

DAXOR CORP  
Form 10-Q  
May 13, 2011

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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  No

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  No

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

Accelerated Filer

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
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:COMMON STOCK  
PAR VALUE: \$.01 per share

4,226,137 OUTSTANDING AT May 10, 2011

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DAXOR CORPORATION AND SUBSIDIARY

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**DAXOR CORPORATION AND SUBSIDIARY  
CONDENSED CONSOLIDATED BALANCE SHEETS**

|  | UNAUDITED            |                      |
|--|----------------------|----------------------|
|  | March 31,<br>2011    | December 31,<br>2010 |
| <b>ASSETS</b>  |                      |                      |
| <b>CURRENT ASSETS</b>  |                      |                      |
| 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              |
| <b>Total Current Assets</b>  | <b>88,505,984</b>    | <b>86,989,265</b>    |
| Property and equipment, net  | 4,123,490            | 4,168,992            |
| Other assets   | 37,158               | 37,158               |
| <b>Total Assets</b>  | <b>\$ 92,666,632</b> | <b>\$ 91,195,415</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                      |                      |
| <b>CURRENT LIABILITIES</b>   |                      |                      |
| 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            |
| <b>Total Current Liabilities</b>   | <b>46,569,969</b>    | <b>43,900,308</b>    |
| <b>LONG TERM LIABILITIES</b>   |                      |                      |
| Mortgage payable, less current portion   | —                    | 300,063              |
| <b>Total Liabilities</b>   | <b>46,569,969</b>    | <b>44,200,371</b>    |
| <b>STOCKHOLDERS' EQUITY</b>  |                      |                      |
| Common stock, \$.01 par value, Authorized - 10,000,000 shares<br>Issued - 5,316,550 shares Outstanding - 4,226,137 and 4,226,137<br>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           |

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

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|  |    |                    |    |                  |
|--|----|--------------------|----|------------------|
| 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)         |
| <b>Total Other Income (Expenses)</b>   |    | <b>(210,338)</b>   |    | <b>1,833,829</b> |
| <b>(Loss) Income before Income Taxes</b>                                     |    | <b>(2,386,275)</b> |    | <b>491,673</b>   |
| Income Tax (Benefit) Expense   |    | (1,060,013)        |    | 584,092          |
| Net Loss   | \$ | (1,326,262)        | \$ | (92,419)         |
| <b>Comprehensive Loss:</b>   |    |                    |    |                  |
| Net Loss   | \$ | (1,326,262)        | \$ | (92,419)         |
| Unrealized Gain on Securities Held for Sale, Net of Deferred<br>Income Taxes |    | 427,881            |    | (852,942)        |
| Comprehensive Loss   | \$ | (898,381)          | \$ | (945,361)        |
| Weighted average number of shares outstanding – basic and<br>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,<br>2011 | March 31,<br>2010 |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                               |                   |                   |
| 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)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                               |                   |                   |
| 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         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                               |                   |                   |
| 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.

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<br>March 31, 2011 | Three months ended<br>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         | Unrealized Loss |
|------------------------------|-------------------------|-----------------|--------------------------|-----------------|---------------|-----------------|
|                              | Fair Value              | Unrealized Loss | Fair Value               | Unrealized Loss | Fair Value    |                 |
| 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         | Unrealized Gains |
|------------------------------|-------------------------|------------------|--------------------------|------------------|---------------|------------------|
|                              | Fair Value              | Unrealized Gains | Fair Value               | Unrealized Gains | Fair Value    |                  |
| 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 its 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  
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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.

DAXOR CORPORATION AND SUBSIDIARY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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(Unaudited)

## (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<br>Sales &<br>Related<br>Services | Cryobanking<br>& Related<br>Services | Investment<br>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)    |

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

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

|  | March 31, 2010                              |                                      |                        |               |
|--|---|--------------------------------------|------------------------|---------------|
|  | Equipment<br>Sales &<br>Related<br>Services | Cryobanking<br>& Related<br>Services | Investment<br>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 |

DAXOR CORPORATION AND SUBSIDIARY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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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 | Fair Market Value | Unrealized Gain |
|----------------------|---------------|-------------------|-----------------|
| March 31, 2011       | \$ 5,849,022  | \$ 3,390,047      | \$ 2,458,975    |
| December 31, 2010    | \$ 9,896,627  | \$ 4,330,069      | \$ 5,566,558    |

(6) SECURITIES BORROWED AT FAIR VALUE

The Company maintains short positions in certain marketable securities. The liability for short sales of securities is included in "Securities borrowed at fair market value" in the accompanying balance sheets. The respective market values of these positions were \$28,463,708 and \$22,406,036 as of March 31, 2011 and December 31, 2010.

(7) CURRENT INCOME TAXES

The Company accrues income taxes in interim periods based upon its estimated annual effective tax rate.

The current income tax (benefit) expense for the three months ended March 31, 2011 and 2010 (unaudited) is comprised of the following:

|   | March 31,<br>2011 | March 31,<br>2010 |
|---|-------------------|-------------------|
| Regular tax and Alternative Minimum Tax (AMT) | \$ 585,566        | \$ 1,784,468      |
| Personal Holding Company Tax (PHC)            | 54,435            | 767,025           |
| State Franchise Taxes                         | 95,000            | 36,000            |
| Total Current Income Tax Provision            | 735,001           | 2,587,493         |
| Deferred Income Taxes                         | (1,795,014)       | (2,003,401)       |
| Total Income Tax (Benefit) Expense            | \$ (1,060,013)    | \$ 584,092        |

DAXOR CORPORATION AND SUBSIDIARY  
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## (8) DEFERRED INCOME TAXES

The deferred income tax liability is computed at the federal statutory rate of 35% and comprised of the following:

|   | (unaudited)<br>March 31,<br>2011 | December 31,<br>2010 |
|---|----------------------------------|----------------------|
| Deferred Tax Liabilities:                               |                                  |                      |
| Fair value adjustment for available-for-sale securities | \$ 8,247,676                     | \$ 8,017,839         |
| Mark to market short positions                          | (901,484)                        | 856,641              |
| Property and equipment                                  | 153,014                          | 168,941              |
| Other   | (61,476)                         | (39,475)             |
|   | \$ 7,437,730                     | \$ 9,003,946         |

The deferred tax liability that results from the marketable securities does not flow through the statement of operations due to the classification of the marketable securities as available-for-sale. Instead, any increase or decrease in the deferred tax liability is recorded as an adjustment to accumulated other comprehensive income which is in the stockholders' equity section of the balance sheet.

## (9) CERTAIN CONCENTRATIONS AND CONTINGENCIES

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of the common stock of marketable electric utilities. At March 31, 2011 stocks representing 99.66% of the market value of common stocks held by the Company were listed on the New York Stock Exchange (NYSE). The Company maintains its investments in four different brokerage accounts, three at UBS and one at TD Ameritrade. UBS and TD Ameritrade provide supplemental insurance up to the face value of the securities in excess of the SIPC limit of \$500,000.

Both of these brokerage houses are well known in the industry and management does not believe that these securities bear any risk of loss over and above the basic risk that a security bears through the normal activity of the securities markets. However, at March 31, 2011 the fair market value of securities in excess of the SIPC insured limit is \$1,952,017 and the cash on deposit in excess of the insured limit is \$4,814,168.

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For the three months ended March 31, 2011, the sales of Blood Volume Kits accounted for 67.37% of the Company's total consolidated operating revenue. There were four customers (hospitals) that accounted for 57.89% of the Company's sales of Blood Volume Kits.

For the three months ended March 31, 2010, the sales of Blood Volume Kits accounted for 67.81% of the Company's total consolidated operating revenue. There were four customers (hospitals) that accounted for 56.65% of the Company's sales of Blood Volume Kits.

Management believes that the loss of any one of these customers would have an adverse effect on the Company's consolidated business for a short period of time. All of these four hospitals have purchased their BVA-100 equipment. The Company has not had any situations in which a hospital, after having purchased a blood volume analyzer, discontinued purchasing Volumex kits. This suggests that, when more hospitals purchase equipment, they will continue with ongoing purchase of Volumex kits. The Company continues to seek new customers, so that any one hospital will represent a smaller percentage of overall sales.

As disclosed in our previous filings, the Centers for Medicare and Medicaid Services (CMS) implemented a significant policy change affecting the reimbursement for all diagnostic radiopharmaceutical products and contrast agents which was effective as of January 1, 2008. As a result of this policy change, diagnostic radiopharmaceuticals such as Daxor's Volumex are no longer separately reimbursable by Medicare for outpatient services. At this time, it is still unclear if this policy change will also be implemented by private third party health insurance companies.

The reimbursement policy for hospital outpatients through December 31, 2007 included payment for both the cost of the procedure to perform a blood volume analysis (BVA) and the radiopharmaceutical (Daxor's Volumex radiopharmaceutical). CMS's policy now only includes the reimbursement for the procedure and would require the hospital to absorb the cost of the radiopharmaceutical. There will be an upward adjustment for the procedure code to include some of the costs of the radiopharmaceutical. However, this upward adjustment does not entirely cover the costs associated with the procedure and the radiopharmaceutical.

In response to Medicare's change in its reimbursement policy for diagnostic radiopharmaceuticals, Daxor has lobbied CMS both individually and as a member of the Society of Nuclear Medicine's APC Task Force, which is a select group of representatives from industry and healthcare that represents the more than 16,000 nuclear medicine professionals in the United States. One of the missions of the APC Task Force is to work directly with the CMS in an attempt to amend the current policy limiting the reimbursement of diagnostic radiopharmaceuticals for outpatient diagnostic services. There is no guarantee that the APC task force will be successful in their efforts to persuade the CMS to amend their policy of limiting the reimbursement of diagnostic radiopharmaceuticals for outpatient diagnostic services. This change in Medicare's reimbursement policy was still in effect at March 31, 2011.

On March 21, 2010, the U.S. House of Representatives passed The "Patient Protection and Affordable Care Act (H.R.3590)." This legislation was signed into law by President Obama on March 23, 2010. The goal of this legislation is to make health care more accessible to Americans. At this time, we are unable to quantify how this legislation will affect our operating income. Although it is possible that increased coverage could lead to greater access to our products and services if the reimbursement rate is lower, this would limit the benefit to Daxor and could have a negative effect on our operating results and our business.

The Company's Volumex syringes are filled by an FDA approved radiopharmaceutical manufacturer. This manufacturer is the only one approved by the FDA in the United States to manufacture Volumex for interstate commerce. If this manufacturer were to cease filling the Volumex syringes for Daxor, the Company would have to make alternative arrangements to insure a supply of Volumex. The effect of such a disruption on Daxor's business could be material.

From time to time, the Company is the subject of legal proceedings arising in the ordinary course of business. The Company does not believe that any proceedings currently pending or threatened will have a material adverse effect on its business or results of operations.

In 2005 and 2007, the Company and Dr. Joseph Feldschuh, its President and Chief Executive Officer, respectively, received Wells Notices from the Securities and Exchange Commission ("SEC") requesting their comments on the SEC Staff's view that the Company was in violation of Section 7(a) of the Investment Company Act in that it was operating as an unregistered investment company. The Company and Dr. Feldschuh responded to those requests when made.

DAXOR CORPORATION AND SUBSIDIARY  
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In November 2009, the staff of the Northeast Regional Office of the SEC contacted the Company and invited both the Company and Dr. Feldschuh to make a new Wells submission based upon more recent operations and results. The Company and Dr. Feldschuh responded to the staff's invitation on December 20, 2009.

The Company disclosed in its Form 10-Q for September 30, 2010 and Form 10-K for December 31, 2010 that the SEC instituted administrative proceedings pursuant to the Investment Company Act of 1940 on September 17, 2010. The New York City staff of the Enforcement Division of the SEC is claiming that Daxor is primarily an investment company and not primarily an operating company.

The Company has disclosed in previous public filings that it is dependent upon earnings from its investment portfolio to fund operations and that a single individual, Dr. Joseph Feldschuh, makes all investment decisions.

The administrative proceeding took place from March 7, 2011 through March 9, 2011 in New York City. The Company feels strongly that the extensive documentation of its history of operations presented at the administrative proceeding will demonstrate that it is primarily an operating medical instrumentation and biotechnology company and not primarily an investment company.

The Administrative Law Judge is required to issue an opinion no later than 300 days from September 17, 2010 pursuant to Rule 360 (a) (2) of the Commission's Rules of Practice.

There is a risk that Daxor will be found to be an investment company as a result of this administrative proceeding. If Daxor is found to be an Investment Company, we may attempt to register with the Internal Revenue Service ("IRS") as a Regulated Investment Company ("RIC"). There is no guarantee that the Company would meet the requirements imposed by the Internal Revenue Code for qualification as an RIC.

However, one requirement of being an RIC is that Daxor would have to distribute at least 90% of its investment company taxable income and 90% of its net tax-exempt income to its shareholders annually. If Daxor would not meet this requirement, it would be taxed as Regular Corporation and still be liable for Income Tax and Personal Holding Company Tax.

The management of the Company believes the additional disclosures that would be necessary if Daxor were to become an RIC would not materially affect investment policies and practices currently in place. The management also believes that the operating segments of the Company would also not be materially affected if Daxor was compelled to become an RIC.

#### (10) RELATED PARTY TRANSACTIONS

The Company subleases a portion of its New York City office space to the President of the Company for five hours per week. This sublease agreement has no formal terms and is executed on a month to month basis.

The amount of rental income received from the President of the Company for the three months ended March 31, 2011 and March 31, 2010 was \$3,094 and \$3,041.

Jonathan Feldschuh is the co-inventor of the BVA-100 Blood Volume Analyzer and is the son of Dr. Joseph Feldschuh, the Chief Executive Officer and President of Daxor. He was paid \$18,720 annually for the years ended December 31, 2010 and 2009. Jonathan Feldschuh is expected to provide a limited amount of consultative help in the filing of the additional patents in 2011.

(11) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On January 1, 2011, the Company adopted Accounting Statement Update (ASU) 2009-13, "Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements," which eliminates the residual method of allocation, and instead requires companies to use the relative selling price method when allocating revenue in a multiple deliverable arrangement. When applying the relative selling price method, the selling price for each deliverable shall be determined using vendor specific objective evidence of selling price, if it exists, otherwise using third-party evidence of selling price. If neither vendor specific objective evidence nor third-party evidence of selling price exists for a deliverable, companies shall use their best estimate of the selling price for that deliverable when applying the relative selling price method. The Company has elected to adopt this guidance prospectively for all revenue arrangements entered into or materially modified after the date of adoption. The adoption of the provisions of ASU 2009-13 did not have a material effect on the financial position, results of operations or cash flows of the Company.

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On January 1, 2011, the Company adopted Accounting Standards Update 2010-20, "Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." ASU 2010-20 is intended to provide additional information to assist financial statement users in assessing an entity's risk exposures and evaluating the adequacy of its allowance for credit losses. The amendments in ASU 2010-20 encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. The adoption of ASU 2010-20 did not have a material effect on the financial position, results of operations or cash flows of the Company.

On January 1, 2011, the Company adopted ASU 2010-06, "Improving Disclosures about Fair Value Measurements," to require additional disclosures related to activity within Level 3 of the fair value hierarchy. The adoption of ASU 2010-06 did not have a a material effect on the financial position, results of operations or cash flows of the Company.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying financial statements.

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

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The following discussion of the our financial condition and results of our operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2010. This Quarterly Report on Form 10-Q contains forward-looking statements based on our current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements are usually accompanied by words such as "believes," "may," "should," "anticipates," "estimates," "expects," "future," "intends," "hopes," "plans," and similar expressions, which are intended to identify the negative thereof. Forward-looking statements involve risks and uncertainties and our actual results may differ materially from the results anticipated in these forward-looking statements as a result of certain factors.

### BUSINESS OVERVIEW

Daxor Corporation is a medical device manufacturing company that offers additional biotech services, such as cryobanking, through its wholly owned subsidiary Scientific Medical Systems Corp. The main focus of Daxor Corporation has been the development and marketing 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 that the Company also sells to its customers.

### RECENT DEVELOPMENTS

Blood volume derangements are associated with a variety of medical and surgical conditions. It is well established that clinical assessments of blood volume using physical examination or simple blood tests are frequently inadequate to determine total blood volume. Daxor is therefore actively supporting blood volume research in several strategic areas including Heart Failure, Critical Care/Trauma, and Transfusion Decisions during Surgery. These therapeutic areas are ones in which patient diagnosis and/or treatment may be greatly improved by the information obtained from a blood volume analysis, as outlined below.

#### Heart Failure

Heart failure, a major cause of morbidity and mortality among the elderly, is a serious public health problem. Expenditures related to the care of heart failure patients approach \$38 billion annually, which makes congestive heart failure the most expensive condition covered by Medicare. The majority of patients treated for heart failure must be treated with medications which produce drastic changes in their blood volumes.

Daxor has previously sponsored several studies to assess the benefits of blood volume analysis in heart failure patients. One landmark study, conducted by Dr. Stuart Katz when he was an Investigator at the Columbia Presbyterian Medical Center, categorized patients as hypervolemic (volume expanded), normovolemic (having a normal blood volume), or hypovolemic (volume contracted) and recorded their outcomes over time. At the end of one year, 39% of the hypervolemic patients had died or received an urgent heart transplant. In contrast, none of the normovolemic or hypovolemic patients died or received an urgent transplant. At the end of two years, 55% of hypervolemic patients had died or received an urgent heart transplant, while the normovolemic patients continued to have a 0% mortality rate. This study showed a remarkable correlation between blood volume and outcome and suggested that effectively treating patients to normovolemia may dramatically improve their outcomes.

This study also examined the accuracy of clinical assessment of volume status in these patients. Experienced cardiologists assessed patients' blood volume status using standard laboratory tests and physical examination. When choosing between three possible choices—decreased, normal, or increased blood volume—specialists were correct only 51% of the time in categorizing these severely ill cardiac patients relative to the direct measurement results provided by the BVA-100. This study was cited in the American College of Cardiology/American Heart Association guidelines for the treatment of chronic heart failure in support of the recommendation to assess blood volume status of heart failure patients at every doctor's visit.

Daxor recently began to enroll patients in a multi-center study which is a follow-up to this earlier study. The TEAM-HF (Treatment to Euvolemia/Normovolemia by Assessment and Measured Blood Volume in Heart Failure) Study will enroll a total of 300 patients from thirteen (13) participating medical centers. The TEAM-HF Study will compare heart failure management strategies based on clinical assessment of volume status versus direct measurement of blood volume using the BVA-100 to determine whether use of blood volume data leads to decreases in re-hospitalization and mortality, and improved function and quality of life for heart failure patients. Dr. Stuart Katz, who is now the Director of the Heart Failure Program at New York University, is extending his previous research by serving as the National Principal Investigator for this study. Data collection and management for the TEAM-HF Study is being performed by an independent Data Collection Center – the Nathan S. Kline Institute for Psychiatric Research. Daxor has also retained the services of three statisticians, two of whom are faculty members at New York University, to assist with data analysis for the TEAM-HF Study.

In addition, Daxor is currently supporting a study which will determine whether use of blood volume measurement to help guide fluid removal by ultrafiltration (UF) in patients hospitalized with decompensated Heart Failure (HF) leads to improved outcomes. The 50 patients who enroll in this interventional study will undergo 4 blood volume measurements: (1) immediately before UF, (2) 30 minutes after UF is complete, (3) at 30-day follow-up and (4) at 90-day follow-up. Patients will be randomized into two groups: in the experimental group, the physician will be given the BVA-100 results, which – in conjunction with continuous hematocrit monitoring – will guide fluid removal during UF. In the control group, the physician will not be given the BVA-100 results. In this case, fluid removal will be based upon physicians' clinical assessment. Some of the outcomes that will be compared between the two groups include survival, rehospitalization, the incidence of decreased kidney function, and the need for long-term hemodialysis. This study is currently in progress, and 23 patients have enrolled to date. The Principal Investigator for this study is Dr. Mitchell Saltzberg, the Medical Director of the Heart Failure program at the Christiana Care Health System.

Daxor also provided support – along with Medtronic, Inc. – for a clinical study to assess whether the OptiVol<sup>®</sup> implantable cardiac device is able to provide an accurate estimate of patients' blood volume status. At the present time, it is difficult to accurately identify increases in blood volume that may predict which patients are likely to experience a worsening of symptoms and future heart failure events. One invasive method that is sometimes used to identify early blood volume increases is Medtronic's OptiVol<sup>®</sup> system, which continuously monitors the thoracic fluid status of heart failure patients. The objective of this study is to determine whether there is a correlation between intrathoracic impedance, as measured by Medtronic's OptiVol<sup>®</sup> system, and total blood and plasma volume as measured by Daxor's non-invasive BVA-100. This study, which is being led by Dr. Adrian Van Bakel, the Medical Director of the Heart Failure and Cardiac Transplant Program of the Medical University of South Carolina, was recently completed and the data is currently being analyzed.

#### Critical Care/Trauma

Optimal management of fluid status is an essential component of critical care medicine. At the present time, physicians rely on imprecise clinical signs and symptoms to guide their fluid resuscitation decisions. Direct blood volume measurement can be used to take the guesswork out of volume assessment and to enable more precise and appropriate treatment.

Dr. Mihae Yu and colleagues at the Queen's Medical Center in Honolulu, Hawaii, have been studying the use of blood volume measurement in the critical care unit. They have performed blood volume measurement in the surgical intensive care unit and recorded how the results have influenced their treatment decisions. Some of their results were published in the February 2009 issue of the American Journal of Surgery . The findings were based on 86 blood volume measurements from 40 patients, and showed that blood volume measurement results led to a change in treatment plan 36% of the time. Among patients who received a pulmonary artery catheter (PAC) for hemodynamic measurements, treatment would have been changed 50% of the time if blood volume data had been available to treating physicians. Among patients who did not receive PAC measurement, treatment would have changed 33% of the time if the blood volume data had been available.

Dr. Yu recently completed a major study, partially funded by Daxor, in which blood volume measurement was conducted in the intensive care unit. The purpose of the study was to determine whether survival and length of hospital stay could be improved by incorporating blood volume measurement into treatment decisions in the intensive care unit. They found that use of the BVA-100 to guide fluid and red blood cell management led to a significant improvement in mortality in critically ill surgical patients with septic shock, severe sepsis, severe respiratory failure and/or cardiovascular collapse. Patients in the control group, whose resuscitation was guided by findings from pulmonary artery catheterization (PAC) demonstrated statistically significant untreated volume abnormalities and red blood cell deficiencies more often than patients in the group who were resuscitated based on blood volume measurement data (48% vs. 37% and 33% vs. 16%, respectively). This correlated with significantly greater mortality

for patients in the control group (24% mortality) than for patients in the blood volume measurement group (8% mortality;  $P=0.03$ ). These findings indicate that blood volume analysis permits more accurate assessment of patients' volume status and more precise fluid resuscitation and saves lives. Their most recent findings were published in the March 2011 issue of the medical journal Shock.

Daxor also supported a second study of blood volume analysis in critically injured trauma patients. This study, which assessed blood volume changes over a three-day period, was led by Dr. Marty Schreiber, Chief of Trauma at the Oregon Health and Science University. They found that the peripheral hematocrit – which is traditionally used as a marker for blood loss – does not provide an adequate estimate of red blood cell volume in critically ill patients who have been fluid resuscitated. Although the peripheral hematocrit was relatively accurate in patients with normal or contracted blood volumes, based on comparison to the results of direct blood volume measurement, it was quite inaccurate in patients with expanded blood volumes. In fact, the peripheral hematocrit led to overdiagnosis of anemia in 46.7% of critically ill patients with expanded blood volumes. These findings were published in the March 2011 issue of The Journal of Trauma.

### Transfusion Decisions During Surgery

Effective volume management during surgery requires accurate assessment of a patient's need for transfusions. The decision to transfuse a patient depends on appropriately balancing the benefits vs. risks of transfusion for each patient at any given time. Blood volume measurement, by quantifying a patient's blood volume prior to surgery, can provide important information about how much blood loss a patient can safely sustain.

Daxor recently sponsored a study of blood volume changes throughout cardiac surgery as measured by the BVA-100. This study was led by Principal Investigator Dr. Mark Nelson at the Virginia Commonwealth University. Three sequential blood volume analyses were conducted: (1) before surgery; (2) immediately after surgery; (3) and 2 hours after transfer to the intensive care unit. The hypothesis was that red cell volume would be well conserved as a result of cell salvage and transfusion practices employed in the operating room. The preliminary findings from this study demonstrated a greater than anticipated loss of red cells and total blood volume during and after surgery. These results were presented at the 2010 Society of Cardiovascular Anesthesiologists meeting and are expected to be published in the near future.

### RESULTS OF OPERATIONS

Three months ended March 31, 2011 as compared with three months ended March 31, 2010:

#### Operating Revenues and Expenses

For the three months ended March 31, 2011, consolidated operating revenues decreased to \$377,469 from \$396,272 for the same period in 2010, a decrease of \$18,803 or 5.0% which was mainly due to a reduction in kit sales. There were no Blood Volume Analyzers sold during the quarters ended March 31, 2011 and March 31, 2010.

The Company sold 809 Volumex Kits during the quarter ended March 31, 2011 versus 858 for the quarter ended March 31, 2010 for a decrease of 49 kits or 5.7%. Revenue from Blood Volume Kit Sales decreased to \$254,307 from \$272,608 during the same period for a reduction of \$18,301 or 6.7%.

There were 56 Blood Volume Analyzers placed at March 31, 2011 versus 55 at March 31, 2010. For the three months ended March 31, 2011, the Company provided 44 Volumex doses free of charge to facilities utilizing the BVA-100 for research versus 113 during the same period in 2010.

The following tables provide gross margin information on Equipment Sales & Related Services for the three months ended March 31, 2011 and March 31, 2010:

|                                       | Kit Sales<br>Three Months<br>Ended<br>March 31, 2011 | Equipment<br>Sales and Other<br>Three Months<br>Ended<br>March 31, 2011 | Total<br>Three Months<br>Ended<br>March 31, 2011 |
|---------------------------------------|--|---|--|
| Equipment Sales and Related Services: |  |   |  |
| Revenue                               | \$ 254,307   | \$ 41,523   | \$ 295,830                                       |
| Cost of Goods Sold                    | 123,741  | 30,490  | 154,231  |
| Gross Profit                          | \$ 130,566   | \$ 11,033   | \$ 141,599                                       |
| Gross Profit Percentage               | 51.3%  | 26.6%   | 47.9%  |

|                                       | Kit Sales<br>Three Months<br>Ended<br>March 31, 2010 | Equipment<br>Sales and Other<br>Three Months<br>Ended<br>March 31, 2010 | Total<br>Three Months<br>Ended<br>March 31, 2010 |
|---------------------------------------|--|---|--|
| Equipment Sales and Related Services: |  |   |  |
| Revenue                               | \$ 272,608   | \$ 43,777   | \$ 316,385                                       |
| Cost of Goods Sold                    | 135,178  | 50,783  | 185,961  |
| Gross Profit (Loss)                   | \$ 137,430   | \$ (7,006)  | \$ 130,424                                       |
| Gross Profit (Loss) Percentage        | 50.4%  | (16.0)%   | 41.2%  |

The additional revenues for Equipment Sales and Other during the current and previous quarter consist almost entirely of shipping charges and service contract revenue.

The Company had a gross profit of \$11,033 on Equipment Sales and other for the three months ended March 31, 2011 versus a gross loss for the three months ended March 31, 2010 of (\$7,006). Even though the Company did not sell any Blood Volume Analyzers during the three months ended March 31, 2010, it still incurred production related expenses for the BVA-100.

S,G&A (selling, general and administrative) and R&D (Research and Development) costs for Equipment Sales and Related Services were \$2,183,704 for the three months ended March 31, 2011 versus \$1,318,607 for the same period in 2010, for an increase of \$865,097 or 65.6%. There were \$870,909 of Legal Expenses incurred during the three months ended March 31, 2011 for the SEC Administrative Proceeding which is described in greater detail in Note (9) Certain Concentrations and Contingencies and Item 1, Legal Proceedings of this Form 10-Q. These charges are the main reason for the increase in S,G&A and R&D costs for the current quarter. There were additional legal expenses of \$139,336 incurred from April 1, 2011 through April 30, 2011 for the SEC Administrative Proceeding. At this time, management is unable to estimate the amount of any additional future costs that may be incurred by the Company for the SEC proceeding.

Research & Development expenses for Equipment Sales and Related Services were \$645,827 for the three months ended March 31, 2011 versus \$836,863 for the same period in 2010 for a decrease of \$191,036 or 22.8%. The reasons for this decrease were:

\$70,000 in software charges related to the development of WIN BVA 6.0 that was incurred during the first quarter of 2010 which did not reoccur in 2011.

There was also a reduction in salary expense for Research and Development of \$124,876 during the current quarter as compared to the same period in 2010.

Daxor remains committed to making Blood Volume Analysis a standard of care in at least three different disease states. In order to achieve this goal, we are continuing to spend time and money in research and development to get the best product to the market. We are still working on the following three projects: 1) GFR: Glomerular Filtration Rate, 2) Total Body Albumin Analysis, and 3) Wipes tests for radiation contamination/detection. We are also progressing on the next version of the delivery device for the radioactive dose Volumex. The current version is the "Max-100" which has a patent. The next version, the "Max-200" will be without a needle and should afford the company extended protection with a second patent when it is completed.

Operating revenues for the Cryobanking segment, which includes both blood banking and semen banking, increased to \$81,639 in 2011 from \$79,887 in 2010.

S,G&A (selling, general and administrative) and R&D (Research and Development) costs for the Cryobanking and related services segment were \$204,248 for the three months ended March 31, 2011 versus \$228,044 for the same period in 2010, for a decrease of \$23,796 or 10.4%. The main reason for this is a decrease in salaries allocated from the Equipment Sales and Related Services Division of \$13,811. This allocation has no effect on the consolidated operating results.

### Consolidated Operating Expenses

The total consolidated operating expenses for the first quarter of 2011 were \$2,387,952 versus \$1,546,651 in 2010 for an increase of \$841,301 or 54.4%. The main reason for this increase was \$870,909 of Legal Expenses incurred during the current quarter for the SEC Administrative Proceeding which is discussed in greater detail in Note (9) Certain Concentrations and Contingencies and Item 1, Legal Proceedings of this Form 10-Q.

### INVESTING SEGMENT

#### 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.

#### Investment Gains (Losses)

Gains on the sale of investments were \$3,744,373 for the three months ended March 31, 2011 versus \$6,076,382 for the same period in 2010 for a decrease of \$2,332,009. For the three months ended March 31, 2011, the Company recorded a loss from marking put and call options and short positions of stock to market of (\$4,468,429) versus a loss of (\$4,772,764) for the same period in 2010. Interest expense was \$30,648 for the three months ended March 31, 2011 versus \$6,264 for the three months ended March 31, 2010. Administrative expenses relating to portfolio investments were \$32,394 in 2011 versus \$34,974 for the same period in 2010.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's management has pursued a policy of maintaining sufficient liquidity and capital resources in order to assure continued availability of necessary funds for the viability and projected growth of all ongoing projects.

As of March 31, 2011, cash and cash equivalents totaled \$71,414 versus \$57,741 at December 31, 2010. Cash used in operating activities was \$3,864,647 for the three month period ended March 31, 2011. The decrease was primarily due to funding the loss from operations of \$2,175,937 for the current three month period and a decrease of \$2,209,692 in income taxes payable.

Cash used in investing activities was \$627,706 for the three months ended March 31, 2011. A major reason for this is the acquisition of available for sale securities of \$6,774,540 which was offset by proceeds from the sale of available for sale securities of \$4,048,258 and sales of put and call options of \$2,451,867.

A total of \$4,506,026 of cash was provided during the current three month period from financing activities. This was mainly due to proceeds received from margin loans of \$11,170,537 which were offset by repayment of margin loans of \$6,653,053.

The Company's investment portfolio has been a critical source of supplemental income to partially offset the continuing losses from operations. Without the income from the investment portfolio, the Company would have needed to raise additional operating funds through either debt or equity financing or a combination of the two. The Company's portfolio has maintained a net value above historical cost for each of the past 105 consecutive quarters.

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 is 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.

The income derived from these investments has been essential to help offset the research, operating and marketing expenses of developing the Blood Volume Analyzer. The Company has followed a conservative policy of assuring adequate liquidity so that it can expand its marketing and research and development without the sudden necessity of raising additional capital. The securities in the Company's portfolio are selected to provide stability of both income and capital. The Company has been able to achieve financial stability because of these returns, which have covered a significant portion of the Company's continuing losses from operations. The Company's investment policy is reviewed at least once yearly by the Board of Directors and the Audit Committee. Individual investment decisions are made solely by the Company's CEO, Dr. Joseph Feldschuh.

The Company currently has adequate resources for the current level of marketing and research and development expenses for the BVA-100 Blood Volume Analyzer as well as capital to sustain its localized semen and blood banking services. The Company may not, at the present time, have adequate resources to expand its marketing force to all areas of the country. The Company is simultaneously expanding its research and development efforts to develop additional instrumentation for renal function testing, specifically glomerular filtration testing. The Company recently explored the potential for raising additional capital but the terms would have been disadvantageous to existing shareholders. The current primary focus is on the BVA-100 Blood Volume Analyzer with respect to expenditure of resources. 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.

#### CRITICAL ACCOUNTING POLICIES

The consolidated financial statements and accompanying footnotes included in this report have been prepared in accordance with accounting principles generally accepted in the United States with certain amounts based on management's best estimates and judgments. To determine appropriate carrying values of assets and liabilities that are not readily available from other sources, management uses assumptions based on historical results and other factors that they believe are reasonable. Actual results could differ from those estimates.

Our critical accounting policies, are described in our Annual Report on Form 10-K for the year ended December 31, 2010. There have been no material changes to our critical accounting policies as of and for the three month period ended March 31, 2011.

## CODE OF ETHICS AND BUSINESS CONDUCT

The Company has a Code of Ethics and Business Conduct which was approved by the Board of Directors in March 2005. The Code of Ethics and Business Conduct applies to all directors, officers, employees and other representatives of the Company including the Chief Executive Officer and Chief Financial Officer. A copy of the Code of Ethics and Business Conduct is available for free at [www.daxor.com](http://www.daxor.com)

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Securities and Exchange Commission's rule related to market risk disclosure requires that we describe and quantify our potential losses from market risk sensitive instruments attributable to reasonably possible market changes. Market risk sensitive instruments include all financial or commodity instruments and other financial instruments that are sensitive to future changes in interest rates, currency exchange rates, commodity prices or other market factors.

We are not exposed to market risks from changes in foreign currency rates. The Company maintains an investment portfolio primarily consisting of electric utility companies which are publicly traded common and preferred stock. These are categorized as available-for-sale securities.

In addition to receiving income from dividends, the Company also has an investment policy of selling puts on stocks that it is willing to own. Such options usually have a maturity of less than 1 year. The Company will also sell covered calls on securities within its investment portfolio. Covered calls involve stocks, which usually do not exceed 15% of the value of the company's portfolio and have never exceeded 15% of the company's portfolio value.

The Company will, at times, sell naked or uncovered calls, as well as, engage in short sales as part of a strategy to mitigate risk. Such short sales are usually less than 15% of the company's portfolio value.

Puts, calls and short sales, collectively referred to as short positions, are all marked to market for each reporting period and any gain or loss is recognized through the Statement of Operations and labeled as "Mark to market of short positions".

The Company's investment strategy is reviewed at least once a year, and more frequently as needed, at board meetings. The Company's investing policy permits investment in non-electric utilities for up to 20% of the corporate portfolio value. This percentage may be temporarily increased to 30% if deemed necessary by management.

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 its 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.

Electric utilities operate in an environment of federal, state and local regulations, and they may disproportionately affect an individual utility.

The Company is not exposed to any foreign currency risk or commodity price risk through its holdings of equity securities and put and call options.

The Company is not exposed to any interest rate risk since it does not have any long term debt other than a fixed rate mortgage securing real property in Oak Ridge, Tennessee.



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    |

Summary of Proceeds Received and Market Valuation as of March 31, 2011 (Unaudited)

Put and Call Options

| Total Proceeds Received on open positions at 01/01/11 | Sale of Options from 01/01/11-03/31/11 | Expirations and Assignments of Options from 01/01/11-03/31/11 | Proceeds Received on open positions at 03/31/11 | Market Value at 03/31/11 | Unrealized Appreciation at 03/31/11 |
|---|--|---|---|--------------------------|-------------------------------------|
| \$ 9,896,627  | \$ 2,451,866                           | \$ 6,499,471  | \$ 5,849,022                                    | \$ 3,390,047             | \$ 2,458,975                        |

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)      |

Summary of Proceeds Received and Market Valuation at 12/31/10

Put and Call Options

| Total Proceeds Received on open positions at 01/01/10 | Sale of Options from 01/01/10-12/31/10 | Expirations and Assignments of Options from 01/01/10-12/31/10 | Proceeds Received on open positions at 12/31/10 | Market Value at 12/31/10 | Unrealized Appreciation at 12/31/10 |
|---|--|---|---|--------------------------|-------------------------------------|
| \$ 9,605,476  | \$ 18,623,868                          | \$ 18,332,717   | \$ 9,896,627                                    | \$ 4,330,069             | \$ 5,566,558                        |

Daxor Corporation

Summary of Unrealized Losses on Available for Sale Securities

As at December 31, 2010

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

#### Item 4. Controls and Procedures

As of March 31, 2011, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Financial Officer and Treasurer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the quarter ended March 31, 2011 in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in its periodic SEC filings. During the quarter ended March 31, 2011, there were no significant changes in internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

The Company's management and board of directors are fully committed to the review and evaluation of the procedures and policies designed to assure effective internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, the Company is the subject of legal proceedings arising in the ordinary course of business. The Company does not believe that any proceedings currently pending or threatened will have a material adverse effect on its business or results of operations.

In 2005 and 2007, the Company and Dr. Joseph Feldschuh, its President and Chief Executive Officer, respectively, received Wells Notices from the Securities and Exchange Commission ("SEC") requesting their comments on the SEC Staff's view that the Company was in violation of Section 7(a) of the Investment Company Act in that it was operating as an unregistered investment company. The Company and Dr. Feldschuh responded to those requests when made.

In November 2009, the staff of the Northeast Regional Office of the SEC contacted the Company and invited both the Company and Dr. Feldschuh to make a new Wells submission based upon more recent operations and results. The Company and Dr. Feldschuh responded to the staff's invitation on December 20, 2009.

The Company disclosed in its Form 10-Q for September 30, 2010 and Form 10-K for December 31, 2010 that the SEC instituted administrative proceedings pursuant to the Investment Company Act of 1940 on September 17, 2010. The New York City staff of the Enforcement Division of the SEC is claiming that Daxor is primarily an investment company and not primarily an operating company.

The Company has disclosed in previous public filings that it is dependent upon earnings from its investment portfolio to fund operations and that a single individual, Dr. Joseph Feldschuh, makes all investment decisions.

The administrative proceeding took place from March 7, 2011 through March 9, 2011 in New York City. The Company feels strongly that the extensive documentation of its history of operations presented at the administrative proceeding will demonstrate that it is primarily an operating medical instrumentation and biotechnology company and not primarily an investment company.

The Administrative Law Judge is required to issue an opinion no later than 300 days from September 17, 2010 pursuant to Rule 360 (a) (2) of the Commission's Rules of Practice.

There is a risk that Daxor will be found to be an investment company as a result of this administrative proceeding. If Daxor is found to be an Investment Company, we may attempt to register with the Internal Revenue Service ("IRS") as a Regulated Investment Company ("RIC"). There is no guarantee that the Company would meet the requirements imposed by the Internal Revenue Code for qualification as an RIC.

However, one requirement of being an RIC is that Daxor would have to distribute at least 90% of its investment company taxable income and 90% of its net tax-exempt income to its shareholders annually. If Daxor would not meet this requirement, it would be taxed as Regular Corporation and still be liable for Income Tax and Personal Holding Company Tax.

The management of the Company believes the additional disclosures that would be necessary if Daxor were to become an RIC would not materially affect investment policies and practices currently in place. The management also believes that the operating segments of the Company would also not be materially affected if Daxor was compelled to become an RIC.

### Item 1A. Risk Factors

On September 17, 2010, the SEC instituted administrative proceedings pursuant to the Investment Company Act of 1940. The New York City staff of the Enforcement Division of the SEC are claiming that Daxor is an investment company. The Company has disclosed in previous filings that it is dependent upon earnings from its investment portfolio to fund operations.

This proceeding is discussed in greater detail in Note (9) Certain Concentrations and Contingencies and Item 1, Legal Proceedings of this Form 10-Q.

The Company has a significant dependence on a single individual, Dr. Joseph Feldschuh, who is the CEO of the Company. Dr. Feldschuh is the Chief Scientist of the Company and is believed to have more experience with blood volume measurement than any other physician in the United States. He is also the co-inventor of the BVA-100, the inventor of the blood volume kit and a new Blood Volume Analyzer which will incorporate a method for total body albumin analysis.

He is involved in assisting and advising various physician groups that are conducting research. His scientific knowledge would be difficult to replace. However, if Dr. Feldschuh was unable to continue in his present scientific capacity, there are individuals currently working for Daxor who would be able to continue his activities in this area.

In 2009, the members of the Board of Directors determined that it was in the best interests of employees and shareholders to address the issue of leadership succession in case Dr. Feldschuh was unable to continue in his current roles. His son, Jonathan Feldschuh, who is the co-inventor of the BVA-100 that is currently in use, would take over the scientific responsibilities until a permanent Chief Scientific Officer could be found. Jonathan Feldschuh currently works for Daxor as a consultant on a limited basis.

However, Dr. Feldschuh is also the sole individual responsible for investment decisions with respect to the Company's investment portfolio. The Company's investment goals, strategies and policies are described in detail in this filing and previous quarterly and annual filings. These goals, strategies and policies have been largely developed by Dr. Feldschuh utilizing financial newspapers and a single advisory service. There are no computer algorithms used in the management of the investment portfolio. Dr. Feldschuh manages the portfolio and is assisted by a single part time administrative assistant who has no role in any of the investment decisions.

The loss of his services in this area would be expected to result in a material reduction in return on the Company's assets. Dr. Feldschuh has no formal training in business and has been primarily educated and trained as a Physician and a Scientist with significant knowledge of mathematics, biology and related sciences.

The Company has maintained and increased spending on research and development even as operating losses have increased. In order to help fund the operating loss and allow the Company's research and development efforts to continue, Dr. Feldschuh decided to increase the amount of option trading. The option trading had previously been a part of the Company's investment strategy. This allowed the Company to earn significantly increased returns during a period of extreme volatility in the markets.

Dr. Feldschuh recommended that the assets in the Company's investment portfolio not be entrusted to any financial manager, hedge fund or asset manager in case he is no longer able to function in his role of managing the Company's investment portfolio. The Board of Directors approved Dr. Feldschuh's recommendation that no funds from the Company's portfolio would be transferred to a hedge fund or financial manager for management and the positions in utility stocks would be kept in an effort to maintain the current level of dividend income.

In the event that Dr. Feldschuh is unable to continue in his role of managing the Company's investment portfolio, no new option positions would be initiated and Michael Feldschuh, the son of Dr. Joseph Feldschuh would assist in the process of closing the option positions that would be open at the time Dr. Feldschuh is unable to continue in his current capacity. Michael Feldschuh has eighteen years of experience as a hedge fund manager. The Company would then be limited to dividend income from its portfolio of available for sale securities. It is highly unlikely that this dividend income would be sufficient to cover the current level of operating losses. The Board of Directors would then determine what appropriate steps should be taken.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

#### Item 3. Defaults upon Senior Securities

None.

#### Item 4. Removed and Reserved

None

Item 5. Other Information

None.

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Item 6. Exhibits to Quarterly Report on Form 10-Q

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| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| 31.2 | Certification of Chief 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

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SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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: May 11, 2011

By: /s/ JOSEPH FELDSCHUH, M.D.  
JOSEPH FELDSCHUH, M.D.,  
President  
Chief Executive Officer  
Chairman of the Board of Directors  
Principal Executive Officer