

DAXOR CORP
Form N-CSRS
August 30, 2016

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER 811-22684

DAXOR CORPORATION

(Exact name of registrant as specified in charter)

350 Fifth Avenue

Suite 4740

New York, NY 10118

(Address of principal executive offices) (Zip code)

Joseph Feldschuh, MD

350 Fifth Avenue

Suite 4740

New York, NY 10118

(Name and address of agent for service)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 1-212-330-8500

DATE OF FISCAL YEAR END: DECEMBER 31, 2016

DATE OF REPORTING PERIOD: JANUARY 1, 2016 to JUNE 30, 2016

Item 1. Report to Shareholders

Daxor Corporation

**Financial Statements
For the Period Ended
June 30, 2016**

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ITEM 1

Daxor Corporation

August 29, 2016

Dear Fellow Shareholder:

Daxor Corporation is an investment company with medical instrumentation and biotechnology operations. We have attached a report of our portfolio holdings and investment activity for the six months ended June 30, 2016. Please review this information carefully.

Daxor has been reporting as an investment company under the Investment Company Act of 1940 since January 1, 2012. The Company is pleased to report that its NAV has climbed by \$0.43 per share in the first six months, representing a 6.58% return on investment based upon our starting share price at the beginning of the year. The company has also reduced its \$3,845,112 of margin loans payable at December 31, 2015 to \$2,176,954 of margin loans payable at June 30, 2016 as part of management's continued efforts toward improved finance activities.

Daxor has continued its program of increasing operating efficiency and efforts to reinvigorate its marketing and sales efforts. The results of these efforts are also evident in our results from the first six months of this year. Our operating company has significantly reduced costs while our kit sales have held steady, arresting the modest decline from previous reporting periods. Cost savings in overhead have been achieved through measures such as the renegotiation of our headquarters' lease in the Empire State Building under highly favorable terms to a more compact space, the consolidation of laboratory space to more efficient locations, reduction in headcount, review and renegotiation of vendor and consultant contracts, as well as efficiency in sourcing materials for sale.

While efforts toward efficiency are important, our priority is to invigorate sales of our key product the bva-100 blood volume analyzer, a device with significant and broad potential to improve the quality of care in a number of indications which are major areas of expenditure in our health care system. Toward that end, management has focused on improving the management team driving this effort by adding key executives with industry experience to lead the effort. Matt Vesey, formerly of Becton Dickinson, joined Daxor in the spring of this year to lead the sales effort. Matt has a strong vision of engagement with our clients and the close training and motivation of our field employees, he has already begun to reshape the sales team and make progress with key accounts.

In addition to Matt, the newly created position of Vice President of Business Development was formed. Soren Thompson, a decorated Olympian and graduate of Princeton and Columbia's business school has been appointed to this role. Soren has experience with international chemical sales and product development and has a passion for challenging and entrepreneurial opportunities. He brings energy and a fresh perspective to the company at both an operational and business development level.

Our senior management team has also had another important addition – Eric P. Coleman has been appointed as Chief Financial Officer as of June of this year. Eric, a Certified Public Accountant, brings years of experience from both the healthcare world where he served as a controller at ILS as well as experience at having served at Lucent and AT&T over the course of his career. Eric’s perspective is one of financial rigor and an emphasis on strategic development and experience of collaboration with larger international companies.

Messrs. Coleman, Vesey, and Thompson are all now working closely with Ms. Quartley, our head of Strategy and Marketing to improve client sales and drive product development in an integrated fashion. Successful team building with coordinated marketing and sales messaging is the key to our improving our efforts going forward, results from the first half of the year are encouraging that this approach is yielding positive results. Management feels strongly that the technology of the company is significantly superior to the current medical practices for detecting blood volume derangements and that with proper physician education and outreach the adoption of our device will grow significantly driven by these new efforts and strategic partnerships that the company is currently exploring.

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 management deems it to be necessary or advisable. Investments in non-utility stocks will generally not exceed 20% of the value of the portfolio. At June 30, 2016, investments in electric utilities made up 90.24% of the value of the Company’s portfolio. The company has benefited from the benign interest rate environment and dividends which have added to our bottom line, however a strong move in the long end of the yield curve represents a risk to the company’s investment strategy. Although the leverage and size of the portfolio has been reduced sharply over the past 18 months to partially offset this risk, as reflected in the reduction of our margin loan payable by \$5.8M and the company has written covered calls on many of its interest-bearing stocks, this risk has not been completely removed.

The Company also engages in the short selling of stock and uncovered calls. When this occurs, the short position is marked to market and this adjustment is recorded as an unrealized gain or loss in the statement of operations. The Company uses historical cost to determine all gains and losses. The fair market value is readily obtainable because all of the Company’s marketable securities are classified as Level 1.

The Company also uses options as follows in order to increase yearly investment income:

- 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 a) 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 between 3-10% of the portfolio. The historical turnover of the portfolio is such that the average holding period is in excess of ten years for our securities.

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.

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 market at the end of each quarter any short positions, and include it in the income statement. While the Company may have speculative 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.

At June 30, 2016, the Company had net assets of \$15,976,009 or \$4.17 per share versus net assets of \$14,427,532 or \$3.74 per share at December 31, 2015. Net assets increased by \$1,548,477 during the six months ended June 30, 2016. The Company had dividend income of \$273,464, net realized gains from investments of \$1,657,710, net realized gains from options of \$132,353, and a net change in the unrealized depreciation on investments of \$872,589. These amounts were offset by realized losses on the sale of short positions of \$(147,877) and a net change to the unrealized depreciation on the Company's Operating Division of \$(881,837).

The Company has benefited from its decision to focus primarily on its operations and reduce its dependence on income from short term stock market investing. This focus has on a more conservative investing style yielded rewards during this reporting period and management plans to continue its scaled-down program, while making the primary focus of the Company its operational division. Because of its investing program the SEC currently classifies Daxor as an investment company and understands why the SEC has required the Company to be designated as such, our primary focus has always been on our operational objectives. The Company anticipates that as income from operations increases that it will, at a future time, request a change back to its previous designation as an operating company and report accordingly.

Blood volume measurement is a fundamental tool for accurate diagnosis and treatment in a variety of medical and surgical conditions such as congestive heart failure, critical care medicine and intensive care unit medicine, hypertension, syncope, pre-operative blood screening for hidden anemia, anemia in cancer patients, kidney failure, and hyponatremia, as well as additional conditions. Despite the fact that blood volume derangements are commonly encountered in these conditions, treatment is based on indirect measurements and clinical signs that are, at best, crude guesstimates of what a patient's actual blood volume status is. Despite having a unique technology with obvious significant utility that should be in every hospital in the United States, we nevertheless have to drive adoption with a combination of education and research studies skillfully presented by our sales force.

The company in its operational arm has made strong progress in its reorganizational efforts this year. In addition to key executive changes outlined earlier, the company has also seen remarkable research published using the bva-100 device that points to exciting clinical benefits from its use. Dr Wayne Miller of the Mayo clinic published several papers in leading medical journals over the past twelve months showing the importance of measuring blood volume in congestive heart failure patients. Congestive heart failure affects over 5 million Americans and is one of the leading causes of hospitalization and health care spend in our system.

Dr. John Strobeck and Dr. Wayne Miller also presented an interventional retrospective study at the American College of Cardiology in the spring of this year. Their remarkable study on 250 patients showed a reduction in 30 day hospital readmissions of over 52% and a reduction in mortality of 89% in the treatment arm compared to Medicare averages. This landmark result is an outcome that is helping our company gain traction with doctors and has led to significant interest from our user base but is something that has flown under the radar of the investing community.

There have been major changes in the administration of healthcare in the United States, particularly with the implementation of the Affordable Care Act (“ACA”). Medicare has instituted a financial penalty policy for conditions such as congestive heart failure when patients are readmitted in 30 days or less. Hospitals are reimbursed on the basis of Diagnostic Reimbursement Guidelines (“DRG’s”). The hospital is reimbursed a fixed amount for a specific condition such as congestive heart failure regardless of whether the patient is in the hospital for 5 days, 10 days, or 25 days. Previously hospitals had readmission rates as high as 25% within 30 days for congestive heart failure patients. Each readmission resulted in a completely new payment. Under the new Medicare guidelines, hospitals are now financially penalized for these types of readmissions. In the case of congestive heart failure patients who have a death rate of between 35 to 40% within one year after their first admission, the hospitals are in a very difficult financial situation. The BVA-100 offers a remarkable opportunity to hospitals to avoid readmission penalties and the potential for follow-up outpatient treatment utilizing blood volume measurement to optimize outpatient treatment and avoid readmission.

Other important studies utilizing the bva-100 are underway and research is being steadily presented at medical conferences around the country. The strong trend of healthcare is toward individualized care and cost-effectiveness. Our instrument is a non-invasive, inexpensive, and rapid solution to the problem of how to accurately manage the fluid levels of patients, whether it is in the heart failure clinic or the ICU, and studies published and presented are proving just how exciting the potential for this approach is. Reducing mortality, lowering complications, reducing hospital resource use and length of stay with a non-invasive and 98% accurate test is achievable with our patented technology and we are working hard to get that message out.

The company also continues to explore the possibility of partnering with another company with the appropriate scientific expertise and financial assets to begin a more aggressive marketing program even as we have our own restructuring underway. Management believes that the potential benefits for an acquiring or partnering company are significant because of our intellectual property as well as technologic superiority of device.

Any shareholder who is interested in learning more about our medical instrumentation and biotechnology operations should visit our website at www.daxor.com for more detailed information. We periodically issue press releases regarding research reports and placements of the BVA-100 Blood Volume Analyzer in hospitals

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In order to sign up for electronic delivery of shareholder reports and prospectuses, please send an email to info@daxor.com. If you do not hold your account directly with Daxor, please contact the firm that holds your account about electronic delivery.

Cordially Yours,

Michael Feldschuh

Acting CEO and President

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Daxor Corporation

Schedule of Investments

June 30, 2016 (Unaudited)

	Shares	Fair Value
COMMON STOCKS		
Banking		
First Niagara Financial Group, Inc.	5,000	\$ 174,550
Investment Services		
Motors Liquidation Company GUC Trust	100	\$ 1,120
Semi-conductors		
Advanced Micro Devices	1,500	\$ 7,710
Utilities		
Electric Utilities		
Ameren Corp.	2,000	\$ 107,160
American Electric Power Co. Inc.	6,000	420,540
Apple	500	47,800
Avista Corp.	7,000	313,600
Avangrid, Inc.	9,000	414,540
Centerpoint Energy, Inc.	1,000	24,000
Centrus Energy	1	3
CMS	16,000	733,760
DTE Energy Co.	17,000	1,685,040
Duke Energy Corp.	500	42,895
Edison International	5,000	388,350
Entergy Corp.	10,100	821,635
Eversource Energy	20,000	1,198,000
Exelon Corp.	18,300	665,388
Firstenergy Corp.	43,000	1,501,130
Great Plains Energy Inc.	1,500	45,600
British Petroleum (London)	600	21,306
National Grid PLC Shares	7,500	557,475
NISOURCE Inc.	19,000	503,880
Columbia Pipeline Group, Inc.	7,500	191,175
PG & E Corp.	5,000	319,600
Pinnacle West Capital Corp.	3,000	243,180
PNM Resources, Inc.	35,500	1,258,120
Teco Energy, Inc.	2,000	55,280
WEC Energy Group(a)	1,128	73,658
Westar Energy, Inc.	14,500	813,305
XCEL Energy, Inc.	8,000	358,240
		\$ 12,804,660

Natural Gas Utilities

	8,125	70,200
United States National Gas		
Southwest Gas Corp.	1,000	78,710
Spectra Energy Corp.	8,000	293,040
		\$441,950
Total Utilities		\$13,246,610
Total Common Stock (Cost \$4,411,919)		\$13,429,990

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Daxor Corporation

Schedule of Investments (Continued)

June 30, 2016 (Unaudited)

	Shares	Fair Value
Preferred Stocks		
Banking		
Bank of America Corp., 7.250% Series L	300	385,500
Barclays Bank PLC ADR, 8.125% Series 5 Callable	2,500	64,625
Deutsche Bank Contingent Capital Trust III Preferred, Div 7.60%	10,000	250,900
Goldman Sachs Group, 6.20% Series B Callable	1,000	26,410
Wells Fargo Company, 8.00 % Series J Non-Cumulative	4,000	111,080
		\$838,515
Electric Utilities		
Duquesne Light Co. Preferred, 3.75% Callable	400	\$17,400
Pacific Gas & Electric, 5% Series D	1,000	26,010
Pacific Gas & Electric, 5% Series E	1,100	28,974
Pacific Gas & Electric, 6% Series A	4,200	136,416
Southern California Edison, 4.32% Callable	5,500	137,500
Southern California Edison, 4.78% Callable	2,500	64,750
		\$411,050
Total Preferred Stock (Cost \$780,333)		\$1,249,565
Total Investment in Securities (Cost \$5,192,250)		\$14,679,555
Investment in Operating Division (Cost \$4,113,846)		\$3,658,173
Deferred Income Taxes		\$0
Receivable from Broker-Restricted Cash		\$2,499,705
Other Assets		\$0
Total Assets		\$20,864,600
Total Liabilities		(4,888,591)
Net Assets		\$15,976,009

Daxor Corporation

Schedule of Investments (Continued)

June 30, 2016 (Unaudited)

At June 30, 2016, the unrealized appreciation for investment in securities based on cost for federal income tax purposes of \$6,423,506 was as follows:

Aggregate gross unrealized appreciation for all investments for which there was an excess of fair value over cost, net of tax effect	\$6,548,841
Aggregate gross unrealized depreciation for all investments for which there was an excess of cost over fair value, net of tax effect	(125,335)
Unrealized appreciation, net of tax effect	\$6,423,506

(a) Non-income producing security

Portfolio Analysis

As of June 30, 2016

	Percentage of Net Assets	
Common Stock		
Banking	1.19	%
Investment Services	0.01	%
Semi-conductors	0.05	%
Electric Utilities	87.23	%
Natural Gas Utilities	3.01	%
Total Common Stock	91.49	%
Preferred Stock		
Banking	5.71	%
Electric Utilities	2.80	%
Total Preferred Stock	8.51	%
Total Investment in Securities	100.00	%

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Daxor Corporation

Schedule of Investments (Continued)

June 30, 2016 (Unaudited)

Name of Issuer	Number of Shares in Short Position at June 30,2016	Fair Value of Short Position at June 30, 2016
Securities Sold Short		
Intuitive Surgical, Inc.	(500)	(330,705)
Simon Property Group Inc.	(10,000)	(2,169,000)
Total Securities Sold Short		\$ (2,499,705)
Restricted Cash -		2,499,705
Restricted Cash, Net of Securities Sold Short		\$ 0

The accompanying notes are an integral part of these financial statements.

Daxor Corporation

Summary of Options

As at June 30, 2016 (Unaudited)

Open Options Written**Call Options Written**

DESCRIPTION	NUMBER OF UNITS		STRIKE PRICE	EXPIRATION DATE	FAIR VALUE
Advanced Micro Devices	(15	)	3.00	7/15/2016	\$ (3,210)
Apple	(3	)	105.00	8/19/2016	(111)
Apple	(5	)	110.00	8/19/2016	(55)
Bank of America	(35	)	8.00	8/19/2016	(55)
Bank of America	(20	)	9.00	11/18/2016	(201)
BP PLC	(15	)	36.00	7/15/2016	(750)
BP PLC	(15	)	24.00	7/15/2016	(0)
BP PLC	(40	)	36.00	7/15/2016	(3,980)
Duke Energy	(35	)	55.00	7/15/2016	(0)
Duke Energy	(25	)	60.00	7/15/2016	(0)
Duke Energy	(20	)	60.00	7/15/2016	(0)
Entergy Corp.	(20	)	80.00	9/16/2016	(5,800)
Entergy Corp.	(30	)	77.50	9/16/2016	(13,542)
Exelon Corp.	(17	)	40.00	10/21/2016	(388)
Exelon Corp.	(25	)	28.00	7/15/2016	(1)
Firstenergy Corporation	(25	)	31.00	7/15/2016	(873)
Firstenergy Corporation	(25	)	37.00	10/21/2016	(873)
Firstenergy Corporation	(35	)	35.00	7/15/2016	(1,994)
FirstEnergy Corporation	(35	)	35.00	10/21/2016	(4,690)
Firstenergy Corporation	(30	)	36.00	7/15/2016	(600)
Firstenergy Corporation	(30	)	36.00	7/15/2016	(5)
KB Home	(12	)	15.00	7/15/2016	(552)
Lennar Corporation	(8	)	50.00	8/19/2016	(296)
Netflix	(5	)	120.00	8/19/2016	(150)
Newmont Mining Corp.	(20	)	17.00	1/20/2017	(231)
Newmont Mining Corp.	(50	)	17.00	9/16/2016	(32)
PNM Resources Inc.	(20	)	25.00	8/19/2016	(500)
PNM Resources Inc.	(20	)	25.00	11/18/2016	(39)
Polo Ralph Lauren	(20	)	125.00	7/15/2016	(300)
Polo Ralph Lauren	(20	)	130.00	7/15/2016	(0)
Polo Ralph Lauren	(4	)	120.00	8/19/2016	(60)
Polo Ralph Lauren	(30	)	130.00	10/21/2016	(166)
Polo Ralph Lauren	(20	)	125.00	10/21/2016	(300)
Tesla Motors Inc.	(4	)	250.00	9/16/2016	(1,583)
Tesla Motors Inc.	(5)	255.00	9/16/2016	(1,640)
Tesla Motors Inc.	(5)	245.00	7/15/2016	(140)

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Tesla Motors Inc.	(5)	250.00	7/15/2016	(95)
Tesla Motors Inc.	(5)	245.00	8/19/2016	(1,650)
Tesla Motors Inc.	(5)	250.00	8/19/2016	(1,295)
Tesla Motors Inc.	(5	)	255.00	8/19/2016	(1,035)
Tesla Motors Inc.	(5	)	260.00	8/19/2016	(838)
Tesla Motors Inc.	(5	)	260.00	9/16/2016	(1,405)
Tesla Motors Inc.	(5)	255.00	7/15/2016	(45)
Tesla Motors Inc.	(5)	260.00	7/15/2016	(43)
Total Call Options Written					\$ (49,521)

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Daxor Corporation

Summary of Options (Continued)

As at June 30, 2016 (Unaudited)

DESCRIPTION	UNITS	STRIKE PRICE	EXPIRATION DATE	FAIR VALUE
Bank of America	(40)	13.00	7/15/2016	(880)
Bank of America	(15)	14.00	7/15/2016	(1,229)
Bank of America	(25)	15.00	7/15/2016	(4,388)
Bank of America	(25)	12.00	8/19/2016	(513)
Bank of America	(30)	13.00	8/19/2016	(1,454)
Bank of America	(35)	8.00	8/19/2016	(55)
Bank of America	(40)	12.00	9/16/2016	(1,320)
Bank of America	(25)	8.00	9/16/2016	(50)
Bank of America	(30)	11.00	9/16/2016	(464)
Bank of America	(35)	12.00	9/16/2016	(1,116)
Bank of America	(25)	13.00	9/16/2016	(1,602)
Bank of America	(25)	10.00	11/18/2016	(332)
Bank of America	(25)	8.00	11/18/2016	(150)
Bank of America	(20)	10.00	11/18/2016	(351)
Bank of America	(20)	9.00	11/18/2016	(201)
Bank of America	(40)	10.00	1/20/2017	(1,160)
Bank of America	(25)	8.00	1/20/2017	(275)
Bank of America	(30)	11.00	1/20/2017	(1,395)
BP PLC	(25)	25.00	7/15/2016	(1,125)
BP PLC	(63)	36.00	7/15/2016	(6,269)
BP PLC	(30)	26.00	7/15/2016	(7)
BP PLC	(15)	24.00	7/15/2016	(0)
BP PLC	(25)	27.00	7/15/2016	(25)
BP PLC				