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HELIX TECHNOLOGY CORP
Form 10-Q
October 30, 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 September 28, 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) 337-5500

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 September 28, 2001 was 22,607,204.

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HELIX TECHNOLOGY CORPORATION

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HELIX TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands except per share data)	Sept. 28, 2001 (unaudited)	Dec. 31, 2000 (audited)
ASSETS		
Current:		

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Cash and cash equivalents	\$ 5,383	\$ 15,435
Investments (Note 2)	14,150	16,654
Receivables - net of allowances	15,542	40,243
Inventories (Note 3)	27,905	30,204
Income tax receivable (Note 4)	4,608	-
Deferred income taxes (Note 4)	6,444	6,444
Other current assets	2,470	2,208

Total Current Assets	76,502	111,188

Property, plant and equipment at cost	63,051	49,940
Less: accumulated depreciation	(34,321)	(31,115)

Net property, plant and equipment	28,730	18,825
Other assets	11,943	11,955

TOTAL ASSETS	\$117,175	\$141,968
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Accounts payable	\$ 7,000	\$ 17,993
Payroll and compensation	644	3,060
Retirement costs	6,791	5,586
Income taxes (Note 4)	3,403	6,015
Other accrued liabilities	1,052	747

Total Current Liabilities	18,890	33,401

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: 22,607,204 in 2001 and 22,537,204 in 2000	22,607	22,537
Capital in excess of par value	13,711	12,263
Treasury stock, \$1 par value (3,840 shares in 2001 and in 2000)	(232)	(232)
Retained earnings	63,672	74,123
Accumulated other comprehensive (loss) income (Note 6)	(1,473)	(124)

Total Stockholders' Equity	98,285	108,567

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$117,175	\$141,968
=====		

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

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(in thousands except per share data)	Three Months Ended		Nine Months Ended	
	Sept. 28, 2001	Sept. 29, 2000	Sept. 28, 2001	Sept. 29, 2000
Net sales	\$20,445	\$69,913	\$ 95,690	\$178,488
Costs and expenses:				
Cost of sales	14,444	36,495	61,446	93,301
Research and development	3,731	4,182	12,173	11,391
Selling, general and administrative	7,860	11,182	27,225	31,427
Restructuring charge	1,047	-	1,047	-
	27,082	51,859	101,891	136,119
Operating (loss) income	(6,637)	18,054	(6,201)	42,369
Joint venture income	473	1,322	1,991	2,920
Interest and other income	117	396	748	933
(Loss) income before taxes	(6,047)	19,772	(3,462)	46,222
Income taxes (Note 4)	(1,965)	6,294	(1,125)	15,022
Net (loss) income	\$ (4,082)	\$13,478	\$ (2,337)	\$ 31,200
Net (loss) income per share (Note 5):				
Basic	\$ (0.18)	\$ 0.60	\$ (0.10)	\$ 1.39
Diluted	\$ (0.18)	\$ 0.59	\$ (0.10)	\$ 1.37
Number of shares used in per share calculations (Note 5):				
Basic	22,599	22,525	22,551	22,487
Diluted	22,599	22,725	22,551	22,807

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

HELIX TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	Nine Months Ended	
	Sept. 28, 2001	Sept. 29, 2000

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Cash flows from operating activities:		
Net (loss) income	\$ (2,337)	\$ 31,200
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	3,732	2,996
Other	(1,392)	(1,966)
Net change in operating assets and liabilities (A)	7,619	(9,671)

Net cash provided by operating activities	7,622	22,559

Cash flows from (used by) investing activities:		
Capital expenditures	(13,637)	(9,484)
Purchase of investments	(34,665)	(36,547)
Sale of investments	37,224	36,047

Net cash used by investing activities	(11,078)	(9,984)

Cash flows from (used by) financing activities:		
Shares tendered for exercise of stock options	-	(5,181)
Net cash provided by employee stock plans	1,518	1,240
Cash dividends paid	(8,114)	(8,106)

Net cash used by financing activities	(6,596)	(12,047)

(Decrease) increase in cash and cash equivalents	(10,052)	528
Cash and cash equivalents, at the beginning of the period	15,435	11,408

Cash and cash equivalents, at the end of the period	\$ 5,383	\$ 11,936
=====		
(A) Change in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	\$ 24,701	\$ (19,182)
Decrease (Increase) in inventories	2,299	(5,898)
(Increase) in income tax receivable	(4,608)	-
(Increase) in other current assets	(262)	(395)
(Decrease) Increase in accounts payable	(10,993)	6,641
(Decrease) Increase in other accrued expenses	(3,518)	9,163

Net change in operating assets and liabilities	\$ 7,619	\$ (9,671)
=====		

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

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In the opinion of the Company, the accompanying consolidated financial statements for the three months and nine months ended September 28, 2001, and September 29, 2000, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of September 28, 2001, and December 31, 2000, and the results of operations and cash flows for the three months and nine months ended September 28, 2001, and September 29, 2000.

The results of operations for the nine months ended September 28, 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 months and nine months ended September 28, 2001, and September 29, 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 \$14,150,000 and \$16,654,000 as of September 28, 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)	Sept. 28, 2001	Dec. 31, 2000
Finished goods	\$ 8,410	\$ 9,522
Work in process	13,559	15,336
Materials and parts	5,936	5,346
	-----	-----
	\$27,905	\$30,204
	=====	=====

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

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Note 4 - Income Taxes

The net federal, state and foreign income tax benefit was \$1,125,000 for the nine months ended September 28, 2001. For the nine months ended September 29, 2000, the Company had a net federal, state and foreign income tax provision of \$15,022,000. 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 nine months ended September 28, 2001, and September 29, 2000, was 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.

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		Nine Months Ended	
	Sept. 28, 2001	Sept. 29, 2000	Sept. 28, 2001	Sept. 29, 2000
Net (loss) income	\$(4,082)	\$13,478	\$(2,337)	\$31,200
	=====	=====	=====	=====
Basic shares	22,599	22,525	22,551	22,487
Add: Common equivalent shares				