

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

HELIX TECHNOLOGY CORP  
Form 10-Q  
July 18, 2002

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 28, 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  
(State of incorporation)

04-2423640  
(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  No

The number of shares outstanding of the registrant's Common Stock, \$1 par value, as of June 28, 2002 was 26,103,204.

HELIX TECHNOLOGY CORPORATION

Form 10-Q

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

## INDEX

	Page
Part I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets as of June 28, 2002 and December 31, 2001	3
Consolidated Statements of Operations for the Three and Six-Month Periods Ended June 28, 2002 and June 29, 2001	4
Consolidated Statements of Cash Flows for the Six-Month Periods Ended June 28, 2002 and June 29, 2001	5
Notes to Consolidated Financial Statements	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-12
Item 3. Quantitative and Qualitative Disclosures about Market Risk	13
Part II. OTHER INFORMATION	
Item 1. Legal Proceedings	14
Item 4. Submission of Matters to a Vote of Security Holders	14
Item 6 (b). Reports on Form 8-K	14
Signature	15

### HELIX TECHNOLOGY CORPORATION

#### CONSOLIDATED BALANCE SHEETS

	June 28, 2002 (unaudited)	December 31, 2001 (audited)
-----		
(in thousands except per share data)		
-----		
ASSETS		
Current:		
Cash and cash equivalents	\$ 72,878	\$ 7,789
Investments	2,866	9,271
Receivables - net of allowances	18,273	11,997
Inventories (Note 2)	26,166	27,293
Income tax receivable	4,453	7,344
Deferred income taxes (Note 3)	5,707	5,707
Other current assets	2,320	2,577
-----		

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Total Current Assets	132,663	71,978
Property, plant and equipment at cost	69,077	65,115
Less: accumulated depreciation	(38,294)	(35,614)
Net property, plant and equipment	30,783	29,501
Other assets	11,382	12,101
<b>TOTAL ASSETS</b>	<b>\$174,828</b>	<b>\$113,580</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current:</b>		
Accounts payable	\$ 13,723	\$ 9,105
Payroll and compensation	523	986
Retirement costs	7,713	6,758
Income taxes (Note 3)	3,583	3,064
Litigation settlement, net (Note 7)	2,800	-
Other accrued liabilities	959	700
<b>Total Current Liabilities</b>	<b>29,301</b>	<b>20,613</b>
Commitments and contingencies (Note 8)		
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: 26,103,204 in 2002 and 22,611,204 in 2001	26,103	22,611
Capital in excess of par value	76,344	13,878
Treasury stock, \$1 par value (3,840 shares in 2002 and in 2001)	(232)	(232)
Retained earnings	46,105	58,261
Accumulated other comprehensive income (Note 5)	(2,793)	(1,551)
<b>Total Stockholders' Equity</b>	<b>145,527</b>	<b>92,967</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$174,828</b>	<b>\$113,580</b>

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

Page 3

HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

Three Months Ended      Six Months Ended

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

(in thousands except per share data)	June 28, 2002	June 29, 2001	June 28, 2002	June 29, 2001
Net sales	\$29,015	\$26,604	\$ 49,395	\$75,245
Costs and expenses:				
Cost of sales	19,653	18,495	35,194	47,002
Research and development	3,968	4,209	7,484	8,442
Selling, general and administrative	11,314	9,460	19,373	19,365
	34,935	32,164	62,051	74,809
Operating (loss) income	(5,920)	(5,560)	(12,656)	436
Joint venture income	14	553	59	1,518
Interest and other income	296	214	365	631
(Loss) income before taxes	(5,610)	(4,793)	(12,232)	2,585
Income tax (benefit) provision (Note 3)	(1,823)	(1,558)	(3,975)	840
Net (loss) income	\$ (3,787)	\$ (3,235)	\$ (8,257)	\$ 1,745
Net (loss) income per share (Note 4):				
Basic	\$ (0.15)	\$ (0.14)	\$ (0.34)	\$ 0.08
Diluted	\$ (0.15)	\$ (0.14)	\$ (0.34)	\$ 0.08
Number of shares used in per share calculations (Note 4):				
Basic	26,097	22,539	24,599	22,536
Diluted	26,097	22,539	24,599	22,662

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

HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

(in thousands)	Six Months Ended	
	June 28, 2002	June 29, 2001
Cash flows from operating activities:		

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Net (loss) income	\$ (8,257)	\$ 1,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,944	2,437
Other	(486)	(1,479)
Net change in operating assets and liabilities (A)	6,688	6,977
-----		
Net cash provided by operating activities	889	9,680
-----		
Cash flows provided by (used by) investing activities:		
Capital expenditures	(4,226)	(9,489)
Purchase of investments	(8,140)	(23,255)
Sale of investments	14,508	22,932
-----		
Net cash provided by (used by) investing activities	2,142	(9,812)
-----		
Cash flows provided by (used by) financing activities:		
Net proceeds from stock offering	65,246	-
Net cash provided by employee stock plans	711	491
Cash dividends paid	(3,899)	(5,408)
-----		
Net cash provided by (used by) financing activities	62,058	(4,917)
-----		
Increase (decrease) in cash and cash equivalents	65,089	(5,049)
Cash and cash equivalents, at the beginning of the period	7,789	15,435
-----		
Cash and cash equivalents, at the end of the period	\$72,878	\$ 10,386
=====		
(A) Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	\$ (6,276)	\$ 21,179
Decrease in inventories	1,127	1,246
Decrease in income tax receivable	2,891	-
Decrease in other current assets	257	100
Increase (decrease) in accounts payable	4,618	(12,239)
Increase in accrued litigation settlement, net	2,800	-
Increase (decrease) in other accrued expenses	1,271	(3,309)
-----		
Net change in operating assets and liabilities	\$ 6,688	\$ 6,977
=====		

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

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

-----

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

The accompanying consolidated financial statements for the periods ended June 28, 2002, and June 29, 2001, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of June 28, 2002, and December 31, 2001, and the results of operations and cash flows for the periods ended June 28, 2002, and June 29, 2001.

The results of operations for the six-month period ended June 28, 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 six-month periods ended June 28, 2002, and June 29, 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)	June 28, 2002	December 31, 2001
Finished goods	\$ 9,775	\$ 8,570
Work in process	12,349	13,067
Materials and parts	4,042	5,656
	\$26,166	\$27,293
	\$26,166	\$27,293

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 \$3,975,000 for the six-month period ended June 28, 2002, and the net federal, state and foreign income tax provision was \$840,000 for the six-month period ended June 29, 2001. 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 28, 2002, and June 29, 2001, were 32.5%.

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.

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Net (Loss) Income Per Share  
-----

Basic net (loss) income per common share is based on the weighted average number of common shares outstanding during the period. Diluted net (loss) 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 (loss) income per common share:

(in thousands except per share data)	Three Months Ended		Six Months Ended	
	June 28, 2002	June 29, 2001	June 28, 2002	June 29, 2001
Net (loss) income	\$ (3,787)	\$ (3,235)	\$ (8,257)	\$ 1,745
Basic shares	26,097	22,539	24,599	22,536
Add: Common equivalent shares				