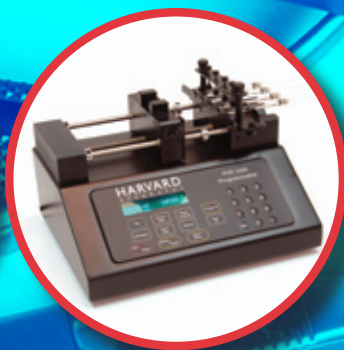
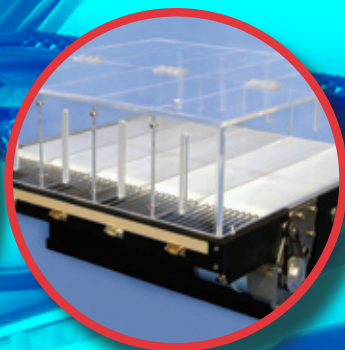


HARVARD

B I O S C I E N C E



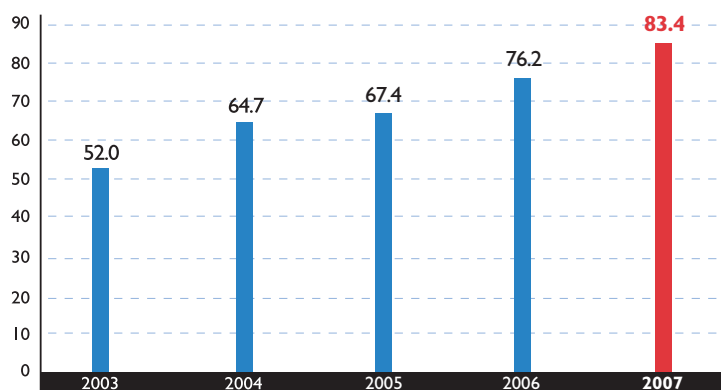
Tools to Advance Life Science Research

2 0 0 7 A N N U A L R E P O R T

FINANCIAL PERFORMANCE FROM CONTINUING OPERATIONS:.....

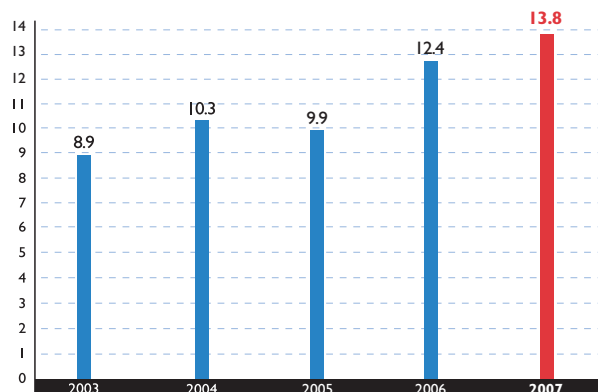
REVENUES

(\$US in Millions)



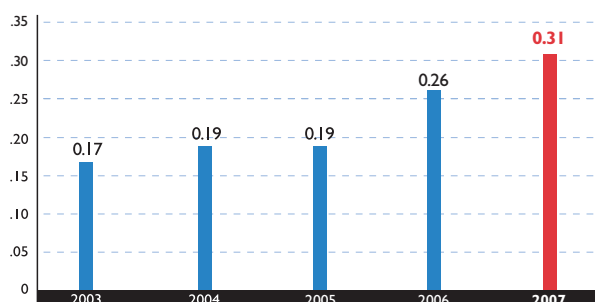
NON-GAAP ADJUSTED OPERATING INCOME

(\$US in Millions)



NON-GAAP ADJUSTED DILUTED EPS

(\$US)



In this annual report, we have included non-GAAP financial information including adjusted operating income and adjusted net income per diluted share. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. This non-GAAP financial information approximates information used by our management to internally evaluate the operating results of the Company. In particular, we believe that the presentation of non-GAAP adjusted operating income, including a number of adjusted line items, provides investors with a clearer understanding of the full effect of the adjustments that we make to our GAAP operating income (loss) and net income (loss) per diluted share in order to derive our non-GAAP adjusted operating income and net income per diluted share. A tabular reconciliation of the non-GAAP adjusted results is included below.

For the years ended December 31,

	1997	1998	1999	2000 (IPO)	2001	2002	2003	2004	2005	2006	2007
	(\$US in thousands except per share amounts, unaudited)										
Revenues	\$ 11,464	\$ 12,154	\$ 26,178	\$ 30,575	\$ 38,088	\$ 47,009	\$ 52,024	\$ 64,745	\$ 67,431	\$ 76,181	\$ 83,407
Reconciliation of GAAP to Non-GAAP Adjusted:											
US GAAP operating income (loss)	\$ 2,119	\$ 2,412	\$ 1,196	\$ (10,438)	\$ 3,112	\$ 5,425	\$ 7,173	\$ 8,384	\$ 7,924	\$ 8,690	\$ 9,533
Stock compensation expense.....	-	-	3,284	14,676	2,656	1,269	519	69	-	1,934	2,335
Amortization of intangible assets	-	27	368	604	956	595	891	1,582	1,664	1,697	1,824
Fair value adjustments to costs of product sales	-	-	-	-	-	-	336	258	-	50	61
In-process research and development expense	-	-	-	-	159	-	-	-	-	-	-
Restructuring and severance related expenses	-	-	-	-	-	474	-	-	302	-	-
Non-GAAP adjusted operating income from continuing operations.....	\$ 2,119	\$ 2,439	\$ 4,848	\$ 4,842	\$ 6,883	\$ 7,763	\$ 8,919	\$ 10,293	\$ 9,890	\$ 12,371	\$ 13,753

GAAP ten-year operating income from continuing operations compound annual growth rate from 1997 to 2007: 16.2%

See Exhibit 1 on the inside rear cover of this annual report for a reconciliation of US GAAP diluted earnings per common share from continuing operations to non-GAAP adjusted earnings per common share from continuing operations.

DEAR FELLOW SHAREHOLDERS::::

Two Thousand Seven was another year of solid performance for Harvard Bioscience as our revenues grew by 9% and non-GAAP adjusted earnings per diluted share grew by 19% to record levels. More importantly, 2007 was a transition year for the Company as we completed the divestiture of a major portion of our capital equipment business and refocused our efforts on strengthening our position in the relatively low cost segment of the tools for drug discovery market repositioning us to achieve even higher growth rates and improved financial performance going forward.

We believe this repositioning will enable us to achieve our three to five year growth objectives to double revenue and non-GAAP adjusted earnings as well as drive non-GAAP adjusted operating income to 20% of revenues. The major drivers of our growth strategy are:

- **Organic growth** – we expect to increase our organic growth rate with the introduction of new products in our core technologies, improvements in our direct marketing activities and the expansion of our direct selling efforts around the world.
- **Acquisition growth** – we intend to increase the pace at which we acquire complementary companies and product lines in our core markets of physiology, cell biology and molecular biology.
- **Operational efficiencies** – we will take several steps to improve our operational efficiency by leveraging the infrastructure of our corporate office and our larger business units.

Today, we have already laid the foundation to achieve these growth initiatives. We introduced two major new products in spectroscopy and electrophoresis and currently, we have additional new products in development. In February 2008, we launched a new 900-page Harvard Apparatus catalog, which included all the recently acquired Panlab products, and over the past few months, we have taken steps to refresh and optimize our websites. We have also started the process of consolidating some administrative functions and have identified a solid growing pipeline of potential acquisition candidates.

Harvard Bioscience is a company committed to being a leading manufacturer of specialty products used in the development of new drugs. It is our objective to be one of the best in the industry as defined by financial measurements of growth in revenues, operating income and cash flow in order to provide our shareholders maximum value for their investment and to provide our employees with a secure and positive future. With the initiatives outlined above, we believe that our Company is well positioned to achieve this objective during 2008 and beyond.

Sincerely,

Chane Graziano

Chane Graziano
Chief Executive Officer



David Green

David Green
President



OUR COMPANY::::

Tools to Improve Life Science Research

Harvard Bioscience* is a global developer, manufacturer and marketer of a broad range of specialized products, primarily apparatus and scientific instruments, used to advance life science research at pharmaceutical and biotechnology companies, universities and government laboratories worldwide. We sell our products to thousands of researchers in over 100 countries primarily through our full line catalog (and various other specialty catalogs), our websites, and through distributors, including GE Healthcare, Thermo Fisher Scientific Inc. and VWR. We have sales and manufacturing operations in the United States, the United Kingdom, Germany, Spain and Austria and sales facilities in France and Canada.

Our goal is to become a leading provider of tools for life science research and to increase shareholder value.

Our strategy is to have a broad range of highly specialized but relatively inexpensive products that have strong positions in niche markets within life science research.

- We believe that having a broad product offering reduces the risk of being dependent on a single technology;
- We believe that having relatively inexpensive products reduces the volatility associated with expensive capital equipment;
- We believe our well established products, brands and distribution channels provide strong barriers to entry; and
- We believe focusing on niche markets better enables us to compete with the larger instrument companies.

We seek to grow this range of products through a combination of organic growth (driven by new products, direct marketing and distribution channel expansion) and tuck-under acquisitions of closely related products. We use acquisitions to expand our product offerings because we believe we can use our well-established brands and distribution channels to accelerate the growth of these acquired products. We also believe that our expertise in operational management frequently allows us to improve profitability at acquired companies.

Our products are typically highly specialized for particular research applications in molecular, cellular, behavioral and physiology research. Our products are typically well established in fairly mature markets with good growth rates.

Our brands are typically well-established names that convey quality, consistency and reassurance to scientists concerned about getting the highest quality data from their research. Our brands are often leaders in their niche markets. These brands include Harvard Apparatus, Biochrom, Hoefer, BTX, KD Scientific, Hugo Sachs Elektronik, Panlab and Warner Instruments.

Our distribution channels are as well established as our brands and are intended to give us broad access to scientists across the globe. We periodically produce and mail a Harvard Apparatus full line catalog, most recently launched during February 2008, as well as various other specialty catalogs. We sell our products to thousands of researchers in over 100 countries through our catalogs and websites, and through distributors, including GE Healthcare, Thermo Fisher Scientific and VWR.

The growth in our continuing operations has been driven by a combination of organic growth and the acquisition of closely related product lines. The execution of this strategy has grown our revenue from continuing operations from \$11.5 million in 1997 to \$83.4 million in 2007, an annual compounded growth rate of approximately 22% and our non-GAAP adjusted operating income from continuing operations from \$2.1 million in 1997 to \$13.8 million in 2007, an annual compounded growth rate of approximately 21%. We believe we can continue to implement this strategy and achieve high levels of both growth and profitability.

* Harvard is a registered trademark of Harvard University. The marks Harvard Apparatus and Harvard Bioscience are being used pursuant to a license agreement between Harvard University and Harvard Bioscience, Inc.

STRONG FINANCIAL PERFORMANCE:::

SELECTED FINANCIAL DATA

	2007	Years Ended December 31,				2003
		2006	2005	2004		
<i>(in thousands, except per share data)</i>						
Statement of Operations Data:						
Revenues	\$ 83,407	\$ 76,181	\$ 67,431	\$ 64,745	\$ 52,024	
Cost of product revenues	43,161	38,094	34,156	33,312	27,430	
Gross profit	40,246	38,087	33,275	31,433	24,594	
Operating expenses	30,713	29,397	25,351	23,049	17,421	
Operating income	9,533	8,690	7,924	8,384	7,173	
Other income (expense), net	35	(294)	(784)	(751)	(1,012)	
Income from continuing operations before income taxes	9,568	8,396	7,140	7,633	6,161	
Income taxes	1,970	1,775	899	3,115	2,542	
Income from continuing operations ...	7,598	6,621	6,241	4,518	3,619	
Discontinued operations						
Income (loss) from discontinued operations, net of tax	(5,864)	(8,962)	(38,118)	(2,189)	641	
Loss on disposition of discontinued operations, net of tax	(3,088)	-	-	-	-	
Total income (loss) from discontinued operations, net of tax	(8,952)	(8,962)	(38,118)	(2,189)	641	
Net income (loss)	<u>(1,354)</u>	<u>(2,341)</u>	<u>(31,877)</u>	<u>2,329</u>	<u>4,260</u>	
Income (loss) per share:						
Basic earnings per common share from continuing operations ...	\$ 0.25	\$ 0.22	\$ 0.20	\$ 0.15	\$ 0.12	
Discontinued operations	(0.29)	(0.29)	(1.25)	(0.07)	0.02	
Basic earnings (loss) per common share	<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (1.05)</u>	<u>\$ 0.08</u>	<u>\$ 0.14</u>	
Diluted earnings per common share from continuing operations ...	\$ 0.24	\$ 0.21	\$ 0.20	\$ 0.15	\$ 0.12	
Discontinued operations	(0.29)	(0.29)	(1.24)	(0.08)	0.02	
Diluted earnings (loss) per common share	<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (1.04)</u>	<u>\$ 0.07</u>	<u>\$ 0.14</u>	
Weighted average common shares:						
Basic	30,647	30,519	30,442	30,269	29,924	
Diluted	31,406	31,148	30,781	31,103	30,712	

	2007	As of December 31,				2003
		2006	2005	2004		
<i>(in thousands)</i>						
Balance Sheet Data:						
Cash and cash equivalents	\$ 17,889	\$ 9,357	\$ 7,632	\$ 13,867	\$ 8,223	
Working capital	37,970	38,601	42,400	45,245	40,182	
Total assets	98,853	93,228	92,035	139,881	128,429	
Long-term debt, net of current portion	5,578	3,000	8,500	16,520	12,787	
Stockholders' equity	74,137	71,883	68,416	104,357	98,878	

Please refer to **Item 6**, on page 25 in our Form 10K, included herein, for footnotes to our Selected Financial Data.

CORPORATE INFO ::::

BOARD OF DIRECTORS

Chane Graziano
Chairman &
Chief Executive Officer

David Green
President

Robert Dishman, PhD
CEO & President
Molecular Recognition, Inc.

Neal J. Harte
President
TACS Group

John F. Kennedy
President
Nova Ventures Corporation

Earl R. Lewis
Chairman, CEO & President
FLIR Systems, Inc

George Uveges
Principal
Tallwood Group

PRICE RANGE OF COMMON STOCK

Fiscal Year Ended
December 31, 2007

Quarter	High	Low
First	\$ 5.50	\$ 4.50
Second	\$ 6.18	\$ 4.78
Third	\$ 5.63	\$ 4.22
Fourth	\$ 5.10	\$ 3.62

FY 2007 average \$ 4.92
FY 2007 closing \$ 4.58

Fiscal Year Ended
December 31, 2006

Quarter	High	Low
First	\$ 6.07	\$ 3.88
Second	\$ 4.63	\$ 3.49
Third	\$ 4.65	\$ 3.93
Fourth	\$ 5.43	\$ 4.25

FY 2006 average \$ 4.53
FY 2006 closing \$ 5.13

MANAGEMENT

Chane Graziano
Chairman &
Chief Executive Officer

David Green
President

Susan Luscinski
Chief Operating Officer

Bryce Chicoyne
Chief Financial Officer
& Treasurer

STOCK PROFILE

Since the Company's initial public offering on December 7, 2000, shares of Harvard Bioscience, Inc. have been quoted on the Nasdaq Global Market, and currently trade under the symbol "HBIO".

As of February 28, 2008, the Company had 211 stockholders of record. The Company believes that the number of beneficial owners of our common stock at that date was substantially greater.

CORPORATE ADDRESS

HARVARD BIOSCIENCE, INC.
84 October Hill Road
Holliston, Massachusetts 01746
www.harvardbioscience.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
99 High Street
Boston, Massachusetts 02110
www.kpmg.com

GENERAL COUNSEL

GOODWIN PROCTER LLP
Exchange Place, 53 State Street
Boston, Massachusetts 02109

TRANSFER AGENT AND REGISTRAR

REGISTRAR AND TRANSFER COMPANY

10 Commerce Drive
Cranford, New Jersey 07016

ANNUAL MEETING OF STOCKHOLDERS

The Annual Stockholders' Meeting of Harvard Bioscience, Inc. will be held on Thursday, May 15, 2008 at 11:00 a.m. local time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, MA 02109.

INVESTOR RELATIONS

To obtain copies of this annual report or other financial information, please write or call:

Investor Relations
Harvard Bioscience, Inc.
84 October Hill Road
Holliston, Massachusetts 01746
508-893-8066
www.harvardbioscience.com

DIVIDENDS

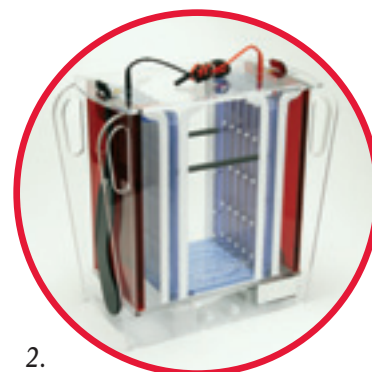
Harvard Bioscience, Inc. has never declared or paid dividends on its common stock and currently has no plans to do so in the foreseeable future.

ON THE COVER

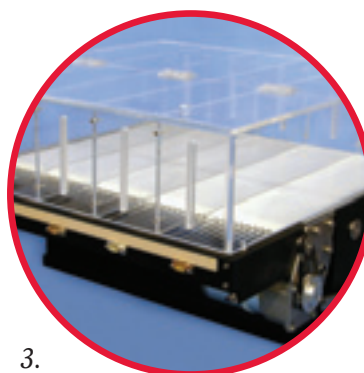
1. Biochrom microliter spectrophotometer
2. Hoefer 2D SE900 Vertical slab gel electrophoresis unit
3. Panlab treadmill for exercise physiology
4. Harvard Apparatus PHD 22/2000 Syringe Pump with microliter syringe rack



1.



2.



3.



4.

EXHIBIT I

HARVARD BIOSCIENCE, INC.

Reconciliation of US GAAP Diluted Earnings Per Common Share from Continuing Operations to Non-GAAP Adjusted Diluted Earnings Per Common Share from Continuing Operations (unaudited)

	For the years ended December 31,				
	2003	2004	2005	2006	2007
	(\$US in thousands except per share amounts, unaudited)				
US GAAP earnings per diluted share from continuing operations	\$ 0.12	\$ 0.15	\$ 0.20	\$ 0.21	\$ 0.24
Restructuring and severance related expense	-	-	0.01	-	-
Stock compensation expense	0.02	-	-	0.06	0.07
Amortization of goodwill and intangibles	0.03	0.05	0.05	0.05	0.06
Fair value adjustments to costs of product sales	0.01	0.01	-	-	-
Income tax	(0.01)	(0.02)	(0.07)	(0.06)	(0.07)
Non-GAAP adjusted earnings per diluted share from continuing operations	<u>\$ 0.17</u>	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.26</u>	<u>\$ 0.31</u>

GAAP earnings per diluted share from continuing operations compound annual growth rate from 2006 to 2007: 14.3%



84 October Hill Road, Holliston, Massachusetts 01746
508-893-8066