

DAXOR CORP
Form N-CSR
August 29, 2014

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 7120

New York, NY 10118

(Address of principal executive offices) (Zip code)

Joseph Feldschuh, MD

350 Fifth Avenue

Suite 7120

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, 2014

DATE OF REPORTING PERIOD: JANUARY 1, 2014 TO JUNE 30, 2014

Item 1. Report to Shareholders

Daxor Corporation

**Financial Statements
For the Period Ended
June 30, 2014**

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ITEM 1

Daxor Corporation

August 29, 2014

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, 2014. Please review this information carefully.

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, 2014, investments in electric utilities made up 92.1% of the value of the Company's portfolio. Dividends from the Company's investments in electric utilities made up 91.5% of the Company's total dividends received for the six months ended June 30, 2014. The Company is receiving dividend income on 49 of the 60 common and preferred stocks in its investment portfolio at June 30, 2014.

At June 30, 2014, net fair value over cost of the Company's securities portfolio totaled \$24,657,624. This was comprised of net fair value over cost of \$24,840,226 and net cost over fair value of \$(182,602).

The annualized portfolio turnover rate for the six months ended June 30, 2014 was 5.00% which indicates an average holding period of 20 years for our investment portfolio. The investment approach of management is to buy stocks which it is prepared to hold for the long term.

The Company maintains a diversified securities portfolio which consists primarily of the common and preferred stocks of electric utility companies. The Company 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 net short position is the total fair market value of the Company's short positions

reduced by the amount due to the Company from the Broker. If the amount due from the Broker is more than the fair market value of the short positions, the Company will have a net receivable from the Broker. At June 30, 2014 the net payable due to the Broker was less than 1% of the value of the Company's portfolio.

The Company engages in the short selling of stock. 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 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.

The Company realized a net gain from the sale of investments for the six months ended June 30, 2014 of \$4,459,240.

The most significant gains are as follows: \$1,391,316 on 78,900 shares of Exelon, \$190,133 on 32,000 shares of Bank of America, \$838,300 on 21,200 shares of National Grid and \$2,057,190 on 41,400 shares of Entergy. The Company had losses of \$(29,956) on the sale of 7,500 shares of AK Steel and \$(31,787) on 5,937 shares of United States Natural Gas.

The Company realized a net loss from the sale of short positions of \$(7,560,511) for the six months ended June 30, 2014. The following losses were realized on covering short positions during the current period: \$(5,959,259) on 19,800 shares of Netflix, Inc. and \$(1,666,374) on 20,000 shares of Keurig Green Mountain Coffee Roasters.

At June 30, 2014, the Company had net assets of \$25,481,480 or \$6.32 per share versus net assets of \$26,370,847 or \$6.45 per share at December 31, 2013. Net assets decreased by \$(889,367) during the six months ended June 30, 2014. The Company had dividend income of \$775,922, net realized gains from investments of \$4,459,240 and a net change in the unrealized depreciation on investments of \$1,762,128 during the current reporting period. These amounts were offset by realized losses on the sale of short positions of \$(7,560,511).

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.

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 that should be in every hospital in the United States, we still have minimal utilization.

The most common tools currently in use to estimate blood volumes are the hematocrit/hemoglobin tests. These tests only measure the concentration of red cells in a peripheral sample of the patient's blood and do not measure a patient's blood volume. They are particularly likely to be misleading when patients are having major blood volume derangements. These two tests are more than 125 years old. The Blood Volume Analyzer is the only FDA approved instrument which provides a true measure of the patient's total blood volume to an accuracy of approximately 98% and also provides an accurate estimate of what a patient's normal blood volume should be.

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.

Dr. Wayne Miller and Dr. Brian Mullan of the Mayo Clinic recently published a powerful study in the Journal of the American College of Cardiology - Heart Failure (Understanding the Heterogeneity in Volume Overload and Fluid Distribution in Decompensated Heart Failure is Key to Optimal Volume Management) ; J Am Coll Cardiol HF 2014;2:298-305) which demonstrated how heterogeneous these patients are. Physicians treating heart failure patients without this type of knowledge on a formula basis are not treating these patients optimally and this is a major reason for the high readmission rates.

There have been many published research reports issued over the last 10 years which definitively show the benefits of the utilization of blood volume analysis. Despite this, there has still been limited acceptance and utilization of this technology. The company has, therefore, made a decision to review the possibility of partnering with another company with the appropriate scientific expertise and financial assets to begin a more aggressive marketing program. As part of this process the company has decided to retain the services of an investment banker to explore possibilities such as a partnership, a partial sale of the company, or a total sale of the company. Management believes that the potential benefits for an acquiring company are significant.

If used properly, the market in the United States for patients under consideration for a blood transfusion or the withholding of a transfusion would approach five million tests per year. There are currently 250,000 to 350,000 patients undergoing renal dialysis at any given time. The death rate for renal dialysis patients is that about 65% within five years. 25% of these patients suffer at least one severe crash episode, which is a collapse of their blood pressure. Dr. David Goldfarb of the New York University Medical Center has performed research on these types of patients utilizing blood volume measurement. For the first time, he has demonstrated that it is possible to accurately determine the quantity of fluids to be removed from a patient during dialysis. At the present time this is performed on a "guesstimate" basis. It is not surprising there is such a high rate of complications in these patients.

We are in the process of upgrading our website to provide significantly more information for physicians as well as members of the public about the benefits of utilizing blood volume measurement.

The most widely read textbook in Critical Care Medicine is “The ICU Book (Intensive Care Unit)” by Paul Marino, M.D., PhD, FCCM. The fourth edition of this book was released in October of 2013. Dr. Marino is on the staff of Cornell University and is an internationally recognized authority on Critical Care Medicine.

In a chapter on Hypovolemia (Low Blood Volume) in the fourth edition of “The ICU Book,” Dr. Marino wrote the following: “Blood Volume measurements have traditionally required too much time to perform to be clinically useful in an ICU setting, but this has changed with the introduction of a semi-automated Blood Volume Analyzer (Daxor Corporation, New York, NY) that provides blood volume measurements in less than an hour. When blood volume measurements were made available for patient care, 53% of the measurements led to a change in fluid management, and this was associated with a significant decrease in mortality rate (from 24% to 8%). These results highlight the benefits of the clinical assessment of blood volume, and the potential for improved outcomes when blood volume measurements are utilized for fluid management.”

Among the concluding statements Dr. Marino makes in this chapter are the following: “The clinical evaluation of intravascular volume, including the use of central venous pressure (CVP) measurements, is so flawed that it has been called a comedy of errors” and direct measurements of blood volume are clinically feasible, but are underutilized. “This is important recognition from a physician who is considered one of the top authorities on Intensive Care Medicine. We are making every effort to publicize this information as part of our ongoing efforts to educate the public about the importance of blood volume measurement.

With respect to our autologous blood storage program, we are still pursuing our efforts to encourage individuals to store their own blood. As a physician whose father died from a contaminated transfusion, I continue to be astonished at individuals who are happy to spend from \$2,000 to \$3,000 per year insuring their car but consider it extravagant to spend one dollar per day to store their own blood.

The American Medical Association has specifically stated that the safest blood to use is your own. Frozen blood stored at 150 degrees below freezing can be used for up to 10 years after it has been collected. Refrigerated red blood cells can be used for up to 42 days after collection. However, studies have shown that there is a significant decrease in the effectiveness of the blood cells after only two weeks of refrigerated storage. In contrast, blood frozen and stored at extremely low temperatures has similar characteristics to freshly donated blood once it is thawed and processed even after being stored for up to 10 years.

Some of the benefits of using your own blood during surgery are:

- Improved surgical outcomes
- Reduced costs
- Reduced risk of anemia at the time of surgery
- Greater protection against infection

There are non surgical conditions which can lead to the use of anti-coagulants, analgesics and aspirin. This can cause sudden blood loss which lowers the hematocrit and hemoglobin levels. Individuals who take these medications would benefit from storing their own blood for the following reasons:

- Protect against heart and kidney failure
- Reduce risk of anemia
- Strengthening the immune system

We are in the process of creating professional grade videos in order to provide additional educational material to the public about the benefits of this most important form of protection.

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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,

Joseph Feldschuh, MD

President

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Daxor Corporation

Schedule of Investments

June 30, 2014 (Unaudited)

	Shares	Fair Value
COMMON STOCKS - 152.39%		
Banking -0.60%		
Bank of America Corp	3,195	\$ 49,107
First Niagara Financial Group, Inc.	5,000	43,700
Popular, Inc. (a)	1,700	58,106
		\$ 150,913
Communication Services-0.30%		
Frontier Communications Corp.	12,500	\$ 73,000
Novatel Wireless Inc. (a)	2,000	3,820
		\$ 76,820
Gold-0.35%		
Newmont Mining Corporation	3,500	\$ 89,040
Investment Services-0.78%		
United States Natural Gas Fund, LLP (a)	8,125	\$ 199,875
Other Common Stock-0.11%		\$ 27,006
Oil & Gas Operations-0.63%		
Exco Resources, Inc.	13,900	\$ 81,871
Williams Companies, Inc.	1,200	69,852
WPX Energy Inc. (a)	400	9,564
		\$ 161,287

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Daxor Corporation

Schedule of Investments (Continued)

June 30, 2014 (Unaudited)

	Shares	Fair Value
COMMON STOCKS-152.39%		
Utilities-149.25%		
Electric Utilities-145.13%		
Ameren Corp.	4,000	\$ 163,520
American Electric Power Co. Inc.	22,600	1,260,402
Avista Corp.	14,396	482,554
Calpine Corp. (a)	1,328	31,620
Centerpoint Energy, Inc.	5,000	127,700
CMS	41,500	1,292,725
DTE Energy Co.	47,000	3,659,890
Duke Energy Corp.	18,117	1,344,100
Edison International	7,000	406,770
Entergy Corp.	60,045	4,929,094
Exelon Corp.	38,000	1,386,240
Firstenergy Corp.	98,286	3,412,490
Great Plains Energy Inc.	21,000	564,270
Hawaiian Electric Industries, Inc.	58,200	1,473,624
National Grid PLC Shares	38,751	2,882,299
National Grid PLC ADR	30,392	436,281
NISOURCE Inc.	44,000	1,730,960
Northeast Utilities	41,320	1,953,196
Pepco Holdings Inc.	2,201	60,483
PG & E Corp.	7,000	336,140
Pinnacle West Capital Corp.	31,002	1,793,156
PNM Resources, Inc.	78,750	2,309,738
Teco Energy, Inc.	2,000	36,960
UIL Holdings Corp.	22,332	864,472
UNITIL Corp.	52,900	1,789,607
Westar Energy, Inc.	42,941	1,639,917
XCEL Energy, Inc.	19,050	613,982
		\$36,982,190
Natural Gas Utilities-4.12%		
Integrus Energy Group, Inc.	4,500	\$ 320,085
Southwest Gas Corp.	1,000	52,790
Spectra Energy Corp.	15,925	676,494
		\$ 1,049,369
Total Utilities		\$38,031,559
Waste Management-0.37%		

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Veolia Environment SA ADR	5,000	\$95,000
Total Common Stock (Cost \$14,804,939)-152.39%		\$38,831,500

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Daxor Corporation

Schedule of Investments (Continued)

June 30, 2014 (Unaudited)

	Shares	Fair Value
Preferred Stocks-6.73%		
Banking-5.24%		
Bank of America Corp., 6.204% Series D	1,000	\$25,066
Bank of America Corp., 7.250% Series L	700	820,981
Barclays Bank PLC ADR, 8.125% Series 5 Callable	2,500	64,650
Deutsche Bank Contingent Capital Trust III Preferred, Div 7.60%	10,000	280,000
Goldman Sachs Group, 6.20% Series B Callable	1,000	24,899
Wells Fargo Company, 8.00 % Series J Non-Cumulative	4,000	118,960
		\$1,334,556
Electric Utilities-1.39%		
Duquesne Light Co. Preferred, 3.75% Callable	400	\$16,600
Pacific Gas & Electric, 5% Series D	1,000	23,180
Pacific Gas & Electric, 5% Series E	1,100	26,477
Pacific Gas & Electric, 6% Series A	4,200	116,130
Southern California Edison, 4.32% Callable	5,500	115,610
Southern California Edison, 4.78% Callable	2,500	57,125
		\$355,122
Life Insurance-0.10%		
MetLife Inc., Series B	1,000	\$25,540
Total Preferred Stock (Cost \$1,084,155)-6.73%		\$1,715,218
Total Investment in Securities (Cost \$15,889,094)-159.12%		\$40,546,718
Investment in Operating Division (Cost \$4,018,593)-13.18%		\$3,359,094
Deferred Income Taxes, Net-4.23%		\$1,078,564
Other Assets-0.52%		\$131,781
Total Assets-177.05%		\$45,116,157
Total Liabilities – (77.05%)		(19,634,677)
Net Assets-100.00%		\$25,481,480

Daxor Corporation

Schedule of Investments (Continued)

June 30, 2014 (Unaudited)

At June 30, 2014, the unrealized appreciation for investment in securities based on cost for federal income tax purposes of \$16,027,456 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	\$ 16,146,147
Aggregate gross unrealized depreciation for all investments for which there was an excess of cost over fair value, net of tax effect	(118,691)
Unrealized appreciation, net of tax effect	\$ 16,027,456

(a) Non-income producing security

Portfolio Analysis

As of June 30, 2014

	Percentage of Net Assets	
Common Stock		
Banking	0.60	%
Communication Services	0.30	%
Gold	0.35	%
Investment Services	0.78	%
Other Common Stock	0.11	%
Oil & Gas Operations	0.63	%
Utilities	149.25	%
Waste Management	0.37	%
Total Common Stock	152.39	%
Preferred Stock		
Banking	5.24	%
Electric Utilities	1.39	%
Life Insurance	0.10	%
Total Preferred Stock	6.73	%
Total Investment in Securities	159.12	%

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Daxor Corporation

Schedule of Investments (Continued)

June 30, 2014 (Unaudited)

Name of Issuer	Number of Shares in Short Position at 06/30/14	Fair Value of Short Position at 06/30/14
Securities Sold Short-(53.82%)		
Apple, Inc.	(14,000)	\$ (1,301,020)
Best Buy Co. Inc.	(18,900)	(586,089)
Coach, Inc.	(2,000)	(68,380)
First Solar	(13,600)	(966,416)
Gap, Inc.	(5,000)	(207,850)
General Electric Co.	(2,500)	(65,700)
Hewlett Packard Company	(7,400)	(249,232)
Intuitive Surgical, Inc.	(500)	(205,900)
KB Home	(3,000)	(56,040)
Keurig Green Mountain, Inc.	(20,300)	(2,529,583)
Netflix, Inc.	(3,700)	(1,630,220)
Pool Corp.	(5,000)	(282,800)
Ralph Lauren Corporation	(1,500)	(241,035)
Simon Property Group Inc.	(28,000)	(4,655,840)
St. Joe Co.	(5,500)	(139,865)
Starbucks Corporation	(3,500)	(270,830)
Toll Brothers Inc.	(1,500)	(55,350)
UBS AG	(5,000)	(91,600)
Washington Prime Group Inc.	(6,000)	(112,440)
Total Securities Sold Short-(53.82%)		\$ (13,716,190)

Restricted Cash (b)-53.81%