

POSITRON CORP
Form 10QSB
May 15, 2003

MARCH 31, 2003

MARCH 31, 2003

Edgar Filing: POSITRON CORP - Form 10QSB

POSITRON CORPORATION

TABLE OF CONTENTS

Form 10-QSB for the quarter ended March 31, 2003

PART I - FINANCIAL INFORMATION	PAGE
Item 1. Condensed Financial Statements	
Condensed Balance Sheet as of March 31, 2003	3
Condensed Statements of Operations for the three months ended March 31, 2003 and 2002	4
Condensed Statements of Cash Flows for the three months ended March 31, 2003 and 2002	5
Selected Notes to Condensed Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation	9
Item 3. Controls and Procedures	10
PART II - OTHER INFORMATION	11
Signature Page	12

2

FORM 10-QSB MARCH 31, 2003

POSITRON CORPORATION
CONDENSED BALANCE SHEET
MARCH 31, 2003
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 17
Accounts receivable, net	1,287
Inventories	1,407
Prepaid expenses	66
Other current assets	40

Edgar Filing: POSITRON CORP - Form 10QSB

Total current assets	2,817
Property and equipment, net	286

Total assets	\$ 3,103
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current liabilities:	
Note payable to stockholder	\$ 2,000
Accounts payable, trade and accrued liabilities	2,107
Customer deposits	285
Unearned revenue	163
Current portion of capital lease obligation	22

Total current liabilities	4,577
Stockholders' equity:	
Series A Preferred Stock: \$1.00 par value; 8% cumulative, convertible, redeemable; 5,450,000 shares authorized; 510,219 shares issued and outstanding at March 31, 2003 and December 31, 2002.	510
Common Stock: \$0.01 par value; 100,000,000 shares authorized; 62,233,459 shares issued and 62,173,303 shares outstanding at March 31, 2003 and December 31, 2002.	622
Additional paid-in capital	55,093
Subscription receivable	(30)
Accumulated deficit	(57,654)
Treasury Stock: 60,156 shares at cost	(15)

Total stockholders' equity	(1,474)

Total liabilities and stockholders' equity	\$ 3,103
	=====

See accompanying notes

=====

FORM 10-QSB MARCH 31, 2003
=====

POSITRON CORPORATION CONDENSED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

Three Months Ended	
-----	-----
March 31, 2003	March 31, 2002

Edgar Filing: POSITRON CORP - Form 10QSB

	-----	-----
Revenues:		
System sales	\$ 3,425	\$ 1,150
Service and component	342	346
	-----	-----
Total revenues	3,767	1,496
Costs of sales and services:		
System sales	2,861	1,098
Service, warranty and component	166	140
	-----	-----
Total costs of sales and services	3,027	1,238
	-----	-----
Gross profit	740	258
Operating expenses:		
Research and development	244	265
Selling and marketing	71	96
General and administrative	361	303
	-----	-----
Total operating expenses	676	664
	-----	-----
Income (loss) from operations	64	(406)
Other income (expense):		
Interest income	--	1
Interest expense	(51)	(106)
	-----	-----
Total other income (expense)	(51)	(105)
	-----	-----
Net income (loss)	\$ 13	\$ (511)
	=====	=====
Basic income (loss) per common share	\$ 0.00	\$ (0.01)
Diluted income (loss) per common share	\$ 0.00	\$ (0.01)
Weighted average number of basic common shares outstanding	62,173	62,173
Weighted average number of diluted common shares outstanding	62,683	62,173

See accompanying notes

=====

Edgar Filing: POSITRON CORP - Form 10QSB

POSITRON CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended	
	March 31, 2003	March 31, 2002
Cash flows from operating activities:		
Net income (loss)	\$ 13	\$ (511)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	22	23
Amortization of loan costs	--	50
Changes in operating assets and liabilities:		
Accounts receivable	(208)	(363)
Inventory	1,877	481
Prepaid expenses	17	(47)
Other current assets	43	(37)
Accounts payable and accrued liabilities	280	(47)
Customer deposits	(2,103)	259
Unearned revenue	(15)	(88)
Net cash used in operating activities	(74)	(280)
Cash flows from investing activities:		
Capital expenditures	(5)	--
Net cash used in investing activities	(5)	--
Cash flows from financing activities:		
Repayment of capital lease obligation	(11)	(10)
Net cash used in financing activities	(11)	(10)
Net decrease in cash and cash equivalents	(90)	(290)
Cash and cash equivalents, beginning of period	107	635
Cash and cash equivalents, end of period	\$ 17	\$ 345

See accompanying notes

Edgar Filing: POSITRON CORP - Form 10QSB

5

FORM 10-QSB

MARCH 31, 2003

POSITRON CORPORATION SELECTED NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles and the rules of the U.S. Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in the Annual Report Form 10-KSB for Positron Corporation (the "Company") for the year ended December 31, 2002. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended December 31, 2002, as reported in the Form 10-KSB, have been omitted.

Certain prior period amounts have been reclassified to conform to current period presentation.

2. REVENUE RECOGNITION

Revenues from POSICAMTM system contracts are recognized when all significant costs have been incurred and the system has been shipped to the customer. The Company also recognizes revenue on bill and hold transactions when the product is completed and is ready to be shipped and the risk of loss is transferred to the customer. In certain cases, at the customers' request, the Company is storing the product for a brief period of time. Revenues from maintenance contracts are recognized over the term of the contract. Service revenues are recognized upon performance of the services.

3. INVENTORIES

Inventories at March 31, 2003 consisted of the following (in thousands):

Raw materials	\$1,067
Work in progress	440

Subtotal	1,507
Less reserve for obsolescence	(100)

Total	\$1,407
	=====

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2003 consisted of the following (in thousands):

Edgar Filing: POSITRON CORP - Form 10QSB

Trade accounts payable	\$ 552
Accrued interest	328
Accrued royalties	306
Accrued property taxes	202
Accrued professional fees	180
Accrued rent	154
Accrued compensation	143
Sales taxes payable	127
Accrued warranty costs	60
Other accrued liabilities	55

Total	\$2,107
	=====

5. EARNINGS PER SHARE

=====

6

FORM 10-QSB

MARCH 31, 2003

=====

Basic earnings per common share are based on the weighted average number of common shares outstanding in each period and earnings adjusted for preferred stock dividend requirements. Diluted earnings per common share assume that any dilutive convertible preferred shares outstanding at the beginning of each period were converted at those dates, with related interest, preferred stock dividend requirements and outstanding common shares adjusted accordingly. It also assumes that outstanding common shares were increased by shares issuable upon exercise of those stock options and warrants for which market price exceeds exercise price, less shares which could have been purchased by the Company with related proceeds. The convertible preferred stock and outstanding stock options and warrants were not included in the computation of diluted earnings per common share for the three month period ended March 31, 2002 since it would have resulted in an antidilutive effect.

The following table sets forth the computation of basic and diluted earnings per share.

	Three Months Ended	
	March 31, 2003	March 31, 2002
	-----	-----
	(In Thousands)	
Numerator		
Basic and diluted income (loss)	\$ 13	\$ (511)
	=====	=====
Denominator		
Denominator for basic earnings per share-weighted average share	62,173	62,173
Effect of dilutive securities:		
Convertible Series A preferred stock	510	--
	-----	-----

Edgar Filing: POSITRON CORP - Form 10QSB

Denominator for diluted earnings per share adjusted weighted average shares and assumed conversions		
	62,683 =====	62,173 =====
Basic income (loss) per common share	\$ 0.00	\$ (0.01)
Diluted income (loss) per common share	\$ 0.00	\$ (0.01)

6. LITIGATION -----

PROFUTURES CAPITAL BRIDGE FUND, L.P.

On September 26, 2000, ProFutures Bridge Capital Fund, L.P. ("ProFutures") filed a complaint against the Company in Colorado state court for declaratory relief and breach of contract (the "Complaint"). The Complaint alleged that the Company breached four stock purchase warrants issued to ProFutures on the bases that the Company failed to notify ProFutures of dilutive events and failed to register the full number of shares ProFutures as allegedly entitled to purchase under the warrants when, on February 14, 2000, the Company registered 1,500,000 shares of stock underlying ProFutures' warrants instead of 4,867,571. The Complaint further alleged that the Company's issuance of shares of common stock to Imatron, Inc. on or about January 22, 1999, (the "Imatron Transaction") was a dilutive event pursuant to the anti-dilution clauses of the four stock purchase warrants. The Complaint sought declarations that the consideration received by the Company in the Imatron Transaction increased the number of shares issuable under the warrants, the Company breached the warrants by failing to notify ProFutures of the Imatron Transaction and its effect on ProFutures' warrants at the time of the Imatron Transaction and that the Company further breached the warrants by failing to register the number of shares ProFutures alleged were purchasable under its warrants. The Complaint sought an unspecified amount of monetary damages.

The Colorado State level case of ProFutures v. Positron, District Court, City and County of Denver, Colorado, Case No. 00CV7146, was tried before the Court in June 2002. The Court issued its Findings of Fact, Conclusions of Law and Judgment on November 13, 2002. The Court agreed with Positron's determination of the value of the consideration paid for the shares issued to Imatron and

that there was no evidence of fraud by Positron. The Court agreed with ProFutures that Positron breached the 1996 stock purchase warrant with ProFutures by failing to give ProFutures written notice stating the adjusted exercise price and the new number of shares deliverable as a result of the Imatron Transaction and by failing to register the shares to which ProFutures was entitled under the warrant as a result of the Imatron Transaction. Nevertheless, the Court also found that ProFutures' alleged damages were uncertain and speculative and the ProFutures was not entitled to recover actual damages. Therefore ProFutures was awarded \$1 in nominal damages. ProFutures has appealed the trial Court's findings and Positron has cross-appealed. Those appeals are presently pending before the Court of Appeals, State of Colorado.

Edgar Filing: POSITRON CORP - Form 10QSB

In the federal case of ProFutures v. Positron, et al., United States District Court for the District of Colorado, Case No. 02-N-0154, the Complaint alleged two causes of action against the Company: fraudulent transfer and injunctive relief. The allegations arose out of a June 2001 loan agreement between Positron and Imatron. The action was dismissed in 2002 without prejudice.

CHINA XINXING

In July 2001 and February 2002, the Company received demands from China Xinxing Shanghai Import and Export Company ("China Xinxing"), a company located in Shanghai, China, for payment of an arbitration award in favor of China Xinxing and against the Company, in the total amount of approximately \$297,000. The award was rendered on or about August 25, 2000 by arbitrators affiliated with the Shanghai Sub-commission of the China International Economic and Trade Arbitration Commission (CIETAC Case No. SM9872, Award No. (2000) HMZZ 1154). The award represents the amount of a refund (together with arbitration costs) of an advance payment made by China Xinxing under a contract with the Company dated September 12, 1996. In August 2002, China Xinxing filed suit in the United States to obtain confirmation and enforcement of the award.

The Company entered into a Settlement Agreement and Release with China Xinxing in November 2002. The Company was obligated to pay the \$297,000 obligation in five periodic monthly installments of \$50,000 beginning in November 2002, with a sixth final payment of approximately \$47,000 due in March 2003. The Company has paid all six installments, and China Xinxing has executed a Satisfaction of Judgment reflecting satisfaction all of the Company's obligations under the award, the Judgment entered on the award, and the Settlement Agreement.

10P10, L.P.

In December 2001, 10P10, L.P., the Company's previous landlord for its premises located at 16350 Park Ten Place, Suite 150, Houston, Texas, filed a complaint (Cause No. 2001-65534 in the 165th Judicial District Court of Harris County, Texas) against the Company alleging breach of lease agreement. The Company disputes the amount of lease commissions and construction costs charged by 10P10, L.P. in conjunction with the subleasing of the premises. 10P10, L.P. has asserted a claim in excess of \$150,000. Although the Company disputes the amount of the claim, due to the pending lawsuit, Company management took a conservative position and has this sum recorded as an accrued liability as of March 31, 2003. The case is set for trial on a two week docket beginning June 9, 2003.

7. SUPPLEMENTAL CASH FLOW DATA

	Three Months Ended	
	March 31, 2003	March 31, 2002
	-----	-----
Supplemental disclosure of cash flow information (In thousands):		
Cash paid for interest	\$ 1	\$ 6
Cash paid for income taxes	\$ --	\$ --

FORM 10-QSB

MARCH 31, 2003

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

We are including the following cautionary statement in this Quarterly Report on Form 10-QSB to make applicable and utilize the safe harbor provision of the Private Securities Litigation Reform Act of 1995 regarding any forward-looking statements made by, or on behalf of, the Company. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Certain statements contained herein are forward-looking statements and, accordingly, involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our expectations, beliefs and projections are expressed in good faith and are believed by us to have a reasonable basis, including without limitations, our examination of historical operating trends, data contained in our records and other data available from third parties, but there can be no assurance that our expectations, beliefs or projections will result, or be achieved, or be accomplished.

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31,
2003 AND 2002

We earned income of \$13,000 for the three months ended March 31, 2003 compared to a loss of \$511,000 for the same quarter in 2002. The income in the first quarter of 2003 resulted primarily from \$564,000 in gross profits from the sale of three systems.

We generated revenues of \$3,425,000 from the sale of three systems during the quarter ended March 31, 2003 compared to the sale of one system for \$1,150,000 in the same quarter in 2002. Our service revenues decreased \$4,000 to \$342,000 in the three months ended March 31, 2003 from \$346,000 in the same period in 2002.

We generated gross profits of \$740,000 during the three months ended March 31, 2003 compared to \$258,000 for the same quarter in 2002. Gross profits in the quarter ended March 31, 2003 included \$564,000 in profits from the sale of three systems compared to a profit of \$52,000 on the sale of one system in the same period in 2002.

Our operating expenses increased \$12,000 to \$676,000 for the three months ended March 31, 2003 from \$664,000 for the same period in 2002. Operating expenses in the quarter ended March 31, 2002 were reduced significantly due to rental obligations that were paid by subtenants. These reductions in rental expense ceased at the end of the term of the lease on June 30, 2002. Legal fees decreased significantly in the quarter ended March 31, 2003 compared to the same quarter in 2002, as a result of the reduction in legal activities associated with litigation.

Interest expense decreased \$55,000 to \$51,000 in the first quarter of 2003 from

Edgar Filing: POSITRON CORP - Form 10QSB

\$106,000 from the same period in 2002. Interest expense in the quarter ended March 31, 2002 included \$50,000 of loan cost amortization.

FINANCIAL CONDITION

We had cash and cash equivalents of \$17,000 and accounts receivable of \$1,287,000 on March 31, 2003. A significant portion of the receivables outstanding on March 31, 2003 were collected in the following month. We had accounts payable and accrued liabilities of \$2,107,000 on March 31, 2003 and were in default on a \$2,000,000 note payable to a stockholder. We sold three imaging systems in the first quarter of 2003. In order to resolve the liquidity problems, we must continue to sale imaging systems or seek alternative sources of equity funding. However, there is no assurance that we will be successful in selling new systems or securing additional equity funds.

Since inception, we have been unable to sell our POSICAMTM systems in quantities sufficient to be operationally profitable. Consequently, we have sustained substantial losses. Due to the sizable selling prices of our systems and the limited number of systems sold or placed into service each year, our revenues have fluctuated significantly from year-to-year. We have an accumulated deficit of \$57,654,000 at March 31, 2003. The Company will need to increase system sales to achieve continued profitability.

=====

9

FORM 10-QSB

MARCH 31, 2003

=====

These events raise doubt as to our ability to continue as a going concern. The report of our independent public accountants, which accompanied our financial statements for the year ended December 31, 2002, was qualified with respect to that risk. If we are unable to refinance or otherwise satisfy the note payable to a stockholder or to otherwise obtain financing to meet our cash needs we may have to severely limit or cease our business activities or may seek protection from our creditors under the bankruptcy laws.

NEW ACCOUNTING PRONOUNCEMENTS

Please refer to the Annual Report Form 10-KSB for the year ended December 31, 2002 for disclosures regarding the Company's treatment of new accounting pronouncements.

CRITICAL ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenues from POSICAMTM system contracts are recognized when all significant costs have been incurred and the system has been shipped to the customer. The Company also recognizes revenue on bill and hold transactions when the product is completed and is ready to be shipped and the risk of loss is transferred to the customer. In certain cases, at the customers' request, the Company is storing the product for a brief period of time. Revenues from maintenance contracts are recognized over the term of the contract. Service revenues are recognized upon performance of the services.

Edgar Filing: POSITRON CORP - Form 10QSB

ITEM 3 - CONTROLS AND PROCEDURES

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company that is required to be included in the Company's periodic filings with the Securities and Exchange Commission. There have been no significant changes in the Company's internal controls or, to the Company's knowledge, in other factors that could significantly affect those internal controls subsequent to the date the Company carried out its evaluation, and there have been no corrective actions with respect to significant deficiencies and material weaknesses.

The Company's management, including the President and the Chief Financial Officer, does not expect that our disclosure controls or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

=====

10

FORM 10-QSB

MARCH 31, 2003

=====

The information regarding legal proceedings set forth above under Part I - Financial Information, Note 6 to the Condensed Financial Statements, is hereby incorporated by reference into Part II, Item 1 - Legal Proceedings.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

The Company entered into a loan arrangement on June 29, 2001 with Imatron Inc., a stockholder of the Company, for the purpose of borrowing up to \$2,000,000 to fund operating activities. The loan is collateralized by substantially all the assets of the Company. As of March 31, 2003, principal of \$2,000,000 has been

Edgar Filing: POSITRON CORP - Form 10QSB

advanced on the loan. The loan bears interest on the outstanding principal balance at an annual rate of 10% and is payable monthly. Principal on the loan amounting to \$1,000,000 and \$500,000 was to be repaid within five (5) business days of December 31, 2001 and March 31, 2002, respectively. The remaining \$500,000 of loan principal and all unpaid interest was due and payable no later than June 30, 2002. The Company has not made the interest payments that are due monthly on the loan, resulting in outstanding accrued interest of approximately \$328,000 at March 31, 2003. The portions of the loan principal due on December 31, 2001, March 31, 2002, and June 30, 2002 are currently in default.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit	Description of the Exhibit
---------	----------------------------

99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
------	---

99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
------	---

(b) Reports on Form 8-K

There were no reports filed on Form 8-K for the quarterly period ended March 31, 2003.

11

FORM 10-QSB

MARCH 31, 2003

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POSITRON CORPORATION
(Registrant)

Date: May 15, 2003

/s/ Gary H. Brooks

Gary H. Brooks
President & CEO

Date: May 15, 2003

/s/ Michael L. Golden

Michael L. Golden
Chief Financial Officer
(Principal Financial and Accounting

Edgar Filing: POSITRON CORP - Form 10QSB

Officer)

12

FORM 10-QSB

MARCH 31, 2003

I, Gary H. Brooks, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Positron Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 15, 2003

/s/ Gary H. Brooks

Gary H. Brooks

Edgar Filing: POSITRON CORP - Form 10QSB

President & CEO

13

FORM 10-QSB

MARCH 31, 2003

I, Michael L. Golden, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Positron Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 15, 2003

/s/ Michael L. Golden

Michael L. Golden
Chief Financial Officer

Edgar Filing: POSITRON CORP - Form 10QSB

(Principal Financial and Accounting Officer)

=====

14

FORM 10-QSB

MARCH 31, 2003

=====

EXHIBIT INDEX

Exhibit	Description of the Exhibit
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

=====

15