

HBIO Reports Third Quarter 2012 Results

HOLLISTON, Mass., Nov. 1, 2012 (GLOBE NEWSWIRE) -- Harvard Bioscience, Inc. (Nasdaq:HBIO), a global developer, manufacturer, and marketer of a broad range of tools to advance life science research and regenerative medicine, today reported unaudited financial results for the three and nine months ended September 30, 2012.

Third Quarter Reported Results

Revenues for the three months ended September 30, 2012 were \$26.1 million, a decrease of \$0.3 million, or 1.0% compared to revenues of \$26.4 million for the three months ended September 30, 2011. Currency exchange rates had a negative 1.4% effect on revenues in the third quarter of 2012 compared with the third quarter of 2011. Our acquisition of AHN Biotechnologie GmbH ("AHN") in February 2012 had a positive 1.6% effect on revenues. Excluding the effects of currency changes and acquisitions, our third quarter revenues decreased 1.2% from the same period last year.

Net (loss) income, as measured under U.S. generally accepted accounting principles ("GAAP"), was a \$133,000 loss, or \$0.00 per diluted share for the three months ended September 30, 2012 compared to a \$28,000 income, or \$0.00 per diluted share, for the same period in 2011. The unfavorable year-to-year quarterly GAAP earnings comparison was primarily due to increased spending of \$0.7 million (pre-tax) in our development-stage Regenerative Medicine Device ("RMD") business.

On a non-GAAP adjusted basis, earnings per share for our core Life Science Research Tools ("LSRT") business for the three months ended September 30, 2012 was \$0.08 per diluted share, compared with \$0.07 per diluted share for the same period in 2011. Non-GAAP adjusted earnings per share for our RMD business for the third quarter of 2012 was a loss of \$0.04 per diluted share, compared with a loss of \$0.02 per diluted share for the third quarter of 2011, and reflected greater activities in developing this initiative. Our total non-GAAP adjusted earnings per share, reflecting LSRT and RMD combined, was \$0.04 per diluted share for the third quarter of 2012 compared with \$0.05 per diluted share for the third quarter of 2011.

Year to Date Reported Results

Revenues for the nine months ended September 30, 2012 were \$82.9 million, an increase of \$3.1 million, or 3.9% compared to revenues of \$79.8 million for the nine months ended September 30, 2011. Currency exchange rates had a negative 1.5% effect on revenues for the nine months ended September 30, 2012, compared with the same period in the previous year. Our acquisitions of CMA Microdialysis AB ("CMA") in July 2011 and AHN in February 2012 had a positive 3.7% effect on revenues. Excluding the effects of currency changes and acquisitions, our organic revenue growth for the nine months ended September 30, 2012 was 1.7% over the same period in the previous year.

Net income, as measured under GAAP, was \$1.2 million, or \$0.04 per diluted share for the nine months ended September 30, 2012 compared to \$3.1 million, or \$0.10 per diluted share, for the same period in 2011. The unfavorable year-to-year quarterly GAAP earnings comparison was primarily due to increased activity and spending in our development-stage RMD business.

On a non-GAAP adjusted basis, earnings per share for our core LSRT business for the nine months ended September 30, 2012 was \$0.28 per diluted share, compared with \$0.25 per diluted share for the same period in 2011. Non-GAAP adjusted earnings per share for our RMD business for the nine months ended September 30, 2012 was a loss of \$0.11 per diluted share, compared with a loss of \$0.05 per diluted share for the same period in 2011, and reflected greater activities in developing this initiative. Our total non-GAAP adjusted earnings per share, reflecting LSRT and RMD combined, were \$0.17 per diluted share for nine months ended September 30, 2012 compared with \$0.20 per diluted share for the same period in 2011.

Commenting on the Company's performance, Chane Graziano, CEO, stated, "In the month of September, we saw a decrease in demand for our products primarily in the university/government research market. It is apparent the researchers were conserving their current budgets due to the uncertainty of the level of future funding in this political/economic environment. This had an impact on our third quarter performance."

Mr. Graziano continued, "Despite the current situation, we are optimistic that once budgets are approved and grants funded, spending for non capital items will be back to near normal levels."

Mr. Graziano further added, "Based on the current trends, for our core Life Science Research Tools business we expect our revenues for the year to be in the \$111-\$113 million range and our non-GAAP adjusted diluted earnings per share to be in the 39-40 cents range. This is the low end of our original earnings guidance for the year. For the fourth quarter, in our Life Science

Research Tools business we expect our revenues to be in the \$28-\$30 million range and our non-GAAP adjusted diluted earnings per share to be in the 11-12 cents range. We continue to make significant clinical progress in our Regenerative Medicine Device business."

Our fourth quarter 2012 revenue and earnings guidance was calculated using exchange rates (USD 1.61/GBP, USD 1.29/Euro and USD 0.15/SEK) approximating October 1, 2012 rates and assumes a continuation of the business conditions as we see them at this time. The non-GAAP adjusted earnings per diluted share guidance excludes amortization of intangible assets, the impact of future acquisitions, acquisition costs, any future restructuring actions, and stock-based compensation expense recognized under the provisions of FASB ASC Topic 718, "Compensation — Stock Compensation." See the table below for a reconciliation of our estimated non-GAAP adjusted earnings per diluted share to our estimated GAAP earnings per diluted share. See Exhibits 4, 5 and 6 for reconciliations of GAAP to non-GAAP adjusted operating income, GAAP to non-GAAP adjusted net income and GAAP diluted earnings per common share to non-GAAP adjusted diluted earnings per common share for the three and nine months ended September 30, 2012 and 2011, respectively.

Reconciliation of Guidance for Non-GAAP Adjusted Diluted Earnings per Common Share From Continuing Operations to US GAAP Diluted Earnings per Common Share

(unaudited)

	Three Months Ending		Year Ending	
	December 31, 2012		December 31, 2012	
	Low Estimate	High Estimate	Low Estimate	High Estimate
Non-GAAP adjusted diluted earnings per common share from continuing operations (A)	\$0.07 (a)	\$0.08 (b)	\$0.24 (c)	\$0.25 (d)
Less the impact of:				
Amortization of intangible assets	(0.02) (e)	(0.02) (e)	(0.09) (e)	(0.09) (e)
Stock-based compensation (FASB ASC Topic 718)	(0.03) (e)	(0.03) (e)	(0.11) (f)	(0.11) (f)
Tax (B)	0.02 (e)	0.02 (e)	0.06 (e)	0.06 (e)
GAAP diluted earnings per common share from continuing operations (A)	<u>\$0.04</u>	<u>\$0.05</u>	<u>\$0.10</u>	<u>\$0.11</u>

A - Assumes no additional acquisitions.

(a) -- Includes income of \$0.11 from Life Science Research Tools business and loss of \$0.04 from Regenerative Medicine Device business.

(b) -- Includes income of \$0.12 from Life Science Research Tools business and loss of \$0.04 from Regenerative Medicine Device business.

(c) -- Includes income of \$0.39 from Life Science Research Tools business and loss of \$0.15 from Regenerative Medicine Device business.

(d) -- Includes income of \$0.40 from Life Science Research Tools business and loss of \$0.15 from Regenerative Medicine Device business.

(e)-- Represents amounts related to Life Science Research Tools business

(f) -- Includes expense of \$0.09 from Life Science Research Tools business and \$0.02 from Regenerative Medicine Device business.

B - Includes the tax impact of above mentioned items.

Operating Results

Three months ended September 30, 2012 compared to three months ended September 30, 2011:

Revenues were lower by \$0.3 million, or 1.0%, to \$26.1 million for the three months ended September 30, 2012 compared to \$26.4 million for the same period in 2011. Our acquisition of AHN contributed approximately \$0.4 million, or 1.6% to third quarter 2012 revenues. The effect of a stronger U.S. dollar decreased our third quarter revenues by \$0.4 million, or 1.4%, compared with the same period in 2011. Adjusting for the effect of foreign currency fluctuation and acquisitions, revenues were down \$0.3 million, or 1.2% primarily at our Harvard Apparatus U.S., Canada and Spain subsidiaries and our Hoefer business, partially offset by increased revenue in our Harvard Apparatus U.K., Biochrom U.K. and Denville businesses.

Cost of product revenues decreased \$0.4 million, or 2.7%, to \$14.1 million for the three months ended September 30, 2012

compared with \$14.5 million for the three months ended September 30, 2011. Gross profit as a percentage of revenues increased to 45.9% for the three months ended September 30, 2012 compared with 45.0% for the same period in 2011. The increase in gross profit as a percentage of revenues was primarily due to a more favorable sales mix in the third quarter of 2012 compared with the third quarter of 2011.

Sales and marketing expenses increased \$0.3 million, or 7.1%, to \$4.7 million for the three months ended September 30, 2012 compared with \$4.4 million for the three months ended September 30, 2011. In LSRT, sales and marketing expenses increased \$0.2 million, or 4.7%, to \$4.4 million, compared to \$4.2 million for the three months ended September 30, 2011 primarily due to \$0.1 million, or 1.6%, of expenses related to our acquisition of AHN and \$0.2 million, or 4.7%, mainly due to increased selling activities at our Denville business. This was partially offset by the effect of a stronger U.S. dollar which caused a \$0.1 million, or 1.6%, favorable currency effect on sales and marketing expenses for the three months ended September 30, 2012. In RMD, sales and marketing expenses increased \$0.1 million compared with the third quarter of 2011 primarily due to an increase in business development efforts.

General and administrative expenses increased \$0.3 million, or 6.0% to \$4.8 million for the three months ended September 30, 2012 compared with \$4.6 million for the three months ended September 30, 2011. In LSRT, general and administrative expenses remained flat at approximately \$4.3 million for the three months ended September 30, 2012 and 2011. In RMD, general and administrative expenses increased \$0.3 million due to increased activity in our regenerative medicine device initiative.

Research and development expenses increased \$0.3 million, or 19.8% to \$1.9 million for the three months ended September 30, 2012 compared with \$1.6 million for the three months ended September 30, 2011. In LSRT, research and development expenses were flat at \$1.0 million for the three months ended September 30, 2012 and 2011. In RMD, research and development expenses increased \$0.3 million, primarily due to increased activity in our stem cell therapy injector and bioreactor development.

Amortization of intangible assets expense remained flat at \$0.7 million for the three months ended September 30, 2012 and 2011 and included amortization expense of intangible assets related to our historical acquisitions.

Other income and expense, net, was \$0.2 million expense and \$0.3 million expense for the three months ended September 30, 2012 and 2011, respectively. Net interest expense was \$0.1 million for the three months ended September 30, 2012 compared to net interest expense of \$0.2 million for the three months ended September 30, 2011. The decrease in net interest expense was primarily due to a lower rate of interest on our credit facility and lower average debt balances in the third quarter of 2012 compared to the third quarter of 2011. Other expense, net, for the three months ended September 30, 2011 also included \$0.1 million of acquisition related expenses.

Income tax benefit was approximately \$0.1 million for the three months ended September 30, 2012 and 2011. Our third quarter 2012 non-GAAP adjusted income tax rate decreased from the third quarter 2011 rate. The decrease in the non-GAAP income tax rate in the third quarter of 2012 compared with the third quarter of 2011 was primarily due to the effects of favorable tax law changes in the U.K. that occurred and were recognized during the third quarter of 2012, recognition of increased research and development tax credits and foreign tax rate differential. The lower year-to-year income tax rate had a favorable effect on the third quarter 2012 non-GAAP adjusted earnings per diluted share of 0.8 cents.

Nine months ended September 30, 2012 compared to nine months ended September 30, 2011:

Revenues increased \$3.1 million, or 3.9%, to \$82.9 million for the nine months ended September 30, 2012 compared to \$79.8 million for the same period in 2011. Our acquisitions of CMA and AHN contributed approximately \$2.9 million, or 3.7% to the nine months ended September 30, 2012 revenues. The effect of a stronger U.S. dollar decreased our revenues by \$1.2 million, or 1.5%, compared with the same period in 2011. Adjusting for the effect of foreign currency fluctuation and acquisitions, revenues were up \$1.4 million, or 1.7%, year-to-year and reflected organic growth across our Biochrom, Denville and Hoefer businesses.

Cost of product revenues increased \$1.1 million, or 2.6%, to \$43.9 million for the nine months ended September 30, 2012 compared with \$42.8 million for the nine months ended September 30, 2011. The increase in cost of product revenues included \$2.0 million, or 4.7%, attributable to our acquisitions of CMA and AHN. A stronger U.S. dollar caused a \$0.6 million, or 1.5%, favorable currency effect on the cost of product revenues for the nine months ended September 30, 2012. Excluding the effects of currency changes and acquisitions, the cost of product revenues decreased by \$0.3 million, or 0.6% over the same period in the previous year. Gross profit as a percentage of revenues was 47.0% for the nine months ended September 30, 2012 compared with 46.4% for the same period in 2011. The increase in gross profit as a percentage of revenues was primarily due to favorable changes in sales mix for the nine months ended September 30, 2012 compared with the same period in 2011.

Sales and marketing expenses increased \$1.4 million, or 10.7%, to \$14.2 million for the nine months ended September 30, 2012 compared with \$12.8 million for the nine months ended September 30, 2011. In LSRT, sales and marketing expenses increased \$1.1 million, or 8.8%, to \$13.6 million, compared to \$12.5 million for the nine months ended September 30, 2011 primarily due to \$0.3 million, or 2.7%, of expenses related to our acquisitions of CMA and AHN, and \$0.9 million, or 7.4%, mainly due to

increased selling activities at our Denville business. This was partially offset by the effect of a stronger U.S. dollar that decreased our sales and marketing expenses for the nine months ended September 30, 2012 by \$0.2 million, or 1.3%, compared with the same period in 2011. In RMD, sales and marketing expenses increased \$0.3 million primarily due to an increase in business development efforts.

General and administrative expenses increased \$1.5 million, or 11.2% to \$14.6 million for the nine months ended September 30, 2012 compared with \$13.1 million for the nine months ended September 30, 2011. In LSRT, general and administrative expenses increased \$0.5 million, or 4.0%, to \$13.2 million, compared to \$12.7 million for the nine months ended September 30, 2011 primarily due to our acquisitions of CMA and AHN. In RMD, general and administrative expenses increased \$0.9 million due to increased activity in our regenerative medicine device initiative.

Research and development expenses increased \$1.6 million, or 40.6% to \$5.5 million for the nine months ended September 30, 2012 compared with \$3.9 million for the nine months ended September 30, 2011. In LSRT, the research and development expenses increased \$0.3 million, or 11.2%, to \$3.1 million for the nine months ended September 30, 2012, compared to \$2.8 million for the nine months ended September 30, 2011 due to greater new product development initiatives at our Harvard Apparatus U.S. subsidiary. In RMD, research and development expenses increased \$1.3 million, primarily due to increased activity in our stem cell therapy injector and bioreactor development.

Amortization of intangible asset expenses increased \$0.1 million, or 2.7%, to \$2.1 million for the nine months ended September 30, 2012 compared with \$2.0 million for the same period in 2011. The year-to-year increase in the amortization expense was primarily due to our acquisitions of CMA and AHN .

Other income and expense, net, was \$0.8 million expense and \$1.1 million expense for the nine months ended September 30, 2012 and 2011, respectively. Net interest expense was \$0.4 million for the nine months ended September 30, 2012 compared to net interest expense of \$0.6 million for the nine months ended September 30, 2011. The decrease in net interest expense was primarily due to lower rate of interest on our credit facility and lower average borrowings during the nine months ended September 30, 2012 compared to the same period in 2011. Other expense, net, for the nine months ended September 30, 2012 and 2011, also included \$0.3 million and \$0.5 million, respectively, of acquisition-related expenses.

Income tax expense from continuing operations was approximately \$0.5 million for the nine months ended September 30, 2012 and 2011. The effective income tax rate for continuing operations was 29.6% for the nine months ended September 30, 2012, compared with 13.6% for the same period of 2011. The difference between our effective tax rate and the U.S. statutory tax rate for the nine months ended September 30, 2012 was principally attributable to the effects of favorable tax law changes in the U.K., foreign tax rate differential and increased research and development tax credits partially offset by discrete expense items related to acquisition and restructuring costs, and stock compensation expense. The difference between our effective tax rate and the U.S. statutory tax rate for the nine months ended September 30, 2011 was principally attributable to the reversal of uncertain tax liability of \$0.5 million and the associated accrued interest in the first quarter of 2011, foreign tax rate differential and increased research and development tax credits.

Balance Sheet

We ended the third quarter of 2012 with cash and cash equivalents of \$20.3 million compared to \$17.9 million at December 31, 2011. As of September 30, 2012 and December 31, 2011, we had borrowings of \$15.3 million and \$16.3 million, respectively, outstanding under our credit facility. The borrowings are mainly related to our acquisitions and stock repurchase program. Total cash and equivalents, net of debt, were \$5.0 million and \$1.6 million at September 30, 2012 and December 31, 2011, respectively. During the nine months ended September 30, 2012, we paid \$2.9 million from our existing cash balance for our acquisitions.

Trade receivables were \$13.6 million and inventories were \$18.0 million as of September 30, 2012 compared to \$13.6 million and \$20.1 million as of September 30, 2011, respectively. Outstanding days of sales, or DSO, were 45 days and 48 days for the three months and nine months ended September 30, 2012, and 48 days for the three months and nine months ended September 30, 2011, respectively. Annualized inventory turns were 3.2 times for the three month period ended September 30, 2012 compared with 3.0 times for the same period in 2011.

Conference Call Details

As previously announced, management will host a conference call to discuss third quarter 2012 results and business highlights and outlook, which will be simultaneously broadcasted over the Internet and can be accessed through the Harvard Bioscience, Inc. web site. In addition, management may discuss, and answer one or more questions concerning, business and financial developments and trends, including with respect to our acquisition initiatives, our efforts in the field of regenerative medicine and other business and financial matters affecting the Company. Some of these discussions and responses to questions may contain information that has not been previously disclosed. The conference call will begin at 11:00 a.m. Boston time today, November 1, 2012. To listen to the conference call, log on to our website at www.harvardbioscience.com and click on the Earnings Call icon. If you are unable to listen to the live webcast, the call will be archived in the investor relations section of our

website. The live conference call is also accessible by dialing toll-free 877-303-7611, or toll 970-315-0445, and referencing the pass code of "31029255". A replay of this conference call will be available from 2:00 p.m. on November 1, 2012 through November 9, 2012 and will be accessible by dialing toll-free 855-859-2056, or toll 404-537-3406, and referencing the pass code of "31029255". This earnings release, as well as any material financial and other statistical information presented on the call which is not included in this earnings release, is available on our website by clicking on the Press Releases icon. If you are unable to listen to the live conference call, please note that the call, this press release and any related financial or statistical information will be archived on our web site under the Press Releases icon or Earnings Call icon, as appropriate.

Use of Non-GAAP Financial Information

In this press release, we have included non-GAAP financial information including adjusted operating income, adjusted net income, adjusted earnings per diluted share and organic revenue growth. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. For the periods presented, these non-GAAP financial measures of income have excluded certain expenses and income primarily resulting from purchase accounting or events that we do not believe are related to the underlying operations of the business such as amortization of intangibles related to acquisitions, costs related to acquisition initiatives, restructuring expenses (including related inventory write-downs) and stock-based compensation expense. They also exclude the tax impact of the reconciling items and the recognition of expense and reversal of the benefit related to the uncertain tax positions and the corresponding accrued interest. This non-GAAP financial information is used by our management to internally evaluate our operating results. Tabular reconciliations of our non-GAAP adjusted operating income, non-GAAP adjusted net income and non-GAAP adjusted earnings per diluted share for the three and nine months ended September 30, 2012 and 2011 and changes in total revenue compared to the same period of the prior year are included as exhibits below in this press release.

The non-GAAP financial information provided in this press release should be considered in addition to, not as a substitute for, the financial information provided and presented in accordance with GAAP.

About Harvard Bioscience

Harvard Bioscience ("HBIO") 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 and regenerative medicine. Our products are sold to thousands of researchers in over 100 countries primarily through our 850 page catalog (and various other specialty catalogs), our website, through distributors, including GE Healthcare, Thermo Fisher Scientific and VWR, and via our field sales organization. We have sales and manufacturing operations in the United States, the United Kingdom, Germany, Sweden and Spain with additional facilities in France and Canada. For more information, please visit www.harvardbioscience.com.

The Harvard Bioscience, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=6426>

This press release contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of such words as "will," "guidance," "objectives," "optimistic," "potential," "future," "expects," "plans," "estimates," "continue," "drive," "strategy," "potential," "potentially," "growth," "long-term," "projects," "projected," "intends," "believes," "goals," "sees," "seek," "develop" "possible" "new," "emerging," "opportunity," "pursue" and similar expressions that do not relate to historical matters. Forward-looking statements in this press release or that may be made during our conference call may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, the impact of acquisitions, including the CMA Microdialysis, AHN Biotechnologie and Modular SFC acquisition's, or potential acquisitions, the outlook for the life sciences industry and the field of regenerative medicine, opportunities or potential opportunities in the field of regenerative medicine, the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts.

These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that may cause the Company's actual results to differ materially from those in the forward-looking statements include the Company's failure to identify potential acquisition candidates, successfully negotiate favorable pricing and other terms with acquisition candidates to enable potential acquisitions to close, successfully integrate acquired businesses or technologies, complete consolidations of business functions, expand our product offerings, introduce new products or commercialize new technologies, including in the field of regenerative medicine, unanticipated costs relating to acquisitions, unanticipated costs arising in connection with the Company's consolidation of business functions and any restructuring initiatives, decreased demand for the Company's products due to changes in our customers' needs, our ability to obtain regulatory approvals, including FDA approval, for our products, including any products in the field of regenerative medicine, the current size or anticipated size of the regenerative medicine market, the existence and size of opportunities in the regenerative medicine market, our financial position, general economic outlook or other circumstances, overall economic trends, the seasonal nature of purchasing in Europe, economic, political and other risks associated with international revenues and operations, the impact of the current economic and financial crisis, additional costs of complying with recent changes in regulatory rules applicable to public companies, our ability to manage our growth, our ability to retain key personnel, competition

from our competitors, technological changes resulting in our products becoming obsolete, future changes to the operations or the activities of our subsidiaries due to manufacturing consolidations, our ability to meet the financial covenants contained in our credit facility, our ability to protect our intellectual property and operate without infringing on others' intellectual property, potential costs of any lawsuits to protect or enforce our intellectual property, economic and political conditions generally and those affecting pharmaceutical and biotechnology industries, research funding levels from endowments at our university customers, impact of any impairment of our goodwill or intangible assets, our ability to utilize deferred tax assets after the release of our valuation allowances, our acquisition of Genomic Solutions failing to qualify as a tax-free reorganization for federal tax purposes, the amount of earn-out consideration that the Company receives in connection with the disposition of the Company's Capital Equipment Business segment and factors that may impact the receipt of this consideration, such as the revenues of the businesses disposed of, plus factors described under the heading "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 or described in the Company's other public filings. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

For investor inquiries, please call (508) 893-8066. Press releases may be found on our web site, <http://www.harvardbioscience.com>.

Exhibit 1

HARVARD BIOSCIENCE, INC.
Selected Consolidated Balance Sheet Information
(Unaudited, in thousands)

	As of	
	September 30, December 31,	
	2012	2011
Assets		
Cash and cash equivalents	\$20,285	\$17,916
Trade receivables	13,602	15,078
Inventories	17,992	18,160
Property, plant and equipment	4,097	3,086
Goodwill and other intangibles	59,019	57,845
Other assets	15,585	14,549
Total assets	\$130,580	\$126,634

Liabilities and Stockholders' Equity

Current liabilities	\$9,531	\$9,559
Non-current liabilities	20,687	21,576
Total liabilities	30,218	31,135
Stockholders' equity	100,362	95,499
Total liabilities and stockholders' equity	\$130,580	\$126,634

Exhibit 2

HARVARD BIOSCIENCE, INC.
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

Three Months Ended Nine Months Ended

	September 30,		September 30,	
	2012	2011	2012	2011
Revenues	\$26,104	\$26,381	\$82,922	\$79,837
Cost of product revenues	14,110	14,503	43,913	42,804
Gross profit	11,994	11,878	39,009	37,033
Sales and marketing expenses	4,670	4,361	14,182	12,809
General and administrative expenses	4,832	4,560	14,593	13,122
Research and development expenses	1,861	1,554	5,549	3,948
Restructuring charges	29	477	166	449
Amortization of intangible assets	681	706	2,071	2,016
Total operating expenses	12,073	11,658	36,561	32,344
Operating (loss) income	(79)	220	2,448	4,689
Other (expense) income:				
Foreign exchange	(29)	(11)	(86)	(44)
Interest expense	(147)	(216)	(447)	(602)
Interest income	11	17	37	48
Other expense, net	(13)	(128)	(294)	(534)
Other (expense) income, net	(178)	(338)	(790)	(1,132)
(Loss) income before income taxes	(257)	(118)	1,658	3,557
Income tax (benefit) expense	(124)	(146)	490	483
Net (loss) income	<u>\$(133)</u>	<u>\$28</u>	<u>\$1,168</u>	<u>\$3,074</u>
Income (loss) per share:				
Basic earnings per common share	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.04</u>	<u>\$0.11</u>
Diluted earnings per common share	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.04</u>	<u>\$0.10</u>
Weighted average common shares:				
Basic	<u>28,798</u>	<u>28,489</u>	<u>28,759</u>	<u>28,435</u>
Diluted	<u>28,798</u>	<u>29,896</u>	<u>29,687</u>	<u>29,861</u>

Exhibit 3

HARVARD BIOSCIENCE, INC.
Condensed Cash Flow Statements
(in thousands, unaudited)

Nine Months Ended
September 30,
2012 2011

Cash flows from operations:		
Net income	\$1,168	\$3,074
Other adjustments to operating cash flows	4,888	5,293
Changes in assets and liabilities	600	(4,362)

Net cash provided by operating activities	6,656	4,005
Investing activities:		
Net cash used in investing activities	(3,977)	(6,450)
Financing activities:		
Repayments of debt, net	(1,001)	(1,703)
Other financing activities	<u>461</u>	<u>449</u>
Net cash used in financing activities	(540)	(1,254)
Effect of exchange rate changes on cash	<u>230</u>	<u>232</u>
Increase (decrease) in cash and cash equivalents	<u>\$2,369</u>	<u>\$(3,467)</u>

Exhibit 4

HARVARD BIOSCIENCE, INC.
Reconciliation of US GAAP Operating (Loss) Income to Non-GAAP Adjusted Operating Income
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
US GAAP operating (loss) income	\$(79)	\$220	\$2,448	\$4,689
Adjustments:				
Amortization of intangible assets	681	706	2,071	2,016
Impact of fair value adjustment to inventory	--	57	74	57
Restructuring charges	29	477	166	449
Stock-based compensation expense	958	853	2,373	2,063
Non-GAAP adjusted operating income	<u>\$1,589</u>	<u>\$2,313</u>	<u>\$7,132</u>	<u>\$9,274</u>

Exhibit 5

HARVARD BIOSCIENCE, INC.
Reconciliation of US GAAP Net (Loss) Income to Non-GAAP Adjusted Net Income
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
US GAAP net (loss) income	\$(133)	\$28	\$1,168	\$3,074

Adjustments:

Amortization of intangible assets	681	706	2,071	2,016
Impact of fair value adjustment to inventory	--	57	74	57
Direct acquisition costs	22	106	304	468
Restructuring charges	29	477	166	449
Stock-based compensation expense	958	853	2,373	2,063
Income taxes	(302)(A)	(742)(A)	(1,132)(A)	(2,010)(B)
Non-GAAP adjusted net income	<u>\$1,255</u>	<u>\$1,485</u>	<u>\$5,024</u>	<u>\$6,117</u>

(A) Income taxes includes the tax effect of adjusting for the reconciling items.

(B) Income taxes includes the tax effect of adjusting for the reconciling items and in the first quarter of 2011, the reversal of liability related to uncertain tax positions and the corresponding accrued interest.

Exhibit 6

HARVARD BIOSCIENCE, INC.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
US GAAP diluted earnings per common share	\$ --	\$ --	\$0.04	\$0.10
Adjustments:				
Amortization of intangible assets	0.02	0.02	0.07	0.07
Direct acquisition costs	--	--	0.01	0.02
Restructuring charges	--	0.02	0.01	0.02
Stock-based compensation expense	0.03	0.03	0.08	0.07
Income taxes	(0.01)(A)	(0.02)(A)	(0.04)(A)	(0.08)(B)
Non-GAAP adjusted diluted earnings per common share	<u>\$0.04</u>	<u>\$0.05</u>	<u>\$0.17</u>	<u>\$0.20</u>

(A) Income taxes includes the tax effect of adjusting for the reconciling items.

(B) Income taxes includes the tax effect of adjusting for the reconciling items and in the first quarter of 2011, the reversal of liability related to uncertain tax positions and the corresponding accrued interest.

HARVARD BIOSCIENCE, INC.
Reconciliation of Changes In Total Revenue Compared to the Same Period of the Prior Year
(unaudited)

	Three Months Ended				For the Year Ended	Three Months Ended				For the Year Ended	Three Months Ended			Nine Months Ended
	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Dec. 31, 2010	March 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Dec. 31, 2011	March 31, 2012	June 30, 2012	Sept. 30, 2012	Sept. 30, 2012
Organic growth	4.3%	11.0%	4.6%	6.8%	6.1%	-2.1%	-1.6%	-6.3%	-4.4%	-3.8%	4.2%	2.2%	-1.2%	1.7%
Acquisitions	29.9%	36.1%	24.7%	2.3%	21.5%	1.3%	2.8%	4.2%	2.9%	2.9%	4.4%	4.9%	1.6%	3.7%
Foreign exchange effect	3.7%	-3.6%	-3.3%	-2.3%	-1.5%	0.9%	3.6%	1.8%	-0.2%	1.5%	-1.0%	-2.1%	-1.4%	-1.5%
Total revenue growth	<u>37.9%</u>	<u>43.5%</u>	<u>26.0%</u>	<u>6.8%</u>	<u>26.1%</u>	<u>0.1%</u>	<u>4.8%</u>	<u>-0.3%</u>	<u>-1.7%</u>	<u>0.6%</u>	<u>7.6%</u>	<u>5.0%</u>	<u>-1.0%</u>	<u>3.9%</u>

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