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DAXOR CORP  
Form 10-Q  
May 15, 2001

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 MARCH 31, 2001  
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 MARCH 31, 2001  
-----  
COMMON STOCK  
PAR VALUE:    \$.01 per share                          4,664,909

PART I. FINANCIAL INFORMATION

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## DAXOR CORPORATION FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

|  | March 31,<br>2001<br>---- | December 31,<br>2000<br>---- |
|--|---------------------------|------------------------------|
| ASSETS   |                           |                              |
| CURRENT ASSETS   |                           |                              |
| Cash   | \$ 57,012                 | \$ 18,439                    |
| Marketable Securities at Fair Value<br>March 31, 2001 and December 31, 2000, (Notes 1 and 2) | 46,660,425                | 48,722,403                   |
| Accounts receivable  | 124,808                   | 107,927                      |
| Other current Assets   | 330,235                   | 363,758                      |
|  | -----                     | -----                        |
| Total Current Assets   | 47,172,480                | 49,212,527                   |
| EQUIPMENT AND IMPROVEMENTS   |                           |                              |
| Storage tanks  | 125,815                   | 125,815                      |
| Leasehold improvements, furniture<br>and equipment   | 837,015                   | 836,813                      |
| Laboratory equipment   | 278,087                   | 278,087                      |
|  | -----                     | -----                        |
|  | 1,240,917                 | 1,240,715                    |
| Less: Accumulated depreciation and amortization  | 930,933                   | 919,414                      |

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|  |               |               |
|--|---------------|---------------|
| Net equipment and improvements             | 309,984       | 321,301       |
| Other Assets                               | 41,290        | 41,290        |
| Total Assets                               | \$ 47,523,754 | \$ 49,575,118 |
| <u>=====</u>                               |               |               |
| LIABILITIES AND SHAREHOLDERS' EQUITY       |               |               |
| CURRENT LIABILITIES                        |               |               |
| Accounts payable and accrued liabilities   | \$ 89,265     | \$ 42,431     |
| Loans payable (Notes 1 and 2)              | 1,885,737     | 1,775,363     |
| Other Liabilities                          | 87,858        | 73,741        |
| Deferred Taxes (NOTE 1)                    | 8,242,257     | 9,011,745     |
| Total Liabilities                          | 10,305,117    | 10,903,280    |
| SHAREHOLDERS' EQUITY                       |               |               |
| Common stock, par value \$.01 per share:   |               |               |
| Authorized 10,000,000 shares: issued and   |               |               |
| Outstanding shares 4,664,909 March 31,     |               |               |
| 2001 and 4,664,909 December 31, 2000       |               |               |
|  | 53,097        | 53,097        |
| Additional Paid in capital                 | 9,798,232     | 9,798,232     |
| Net unrealized holding gains               |               |               |
| on available-for-sale securities (Note 1)  | 15,999,675    | 17,493,387    |
| Retained earnings                          | 16,181,163    | 16,140,652    |
| Treasury stock                             | (4,813,530)   | (4,813,530)   |
| Total Shareholders' Equity                 | 37,218,637    | 38,671,838    |
| Total Liabilities and Shareholders' Equity | \$ 47,523,754 | \$ 49,575,118 |
| <u>=====</u>                               |               |               |

See accompanying notes to consolidated financial statements

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DAXOR CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31,

|                                      | 2001       | 2000       |
|--------------------------------------|------------|------------|
|                                      | ----       | ----       |
| Revenues:                            |            |            |
| Operating revenues                   | \$ 140,077 | \$ 211,559 |
| Other revenues                       | \$ 42,334  | \$ 24,441  |
| Dividend income                      | 473,919    | 473,494    |
| Gains/(losses) on sale of securities | (8,704)    | 8,242      |
| Total revenues                       | 647,626    | 717,736    |
| <u>-----</u>                         |            |            |

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|  |           |           |
|--|-----------|-----------|
| Costs and expenses:                              |           |           |
| Operations of Laboratories & Costs of Production | 220,240   | 206,594   |
| Selling, General, and Administrative             | 333,197   | 370,707   |
| Interest expense, net of interest income         | 34,409    | 45,082    |
|  | -----     | -----     |
| Total Costs and Expenses                         | 587,846   | 622,383   |
|  | -----     | -----     |
| Net Income Before Income Taxes                   | 59,780    | 95,353    |
| Provision for income taxes                       | 19,269    | 1,360     |
|  | -----     | -----     |
| Net Income                                       | \$ 40,511 | \$ 93,993 |
|  | =====     | =====     |
| Weighted Average Number of Shares Outstanding    | 4,664,609 | 4,685,576 |
|  | =====     | =====     |
| Net Income per Common Equivalent Share           | \$ 0.01   | \$ 0.02   |
|  | =====     | =====     |

See accompanying notes to consolidated financial statements

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DAXOR CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31,

|  | 2001      | 2000      |
|--|-----------|-----------|
|  | ----      | ----      |
| Cash flows from operating activities:  |           |           |
| Net income or (loss)   | \$ 40,511 | \$ 93,993 |
| Adjustments to reconcile net income<br>(loss) to net cash provided by<br>operating activities: |           |           |
| Depreciation Equipment and<br>improvements   | 11,519    | 14,332    |
| (Gain) loss on sale of investments   | 8,704     | (8,242)   |
| Change in assets and liabilities:  |           |           |
| (Increase) decrease in accounts receivable   | (16,881)  | (1,796)   |
| (Increase) decrease in other current assets  | 33,523    | 133,372   |
| Increase (decrease) in accounts payable, accrued<br>and other liabilities net of "short sales" | 47,434    | (19,882)  |
|  | -----     | -----     |
| Total adjustments  | 84,299    | 117,784   |
|  | -----     | -----     |
| Net cash (used in) operating activities  | 124,810   | 211,777   |
|  | -----     | -----     |
| Cash flows from investing activities   |           |           |
| Payment for purchase of equipment and<br>improvements  | (202)     | (2,899)   |

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|  |           |           |
|--|-----------|-----------|
| Net cash provided or (used) in purchase and sale of investments              | (277,510) | (243,664) |
| Net proceeds (repayments) of loans from brokers used to purchase investments | 110,374   | 114,366   |
| Proceeds from "short sales" not closed                                       | 81,101    | 56,998    |
|  | -----     | -----     |
| Net cash provided by/(used in) investing activities                          | (86,237)  | (75,199)  |
|  | -----     | -----     |
| Cash flows from financing activities   |           |           |
| Payment for purchase of treasury stock                                       | 0         | (106,063) |
|  | -----     | -----     |
| Net cash provided by/(used in) financing activities                          | 0         | (106,063) |
|  | -----     | -----     |
| Net increase (decrease) in cash and cash equivalents                         | 38,573    | 30,515    |
| Cash and cash equivalents at beginning of year                               | 18,439    | 67,783    |
|  | -----     | -----     |
| Cash and equivalents at the end of period                                    | \$ 57,012 | \$ 98,298 |
|  | -----     | -----     |

See accompanying notes to consolidated financial statements

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### DAXOR CORPORATION

#### NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

#### THREE MONTHS ENDED MARCH 31, 2001 AND 2000

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 March 31, 2001, and December 31, 2000, the results of operations for the three months ended March 31, 2001 and 2000 and cash flows for the three months ended March 31, 2001 and 2000.

#### (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 March 31, 2001 and December 31, 2000 being increased approximately 108.13% and 119.30% 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:

March 31, 2001  
-----

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| Type of Security<br>----- | Cost<br>-----         | Fair Value<br>-----   | Unrealized Holding gains<br>----- | Unrealized Holding gains<br>----- |
|---------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------------------|
| Equity                    | \$22,403,634          | \$ 46,659,525         | \$25,250,566                      | \$                                |
| Debt                      | 14,859                | 900                   |                                   |                                   |
| Total                     | \$22,418,493<br>===== | \$46,660,425<br>===== | \$25,250,566<br>=====             | \$                                |

December 31, 2000  
-----

| Type of Security<br>----- | Cost<br>-----         | Fair Value<br>-----   | Unrealized Holding gains<br>----- | Unrealized Holding gains<br>----- |
|---------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------------------|
| Equity                    | \$22,202,412          | \$48,721,503          | \$27,425,484                      | \$                                |
| Debt                      | 14,859                | 900                   | 0                                 |                                   |
| Total                     | \$22,217,271<br>===== | \$48,722,403<br>===== | \$27,425,484<br>=====             | \$                                |

At March 31, 2001 the securities held by the Company had a market value of \$46,660,425 and a cost basis of \$22,418,493 resulting in a net unrealized gain of \$24,241,932 or 108.13% of cost.

At December 31, 2000, the securities held by the Company had a market value of \$48,722,403 and a cost basis of \$22,217,271 resulting in a net unrealized gain of \$25,505,132 or 119.30% of cost.

At March 31, 2001 and December 31, 2000 marketable securities, primarily consisting of preferred and common stocks of utility companies, are valued at fair value.

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(2) LOANS PAYABLE

As at March 31, 2001 and December 31, 2000, the Company had loans outstanding aggregating \$1,000,000 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 7.1875%.

Short term margin debt due to brokers, secured by the Companies marketable

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securities, totaled \$885,737 at March 31, 2001 and \$775,363 at December 31, 2000.

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### PART II. OTHER INFORMATION

#### ITEM 1.

##### Legal Proceedings

There are no current legal proceedings. The Company is not aware of any pending legal proceedings.

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

#### ITEM 2.

##### RESULTS OF OPERATIONS

Three months ended March 31, 2001 as compared with three months ended March 31, 2000.

For the three months ended March 31, 2001, total revenues were \$647,626 down from \$717,636 in 2000. Capital gains in 2000 contributed \$8,242 and was a loss of \$8,704 in 2001. Operating revenues in the first quarter of 2000 included the sale of 3 Blood Volume Analyzers. The Company is now focusing on a lease or loaner plan for its Blood Volume Analyzer which results in less immediate income. The Company may elect to directly lease its own equipment. Under such plans, income would be recorded over the term of the lease. If equipment is sold to a leasing company, then it would be recorded as a direct sale. Dividend income in 2001 was \$473,919 with a net interest expense of \$34,409, as compared to dividend income of \$473,494 with a net interest expense of \$45,082 in 2000. In 2001, the Company had a net profit of \$59,780 before income taxes versus \$95,353 before income taxes in 2000. In 2001, the Company had a net profit of \$59,780 before income taxes versus \$95,353 before income taxes in 2000. The Company received in the first quarter of 2000 its first income from the Blood Volume Analyzer. The Company anticipates that it's sales of equipment and kits will become the major source of income for the Company. The Company is currently initiating distribution networks but no income has yet been received from sales by non-Company personnel.

##### LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2001 the Company had total assets of \$47,523,754 and total liabilities of \$10,305,117 with shareholders' equity of \$37,218,637. The Company has a net pre-taxed unrealized gain of \$24,241,932 and \$15,999,675 of net after tax unrealized capital gains on available-for-sale securities in its portfolio. This amount is included in the calculation of Total Shareholder's Equity. The Company's stock portfolio had a market value of \$46,660,425 with short-term loans of \$1,885,737 with 4,664,909 shares outstanding.

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 is reviewing various options in regard to establishing a nationwide sales force as opposed to utilizing independent local

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dealer distribution networks. The Company is evaluating the possibility of acquiring additional capital, which would enable it to undertake a more rapid marketing program nationally as well as internationally. The Company has an instrument loaner reagent plan which requires use of the Company's reserves. Because of higher reagent cost, such plans have the potential for an ultimate higher return for the Company. The Company's experience to date on equipment sales has been too limited to evaluate whether sales or loaner reagent plans will predominate. The Company will arrange some leases through independent leasing companies, to whom it will sell the BVA-100. 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 financial reserves primarily for developing and marketing the Blood Volume Analyzer.

The Company did not file any reports on form 8-K during the first three months of 2001.

SIGNATURES

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

DAXOR CORPORATION  
(Registrant)

|       |              |   |
|-------|--------------|---|
| Date: | May 14, 2001 | /s/<br>-----<br>JOSEPH FELDSCHUH, M.D.<br>President |
| Date: | May 14, 2001 | /s/<br>-----<br>DAN WELLINGTON<br>Vice President    |
| Date: | May 14, 2001 | /s/<br>-----<br>OCTAVIA ATANASIU<br>Treasurer       |
| Date: | May 14, 2001 | /s/<br>-----<br>VIRGINIA FITZPATRICK<br>Secretary   |