

AXCELIS TECHNOLOGIES INC

Form 10-K/A

June 29, 2005

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**



# **FORM 10-K/A**

**AMENDMENT NO. 1 TO FORM 10-K**

(Mark one)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

**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 000-30941

**AXCELIS TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**34-1818596**

(IRS Employer Identification No.)

**108 Cherry Hill Drive**

**Beverly, Massachusetts 01915**

(Address of principal executive offices, including zip code)

**(978) 787-4000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

**Title of class**

None

**Name of each exchange on which  
registered**

None

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$0.001 par value**

**Preferred Share Purchase Rights**

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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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No .

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2004: **\$1,234,768,164**

Number of shares outstanding of the registrant's Common Stock, \$0.001 par value, as of March 4, 2005: **100,180,688**

**Documents incorporated by reference:**

Portions of the definitive Proxy Statement for Axcelis Technologies, Inc.'s Annual Meeting of Stockholders to be held on May 12, 2005 are incorporated by reference into Part III of this Form 10-K.

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**AMENDMENT NO. 1**

**EXPLANTORY NOTE**

We are filing this amendment to our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, originally filed with the Securities and Exchange Commission on March 15, 2005, solely for the purpose of complying with Regulation S-X, Rule 3-09. Rule 3-09 requires that Form 10-K, but not the annual shareholders' report, contain separate financial statements for unconsolidated subsidiaries and investees accounted for by the equity method when such entities are individually significant.

We have determined that our 50% owned joint venture with Sumitomo Heavy Industries, Ltd., known as Sumitomo Eaton Nova Corporation ( SEN ), which is not consolidated in the Axcelis Technologies, Inc. financial statements (and is accounted for under the equity method) was significant under Rule 3-09 in relationship to the Axcelis Technologies, Inc. financial results for the year ended December 31, 2004. Since SEN's fiscal year ended after the date of the filing of our Form 10-K, Rule 3-09 provides that the SEN financial statements may be filed as an amendment to our Form 10-K within 90 days after the end of SEN's fiscal year ended March 31, 2005.

Therefore, this Form 10-K/A amends the following portions of the Axcelis Technologies Form 10-K filed on March 15, 2005:

Item 8 is being amended by submitting the financial statements of SEN for the fiscal years ended March 31, 2005, 2004 and 2003 (the SEN Financial Statements ) as a separate section of this report immediately following Item 15;

Item 15 is being amended to:

include the list of the SEN Financial statements being filed herewith as required by Item 15(a); and

add to the list of exhibits and exhibits filed in accordance with Item 601 of Regulation S-K an Exhibit 23.2,

Consent of Ernst & Young - Independent Auditors relating to the SEN Financial Statements, as required by Item 15(c).

As required by Rule 3-09, we will determine with respect to each future fiscal year, whether SEN has been significant with respect to Axcelis financial results for such year, and file SEN financial statements as necessary to comply with Rule 3-09.

**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of the Company's Form 10-K, as originally filed on March 15, 2005, and as amended by this form 10-K/A:

(1)(A) Financial Statements of Axcelis Technologies, Inc.:

Report of Ernst & Young LLP - Independent Auditors

Consolidated Statements of Operations-For the years ended December 31, 2004, 2003 and 2002

Consolidated Balance Sheets-December 31, 2004 and 2003

Consolidated Statements of Stockholders' Equity-For the years ended December 31, 2004, 2003 and 2002

Consolidated Statements of Cash Flows-For the years ended December 31, 2004, 2003 and 2002

Notes to Consolidated Financial Statements

(1)(B) Financial Statements of Sumitomo Eaton Nova Corporation:

Report of Ernst & Young LLP - Independent Auditors

Consolidated Statements of Operations-For the years ended March 31, 2005, 2004 and 2003

Consolidated Balance Sheets-March 31, 2005 and 2004

Consolidated Statements of Stockholders' Equity-For the years ended March 31, 2005, 2004 and 2003

Consolidated Statements of Cash Flows-For the years ended March 31, 2005, 2004 and 2003

(2) Financial Statement Schedules:

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2004, 2003 and 2002

All other schedules for which provision is made in the applicable regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Exhibits

The exhibits filed as part of this Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

(c) Financial Statement Schedules

The response to this portion of Item 15 is submitted as a separate section of this report.



Report of Independent Auditors

The Board of Directors

Sumitomo Eaton Nova Corporation

We have audited the accompanying consolidated balance sheets of Sumitomo Eaton Nova Corporation (the Company) as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2005, all expressed in Japanese yen. Our audits also included the translation of these statements as of and for the year ended March 31, 2005 into U.S. dollars on the basis described in Note 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above expressed in Japanese yen present fairly, in all material respects, the consolidated financial position of Sumitomo Eaton Nova Corporation at March 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the financial statements expressed in U.S. dollars as of and for the year ended March 31, 2005, when considered in relation to the basic financial statements taken as a whole, have been properly translated on the basis described in Note 1.

As discussed in Note 1 to the Consolidated Financial Statements, effective July 1, 2003, the Company adopted the provisions of Emerging Issues Task Force Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables.

/s/ Ernst & Young ShinNihon

Tokyo, Japan

May 20, 2005

## Sumitomo Eaton Nova Corporation

## Consolidated Statements of Income

	2003	Years ended March 31, 2004 (Thousands of yen)		2005	Year ended March 31, 2005 (U.S. dollars in thousands)
Net sales (Notes 1, 6 and 13):					
Systems	¥ 12,281,385	¥ 17,838,626	¥ 28,457,929	\$ 264,602	
Services	5,579,160	5,630,836	6,987,942	64,974	
Net sales	17,860,545	23,469,462	35,445,871	329,576	
Cost of sales (Note 6)	10,320,596	12,946,966	19,319,808	179,636	
Gross profit	7,539,949	10,522,496	16,126,063	149,940	
Selling, general and administrative expenses (Note 1, 4 and 6)	4,587,471	5,066,003	6,812,951	63,347	
Income from operations	2,952,478	5,456,493	9,313,112	86,593	
Other income (expense), net	(12,988)	(7,190)	10,444	97	
Income before income taxes	2,939,490	5,449,303	9,323,556	86,690	
Income taxes (benefit) (Note 8):					
Current	1,342,811	2,212,528	3,900,102	36,263	
Deferred	(129,316)	(118,800)	(389,016)	(3,617)	
	1,213,495	2,093,728	3,511,086	32,646	
Net income	¥ 1,725,995	¥ 3,355,575	¥ 5,812,470	\$ 54,044	

See accompanying notes to consolidated financial statements.

**Sumitomo Eaton Nova Corporation**

## Consolidated Balance Sheets

	2004	March 31, (Thousands of yen)	2005	March 31, 2005 (U.S. dollars in thousands)		
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	¥	6,571,767	¥	9,345,190 \$	87,021	
Trade receivables, net (Note 2 and 12)		10,178,713		14,910,846	138,848	
Due from affiliates - current (Note 6)		80,720		99,759	929	
Inventories (Note 3)		7,429,764		6,050,698	56,343	
Deferred income taxes and other current assets (Note 8)		370,720		437,435	4,073	
Total current assets		24,631,684		30,843,928	287,214	
Property, plant and equipment, net (Note 4)		3,291,712		2,787,756	25,959	
Deferred income taxes and other assets (Note 8)		405,557		756,647	7,046	
	¥	28,328,953	¥	34,388,331	\$	320,219
<b>Liabilities and shareholders' equity</b>						
Current liabilities:						
Trade payables:						
Notes	¥	2,145,931	¥	1,812,547	\$	16,878
Accounts		3,842,233		2,962,956		27,591
		5,988,164		4,775,503		44,469
Due to affiliates (Note 6)		1,958,962		1,825,148		16,995
Income taxes payable		1,670,737		2,859,210		26,625
Other current liabilities (Note 5)		673,243		1,086,361		10,116
Total current liabilities		10,291,106		10,546,222		98,205
Accrued retirement benefits for employees and directors (Note 9)		83,165		74,957		698
Shareholders' equity (Note 10):						
Capital stock:						
Authorized - 20,000 shares						
Issued and outstanding - 12,000 shares		600,000		600,000		2,511
Retained earnings		17,354,682		23,167,152		207,541
Accumulated other comprehensive income						11,264
Total shareholders' equity		17,954,682		23,767,152		221,316
	¥	28,328,953	¥	34,388,331	\$	320,219

See accompanying notes to consolidated financial statements.

Sumitomo Eaton Nova Corporation

Consolidated Statements of Shareholders' Equity

	Capital stock		Retained earnings (Note 10)		Accumulated other comprehensive income (loss)		Total	
	(Thousands of yen)							
Balance at March 31, 2002	¥	600,000	¥	12,513,112	¥		¥	13,113,112
Net income				1,725,995				1,725,995
Minimum pension liability adjustment						(10,356)		(10,356)
Total comprehensive income								1,715,639
Cash dividends				(120,000)				(120,000)
Balance at March 31, 2003		600,000		14,119,107				