AXT INC Form 10-Q November 09, 2009 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

for the quarterly period ended September 30, 2009

 \mathbf{Or}

o 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 x NO o

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 chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 o

Accelerated filer x

Non-accelerated filer o (Do not check if a smaller reporting company)

Smaller reporting company o

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

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

Class
Common Stock, \$0.001 par value

Outstanding at October 30, 2009 30,670,640

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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)

Assets: Current assets: 16,042 \$ 13,566 Short-term investments \$ 16,042 \$ 13,566 \$ 13,566 Short-term investments \$ 16,042 \$ 13,566 \$ 13,566 Short-term investments \$ 17,756 \$ 13,566 \$ 17,756 \$ 17,756 \$ 17,756 \$ 17,756 \$ 17,756 \$ 17,756 \$ 12,008 \$ 12,008 \$ 11,497 \$ 11,497 \$ 11,497 \$ 11,497 \$ 11,497 \$ 11,497 \$ 11,497 \$ 11,497 \$ 13,308 \$ 11,497 \$ 13,31 \$ 11,497 \$ 13,31 \$ 11,497 \$ 13,31 \$ 11,497 \$ 13,31 \$ 11,497 \$ 13,31 \$ 10,32 \$ 13,31 \$ 13,31 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,31 \$ 10,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 13,32 \$ 14,45		Se	eptember 30, 2009	December 31, 2008
Cash and cash equivalents \$ 16,042 \$ 13,566 Short-term investments 18,737 17,756 Accounts receivable, net of allowances of \$220 and \$663 as of September 30, 2009 and 13,983 11,497 December 31, 2008, respectively 13,983 11,497 Inventories, net 28,642 35,082 Prepaid expenses and other current assets 2,070 3,131 Total current assets 79,474 81,032 Property, plant and equipment, net 20,808 22,184 Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets 8,09,05 \$ 111,662 Liabilities and stockholders equity: Very Current liabilities 4,810 4,852 Accounts payable \$ 7,165 \$ 6,657 4,810 4,852 Accounts payable \$ 7,165 \$ 6,657 7,33 1,300 3,013 Current portion of long-term debt 75 7,3 1,4196 4,810 4,810 4,852 Line of credit 3,000 3,013 4,810 </td <td>Assets:</td> <td></td> <td></td> <td></td>	Assets:			
Short-term investments 18,737 17,756 Accounts receivable, net of allowances of \$220 and \$663 as of September 30, 2009 and December 31, 2008, respectively 13,983 11,497 Inventories, net 28,642 35,082 Prepaid expenses and other current assets 79,474 81,032 Property, plant and equipment, net 20,808 22,184 Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets 109,050 \$ 111,662 Liabilities and stockholders equity: Verent liabilities 4,810 4,813 Accounts payable \$ 7,165 \$ 6,657 Accuned liabilities 4,810 4,453 Line of credit 3,000 3,013 300 3,013 Current portion of long-term debt 75 73 75 73 Total current liabilities 15,050 14,196 14,96 Long-term debt, net of current portion 440 496 Other long-term liabilities 15,555 14,786 Total liabilities 15,555 14,786 </td <td>Current assets:</td> <td></td> <td></td> <td></td>	Current assets:			
Accounts receivable, net of allowances of \$220 and \$663 as of September 30, 2009 and December 31, 2008, respectively	Cash and cash equivalents	\$	16,042	\$ 13,566
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Inventories, net 28.642 35,082 Prepaid expenses and other current assets 2,070 3,131 Total current assets 79,474 81,032 Property, plant and equipment, net 20,808 22,184 Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets 109,050 \$ 111,662 Liabilities and stockholders equity: **** ***** Current liabilities 4,810 4,852 Accounds payable \$ 7,165 \$ 6,657 Accured liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 5 7,6 5 44 Commitments and contingencies (Note 11) 5 5 4 4 4 4 4 4 4 6 5 9	Accounts receivable, net of allowances of \$220 and \$663 as of September 30, 2009 and			
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Total current assets 79,474 81,032 Property, plant and equipment, net 20,808 22,184 Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets \$ 109,005 \$ 111,662 Liabilities and stockholders equity: Current liabilities Secured liabilities Secured liabilities Secured liabilities 4,810 4,453 Accounts payable \$ 7,165 \$ 6,657 Accunts payable 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 15,555 14,786 Commitments and contingencies (Note 11) 15,555 14,786 Stockholders equity: 8 3,532 3,532 Verferred stock, \$0,001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30	Inventories, net		- , -	35,082
Property, plant and equipment, net 20,808 22,184 Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets 109,050 111,662 Liabilities and stockholders equity: Temperature of the company of the compa	Prepaid expenses and other current assets		2,070	3,131
Restricted deposits 3,000 3,013 Other assets 5,768 5,433 Total assets \$ 109,050 \$ 111,662 Liabilities and stockholders equity: Urrent liabilities: Secured liabilities \$ 7,165 \$ 6,657 Accounts payable \$ 7,165 \$ 6,657 Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: 3,532 3,532 Preferred stock, \$0,001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0,0001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30	Total current assets		79,474	81,032
Other assets 5,768 5,433 Total assets \$ 109,050 \$ 111,662 Liabilities and stockholders equity: Current liabilities: Accounts payable \$ 7,165 \$ 6,657 Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Tespectively Preferred stock, \$0,001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0,001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3 3 7,50 30 30 30 30 8,50 3,971 2,580	Property, plant and equipment, net		20,808	22,184
Total assets \$ 109,050 \$ 111,662 Liabilities and stockholders equity: Current liabilities: Accounts payable \$ 7,165 \$ 6,657 Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 3 30 4 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Restricted deposits		3,000	3,013
Liabilities and stockholders equity: Current liabilities: Accounts payable \$ 7,165 \$ 6,657 Accunted liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0,001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0,001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Other assets		5,768	5,433
Current liabilities: \$ 7,165 \$ 6,657 Accounts payable \$ 7,165 \$ 6,657 Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Total assets	\$	109,050	\$ 111,662
Current liabilities: \$ 7,165 \$ 6,657 Accounts payable \$ 7,165 \$ 6,657 Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212				
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Accrued liabilities 4,810 4,453 Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: *** Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Current liabilities:			
Line of credit 3,000 3,013 Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Accounts payable	\$	7,165	\$ 6,657
Current portion of long-term debt 75 73 Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Accrued liabilities		4,810	4,453
Total current liabilities 15,050 14,196 Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: *** Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Line of credit		3,000	3,013
Long-term debt, net of current portion 440 496 Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Current portion of long-term debt		75	73
Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30,674 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664	Total current liabilities		15,050	14,196
Other long-term liabilities 65 94 Total liabilities 15,555 14,786 Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 3,532 3,532 Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively 30,674 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664	Long-term debt, net of current portion		440	496
Commitments and contingencies (Note 11) Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Additional paid-in capital Accumulated deficit Accumulated deficit Comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity Noncontrolling interests 2,391 3,532 3,			65	94
Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Accumulated a largument of the stock of the	Total liabilities		15,555	14,786
Stockholders equity: Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and 30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively Accumulated a largument of the stock of the	Commitments and contingencies (Note 11)			
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Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively3030Additional paid-in capital187,478186,754Accumulated deficit(103,907)(99,232)Accumulated other comprehensive income3,9712,580Total AXT, Inc. stockholders equity91,10493,664Noncontrolling interests2,3913,212	Preferred stock, \$0.001 par value per share; 2,000 shares authorized; 883 shares issued and			
Common stock, \$0.001 par value per share; 70,000 shares authorized; 30,670 and30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively3030Additional paid-in capital187,478186,754Accumulated deficit(103,907)(99,232)Accumulated other comprehensive income3,9712,580Total AXT, Inc. stockholders equity91,10493,664Noncontrolling interests2,3913,212			3,532	3,532
30,513 shares issued and outstanding as of September 30, 2009 and December 31, 2008, 30 30 respectively 30 30 Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212				
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Additional paid-in capital 187,478 186,754 Accumulated deficit (103,907) (99,232) Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	respectively		30	30
Accumulated deficit(103,907)(99,232)Accumulated other comprehensive income3,9712,580Total AXT, Inc. stockholders equity91,10493,664Noncontrolling interests2,3913,212			187,478	186,754
Accumulated other comprehensive income 3,971 2,580 Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212			(103,907)	
Total AXT, Inc. stockholders equity 91,104 93,664 Noncontrolling interests 2,391 3,212	Accumulated other comprehensive income		3,971	
Noncontrolling interests 2,391 3,212	· · · · · · · · · · · · · · · · · · ·		91,104	93,664
7-1			,	,
	Noncontrolling interests		2,391	3,212
			93,495	96,876

Total liabilities and stockholders equity \$ 109,050 \$ 111,662

See accompanying notes to condensed consolidated financial statements.

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$\mbox{AXT, INC.} \\ \mbox{CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS}$

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	,	2008		2009	,	2008	
Revenue	\$ 16,819	\$	17,863	\$	37,528	\$	57,429	
Cost of revenue	11,281		13,326		29,711		40,227	
Gross profit	5,538		4,537		7,817		17,202	
Operating expenses:								
Selling, general and administrative	3,323		4,901		10,815		12,146	
Research and development	360		562		1,175		1,635	

Impairment on assets held for sale