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HELIX TECHNOLOGY CORP
Form 10-Q
April 30, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarter Ended March 29, 2002.

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

(Exact name of registrant as specified in its charter)

Delaware

04-2423640

(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) 337-5500

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 [X] No []

The number of shares outstanding of the registrant's Common Stock, \$1 par value, as of March 29, 2002 was 26,093,204.

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HELIX TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 29, 2002 (unaudited)	December 31, 2001 (audited)
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(in thousands except per share data)		
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ASSETS		
Current:		
Cash and cash equivalents (Note 6)	\$ 71,968	\$ 7,789
Investments	2,848	9,271
Receivables - net of allowances	14,060	11,997
Inventories (Note 2)	27,116	27,293
Income tax receivable	8,431	7,344

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Deferred income taxes (Note 3)	5,707	5,707
Other current assets	1,803	2,577
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Total Current Assets	131,933	71,978
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Property, plant and equipment at cost	66,764	65,115
Less: accumulated depreciation	(36,797)	(35,614)
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Net property, plant and equipment	29,967	29,501
Other assets	11,470	12,101
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TOTAL ASSETS	\$ 173,370	\$113,580
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Accounts payable	\$ 10,350	\$ 9,105
Payroll and compensation	470	986
Retirement costs	7,214	6,758
Income taxes (Note 3)	2,837	3,064
Other accrued liabilities	863	700
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Total Current Liabilities	21,734	20,613
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Commitments and contingencies (Note 7)		
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: 26,093,204 in 2002 and 22,611,204 in 2001	26,093	22,611
Capital in excess of par value	76,169	13,878
Treasury stock, \$1 par value (3,840 shares in 2002 and 2001)	(232)	(232)
Retained earnings	51,980	58,261
Accumulated other comprehensive loss	(2,374)	(1,551)
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Total Stockholders' Equity	151,636	92,967
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 173,370	\$ 113,580
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The accompanying notes are an integral part of these consolidated financial statements.

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Three Months Ended

(in thousands except per share data) March 29, 2002 March 30, 2001

Net sales	\$20,380	\$48,641
Costs and expenses:		
Cost of sales	15,541	28,507
Research and development	3,516	4,233
Selling, general and administrative	8,059	9,905
	27,116	42,645
Operating (loss) income	(6,736)	5,996
Joint venture income	45	965
Interest and other income	69	417
(Loss) income before taxes	(6,622)	7,378
Income tax (benefit) provision (Note 3)	(2,152)	2,398
Net (loss) income	\$ (4,470)	\$ 4,980
Net (loss) income per share (Note 4):		
Basic	\$ (0.19)	\$ 0.22
Diluted	\$ (0.19)	\$ 0.22
Number of shares used in per share calculations (Note 4):		
Basic	23,050	22,533
Diluted	23,050	22,649

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

Three Months Ended

(in thousands) March 29, 2002 March 30, 2001

Cash flows from operating activities:

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Net (loss) income	\$ (4,470)	\$ 4,980
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities:		
Depreciation and amortization	1,439	1,174
Other	(156)	(1,069)
Net change in operating assets and liabilities (A)	(1,078)	2,865
Net cash (used) provided by operating activities	(4,265)	7,950
Cash flows from investing activities:		
Capital expenditures	(1,905)	(6,278)
Purchase of investments	(6,689)	(10,487)
Sale of investments	13,076	10,315
Net cash provided (used) by investing activities	4,482	(6,450)
Cash flows from financing activities:		
Net proceeds from stock offering	65,246	0
Net cash provided by employee stock plans	527	0
Cash dividends paid	(1,811)	(2,704)
Net cash provided (used) by financing activities	63,962	(2,704)
Increase (decrease) in cash and cash equivalents	64,179	(1,204)
Cash and cash equivalents, at the beginning of the period	7,789	15,435
Cash and cash equivalents, at the end of the period	\$ 71,968	\$ 14,231
(A) Change in operating assets and liabilities:		
(Increase)/decrease in receivables	\$ (2,063)	\$ 10,793
Decrease/(increase) in inventories	177	(608)
(Increase) in income tax receivable	(1,087)	0
Decrease/(increase) in other current assets	774	(167)
Increase/(decrease) in accounts payable	1,245	(7,254)
(Decrease)/increase in other accrued expenses	(124)	101
Net change in operating assets and liabilities	\$ (1,078)	\$ 2,865

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

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying consolidated financial statements for the three-month

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periods ended March 29, 2002, and March 30, 2001, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of March 29, 2002, and December 31, 2001, and the results of operations and cash flows for the three-month periods ended March 29, 2002, and March 30, 2001.

The results of operations for the three-month period ended March 29, 2002, 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 29, 2002, and March 30, 2001, 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 - Inventories

(in thousands)	March 29, 2002	December 31, 2001
Finished goods	\$ 9,201	\$ 8,570
Work in process	12,447	13,067
Materials and parts	5,468	5,656
	<u>\$27,116</u>	<u>\$27,293</u>
	=====	

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

Note 3 - Income Taxes

The net federal, state and foreign income tax benefit was \$2,152,000 for the three-month period ended March 29, 2002. For the three-month period ended March 30, 2001, the Company had a net federal, state and foreign income tax provision of \$2,398,000. 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 both the three-month periods ended March 29, 2002, and March 30, 2001, was 32.5%.

The major components of deferred tax assets are compensation and benefit plans, inventory valuation 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Net Income Per Share

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:

		Three Months Ended	
(in thousands except per share data)		March 29, 2002	March 30, 2001

Net (loss) income	\$ (4,470)	\$ 4,980	
	=====		
Basic shares	23,050	22,533	
Add: Common equivalent shares			