

HARVARD BIOSCIENCE INC  
Form 10-Q  
August 06, 2007  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

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**FORM 10-Q**

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**x** Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended June 30, 2007

**..** 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 000-31923

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**HARVARD BIOSCIENCE, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**04-3306140**  
(IRS Employer  
Identification No.)

**84 October Hill Road, Holliston, MA**  
(Address of Principal Executive Offices)

**01746**  
(Zip Code)

**(508) 893-8999**

(Registrant's telephone number, including area code)

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Indicate by check mark 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 90 days.  YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell Company (as defined in Exchange Act Rule 12b-2).  YES  NO

### **APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 31, 2007, there were 30,619,897 shares of Common Stock, par value \$0.01 per share, outstanding.

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****HARVARD BIOSCIENCE, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(unaudited, in thousands, except share and per share amounts)**

	June 30, 2007	December 31, 2006
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 8,969	\$ 9,357
Accounts receivable, net of allowance for doubtful accounts of \$341 and \$364, respectively	13,099	13,323
Inventories	12,728	10,743
Deferred income tax assets - current	149	149
Other receivables and other assets	2,260	2,401
Assets of discontinued operations - held for sale	13,614	17,312
<b>Total current assets</b>	<b>50,819</b>	<b>53,285</b>
Property, plant and equipment, net	4,731	4,610
Deferred income tax assets - non-current	695	695
Amortizable intangible assets, net	9,698	10,457
Goodwill and other indefinite lived intangible assets	24,267	23,962
Other assets	109	219
<b>Total assets</b>	<b>\$ 90,319</b>	<b>\$ 93,228</b>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Current liabilities:		
Accounts payable	\$ 3,533	\$ 4,490
Deferred revenue	308	238
Accrued income taxes payable	1,187	195
Accrued expenses	3,186	4,244
Other liabilities - current	498	451
Liabilities of discontinued operations	5,066	5,066
<b>Total current liabilities</b>	<b>13,778</b>	<b>14,684</b>
Long-term debt, less current installments	200	3,000
Deferred income tax liabilities - non-current	1,344	1,342
Other liabilities - non-current	2,342	2,319
<b>Total liabilities</b>	<b>17,664</b>	<b>21,345</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized		

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Common stock, par value \$0.01 per share, 80,000,000 shares authorized; 35,280,681 and 35,223,192 shares issued and 30,619,897 and 30,562,408 shares outstanding, respectively	353	352
Additional paid-in-capital	177,262	176,034
Accumulated deficit	(111,279)	(110,009)
Accumulated other comprehensive income	6,987	6,174
Treasury stock, 4,660,784 common shares, at cost	(668)	(668)
<b>Total stockholders' equity</b>	<b>72,655</b>	<b>71,883</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 90,319</b>	<b>\$ 93,228</b>

See accompanying notes to unaudited consolidated financial statements.

**Table of Contents****HARVARD BIOSCIENCE, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues	\$ 20,410	\$ 18,187	\$ 39,525	\$ 35,557
Cost of product revenues	10,426	8,945	20,120	17,435
Gross profit	9,984	9,242	19,405	18,122
Sales and marketing expenses	2,553	2,356	5,023	4,637
General and administrative expenses	3,544	3,405	6,947	6,600
Research and development expenses	888	773	1,732	1,524
Amortization of intangible assets	444	418	886	830
Total operating expenses	7,429	6,952	14,588	13,591
Operating income	2,555	2,290	4,817	4,531
Other income (expense):				
Foreign exchange	21	99	45	114
Interest expense	(107)	(161)	(168)	(304)
Interest income	84	55	140	95
Other, net	(5)	(32)	(11)	(59)
Other income (expense), net	(7)	(39)	6	(154)
Income from continuing operations before income taxes	2,548	2,251	4,823	4,377
Income taxes	533	466	1,066	984
Income from continuing operations	2,015	1,785	3,757	3,393
Discontinued operations, net of tax	(3,781)	(2,109)	(5,027)	(3,177)
Net income (loss)	\$ (1,766)	\$ (324)	\$ (1,270)	\$ 216
Income (loss) per share:				
Basic earnings per common share from continuing operations	\$ 0.07	\$ 0.06	\$ 0.12	\$ 0.11
Discontinued operations	(0.12)	(0.07)	(0.16)	(0.10)
Basic earnings (loss) per common share	\$ (0.06)	\$ (0.01)	\$ (0.04)	\$ 0.01
Diluted earnings per common share from continuing operations	\$ 0.06	\$ 0.06	\$ 0.12	\$ 0.11
Discontinued operations	(0.12)	(0.07)	(0.16)	(0.10)
Diluted earnings (loss) per common share	\$ (0.06)	\$ (0.01)	\$ (0.04)	\$ 0.01
Weighted average common shares:				
Basic	30,588	30,506	30,578	30,499

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Diluted	31,437	31,039	31,416	31,095
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See accompanying notes to unaudited consolidated financial statements.

**Table of Contents****HARVARD BIOSCIENCE, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited, in thousands)**

	<b>Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (1,270)	\$ 216
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Stock compensation expense	1,048	909
Depreciation	672	684
Impairment of assets	2,860	
Amortization of catalog costs	82	29
(Gain) loss on sale of property, plant and equipment	(12)	18
Amortization of intangible assets	886	830
Amortization of deferred financing costs	11	54
<b>Changes in operating assets and liabilities, net of effects of acquisitions:</b>		
Decrease in accounts receivable	2,230	1,207
(Increase) decrease in inventories	(1,917)	911
Decrease in other receivables and other assets	181	457
Decrease in trade accounts payable	(1,051)	(122)
Increase (decrease) in accrued income taxes payable	939	(391)
Decrease in accrued expenses	(1,166)	(707)
Increase (decrease) in deferred revenue	188	(297)
Increase (decrease) in other liabilities	(60)	61
<b>Net cash provided by operating activities</b>	<b>3,621</b>	<b>3,859</b>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(838)	(587)
Additions to catalog costs	(4)	(102)
Acquisitions, net of cash acquired		(1,118)
<b>Net cash used in investing activities</b>	<b>(842)</b>	<b>(1,807)</b>
<b>Cash flows from financing activities:</b>		