

AXT INC
Form 10-Q
May 10, 2012

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 ended March 31, 2012

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

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.)

4281 Technology Drive, Fremont, California 94538
(Address of principal executive offices) (Zip code)

(510) 683-5900
(Registrant's telephone number, including area code)

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 check mark whether the registrant has submitted electronically and posted on its 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

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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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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

(Do not check if a 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

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 April 27, 2012 |
|---------------------------------|-------------------------------|
| Common Stock, \$0.001 par value | 32,321,687 |

AXT, INC.

FORM 10-Q
TABLE OF CONTENTS

| | Page |
|---|------|
| <u>PART I. FINANCIAL INFORMATION</u> | 3 |
| Item 1. <u>Financial Statements (unaudited)</u> | 3 |
| <u>Condensed Consolidated Balance Sheets as of March 31, 2012 and December 31, 2011</u> | 3 |
| <u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2012 and 2011</u> | 4 |
| <u>Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2012 and 2011</u> | 5 |
| <u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2012 and 2011</u> | 6 |
| <u>Notes To Condensed Consolidated Financial Statements</u> | 7 |
| Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | 19 |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 27 |
| Item 4. <u>Controls and Procedures</u> | 30 |
| <u>PART II. OTHER INFORMATION</u> | 30 |
| Item 1. <u>Legal Proceedings</u> | 30 |
| Item 1A. <u>Risk Factors</u> | 30 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 30 |
| Item 3. <u>Defaults Upon Senior Securities</u> | 30 |
| Item 4. <u>Mine Safety Disclosures</u> | 30 |
| Item 5. <u>Other Information</u> | 30 |
| Item 6. <u>Exhibits</u> | 31 |
| <u>Signatures</u> | 32 |

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AXT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except per share data)

| | March 31, 2012 | December 31, 2011 (1) |
|--|-------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$31,156 | \$ 26,156 |
| Short-term investments | 11,099 | 5,505 |
| Accounts receivable, net of allowances of \$190 and \$124 as of March 31, 2012 and December 31, 2011, respectively | 16,628 | 17,966 |
| Inventories | 42,028 | 46,012 |
| Related party notes receivable – current | 414 | 412 |
| Prepaid expenses and other current assets | 6,573 | 7,052 |
| Total current assets | 107,898 | 103,103 |
| Long-term investments | 3,795 | 8,981 |
| Property, plant and equipment, net | 34,566 | 34,282 |
| Related party notes receivable – long-term | 2,034 | 2,021 |
| Other assets | 13,983 | 14,101 |
| Total assets | \$162,276 | \$ 162,488 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$4,177 | \$ 3,286 |
| Accrued liabilities | 7,155 | 7,597 |
| Total current liabilities | 11,332 | 10,883 |
| Long-term portion of royalty payments | 3,925 | 4,125 |
| Other long-term liabilities | 119 | 431 |
| Total liabilities | 15,376 | 15,439 |
| Commitments and contingencies (Note 11) | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value; 2,000 shares authorized; 883 shares issued and outstanding as of March 31, 2012 and December 31, 2011 (Liquidation preference of \$5.8 million as of March 31, 2012 and December 31, 2011) | 3,532 | 3,532 |
| Common stock, \$0.001 par value per share; 70,000 shares authorized; 32,322 and 32,222 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively | 32 | 32 |
| Additional paid-in capital | 192,054 | 191,554 |
| Accumulated deficit | (60,522) | (62,157) |
| Accumulated other comprehensive income | 6,189 | 5,818 |
| AXT, Inc. stockholders' equity | 141,285 | 138,779 |
| Noncontrolling interests | 5,615 | 8,270 |
| Total stockholders' equity | 146,900 | 147,049 |

| | | |
|--|-----------|------------|
| Total liabilities and stockholders' equity | \$162,276 | \$ 162,488 |
|--|-----------|------------|

See accompanying notes to condensed consolidated financial statements.

(1) The condensed consolidated balance sheet at December 31, 2011 has been derived from the audited consolidated financial statements at that date.

Table of Contents

AXT, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited, in thousands, except per share data)

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2012 | 2011 |
| Revenue | \$23,486 | \$24,566 |
| Cost of revenue | 15,292 | 13,906 |
| Gross profit | 8,194 | 10,660 |
| Operating expenses: | | |
| Selling, general and administrative | 3,785 | 3,690 |
| Research and development | 835 | 505 |
| Total operating expenses | 4,620 | 4,195 |
| Income from operations | 3,574 | 6,465 |
| Interest income, net | 88 | 87 |
| Other expense, net | (335) | (363) |
| Income before provision for income taxes | 3,327 | 6,189 |
| Provision for income taxes | (375) | (902) |
| Net income | 2,952 | 5,287 |
| Less: Net income attributable to noncontrolling interests | (1,317) | (1,079) |
| Net income attributable to AXT, Inc. | \$1,635 | \$4,208 |
| Net income attributable to AXT, Inc. per common share: | | |
| Basic | \$0.05 | \$0.13 |