DAXOR CORP
Form 10-Q
November 12, 2003

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 SEPTEMBER 30, 2003
Commission File Number 0-12248

DAXOR CORPORATION

(Exact Name as Specified in its Charter)

New York	13-2682108
(State or Other Jurisdiction of Incorporation or Organization)	(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 September 30, 2003
COMMON STOCK PAR VALUE: $.01 per share	4,645,026

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS   PAGE

DAXOR CORPORATION
FINANCIAL STATEMENTS

DAXOR CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2003	December 31, 2002
ASSETS		
CURRENT ASSETS		
Cash	$ 52,692	$ 13,035
Marketable Securities at Fair Value September 30,2003 and December 31, 2002. (Note 1)	44,293,770	40,573,162
Accounts receivable	281,525	211,979
Other current assets	373,069	364,913
Total Current Assets	45,001,056	41,163,089
EQUIPMENT AND IMPROVEMENTS		
Storage tanks	125,815	125,815
Leasehold improvements, furniture and equipment	917,651	928,581
Laboratory equipment	291,499	290,104
	1,334,965	1,344,500
Less: Accumulated depreciation and amortization	1,035,520	1,005,625
Net equipment and improvements	299,445	338,875
Other Assets	69,852	71,601

Total Assets	$ 45,370,353	$ 41,573,565

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 199,873	$ 112,481
Loans payable (Note 2)	2,708,910	1,434,046
Other Liabilities	293,523	106,440
Deferred Taxes (Note 1)	7,433,944	6,373,701
Total Liabilities	10,636,250	8,026,668
SHAREHOLDERS' EQUITY		
Common stock, par value $.01 per share: Authorized 10,000,000 shares: issued and outstanding shares 4,645,026 September 30, 2003 and 4,657,784 December 31, 2002	53,097	53,097
Additional Paid in capital	9,801,548	9,798,232
Net unrealized holding gains on available-for-sale securities (Note 1)	14,430,597	12,372,477
Retained earnings	15,543,876	16,246,156
Treasury stock	(5,095,015)	(4,923,065)
Total Shareholders' Equity	34,734,103	33,546,897
Total Liabilities and Shareholders' Equity	$ 45,370,353	$ 41,573,565

See accompanying notes to financial statements

DAXOR CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED September 30,		NINE MONTHS ENDED September 30,	
	2003	2002	2003	2002
REVENUES:				
Operating revenues	$ 301,816	$ 200,100	$ 810,910	$ 589,60
Other revenues	3,143	6,522	11,429	28,33
Dividend income	527,591	507,454	1,438,232	1,415,99
Gains (losses) on sale of securities	71,633	80,194	152,896	175,25

Total Revenues	904,183	794,270	2,413,467	2,209,19
COSTS AND EXPENSES				
Operations of Laboratories & Cost of Production	463,432	172,244	1,144,374	575,02
Selling, General, and Administrative	596,638	510,251	1,891,992	1,378,02
Interest expense, net of interest income	25,012	7,475	58,594	26,26
Total Costs and Expenses	1,085,082	689,970	3,094,960	1,979,31
Net Income (Loss) Before Income Taxes	(180,899)	104,300	(681,493)	229,87
Provision for income taxes	(858)	(709)	20,787	14,20
Net Income (Loss)	$ (180,041)	$ 105,009	$ (702,280)	$ 215,67
Weighted Average Number of Shares Outstanding	4,645,826	4,663,909	4,649,347	4,664,57
Net Income of (Loss) per Common Equivalent Share	$ (0.04)	$ 0.02	$ (0.15)	$ 0.0

See accompanying notes to financial statements

F-2

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

	September 30, 2003	S
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income or (loss)	$ (702,280)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation & Amortization	36,644	

(Gain) loss on sale of investments	(152,896)
Basis of leased equipment sold	45,000
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(69,546)
(Increase) decrease in other current assets	(8,156)
(Increase) decrease in other assets net of amortization	--
Increase (decrease) in accounts payable, accrued and other liabilities net of "short sales"	87,392
Total adjustments	(61,562)
Net cash provided by or (used in) operating activities	(763,842)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payment for purchase of equipment and improvements	(40,465)
Net cash provided or (used) in purchase and sale of investments	(548,032)
Net proceeds (repayments) of loans from brokers used to purchase investments	1,074,864
Proceeds from "short sales" not closed	285,766
Net cash provided by or (used in) investing activities	772,133
CASH FLOWS FROM FINANCING ACTIVITIES:	
Receipt / (repayment) of bank loan	200,000
Payment for purchase of treasury stock	(199,370)
Proceeds from sale of treasury stock	30,736
Net cash provided by or (used in) financing activities	31,366
Net increase (decrease) in cash and cash equivalents	39,657
Cash and cash equivalents at beginning of year	13,035
Cash and cash equivalents at end of period	$ 52,692

See accompanying notes to financial statements

DAXOR CORPORATION
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

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 September 30, 2003 and December 31, 2002, the results of operations for the three and nine months ended September 30,2003 and 2002 and cash flows for the nine months ended September 30,2003 and 2002.

(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 September 30, 2003 and December 31, 2002 being increased approximately 97.48 % and 85.89 % respectively over its historical cost. A corresponding increase 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:

September 30, 2003

Type of security	Cost	Fair Value	Unrealized Holding gains	h
Equity	$22,386,723	$44,266,195	$22,500,534	
Debt	42,506	27,575	120	
Total	$22,429,229	$44,293,770	$22,500,654	

December 31, 2002

Type of security	Cost	Fair Value	Unrealized holding gains
Equity	$21,796,315	$40,547,587	$19,960,514
Debt	30,669	25,575	8,865
Total	$21,826,984	$40,573,162	$19,969,379

At September 30, 2003 the securities held by the Company had a market value of $44,293,770 and a cost basis of $22,429,229 resulting in a net unrealized gain of $ 21,864,541 or 97.48% of cost.

At December 31, 2002, the securities held by the Company had a market value of $40,573,162 and a cost basis of $21,826,984 resulting in a net unrealized gain of $18,746,178 or 85.89% of cost.

At September 30, 2003 and December 31, 2002 marketable securities, primarily consisting of preferred and common stocks of utility companies, are valued at fair value.

F-4

(2) LOANS PAYABLE

As at September 30, 2003 and December 31, 2002, the Company had loans outstanding aggregating $900,000 and $700,000 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 4%.

Short term margin debt due to brokers, secured by the Companies marketable securities, totaled $1,808,910 at September 30, 2003 and $734,046 at December 31, 2002.

F-5

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

ITEM 2.

RESULTS OF OPERATIONS

Three months ended September 30, 2003 as compared with three months ended September 30, 2002.

For the three months ended September 30, 2003 total revenues were $904,183 up from $794,270 in 2002. Operating revenues were $301,816 in 2003 up from $200,100 in 2002. Dividend income was $527,591 with a net interest expense of $25,012 in 2003, as compared to dividend income of $507,454 with a net interest expense of $7,475 in 2002. In 2003, the Company had a net loss before income taxes of $(180,899) versus a net income before income taxes of $104,300 in 2002. Total cost and Expenses in 2003 increased to $1,085,082 vs. $689,970 in 2002. This was related to increased marketing efforts and research and development expenses. The Company has increased research expenses for additional features to the BVA-100. Operating revenues increased by 51% from the comparable quarter in 2002. The Company's new sales team began marketing in the fourth quarter of 2002. The increase in operating revenues can be attributable to these sales efforts. The sales cycles from initial contact to a sale can be 6 to 12 months. The Company anticipates that it's sales of BVA-100 Blood Volume Analyzers and kits will become the major source of income for the Company. The Company is currently in the process of expanding its sales and marketing force, and recently hired 3 new sales/marketing representatives.

Nine months ended September 30, 2003 as compared with nine months ended September 30, 2002.

For the nine months ended September 30, 2003 total revenues were $2,413,467 up from $2,209,196 in 2002. Operating revenues in 2003 were $810,910 up from $589,604 in 2002. Selling and administrative expenses were $1,891,992 in 2003, vs. $1,378,022 in 2002. The increased expenses were related to the employment of additional sales and marketing personnel and increased research and development. In 2003, Dividend income was $1,438,232 with a net interest expense of $58,594 as compared to the dividend income of $1,415,997 with a net interest expense of $26,268 in 2002. In 2003, the Company had $152,896 in capital gains vs. $175,258 in 2002. In 2003, the Company had a net loss before income taxes of $(681,493) versus a net income of $229,878 before income taxes in 2002. The Company has adopted a policy that encourages leasing or renting of BVA-100 equipment to enable hospitals to obtain the equipment. This results in sales of kits but a slower recognition of operating income from BVA sales.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2003 the Company had total assets of $45,370,353 with shareholders' equity of $34,734,103. The Company has a net pre-taxed unrealized gain of $21,864,541 and $14,430,597 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 $44,293,770 with short-term loans of $ 2,708,910 with 4,645,026 shares outstanding. The Company has current liabilities of $10,636,250. Included in these liabilities are deferred taxes of $7,433,944. These deferred taxes would occur if the Company chose to sell its entire portfolio. Current liabilities minus these deferred taxes equals $3,202,306.

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.

3

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 has an instrument loaner reagent plan which requires use of the Company's reserves. The equipment loaner reagent plan permits a user to make a minimal initial capital commitment. This results in a slower return on capital expenditure for the Company. The Company has established a private label leasing program called Daxor Capital through De Lage Landen. With this arrangement Daxor receives the net present value of the lease upon the signed completion of the installation of the equipment.

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.

Part II OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1 Certification of Chief Executive Officer pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002

31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(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: November 12, 2003

By: /s/ JOSEPH FELDSCHUH, M.D.

JOSEPH FELDSCHUH, M.D.,
President and Chief Executive Officer

DATE: November 12, 2003

By: /s/ STEPHEN FELDSCHUH

STEPHEN FELDSCHUH
Vice President of Operations
And Chief Financial Officer