

AXT INC  
Form 10-Q  
November 07, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC. 20549

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**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 ended September 30, 2007**

or

**Transition report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**for the transition period from            to**

**Commission File Number 000-24085**

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**AXT, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
Incorporation or organization)

**94-3031310**  
(I.R.S. Employer  
Identification No.)

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4281 Technology Drive, Fremont, California 94538

(Address of principal executive offices) (Zip code)

(510) 683-5900

(Registrant's telephone number, including area code)

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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 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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 22, 2007
Common Stock, \$0.001 par value	30,287,889

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AXT, INC.

FORM 10-Q

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

AXT, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except per share data)

	September 30, 2007	December 31, 2006
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 17,067	\$ 16,116
Short-term investments	18,174	19,428
Accounts receivable, net of allowances of \$560 and \$140 as of September 30, 2007 and December 31, 2006, respectively	11,948	9,658
Inventories, net	25,124	20,263
Prepaid expenses and other current assets	3,590	3,985
Assets held for sale	5,140	4,659
<b>Total current assets</b>	<b>81,043</b>	<b>74,109</b>
Property, plant and equipment, net	15,072	12,775
Restricted deposits	6,700	7,150
Other assets	5,036	4,298
<b>Total assets</b>	<b>\$ 107,851</b>	<b>\$ 98,332</b>
<b>Liabilities and stockholders' equity:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,770	\$ 3,764
Accrued liabilities	3,877	3,358
Current portion of long-term debt	450	450
Income taxes payable	446	178
<b>Total current liabilities</b>	<b>7,543</b>	<b>7,750</b>
Long-term debt, net of current portion	6,295	6,839
Other long-term liabilities	3,129	2,543
<b>Total liabilities</b>	<b>16,967</b>	<b>17,132</b>
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2007 and December 31, 2006.	3,532	3,532
Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,288 and 29,011 shares issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	30	29
Additional paid-in capital	185,666	180,936
Accumulated deficit	(100,417)	(103,832)
Accumulated other comprehensive income	2,073	535
<b>Total stockholders' equity</b>	<b>90,884</b>	<b>81,200</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 107,851</b>	<b>\$ 98,332</b>

See accompanying notes to condensed consolidated financial statements.

## AXT, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenue	\$ 14,474	\$ 12,547	\$ 40,639	\$ 31,373
Cost of revenue	9,944	9,068	25,672	23,625
Gross profit	4,530	3,479	14,967	7,748
Operating expenses:				
Selling, general and administrative	3,083	2,641	10,529	9,724
Research and development	382	392	1,190	1,497
Impairment (recovery of impairment) on assets held for sale		1,417	(481)	1,417
Restructuring benefit				(2)
Total operating expenses	3,465	4,450	11,238	12,636
Income (loss) from continuing operations	1,065	(971)	3,729	(4,888)
Interest income, net	102	103	551	342
Other income (expense), net	(156)	641	(439)	1,693