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DAXOR CORP  
Form 10-Q  
August 07, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

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

FOR QUARTER ENDED JUNE 30, 2002  
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  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, 2002
COMMON STOCK	
PAR VALUE: \$.01 per share	4,664,909

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS	PAGE
Consolidated Balance Sheet as at June 30, 2002 and Balance Sheet as at December 31, 2001	F-1
Consolidated Statements of Income for the Three and Six Months ended June 30, 2002 and 2001	F-2

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Consolidated Statement of Cash Flows for the Six Months  
ended June 30, 2002 and 2001

F-3

Notes to Consolidated Financial Statements  
(Unaudited)

F-4 to F-5

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS: RESULTS OF OPERATIONS AND  
FINANCIAL CONDITION

DAXOR CORPORATION  
FINANCIAL STATEMENTS

=====

DAXOR CORPORATION  
CONSOLIDATED BALANCE SHEETS

	June 30, 2002	December 31, 2001
<b>ASSETS</b>		
=====		
<b>CURRENT ASSETS</b>		
Cash	\$ 387,535	\$ 431,949
Marketable Securities at Fair Value June 30,2002 and December 31, 2001. (Notes 1 and 2)	42,319,877	42,271,902
Accounts receivable	138,663	174,242
Other current assets	305,090	312,310
	-----	-----
Total Current Assets	43,151,165	43,190,403
<b>EQUIPMENT AND IMPROVEMENTS</b>		
Storage tanks	125,815	125,815
Leasehold improvements, furniture and equipment	869,358	837,807
Laboratory equipment	290,104	288,087
	-----	-----
	1,285,277	1,251,709
Less: Accumulated depreciation and amortization	1,002,587	975,593
	-----	-----
Net equipment and improvements	282,690	276,116
Other Assets	72,467	73,634
Total Assets	\$ 43,506,322	\$ 43,540,153
	=====	=====
-----		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
=====		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 39,109	\$ 52,855
Loans payable (Notes 1 and 2)	730,318	1,000,000
Other Liabilities	106,813	22,885
Deferred Taxes (Note 1)	7,154,147	7,135,446

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Total Liabilities	8,030,387	8,211,186
SHAREHOLDERS' EQUITY		
Common stock, par value \$.01 per share:		
Authorized 10,000,000 shares: issued and		
outstanding shares 4,664,909 June 30,		
2002 and 4,664,909 December 31, 2001		
	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)	13,887,464	13,851,161
Retained earnings	16,550,672	16,440,007
Treasury stock	(4,813,530)	(4,813,530)
Total Shareholders' Equity	35,475,935	35,328,967
Total Liabilities and Shareholders' Equity	\$ 43,506,322	\$ 43,540,153

See accompanying notes to consolidated financial statements

F-1

DAXOR CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2002	2001	2002	2001
	----	----	----	----
REVENUES:				
Operating revenues	\$ 196,441	\$ 138,917	\$ 389,504	\$ 278,994
Other revenues	9,829	56,990	21,815	99,324
Dividend income	452,557	465,246	908,543	939,165
Gains (losses) on sale of securities	94,261	18,435	95,064	9,731
Total Revenues	753,088	679,588	1,414,926	1,327,214
-----				
COSTS AND EXPENSES				
-----				
Operations of Laboratories and				
Cost of Production	200,036	208,973	402,784	429,213
Selling, General, and				
Administrative	468,573	337,405	867,771	670,602
Interest expense, net of interest income	7,221	35,174	18,793	69,583
Total Costs and Expenses	675,830	581,552	1,289,348	1,169,398

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Net Income (Loss) Before Income Taxes	77,258	98,036	125,578	157,816
Provision for income taxes	(833)	4,323	14,913	23,592
Net Income (Loss)	\$ 78,091	\$ 93,713	\$ 110,665	\$ 134,224
Weighted Average Number of Shares Outstanding	4,664,909	4,664,909	4,664,909	4,664,909
Net Income or (Loss) per Common Equivalent Share	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.03

See accompanying notes to financial statements

F-2

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

	JUNE 30, 2002	JUNE 30, 2001
	----	----
-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income or (loss)	\$ 110,665	\$ 134,224
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation & Amortization	28,161	23,038
(Gain) loss on sale of investments	(95,064)	(9,731)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	35,579	(39,949)
(Increase) decrease in other current assets	7,220	(40,747)
(Increase) decrease in other assets net of amortization	--	1,100
Increase (decrease) in accounts payable, accrued and other liabilities net of "short sales"	(13,246)	76,620
Total adjustments	(37,350)	10,331
Net cash provided by or (used in) operating activities	73,315	144,555
-----		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for purchase of equipment and		

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improvements	(33,568)	(644)
Net cash provided or (used) in purchase and sale of investments	85,965	(330,876)
Net proceeds (repayments) of loans from brokers used to purchase investments	30,318	210,316
Proceeds from "short sales" not closed	99,556	2,450
	-----	-----
Net cash provided by or (used in) investing activities	182,271	(118,754)
	-----	-----
-----		
CASH FLOWS FROM FINANCING ACTIVITIES:		
-----		
Repayment of Bank Loan	(300,000)	--
Net cash provided by or (used in) financing activities	(300,000)	--
	-----	-----
Net increase (decrease) in cash and cash equivalents	(44,414)	25,801
Cash and cash equivalents at beginning of year	431,949	18,439
	-----	-----
Cash and cash equivalents at end of period	\$ 387,535	\$ 44,240
	=====	=====

See accompanying notes to financial statements

F-3

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED JUNE 31, 2002 AND 2001

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 2002, and December 31, 2001, the results of operations for the three and six months ended June 30, 2002 and 2001 and cash flows for the six months ended June 30, 2002 and 2001. The consolidated financial statements include the accounts of the Company and its subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation.

(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, 2002 and December 31, 2001 being increased approximately 98.88 % and 98.60 % 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 :

June 30, 2002

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Type of security -----	Cost -----	Fair Value -----	Unrealized Holding gains -----	Unrealized holding losses -----
Equity	\$21,263,407	\$42,318,977	\$21,366,314	\$310,744
Debt	14,859	900	-0-	13,959
-----				
Total	\$21,278,266 =====	\$42,319,877 =====	\$21,366,314 =====	\$324,703 =====

December 31, 2001  
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Type of security -----	Cost -----	Fair Value -----	Unrealized Holding gains -----	Unrealized holding losses -----
Equity	\$21,270,436	\$42,271,002	\$21,182,144	\$181,578
Debt	14,859	900	-0-	13,959
-----				
Total	\$21,285,295 =====	\$42,271,902 =====	\$21,182,144 =====	\$195,537 =====

At June 30, 2002 the securities held by the Company had a market value of \$42,319,877 and a cost basis of \$21,278,266 resulting in a net unrealized gain of \$21,041,611 or 98.88 % of cost.

At December 31, 2001, the securities held by the Company had a market value of \$42,271,902 and a cost basis of \$21,285,295 resulting in a net unrealized gain of \$20,986,607 or 98.60% of cost.

At June 30, 2002 and December 31, 2001 marketable securities, primarily consisting of preferred and common stocks of utility companies, are valued at fair value.

F-4

(2) LOANS PAYABLE

As at June 30, 2002 and December 31, 2001, the Company had loans outstanding aggregating \$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 5.7%.

Short term margin debt due to brokers, secured by the Companies marketable securities, totaled \$30,318 at June 30, 2002 and \$-0- at December 31, 2001.

F-5

Part II OTHER INFORMATION

Item 1.  
Legal Proceedings

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None

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### RESULTS OF OPERATIONS AND FINANCIAL CONDITION

##### ITEM 2.

##### RESULTS OF OPERATIONS

Three months ended June 30, 2002 as compared with three months ended June 30, 2001.

For the three months ended June 30, 2002 total revenues were \$753,088, up from \$679,588 in 2001. Operating revenues were \$196,441 in 2002 up from \$138,917 in 2001. Dividend income was \$452,557 with a net interest expense of \$7,221 in 2002, as compared to dividend income of \$465,246 with a net interest expense of \$35,174 in 2001. In 2002, the Company had a net income before income taxes of \$77,258 versus a net income before income taxes of \$98,036 in 2001. 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. The Company has engaged a search firm for a National Sales and Marketing Director.

Six months ended June 30, 2002 as compared with six months ended June 30, 2001.

For the six months ended June 30, 2002, total revenues were \$1,414,926 up from \$1,327,214 in 2001. Operating revenues were \$389,504 up from \$278,994 in 2001. Selling and administrative expenses were \$867,771 in 2002, vs. \$670,602 in 2001. The increased expenses were related to the employment of additional sales and marketing personnel. In 2002, Dividend income was \$908,543 with a net interest expense of \$18,793 as compared to the dividend income of \$939,165 with a net interest expense of \$69,583 in 2001. In 2002, the Company had \$95,064 in capital gains vs \$9,731 in 2001. In 2002, the Company had a net income of \$125,578 before income taxes versus \$157,816 before income taxes in 2001. 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 June 30, 2002 the Company had total assets of \$43,506,322 and total liabilities of \$8,030,387 with shareholders' equity of \$35,475,935. The Company has a net pre-taxed unrealized gain of \$21,041,611 and \$13,887,464 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 \$42,319,877 with short-term loans of \$730,318 with 4,664,909 shares outstanding. The Company has the current liabilities of \$8,030,387. Included in these liabilities are deferred taxes of \$7,154,147. These deferred taxes would occur if the Company chose to sell it's entire portfolio. Current liabilities minus these deferred taxes equals \$876,240.

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 to establish a national sales force as well as utilizing independent local dealer distribution networks for marketing the Blood Volume Analyzer. The Company has an instrument loaner reagent plan which requires use of the Company's reserves. Under a sale or a lease plan, the Company receives income immediately on its equipment. 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

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Company. The Company is currently leasing its equipment directly. If the leasing program becomes more widely accepted, then the Company will attempt to arrange for 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 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.

The Company did not file any reports on form 8-K.