

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

HELIX TECHNOLOGY CORP  
Form 10-Q  
August 02, 2001

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
-----

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

For the Quarter Ended June 29, 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  
-----

(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) 337-5111  
-----

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 June 29, 2001 was 22,557,204.

HELIX TECHNOLOGY CORPORATION

# Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Form 10-Q

## INDEX

	Page
Part I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets as of June 29, 2001 and December 31, 2000	3
Consolidated Statements of Operations for the Three and Six-Month Periods Ended June 29, 2001 and June 30, 2000	4
Consolidated Statements of Cash Flows for the Six-Month Periods Ended June 29, 2001 and June 30, 2000	5
Notes to Consolidated Financial Statements	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11
Item 3. Quantitative and Qualitative Disclosures about Market Risk	11
Part II. OTHER INFORMATION	
Item 1. Legal Proceedings	12
Item 4. Submission of Matters to a Vote of Security Holders	12
Item 6 (b) Reports on Form 8-K	12
Signatures	13

### HELIX TECHNOLOGY CORPORATION

#### CONSOLIDATED BALANCE SHEETS

	June 29, 2001	December 31, 2000
(in thousands except per share data)	(unaudited)	(audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 10,386	\$ 15,435
Investments (Note 2)	17,020	16,654
Receivables - net of allowances	19,064	40,243
Inventories (Note 3)	28,958	30,204
Deferred income taxes (Note 4)	6,444	6,444
Other current assets	2,108	2,208

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Total Current Assets	83,980	111,188
Property, plant and equipment at cost	58,917	49,940
Less: accumulated depreciation	(33,040)	(31,115)
Net property, plant and equipment	25,877	18,825
Other assets	11,893	11,955
<b>TOTAL ASSETS</b>	<b>\$121,750</b>	<b>\$141,968</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current:		
Accounts payable	\$ 5,754	\$ 17,993
Payroll and compensation	1,973	3,060
Retirement costs	6,427	5,586
Income taxes (Note 4)	3,033	6,015
Other accrued liabilities	665	747
<b>Total Current Liabilities</b>	<b>17,852</b>	<b>33,401</b>
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: 22,557,204 in 2001 and 22,537,204 in 2000	22,557	22,537
Capital in excess of par value	12,734	12,263
Treasury stock, \$1 par value (3,840 shares in 2001 and in 2000)	(232)	(232)
Retained earnings	70,460	74,123
Accumulated other comprehensive income (Note 6)	(1,621)	(124)
<b>Total Stockholders' Equity</b>	<b>103,898</b>	<b>108,567</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$121,750</b>	<b>\$141,968</b>

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

Page 3

HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

(in thousands except per share data)	Three Months Ended		Six Months Ended	
	June 29, 2001	June 30, 2000	June 29, 2001	June 30, 2000

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Net sales	\$26,604	\$58,525	\$75,245	\$108,575
Costs and expenses:				
Cost of sales	18,495	30,858	47,002	56,806
Research and development	4,209	3,934	8,442	7,209
Selling, general and administrative	9,460	10,457	19,365	20,245
	32,164	45,249	74,809	84,260
Operating (loss) income	(5,560)	13,276	436	24,315
Joint venture income	553	1,056	1,518	1,598
Interest and other income	214	240	631	537
(Loss) income before taxes	(4,793)	14,572	2,585	26,450
Income taxes (Note 4)	(1,558)	4,808	840	8,728
Net (loss) income	\$ (3,235)	\$ 9,764	\$ 1,745	\$ 17,722
Net (loss) income per share (Note 5):				
Basic	\$ (0.14)	\$ 0.43	\$ 0.08	\$ 0.79
Diluted	\$ (0.14)	\$ 0.43	\$ 0.08	\$ 0.78
Number of shares used in per share calculations (Note 5):				
Basic	22,539	22,516	22,536	22,468
Diluted	22,539	22,796	22,662	22,848

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

Page 4

HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

(in thousands)	Six Months Ended	
	June 29, 2001	June 30, 2000

Cash flows from operating activities:

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Net income	\$ 1,745	\$ 17,722
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,437	1,968
Other	(1,479)	(1,285)
Net change in operating assets and liabilities (A)	6,977	(3,405)
-----		
Net cash provided by operating activities	9,680	15,000
-----		
Cash flows from (used by) investing activities:		
Capital expenditures	(9,489)	(6,800)
Purchase of investments	(23,255)	(23,822)
Sale of investments	22,932	23,502
-----		
Net cash used by investing activities	(9,812)	(7,120)
-----		
Cash flows from (used by) financing activities:		
Shares tendered for exercise of stock options	0	(5,181)
Net cash provided by employee stock plans	491	1,230
Cash dividends paid	(5,408)	(5,403)
-----		
Net cash used by financing activities	(4,917)	(9,354)
-----		
Decrease in cash and cash equivalents	(5,049)	(1,474)
Cash and cash equivalents, at the beginning of the period	15,435	11,408
-----		
Cash and cash equivalents, at the end of the period	\$ 10,386	\$ 9,934
=====		
(A) Change in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	\$ 21,179	\$ (12,540)
Decrease (Increase) in inventories	1,246	(2,541)
Decrease (Increase) in other current assets	100	(314)
(Decrease) Increase in accounts payable	(12,239)	4,196
(Decrease) Increase in other accrued expenses	(3,309)	7,794
-----		
Net change in operating assets and liabilities	\$ 6,977	\$ (3,405)
=====		

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

## Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

In the opinion of the Company, the accompanying consolidated financial statements for the periods ended June 29, 2001, and June 30, 2000, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of June 29, 2001, and December 31, 2000, and the results of operations and cash flows for the periods ended June 29, 2001, and June 30, 2000.

The results of operations for the six-month period ended June 29, 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 six-month periods ended June 29, 2001, and June 30, 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

-----

The Company had investments of \$17,020,000 and \$16,654,000 as of June 29, 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

-----

(in thousands)	June 29, 2001	December 31, 2000
Finished goods	\$ 8,159	\$ 9,522
Work in process	15,133	15,336
Materials and parts	5,666	5,346
	-----	-----
	\$28,958	\$30,204
	=====	=====

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

## Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

### Note 4 - Income Taxes

-----

The net federal, state and foreign income tax provisions were \$840,000 for the six-month period ended June 29, 2001, and \$8,728,000 for the six-month period ended June 30, 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 rates for the six-month periods ended June 29, 2001, and June 30, 2000, were 32.5% and 33.0%, respectively.

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

-----

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		Six Months Ended	
	June 29, 2001	June 30, 2000	June 29, 2001	June 30, 2000
Net (loss) income	\$(3,235)	\$ 9,764	\$ 1,745	\$17,722
Basic shares	22,539	22,516	22,536	22,468
Add: Common equivalent shares				