DAXOR CORP
Form 10-Q
August 13, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the
Securities Act of 1934

FOR QUARTER ENDED JUNE 30, 2004
Commission File Number 0-12248

DAXOR CORPORATION

(Exact Name as Specified in its Charter)

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

350 Fifth Ave
Suite 7120
New York, New York 10118

(Address of Principal Executive Offices & Zip Code)

Registrant's Telephone Number: (212) 244-0555
(Including Area Code)

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

Yes |X| No |_|

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

CLASS	OUTSTANDING AT June 30, 2004
COMMON STOCK PAR VALUE: $.01 per share	4,609,826

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS PAGE

DAXOR CORPORATION
FINANCIAL STATEMENTS

DAXOR CORPORATION
CONSOLIDATED BALANCE SHEETS [UNAUDITED]

	June 30, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash	$ 20,028	$ 3,324
Marketable Securities at Fair Value June 30,2004 and December 31, 2003. (Note 1)	48,537,767	47,399,159
Accounts receivable	223,897	137,008
Other current assets	376,748	388,400
Total Current Assets	49,158,440	47,927,891
EQUIPMENT AND IMPROVEMENTS		
Storage tanks	125,815	125,815
Leasehold improvements, furniture and equipment	948,362	931,468
Laboratory equipment	291,571	291,571
	1,365,748	1,348,854
Less: Accumulated depreciation and amortization	1,069,361	1,045,481

Net equipment and improvements	296,387	303,373
Other Assets	69,268	69,268
Total Assets	$ 49,524,095	$ 48,300,532
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 148,137	$ 183,052
Loans payable (Note 2)	4,039,865	2,502,106
Other Liabilities	559,531	667,123
Deferred Taxes (Note 1)	8,716,158	8,531,081
Total Liabilities	13,463,691	11,883,362
SHAREHOLDERS' EQUITY		
Common stock, par value $.01 per share: Authorized 10,000,000 shares: issued and outstanding shares 4,609,826 June 30, 2004 and 4,640,026 December 31, 2003	53,097	53,097
Additional Paid in capital	9,801,548	9,801,548
Net unrealized holding gains on available-for-sale securities (Note 1)	16,919,600	16,560,334
Retained earnings	14,928,270	15,169,967
Treasury stock	(5,642,111)	(5,167,776)
Total Shareholders' Equity	36,060,404	36,417,170
Total Liabilities and Shareholders' Equity	$ 49,524,095	$ 48,300,532

See accompanying notes to financial statements

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DAXOR CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED JUNE 30		SIX MON JU
	2004	2003	2004
REVENUES:			
Operating revenues	$ 254,735	$ 290,411	$ 662,983
Other revenues	3,643	5,143	7,286
Dividend income	473,231	430,752	966,800
Gains (losses) on sale of securities	201,630	45,361	426,696
Total Revenues	933,239	771,667	2,063,765

COSTS AND EXPENSES			
Operations of Laboratories & Cost of Production	335,886	343,683	717,048
Selling, General, and Administrative	846,226	656,468	1,537,378
Interest expense, net of interest income	12,533	19,075	31,976
Total Costs and Expenses	1,194,645	1,019,226	2,286,402
Net Income (Loss) Before Income Taxes	(261,406)	(247,559)	(222,637)
Provision for income taxes	55	95	19,060
Net Income (Loss)	$ (261,461)	$ (247,654)	$ (241,697)
Weighted Average Number of Shares Outstanding	4,612,993	4,645,631	4,623,326
Net Income or (Loss) per Common Equivalent Share	$ (0.05)	$ (0.05)	$ (0.05)

See accompanying notes to financial statements

DAXOR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED

	JUNE 30, 2004	JUNE 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income or (loss)	$(241,697)	$(522,239)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation & Amortization	23,880	24,466
(Gain) loss on sale of investments	(426,696)	(81,263)
Basis of leased equipment sold		45,000
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(86,889)	19,019
(Increase) decrease in other current assets	11,652	(24,607)
Increase (decrease) in accounts payable, accrued and other liabilities net of "short sales"	(34,915)	(4,644)

Total adjustments	(512,968)	(22,029)
Net cash provided by or (used in) operating activities	(754,665)	(544,268)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for purchase of equipment and improvements	(16,894)	(27,150)
Net cash provided or (used) in purchase and sale of investments	(831,035)	(670,892)
Net proceeds (repayments) of loans from brokers used to purchase investments	937,759	999,262
Proceeds from "short sales" not closed	555,874	240,945
Net cash provided by or (used in) investing activities	645,704	542,165
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt / (repayment) of bank loan	600,000	200,000
Payment for purchase of treasury stock	(474,335)	(181,136)
Proceeds from sale of treasury stock	--	30,736
Net cash provided by or (used in) financing activities	125,665	49,600
Net increase (decrease) in cash and cash equivalents	16,704	47,497
Cash and cash equivalents at beginning of year	3,324	13,035
Cash and cash equivalents at end of period	$ 20,028	$ 60,532

See accompanying notes to financial statements

DAXOR CORPORATION
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2004 AND 2003

In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 2004, and December 31, 2003, the results of operations for the three and six months ended June 30, 2004 and 2003 and cash flows for the six months ended June 30, 2004 and 2003.

(1) MARKETABLE SECURITIES

Upon adoption of FASB No. 115, management has determined that the company's portfolio is best characterized as "Available-For-Sale". This has resulted in the balance sheet carrying value of the company's marketable securities investments, as of June 30, 2004 and December 31, 2003 being increased approximately 111.94% and 112.48% respectively over its historical cost. A corresponding change in shareholders' equity has been effectuated. In accordance with the provisions of FASB No. 115, the adjustment in shareholders' equity to reflect the company's unrealized gains has been made net of the tax effect had these gains been realized.

The following tables summarize the company's investments as of:

June 30, 2004

Type of security	Cost	Fair Value	Unrealized holding gains	Unrealized holding losses
Equity	$22,826,107	$48,509,492	$26,002,538	$319,153
Debt	75,902	28,275	2,470	50,097
Total	$22,902,009	$48,537,767	$26,005,008	$369,250

December 31, 2003

Type of security	Cost	Fair Value	Unrealized holding gains	Unrealized holding losses
Equity	$22,271,842	$47,368,871	$25,407,422	$310,393
Debt	35,902	30,288	2,170	7,784
Total	$22,307,744	$47,399,159	$25,409,592	$318,177

At June 30, 2004 the securities held by the Company had a market value of $48,537,767 and a cost basis of $22,902,009 resulting in a net unrealized gain of $25,635,758 or 111.94% of cost.

At December 31, 2003, the securities held by the Company had a market value of $47,399,159 and a cost basis of $22,307,744 resulting in a net unrealized gain of $25,091,415 or 112.48% of cost.

At June 30, 2004 and December 31, 2003 marketable securities, primarily consisting of preferred and common stocks of utility companies, are valued at fair value.

(2) LOANS PAYABLE

As at June 30, 2004 and December 31, 2003, the Company had loans outstanding aggregating $1,500,000 and $900,000 borrowed on a short term basis from a bank, which are secured by certain marketable securities of the Company. The loans bear interest at approximately 3%.

Short term margin debt due to brokers, secured by the Company's marketable securities, totaled $2,539,865 at June 30, 2004 and $1,602,106 at December 31, 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

ITEM 2.

RESULTS OF OPERATIONS

Three months ended June 30, 2004 as compared with three months ended June 30, 2003.

For the three months ended June 30, 2004 total revenues were $933,239, up from $771,667 in 2003. Operating revenues were $254,735 in 2004 down from $290,411 in 2003. Dividend income was $473,231 with a net interest expense of $12,533 in 2004, as compared to dividend income of $430,752 with a net interest expense of $19,075 in 2003. In 2004, the Company had a net loss before income taxes of $(261,406) versus a net loss before income taxes of $(247,559) in 2003. Total costs and expenses in 2004 increased to $1,194,645 vs. $1,019,226 in 2003. This was related to increased marketing efforts and research and development expenses. Operating revenues decreased by 12% from the comparable quarter in 2003. The Company anticipates that sales of the BVA-100 Blood Volume Analyzers and kits will be the major source of income for the Company. The Company plans to continue expanding its sales and marketing force, which currently consists of 12 salesmen and 4 support personnel.

Six months ended June 30, 2004 as compared with six months ended June 30, 2003.

For the six months ended June 30, 2004, total revenues were $2,063,765 up from $1,509,284 in 2003. Operating revenues were $662,983 up from $509,094 in 2003. Selling and administrative expenses were $1,537,378 in 2004, vs. $1,295,354 in 2003. The increased expenses were related to the employment of additional sales and marketing personnel. In 2004, Dividend income was $966,800 with a net interest expense of $31,976 as compared to the dividend income of $910,641 with a net interest expense of $33,582 in 2003. In 2004, the Company had $426,696 in capital gains vs. $81,263 in 2003. In 2004, the Company had a net loss before income taxes of ($222,637) versus a net loss before income taxes of ($500,594) in 2003.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2004 the Company had total assets of $49,524,095 with shareholders' equity of $36,060,404. The Company has a net pre-taxed unrealized gain of $25,635,758 and $16,919,600 of net after tax unrealized capital gains on available-for-sale securities in its portfolio. This amount is included in the calculation of Total Shareholders' Equity. The Company's stock portfolio had a market value of $48,537,767 with short-term loans of $ 4,039,865 with 4,609,826 shares outstanding. The Company has the current liabilities of $13,463,691. Included in these liabilities are deferred taxes of $8,716,158. These deferred taxes would occur if the Company chose to sell its entire portfolio. Current liabilities minus these deferred taxes equals $4,747,533.

The Company has adequate resources for the current marketing level of its Blood Volume Analyzer as well as capital to sustain its localized semen and blood banking services. The Company anticipates hiring additional regional managers to the existing sales/marketing team. It is the goal of the marketing team to develop an individual sales team for each regional manager. The Company is also expanding its support services personnel. The decision to develop the marketing team was partially based on the anticipation of new publications in peer reviewed medical journals by current users of the Blood Volume Analyzer.

The Company's goal is to establish blood volume measurement as a standard of care in multiple areas of medicine and surgery. It is hoped that the publication of research studies from leading medical facilities will result in an increase in sales in both the Blood Volume Analyzer and its associated kits.

The Company sells, as well as offers to lease or rent the BVA-100 as part of the overall marketing plan. The Company also loans the instrument for a limited time period, however, facilities evaluating the instrument must pay for the kits. Daxor Capital was established through a relationship with De Lage Landen (DLL). The significance of this relationship is as sales through leases increases, Daxor will not have to diminish its capital outlay for equipment as DLL will fund the net present value of the lease upon installation of the equipment. In an effort to obtain the best rates for our clients, the Company will also work with other independent leasing firms.

The Company is evaluating blood volume instrumentation management programs for hospitals. Under such a plan, the Company would provide equipment and personnel on a sub-contract basis. The Company will use its current financial reserves primarily for developing and marketing the Blood Volume Analyzer. The Company is evaluating various options to expand blood banking services in conjunction with the use of the Blood Volume Analyzer. Additional information on the Company is available on our website www.daxor.com.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is currently not exposed to any risk from currency fluctuations. The company's investment portfolio is a major source of revenue. The market value of this portfolio is related to fluctuations with the electric utility industry. Between 5% and 10% of the Company's portfolio are non-utilities. The Company will sell puts on stocks that it is willing to own. The Company neither sells naked calls nor engages in derivative transactions. Fluctuations in the value of these holdings for the past 5 years are reflected and closely correlated with changes in the total assets of the Company.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as defined by the Securities and Exchange Commission (SEC), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in timely alerting them to information required to be included in our periodic Securities and Exchange Commission filings. There was no significant change in our internal control over financial reporting that occurred during the quarter ended June 30, 2004, that materially affected or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Part II OTHER INFORMATION

Item 1. Legal Proceedings

The Company has pending two claims incurred in the normal course of business, which, in the opinion of management, as well as the advice of outside legal counsel, there is no merit to these claims nor will they have a material effect on the financial statements.

Item 2. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Shareholders held June 24, 2004, the 2004 Stock Option Plan was approved and the following directors were elected:

Joseph Feldschuh, MD
Robert Willens
James Lombard
Martin Wolpoff
Stephen Valentine

Item 3. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1 Certification of Chief Executive Officer

31.2 Certification of Principal Financial Officer

32.1 Certification of Chief Executive Officer

32.2 Certification of Principal Financial Officer

(b) There were no reports on Form 8-k filed.

SIGNATURES

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

DATE: August 11, 2004	By: /s/ JOSEPH FELDSCHUH, M.D. JOSEPH FELDSCHUH, M.D., President and Chief Executive Officer
DATE: August 11, 2004	By: /s/ STEPHEN FELDSCHUH STEPHEN FELDSCHUH Vice President of Operations And Chief Financial Officer