NYMOX PHARMACEUTICAL CORP
Form 6-K
March 14, 2008

**FORM 6-K**

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Report of Foreign Issuer**
**Pursuant to Rule 13a-16 or 15d-16**
**under the Securities Exchange Act of 1934**

For the period ended December 31, 2007

Commission File Number: 001-12033

## Nymox Pharmaceutical Corporation

9900 Cavendish Blvd., St. Laurent, QC, Canada, H4M 2V2

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F _X_ Form 40-F ___

Indicate by check mark if the registrant is submitting Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(l): ___

Indicate by check mark if the registrant is submitting Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ___ No _X_

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

82-_____

**MESSAGE TO SHAREHOLDERS**

Nymox is pleased to present its audited financial statements for its fiscal year ended December 31, 2007.

In February 2008, the Company reported statistically significant positive results in a new 32 site U.S. study of NX-1207 for benign prostatic hyperplasia (BPH). The mean improvement in this Phase 2 study (9.71 points in the BPH Symptom Score) was superior to the study comparator, which was finasteride, an approved drug for BPH (4.13 points) (p=.001). The study demonstrated a statistically significant greater improvement in patients given full dose NX-1207 compared to low dose NX-1207 (p=.033). Safety results in the clinical trial were excellent.

The Company s prospective randomized placebo controlled Phase 2 U.S. study, completed in 2006, confirmed the positive efficacy and safety results for NX-1207 from earlier studies. After 3 months, patients treated with NX-1207 had a mean improvement of 9.35 points in Symptom Score values. This improvement was significantly greater than the 3.5 to 5 points typically reported for currently approved drugs for BPH, which must be taken on an ongoing basis. The results of the trial demonstrated the excellent safety and side effect profile of NX-1207. In particular, patients given NX-1207 had no significant sexual side effects.

The AUA Symptom Score is a standardized and widely accepted questionnaire used to assess the severity of BPH symptoms and the efficacy of treatments for BPH. The AUA Score consists of seven questions relating to frequency of problems with urination such as urgency, starting and stopping, straining, poor flow rate, incomplete emptying of the bladder and getting up at night to urinate (nocturia). The patient scores the frequency of each problem on a scale of 0 (not at all) to 5 (almost always). The resulting AUA Symptom Score ranges from 0 points (no symptoms) to 35 points (severe). A score of 8 points or more indicates moderate to severe symptoms warranting consideration of treatment

options. BPH is a common disorder of older men, afflicting approximately half of men over age 50 and close to 90% of men by age 80. The disorder causes difficulties with urination associated with aging, such as urination at night, urge to void frequently, hesitancy, weak stream, and other problems.

In 2007, Nymox also reported positive results from long-term outcome studies of patients treated with NX-1207 for BPH.

On March 9, 2007, Nymox announced positive results from a long-term blinded placebo-controlled outcome study of 116 unselected subjects at 26 clinical trial sites across the U.S. from its earlier Phase II study. The study assessed symptom scores and treatment outcome 8-19 months after a single NX-1207 treatment. Overall, without further NX-1207 treatment, patients initially treated with NX-1207 showed a total pooled mean improvement of 7.4 points in the primary outcome endpoint of AUA Symptom Score values, which reached statistical significance when compared with the placebo control (p=.028). In terms of treatment outcomes, patients treated with NX-1207 had significantly more (p=.02) favorable outcomes compared to placebo. No significant sexual side effects from NX-1207 treatment were reported.

On May 7, 2007, Nymox announced positive results from a long-term outcome study of NX-1207 for BPH evaluating the symptomatic progress of U.S. patients involved in the Company s Phase 1-2 studies initiated in 2003. Patients treated with NX-1207 were followed on an unselected and as available basis, and assessed for symptomatic improvement, treatment outcomes, and durability of efficacy 3½ years after treatment. Overall, patients treated with NX-1207 showed a mean improvement of 8.6 points in the primary outcome endpoint of AUA Symptom Score value 42 months after NX-1207 treatment. 50% of these patients reported no additional treatment for BPH during this period and had a mean improvement of 10.0 points in AUA Symptom Score. This sustained improvement in BPH symptom score after NX-1207 treatment compares favorably with currently approved BPH drugs which, unlike NX-1207 treatment, require ongoing daily administration to be effective.

On November 28, 2007, Nymox reported positive results from a further long-term outcome blinded, placebo controlled study of unselected subjects from its earlier Phase II study. 24 clinical trial sites across the U.S. and 103 subjects participated in the study which assessed symptom scores and treatment outcome 2 years (range 16-27 months) after a single treatment with NX-1207 or placebo. At the time of follow-up, 52% of patients treated with NX-1207 were not on BPH medication and had not required surgical intervention for their BPH since their initial treatment with NX-1207; these patients had a mean improvement of 10.2 points in AUA BPH Symptom Score values, the widely accepted scale used to assess the efficacy of BPH treatments. For patients with prostate size <70 grams, the results showed that a statistically significant percentage of patients initially treated once with NX-1207 were not on BPH medication and had not required surgical intervention as compared to patients who received placebo. In this important population, (which corresponds to the group typically used in most studies for comparison with other drugs), the results showed that 60% of patients who received NX-1207 required no other BPH treatment, and had maintained an improvement of 11.3 points in BPH Symptom Score (p<.05 versus placebo). There were no significant sexual side effects from NX-1207.



The results from the 2 year follow-up study of NX-1207 were reported in the Dec. 6, 2007 issue of *Urology Times* in a report entitled BPH treatment offers promising 2-year results . *Urology Times* is a leading news source for urologists, with an editorial board of nationally recognized experts in urology.

In September and October, a series of peer-reviewed papers about clinical trial results of NX-1207 were presented to the American Urological Association (AUA) members across the U.S. Clinical results from Nymox s studies of NX-1207 were presented at the South Central AUA Meeting in Colorado Springs on September 8, at the New England Section of the AUA Meeting in Boston on September 28, the Mid-Atlantic Section of the AUA Meeting in Bermuda on October 20 and at the meeting of the Western Section of the AUA held in Scottsdale, Arizona on October 30. The individual papers were authored by leading clinical research investigators participating in the U.S. clinical trials of NX-1207.

On December 12, Nymox reported that it had conducted a formal survey of a group of expert urologists in the U.S. which had helped the Company to refine its strategy for NX-1207. Urologists expressed a strong interest in NX-1207, and a preference for its route of administration. There has been wide interest shown by urologists in this new drug, based on public comments made by doctors at presentations of NX-1207 data at meetings of the American Urological Association in Boston, Colorado Springs, Bermuda, and Scottsdale. The Company has received a large number of emails and calls from patients and doctors throughout the U.S. and internationally, interested in participating in clinical trials and wanting to learn more about the drug. The Company is carefully considering its options for future marketing arrangements for NX-1207.

The successful results of a multi-center double blind independent clinical study of the Company s urinary AlzheimAlert test were published in the January 2007 issue of the *Journal of the American Medical Directors Association* (*J Am Med Dir Assoc.* Jan 2007; 8:21-30; A multi-center blinded prospective study of urine neural thread protein measurements in patients with suspected Alzheimer s disease, .Goodman I et al.). The independent peer-review study from 8 prestigious centers across the U.S. found the level of accuracy of the AlzheimAlert urine test to be over 90%. The study was double-blind and involved expert assessments and state of the art clinical correlations and continued evaluations.

In January 2007, a second peer-reviewed report was published in the *Journal of Clinical Laboratory Analysis* providing further positive data on the accuracy and utility of the Company s urinary AlzheimAlert test (*J Clin Lab Anal.* Jan 2007;21:24-33, Competitive ELISA studies of neural thread protein in urine in Alzheimer s disease ). The paper reported excellent performance in laboratory studies and impressive reproducibility of

clinical test results for patients and controls who were re-tested at intervals ranging from 2 days to 4.5 years.

On May 17, Nymox announced that the successful results of an important pediatric second-hand smoke study of the Company s NicAlert product were the subject of a podium presentation by Professor Anne Turner Henson of the University of Alabama at the International Conference of the American Thoracic Society in San Francisco. The study involved 100 pre-school children who were investigated for second-hand smoke exposure, smokers in the family, and other health issues. The International Conference of the American Thoracic Society is one of the largest gatherings of Pulmonary and Critical Care clinicians and researchers in the world and covers a broad range of topics relating to lung disease and health advocacy and education, including asthma, the environment, chronic obstructive pulmonary disease, tobacco control, lung cancer, and pediatric lung disease.

On September 18, Nymox announced the publication of an independent study reporting positive data on the accuracy and usefulness of the Company s Saliva NicAlert test for tobacco exposure in a family practice setting. The paper, Validation of Self-Reported Smoking Status Using Saliva Cotinine: A Rapid Semiquantitative Dipstick Method, (*Cancer Epidemiol Biomarkers Prev.* Sep 2007;16:1858-62) was published in the peer-reviewed journal *Cancer Epidemiology Biomarkers & Prevention*, published by the American Association for Cancer Research (AACR) and is co-authored by principal investigators, Dr. Norman J. Montalto and Dr. Wayne O. Wells, both physicians with long-standing interest and expertise in the field of tobacco use and dependency. The studies involved 172 patients aged 6 to 80 at family practice medical clinics supervised by Dr. Montalto and Dr. Wells.



On August 29, an important study published in *Neurology* (August 2007;69;878-885) found evidence showing an association between statin use and a lower risk of neuropathologic changes in the brain associated with Alzheimer s disease. Researchers found that the brains of statin users showed significantly less risk of having the typical signs of Alzheimer s disease than nonusers, including a more than twofold reduction in the risk of having one of the major hallmarks of AD (neurofibrillary tangles). Nymox holds U.S. and global patent rights for the use of statin drugs for the prevention and treatment of AD, including for patients at risk for AD because of vascular-related risk factors or disease.

We wish to thank our over 4,000 Nymox shareholders for your strong support. The Nymox team is working diligently to advance our pipeline of projects. We look forward enthusiastically to a successful upcoming year for your Company.

/s/ Paul Averback, MD
Paul Averback MD
President

March 14, 2008



**CORPORATE INFORMATION**

Directors & Corporate Officers

| | |
|---|---|
| Paul Averback MD, DABP | - CEO, President and Chairman |
| Roy M. Wolvin | - CFO |
| Jack Gemmell LLB | - General Counsel and Director |
| Brian Doyle BSc, MBA | - Senior Manager, Global Sales and Marketing |
| Celine Dupuis MD, DABP | - Chief Clinical Officer |
| Randall Lanham Esq | - Director |
| Paul McDonald | - Director |

| | |
|---|---|
| Roger Guy MD | - Director |
| Prof. David Morse PhD | - Director |
| Auditors | KPMG LLP |
| Legal Counsel | Foley & Lardner |
| Transfer Agent | Computershare Investor Services |
| Bankers | CIBC / Bank of America |
| Stock Exchange Listings | The NASDAQ Stock Market |
| Stock Trading Symbol | NASDAQ : NYMX |
| Operating Facilities | 777 Terrace Avenue<br>Hasbrouck Heights, NJ, USA, 07604<br><br>9900 Cavendish Blvd.<br>St.-Laurent, PQ, Canada H4M 2V2 |
| Website | www.nymox.com |
| E-mail | info@nymox.com |

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**MANAGEMENT S DISCUSSION AND ANALYSIS**
**(in US dollars)**

This Management s discussion and analysis (MD&A) comments on the Company s operations, performance and financial condition as at and for the years ended December 31, 2007 and 2006, compared to the preceding years. This MD&A should be read together with the audited Consolidated Financial Statements and the related notes. This MD&A is dated March 14, 2008. All amounts in this report are in U.S. dollars, unless otherwise noted.

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

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

**Overview**

**Corporate Profile**

Nymox Pharmaceutical Corporation is a biopharmaceutical company with three unique proprietary products on the market, and a significant R&D pipeline of drug products in development. Nymox is developing NX-1207, a novel treatment for benign prostatic hyperplasia. NX-1207 has shown positive results in several Phase 1 and 2 clinical trials in the U.S. The Company successfully completed a 43 site randomized prospective placebo controlled Phase 2 U.S. clinical trial of NX-1207 in 2006, which showed statistically significant efficacy and a good safety profile. Nymox also reported, in February 2008, positive results in a 32 site U.S. Phase 2 prospective randomized clinical trial, with statistically significant improvement compared to an approved BPH drug (finasteride). The Company reported positive results in 2007 from a 2 year follow-up study of NX-1207 in 103 BPH patients. The Company is developing new treatments for bacterial infections in humans and for the treatment of E. coli O157:H7 contamination in food products. Nymox has candidates which are under development as drug treatments aimed at the causes of Alzheimer s disease, and has several other drug candidates in development. Nymox has U.S. and global patent rights for the use of statin drugs for the treatment and prevention of Alzheimer s disease. Nymox developed and is currently offering its AlzheimAlert test, a nationally certified clinical reference laboratory urinary test that is the world s only accurate, non-invasive aid in the diagnosis of Alzheimer s disease. The AlzheimAlert test is certified with a CE Mark, making the device eligible for sale in the European Union. Nymox has signed distribution deals for AlzheimAlert with several companies in Europe. Nymox also developed and markets NicAlert and TobacAlert ; tests that use urine or saliva to detect use of and exposure to tobacco products. NicAlert has received clearance from the U.S. Food and Drug Administration (FDA) and is also certified with a CE Mark in Europe. TobacAlert is the first test of its kind to accurately measure second hand smoke exposure in individuals.

**Risk Factors**

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

It is Uncertain When, if Ever, We Will Make a Profit
We May Not Be Able to Raise Enough Capital to Develop and Market Our Products
We Face Challenges in Developing, Manufacturing and Improving Our Products
Our Products and Services May Not Receive Necessary Regulatory Approvals
We Face Significant and Growing Competition
We May Not Be Able to Successfully Market Our Products



Protecting Our Patents and Proprietary Information is Costly and Difficult
We Face Changing Market Conditions
Health Care Plans May Not Cover or Adequately Pay for our Products and Services
We Face Potential Losses Due to Foreign Currency Exchange Risks

**Critical Accounting Policies**

In December 2001, the Securities and Exchange Commission ( SEC ) released Cautionary Advice Regarding Disclosure About Critical Accounting Policies . According to the SEC release, accounting policies are among the most critical if they are, in management s view, most important to the portrayal of the company s financial condition and most demanding on their calls for judgment.

The consolidated financial statements of the Company have been prepared under Canadian generally accepted accounting principles and include a reconciliation to accounting principles generally accepted in the United States (see Canadian/US reporting differences in the Notes to the Consolidated Financial Statements). The Company s functional and reporting currency is the United States dollar. Our accounting policies are described in the notes to our annual audited consolidated financial statements. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing our financial statements and the matters that could impact our results of operations, financial condition and cash flows.

Revenue Recognition

The Company has generally derived its revenue from product sales, research contracts, license fees and interest. Revenue from product sales is recognized when the product or service has been delivered or obligations as defined in the agreement are performed. Revenue from research

contracts is recognized at the time research activities are performed under the agreement. Revenue from license fees, royalties and milestone payments is recognized upon the fulfillment of all obligations under the terms of the related agreement. These agreements may include upfront payments to be received by the Company. Upfront payments are recognized as revenue on a systematic basis over the period that the related services or obligations as defined in the agreement are performed. Interest is recognized on an accrual basis. Deferred revenue presented in the balance sheet represents amounts billed to and received from customers in advance of revenue recognition. Revenues from agreements that include multiple elements are considered to be a revenue arrangement with multiple deliverables. Under this type of arrangement, the identification of separate units of accounting is required and revenue is recognized for each unit as described above.

The Company currently markets AlzheimAlert as a service provided by our CLIA certified reference laboratory in New Jersey. Physicians send urine samples taken from their patients to our laboratory where the AlzheimAlert test is performed. The results are then reported back to the physicians. We recognize the revenues when the test has been performed. The Company sometimes enters into bulk sales of its diagnostic services to customers under which it has a future obligation to perform related testing services at its laboratory. Although the Company receives non-refundable upfront payments under these agreements, revenue is recognized in the period that the Company fulfils its obligation or over the term of the arrangement. For research contracts and licensing revenues, the Company usually enters into an agreement specifying the terms and obligations of the parties. Revenues from these sources are only recognized when there are no longer any obligations to be performed by the Company under the terms of the agreement.

Valuation of Long-lived Assets

Property and equipment and intellectual property rights acquired are stated at cost and are amortized on a straight-line basis over the estimated useful lives. The Company reviews the unamortized balance of property and equipment, intellectual property rights and patents on an annual basis and recognizes any impairment in carrying value when it is identified. Factors we consider important, which could trigger an impairment review include:

Significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
Significant negative industry or economic trends.



Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value (net recoverable value). If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds its fair value. Management s judgment regarding the existence of impairment indicators is based on legal factors, market conditions and operating performances. Future events could cause management to conclude that impairment indicators exist and that the carrying values of the Company s property, equipment or intellectual property rights acquired are impaired. Any resulting impairment loss could have a material adverse impact on the Company s financial position and results of operations.

Valuation of Future Income Tax Assets

Management judgment is required in determining the valuation allowance recorded against net future tax assets. We have recorded a valuation allowance of $14.2 million as of December 31, 2007, due to uncertainties related to our ability to utilize all of our future tax assets, primarily consisting of net operating losses carried forward and other unclaimed deductions, before they expire. In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income and tax planning strategies. The generation of future taxable income is dependent on the successful commercialization of its products and technologies.

**Results of Operations**

| Selected Annual Information | 2007 | 2006 | 2005 |
|---|---|---|---|
| Total revenues | $433,933 | $442,861 | $426,282 |
| Net loss | $(5,290,431) | $(4,893,685) | $(3,584,528) |
| Loss per share (basic & diluted) | $(0.18) | $(0.18) | $(0.14) |
| Total assets | $4,260,346 | $3,970,845 | $3,719,039 |

| Quarterly Results 2007 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Total revenues | $138,666 | $87,412 | $70,226 | $137,629 |
| Net loss | $(1,132,520) | $(1,464,950) | $(1,386,084) | $(1,306,878) |
| Loss per share (basic & diluted) | $(0.04) | $(0.05) | $(0.05) | $(0.05) |

| Quarterly Results 2006 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Total revenues | $96,009 | $120,360 | $141,817 | $84,675 |
| Net loss | $(1,059,246) | $(1,360,621) | $(1,238,833) | $(1,234,985) |
| Loss per share (basic & diluted) | $(0.04) | $(0.05) | $(0.04) | $(0.04) |

All amounts are in U.S. dollars.

Results of Operations 2007 compared to 2006

Net losses were $1,306,878 or $0.05 per share, for the quarter and $5,290,431 or $0.18 per share for the year ended December 31, 2007, compared to $1,234,985, or $0.04 per share for the quarter and $4,893,685 or $0.18 per share for the year ended December 31, 2006. The increase in net losses for both the quarter and the year is attributable to increased expenditures in research and development of products in the Company s pipeline and due to increased stock compensation expenses. The weighted average number of common shares outstanding for the year ended December 31, 2007 was 29,005,342 compared to 27,644,749 for the same period in 2006.

There have been no material adjustments nor extraordinary items during the fourth quarter or during the year ended December 31, 2007.



Revenues

Revenues from sales amounted to $135,002 for the quarter and $412,923 for the year ended December 31, 2007, compared with $83,478 for the quarter and $437,440 for the year ended December 31, 2006. The variance for the quarter is due to timing differences in the orders of products in 2007 compared to 2006. The variance for the year is due to a decrease in sales to Europe (AlzheimAlert decrease of 33.2% and NicAlert/TobacAlert decrease of 53.9%). The development of therapeutic candidates and of moving therapeutic product candidates through clinical trials is a priority for the Company at this time. The growth of sales will become more of a priority once these candidates have reached the marketing stage. The Company expects that revenues will increase if and when product candidates pass clinical trials and are launched on the market.

Research and Development

Research and development expenditures were $720,869 for the quarter and $2,797,903 for the year ended December 31, 2007, compared with $701,498 for the quarter and $2,594,714 for the year ended December 31, 2006. Research and development expenditures include costs incurred in advancing Nymox s BPH product candidate NX-1207 through clinical trials, as well as costs related to its R&D pipeline in development. Management s decision to increase expenditures in 2007 relating to general research on therapeutic candidates in the Company pipeline explains the increase for the quarter and year-to-date. For the year-ended 2007, research tax credits amounted to $68,041 compared to $53,618 in 2006 as a result of additional expenditures claimed for refundable tax credits in 2007 compared to 2006. The Company expects that research and development expenditures will decrease as product candidates finish development and clinical trials. However, because of the early stage of development of the Company s R&D projects, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete these projects, nor the anticipated completion dates for these projects. The facts and circumstances indicating the uncertainties that preclude us

from making a reasonable estimate of the costs and timing necessary to complete projects include the risks inherent in any field trials, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture the products in accordance with current good manufacturing requirements (cGMP) and in sufficient quantities both for large scale trials and for commercial use. A drug candidate that shows efficacy can take a long period (7 years or more) to achieve regulatory approval. There is also uncertainty whether we will be able to successfully adapt our patented technologies or whether any new products we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such products at a commercially competitive price. In addition, given the very high costs of development of therapeutic products, we anticipate having to partner with larger pharmaceutical companies to bring therapeutic products to market. The terms of such partnership arrangements along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such products will likely not be within our sole control.

Marketing Expenses

Marketing expenditures amounted to $66,517 for the quarter and $236,395 for the year ended December 31, 2007, compared with $66,513 for the quarter and $236,054 for the year ended December 31, 2006. Expenditures year-to-date in 2007 were consistent compared to the same period in 2006. The Company expects that marketing expenditures will increase if and when new products are launched on the market.

Administrative Expenses

General and administrative expenses amounted to $247,882 for the quarter and $970,919 for the year ended December 31, 2007, compared with $192,723 for the quarter and $954,397 for the year ended December 31, 2006. The increase for the quarter and the year is due to higher professional fees relating to compliance with United States securities laws, and in particular Section 404 of the Sarbanes-Oxley Act and related regulations. The Company expects that general and administrative expenditures will increase as new product development leads to expanded operations.



Stock-based Compensation

The Company accounts for stock option grants using the fair value method, with compensation cost measured at the date of grant and amortized over the vesting period. The increase in stock-based compensation in 2007 relates to grants made in 2006 and 2007. In the first quarter of 2007, 10,000 fully-vested options were granted to a consultant. Under the fair value based method, the stock-based compensation cost of this grant, amounting to $33,960, was recorded in the first quarter. In the third quarter of 2007, 40,000 fully-vested options were granted to directors of the Company. Under the fair value based method, the stock-based compensation cost of this grant, amounting to $146,360, was recorded in the third quarter. In addition, in each quarter of 2007, stock-based compensation costs were recorded of $204,680 (total $818,720 in 2007) for the 3,565,500 options granted in 2006, which vest quarterly over six years, and of $4,055 (total $16,220 in 2007) for the 50,000 options granted in 2003 which vested annually over four years

Foreign Exchange

The Company incurs expenses in the local currency of the countries in which it operates, which include the United States and Canada. Approximately 72% of 2007 expenses (75% in 2006) were in U.S. dollars. Foreign exchange fluctuations had no meaningful impact on the Company s results in 2007 or 2006.

Inflation

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

Results of Operations 2006 compared to 2005

Net losses were $1,234,985, or $0.04 per share for the quarter and $4,893,685, or $0.18 per share, for the year ended December 31, 2006, compared to $821,088, or $0.03 per share, and $3,584,528, or $0.14 per share, respectively, for the corresponding periods in 2005. The increase in net losses is attributable to stock-based compensation costs relating to an increase in grants of stock options in 2006 in comparison to 2005 and to an increase in expenditures in 2006 relating to moving the Company s NX-1207 candidate through clinical trials. The weighted average number of common shares outstanding for the year ended December 31, 2006 was 27,644,749 compared to 26,080,470 for the same period in 2005.

Revenues

Revenues from sales amounted to $83,478 for the quarter and $437,440 for the year ended December 31, 2006, compared with $106,082 for the quarter and $424,506 for the year ended December 31, 2005. A large order of NicAlert by one client accounted for the increase for the year in 2006 compared to the same period in 2005. The variance for the quarter is due to timing differences in the orders of products in 2006 compared to 2005.

Research and Development

Research and development expenditures were $701,498 for the quarter and $2,594,714 for the year ended December 31, 2006, compared with $350,476 for the quarter and $1,831,591 for the year ended December 31, 2005. Increased expenses relating to moving the Company s NX-1207 product candidate through clinical trials explains the increase for the quarter and for the year. For the year-ended 2006, research tax credits amounted to $53,618 compared to $3,075 in 2005 as a result of additional expenditures claimed for refundable tax credits in 2006 compared to 2005.

Marketing Expenses

Marketing expenditures were $66,514 for the quarter and $236,054 for the year ended December 31, 2006, in comparison to expenditures of $80,785 for the quarter and $273,392 for the year ended December 31, 2005. Management s decision to lower expenditures for publicity accounts for the reduction in the quarter and for the year.



Administrative Expenses

General and administrative expenses amounted to $192,723 for the quarter and $954,397 for the year ended December 31, 2006, compared with $293,131 for the quarter and $1,202,080 for the year ended December 31, 2005. The reduction in expenses in both the quarter and for the year is due to management s decision to lower expenditures in salaries (decrease of 17.6%), insurance (decrease of 37.9%) and shareholder relations (decrease of 35.6%).

Stock-based Compensation

The increase in stock-based compensation costs is due to the following stock option grants in 2007 and 2006. In the second quarter of 2006, 200,000 fully-vested options were granted, in replacement of an equal number of options which had expired, to option holders still associated with the Company. Under the fair value based method, the stock-based compensation cost of this grant, amounting to $338,400, was recorded. Also in the second quarter of 2007, 40,000 fully-vested options were granted to directors of the Company. Under the fair value based method, the stock-based compensation cost of this grant, amounting to $65,760, was recorded. In the third quarter of 2006, 3,565,500 options were granted to directors and employees of the Company, of which 194,250 were vested. Under the fair value based method, the stock-based compensation cost recorded in the third quarter for these options was $278,008. In the fourth quarter of 2006, stock-based compensation costs were recorded of $204,680 for the 3,565,500 options granted in the second quarter, which vest quarterly over six years. An amount of $16,220 was also recorded in 2006 for the 50,000 options granted in 2003 which vest annually over four years

**Contractual Obligations**

Nymox has no financial obligations of significance other than long-term lease commitments for its premises in the United States and Canada of $21,441 per month.

| Contractual Obligations | Total | Current | 2-4 years | 5+ years |
|---|---|---|---|---|
| Rent | $686,124 | $257,296 | $428,827 | $0 |
| Operating Leases | $40,028 | $18,530 | $21,499 | $0 |
| Total Contractual Obligations | $726,152 | $275,826 | $450,326 | $0 |

The Company has no binding commitments for the purchase of property, equipment, patents or intellectual property. The Company has no commitments that are not reflected in the balance sheet except for operating leases.

**Transactions with Related Parties**

The Company had no transactions with related parties in 2007 or 2006.

**Financial Position**

Liquidity and Capital Resources

As of December 31, 2007, cash totaled $273,108 and receivables including tax credits totaled $128,421. In November 2006, the Corporation signed a common stock private purchase agreement, whereby an investor is committed to purchase up to $13 million of the Corporation s common shares over a twenty-four month period commencing November 13, 2006. As at December 31, 2007, 11 drawings were made under this purchase agreement, for total proceeds of $5,950,000. On December 6, 2006, 29,499 common shares were issued at a price of $3.39 per share. On December 13, 2006, 56,818 common shares were issued at a price of $3.52 per share. On December 20, 2006, 91,185 common shares were issued at a price of $3.29 per share. On January 24, 2007, 121,294 common shares were issued at a price of $3.71 per share. On February 14, 2007, 181,087 common shares were issued at a price of $4.97 per share. On March 26, 2007, 67,869 common shares were issued at a price of $5.89 per share. On April 26, 2007, 97,276 common shares were issued at a price of $5.14 per share. On May 9, 2007, 286,145 common shares were issued at a price of $6.64 per share. On September 6, 2007, 57,582 common shares were issued at a price of $5.21 per share. On October 11, 2007, 77,042 common shares were issued at a price of $6.49 per share. On December 4, 2007, 64,205 common shares were issued at a price of $6.23 per share.



The Company negotiated a new agreement with the same investor on November 16, 2007, under the same terms and conditions of the previous agreement. The Company can draw down $15,000,000 over 24 months under the new agreement. At December 31, 2007, the Company can draw down $15,000,000 over the remaining 22 months under the agreement. The Company intends to access financing under this agreement when appropriate to fund its research and development. The Company believes that funds from operations as well as from existing financing agreements will be sufficient to meet the Company s cash requirements for the next twelve months.

**Subsequent Events**

As at March 14, 2008, 3 drawings were made under the common stock private purchase agreement, for total proceeds of $980,000. On January 30, 2008, 50,917 common shares were issued at a price of $4.91 per share. On February 12, 2008, 84,980 common shares were issued at a price of $5.06 per share. On March 4, 2008, 56,391 common shares were issued at a price of $5.32 per share.

**Outstanding Share Data**

As of March 14, 2008, there were 29,558,041 common shares of Nymox issued and outstanding. In addition, 4,819,000 share options are outstanding, of which 2,300,250 are currently vested. There are no warrants outstanding.

**Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company s Chief Executive Officer and its Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures. They are assisted in this responsibility by the Company s disclosure committee, which is composed of members of senior management. Based on an evaluation of the Company s disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of December 31, 2007.

**Internal Control over Financial Reporting**

Management s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial

statements.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management, with the assistance of outside experts, conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2007, based on the framework set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, management concluded that internal control over financial reporting was effective as of that date.



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

KPMG LLP, an independent registered public accounting firm, which audited and reported on our financial statements in this Annual Report, has issued an unqualified attestation report on the effectiveness of our internal control over financial reporting.

Changes in Internal Controls Over Financial Reporting

There have been no changes during fiscal 2007 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Changes to Accounting Policy**

Effective with the commencement of its 2007 fiscal year, the Corporation adopted the Canadian Institute of Chartered Accountants ( CICA ) Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3251, Equity, CICA Handbook Section 3855, Financial Instruments Recognition and Measurement, CICA Handbook Section 3861, Financial Instruments Disclosure and Presentation, and CICA Handbook Section 3865, Hedges. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income, but that are excluded from net income calculated in accordance with generally accepted accounting principles.

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

The standards also require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

As a result of the adoption of these standards, the Corporation has classified its accounts receivable and long-term receivable as loans and receivables , and its accounts payable, accrued liabilities and notes payable as other financial liabilities . These classifications had no impact on the Corporation s financial position or results of operations. In addition, the adoption of standards of Sections 1530, 3251, 3855 and 3861 had no impact on the financial statements for the year ended December 31, 2007.

Capital Disclosures

In December 2006, the CICA issued Section 1535, Capital Disclosures. This Section established standards for disclosing information about an entity s capital and how it is managed. This Section is effective for fiscal periods beginning on or after October 1, 2007. This new standard relates to disclosure only and will not impact our financial results.

Financial Instruments Disclosure and Presentation

In December 2006, the CICA issued Section 3862, Financial Instruments Disclosure, and Section 3863, Financial Instruments Presentation. These Sections are effective for fiscal periods beginning on or after October 1, 2007. These sections replace existing Section 3861, Financial Instruments Disclosure and Presentation. Disclosure standards are enhanced and expanded to complement the changes in accounting policy adopted in accordance with Section 3855, Financial Instruments Recognitions and Measurement. These new standards relate to disclosure and presentation only and will not impact our financial results.

Inventories

In June 2007, the CICA issued Section 3031, Inventories, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards (IFRS). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. This Section applies to interim and annual financial statements beginning on or after January 1, 2008. We have not yet determined what the impact of adopting this standard will have on our consolidated financial statements.

International Financial Reporting Standards

In 2005 the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with International Financial Reporting Standards (IFRS). In May 2007, the CICA published an updated version of its Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP . This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting standards with IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. These standards are effective January 1, 2011.

**Forward Looking Statements**

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

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

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



**MANAGEMENT S REPORT**

The accompanying consolidated financial statements have been prepared by management and were approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of this Annual Report. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The reconciliation to U.S. GAAP is presented in Notes to the Consolidated Financial Statements. In preparing these consolidated financial

statements, management selects appropriate accounting policies and uses its judgment and best estimates to report events and transactions as they occur. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Financial data included throughout this Annual Report is prepared on a basis consistent with that of the financial statements.

To assist management in discharging these responsibilities, the Company maintains a system of internal controls which are designed to provide reasonable assurance that its assets are safeguarded, that transactions are executed in accordance with management s authorization and that the financial records form a reliable base for the preparation of accurate and timely financial information.

KPMG LLP, the Company s auditors, are appointed by the shareholders. They independently review the Company s system of internal controls and perform the necessary tests of accounting records and procedures to enable them to report their opinion as to the fairness of the consolidated financial statements in conformity with Canadian generally accepted accounting principles. In addition, our auditors have issued an attestation report on the effectiveness of the Company s internal controls over financial reporting as of December 31, 2007.

The Board of Directors ensures that the management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through an Audit Committee composed of three independent Directors. The Audit Committee meets periodically with management and with the external auditors, to review audit recommendations and any matters, which the auditors believe, should be brought to the attention of the Board of Directors. The Audit Committee also reviews the consolidated financial statements and recommends to the Board of Directors that the statements be approved for issuance to the shareholders.

/s/ Paul Averback, MD
Paul Averback
Chief Executive Officer &
President
February 15, 2008

/s/ Roy Wolvin
Roy Wolvin
Chief Financial Officer &
Secretary-Treasurer



Consolidated Financial Statements of

# NYMOX PHARMACEUTICAL CORPORATION

Years ended December 31, 2007, 2006 and 2005

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## AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Nymox Pharmaceutical Corporation as at December 31, 2007 and 2006 and the consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended December 31, 2007. These financial statements are the responsibility of the Corporation s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007, in accordance with Canadian generally accepted accounting principles.

(signed) KPMG LLP
Chartered Accountants

Montréal, Canada
February 15, 2008 (except for note 16 (c), which is as of March 4, 2008)



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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Nymox Pharmaceutical Corporation

We have audited the accompanying consolidated balance sheets of Nymox Pharmaceutical Corporation (the Corporation ) and subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Corporation s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used 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 financial position of the Corporation and subsidiaries as of December 31, 2007 and 2006 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007 in conformity with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain respects from US generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in note 13 to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation s internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 15, 2008 expressed an unqualified opinion on the effectiveness of the Corporation s internal control over financial reporting.

(signed) KPMG LLP
Chartered Accountants

Montréal, Canada
February 15, 2008 (except for note 16 (c), which is as of March 4, 2008)





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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Nymox Pharmaceutical Corporation

We have audited Nymox Pharmaceutical Corporation s (the Corporation ) internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting as presented in the section entitled Internal Control over Financial Reporting included in the accompanying Management s Discussion and Analysis. Our responsibility is to express an opinion on the Corporation s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and the Canadian generally accepted auditing standards, the consolidated balance sheets of the Corporation as of December 31, 2007 and 2006 and the related consolidated statements of operations, shareholders equity and cash flows for each of the years in the three-year period ended December 31, 2007, and our report dated February 15, 2008 expressed an unqualified opinion on those consolidated financial statements.

(signed) KPMG LLP
Chartered Accountants

Montréal, Canada
February 15, 2008



**NYMOX PHARMACEUTICAL CORPORATION**
Consolidated Financial Statements

Years ended December 31, 2007, 2006 and 2005

**Financial Statements**

**NYMOX PHARMACEUTICAL CORPORATION**
Consolidated Balance Sheets

December 31, 2007 and 2006
(in US dollars)

| | 2007 | 2006 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 273,108 | $ 235,124 |
| Accounts receivable | 60,380 | 46,307 |
| Research tax credits receivable | 68,041 | 53,618 |
| Inventories | 29,431 | 44,145 |
| | 430,960 | 379,194 |
| Long-term security deposit | 26,994 | 35,993 |
| Long-term receivables (note 7) | 70,000 | 70,000 |
| Property and equipment (note 4) | 19,710 | 7,839 |
| Patents and intellectual property (note 5) | 3,712,682 | 3,477,819 |
| | $ 4,260,346 | $ 3,970,845 |
| **Liabilities and Shareholders Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,082,182 | $ 1,430,987 |
| Accrued liabilities | 183,569 | 158,801 |
| Notes payable (note 6) | -- | 500,000 |
| Deferred lease inducement (note 9 (a)) | 9,623 | 9,623 |
| Deferred revenue | 3,333 | 15,907 |
| | 1,278,707 | 2,115,318 |
| Long-term deferred revenue | -- | 3,333 |
| Deferred lease inducement (note 9 (a)) | 16,038 | 25,661 |
| Non-controlling interest (note 7) | 800,000 | 800,000 |
| Shareholders equity: | | |

| | | |
|---|---|---|
| Share capital (note 8) | 50,155,147 | 44,443,350 |
| Additional paid-in capital | 2,477,981 | 1,463,833 |
| Deficit | (50,467,527) | (44,880,650) |
| | 2,165,601 | 1,026,533 |
| Commitments and contingency (note 9) | | |
| Subsequent events (note 16) | | |
| | $ 4,260,346 | $ 3,970,845 |

See accompanying notes to consolidated financial statements.

On behalf of the Board:

/s/ Paul Averback MD
Director

/s/ Paul McDonald
Director



**NYMOX PHARMACEUTICAL CORPORATION**
Consolidated Statements of Operations

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Revenues: | | | |
| Sales | $ 412,923 | $ 437,440 | $ 424,506 |
| Interest | 21,010 | 5,421 | 1,776 |
| | 433,933 | 442,861 | 426,282 |
| Expenses: | | | |
| Research and development | 2,797,903 | 2,594,714 | 1,831,591 |
| Less research tax credits | (68,041) | (53,618) | (3,075) |
| | 2,729,862 | 2,541,096 | 1,828,516 |
| General and administrative | 970,919 | 954,397 | 1,202,080 |
| Marketing | 236,395 | 236,054 | 273,392 |
| Cost of sales | 241,443 | 241,398 | 207,344 |
| Depreciation of property and equipment | 7,242 | 3,624 | 13,885 |
| Amortization of patents and intellectual property | 503,549 | 462,642 | 425,562 |
| Stock-based compensation (note 8 (c)) | 1,015,260 | 837,308 | 16,220 |
| Interest and bank charges | 19,694 | 60,027 | 43,811 |
| | 5,724,364 | 5,336,546 | 4,010,810 |
| Net loss and comprehensive loss | $ (5,290,431) | $ (4,893,685) | $ (3,584,528) |

| | | | |
|---|---|---|---|
| Basic and diluted loss per share (note 11) | $ (0.18) | $ (0.18) | $ (0.14) |
| Weighted average number of common shares outstanding | 29,005,342 | 27,644,749 | 26,080,470 |

See accompanying notes to consolidated financial statements.



**NYMOX PHARMACEUTICAL CORPORATION**
Consolidated Statements of Shareholders Equity

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

| | Share capital | | | | | |
|---|---|---|---|---|---|---|
| | Number | Dollars | Warrants | Additional paid-in capital | Deficit | Total |
| Balance, December 31, 2004 | 25,504,062 | $ 36,553,350 | $ 55,384 | $ 554,921 | $ (35,951,268) | $ 1,212,387 |
| Issuance of share capital | 1,224,719 | 2,935,000 | -- | -- | -- | 2,935,000 |
| Share issue costs | -- | -- | -- | -- | (166,942) | (166,942) |
| Expiry of warrants | -- | -- | (55,384) | 55,384 | -- | -- |
| Stock-based compensation | -- | -- | -- | 16,220 | -- | 16,220 |
| Net loss | -- | -- | -- | -- | (3,584,528) | (3,584,528) |
| Balance, December 31, 2005 | 26,728,781 | 39,488,350 | -- | 626,525 | (39,702,738) | 412,137 |
| Issuance of share capital | 1,593,472 | 4,955,000 | -- | -- | -- | 4,955,000 |
| Share issue costs | -- | -- | -- | -- | (284,227) | (284,227) |
| Stock-based compensation | -- | -- | -- | 837,308 | -- | 837,308 |
| Net loss | -- | -- | -- | -- | (4,893,685) | (4,893,685) |
| Balance, December 31, 2006 | 28,322,253 | 44,443,350 | -- | 1,463,833 | (44,880,650) | 1,026,533 |
| Issuance of share capital (note 8 (a)) | 952,500 | 5,350,000 | -- | -- | -- | 5,350,000 |
| Share issue costs | -- | -- | -- | -- | (296,446) | (296,446) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Exercise of stock options (note 8 (b)): | | | | | | |
| Cash | 91,000 | 360,685 | -- | -- | -- | 360,685 |
| Ascribed value | -- | 1,112 | -- | (1,112) | -- | -- |
| | 91,000 | 361,797 | -- | (1,112) | -- | 360,685 |
| Stock-based compensation | -- | -- | -- | 1,015,260 | -- | 1,015,260 |
| Net loss | -- | -- | -- | -- | (5,290,431) | (5,290,431) |
| Balance, December 31, 2007 | 29,365,753 | $ 50,155,147 | $ -- | $ 2,477,981 | $ (50,467,527) | $ 2,165,601 |

See accompanying notes to consolidated financial statements.



**NYMOX PHARMACEUTICAL CORPORATION**
Consolidated Statements of Cash Flows

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

| | 2007 | 2006 | 2005 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net loss | $ (5,290,431) | $ (4,893,685) | $ (3,584,528) |
| Adjustments for: | | | |
| Depreciation of property and equipment | 7,242 | 3,624 | 13,885 |
| Amortization of patents and intellectual property | 503,549 | 462,642 | 425,562 |
| Stock-based compensation | 1,015,260 | 837,308 | 16,220 |
| Write-down of patent costs | 61,224 | -- | -- |
| Amortization of lease inducement | (9,623) | (9,623) | (3,194) |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (14,073) | 16,414 | (11,304) |
| Research tax credits receivable | (14,423) | (50,543) | 39,302 |
| Inventories | 14,714 | 30,037 | (42,683) |
| Long-term security deposit | 8,999 | -- | 8,146 |
| Accounts payable and accrued liabilities | 46,300 | (577,356) | 586,361 |
| Deferred revenue | (15,907) | (32,962) | 23,667 |
| | (3,687,169) | (4,214,144) | (2,528,566) |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of share capital | 5,710,685 | 4,955,000 | 2,935,000 |
| Share issue costs | (296,446) | (284,227) | (166,942) |
| Repayment of notes payable | (500,000) | -- | (100,000) |
| Proceeds from lease inducement | -- | -- | 48,101 |
| | 4,914,239 | 4,670,773 | 2,716,159 |
| Cash flows from investing activities: | | | |
| Additions to property and equipment | (19,113) | -- | -- |
| Additions to patent costs | (1,169,973) | (372,981) | (565,759) |

| | | | |
|---|---|---|---|
| | (1,189,086) | (372,981) | (565,759) |
| Net increase (decrease) in cash | 37,984 | 83,648 | (378,166) |
| Cash, beginning of year | 235,124 | 151,476 | 529,642 |
| Cash, end of year | $ 273,108 | $ 235,124 | $ 151,476 |
| Supplemental disclosure to statements of cash flows: | | | |
| (a) Interest paid | $ 40,276 | $ 50,289 | $ 31,993 |
| (b) Non-cash transactions: | | | |
| Additions to patent costs included in accounts payable and accrued liabilities at year-end | 212,517 | 582,854 | 325,503 |

See accompanying notes to consolidated financial statements.



**NYMOX PHARMACEUTICAL CORPORATION**
Notes to Consolidated Financial Statements

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

**1. Business activities:**

Nymox Pharmaceutical Corporation (the Corporation ), incorporated under the Canada Business Corporations Act, including its subsidiaries, Nymox Corporation, a Delaware Corporation, and Serex Inc. of New Jersey, is a biopharmaceutical corporation, which specializes in the research and development of products for the aging population. The Corporation is currently marketing AlzheimAlert™, a urinary test that aids physicians in the diagnosis of Alzheimer s disease. The Corporation also markets NicAlert™ and TobacAlert™, tests that use urine or saliva to detect use of tobacco products. The Corporation is also developing therapeutics for the treatment of Alzheimer s disease, new treatments for benign prostate hyperplasia, and new anti-bacterial agents for the treatment of urinary tract and other bacterial infections in humans, including a treatment for E-coli O157:H7 bacterial contamination in meat and other food and drink products.

Since 1989, the Corporation s activities and resources have been primarily focused on developing certain pharmaceutical technologies. The Corporation is subject to a number of risks, including the successful development and marketing of its technologies. In order to achieve its business plan and the realization of its assets and liabilities in the normal course of operations, the Corporation anticipates the need to raise additional capital and/or achieve sales and other revenue generating activities. Management believes that funds from operations as well as existing financing facilities will be sufficient to meet the Corporation s requirements for the next year.

The Corporation is listed on the NASDAQ Stock Market.

**2. Significant accounting policies:**

(a) Consolidation:

The consolidated financial statements of the Corporation have been prepared under Canadian generally accepted accounting principles ( GAAP ) and include the accounts of its US subsidiaries, Nymox Corporation and Serex Inc. Intercompany balances and transactions have been eliminated on consolidation.

Consolidated financial statements prepared under US GAAP would differ in some respects from those prepared in Canada. A reconciliation of earnings and shareholders equity reported in accordance with Canadian GAAP and with US GAAP is presented in note 13.

(b) Inventories:

Inventories consist of finished goods and are carried at the lower of cost and net realizable value. Cost is determined on the basis of weighted average cost.





**2. Significant accounting policies (continued):**

(c) Property and equipment, patents and intellectual property:

Property and equipment, patents and intellectual property are recorded at cost. Depreciation and amortization are provided using the straight-line method at the following rates:

| Asset | Rate |
|---|---|
| Laboratory equipment | 20% |
| Computer equipment | 20% |
| Office equipment and fixtures | 20% |
| Intellectual property rights acquired | 10% |

Direct costs incurred in connection with securing the patents are capitalized. Patents are being amortized using the straight-line method over the shorter of their economic useful lives or their legal terms of existence ranging from 17 to 20 years.

(d) Impairment and disposal of long-lived assets:

Long-lived assets, consisting of property and equipment and intangible assets with definite useful lives, are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for long-lived assets, when the carrying amount of an asset to be held and used exceeds the sum of the undiscounted cash flows expected from its use and disposal; the impairment recognized is measured as the amount by which the carrying amount of the net asset exceeds its fair value.

(e) Revenue recognition:

Revenue from product sales is recognized when the product or service has been delivered or obligations as defined in the agreement are performed. Revenue from research contracts is recognized at the time research activities are performed under the agreement. Revenue from license fees, royalties and milestone payments is recognized upon the fulfillment of all obligations under the terms of the related agreement. These agreements may include upfront payments to be received by the Corporation. Upfront payments are recognized as revenue on a systematic basis over the period that the related services or obligations as defined in the agreement are performed. Interest is recognized on an accrual basis.

Revenues from agreements that include multiple elements are considered to be a revenue arrangement with multiple deliverables. Under this type of arrangement, the identification of separate units of accounting is required and revenue is recognized for each unit as described above.

**NYMOX PHARMACEUTICAL CORPORATION**
Notes to Consolidated Financial Statements, Continued

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

**2. Significant accounting policies (continued):**

(e) Revenue recognition (continued):

Deferred revenue represents amounts billed to and received from customers in advance of revenue recognition.

(f) Research and development expenditures:

Research expenditures, net of research tax credits, are expensed as incurred. Development expenditures, net of tax credits, are expensed as incurred, except if they meet the criteria for deferral in accordance with generally accepted accounting principles. At December 31, 2007 and 2006, no development expenditures have been deferred.

(g) Foreign currency translation:

The Corporation s measurement currency is the United States dollar. Monetary assets and liabilities of the Canadian and foreign operations denominated in currencies other than the United States dollar are translated at the rates of exchange prevailing at the balance sheet dates. Other assets and liabilities denominated in currencies other than the United States dollar are translated at the exchange rates prevailing when the assets were acquired or the liabilities incurred. Revenues and expenses denominated in currencies other than the United States dollar are translated at the average exchange rate prevailing during the year, except for depreciation and amortization which are translated at the same rates as those used in the translation of the corresponding assets. Foreign exchange gains and losses resulting from the translation are included in the determination of net earnings.

Foreign exchange gains included in the consolidated statements of operations for fiscal 2007 amounted to $7,381 (2006 $8,092; 2005 $32,243).

(h) Stock-based compensation:

The Corporation records stock-based compensation relating to employee and non-employee stock options granted using the fair value based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at the date of grant and is expensed over the award s vesting period.

(i) Income taxes:

The Corporation accounts for income taxes using the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax asset, if it is more likely than not that the asset will not be realized.



**NYMOX PHARMACEUTICAL CORPORATION**
Notes to Consolidated Financial Statements, Continued

Years ended December 31, 2007, 2006 and 2005
(in US dollars)

**2. Significant accounting policies (continued):**

(j) Earnings per share:

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

(k) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates include estimating the useful lives of long-lived assets, including property and equipment and intangible assets, as well as estimating the recoverability of research tax credits receivable and future tax assets. The reported amounts and note disclosure are determined to reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

**3. Changes in accounting policies:**