

POSITRON CORP
Form 10-Q
August 23, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period JUNE 30, 2010
ended

OR

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

For the transition period to
from

Commission file number 000-29449

POSITRON CORPORATION

(Exact Name of Registrant as specified in its charter)

Texas 76-0083622
(State or Other Jurisdiction of (IRS Employer Identification No.)
Incorporation or Organization)

7715 Loma Ct., Suite A, Fishers, IN 46038
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (317) 576-0183

Indicate by check mark whether the registrant (1) has 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 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

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this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The numbers of shares outstanding of each of the issuer's classes of common equity, as of August 23, 2010, are as follows:

Class of Securities	Shares Outstanding
Common Stock, \$0.01 par value	773,452,547

POSITRON CORPORATION
FOR THE QUARTER ENDED JUNE 30, 2010
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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, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,411	\$165
Accounts receivable	155	74
Inventories	741	615
Due from affiliates	34	69
Prepaid expenses	50	--
Deposits – Attrius systems	1,149	--
Total current assets	5,540	923
Property and equipment, net	169	56
Other assets	13	9
Total assets	\$5,722	\$988
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable, trade and accrued liabilities	\$2,084	\$3,200
Customer deposits	1,059	669
Notes payable	35	575
Convertible notes payable	1,323	1,323
Unearned revenue	43	51
Due to related parties		25
Derivative liabilities for convertible debentures	2,104	2,104
Total current liabilities	6,648	7,947
Deposits for unissued securities	4,166	--
Total liabilities	10,814	7,947
Stockholders' deficit:		
Series A Preferred Stock: \$1.00 par value; 8% cumulative, convertible, redeemable; 5,450,000 shares authorized; 457,599 shares issued and outstanding	457	457
Series B Preferred Stock: convertible, redeemable 9,000,000 shares authorized; 6,071,588 and 6,729,421 shares issued and outstanding	5,755	6,413
Series G Preferred Stock: \$1.00 par value; 8% cumulative, convertible, redeemable; 3,000,000 shares authorized; 29,200 and 62,391 shares issued and outstanding	29	62
	100	100

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Series S Preferred Stock: \$1.00 par value; convertible, redeemable; 100,000 shares authorized; 100,000 shares issued and outstanding

Common Stock: \$0.01 par value; 800,000,000 shares authorized; 679,010,878 and 391,023,773 shares outstanding	6,790	3,910
Additional paid-in capital	82,892	73,568
Other comprehensive loss	(113)	(125)
Accumulated deficit	(100,987)	(91,329)
Treasury Stock: 60,156 common shares at cost	(15)	(15)
Total stockholders' deficit	(5,092)	(6,959)
Total liabilities and stockholders' deficit	\$ 5,722	\$ 988

See accompanying notes to financial statements

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POSITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues:	\$934	\$334	\$1,401	\$701
Costs of revenues:	919	199	1,102	438
Gross profit	15	135	299	263
Operating expenses:				
Research and development	166	20	287	50
Selling and marketing	248	39	458	55
General and administrative	6,701	922	9,800	1,531
Total operating expenses	7,115	981	10,545	1,636
Loss from operations	(7,100)	(846)	(10,246)	(1,373)
Other income (expense)				
Interest expense	76	(426)	(43)	(733)
Derivative gains (losses)	--	343	--	431
Other income	631	--	631	--
Total other income (expense)	707	(83)	588	(302)
Loss before income taxes	(6,393)	(929)	(9,658)	(1,675)
Income taxes	--	--	--	--
Net loss	\$(6,393)	\$(929)	\$(9,658)	\$(1,675)
Other comprehensive income				
Foreign currency translation (loss) gain	46	(49)	12	(27)
Comprehensive loss	\$(6,347)	\$(978)	\$(9,646)	\$(1,702)
Basic and diluted loss per common share	\$(0.01)	\$(0.005)	\$(0.02)	\$(0.009)
Weighted average number of basic and diluted common shares outstanding	579,529	199,909	495,417	185,402

See accompanying notes to financial statements

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POSITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2010	June 30, 2009
Cash flows from operating activities:		
Net loss	\$(9,658)	\$(1,675)
Adjustment to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	14	10
Amortization of loan costs and debt discount	--	653
Stock based compensation	2,500	--
(Gain) loss on derivative liabilities	--	(431)
Common stock issued for services	5,438	447
Preferred stock issued for services	432	--
Preferred stock issued for post-acquisition contingent payment	200	--
Changes in operating assets and liabilities:		
Accounts receivable	(81)	61
Inventory	(125)	--
Prepaid expenses	(50)	--
Other current assets	(1,149)	(1)
Accounts payable and accrued liabilities	(1,103)	77
Customer deposits	389	(126)
Unearned revenue	(8)	(32)
Net cash used in operating activities	(3,201)	(1,017)
Cash flows from investing activities:		
Security deposits	(5)	--
Purchase of property and equipment	(127)	(7)
Net cash used in investing activities	(132)	(7)
Cash flows from financing activities:		