DAXOR CORP
Form 10-Q
May 13, 2011

UNITED STATES
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, 2011
Commission File Number 001-09999

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: (Including Area Code)	(212) 244-0555

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 o No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to post and submit such files)

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer o

Accelerated Filer o

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

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

CLASS:COMMON STOCK PAR VALUE: $.01 per share	4,226,137 OUTSTANDING AT May 10, 2011

DAXOR CORPORATION AND SUBSIDIARY

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DAXOR CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

		UNAUDITED March 31, 2011		December 31, 2010
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	71,414	$	57,741
Receivable from broker		34,501,544		32,382,439
Available-for-sale securities, at fair value		53,188,438		53,876,071
Accounts receivable, net of allowance for doubtful accounts of $125,402 in 2011 and $125,402 in 2010		196,487		178,820
Inventory		388,356		363,634
Prepaid expenses and other current assets		159,745		130,560
Total Current Assets		88,505,984		86,989,265
Property and equipment, net		4,123,490		4,168,992
Other assets		37,158		37,158
Total Assets	$	92,666,632	$	91,195,415
LIABILITIES AND STOCKHOLDERS’ EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	1,182,374	$	436,542
Loans payable		4,945,132		4,638,197
Income taxes payable		777,108		2,986,800
Mortgage payable, current portion		335,403		46,798
Put and call options, at fair value		3,390,048		4,330,069
Securities borrowed, at fair value		28,463,708		22,406,036
Deferred revenue		38,466		51,920
Deferred income taxes		7,437,730		9,003,946
Total Current Liabilities		46,569,969		43,900,308
LONG TERM LIABILITIES				
Mortgage payable, less current portion		—		300,063
Total Liabilities		46,569,969		44,200,371
STOCKHOLDERS’ EQUITY				
Common stock, $.01 par value, Authorized - 10,000,000 shares Issued – 5,316,550 shares Outstanding – 4,226,137 and 4,226,137 shares at March 31, 2011 and December 31, 2010, respectively		53,165		53,165
Additional paid in capital		10,675,228		10,675,228
Accumulated other comprehensive income		15,318,153		14,890,272
Retained earnings		31,654,079		32,980,341

Treasury stock, at cost, 1,090,413 and 1,090,413 shares at March 31, 2011 and December 31, 2010, respectively		(11,603,962)		(11,603,962)
Total Stockholders' Equity		46,096,663		46,995,044
Total Liabilities and Stockholders' Equity	$	92,666,632	$	91,195,415

See accompanying notes to unaudited condensed consolidated financial statements.

DAXOR CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS [UNAUDITED]
FOR THE THREE MONTHS ENDED

	March 31, 2011	March 31, 2010
REVENUES:		
Operating Revenues – equipment sales and related services	$ 295,830	$ 316,385
Operating Revenues – cryobanking and related services	81,639	79,887
Total Revenues	377,469	396,272
Cost of Sales:		
Cost of equipment sales and related services	154,231	185,961
Cost of cryobanking and related services	11,223	5,816
Total Cost of Sales	165,454	191,777
Gross Profit	212,015	204,495
OPERATING EXPENSES:		
Research and development expenses:		
Research and development-equipment sales and related services	645,827	836,863
Research and development-cryobanking and related services	43,763	55,102
Total Research and Development Expenses	689,590	891,965
Selling, General & Administrative Expenses:		
Selling, general, and administrative- equipment sales and related services	1,537,877	481,744
Selling, general, and administrative- cryobanking and related services	160,485	172,942
Total Selling, General & Administrative Expenses	1,698,362	654,686
Total Operating Expenses	2,387,952	1,546,651
Loss from Operations	(2,175,937)	(1,342,156)
Other Income (Expenses):		
Dividend income-investment portfolio	573,666	568,408

Realized gains on sale of securities, net		3,744,373		6,076,382
Mark to market of short positions		(4,468,429)		(4,772,764)
Other revenues		3,094		3,041
Interest expense		(30,648)		(6,264)
Administrative expense relating to portfolio investments		(32,394)		(34,974)
Total Other Income (Expenses)		(210,338)		1,833,829
(Loss) Income before Income Taxes		(2,386,275)		491,673
Income Tax (Benefit) Expense		(1,060,013)		584,092
Net Loss	$	(1,326,262)	$	(92,419)
Comprehensive Loss:				
Net Loss	$	(1,326,262)	$	(92,419)
Unrealized Gain on Securities Held for Sale, Net of Deferred Income Taxes		427,881		(852,942)
Comprehensive Loss	$	(898,381)	$	(945,361)
Weighted average number of shares outstanding – basic and diluted		4,226,137		4,247,285
Net loss per common equivalent share – basic and diluted	$	(0.31)	$	(0.02)

See accompanying notes to unaudited condensed consolidated financial statements.

DAXOR CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS [UNAUDITED]
FOR THE THREE MONTHS ENDED

		March 31, 2011		March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Loss	$	(1,326,262)	$	(92,419)
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation		81,461		73,726
Deferred income taxes		(1,795,014)		(2,003,401)
Realized gains on sale of investments		(3,744,373)		(6,076,382)
Mark to market adjustments on options & short sales		4,468,429		4,772,764
Change in operating assets and liabilities:				
(Increase) Decrease in accounts receivable		(17,667)		27,639
Increase in prepaid expenses & other current assets		(29,185)		(25,106)
(Increase) Decrease in inventory		(24,722)		5,561
Increase (Decrease) in accounts payable and accrued liabilities		745,832		(156,534)
(Decrease) Increase in income taxes payable		(2,209,692)		1,579,596
Decrease in deferred revenue		(13,454)		(9,330)
Net cash used in operating activities		(3,864,647)		(1,903,886)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment		(35,959)		(119,676)
Increase in receivable due from broker		(6,329,653)		(12,830,507)
Increase in securities borrowed, at fair market value		6,057,672		13,032,707
Purchases of put and call options		(45,351)		(46,866)
Proceeds from sales of put and call options		2,451,867		5,116,310
Acquisition of available for sale securities		(6,774,540)		(6,465,841)
Proceeds from sale of available for sale securities		4,048,258		2,755,031
Net cash(used in) provided by investing activities		(627,706)		1,441,158
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from margin loan payable		11,170,537		8,549,797
Repayment of margin loan payable		(6,653,053)		(8,236,403)
Purchase of treasury stock		—		(43,205)
Repayment of mortgage payable		(11,458)		(10,651)
Net cash provided by financing activities		4,506,026		259,538
Net increase (decrease) in cash and cash equivalents		13,673		(203,190)
Cash and cash equivalents at beginning of period		57,741		277,088
Cash and cash equivalents at end of period	$	71,414	$	73,898

Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for:				
Interest	$	30,648	$	7,383
Income taxes	$	2,952,052	$	1,013,017

See accompanying notes to unaudited condensed consolidated financial statements.

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DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(Unaudited)

(1) BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

Daxor Corporation (the "Company") is a medical device manufacturing company that offers additional biotech services, such as cryobanking, through its wholly owned subsidiary, Scientific Medical Systems Corp. The Company provides long-term frozen blood and semen storage services to enable individuals to store their own blood and semen. The main focus of Daxor Corporation has been the development of an instrument that rapidly and accurately measures human blood volume. This instrument is used in conjunction with a single use diagnostic injection and collection kit.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements reflect all adjustments of a normal recurring nature, which are, in the opinion of management, necessary for a fair statement of the financial position and results of operations for the interim periods presented. The condensed consolidated financial statements are unaudited and are subject to such year-end adjustments as may be considered appropriate and should be read in conjunction with the historical consolidated financial statements of Daxor Corporation for the years ended December 31, 2010 and 2009, included in Daxor Corporation's Annual Report and Form 10-K for the fiscal year ended December 31, 2010 which was filed on March 29, 2011. The December 31, 2010 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. Operating results for the three month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

These condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("US GAAP") and under the same accounting principles as the consolidated financial statements included in the Annual Report on Form 10-K. Certain information and footnote disclosures related thereto normally included in the financial statements prepared in accordance with US GAAP have been omitted in accordance with Rule 8-03 of Regulation S-X.

Management has evaluated subsequent events through the date of this filing.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable and payable, accrued liabilities, deferred option premiums and loans payable approximate fair value because of their short maturities. The carrying amount of the mortgage payable is estimated to approximate fair value as the mortgage carries a market rate of interest.

Fair Value Measurements

The Company accounts for its investments under the provision of FASB ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values which are discussed below.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include corporate-owned key person life insurance policies.

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes auction rate securities where independent pricing information was not able to be obtained.

The Company's marketable securities are valued using Level 1 observable inputs utilizing quoted market prices in active markets. These marketable securities are summarized in Note 2, Available for Sale Securities.

On January 1, 2010, the Company adopted the provisions of FASB ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). This update provides amendments to Subtopic 820-10 that requires new disclosure as follows: 1) Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update provides amendments to Subtopic 820-10 that clarify existing disclosures as follows: 1) Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities. 2) Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the ASU 2010-06 did not have an impact on the Company's financial statements.

Available-for-Sale Securities

Available-for-sale securities represent investments in debt and equity securities (primarily common and preferred stock of electric utility companies) that management has determined meet the definition of available-for-sale under FASB ASC 320 - Accounting for Certain Investments in Debt and Equity Securities ("ASC 320"). Accordingly, these investments are stated at fair market value and all unrealized holding gains or losses are recorded in the Stockholders' Equity section as Accumulated Other Comprehensive Income (Loss). Conversely, all realized gains, losses and earnings are recorded in the Statement of Operations under Other Income (Expense).

At certain times, the Company will engage in short selling of stock. When this occurs, the short position is marked to the market and recorded as a realized sale. Any gain or (loss) is recorded for the period presented.

Historical cost is used by the Company to determine all gains and losses, and fair market value is obtained by readily available market quotes on all securities (Level 1 inputs).

Put and Call Options at fair value

As part of the company's investment strategy, put and call options are sold on various stocks the company is willing to buy or sell. The premiums received are deferred until such time as they are exercised or expire. In accordance with FASB ASC 815 - Accounting for Derivative Instruments and Hedging Activities, these options are marked to market for each reporting period using readily available market quotes (Level 1 inputs), and this fair value adjustment is recorded as a gain or loss in the Statement of Operations.

Upon exercise, the value of the premium will adjust the basis of the underlying security bought or sold. Options that expire are recorded as income in the period they expire.

All proceeds of the put and call options which are equity contracts are shown net of the mark to market adjustment in the current liability section of the balance sheet as Put and call options, at fair value.

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

Receivable from Broker

The Receivable from Brokers includes cash proceeds from the sales of securities and dividends. These proceeds are invested in dividend bearing money market accounts. The restricted cash is held by the brokers to satisfy margin requirements.

The following table summarizes Receivable from Broker at March 31, 2011 and December 31, 2010:

Description	(Unaudited) March 31, 2011		December 31, 2010	
Money Market Accounts	$	5,905,250	$	10,115,798
Restricted Cash		28,596,294		22,266,641
Total Receivable from Broker	$	34,501,544	$	32,382,439

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

Securities borrowed at fair value

When a call option that has been sold short is exercised, this creates a short position in the related common stock. The recorded cost of these short positions is the amount received on the sale of the stock plus the proceeds received from the underlying call option. These positions are shown on the Balance Sheet as "Securities borrowed at fair value" and the carrying value is reduced or increased at the end of each quarter by the mark to market adjustment which is recorded in accordance with ASC 320 .

Investment Goals, Strategies and Policies

The Company's investment goals, strategies and policies are as follows:

1. The Company's investment goals are capital preservation, maintaining returns on capital with a high degree of safety and generating income from dividends and option sales to help offset operating losses.

2. In order to achieve these goals, the Company maintains a diversified securities portfolio comprised primarily of electric utility common and preferred stocks. The Company also sells covered calls on portions of its portfolio and also sells puts on stocks it is willing to own. It also sells uncovered calls and may have net short positions in common stock up to 15% of the value of the portfolio. The Company's net short position may temporarily rise to 20% of the Company's portfolio without any specific action because of changes in valuation, but should not exceed this amount. The Company's investment policy is to maintain a minimum of 80% of its portfolio in electric utilities. The Board of Directors has authorized this minimum to be temporarily lowered to 70% when Company management deems it to be necessary. Investments in utilities are primarily in electric companies. Investments in non-utility stocks will generally not exceed 20% of the value of the portfolio.

3. Investment in speculative issues, including short sales, maximum of 15%.

4. Limited use of options to increase yearly investment income.

   a. The use of "Call" Options. Covered options can be sold up to a maximum of 20% of the value of the portfolio. This provides extra income in addition to dividends received from the Company's investments. The risk of this strategy is that investments may be called away, which the Company may have preferred to retain. Therefore, a limitation of 20% is placed on the amount of stock on which options can be written. The amount of the portfolio on which options are actually written usually does not exceed 10% of the value of the portfolio. The historical turnover of the portfolio is such that the average holding period is in excess of five years for available for sale securities.

   b. The use of "Put" options. Put options are written on stocks which the Company is willing to purchase. While the Company does not have a high rate of turnover in its portfolio, there is some turnover; for example, due to preferred stocks being called back by the issuing Company, or stocks being called away because call options have been written. If the stock does not go below the put exercise price, the Company records the proceeds from the sale as income. If the put is exercised, the cost basis is reduced by the proceeds received from the sale of the put option. There may be occasions where the cost basis of the stock is lower than the market price at the time the option is exercised.

c. Speculative Short Sales/Short Options. The Company normally limits its speculative transactions to no more than 15% of the value of the portfolio. The Company may sell uncovered calls on certain stocks. If the stock price does not rise to the price of the call, the option is not exercised and the Company records the proceeds from the sale of the call as income. If the call is exercised, the Company will have a short position in the related stock. The Company then has the choice of covering the short position, or selling a put against it. If the put is exercised, then the short position is covered. The Company's current accounting policy is to mark to the market at the end of each quarter any short positions, and include it in the income statement. While the Company may have short positions equal to 15% of its accounts, in actual practice the net short stock positions usually account for less than 10% of the assets of the Company.

5. In the event of a merger, the Company will elect to receive shares in the new company if this is an option. If the proposed merger is a cash only offer, the Company will receive cash and be forced to sell the stock.

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010 (Continued)
(Unaudited)

It is possible that the market value of a stock may go below our cost after we purchase it even though we considered the stock to be undervalued relative to the market at the time we purchased it. When that occurs, we follow the provisions of SEC Staff Accounting Bulletin: Codification of Staff Accounting Bulletins, Topic 5-M ("SAB 5-M"): Miscellaneous Accounting, Other Than Temporary Investments in Debt and Equity Securities in determining whether an investment is other than temporarily impaired.

Inventory

Inventory is stated at the lower of cost or market, using the first-in, first-out method (FIFO), and consists primarily of finished goods.

Earnings per Share

The Company computes earnings per share in accordance with ASC 260 - Earnings per Share. Basic earnings per common share is computed by dividing income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share are based on the average number of common shares outstanding during each period, adjusted for the effects of outstanding stock options.

The following table summarizes the loss per share calculations for the three months ended March 31, 2011 and March 31, 2010:

	Three months ended March 31, 2011		Three months ended March 31, 2010	
Basic and diluted shares		4,226,137		4,247,285
Net Loss	$	(1,326,262)	$	(92,419)
Basic and diluted loss per share	$	(0.31)	$	(0.02)

Certain stock options were not included in the computation of the earnings per share due to their anti-dilutive effect. The number of anti-dilutive options totaled 47,300 and 61,800 for the three months ended March 31, 2011 and 2010, respectively.

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

Dividends

In 2008, Management instituted a policy of paying dividends when funds are available. No dividends were paid for the three months ended March 31, 2011 and 2010.

The Board of Directors voted to declare a dividend of $0.15 per share on May 11, 2011. The dividend will be payable on Thursday, June 16, 2011 to shareholders of record on Wednesday, June 1, 2011.

(2) AVAILABLE-FOR-SALE SECURITIES

The Company uses the historical cost method in the determination of its realized and unrealized gains and losses. The following tables summarize the Company's investments as of:

Summary of Available for Sale Securities as of March 31, 2011 (Unaudited)

Type of Security	Market Value	Cost of Securities	Net Unrealized Gain	Unrealized Gains	Unrealized Losses
Common Stock	$ 51,059,913	$ 27,997,433	$ 23,062,480	$ 23,616,392	$ (553,912)
Preferred Stock	2,128,525	1,626,216	502,309	512,559	(10,250)
Total Equity Securities	$ 53,188,438	$ 29,623,649	$ 23,564,789	$ 24,128,951	$ (564,162)

Summary of Unrealized Losses of Available for Sale Securities as of March 31, 2011 (Unaudited)

	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Marketable Equity Securities	$ 1,282,080	$ 58,058	$ 3,285,473	$ 506,104	$ 4,567,553	$ 564,162

Summary of Unrealized Gains on Available for Sale Securities as of March 31, 2011 (Unaudited)

	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains
Marketable Equity Securities	$ 6,621,868	$ 246,309	$ 41,999,017	$ 23,882,642	$ 48,620,885	$ 24,128,951

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

Summary of Available for Sale Securities as of December 31, 2010

Type of Security	Market Value	Cost of Securities	Net Unrealized Gain	Unrealized Gains	Unrealized Losses
Common Stock	$ 51,808,717	$ 29,341,744	$ 22,466,973	$ 23,044,040	$ (577,067)
Preferred Stock	2,067,354	1,626,215	441,139	454,032	(12,893)
Total Equity Securities	$ 53,876,071	$ 30,967,959	$ 22,908,112	$ 23,498,072	$ (589,960)

Daxor Corporation
Summary of Unrealized Losses on Available for Sale Securities
As at December 31, 2010

	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Marketable Equity Securities	$ 8,263,313	$ 74,480	$ 2,216,443	$ 515,480	$ 10,479,756	$ 589,960

Daxor Corporation
Summary of Unrealized Gains on Available for Sale Securities
As at December 31, 2010

	Less Than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains
Marketable Equity Securities	$ 2,423,702	$ 384,011	$ 40,972,613	$ 23,114,061	$ 43,396,315	$ 23,498,072

Our investment policy calls for a minimum of 80% of the value of our portfolio of Available for Sale Securities to be maintained in utility stocks. This percentage may be temporarily decreased to 70% if deemed necessary by management. Operating under this policy, Management's investment strategy is to purchase utility stocks which it considers to be undervalued relative to the market in anticipation of an increase in the market price.

At March 31, 2011 and December 31, 2010, available for sale securities consisted mostly of preferred and common stocks of utility companies. At March 31, 2011 and December 31, 2010, 96.00% and 96.16% of the market value of the Company's available for sale securities was made up of common stock, respectively.

The Company's portfolio value is exposed to fluctuations in the general value of electric utilities. An increase of interest rates could put downward pressure on the valuation of utility stocks.

Electric utilities operate in an environment of federal, state and local regulations, and they may disproportionately affect an individual utility. The Company believes that it's exposure to regulatory risk is mitigated due to the diversity of holdings consisting of 70 separate common and preferred stocks. As of March 31, 2011 there were five holdings of common stock which comprised 49.92% of the total market value of the available for sale investments. These five holdings are Entergy, Bank of America, Exelon, First Energy and National Grid.

DAXOR CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011 (Continued)
(Unaudited)

It is possible that the market value of a stock may go below our cost after we purchase it even though we considered the stock to be undervalued relative to the market at the time we purchased it. When that occurs, we follow the provisions of SEC Staff Accounting Bulletin: Codification of Staff Accounting Bulletins, Topic 5-M ("SAB 5-M"): Miscellaneous Accounting, Other Than Temporary Investments in Debt and Equity Securities in determining whether an investment is other than temporarily impaired. The factors we review and/or consider include the following:

The extent to which the market value has been less than cost.

An evaluation of the financial condition of an issuer including a review of their profit and loss statements for the most recent completed fiscal year and the preceding two years.

The examination of the general market outlook of the issuer. This could include but is not limited to the issuer having a unique product or technology which would appear likely to have a positive impact on future earnings.

A review of the general market conditions.

Our intent and ability to retain the investment for a period of time sufficient to allow for the anticipated recovery in market value.

Specific adverse conditions related to the financial health of, and business outlook for, the issuer.

Changes in technology in the industry and its affect on the issuer.

Changes in the issuer's credit rating.

Unrealized Losses on Available for Sale Securities

At March 31, 2011, 71.23% or $401,859 of the total unrealized losses of $564,162 was comprised of the following two securities: $220,146 for Citigroup Inc. and $181,713 for USEC.

After considering the available positive and negative evidence in addition to the ability of Daxor to hold the stock until the market price exceeds our cost, management has determined that an impairment charge is not necessary at March 31, 2011 on either position.

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(3) SEGMENT ANALYSIS

The Company has two operating segments: Equipment Sales and Related Services, and Cryobanking and Related Services.

The Equipment Sales and Related Services segment comprises the Blood Volume Analyzer equipment and related activity. This includes equipment sales, equipment rentals, equipment delivery fees, BVA-100 kit sales and service contract revenues.

The Cryobanking and Related Services segment is comprised of activity relating to the storage of blood and semen, and related laboratory services and handling fees.

Although not deemed an operating segment: the Company reports a third business segment; Investment activity. This segment reports the activity of the Company’s investment portfolio. This includes all earnings, gains and losses, and expenses relating to these investments.

The following table summarizes the results of each segment described above for the three months ended March 31, 2011 (unaudited).

	March 31, 2011			
	Equipment Sales & Related Services	Cryobanking & Related Services	Investment Activity	Total
Revenues	$ 295,830	$ 81,639	$ —	$ 377,469
Expenses				
Cost of sales	154,231	11,223	—	165,454
Research and development expenses	645,827	43,763	—	689,590
Selling, general and administrative expenses	1,537,877	160,485	—	1,698,362
Total Expenses	2,337,935	215,471	—	2,553,406
Operating loss	(2,042,105)	(133,832)	—	(2,175,937)
Investment loss, net	—	—	(182,784)	(182,784)
Other income (expense)				
Interest expense, net	(6,339)	—	(24,309)	(30,648)

Other income	3,094	—	—	3,094
Total Other Expense	(3,245)	—	(24,309)	(27,554)
Loss before income taxes	(2,045,350)	(133,832)	(207,093)	(2,386,275)
Income tax expense (benefit)	95,000	—	(1,155,013)	(1,060,013)
Net (loss) income	$ (2,140,350)	$ (133,832)	$ 947,920	$ (1,326,262)
Total assets	$ 4,817,566	$ 159,084	$ 87,689,982	$ 92,666,632

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The following table summarizes the results of each segment described above for the three months ended March 31, 2010 (unaudited).

	March 31, 2010			
	Equipment Sales & Related Services	Cryobanking & Related Services	Investment Activity	Total
Revenues	$ 316,385	$ 79,887	$ —	$ 396,272
Expenses				
Cost of sales	185,961	5,816	—	191,777
Research and development expenses	836,863	55,102	—	891,965
Selling, general and administrative expenses	481,744	172,942	—	654,686
Total Expenses	1,504,568	233,860	—	1,738,428
Operating loss	(1,188,183)	(153,973)	—	(1,342,156)
Investment income, net	—	—	1,837,052	1,837,052
Other income (expense)				
Interest expense, net	(7,146)	314	568	(6,264)
Other income	3,041	—	—	3,041
Total Other Income (Expense)	(4,105)	314	568	(3,223)
Income (loss) before income taxes	(1,192,288)	(153,659)	1,837,620	491,673
Income tax expense	36,000	—	548,092	584,092
Net (loss) income	$ (1,228,288)	$ (153,659)	$ 1,289,528	$ (92,419)
Total assets	$ 4,914,496	$ 207,007	$ 81,876,482	$ 86,997,985

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(4) LOANS AND MORTGAGE PAYABLE

LOANS PAYABLE

Short-term debt to brokers (margin debt) is secured by the Company's marketable securities and totaled $4,945,132 at March 31, 2011 and $4,638,197 at December 31, 2010. The interest rate on the Company's margin debt at March 31, 2011 was 1.108%

MORTGAGE PAYABLE

Daxor financed the purchase of the land and buildings in Oak Ridge, Tennessee with a $500,000 10-year mortgage, with the first five years fixed at 7.49%. On January 2, 2012, there is a single payment of $301,972 for the remaining principal and interest on the mortgage. The Company has the option of making this payment or refinancing the mortgage for an additional five year term at a fixed rate of interest that would be set on January 2, 2012.

(5) PUT AND CALL OPTIONS AT FAIR VALUE

As part of the Company's investment strategy, put and call options are sold on various stocks the Company is willing to buy or sell. The premiums received are deferred until such time as they are exercised or expire. These options are marked to market for each reporting period using readily available market quotes, and this fair value adjustment is recorded as a gain or loss in the Statement of Operations.

Upon exercise, the value of the premium will adjust the basis of the underlying security bought or sold. Options that expire are recorded as income in the period they expire.

For the three months ended March 31, 2011, the Company recorded a loss from marking put and call options to market of ($3,107,583). For the three months ended March 31, 2010, the Company recorded a loss from marking put and call options to market of ($1,974,287). These amounts are included in the Statements of Operations as part of mark to market of short positions.

All proceeds of the put and call options which are equity contracts are shown net of the mark to market adjustment in the current liability section of the balance sheet as Put and call options, at fair value.

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The following summarizes the Company's Put and Call Options as of March 31, 2011 (unaudited) and December 31, 2010:

Put and Call Options	Selling Price