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HELIX TECHNOLOGY CORP  
Form 10-Q  
May 09, 2001

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarter Ended March 30, 2001.

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 0-6866

HELIX TECHNOLOGY CORPORATION  
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(Exact name of registrant as specified in its charter)

Delaware  
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04-2423640  
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(State of incorporation)

(IRS Employer Identification No.)

Mansfield Corporate Center  
Nine Hampshire Street  
Mansfield, Massachusetts  
-----

02048-9171  
-----

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (508) 337-5111  
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Indicate by checkmark 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 ninety days.

Yes  No

The number of shares outstanding of the registrant's Common Stock, \$1 par value, as of March 30, 2001 was 22,537,204.

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HELIX TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 30, 2001	December 31, 2000
(in thousands except per share data)	(unaudited)	(audited)

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ASSETS

Current:

Cash and cash equivalents	\$ 14,231	\$ 15,435
Investments (Note 2)	16,861	16,654
Receivables - net of allowances	29,450	40,243
Inventories (Note 3)	30,812	30,204
Deferred income taxes (Note 4)	6,444	6,444
Other current assets	2,375	2,208

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Total Current Assets 100,173 111,188

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Property, plant and equipment at cost	55,939	49,940
Less: accumulated depreciation	(32,010)	(31,115)

Net property, plant and equipment	23,929	18,825
Other assets	12,220	11,955

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TOTAL ASSETS \$136,322 \$141,968

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current:

Accounts payable	\$ 10,739	\$ 17,993
Payroll and compensation	2,842	3,060
Retirement costs	6,006	5,586
Income taxes (Note 4)	5,883	6,015
Other accrued liabilities	777	747

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Total Current Liabilities 26,247 33,401

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Commitments and contingencies

Stockholders' Equity:

Preferred stock, \$1 par value; authorized 2,000,000 shares; issued and outstanding: none	-	-
Common stock, \$1 par value; authorized 60,000,000 shares; issued and outstanding: 22,537,204 in 2001 and 2000	22,537	22,537
Capital in excess of par value	12,263	12,263
Treasury stock, \$1 par value (3,840 shares in 2001 and 2000)	(232)	(232)
Retained earnings	76,399	74,123
Accumulated other comprehensive loss	(892)	(124)

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Total Stockholders' Equity 110,075 108,567

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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$136,322 \$141,968

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The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(in thousands except per share data)	Three Months Ended	
	March 30, 2001	March 31, 2000
Net sales	\$48,641	\$50,050
Costs and expenses:		
Cost of sales	28,507	25,948
Research and development	4,233	3,275
Selling, general and administrative	9,905	9,788
	42,645	39,011
Operating income	5,996	11,039
Joint venture income	965	542
Interest and other income	417	297
Income before taxes	7,378	11,878
Income taxes (Note 4)	2,398	3,920
Net income	\$ 4,980	\$ 7,958
Net income per share (Note 5):		
Basic	\$ 0.22	\$ 0.36
Diluted	\$ 0.22	\$ 0.35
Number of shares used in per share calculations (Note 5):		
Basic	22,533	22,419
Diluted	22,649	22,899

The accompanying notes are an integral part of these financial statements.

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HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

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(in thousands)	Three Months Ended	
	March 30, 2001	March 31, 2000
Cash flows from operating activities:		
Net income	\$ 4,980	\$ 7,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,174	974
Other	(1,069)	(351)
Net change in operating assets and liabilities (A)	2,865	(2,598)
Net cash provided by operating activities	7,950	5,983
Cash flows from (used by) investing activities:		
Capital expenditures	(6,278)	(2,118)
Purchase of investments	(10,487)	(4,814)
Sale of investments	10,315	4,663
Net cash used by investing activities	(6,450)	(2,269)
Cash flows from (used by) financing activities:		
Shares tendered for exercise of stock options	0	(5,167)
Net cash provided by employee stock plans	0	1,178
Cash dividends paid	(2,704)	(2,701)
Net cash used by financing activities	(2,704)	(6,690)
Decrease in cash and cash equivalents	(1,204)	(2,976)
Cash and cash equivalents, at the beginning of the period	15,435	11,408
Cash and cash equivalents, at the end of the period	\$ 14,231	\$ 8,432
(A) Change in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	\$ 10,793	\$(8,953)
(Increase) in inventories	(608)	(408)
(Increase)/decrease in other current assets	(167)	227
(Decrease)/increase in accounts payable	(7,254)	3,025
Increase in other accrued expenses	101	3,511
Net change in operating assets and liabilities	\$ 2,865	\$(2,598)

The accompanying notes are an integral part of these financial statements.

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## HELIX TECHNOLOGY CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Note 1 - Basis of Presentation

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In the opinion of the Company, the accompanying consolidated financial statements for the three-month periods ended March 30, 2001, and March 31, 2000, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of March 30, 2001, and December 31, 2000, and the results of operations and cash flows for the three-month periods ended March 30, 2001, and March 31, 2000.

The results of operations for the three-month period ended March 30, 2001, are not necessarily indicative of the results expected for the full year.

The consolidated financial statements included herein have been prepared by the Company, without audit of the three-month periods ended March 30, 2001, and March 31, 2000, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to present fairly the Company's financial position and results of operations. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

#### Note 2 - Investments

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The Company had investments of \$16,861,000 and \$16,654,000 as of March 30, 2001, and December 31, 2000, respectively. The investments were classified as "available-for-sale," and the difference between the cost and fair value of these investments was immaterial and is included in other comprehensive income.

#### Note 3 - Inventories

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(in thousands)	March 30, 2001	December 31, 2000
Finished goods	\$ 9,336	\$ 9,522
Work in process	14,691	15,336
Materials and parts	6,785	5,346
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	\$30,812	\$30,204
	=====	=====

Inventories are stated at the lower of cost or market on a first-in, first-out basis.

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## HELIX TECHNOLOGY CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Note 4 - Income Taxes

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The net federal, state and foreign income tax provisions were \$2,398,000 for the three-month period ended March 30, 2001 and \$3,920,000 for the three-month period ended March 31, 2000. Tax credits are treated as reductions of income tax provisions in the year in which the credits are realized. The Company does not provide for federal income taxes on the undistributed earnings of its wholly owned foreign subsidiaries, since these earnings are indefinitely reinvested.

The effective income tax rate for the three-month periods ended March 30, 2001, and March 31, 2000, was 32.5% and 33%, respectively.

The major components of deferred tax assets are inventory valuation, compensation and benefit plans, and depreciation, respectively. Based on past experience, the Company expects that the future taxable income will be sufficient for the realization of the deferred tax assets. The Company believes that a valuation allowance is not required.

#### Note 5 - Net Income Per Share

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Basic net income per common share is based on the weighted average number of common shares outstanding during the period. Diluted net income per common share reflects the potential dilution that could occur if outstanding stock options were exercised.

The following table sets forth the computation of basic and diluted net income per common share:

(in thousands except per share data)	Three Months Ended	
	March 30, 2001	March 31, 2000
Net income	\$ 4,980	\$ 7,958
Basic shares	22,533	22,419
Add: Common equivalent shares		