

POSITRON CORP
Form 10-Q
August 14, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly
period ended

June 30, 2013

Commission file number 000-29449

POSITRON CORPORATION

(Exact Name of Registrant as specified in its charter)

Texas

76-0083622

(State or Other Jurisdiction of Incorporation
or
Organization)

(IRS Employer Identification No.)

530 Oakmont Lane, Westmont, Illinois 60559

(866) 613-7587

Address of Principal Executive Offices)

Registrant's Telephone Number, Including
Area Code

Indicate by check mark whether the registrant (1) filed all reports required to be filed 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 x 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 for such shorter period that the registrant was required to submit and post such files). Yes x No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company x

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

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Number of shares outstanding of common stock, par value \$0.01 per share outstanding as of August 14, 2013:
1,452,548,262

**POSITRON CORPORATION
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PART 1 FINANCIAL INFORMATION**ITEM 1. Financial Statements****POSITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 370	\$ 243
Accounts receivable, less allowance for doubtful accounts of \$50	341	273
Inventories, less reserve of \$522 and \$457	497	551
Prepaid expenses	35	37
Total current assets	1,243	1,104
Property and equipment, less accumulated depreciation of \$426 and \$346	1,108	1,170
Intangible assets, less accumulated amortization of \$3 and \$0	357	358
Other assets	54	53
Total assets	\$ 2,762	\$ 2,685
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable, trade and accrued liabilities	\$ 1,596	\$ 1,634
Customer deposits	704	746
Unearned revenue	27	58
Notes payable - current portion	1,057	129
Capital lease - current portion	2	-
Convertible debentures, less debt discount of \$899 and \$1,798	2,461	1,562
Embedded conversion derivative liabilities	3,858	3,981
Total current liabilities	9,705	8,110
Notes payable - noncurrent portion	473	560
Capital lease - noncurrent portion	14	-
Contingent earnout payable	205	205
Total liabilities	10,397	8,875
Stockholders' deficit:		
Series A preferred stock: \$1.00 par value; 8% cumulative, convertible, redeemable; 7,900,000 shares authorized; 440,932 shares issued and outstanding.	441	441
Series B preferred stock: \$1.00 par value; convertible, redeemable; 9,000,000 shares authorized; 3,056,487 shares issued and outstanding	2,750	2,750
Series S preferred stock: \$1.00 par value; convertible, redeemable; 100,000	100	100

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shares authorized; 100,000 shares issued and outstanding		
Series H preferred stock: \$0.01 par value; convertible, redeemable;		
10,000,000 shares	75	-
authorized; 7,500,000 shares issued and outstanding in 2013		
Common stock: \$0.01 par value; 3,000,000,000 shares authorized;		
1,452,548,262	14,209	14,203
and 1,451,927,262 shares issued and outstanding		
Additional paid-in capital	93,564	92,802
Other comprehensive income	-	(143)
Accumulated deficit	(118,759)	(116,328)
Treasury stock: 60,156 shares at cost	(15)	(15)
Total stockholders' deficit	(7,635)	(6,190)
Total liabilities and stockholders' deficit	\$ 2,762	\$ 2,685

See accompanying notes to consolidated financial statements

POSITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Sales:	\$ 432	\$ 1,224	\$ 803	\$ 2,053
Costs of sales:	418	893	664	1,363
Gross profit	14	331	139	690
Operating expenses:				
General and administrative	446	1,156	1,012	2,921
Research and development	107	256	335	569
Selling and marketing	119	60	218	143
Total operating expenses	672	1,472	1,565	3,633
Loss from operations	(658)	(1,141)	(1,426)	(2,943)
Other income (expense)				
Interest expense	(491)	(506)	(984)	(793)
Derivative gain (loss)	61	376	123	(500)
Other income	-	54	-	57
Loss on disposal of property and equipment	-	(18)	-	(18)
Total other income (expense)	(430)	(94)	(861)	(1,254)
Loss before income taxes	(1,088)	(1,235)	(2,287)	(4,197)
Income taxes	-	-	-	-
Net loss and comprehensive loss	\$ (1,088)	\$ (1,235)	\$ (2,287)	\$ (4,197)
Basic and diluted loss per common share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Basic and diluted weighted average shares outstanding	1,452,425	1,256,915	1,452,177	1,123,374

See accompanying notes to consolidated financial statements

POSITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

Six Months Ended

June 30,
2013

June 30,
2012

Cash flows from operating activities: