 0.43	$ 0.73

Summary of Quarterly Financial Data (Unaudited) for the Year Ended December 31, 2006

Description	Quarter ended 03/31/06	Quarter ended 06/30/06	Quarter ended 09/30/06	Quarter ended 12/31/06
Operating Revenues	$ 342,146	$ 389,322	$ 420,140	$ 334,841
Operating Expenses including Cost of Sales	$ 1,614,265	$ 1,914,928	$ 1,663,524	$ 1,718,653
Other Income	$ 1,233,137	$ 1,659,926	$ 315,592	$ 1,442,485
Income Taxes				$ 11,750
Net Income (Loss)	$ (38,982)	$ 134,320	$ (927,792)	$ 46,923
Income (Loss) Per Share	$ (0.01)	$ 0.03	$ (0.20)	$ 0.01

The consolidated statements of operations data for the years ended December 31, 2007, 2006, 2005 are derived from our audited consolidated financial statements that are included herein. The consolidated statements of operations data for the years ended December 31, 2004 and 2003 have been derived from audited consolidated financial statements that are not included in this report.

Operations Data:

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Operating revenues	$ 1,869,779	$ 1,486,449	$ 1,343,538	$ 1,066,314	$ 1,013,647
Total revenues	1,869,779	1,486,449	1,343,538	1,066,314	1,013,647
Costs and expenses:					
Operations of laboratories & costs of production	682,786	631,567	565,742	251,622	246,206
Research and Development	2,576,708	2,332,399	2,152,261	1,566,115	1,246,526
Selling, general and administrative	4,041,155	3,947,404	3,528,560	2,790,444	2,600,310
Total costs and expenses	7,300,649	6,911,370	6,246,563	4,608,181	4,093,042
Loss from operations	(5,430,870)	(5,424,921)	(4,903,025)	(3,541,867)	(3,079,395)
Other Income and Expenses:					
Dividend income	2,419,476	2,273,737	2,511,054	1,990,669	1,897,669
Gains on sale of investments	14,853,934	3,316,710	1,515,653	989,599	238,550
Mark to Market of Short Positions	357,337	(544,629)	(204,225)	266,807	115,871
Other revenues	11,112	13,838	14,686	15,245	15,571
Investment Recovery			75,000		
Admin Expense relating to portfolio investments	(55,538)	(44,564)	(36,842)	(1,126)	0
Interest expense, net of Interest Income	(197,211)	(363,952)	(296,114)	(108,949)	(83,133)
Total Other Income and Expenses	17,389,110	4,651,140	3,579,212	3,152,245	2,184,528
Income (Loss) before income taxes	11,958,240	(773,781)	(1,323,813)	(389,622)	(894,867)
Provision for income taxes	1,311,024	11,750	12,168		
Net Income (Loss)	$ 10,647,216	$ (785,531)	$ (1,335,981)	$ (389,622)	$ (894,867)
Weighted average number of common shares outstanding - basic and diluted	4,572,119	4,625,168	4,638,384	4,615,993	4,645,700
Income (Loss) per common equivalent share - basic and diluted	$ 2.33	$ (0.17)	$ (0.29)	$ (0.08)	$ (0.19)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None to report.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of December 31, 2005, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer, Chief Financial Officer and Treasurer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to Rule 13a-14 under the Securities and Exchange of 1934, as amended.

During the calendar year ended December 31, 2005, the Company had insufficient numbers of internal personnel possessing the appropriate knowledge, experience and training in applying US GAAP and in reporting financial information in accordance with the requirements of the Commission. The evaluation revealed the following: insufficient controls over dissemination of information regarding non-routine and complex transactions by our accounting staff to our management, as well as incorrect treatment and lack of proper analysis of such transactions by our accounting staff. This weakness resulted in material adjustments proposed by our independent registered accountants with respect to our financial statements for the calendar years ended December 31, 2005, 2004 and 2003. As a result of these weaknesses, the figures for the years ended December 31, 2004 and 2003 were restated on November 9, 2006 from their previous filing.

In late 2005, the Company hired a Controller, who is a Certified Public Accountant to oversee the accounting department and coordinate the efforts of analysis and dissemination. These efforts include design changes and related monitoring of the internal control system. The Company temporarily hired two Certified Public Accountants to assist with the work required to bring our prior financial statements into compliance with all reporting requirements. It is management s intention to address accounting issues on a timely basis, and prevent misstatement based on errors and/or lack of understanding. Management now believes the internal controls and disclosure controls and procedures in place at December 31, 2007 to be effective.

The Company s management and Board of Directors are fully committed to the review and evaluation of our procedures and policies designed to assure effective internal control over financial reporting. It is the opinion of management that the additions to the internal accounting staff will assist in the establishment of an effective design and operation of the internal control system and will improve the quality of future period financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by item 10 is incorporated by reference to our proxy statement for our 2008 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the close of our 2007 year end.

Item 11. Executive Compensation.

The information required by item 11 is incorporated by reference to our proxy statement for our 2008 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the close of our 2007 year end.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information required by item 12 is incorporated by reference to our proxy statement for our 2008 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the close of our 2007 year end.

Item 13. Certain Relationships and Related Transactions.

There are no relationships or related transactions beyond those which have been disclosed in the 10-K.

Item 14. Principal Accounting Fees and Services.

For the years ended December 31, 2007 and December 31, 2006, the Company paid (or will pay) the following fees to Rotenberg Meril Solomon Bertiger & Guttilla, PC, its independent registered accounting firm, for services rendered during the year or for the audit in respect of those years:

Fee Type	2007	2006
Audit Fees (1)	$ 104,863	$ 104,185
Tax Fees (2)	10,346	5,000
All Other Fees	2,565	
Total	$ 117,774	$ 109,185

(1) Fees paid for professional services rendered in connection with the audit of the annual financial statements and review of the quarterly financial statements for each fiscal year.

(2) Represents fees paid for tax compliance, tax planning and related tax services.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

DAXOR CORPORATION

by: /s/ Joseph Feldschuh

Joseph Feldschuh, M.D
President and Principal
Executive Officer
Chairman of the Board

Dated: March 31, 2008

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	*Title*	*Date*
/s/ Joseph Feldschuh	*President and Director* *Principal Executive Officer*	*March 31, 2008*
Joseph Feldschuh, M.D.		
/s/ Stephen Feldschuh	*Chief Operating Officer*	*March 31, 2008*
Stephen Feldschuh		
/s/ David Frankel	*Chief Financial Officer*	*March 31, 2008*
David Frankel		
/s/ Diane M. Meegan	*Corporate Secretary*	*March 31, 2008*
Diane M. Meegan		
/s/ Robert Willens	*Director*	*March 31, 2008*
Robert Willens		
/s/ James Lombard	*Director*	*March 31, 2008*
James Lombard		
/s/ Martin Wolpoff	*Director*	*March 31, 2008*
Martin Wolpoff		
/s/ Stephen Valentine	*Director*	*March 31, 2008*
Stephen Valentine		
/s/ Robert Moussa	*Director*	*March 31, 2008*
Robert Moussa		

Board of Directors:

Name	*Title*
Dr. Joseph Feldschuh	*Chairman, President, & CEO*
James Lombard	*Director*
Martin Wolpoff	*Director*
Robert Willens	*Director*
Stephen Valentine	*Director*
Robert Moussa	*Director*