

HARVARD BIOSCIENCE INC

Form 10-Q

November 09, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2011

.. **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 001-33957

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)	

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 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 November 1, 2011, there were 28,499,350 shares of Common Stock, par value \$0.01 per share, outstanding.

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For the Quarter Ended September 30, 2011

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

	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,237	\$ 19,704
Accounts receivable, net of allowance for doubtful accounts of \$260 and \$273, respectively	13,623	15,440
Inventories	20,101	15,832
Deferred income tax assets - current	5,746	5,441
Other receivables and other assets	2,718	2,149
Total current assets	58,425	58,566
Property, plant and equipment, net	3,082	3,146
Deferred income tax assets - non-current	6,139	6,125
Amortizable intangible assets, net	22,051	21,908
Goodwill	35,741	33,416
Other indefinite lived intangible assets	1,284	1,276
Other assets	246	360
Total assets	\$ 126,968	\$ 124,797
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,265	\$ 4,925
Deferred revenue	360	451
Accrued income taxes payable	362	578
Accrued expenses	3,800	4,693
Other liabilities - current	428	649
Total current liabilities	10,215	11,296
Long-term debt, less current installments	16,305	18,009
Deferred income tax liabilities - non-current	980	954
Other liabilities - non-current	3,491	4,290
Total liabilities	30,991	34,549
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized		
Common stock, par value \$0.01 per share, 80,000,000 shares authorized; 36,238,607 and 36,057,974 shares issued and 28,493,100 and 28,312,467 shares outstanding, respectively	362	361
Additional paid-in-capital	190,212	187,893
Accumulated deficit	(80,368)	(83,442)

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Accumulated other comprehensive income	(3,561)	(3,896)
Treasury stock at cost, 7,745,507 common shares	(10,668)	(10,668)
Total stockholders' equity	95,977	90,248
Total liabilities and stockholders' equity	\$ 126,968	\$ 124,797

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(Unaudited, in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues	\$ 26,381	\$ 26,453	\$ 79,837	\$ 78,658
Cost of product revenues	14,503	13,886	42,804	41,259
Gross profit	11,878	12,567	37,033	37,399
Sales and marketing expenses	4,361	4,101	12,809	12,100
General and administrative expenses	4,560	4,407	13,122	12,475
Research and development expenses	1,554	1,240	3,948	3,549
Restructuring charges	477	283	449	283
Amortization of intangible assets	706	593	2,016	1,702
Total operating expenses	11,658	10,624	32,344	30,109
Operating income	220	1,943	4,689	7,290
Other (expense) income:				
Gain from adjustment of acquisition contingencies				429
Foreign exchange	(11)	(2)	(44)	(109)
Interest expense	(216)	(196)	(602)	(479)
Interest income	17	11	48	60
Other, net	(128)	(193)	(534)	(310)
Other (expense) income, net	(338)	(380)	(1,132)	(409)
(Loss) Income before income taxes	(118)	1,563	3,557	6,881
Income tax (benefit) expense	(146)	(11,167)	483	(9,951)
Net income	\$ 28	\$ 12,730	\$ 3,074	\$ 16,832
Income per share:				
Basic earnings per common share	\$ 0.00	\$ 0.45	\$ 0.11	\$ 0.58
Diluted earnings per common share	\$ 0.00	\$ 0.44	\$ 0.10	\$ 0.57
Weighted average common shares:				
Basic	28,489	28,443	28,435	29,197
Diluted	29,896	28,786	29,861	29,586

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	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 3,074	\$ 16,832
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock compensation expense	2,064	1,992
Depreciation	969	898
Gain on acquisition contingencies		(429)
Gain on sales of fixed assets	(35)	(9)
Non-cash restructuring charge	280	
Amortization of catalog costs	226	256
Provision for allowance for doubtful accounts		(30)
Amortization of intangible assets	2,016	1,702
Amortization of deferred financing costs	67	67
Deferred income taxes	(294)	(11,031)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,910	550
Increase in inventories	(3,460)	(1,406)
Increase in other receivables and other assets	(445)	(261)
Increase (decrease) in trade accounts payable	321	