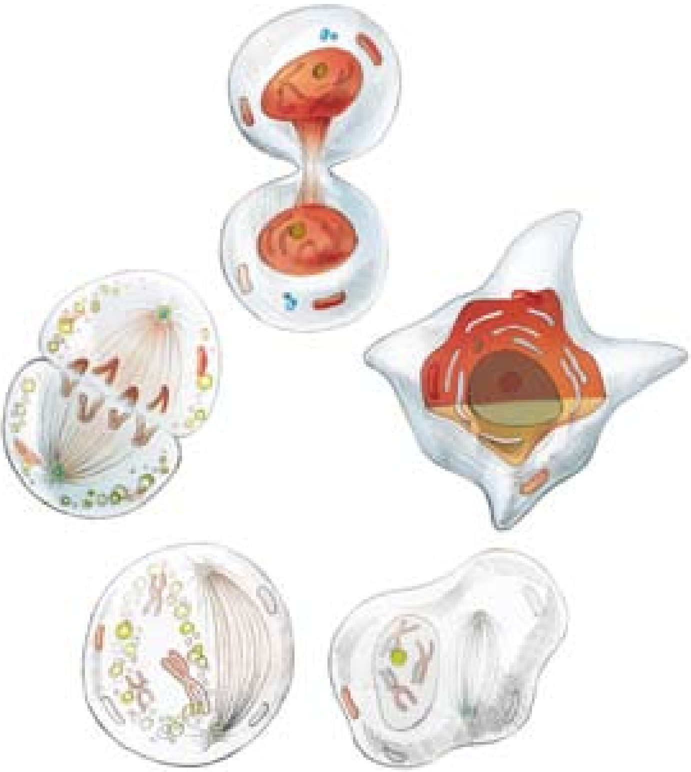


WE DEVELOP
OUR FUTURE...

ANNUAL REPORT 2007

TECAN

Contents

About Tecan

Tecan is a leading global supplier of laboratory instruments and solutions for the biopharma, forensic and diagnostic industries. The company specializes in the development, production and distribution of automation solutions for life science laboratories. Through its REMP subsidiary, Tecan is the premier supplier of automated laboratory storage and logistics systems. Its customers include pharmaceutical and biotechnology companies, university research departments and diagnostic laboratories. Founded in Switzerland in 1980, the company owns production, research and development sites in both North America and Europe and maintains a sales and service network in 52 countries.

Vision

Tecan will be the preferred supplier for leading life science companies and laboratories on all continents, whenever they source their current and future needs for state-of-the-art workflow solutions. Tecan will be in every Laboratory.

Mission

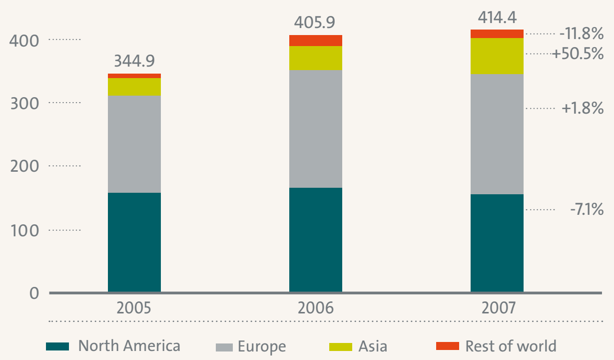
To delight our customers by exceeding their expectations, aiming for the highest customer satisfaction and retention in our industry. To contribute to the quality of life of humankind by enabling our customers to make the world and our community a healthier and safer place. To create continuous, sustainable shareholder value and to be the employer of choice in our industry.

2007 Key figures

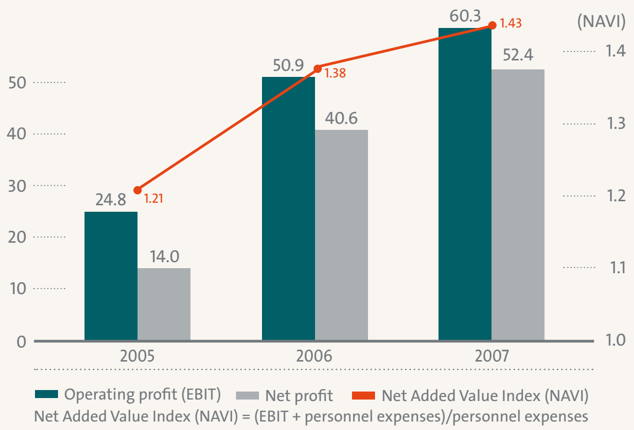
CHF million	2005	2006	2007	▲06/07
Sales	344.9	405.9	**414.4**	+ 2.1%
Gross profit	159.9	193.3	**212.4**	+9.9%
in % of sales	46.4 %	47.6 %	**51.3 %**	
R&D	40.7	39.0	**41.1**	+5.2%
in % of sales	11.8 %	9.6 %	**9.9 %**	
OPEX	135.1	142.5	**152.1**	+ 6.7%
in % of sales	39.2 %	35.1 %	**36.7 %**	
Operating profit/EBIT	24.8	50.9	**60.3**	+ 18.6%
in % of sales	7.2 %	12.5 %	**14.6 %**	
Net profit	14.0	40.6	**52.4**	+ 28.9%
in % of sales	4.0 %	10.0 %	**12.6 %**	
EPS (CHF)	1.26	3.54	**4.54**	+ 28.2%

2007 Financial summary

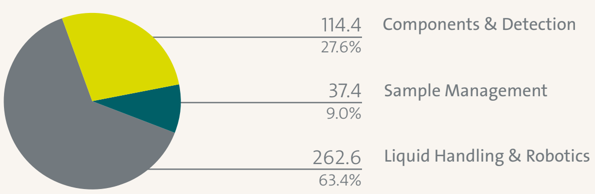
Sales 2005 – 2007
(CHF million)



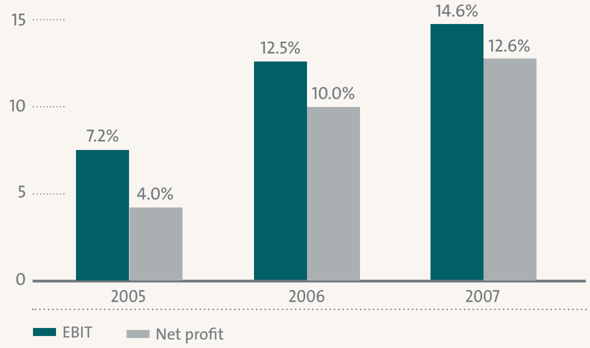
Profitability / productivity 2005 – 2007
(CHF million)



Sales by business segments
(CHF million)



Operating profit (EBIT) and net profit margin
(% of sales)



Our *product* highlights 2007

Our innovative and reliable products and technology serve scientists in the life science, forensic and diagnostic industries. The following selection represents just a few of our most successful products to make an impact in 2007.

Freedom EVO®

The Freedom EVO series of modular liquid handling platforms and robotic workstations deals with routine laboratory tasks and can be adapted to satisfy the exacting demands of all our markets. The Freedom EVO series also gives our customers the option to expand their systems in the future should the need arise.

Infinite® M1000

The newest addition to our acclaimed Infinite series of readers, the M1000 offers highest sensitivity performance for a broad spectrum of applications. It can be upgraded with new detection modes at any time, making it ideal for drug discovery in the biopharmaceutical industry, as well as for research laboratories with multiple users and ever-changing applications.

REMP Small-Size Store™ (SSS)

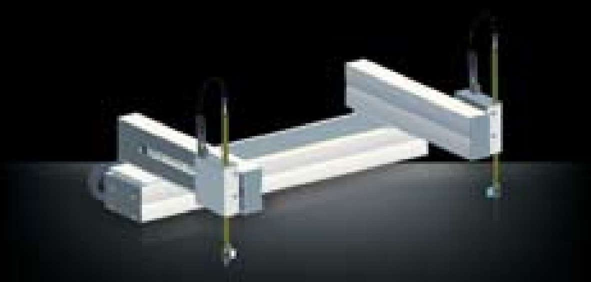
The REMP SSS is a fully automated, high performance sample storage and retrieval system that stores and manipulates compounds in life science and biotechnology settings. It copes easily with increases in numbers and throughputs of compounds and is an ideal entry-level storage solution.

HydroFlex™

The HydroFlex™ platform is the first microplate washer capable of automating separation techniques as well as plate washing protocols.This compact instrument gives scientists more options to automate key steps in many laboratory processes, increasing their productivity and providing them with reliable results.

Abbott OEM m2000sp

The m2000sp System is a fully automated OEM Instrument for RNA- and DNA- sample preparation. It provides automatic workflow, contamination control, use of barcoded primary sample tubes and a process newly developed by Abbott.

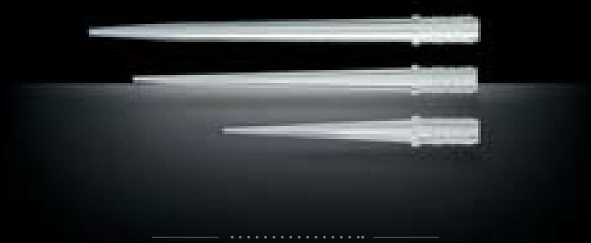


Components

The innovative new robotic component gives our customers the security of knowing exactly what the product is doing at all times. This critical subassembly is designed to be easy to configure and integrate into our customers' many different systems, making it the ideal next generation OEM robotics component.

HS 4800™ Pro

This hybridization system represents the very latest technology for automated reproducible microarray slide processing in the field of genomics. These systems are designed to integrate the entire experimental process, while meeting different throughput needs.



Disposable tips

Tecan's high quality disposable tips for precise, reliable and safe pipetting are designed and manufactured to meet the most stringent quality requirements, using computer-controlled manufacturing systems and state-of-the-art production processes.

Message to the shareholders

Tecan once again looks back on a successful year. We continued to increase our sales and for the third consecutive year achieved a marked rise in profitability, achieving historical record levels of net profit and EPS. This strong result is largely attributable to our successful product portfolio, increased market presence and ongoing efforts to further strengthen our operating efficiency. 2007 also saw the continued implementation of our strategic priorities, setting a path for the future development of Tecan.

Sales increased over the previous year organically to CHF 414.4 million. The expansion of Tecan's business was especially strong in Asia and sales in Europe also saw a positive development while our US based business declined slightly due to a more challenging environment as a result of the currently prevailing macroeconomic factors. We continue to put a major emphasis on this region and are actively addressing the challenges. This includes strengthening the sales organization and increasing our marketing efforts. However, we view the challenges in the US both structurally and on an exchange rate basis as continuing during the current year.

As previously communicated, sales in the year 2006 were impacted by an extraordinary project in the amount of CHF 13.0 million. Excluding this project, Tecan would have posted organic sales growth of 5.5% in 2007. This was slightly ahead of the overall market growth.

Continued progress in strategy implementation

2007 also saw us making significant strides in implementing our strategy. Our decision to focus more heavily on our OEM business in addition to our end-user business was unanimously viewed as a positive development by all current and potential new customers. In addition, we have made significant internal investments in further strengthening our capabilities in this area.

On the innovation front, we have created a group dedicated to developing advanced strategic technologies. Also our businesses are continuing to adjust their internal processes to more rapidly respond to market demands and we successfully launched multiple new products such as the Infinite M500 and M1000 readers and our 96 MCA (Multi Channel Pipetting Arm) that were very well received by the markets. In addition, we continue our push into new applications and workflow solutions. A good example here is our project for the production of monoclonal antibodies with Monash University in Australia, one of the most advanced systems of its kind.

«Tecan achieved record figures in key performance indicators in the 2007 financial year»

Mike Baronian
Chairman of the Board

Thomas Bachmann
Chief Executive Officer

We have further strengthened our management development activities with the introduction of dedicated training sessions throughout the organization. Furthermore, 2007 saw the development and rollout of our corporate vision, mission and values. We believe that these guidelines take us a long way in achieving a new clarity of purpose throughout our global organization.

2007 also was a busy year for our M&A activities. We were actively involved in numerous opportunities, with some of them moving to advanced stages. However, we did not finalize a transaction. Our internal processes in this area require strict adherence to both, financial and strategic guidelines and we extend the discipline from our operational sphere also to our acquisition activities. Thus, some of the targets did not meet our internal benchmarks while others decided to exit the processes themselves. No acquisitions were lost to competitors and we continue to believe that Tecan's exceptionally strong financial, strategic and operational capabilities position us well to create value through strategic investments. External growth continues to be a strategic priority of the company.

We completed multiple strategic alliances, such as our cooperations with companies like Applied Biosystems, GE Healthcare or pIon in the fields of forensics, protein crystallization and drug permeability. Finally, we executed multiple strategic licensing transactions for high impact intellectual property.

Marked increase in profitability and record net profit and EPS

Earnings before interest and taxes (EBIT) increased by 18.6% to CHF 60.3 million. This corresponds to an EBIT margin of 14.6% compared to 12.5% for the previous year. Tecan was thus able to increase its operating earnings at a significantly higher rate than sales for the third consecutive year. This achievement is primarily due to the steps taken since 2005 to improve operating efficiency. Innovative products with higher margins, price and cost discipline, and a more advantageous product mix also helped Tecan to outperform the market and achieve an outstanding EBIT level.

Another highlight was the net profit development. Tecan posted strong growth in this indicator driven by the higher EBIT, a lower tax rate and an improved financial result. Net profit increased by 28.9% to CHF 52.4 million or 12.6% of sales. Both performance indicators are records in Tecan's history. The same is true of earnings per share, which rose by 28.2% to CHF 4.54.

Segment reporting adds further transparency

The 2007 financial year is the first time we are publishing sales and earnings figures based on individual business segments. The segments are described in detail in the «Business Review» section of this annual report.

Components & Detection posted sales in 2007 of CHF 124.0 million. Thanks to new products and a successful turnaround in Japan, this business segment recorded encouraging growth. EBIT amounted to CHF 11.6 million or 9.3% of sales.

Liquid Handling & Robotics saw a further rise in profitability although the sales trend was impaired by a cancellation. This business segment posted EBIT of CHF 56.9 million on sales of CHF 264.6 million, resulting in a strong EBIT margin of 21.5%.

«Thanks to a consistently solid operating performance and a healthy balance sheet, our company is well positioned for further internal and external growth»

«Based on the positive results, the Board of Directors will recommend an additional payout to shareholders»

Sample Management secured two major contracts of strategic importance in Japan in 2007 and slightly increased sales to CHF 39.9 million. EBIT declined to CHF 0.1 million, or 0.4% of sales in the year under review largely driven by the costs for global marketing as well as substantial investments in research and development for a new modular system to store biological samples. It is our belief that the biological sample market is an exciting emerging opportunity to further leverage Sample Management's unique technology. In addition, our focus is clearly on improving operational efficiency to address the currently still unsatisfactory levels of profitability.

Strong balance sheet as a solid foundation for further growth

Despite the ongoing share buyback program, our equity ratio rose from 50.2% to 54.7%. Tecan once again recorded excellent cash flows from operating activities and high levels of net liquidity. Thanks to a consistently solid operating performance and a healthy balance sheet, our company is well positioned for further internal and external growth.

Additional payout to shareholders; Board to propose additional share buyback program

Based on the positive results and the strong balance sheet, the Board of Directors will recommend to the shareholders at the annual Shareholders' Meeting of April 23rd 2008 that once again an additional payout to shareholders be made. This payout will consist of a dividend of CHF 0.45 per share and a repayment based on a reduction in nominal value of an additional CHF 0.45 per share. As such, and similar to 2006, the total payout to shareholders will amount to CHF 0.90 per share.

In addition, the Board of Directors intends to recommend the initiation of an additional share buyback program once the current program is terminated. Our strong financial position allows us to pursue our acquisition strategy while a second share buyback program will result in the elimination of the repurchased shares and will allow us to immediately create additional value for our shareholders without compromising our mid- to long-term strategic priorities. This program is contingent on the extension of the authorized share capital.

Outlook for 2008

In 2008, Tecan will continue to focus on securing its long-term growth and implementing its strategy. Towards this end, we are actively working on expanding our market coverage not only in the high-growth Asian and Near- & Middle East markets but also in the New EU countries. Our customer application teams will continue to be strengthened, especially in the areas of cellular biology and genomics. Finally we will continue to further strengthen our OEM development and supply capabilities and convert a healthy pipeline into actual projects and actively work on the development of new consumables.

If challenges in the overall US economy do not worsen or spread to other economic regions, Tecan expects increased sales for 2008 and an operating return at the same level as the previous year.

Our gratitude

Our success in the 2007 financial year would not have been possible without the commitment of our employees and the trust of our customers, shareholders and business partners. On behalf of the Board of Directors and the Executive Committee, we would like to extend our sincere thanks to all of you.

Männedorf, March 14, 2008

Mike Baronian
Chairman of the Board of Directors

Thomas Bachmann
Chief Executive Officer

We develop our future...

...by implementing a *strategy* geared to the rapid pace of scientific progress.

The life science sector is growing dynamically. Research and new industrial and clinical applications demand ever more efficient and sophisticated solutions for laboratories. CEO Thomas Bachmann explains the growth opportunities the current market offers and how Tecan plans to utilize them.

Mr. Bachmann, Tecan saw another sharp rise in profitability in 2007, but growth was rather modest. Is Tecan in a period of stagnation?
Thomas Bachmann: Not at all. Over the next several years, Tecan will strive to maintain a growth rate higher than the market as a whole and to protect and strengthen its profitability. Our objective in recent years was to put Tecan on a solid financial footing and define a strategy for long-term profitable growth. We have been working hard to put that strategy in place since 2007. The progress we have made so far indicates we are on the right track.

What makes you so confident that Tecan has the right strategy?
Thomas Bachmann: Our strategy is based on a thorough analysis of market trends. We have identified macro trends that open up avenues for achieving above-average growth. Some of these trends are demographic, others economic. With the spread of globalization, our customers have shifted their activities to new regions. That, in turn, has allowed us to gain a foothold in additional markets. Other drivers are the dynamic changes in the life sciences. Our growing understanding of the human genome has unleashed a flood of new knowledge and insights, which are only just beginning to be put to use in pharmaceutical and medical applications. Research is also more broadly based than before. New market players are constantly emerging, especially biotech firms and universities. At the same time, legal regulations on research and medicine are becoming increasingly rigorous and the calls for standardization and regulatory discipline ever more insistent. Our customers must prepare themselves to meet all these challenges and we can help them do so with innovative comprehensive solutions.

How exactly do you intend to leverage these trends?
Thomas Bachmann: One of our key strategic goals is to maintain a high rate of innovation. We will substantially shorten our innovation cycles for individual products. We must be able to provide intelligent integrated solutions by intimately understanding our customers' work flow. These solutions can take the form of instruments, software packages or application knowledge as well as Services and Consumables. Tecan draws great strength from the breadth and depth of its technology portfolio. We have also changed our organizational structures to utilize our own areas of expertise even more effectively.

Does the company plan to achieve these objectives on its own?
Thomas Bachmann: We intend to collaborate even more closely with customers and outside development partners such as universities and research institutions and expect fresh impetus for innovation from those efforts. On the industrial side, we enter into carefully selected cooperation and licensing agreements. Our goal is to maintain a focused range of products and services and to distinguish ourselves in our core areas of expertise. In order to offer our customers total solutions, we are looking for reagent and other instrument manufacturers with whom we can enter into cooperative development and marketing agreements.

Which customer segments does Tecan intend to target in particular?
Thomas Bachmann: One strength we can build on is our well-established direct business segment. We see potential in the need for further automation of sample preparation procedures in a wide variety of applications. We are also developing new geographic markets and adding to our consumables business. Our goal is to strengthen customer loyalty by offering innovative products and excellent service and advice. In the direct business, our efforts are aimed at consolidating our position as the market leader.

«A core objective of the strategy is to achieve a continuously high rate of innovation»

Tecan is already the market leader in most product segments. Doesn't this status limit the company's possibilities for growth?
Thomas Bachmann: We do in fact have large shares of the direct business market. But there is great potential in OEM business. To date, diagnostic companies largely covered their needs for laboratory equipment themselves. Increasingly, however, they are refocusing on their core competencies and outsourcing process steps requiring IT and engineering expertise to specialized suppliers. This large market is still underdeveloped. Internally, we are taking the necessary steps to develop attractive solutions for OEM customers. We expect to see this new segment boost growth at Tecan from 2011 onward.

Why will it take so long for OEM business to bring about this desired growth?
Thomas Bachmann: Outsourcing requires major changes on the part of customers. Tecan will also be required to make special efforts initially. First, we have to attract new customers and develop instruments for them. Then we have to get these instruments approved in regulatory testing procedures and launch them on the market. It takes four years from customer acquisition to product launch. Once the new products are established, however, this business is very stable due to the effort and expense involved in any change.

Public health care is in trouble in many countries. Politicians are calling for dramatic cost cuts. Doesn't that pose a threat for Tecan?
Thomas Bachmann: Many of our customers are undoubtedly being told to cut costs and increase efficiency. We can help them do so in many respects: laboratory automation has a great leverage effect in reducing costs. Fast, reliable testing processes can help clinical operations avoid many unnecessary interventions. Research and development in the pharmaceutical industry also become less expensive when throughput times are shortened and results can be generated more reliably and efficiently.

What makes Tecan attractive for investors?
Thomas Bachmann: Tecan has steadily increased its revenue and income in recent years. We have a clear strategy for long-term profitable growth. Tecan is a leading market player in all product areas. The company generates a significant cash flow and obtains a strong return on capital employed. It has a solid financial base. Our financial reporting is very transparent and we engage in an intensive dialog with the financial community. Our products, which really do improve people's lives, as well as the strong fundamentals of our markets, should be a decisive criterion for long-term investors.

«Our products, which really do improve people's lives should be a decisive criterion for long-term investors»

Thomas Bachmann
Chief Executive Officer

Tecan's 7 strategic Key Imperatives

Strengthening our current business	Shaping our market space	Stretching our boundaries
Core business • Setting the foundation for future growth	**Future growth drivers** • Developing our future growth drivers • Creating new applications	**Strategic aspirations** • Creating new markets
– 1 – Regain and sustain innovation leadership – 2 – Create an organization geared towards performance, possessing the sense of urgency, clarity of purpose and skills to succeed – 3 – Become an effective executor of alliances, partnerships and acquisitions – 4 – Strengthen and maintain leadership in the core platform/direct business	– 5 – Build the leading OEM business based on dedicated products within our targeted segments – 6 – Build a strong consumables business and drive enabling content	– 7 – Ensure participation and leadership in emerging fields of genomic & cell-based research and testing

We develop our future...

...by applying our knowledge, creativity and initiative to achieve *innovation*.

We are working in a field that is highly advanced and develops at a rapid pace. Innovation is a central part of Tecan's strategy and we are taking the necessary steps to maintain our position at the forefront of technology and ideally serve our customers.

Tecan is and always will be an innovation-driven company and, in 2007, we have taken several new measures throughout the organization to further strengthen our innovation capabilities.

As a completely new approach, we have established an Innovation and Incubation Group that is tasked with looking at advanced, strategic technologies and at how collaborations with universities, research institutes and other centers of excellence can benefit our development pipelines. Early achievements of this team include projects focusing on research that either spans multiple business segments or may bring us into new markets, for example, licensing brand new technologies and testing their feasibility for successful commercialization.

We continually scan the market for new ideas, and especially for more opportunities to establish beneficial collaborative agreements with third parties. Working with external partners in many capacities is helping to accelerate our development cycles, reduce costs and make the whole process far more efficient.

Within each business segment, we are channelling our efforts into identifying precisely how innovation can support our customers' needs. It is clear that technical innovation alone is not enough. We need to present our customers with the right solutions, and a thorough understanding of their challenges in the very early development, coupled with our core competencies in advanced robotics, detection and software, delivers the strongest results. For example, the Components segment has developed two new product lines this year with direct input from customers. These products, which represent a new generation in liquid handling and robotic modules, were designed with quality and reliability – the key drivers in this business – in mind from the very start. The response from early access customers has been extremely positive as a result.

Similarly, the Detection business segment visited a number of key customers at the beginning of new development projects, garnering detailed information about workflows and technical challenges, but also getting a strong idea of how the customer thinks and works into the heads of the people developing the products.

For the Sample Management team, the emphasis for innovation in 2007 was on the Sample Safe, the compact –80 °C store for biological samples. As well as developing the technical innovation to work with such low temperatures, the team had to immerse themselves in the science of biological samples, compared to the chemical compounds administered by the other stores. Here, the synergies of Tecan's different business segments were a great advantage and the teams were able to share their knowledge and skills.

Tecan's new MultiChannel Arm™ 384 for the Freedom EVO® workstations is an excellent example of our improved innovation processes in action. This latest liquid handling module was developed to directly address new requirements from the market, giving customers accuracy and efficiency for state-of-the-art high throughput applications, as well as the flexibility to switch rapidly and easily between different pipetting configurations. Our new solution was developed in association with an external partner, resulting in a faster, more efficient and cost-effective development cycle.

Simultaneous pipetting of 384 wells

After talking to customers at length, the development team added extra functionality to existing technology, and created an outstanding product that takes liquid handling to the next level and offers more benefits to the customer than similar competitive technologies. As well as being compatible with current systems, the MultiChannel Arm 384 represents a bridge to Tecan's new generation of liquid handling technology which is currently under development.

«We have established an Innovation and Incubation Group that is tasked with looking at advanced, strategic technologies»

We develop our future...

...by tracking developments in our *markets* with the utmost attention.

Laboratories from many disciplines depend on Tecan for reliable and accurate instrumentation. Our in-depth knowledge of our principal markets in the life science research, forensic and diagnostic fields helps us to provide the solutions these laboratories need to address their automation requirements.

Market Overview
Our instruments are essential to many cutting edge developments taking place in laboratories throughout the life science industry, worldwide. We provide the tools that enable scientists to ask – and answer – critical questions, whether they are investigating areas of the brain, screening DNA samples to link a perpetrator to the scene of a crime, or developing new diagnostic tests for medical and veterinary communities, for example, for biomarkers in cancer or the bluetongue virus in livestock. Our automated instruments provide the capabilities, robustness and efficiency required to transform today's ideas into knowledge for future generations. From large-scale projects, requiring the handling of millions of individual test tubes, to intricate procedures, such as measuring DNA in minute quantities, our high quality, reliable instruments consistently perform the required tasks.

Tecan serves three main markets: the life science research industry consisting of the world's leading pharmaceutical, biotechnology and academic research laboratories; the forensics industry relied on by law enforcement and government laboratories; and the diagnostics industry, which is comprised of blood banks, hospital laboratories and other leading reference laboratories. Our instruments also offer ideal solutions for other markets, such as quality control testing for the food and beverage markets or crop research. Finally, Tecan is a leader in the development and manufacturing of OEM instrumentation, serving some of the largest companies in our industry. Our business segments address each of these markets with the full range of automation solutions they require.

Life Science Research
Life scientists endeavor to understand life from its smallest molecules upwards, using the knowledge gained to develop treatments for diseases affecting the life of millions of people.

Key drivers of automation:
- Continuous advances in genomics, proteomics and chemistry create significant numbers of new potential targets, requiring increased screening throughput.
- Strong demand for process integrity requires more reliable system performance to achieve higher quality data.
- Increasing need for industry-standard, application-focused solutions arises as smaller laboratories move away from their own protocols towards simpler, standardized automation.

« Tecan instruments play a decisive role in pioneering life science projects worldwide »

Alleviating bottlenecks for researchers around the world
A new antibody production system developed by Tecan in association with the Monash Antibody Technologies Facility (MATF) at Monash University, Australia, will help to ease the bottleneck of antibody supply experienced by many researchers working on important projects worldwide.

Monoclonal antibodies are essential for a growing number of applications in life sciences; in the research world, they are crucial to the understanding of a myriad of physiological processes, and have led to new approaches in the treatment of several diseases; in the medical world, they are used as diagnostic agents for cancers or infectious diseases, as vaccines to boost the body's immune response, and as drugs, directly targeting cancerous cells or decreasing the body's own immune response in diseases such as rheumatoid arthritis and multiple sclerosis.

Liquid handling workstations can automate all stages of monoclonal antibody production

The system is based around multiple, integrated liquid handling workstations and sample storage systems and will be operational in 2008, fully automating all the stages of the production process and providing one of the highest throughputs and highest quality antibody production facilities in the world today. Tecan's Integration Group has already designed and implemented a series of new innovations for the Monash system that are being reviewed as potential solutions for the wider life sciences market.

Forging partnerships with the industry leader of the forensic DNA testing market

As countries around the world increasingly rely on DNA evidence, the number of samples submitted for DNA analysis continues to grow in many forensic laboratories. However, the sample processing required prior to DNA analysis is labor-intensive and may introduce errors. In recognition of these challenges, Tecan has embarked on a collaboration with Applied Biosystems, the leading global provider of forensic DNA testing systems to co-develop an automated DNA workstation that will streamline many of today's manual processes, the HID (Human Identification) EVOlution™ System.

HID EVOlution System streamlines DNA processing in forensics laboratories

This new system integrates the Liquid Handling capabilities of Tecan's Fredom EVO 150 workstation and software with Applied Biosystems DNA genetic analyzers, analysis software and DNA testing kits, and was designed to significantly reduce the amount of time and effort needed to process DNA samples. Just as importantly, the system also tracks each sample and maintains a record of the chain of custody, preserving the integrity of evidence which is ultimately presented in a court of law.

The HID EVOlution™ System provides forensic laboratories a new validated solution that effectively processes DNA samples more quickly and securely, helping to support the legal and law enforcement community in the prosecution of crime.

Forensics

In forensics, our customers support law enforcement and judicial organizations in criminal investigations and court proceedings.

Key drivers of automation:

- Increasing global recognition of forensic/DNA evidence in legal and law enforcement systems globally drives significant growth in testing volumes.
- High requirement to maintain an impeccable chain of custody and contamination-free processing demands automated approaches.
- New technologies increasingly make use of DNA evidence feasible also for smaller police and forensic laboratories.

Diagnostics

Diagnostic testing is essential to the basic management of patient care, allowing physicians to detect disease earlier, make a diagnosis, prescribe therapies and monitor results.

Key drivers of automation:

- Growing awareness that new diagnostic tests at early stages can save considerable time and costs during patient treatment.
- Regulatory compliance is increasingly demanding standardized systems with reproducible results.
- Increased outsourcing of automation solutions as market players focus on their core competencies and need to replace existing automation solutions.

Providing reliable, flexible solutions to today's veterinary scientists

Veterinary scientists throughout Europe, including those at the Chemical and Veterinary Investigative Institute in Krefeld, Germany, rely on Tecan's technology to monitor a number of infectious diseases in livestock. In recent years, an insect-borne viral disease called Bluetongue, which was previously only found in warmer Mediterranean climates, has broken out in Western European countries. Bluetongue occurs primarily in sheep and cattle, and is potentially devastating to farmers and a country's economy. There is currently no effective treatment, so it is critical that the disease is strictly monitored using rapid and sensitive detection methods.

The Institute at Krefeld has installed an automated liquid handling workstation from Tecan precisely for this reason. The performance of the Tecan system means that the scientists will be able to respond rapidly to sudden outbreaks of disease and will continue to deliver fast and reliable test results on time.

Livestock diseases are monitored using rapid and sensitive detection methods

Life Science Research

Life Science researchers seek to understand life from its smallest molecules upwards, using the knowledge gained to continually advance all aspects of the treatment of disease.

In vitro Diagnostics

Diagnostic testing is essential to the basic management of patient care, allowing physicians to detect disease earlier, make a diagnosis, prescribe therapies and monitor results.

Forensics

Forensic scientists use highly regulated processes to isolate and identify biological evidence for supporting criminal investigations and court proceedings.

Our Markets

Direct sales

Our Distribution Channels

OEM

Our Business Segments

Components & Detection

We supply developers of new laboratory instruments with the critical liquid handling components they need. Our detection technologies and encompassing readers, washers and microarray solutions are used by research laboratories of every size to measure and analyze the results of their experiments.

Liquid Handling & Robotics

We provide the solutions and outstanding reliability for the automation of even the most complex work flows, improving the efficiency and safety of almost any laboratory process.

Sample Management

Our fully automated, scalable sample storage and retrieval systems store and provide access to hundreds, thousands or even millions of biological or chemical samples at a range of temperatures, boosting quality, efficiency and workflow in the management of sample libraries.

We develop our future...

...by working together with our *customers* at the cutting edge of events.

The new structure of our business segments mirrors our day-to-day operations. Across all of our businesses, we are listening closely to our customers and developing relationships with third-party suppliers to stay on top of developments in all our areas of expertise.

A New Approach to Our Business

This year we have introduced a new reporting structure for our business segments that reflects our ongoing dedication to creating the highest possible transparency for our investors. The new structure groups our high volume products, such as pumps, robotic arms, microplate readers and washers, and microarray systems, within the business segment Components & Detection; Liquid Handling & Robotics covers our full range of robotic platforms and workstations; and Sample Management includes storage systems and their associated instruments and consumables.

This approach closely follows the way we manage our business on a daily basis. Services and consumables are integrated parts of each of these reporting segments and are, of course, an important part of Tecan's overall market presence. On a global level, a new business system will standardize our service offerings so that contracts are more transparent and more clearly defined, and customers can easily attach a value to the contract they choose. This will be especially useful for our global customers as contracts will be consistent all over the world.

Since this is our first year of reporting in this new structure, it is not possible to provide figures for 2006. The statements regarding the growth of the segments are based on estimates.

In 2007 we also concentrated on making our consumables business more visible to the market. A new section of Tecan's website provides far more information than ever before, and our instrument sales teams are fully updated on the complete portfolio of consumables products and prepared for cross-selling opportunities.

Components & Detection

Tecan's pumps, valves, robotic arms and software serve as liquid handling components for many instruments which, in turn, are used in almost any application within life science, clinical diagnostic or analytical chemistry laboratories. We pride ourselves on our quality product lines that offer the repeatability and reproducibility our customers need, and are fully compliant with new compulsory directives.

Our innovative range of flexible, automated microplate and microarray instruments include multifunctional, modular and upgradeable systems that offer laboratories the flexibility to grow with the demands and complexities of research, whatever their technology and throughput requirements. Our microplate readers and washers can operate as stand-alone instruments or integrate fully with our liquid handling workstations, creating powerful integrated systems. Our array scanners and hybridization solutions on the other hand offer powerful performance for today's leading genomics laboratories.

Highlights of 2007

Innovation has been a clear driver this year, with the development from concept to pre-launch of new generations of two major component product lines, the early success of our quad4 monochromator™ technology in microplate readers, and the launch of the HydroFlex™ washer.

Our development teams have listened closely, not only to what customers want now, but also to what they think the future holds in these markets. For the liquid handling modules, this means long life, reliability and smaller sample sizes; for the robotics components, it's position accuracy and flexibility; and for washers, the trend for customers using more tedious and error-prone combined assays has opened up the need for more flexibility.

The response to the new components products from early access customers has been very positive, not least because, as instrument developers themselves, our customers understand the benefits of quality and reliability, as well as the importance of building these factors in at the very start of development. Similarly, the success of the new detection technologies has helped to secure and stabilize our number three position in this market.

In 2007, we continued to guide many of our customers through the changes that the Reduction of Hazardous Substances (RoHS) directive recently brought to the industry. The task of implementing these changes in every part of our business was enormous and, by taking a controlled, proactive approach very early in the process, we have been able to address our customers' new requirements in a knowledgable and timely manner, strengthening our position even further in this market.

«Our development teams have listened closely, not only to what customers want now, but also to what they think the future holds»

Customers are prepared to pay a premium for innovative technology and sales of microplate readers and washers increased significantly in the US, as did those of microarray solutions. This year saw Tecan ahead of the competition again in the this area, with the introduction of the QuadChamber™ for higher density microarray applications using the HS Pro™ series, giving customers the extra automation and standardized procedures that they need. Overall, the biggest growth in the detection business was seen in the Asian region, led by Japan, India, Australia and Singapore, followed by the new European countries, Russia and the Middle East, where governments are investing heavily in healthcare.

Performance

In our Components & Detection business segment, we achieved revenues of CHF 124.0 million in 2007. Driven by the launch of new products and a successful turnaround in the Japanese market, the segment was able to realize solid growth. EBIT for the reporting period reached CHF 11.6 million or 9.3% of revenues.

Liquid Handling & Robotics

Liquid handling is at the core of our business. It is both our largest business segment and the technology that founded Tecan over 25 years ago. Today, we supply innovative automated systems to the life science research, forensic and diagnostics markets, with relentless attention to detail and strong global customer service. Our systems offer flexible solutions and outstanding reliability for pipetting small and large volumes of liquids independently and in parallel, improving the efficiency and safety of almost any laboratory workflow.

Highlights of 2007

This year, we have continued to align activities to our underlying strategy, improving operational efficiency by reducing the number of projects in the R&D pipeline and directing resources to more fundamental developments. The focus continues to shift away from developing features that are just technically impressive, to concentrating on exactly what our customers need from our systems. Spending more time early in the development process will help us to reach a better understanding of the market and will enable us to define exactly what we need to achieve with the systems and features we offer.

To help in this process, we are turning our attention even more to the applications themselves. We actively encourage collaboration with the scientific communities and, through initiatives such as published papers and scientific symposia, are establishing Tecan as a leading force in scientific development. At the same time, we have built significant relationships with a number of major life science companies, including GE Healthcare and Applied Biosystems, combining our respective technologies where they complement each other and together providing the customers with the solutions they need.

In the OEM business, we are leveraging our strengths and refocusing our efforts with the creation of a dedicated sales organization and the investment in additional ressources to meet the demand from our OEM customers.

Performance

Within the business segment Liquid Handling & Robotics we were able to further strengthen our already strong levels of profitability despite the fact that revenues, as previously communicated, were impacted by the cancellation of an OEM development project. Liquid Handling & Robotics achieved revenues of CHF 246.6 million and EBIT of 56.9 million amounting to an EBIT margin of 21.5%. During the year under review, the customer services business within this segment developed particularly positively.

Sample Management

Sample Management is all about storing and accessing hundreds, thousands or even millions of biological or chemical samples at temperatures as low as -80 °C. Within our Sample Management business segment, we develop and supply advanced compound storage systems. Our fully automated, scalable sample storage and retrieval systems and their associated devices boost efficiency and workflow in the management of sample libraries, and improve quality and safety for all applications. To achieve the levels of reliability and uptime for which we are known, our storage systems rely on our unique patented Tube Technology™, a range of consumables that revolutionized sample management when it was first launched in 1997, and is today considered by many to be the industry standard in the compound storage market. We are continuing to transfer our skill and expertise in chemical storage systems and consumables to meet the requirements of the emerging market for biological storage.

Highlights of 2007

This year saw significant developments in Tecan's Sample Management business in Japan, one of the fastest growing markets in the field. Many pharmaceutical companies there have yet to invest in state-of-the-art sample management solutions and, since REMP Nippon was established at the start of this decade, we have steadily prepared the market and are now beginning to reap the benefits of this early activity. Two Mid-Size Stores have been installed this year, and two large systems have been built for a major Japanese pharmaceutical company.

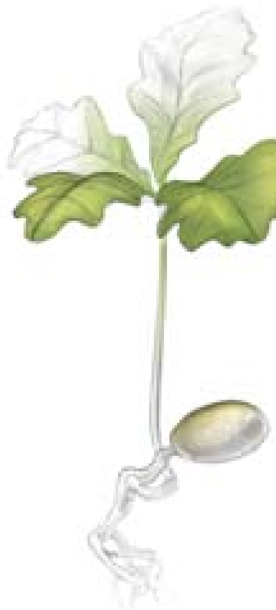
In addition, the customer base of the Small-Size Store™ (SSS) has broadened and the first three factory systems, combining the Freedom EVO® and SSS, have been sold to customers in the US, India and Germany. For these new customers, we offer a significant advantage over our competitors with a standardized, off-the-shelf solution that can be delivered comparatively quickly.

Finally, this year saw a major effort in finalizing the development of a storage system for biological substances. This effort is based on the conviction that, just as in chemical sample management, advanced, efficient and secure storage solutions will be required to address the growing repositories of biological samples being amassed by researchers as they increasingly also work with cells, tissues or other biological material in their research.

Performance

The business segment Sample Management secured a number of important projects in 2007, most notably in Japan. It achieved a slight increase in revenues to CHF 39.9 million. Driven by the costs associated with an increased global presence and the above mentioned development project, EBIT for the reporting period decreased, amounting to CHF 0.1 million or 0.4% of revenues. Sample Management is working on targeted product innovations to address new market segments and on achieving increased levels of profitability.

«Services and Consumables are an important part of Tecan's overall market presence»



We develop our future...

...by practicing *sustainability* to ensure the future of the environment.

For Tecan, acting responsibly towards people and the environment is integral to corporate management. Tecan makes substantial investments every year to achieve high standards of product and work safety and to minimize the environmental impact of its processes.

Tecan has established processes groupwide and at its individual business locations to ensure compliance with national laws and regulations and with internal guidelines for safety and environmental protection. In keeping with the goal of sustainability in its corporate actions, Tecan pursues internal standards in many areas that are even higher than those required in national law and in stringent industry regulations.

Tecan cooperates closely with public authorities and standard-setting bodies around the world to recognize new regulatory trends as early as possible, as well as trends in occupational safety and environmental protection and to integrate them in its corporate processes. Tecan actively shapes these developments by participating in pertinent industry associations in all relevant economic regions.

Tecan has defined and installed a global risk management process to recognize risks early on in all areas of the company. It monitors occupational safety risks as well as environmental and product risks. The company identifies these risks, assesses their probability and takes suitable action to mitigate them.

Internal and external specialists regularly inspect Tecan's manufacturing plants to ensure compliance with legal regulations and internal standards for occupational safety and environmental protection. Each year, all Tecan business locations are subjected to a number of audits by governmental authorities, by inspection, monitoring and certification agencies and by customers. Tecan operates in accordance with the requirements of the ISO 14971 standard (Risk Management for Medical Devices), which covers a product's entire life cycle. All of Tecan's manufacturing plants are also certified according to the ISO 13485/2003 standard. By 2009, Tecan intends to have all sales locations also certified under ISO 13485. In 2007, three sales locations already received this certification. Tecan developed the relevant processes in collaboration with the international certification agency, TÜV Product Service, which also performs the certification and the annual monitoring audits.

In 2007, Tecan launched a program for employees entitled «Health & Safety in the Work Environment», which will be implemented worldwide this year. In production, Tecan relies on materials with the smallest possible environmental impact and properly disposes of this material in accordance with the EU Directive on Waste Electrical and Electronic Equipment (WEEE Directive).

Tecan Anticipates Global Trends in the Environmental Sector

The RoHS Directive has applied since July 1, 2006, for most applications in the European Union and partially in Asia. It prohibits the launch of equipment containing more than minimal quantities of lead, cadmium, mercury and certain other substances that are poisonous and difficult to degrade.

Tecan's implementation of the RoHS Directive is an example of our commitment to the environment

Implementation poses major technical difficulties, so medical and other important devices are initially excluded from the directive. However, Tecan is convinced that the high RoHS standard will become the norm for medical devices beyond Europe and becoming applicable worldwide. Tecan supports this ecological objective. Tecan has thus begun to incorporate RoHS specifications in product development. With components from Tecan, customers can rest assured of acting in the interest of the environment and of having equipment that will also meet legal requirements over the long term.

«Each year all of Tecan's production locations are subjected to a multitude of audits»

We develop our future...

...by creating an environment for our *employees* that allows us to succeed together.

Our over 1,100 highly qualified and motivated employees are crucial to sustainable success at Tecan. In 2007, Tecan launched a comprehensive program for the further development of all employees and managers. Its objective is to create a corporate culture where a strong spirit of innovation and a constant willingness to excel flourish.

Tecan is a responsible employer with personnel policies that are binding on all its companies around the globe. Modern national hiring rules ensure compliance with gender equality, non-discrimination and other legal requirements. Tecan managers and employees are held to a strict code of ethics.

Common Values for a New Corporate Culture

In the autumn of 2006, Tecan implemented its long-term corporate development strategy. The objectives defined in this strategy can only be achieved in a corporate culture that promotes a strong spirit of innovation and an unwavering orientation towards market and customer needs. Another decisive factor is the willingness to cooperate across organizational and national lines to deliver consistently high performance. In the spring of 2007, the Group Executive Committee drew up a set of values and binding guidelines for all managers and employees at Tecan as a basis for this new corporate culture. Over the course of the year, these fundamental principles were presented to all company employees around the world.

Tecan has established a number of new human resources processes based on these values. A performance management process covers annual goal agreements, measurement of goal attainment for all employees and a variable salary system with an options program for managers. The corporate values are also integrated in the job descriptions Tecan has drawn up for recruiting new employees.

Substantial Investments in Basic and Continuing Training

The basic and continuing training of management and employees is given high priority at Tecan. Human resources development has been intensified and systematized with the initiative launched in 2007. All managers attend leadership seminars to equip them to perform management tasks and can also take advantage of personal coaching on various aspects of management. Every year, employees sit down with their supervisors to determine new tasks they might undertake, the qualifications required to achieve them, and their individual needs for continuing training. International and local training programs cover a broad range of offerings. Tecan is in the process of establishing a standard global platform to monitor continuous specialized training in those areas of expertise that are crucial to business. This platform is also especially important for satisfying regulatory requirements.

In countries with a dual educational system, i.e. separate tracks for academic and vocational training, Tecan trains apprentices in a variety of occupations.

Broad Base of Support for Corporate Values

Performance and goal-oriented action, enthusiasm and pride, trust and respect – these are Tecan's core values that form the basis of the new corporate culture. These values are intended to guide the daily actions of each employee. Tecan launched a company-wide campaign in 2007 to familiarize all employees with these values. Workshops were held to inform employees about Tecan's vision and values and its strategic objectives. In round table discussions with management, they talked about what vision and values actually meant at their job and what each employee can do to help implement the long-term growth strategy. Posters and work manuals ensure that these insights are not forgotten in the hectic of day-to-day business.

Our Vision, Mission and Values unite the global Tecan family

« The Tecan corporate culture promotes a spirit of innovation as well as market and customer orientation »

Corporate Governance

Information pursuant to the Directive on Information Relating to Corporate Governance of the SWX Swiss Exchange.

1. Group structure and shareholders

Group structure

Tecan Group Ltd. (the «Company»), Seestrasse 103, 8708 Männedorf, Zurich, Switzerland, is the parent company of the Tecan Group.

The Company is listed on the SWX Swiss Exchange.

Security symbol:	TECN
Security number:	1 210 019
ISIN:	CH0012100191
Telekurs Financial:	TECN
Bloomberg:	TECN SW
Reuters:	TECN.S

As of December 31, 2007, the Company's market capitalization was CHF 769 million.
The list of consolidated subsidiaries, none of which is publicly listed, is presented in the financial section on page 80 of this Annual Report. The operational group structure is organized into the Business Segments Components & Detection, Liquid Handling & Robotics, and Sample Management segments. The segment reporting based on this structure is presented in the financial section on page 72 of this Annual Report.

Major shareholders

As of December 31, 2007, the following shareholders held more than 3% (2006: more than 5%) of Tecan's shares:

	2006		2007	
	Shares	%	Shares	%
Chase Nominees Ltd., London [1]	1,407,594	11.7%	1,407,594	11.7%
Fidelity Management & Research Company, Boston (US)	687,115	5.7%	1,349,560	11.2%
BB Medtech AG, Schaffhausen (CH) [1]	1,212,780	10.1%	1,212,780	10.0%
Tecan Group Ltd., Männedorf (CH)	-	<5.0%	772,900	6.4%
UBS Fund Management (Switzerland) AG, Basel (CH)	-	<5.0%	639,220	5.3%
TIAA-CREF Investment Management LLCC, New York (US)	-	<5.0%	593,767	4.9%
Oppenheimer Funds Inc., New York (US)	-	<5.0%	549,615	4.6%
FIL Fidelity International Ltd., Hamilton (BM)	-	<5.0%	457,824	3.8%
Schweizerische Unfallversicherungsanstalt (SUVA), Lucerne (CH)	920,000	7.7%	-	<3.0%

Numbers of shares according to the most recent shareholder notifications to the SWX; the percentages are adjusted to the actual share capital as of the end of the reporting period.
[1] No disclosure notification in the year under review

The Company does not have any cross-shareholdings exceeding 5% of the capital or voting rights on both sides.

2. Capital structure

Capital structure of Tecan Group Ltd. as of December 31

	2005	2006	2007
Number of shares	11,891,823	12,005,607	12,078,381
Nominal value per share CHF	1.00	1.00	0.55
Share capital CHF	11,891,823	12,005,607	6,643,110
Legal reserves CHF	36,562,977	36,562,977	61,640,889
Net retained earnings CHF	111,984,865	130,675,771	120,261,396
Shareholders' equity CHF	**160,439,665**	**179,244,355**	**188,545,395**
Capital reduction			
Nominal repayment			
Number of issued shares on repayment date	-	-	12,075,250
Reduction in share capital CHF	-	-	(5,433,863)
Increase in reserves CHF	-	-	244,378
Cancellation of treasury shares			
Number of treasury shares cancelled	453,000	-	-
Reduction in share capital CHF	(453,000)	-	-
Reduction in reserves CHF	(15,402,000)	-	-
Conditional share capital			
Reserved for employee stock option plans			
Number of shares	1,108,177	994,393	921,619
CHF	1,108,177	994,393	506,890
Reserved for future business development			
Number of shares	-	1,800,000	1,800,000
CHF	-	1,800,000	990,000
Authorized share capital			
Expiring on April 26, 2008			
Number of shares	-	1,200,000	1,200,000
CHF	-	1,200,000	660,000

As of December 31, 2007, the Company's share capital was CHF 6,643,110, divided into 12,078,381 registered shares with a nominal value of CHF 0.55 each. Each share is entitled to any dividends approved by the shareholders. The Company does not have any bearer shares, participation certificates, or bonus certificates outstanding.

Conditional share capital – changes in capital

In 1997, the Company's shareholders approved conditional share capital of CHF 1,300,000 (consisting of 1,300,000 registered shares with a nominal value of CHF 1.00 each) for purposes of employee stock options. Several employee stock option plans were adopted based on this conditional share capital. Details of options granted under these plans are given in the consolidated annual financial statements, note 14 «Employee benefits». Due to the exercise of 72,774 options during the 2007 fiscal year (2006: 113,784 options; 2005: 4,217 options), the Company's share capital was increased by CHF 71,365 (2006: CHF 113,784; 2005: CHF 4,217) and the conditional capital was decreased by 72,774 shares (2006: 113,784 shares; 2005: 4,217 shares). As of December 31, 2007, 289,815 shares of the conditional share capital were reserved for outstanding employee stock options. These shares correspond to a share capital of CHF 159,398.

On April 26, 2006, the shareholders approved the creation of additional conditional capital under which the Company's share capital may be increased through the exercise of conversion rights or options granted in connection with bonds or similar instruments issued by the Company or group companies or through the exercise of options granted to shareholders. Such capital increase shall not exceed CHF 990,000 through the issue of a maximum of 1,800,000 registered shares to be paid in full with a nominal value of CHF 0.55 each.

The shareholders' pre-emption rights are excluded. The acquisition of registered shares through the exercise of conversion or option rights and any further transfer of registered shares is subject to the restrictions specified in Article 5 of the Articles of Incorporation. In case of convertible bonds or bonds with option rights, the preferred subscription rights of the shareholders may be restricted or excluded by resolution of the Board of Directors 1) in order to finance or refinance the acquisition of companies, parts of companies or equity investments or 2) in order to issue convertible bonds and bonds with warrants on international capital markets. If preferred subscription rights are excluded, then 1) the bonds must be placed at market conditions, 2) the exercise period must be set at not more than five years from the issue date for warrants and not more than ten years for conversion rights and 3) the conversion or exercise price for the new shares must be set at least in line with the market conditions prevailing at the date of the bond issue.

Authorized share capital
On April 26, 2006, the shareholders approved the creation of authorized share capital, which authorizes the Board of Directors to increase the share capital at any time up to April 26, 2008, by a maximum of CHF 660,000 through the issue of not more than 1,200,000 registered shares to be paid in full with a nominal value of CHF 0.55. Increases by way of firm commitment underwriting as well as partial increases are permitted. The respective issue amount, the dividend entitlement date, the type of contributions and any possible acquisition of assets will be determined by the Board of Directors. After acquisition, the new registered shares are subject to the restrictions specified in Article 5 of the Articles of Incorporation. The pre-emption rights of the shareholders may be restricted, excluded and allocated to third parties by resolution of the Board of Directors, if the new shares are intended to be used 1) to pay for the acquisition of companies, parts of companies or equity investments, 2) to finance or re-finance the acquisition of companies, parts of companies or equity investments, or 3) for an international placement of shares. Shares for which subscription rights were granted but not exercised must be used by the Board of Directors in the interest of the company.

The Company does not have convertible bonds or any options other than the aforementioned outstanding employee stock options.

Limitations on transferability and nominee registration
Registration of voting rights in the Company's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account. No person will be registered as a shareholder with voting rights for more than five percent of the share capital, regardless of his or her total holdings. The Company's Board of Directors may register nominees for not more than two percent of the share capital as shareholders with voting rights in the share register. Nominees are shareholders who do not explicitly declare in the application for registration that they hold the shares for their own account and with whom the Company has entered into a corresponding agreement. Further, for shares in excess of two percent of the share capital, the Board of Directors may register nominees with voting rights in the share register if such nominees disclose the names, addresses, nationalities and shareholdings of those persons for whose account they hold two or more per cent of the share capital.

Legal entities and companies which are related to one another in terms of capital and voting power, management or otherwise, as well as individuals, legal entities or companies coordinating their actions in order to circumvent the registration restrictions are considered to be one person. The Board of Directors is entitled to grant exceptions from the registration limit in special cases. No such exceptions were granted in the year under review. The procedures and conditions for canceling these limitations on transferability are described in section 6.

3. Board of Directors

Board of Directors
Brief profiles of the members of the Board of Directors can be found on pages 28 and 29.

Independence
All the members of the Board of Directors are non-executive members. None of the Board members was formerly a member of the management of Tecan Group Ltd. or any group company during the period under review or the three preceding periods.

Election, term of office, organization and responsibilities
Pursuant to the Company's Articles of Incorporation, the Board of Directors is composed of a minimum of one and a maximum of seven members, who are elected for a term of one year. Re-election after the end of the term is permitted. The Board of Directors is responsible for the ultimate supervision and management of the Company, including the establishment of general strategies and guidelines, as well as for all other matters which are not transferable by law. To the extent permitted by law and insofar as no contrary provision is made in the Company's Articles of Incorporation and Organizational Regulations adopted by the Board of Directors, the management of the Company's affairs is delegated to the Management pursuant to Organizational Regulations.

The Board of Directors meets as often as business matters require. The Board meets at least five times a year upon invitation of the Chairman, or, in his absence, upon invitation of another Board member. All Board members are entitled to request a meeting indicating the reason. The meetings usually last one whole day. As a general rule, the CEO and CFO, together with other members of the Executive Committee or the management invited by the Chairman, attend (at least partially) the Board meetings. The meetings may also be held by video conference or by telephone. The Board of Directors passes its resolutions with an absolute majority of votes of the Board members present. In the event of a tie, the Chairman of the Board has the deciding vote. Resolutions may be passed by means of circulars, unless a member requests discussion in a formal meeting.

Committees
The Board of Directors may appoint from amongst its members committees for the preparation and implementation of its resolutions and for exercising its supervisory function. The committees meet upon invitation of the respective chairman and as often as business requires, but at least twice a year. The committee meetings usually last between two and three hours. The committees pass resolutions and proposals to be presented to the entire Board of Directors with a majority of votes cast, provided that at least two committee members are present. Resolutions may also be passed by means of circulars. The Board of Directors has established three committees which are composed as follows:

	Audit Committee	Nomination and Compensation Committee	Strategy and Technology Committee
Mike Baronian	Member		
Heinrich Fischer		Chairman	
Armin Seiler		Member	
Gérard Vaillant		Member	Chairman
Peter Ryser			Member
Cleto De Pedrini	Chairman		
Jürg Meier	Member		Member

Audit Committee
The Audit Committee is comprised of at least two members. The principal tasks and authority of the Audit Committee are to form an impression of the internal and external auditing and to monitor cooperation between the external auditors and the Company, to assess the quality of internal control and compliance, to review the annual financial statements (consolidated and single-entity) and interim financial statements destined for publication, to report to the full Board of Directors, to make recommendations, especially with regard to the approval of annual and interim financial statements to be presented to the full Board of Directors. Moreover, the Audit Committee is responsible for monitoring the independence of the external auditors, their performance and fees, and to propose them for (re-)election at the annual general meeting. Upon invitation of the Chairman, representatives of the external auditors may attend the meetings.

Nomination and Compensation Committee
The majority of members of the Nomination and Compensation Committee must be non-executive and independent Board members. The principal tasks and responsibilities of the Nomination and Compensation Committee are to prepare and submit to the full Board of Directors proposals on the amount and form of remuneration of the members of the Board of Directors, the CEO, and the other members of the Management. The Nomination and Compensation Committee reviews reports on salary structure and development and monitors disclosure obligations with regard to the remuneration of the Management and of the Board of Directors. Moreover, the Nomination and Compensation Committee approves the employment of any staff who report directly to the CEO and proposes the appointment of the CEO to the Board of Directors.

Board of Directors

Mike Baronian
Chairman
Since 2000, elected until 2008
1947, Canadian-Swiss citizen, Degree in Finance (Concordia University, Montreal)

Professional background: Different management positions within Johnson & Johnson, his last positions being Managing Director of Cilag, Schaffhausen, 1989 to 1997, and Vice-President of Global Operations in 1998. In 1999, he was CEO of ZLB, and between 2000 and 2002, CEO of the Asklia Group. Since 2003, he has been CEO and Chairman of the Board at AZAD Pharma AG, Toffen/BE.

Other activities: Solvias AG, Basle, Board member.

Heinrich Fischer
Vice Chairman
Since 2007, elected until 2008
1950, Swiss citizen, Master of Applied Physics & Electrical Engineering (ETH Zurich), MBA (University of Zurich)

Professional background: Four years R&D in electronics (ETH Zurich, IBM); 1980 to 1990 Director of Staff Technology and Executive Vice President at Balzers Division of Oerlikon-Bührle Group; 1991 to 1996 Executive Vice President, Corporate Development at Oerlikon-Bührle Group; 1994 to 2005 Co-founder and Chairman of ISE (Integrated System Engineering); 1996 to 2007 Delegate of the Board and Chief Executive Officer Saurer Group.

Other activities: SIG AG (until April 2007), Member of the Board; Schweiter AG, Member of the Board; Gurit AG, Member of the Board; Hilti AG, Schaan/FL, Member of the Board.

Prof. Dr. Armin Seiler
Since 1998, elected until 2008
1939, Swiss citizen, MS in Mechanical Engineering (Swiss Federal Institute of Technology), MS and PhD in Business Administration (University of Zurich)

Professional background: Between 1967 and 1975, he worked as a management consultant at McKinsey & Company in Zurich and Chicago. He was CEO at Dr. Ing. Koenig AG, 1975 to 1977, and CEO at Cham Paper Group, 1978 to 1983. Between 1984 and 2006 he was professor at the Swiss Federal Institute of Technology in Zurich for Marketing and Strategic Management.

Other activities: Industrieholding Cham AG, Board member; ING Bank (Suisse) SA, Board member.

from left to right
Dr. Jürg Meier – Gérard Vaillant – Mike Baronian – Heinrich Fischer – Prof. Dr. Peter Ryser – Prof. Dr. Armin Seiler – Cleto De Pedrini

Gérard Vaillant

Since 2004, elected until 2008

1942, US citizen, Degree in Marketing (École Supérieure de Commerce, Paris) and MS (University of Sciences, Paris)

Professional background: Various senior management positions within Johnson & Johnson (US), including Vice-President, J&J International, 1987 to 1992, Worldwide President LifeScan (a J&J company), 1992 to 1995, and Company Group Chairman Diagnostics Worldwide, 1995 to 2004. He was a member of the Medical Devices & Diagnostics Group Operating Committee of J&J until he retired in 2004.

Other activities: Sensors for Medicine and Science, Inc, USA, Board member; Luminex Corporation, USA, Board member; IntegraGen, France, Board member; Vivacta Ltd, U.K., Board member; National Air Charters, USA, Board member.

Dr. Jürg Meier

Since 2007, elected until 2008

1941, Swiss citizen, Diploma as Chemist (dipl.chem.ETH, ETH Zurich), Master of Science M.S. (Rensselaer Polytechnic Institute, Troy, NY, USA), Doctor of Technical Sciences in Physical Chemistry (Dr. sc. techn., ETH Zurich), Advanced Management Program (INSEAD France)

Professional background: 1971 to 1980 various positions within Sandoz Pharma Ltd., Basel; 1981 to 1982 Visiting Scientist at Massachusetts Institute of Technology MIT (USA), 1983 to 1990 Executive Vice-President, Head of R+D and Member of the Board at Biochemie Ges.m.b.H. Kundl (Austria); 1991 to 1996 various senior management positions within Sandoz Pharma Ltd. in Switzerland, Japan and the USA; 1996 to 1997 Head of worldwide Management Development and Executive Training at Novartis, Basel; 1996 to 2006 Executive Director Novartis Venture Fund of Novartis. Since 2006 consulting and teaching entrepreneurs and start-up companies.

Other activities: Polyphor AG, Allschwil, Chairman; Member of the Swiss National Science Foundation.

Prof. Dr. Peter Ryser

Since 2004, elected until 2008

1951, Swiss citizen, MS Physics (University of Neuchâtel), PhD Physics (University of Geneva) and Masters Degree in Corporate Management (Lucerne)

Professional background: Scientific Assistant, Institute of Physics, University of Geneva, 1979 to 1984, Scientific Collaborator, Cerberus AG, 1985 to 1989, Head of Research, Siemens Building Technologies, Männedorf, 1990 to 1998 (formerly Cerberus Ltd.), since 1998 Professor of Microengineering, Swiss Federal Institute of Technology, Lausanne (EPFL).

Other activities: Sensile Technologies Ltd., Board member, Festo Microtechnology Ltd., Board member, Cranes Software International Ltd., Board member; member of the commission for education and research of Economiesuisse (umbrella organization representing the Swiss economy), member of the commission on armament of the Federal Department of Defence, Civil Protection and Sport.

Cleto De Pedrini

Since 2004, elected until 2008

1945, Swiss citizen, Degree in Public Law, Business Administration and Economics (University of St. Gallen)

Professional background: He was Head of the Export Department, Dätwyler AG, 1974 to 1980, Chief Executive Officer Truns Tuch- und Kleiderfabrik, 1980 to 1985, Chief Financial Officer, Hürlimann Breweries, 1985 to 1991, and held various senior management positions at Moevenpick AG, the last of which was Chief Financial Officer and Vice-Chairman of the Autogrill Group, from 1999 to 2007 partner of topwork ag.

Other activities: Autogrill Switzerland AG, Vice-Chairman of the Board; NovoGel Holding AG, Board member, Aquametro AG, Therwil, Board member.

Executive Committee

Thomas W. Bachmann

Chief Executive Officer since 2005

1959, Swiss citizen. Bachelor of Science degree in Mechanical Engineering from the University of Applied Sciences in Berne, Switzerland, and an Executive MBA from IMD in Lausanne, Switzerland.

Between 2002 and 2004, Thomas Bachmann served as CEO of the Steel Systems Division at AFG Arbonia-Forster-Holding Ltd., a broadly diversified business of industrial and construction supplies.

From 1985 to 2002, he was active for Rieter Holding Ltd., a leading global capital goods supplier to the automotive, textile and chemical industries. He held various operating, executive and corporate positions in Europe and the USA and was leading key projects for the company in India and Asia. His career experiences include sales and marketing, engineering and development, global supply chain management, international general management and corporate development. Thomas Bachmann began his career in 1984 as an engineering scientist at the Medical Centre of Queen's University in Canada.

Other activities: ALSSA (Analytical & Life Science Systems Association), USA, Member of the Board.

Dr. Rudolf Eugster

Chief Financial Officer of Tecan Group since 2002

1965, Swiss citizen, Degree in Chemistry (Swiss Federal Institute of Technology), PhD in Technical Science (Swiss Federal Institute of Technology), Postgraduate degree in Economics (Swiss Federal Institute of Technology).

Professional background: 1993 to 1994: strategic planning/controlling at Novartis; 1994 to 2002: Several positions at Von Roll, the last of which was CFO of Isola Composites, a joint venture between Von Roll and Isola AG.

Other activities: none.

Dr. Jürg Dübendorfer

Senior Vice President, Head of Business Unit Services and Consumables since 2006

1968, Swiss citizen, MSc in Physics (Swiss Federal Institute of Technology, Zurich), PhD (University of Freiburg, Switzerland), Executive MBA Rochester-Bern (University of Rochester, NY, USA).

Professional background: 1995 to 1998 Research and teaching assistant at the Swiss Centre of Microtechnology, Zurich, Switzerland; 1998 to 2001: Engineering Manager at Perkin Elmer Life and Analytical Sciences, Downers Grove, IL, USA; 2001 to 2004: Head of R&D Biopharma at Tecan Schweiz AG, 2004 to 2006: Product Group Manager Applications at Tecan Schweiz AG.

Other activities: none.

Christopher C. Hanan

Senior Vice President, Head of Business Development and Corporate Communications since 2006

1969, Swiss and US citizen, BSc from Georgetown University (Washington, DC, USA), MBA from the Harvard Business School (Cambridge, MA, USA).

Professional background: 1993 to 1995: Consultant at the Boston Consulting Group (BCG) (Zurich, Switzerland); 1997 to 1999: Co-Founder and Head Product & Business Development at NewView Technologies Inc. (New York, NY, USA); 1999 to 2004: Co-founder Miradiant Global Network (sold to BankOne Corp), FVP BankOne Corp, (New York, NY, & Chicago, IL, USA); since 2004 Tecan Group, Switzerland.

Other activities: none.

Michael Illek

Senior Vice President, Head of Business Unit Detection (Groedig, Austria) since 2006

1965, German citizen, Degree in Mechanical Engineering (College of Applied Sciences Giessen, Germany).

Professional background: 1988 to 1989: Tutor at Fachhochschule Giessen; 1990 to 1998 Fairchild Technologies GmbH, several positions and responsibilities such as Mechanical Designer, Team Leader, Product Engineer/Project Manager, Manager Planning/Control; since 1998 several positions at Tecan Austria GmbH, such as Project Leader R&D, Head of L&P, Project Leader SAP, General Manager of Tecan Austria.

Other activities: none.

Bernhard Iseli

Senior Vice President, Head of Business Unit Sample Management since 2005

1960, Swiss citizen, Degree in Mechanical Engineering (Berne University of Applied Sciences), MBA (SIB/ISZ).

Professional background: 1981 to 1991: Various senior management positions at Ascom AG; 1981 to 1985: Project Manager for Telephony, Gfeller AG, Berne; 1987 to 1990: Head of Construction Group, Ascom Gfeller AG, Berne; 1990 to 1991: Head of business area for wired devices, Ascom AG, Berne; 1992 to 1997: COO, Studer AG, Thun; 1997 to 1999: Head of Osteosynthesis Production with sites in Switzerland, Austria and India, Mathys AG, Bettlach; 1999 to 2002: Managing Director, Mikron Comp-Tec AG, Nidau; 2002 to 2005: COO REMP AG, Oberdiessbach.

Other activities: none.

Stephen M. Levers

Senior Vice President, Head of Business Unit Components since 2006

1954, US Citizen, BS in Finance (San Jose State University), MBA (University of Santa Clara)

Professional background: 1977 to 1980: Financial Analyst at General Electric; 1980 to 1984: Finance Manager at Atari; 1984 to 1988: Financial Analysis Manager at Zilog; 1988 to 1990: Controller at Macamerica; 1990 to 1993: several management positions at Dynatech; 1993 to 1997: Controller at Commax Technologies; 1997 to 2005: several management positions at Tecan, such as Controller of Tecan Systems (San Jose, C.A.), President of Tecan Systems.

Other activities: none.

Carl Severinghaus

Senior Vice President, Head of Direct Sales since 2007

1952, US citizen, B.A. in Public Speaking and Communications (Drake University, Des Moines, Iowa, USA).

Professional background: 1980 to 1991: National Sales Manager and other sales management positions at American Monitor Corporation (Indianapolis, IN, USA); 1991 to 1998: Vice President of Sales and National Sales Manager at Tecan US; 1999 to 2006: President and General Manager at Tecan US.

Other activities: none.

Günter Weisshaar

Senior Vice President, Head of Quality Assurance and Regulatory Affairs Tecan Group since 2003

1960, Swiss citizen, Degree in Aircraft Engineering, background and education in Quality Assurance, Management (IGW St. Gallen), Risk Management for Medical Devices, Project Management.

Professional background: until 1988: several positions in quality assurance at various companies; 1988 to 1997: Manager, Quality Assurance and Logistics at Schöttli AG; 1998 to 1999: Manager, Quality Engineering, Schneider (Europe) AG; 1999 to 2003: Manager, Quality Assurance Europe at Jomed AG.

Other activities: none.

Matthew Robin

Senior Vice President, Head of Business Unit Liquid Handling & Robotics since February 2007

1965, British citizen, MEng. in Chemical Engineering (Imperial College, London).

Professional background: 1987 to 1998: several management positions at Lonza AG in Switzerland and the US; 1998 to 2000: Head of Production and Logistics at Disetronic, Burgdorf; 2000 to 2003: Divisional Head Disetronic Injection Systems at Disetronic, Burgdorf; 2003 to September 2006: CEO of Ypsomed, Burgdorf.

Other activities: Medisize Holding, Board member.

standing

Stephen M. Levers – Thomas Bachmann – Dr. Jürg Dübendorfer – Günter Weisshaar – Dr. Rudolf Eugster

sitting

Carl Severinghaus – Bernhard Iseli – Christopher C. Hanan – Michael Illek – Matthew Robin

(Continued from page 27)

Strategy and Technology Committee

The Strategy and Technology Committee is comprised of at least three members of the Board of Directors. The majority must be independent Board members. The Strategy and Technology Committee maintains a cooperative, interactive strategic decision-making process with the Management and assures fully-informed decisions of the Board of Directors in strategic matters. Resolutions for proposals of the Strategy and Technology Committee to the full Board must be passed by majority vote. In the event of a tie, the Chairman has the deciding vote.

The principal tasks and responsibilities of the Strategy and Technology Committee are to assist in reviewing and further developing the Company's strategy to be discussed and approved by the Board of Directors, to periodically review the Management's implementation of the strategy approved by the Board of Directors, and to provide the members of the Board of Directors with knowledge and information relevant for discussion and decisions as to strategic directions. Furthermore, the Strategy and Technology Committee, together with the Management, draws up a technology strategy in accord with the overall strategy. It shall assure that the priorities in product development and resource allocation comply with the technology strategy and shall make recommendations to the Board of Directors in this regard. The committee assists the Management in identifying technology and market trends as regards licensing, acquisitions and collaborations.

Information and controlling instruments

The members of the Executive Committee are actively involved in the various committees of the Board of Directors. For instance, the CEO, the CFO and the internal and partially external auditors attend the meetings of the Audit Committee. Moreover, members of the Executive Committee meet on an ad hoc basis with individual Board members to discuss and delve more deeply into specific subjects.

Description of the periodic reporting to the Board of Directors: to monitor the Group's financial development, the Board of Directors receives monthly reports from the Group's management information system. All relevant guidelines are presented to the Board of Directors or the appropriate committees for approval to ensure backing on all major decisions. One example of this practice this past year was the Audit Committee's revision and the Board's approval of the treasury regulations and the internal controlling manual.

Internal Audit: The steady growth and complexity of its business prompted the Company to decide in 2006 to set up its own Internal Audit department. The internal auditors answer to the Audit Committee, so their independence is assured. All companies are audited on a three-year cycle based on a risk analysis. The annual audit plan consists of audits of all companies of material significance and is approved by the Audit Committee. The material findings and recommendations are summarized and submitted directly to the Audit Committee and to the CEO and CFO. The reports are also made available to the external auditors. During the year under review, Internal Audit focused its efforts on strengthening the system of internal controls in financial reporting. Audits are also conducted to monitor compliance with laws and standards and the efficiency and effectiveness of business processes.

Risk management: Risk management was further intensified in the year under review and expanded at Group level. Each business unit or production location of material significance undergoes systematic risk analysis. The results are then collected at Group level and summarized with Risk Management at Group level for reporting to the Executive Committee and to the Audit Committee.

4. Management

Executive Committee

Brief profiles of the members of the Executive Committee can be found on pages 30 and 31.

Management contracts

No agreements for delegating management responsibilities were entered into or continued in the year under review between the Company and third parties not belonging to Tecan Group.

5. Content of and Method for Determining Compensation and Stock Option Plans

The compensation structure for members of the Board of Directors and the Management and employee stock option plans are determined by the Board of Directors based on a proposal by the Nomination and Compensation Committee. The CEO and CFO participate in the corresponding committee and Board meetings, they can make recommendations but have no voting rights. The authority regarding the determination of compensation and employee stock option plans is defined in the Company's Organizational Regulations. Details on compensation and information in accordance with Art. 663bis of the Swiss Code of Obligations are contained in note 11 to the balance sheet of Tecan Group Ltd. With regard to the compensation of the management, the Board of Directors has consulted a salary study prepared by PricewaterhouseCoopers, Zurich, which benchmarked the salaries with those of other companies in the global Life Science business and of companies with similar size and market capitalisation in Switzerland. In the year under review, no external advisors were involved for the structuring of the compensation and stock options plans.

Cash compensation

The total compensation structure for the Management is based on the «Variable Pay Regulation», which is approved by the Board of Directors. This regulation is reviewed annually or as required.

The Variable Pay Regulation stipulates that the members of the Executive Committee are remunerated by means of a fixed salary in cash and a variable bonus in cash. For members of the Executive Committee, the variable target bonus is 30 percent of the fixed salary; for the CEO, 40 percent. The bonus amount is pegged to the attainment of the Company's sales and EBIT targets and of quantitative and qualitative personal targets. The financial targets (sales and EBIT) are set annually in December by the Board of Directors for the following year. The personal targets are agreed to with the pertinent superior annually in advance as measurable operational and quality targets. The financial targets account for 60 to 80% of the variable bonus; the personal targets, for 20 to 40%. If less than 80% of the target is achieved, the variable bonus is not paid. If the targets are surpassed, in no case may the variable bonus exceed 200% of the target bonus. In the year under review, the financial targets at Group level were slightly exceeded.

The Board of Directors reviews and approves target attainment by the CEO and the actual bonus to be paid, whereas the Nomination and Compensation Committee does so for members of the Executive Committee. The Nomination and Compensation Committee establishes the amount of the fixed salary for the members of the Executive Committee and the entire Board of Directors does so for the CEO. The members of the Executive Committee in question do not participate in these meetings of the Board of Directors or the committee.

The amount and form of compensation of the Board of Directors is proposed by the Nomination and Compensation Committee and must be approved by the Board of Directors. Since April 2004, Board members have been compensated in the form of a fixed annual fee for their Board and Committee memberships. Expenses are paid separately.

Stock Option Plans

In addition to the fixed and variable salary components, and as a long-term incentive and retention tool, the Company has granted options on Tecan stock to the members of the Board of Directors and the Executive Committee, among others. The details of these options can be found in section 14.4 to the Consolidated Annual Financial Statements (Plan 2008 B and Plan 2008 P). The terms and conditions of the options are set forth in the Plan Rules. The proposal on the Plan Rules, as well as the scope of the stock option plan and the benefit entitlement amount per employee category, were discussed in advance by the Nomination and Compensation Committee and approved by the Board of Directors. The CEO and CFO participated in the corresponding committee and Board meetings but had no voting rights.

Moreover, the members of the Executive Committee were entitled to an additional Company loyalty bonus to be paid in 2010 to those members who continue to be employed by the company until 2010. The eligible individuals could request pre-payment of this bonus for the sole purpose of purchasing options on Tecan stock issued by a bank at market conditions. Further details on this matter are contained in note 11.4 to the balance sheet of Tecan Group Ltd.

6. Shareholders' participation rights

Each share has one vote. No shareholder, or group of shareholders acting in concert to circumvent the voting limitation, may combine more than five percent of the aggregate voting rights at an annual shareholder meeting. The Board of Directors may, in special circumstances, grant exemptions to the voting restriction. This voting restriction does not apply to the independent voting representative or to a proxy holder appointed by the Company («Organvertreter»). The Board of Directors may enter into agreements with banks which deviate from the voting restriction to enable voting rights for deposited shares to be exercised by proxy. No such exceptions were approved or continued in the year under review.

Shareholders may only be represented at the annual general meeting by their legal representative, another shareholder with voting rights, an independent voting representative, the proxy appointed by the Company or a proxy appointed by a depository institution. A written power of attorney is required which is valid and issued only for the meeting in question.

Article 13 paragraph 2 of the Company's Articles of Incorporation stipulates for which matters beyond those prescribed by law a qualified majority of at least two thirds of the votes represented and the absolute majority of the nominal stock value represented are required for the validity of a shareholders' resolution. These transactions are as follows:

– the conversion of registered shares into bearer shares;
– the cancellation or modification of transfer restrictions (Article 5 of the Articles of Incorporation);
– the cancellation or modification of voting-right restrictions (Article 12 paragraph 4 of the Articles of Incorporation);
– the dissolution and liquidation of the Company; and
– the cancellation of Article 13 paragraph 2 of the Articles of Incorporation itself and the cancellation or modification of the quorum specified therein.

Shareholders, who together hold shares of at least one percent of the share capital, may demand in writing that an item be included on the agenda, no later than 56 days prior to an annual shareholders' meeting. Shareholders, who together represent at least ten percent of the share capital, may demand that an annual shareholder meeting be convened.

Shareholders with registered voting rights are informed by mail of the convening of an annual general meeting at least 20 days prior to the meeting. Moreover, the invitation is published in the Swiss Official Gazette of Commerce. From the day on which the invitations for the annual shareholders' meeting are dispatched, no further entries are made in the share register until the first day after the annual general meeting. The registration in the share register is further governed by the Company's Registration Regulations.

7. Change of control and defense measures

The Company's Articles of Incorporation do not contain any opt-out or opt-up clause for removing or limiting the obligation to submit an offer pursuant to the Stock Exchange Act.

One-third of the options that were issued in 2007 under the 2008 ESOP (for details please see the consolidated annual financial statements, note 14.4, «Share-Based Payment») vest per year («vesting period») and the options are in general not exercisable during this vesting period. Upon occurrence of a change of control, these options vest immediately and may be exercised immediately (accelerated vesting period). Besides this provision, no clauses on changes of control are contained in agreements or compensation plans on behalf of members of the Board of Directors, the Company's Executive Committee, or the Tecan group companies.

8. External Auditors

Date of assumption of the existing auditing mandate by KPMG AG	28 May, 1997
Date on which the head auditor took office	2004

Fees paid

CHF 1,000	2006	2007
Total audit fees	739	726
Total tax consulting fees KPMG	312	199
Total other consulting fees KPMG	77	69

The auditors are elected by the annual shareholders' meeting for a one-year term. Since 2003, the external audit has been reviewed by the Audit Committee.

The auditors attend those meetings of the Audit Committee in which the annual and semi-annual financial statements are discussed and prepared for approval by the Board of Directors. The auditors report on the audit focus and summarize the audit findings. The auditors submit recommendations for the scope of the audit and its focus for the upcoming audit period.
At year's end, the Audit Committee reviews the performance of the auditors as well as the audit costs and submits a recommendation to the Board of Directors regarding the re-election of the auditors. Every four years, the Company issues an new invitation to tender for the audit mandate. The head auditor must be changed every seven years.

9. Information policy

Tecan has a policy of keeping shareholders and the financial community updated with regard to significant developments in business operations. This policy is primarily implemented through regular press releases, interim and annual financial reports and information provided on the Company's website: www.tecan.com. Hard copies of Company publications are available on request. They can also be downloaded from Tecan's website. Tecan has not published quarterly financial reports since the 2007 fiscal year.

Investor's Agenda

Date	Place	Event
March 6, 2008	Zurich	Press Conference 2007 Full Year Results – Figures
April 23, 2008	Zurich	Annual Shareholders' Meeting
August 13, 2008	Webcast/Conference Call	Semi-Annual Results 2008

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Chief Financial Officer's Report

Tecan improved its profitability markedly again in the 2007 fiscal year. Sales increased by 2.1% to CHF 414.4 million while EBIT grew at a proportionally higher rate of 18.6% to CHF 60.3 million. Tecan set all-time records for earnings and earnings per share.

High profitability and healthy balance sheet

Business developed positively at Tecan again in 2007. Sales increased by 2.1% (2006: 17.7%) to CHF 414.4 million (2006: CHF 405.9 million). This increase was attributable solely to internal growth. Although costs rose at a faster rate (6.8%) than sales, the higher gross profit margin led to a sharp upturn in profitability. Cash inflows from operating activities remained steady. Tecan has a healthy balance sheet. Despite the ongoing share buyback program, the equity ratio rose from 50.2% to 54.7%. Profit hit CHF 52.4 million to top the previous record of CHF 45.1 million in 2001 (2006: CHF 40.6 million). Tecan also set a record for earnings per share, posting an increase of 28.2% to CHF 4.54 (2006: CHF 3.54).

Sales

Tecan achieved solid internal growth in 2007. As indicated in the 2006 Annual Report, sales in the previous year were boosted by a major CHF 13.1 million contract. Excluding this one-time item, Tecan would have recorded year-on-year sales growth of 5.5% in 2007. Exchange rate effects positively impacted sales by 0.2 percent. In terms of overall growth, Tecan slightly outperformed the market average. Sales increased the most in Asia. Developments in the emerging markets were encouraging on the whole. Whereas sales in Sample Management were concentrated in the United States and Europe in 2006, a considerable portion of sales in the year under review was in Japan. Tecan recorded moderate growth in classic end-user business in Europe and a slight decrease in the United States in local currencies.

Gross profit

Gross profit at Tecan increased in the year under review by 9.9% (2006: 20.9%) to CHF 212.4 million (2006: CHF 193.3 million). The gross profit margin rose to 51.3%, an increase of 3.7%, compared to 1.2% in the previous year. General price discipline and selective price increases were largely to thank for this significant improvement in gross profit, along with increased efficiency in purchasing and lower production costs for newly developed products. Tecan also had a more advantageous overall product mix in 2007 than in the previous year.

« With its healthy balance sheet, Tecan is well positioned for further growth»

Operating expenses less cost of sales
Tecan continued to implement the measures launched in 2005 to increase operational effectiveness. Operating expenses less cost of sales nonetheless increased by 6.8% and thus at a faster pace than sales. This rise is attributable primarily to the higher level of activities in emerging markets. Investments in sales and marketing in 2007 focused on developing the Chinese market, strengthening central sales support and expanding sales for OEM business. Through these efforts, Tecan also laid the groundwork for its long-term growth strategy.

The total number of employees increased by 1.4%, from 1,087 at the end of 2006 to 1,102 at the end of the year under review. The annual average of 1,108 was somewhat higher than the year-end figure, pushing personnel expenses up by 4% over the previous year.

Operating profit
Tecan saw a sharp increase in earnings before interest and taxes (EBIT) and in the operating return in the 2007 fiscal year. The operating result rose at a much faster rate than sales, increasing by 18.6% (2006: 104.8%) to CHF 60.3 million (2006: CHF 50.9 million), which corresponds to 14.6% of sales (2006: 12.5%).

Financial result and taxes
Tecan hedges the USD transaction risk on a 12-month rolling basis. Mainly the US dollar's decline against the Swiss franc resulted in exchange rate gains of CHF 0.2 million (2006: CHF 1.8 million). Lower expenses for share-based payments and the good interest result accounted for CHF 2.4 million of the substantial improvement in net financial income of CHF 2.6 million. In the previous year, Tecan's financial income and expenses were nearly the same. The tax rate fell again in 2007, reaching an all-time low of 16.7% (2006: 20.1%). It is the weighted average of the locally applicable tax rates in the ratio of the local earnings before taxes to consolidated earnings before taxes.

Net profit
Tecan posted a net profit of CHF 52.4 million (2006: CHF 40.6 million), which represents an increase of 28.9% (2006: 19.2%). The profit margin reached 12.6% of sales (2006: 10.0%). Both performance figures are records in Tecan's history.

Cash flow from operating activities
Net working capital declined by CHF 1.3 million despite the increase in sales. Together with the sharply higher profit, these factors ensured another steady inflow of cash from operating activities of CHF 59.8 million (2006: CHF 67.2 million).

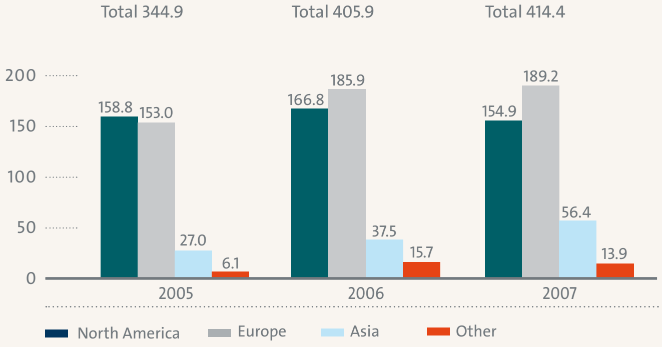
Changed segment information
The 2007 fiscal year is the first time Tecan is reporting sales and profit figures for its individual business segments. In doing so, Tecan is adjusting its financial reporting to the management structure in force since January 1, 2007. The new structure prevents comparison figures from being presented for the previous year. Commentary on the course of business for the segments in 2007 can be found in the Message to Shareholders, p. 2.

R&D investments held at long-term level
The Company's objective is for annual research and development (R&D) expenditures to be about 10% of sales. In the 2007 fiscal year, Tecan invested CHF 41.1 million (2005: CHF 39.0 million) in this area. This corresponds to 9.9% of sales compared with 9.6% for the previous year. The increase is mainly due to higher investments in the Sample Management and Components & Detection segments. Moreover, Tecan launched a longer-term project in 2007 in connection with strategy implementation.

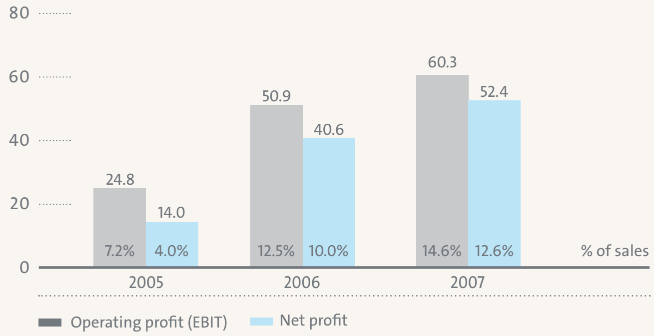
Dividends
At the annual shareholders' meeting on April 23, 2008, the Board of Directors will recommend a total payout of CHF 0.90 per share (2006: CHF 0.90) which comprises a regular dividend of CHF 0.45 and a payout of CHF 0.45 in the form of a reduction of the nominal value of each share from CHF 0.55 to CHF 0.10.

Dr. Rudolf Eugster
Chief Financial Officer

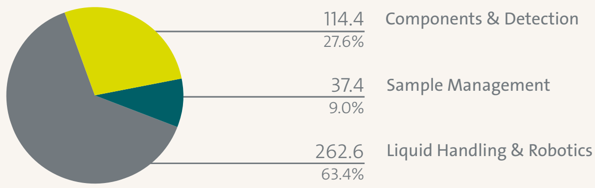
Sales by region
(CHF million)



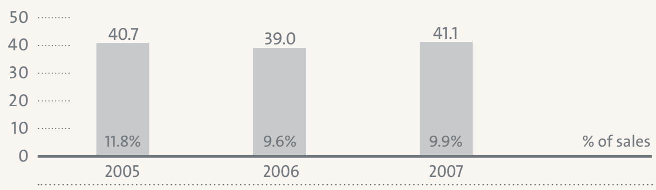
Operating and net profit
(CHF million)



Sales by business segments
(CHF million)

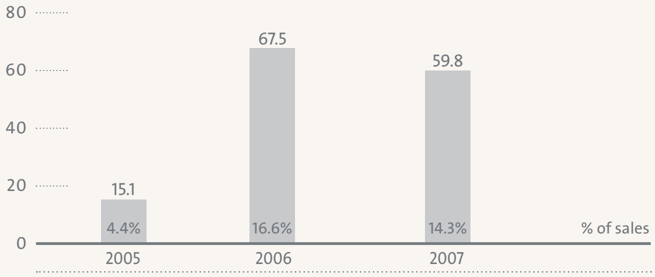


Research and development (gross)
(CHF million)



Cash flow from operating activities

(CHF million)

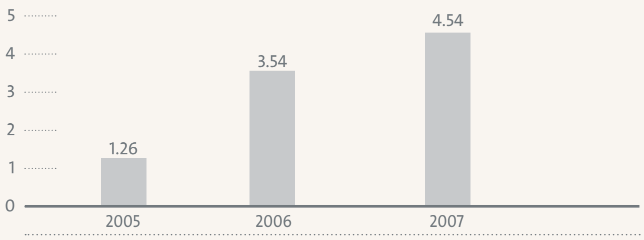


Net liquidity

CHF 1,000	2005	2006	2007
+ cash and cash equivalents	42,645	85,144	**102,850**
- current bank liabilities	(14,744)	(6,737)	**(37,540)**
- bank loans	(60,988)	(48,799)	**(15,246)**
= net liquidity	(33,087)	29,608	**50,064**

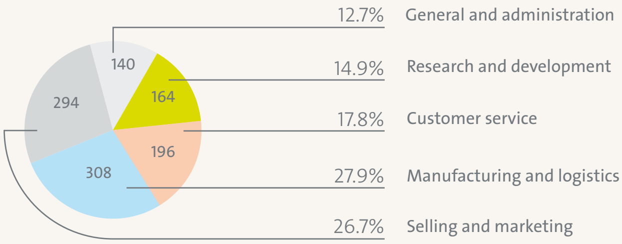
Basic earnings per share

(CHF per share)



Employees by activity (eop)

Total 1,102 FTE *)



*) FTE = Full-time equivalent

5-year consolidated data

CHF 1,000	2003	2004	2005	2006	2007
Income statement					
Sales	311,606	285,975	344,900	405,929	414,400
Operating profit	22,171	16,749	24,826	50,854	60,299
Financial result	(1,834)	770	(4,764)	16	2,586
Income taxes	(6,254)	(4,795)	(6,108)	(10,231)	(10,506)
Net profit	14,083	12,724	13,954	40,639	52,379
Research and development, gross	(51,689)	(37,101)	(40,762)	(39,029)	(41,069)
Personnel expenses	(102,525)	(102,874)	(118,389)	(132,826)	(138,619)
Depreciation of property, plant and equipment	(8,246)	(7,093)	(6,603)	(6,372)	(6,574)
Amortization of intangible assets	(5,950)	(4,376)	(4,562)	(5,332)	(4,593)
Impairment losses	(7,639)	-	(1,437)	(690)	-
Balance sheet					
Current assets	178,436	149,000	206,408	240,714	251,693
Non-current assets	45,810	42,309	131,600	124,889	122,289
Total assets	224,246	191,309	338,008	365,603	373,982
Current liabilities	102,570	84,606	111,758	111,990	135,557
Non-current liabilities	11,055	12,446	82,917	69,772	33,781
Total liabilities	113,625	97,052	194,675	181,762	169,338
Shareholders' equity	110,621	94,257	143,333	183,841	204,644
Cash flow statement					
Cash inflows from operating activities	44,695	29,712	15,117	67,164	59,765
Capital expenditure in property, plant and equipment and intangible assets	(6,580)	(10,589)	(6,008)	(6,506)	(9,107)
Acquisitions, net of cash acquired	-	-	(60,493)	-	-
Dividends paid	(5,344)	(4,993)	(4,815)	(5,172)	(5,176)
Other information					
Number of employees (end of period)	812	865	1,047	1,087	1,102
Number of employees (average)	838	834	1,026	1,059	1,108
Research and development in % of sales	16.6%	13.0%	11.8%	9.6%	9.9%
Sales per employee	372	343	336	383	374
Information per share					
Basic earnings per share (CHF)	1.21	1.16	1.26	3.54	4.54
Dividends paid (CHF) [*)]	0.45	0.45	0.45	0.45	0.45
Payout in form of a nominal value reduction (CHF) [*)]	-	-	-	0.45	0.45

[*)] 2007: Proposal to the annual general meeting of shareholders

Consolidated balance sheet at December 31

CHF 1,000	Notes	2006	2007
Assets			
Cash and cash equivalents	5	85,144	102,850
Derivatives	6	506	3,281
Trade accounts receivable	7	91,733	87,285
Other accounts receivable		13,288	12,187
Inventories	8	44,594	37,488
Income tax receivable		2,474	5,788
Prepaid expenses		2,975	2,814
Current assets		**240,714**	**251,693**
Non-current financial assets	9	760	1,674
Property, plant and equipment	10	21,779	22,106
Intangible assets	11	87,102	84,450
Deferred tax assets	25	15,248	14,059
Non-current assets		**124,889**	**122,289**
Assets		**365,603**	**373,982**
Liabilities and equity			
Current bank liabilities and derivatives	12	6,998	37,682
Trade accounts payable		11,069	9,542
Other accounts payable		10,898	11,400
Deferred revenue	13	28,707	20,535
Income tax payable		8,442	10,274
Accrued expenses		33,846	33,393
Current provisions	15	12,030	12,731
Current liabilities		**111,990**	**135,557**
Bank loans	12	48,799	15,246
Liability for post-employment benefits	14	6,255	6,465
Non-current provisions	15	4,679	3,089
Other non-current liabilities		735	609
Deferred tax liabilities	25	9,304	8,372
Non-current liabilities		**69,772**	**33,781**
Share capital		12,006	6,643
Capital reserve		8,718	14,191
Treasury shares		(16,619)	(41,697)
Retained earnings		190,608	238,455
Translation differences		(10,872)	(12,948)
Shareholders' equity	19	**183,841**	**204,644**
Liabilities and equity		**365,603**	**373,982**

Consolidated income statement

CHF 1,000	Notes	2006	2007
Sales	20	**405,929**	**414,400**
Cost of sales		(212,612)	(201,983)
Gross profit		**193,317**	**212,417**
Sales and marketing		(64,887)	(71,683)
Research and development	22	(39,029)	(41,069)
General and administration		(39,987)	(40,525)
Other operating income	23	1,440	1,159
Operating profit		**50,854**	**60,299**
Financial income		1,312	3,800
Finance cost		(2,128)	(1,383)
Foreign exchange gains		832	169
Financial result	24	***16***	***2,586***
Profit before taxes		**50,870**	**62,885**
Income taxes	25	(10,231)	(10,506)
Net profit		**40,639**	**52,379**
Basic earnings per share (CHF/share)	27	3.54	4.54
Diluted earnings per share (CHF/share)	27	3.52	4.52

Consolidated statement of changes in shareholders' equity

CHF 1,000	Notes	Share capital	Capital reserve	Treasury shares	Retained earnings	Translation differences	Total share-holders' equity
Shareholders' equity at January 1, 2006		11,892	2,253	(16,619)	154,991	(9,184)	143,333
Net profit		-	-	-	40,639	-	40,639
Translation differences		-	-	-	-	(1,688)	(1,688)
Total recognized income and expense for the year							***38,951***
Dividends paid		-	-	-	(5,172)	-	(5,172)
New shares issued upon exercise of employee stock options	19	114	6,465	-	-	-	6,579
Share-based payments to employees	14	-	-	-	150	-	150
Shareholders' equity at December 31, 2006		**12,006**	**8,718**	**(16,619)**	**190,608**	**(10,872)**	**183,841**
Net profit		-	-	-	52,379	-	52,379
Translation differences		-	-	-	-	(2,076)	(2,076)
Total recognized income and expense for the year							***50,303***
Dividends paid		-	-	-	(5,176)	-	(5,176)
Capital decrease in form of reduction of nominal value	19	(5,434)	244	-	-	-	(5,190)
New shares issued upon exercise of employee stock options	19	71	3,741	-	-	-	3,812
Change in treasury shares (net)	19	-	1,488	(25,078)	-	-	(23,590)
Share-based payments to employees	14	-	-	-	644	-	644
Shareholders' equity at December 31, 2007		**6,643**	**14,191**	**(41,697)**	**238,455**	**(12,948)**	**204,644**

There were no other items of income and expense recognized directly in equity other than translation differences.

Consolidated cash flow statement

CHF 1,000	Notes	2006	2007
Net profit		40,639	52,379
Adjustments for:			
Depreciation and amortization (including impairment losses)	10, 11	12,394	11,167
Change in provisions and liability for post-employment benefits	14, 15	3	441
Financial result	24	(16)	(2,586)
Income taxes	25	10,231	10,506
Other non-cash items		1,136	(1,250)
Change in working capital:			
Trade accounts receivable	7	614	3,030
Inventories	8	10,564	6,345
Trade accounts payable		(2,923)	(1,799)
Other changes in working capital (net)		2,234	(6,272)
Income taxes paid		(7,351)	(12,196)
Cash inflows from operating activities		**67,525**	**59,765**
Loans to employees	9	-	(867)
Interest received		1,043	2,572
Purchase of property, plant and equipment	10	(5,815)	(7,212)
Proceeds from sales of property, plant and equipment	10	210	56
Purchase of intangible assets	11	(691)	(1,895)
Cash outflows from investing activities		**(5,253)**	**(7,346)**
New shares issued upon exercise of employee stock options		6,579	3,812
Capital decrease in form of reduction of nominal value		-	(5,190)
Dividends paid		(5,172)	(5,176)
Purchase of treasury shares		-	(26,642)
Proceeds from sales of treasury shares		-	3,016
Change in current bank liabilities	12	597	(343)
Increase in bank loans	12	458	663
Repayment of bank loans	12	(18,709)	(2,684)
Interests paid		(1,438)	(1,142)
Cash outflows from financing activities		**(17,685)**	**(33,686)**
Translation differences		221	(630)
Increase in cash and cash equivalents		**44,808**	**18,103**
Cash and cash equivalents at beginning of year		39,939	84,747
Cash and cash equivalents at year-end		**84,747**	**102,850**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet	5	85,144	102,850
./. Bank overdrafts under bank pooling arrangements	12	(397)	-
= Cash and cash equivalents as per cash flow statement		**84,747**	**102,850**

Notes to the consolidated financial statements

1 Introduction

These financial statements are the consolidated financial statements of Tecan Group Ltd., a company registered in Switzerland, and its subsidiaries (together referred to as the 'Group') for the year ended December 31, 2007. The Group is operating in the life sciences supply industry and is specialized in the development, production and distribution of advanced automation solutions enabling drug discovery, genomics, proteomics and diagnostics.

The consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2008. Final approval is subject to acceptance by the annual general meeting of shareholders on April 23, 2008.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. They are prepared on the historical cost basis except for derivative financial instruments, which are stated at their fair value.

2.2 Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of these financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the year in which the circumstances change.

The valuation of the following material positions is based on critical accounting estimates and judgments:

2.2.1 Goodwill and brand name 'REMP'

The Group performed the annual impairment tests for goodwill and the brand name 'REMP' in July 2007. The calculation of the recoverable amount of intangible assets requires the use of estimates and assumptions. The key assumptions are disclosed in note 11.

2.2.2 Other intangible assets recognized due to the acquisition of REMP Group

At December 2007 the Group was not aware of any indication that the carrying amounts of the intangible assets with a finite useful life recognized based on the purchase price allocation of REMP Group (see note 11) might have been impaired. Therefore no specific impairment tests have been performed.

2.2.3 Income taxes

At December 31, 2007, the net liability for current income taxes is CHF 4.5 million and the net asset for deferred taxes is CHF 5.7 million. Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. Various internal and external factors may have favorable or unfavorable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations and changes in overall levels of pre-tax earnings. Such changes could impact the assets and liabilities recognized in the balance sheet in future periods.

2.3 Introduction of new and amended accounting standards and interpretations

The accounting policies are consistent with those applied in the previous year, except for the introduction of the following new or amended standards and interpretations[*)], effective as of January 1, 2007:

- IFRS 7 'Financial Instruments: Disclosures'
- IAS 1 'Presentation of Financial Statements: Capital Disclosures'
- IFRIC 7 'Applying the Restatement Approach under *IAS 29 Financial Reporting in Hyperinflationary Economies*'
- IFRIC 8 'Scope of IFRS 2'
- IFRIC 9 'Reassessment of Embedded Derivatives'
- IFRIC 10 'Interim Financial Reporting and Impairment'

[*)] IAS = International Accounting Standard, IFRS = International Financial Reporting Standard, IFRIC = International Financial Reporting Interpretations Committee

The principal impacts on the consolidated financial statements are discussed below:

2.3.1 IFRS 7 'Financial instruments: Disclosures'
IFRS 7 'Financial Instruments: Disclosures' requires detailed disclosures concerning the financial risk management of the Group. Note 16 presents information about the Group's exposure to each of the financial risks, Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

2.3.2 Other changes
The adoption of all other changes did not result in substantial changes to the Group's accounting policies.

2.4 Change in identification of segments
The Board of Directors decided end of 2006 to change the Group's management structure as from January 1, 2007 and to adjust the primary segment reporting format accordingly. The following reportable segments were identified:

- Components & Detection
- Liquid Handling & Robotics
- Sample Management

Prior period segment information has not been restated on the new basis because it was impracticable to do so. For comparison purposes the segment data for both the previous and the new primary segment reporting format are disclosed in note 20.

According to the previous primary segment reporting the goodwill 'Remp Group' in the amount of CHF 52.4 million was allocated to a cash generating unit included in the former segment 'Europe'. Due to the change in identification of segments this goodwill was split and reallocated to the cash generating units Liquid Handling & Robotics (CHF 25.4 million) and Sample Management (CHF 27.0 million).

2.5 New standards and interpretations not yet applied
The following new and revised standards and interpretations have been issued, but are not yet effective and are not applied early in these consolidated financial statements:

Standard/interpretation*)	Effective date for the Group
IFRIC 11, 12 and 14	January 1, 2008
IFRS 8 'Operating Segments'	January 1, 2009
IAS 1 revised 'Presentation of Financial Statements'	January 1, 2009
IAS 23 revised 'Borrowing Costs'	January 1, 2009
IFRIC 13	January 1, 2009
IFRS 3 revised 'Business Combination'	January 1, 2010
IAS 27 amended 'Consolidated and Separate Financial Statements	January 1, 2010

*) IAS = International Accounting Standard, IFRS = International Financial Reporting Standard, IFRIC = International Financial Reporting Interpretations Committee

IFRS 8 'Operating Segments' might change segment disclosures. All other changes are not expected to have a significant impact on the consolidated financial statements.

2.6 Reclassifications
Some minor reclassifications have been introduced to the balance sheet and the cash flow statement during 2007. Prior-year figures have been adjusted accordingly.

2.7 Consolidation principles
Subsidiaries are those companies controlled, directly or indirectly, by Tecan Group Ltd., where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting power of a company. Newly acquired companies are consolidated from the date on which operating control is transferred to the Group, using the purchase method. The equity and net profit attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement, respectively.

The companies which are included in the consolidated financial statements are listed in the notes to the statutory financial statements of Tecan Group Ltd. Currently there are no minority interests.

Intra-group balances and transactions, and any unrealized profits arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.8 Foreign currency translation
All Group companies have identified their local currency as their functional currency. Transactions in other currencies are initially reported using the exchange rate at the date of the transaction. Gains and losses from the settlement of such transactions, as well as gains and losses on monetary assets and liabilities denominated in other currencies, are included in net profit.

Translation differences arising on intra-group loans that, in substance, are part of Tecan Group Ltd.'s net investment in a foreign entity are recognized directly in equity until the disposal of the net investment.

Upon consolidation, assets and liabilities of Group companies using functional currencies other than Swiss francs (foreign entities) are translated into Swiss francs (presentation currency) using year-end exchange rates. Revenues, expenses and cash flows are translated at the average exchange rates for the year. Translation differences due to the changes in exchange rates between the beginning and the end of the year and the difference between net profits translated at the average and year-end exchange rates are taken directly to equity. On the disposal of a foreign entity, the identified cumulative currency translation differences relating to that foreign entity are recognized in profit as part of the gain or loss on disposal.

2.9 Accounting and valuation principles

2.9.1 Cash and cash equivalents
Cash and cash equivalents comprise cash balances and time deposits with a term of 3 months or less from the date of acquisitions. Bank overdrafts that are repayable on demand and form a integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

2.9.2 Trade and other accounts receivable
Trade and other accounts receivable are stated at their amortized cost less impairment losses. For short-term receivables nominal value equals amortized cost.

The allowance account in respect of accounts receivable is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar assets.

2.9.3 Construction contracts
Some product categories of the business units Liquid Handling and Sample Management are accounted for using the 'percentage of completion' method of IAS 11. The respective stage of completion is determined by reference to the contract costs incurred for work performed to date in proportion to the estimated total contract costs.
According to the stage of completion pro rata sales are recognized in the income statement. In the balance sheet the projects in progress – netted against customers' advances – are recognized as net assets (included in the position 'trade accounts receivable') or net liabilities (included in the position 'deferred revenue') from construction contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.9.4 Inventories
Inventories are stated at the lower of purchase or production cost and net realizable value. Production costs include raw materials, components and semi-finished products, direct production costs (internal labor and external services) and production overheads. The Group applies the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made for slow-moving items. Obsolete items are written off.

2.9.5 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see separate accounting policy). The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads. Borrowing costs are not capitalized.

Assets acquired under lease contracts, which provide the Group with substantially all benefits and risks of ownership are classified as finance leases and capitalized at amounts equivalent to the estimated present value of the underlying lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Leased assets are depreciated over their estimated useful lives. There were no items of property, plant and equipment under finance lease as per balance sheet date. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment from the date they are available for use. The estimated useful lives are as follows:

Land	not depreciated
Buildings	maximum 40 years
Leasehold improvements	shorter of useful life or lease term
Furniture and fixtures	4 – 8 years
Machines and motor vehicles	2 – 8 years
EDP equipment	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment (component approach).

Costs for repair and maintenance are recognized as an expense as incurred.

2.9.6 Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not capable of being individually identified and separately recognized.

The cost of a business combination is determined in accordance with IFRS 3 and is equal to the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree plus any costs directly attributable to the business combination. At the acquisition date (date on which the Group effectively obtains control of the acquiree), the Group allocates the cost of a business combination by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date. Any difference between the cost of the business combination and the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities so recognized is treated as goodwill. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized as described above exceeds the cost of the business combination, the Group reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognizes immediately in profit or loss any excess remaining after the reassessment.

After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. In accordance with IFRS 3, IAS 36 and IAS 38, the Group does not amortize goodwill. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that there might be an impairment.

2.9.7 Other intangible assets

Development costs – Expenditure on internal development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of materials and external project costs. Other development expenditure (including research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding) is recognized in the income statement as an expense as incurred. As at December 31, 2007 no development costs have satisfied the capitalization criteria.

Software – Expenditure on the implementation of software, including licenses and external consulting fees, is capitalized.

Intangible assets acquired in a business combination – All intangible assets (client relationships, technology, order backlog, brand name 'REMP') that are recognized applying the purchase price procedure in accordance with IFRS 3 are stated initially at fair value. The following valuation methods are used in order to determine the fair values at the acquisition date: multi-period excess earnings method, relief from royalty method and replacement cost approach.

Intangible assets are stated at cost less accumulated amortization (see below) and impairment losses (see separate accounting policy), except for the brand name 'REMP', which is stated at cost less accumulated impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Development costs	3 – 5 years
Software	3 – 5 years
Acquired client relationships	15 years
Acquired technology	5 – 10 years
Acquired order backlog	2 years

The brand name 'REMP' was initially assessed and recognized as an intangible asset with an indefinite useful life. Therefore the asset is not subject to amortization, but is tested for impairment at least annually.

2.9.8 Impairment

The carrying amount of the Group's assets other than goodwill, intangible assets with indefinite useful lives, inventories, assets arising from construction contracts and deferred tax assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being the higher of its fair value less cost to sell and its value in use, is estimated. An impairment loss is recognized in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

2.9.9 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

2.9.10 Trade and other accounts payable

Trade and other accounts payable are stated at their amortized cost, which equals the nominal amount for short-term payables.

2.9.11 Employee benefits – liability for post-employment benefits (IAS 19)

Within the Group, various post-employment benefit plans exist, which differ in their purpose and financing according to local needs. The liability for post-employment benefits relates to defined benefit pension plans and long-service leave benefits.

The Group's liability in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount for future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value for any plan assets is deducted. The calculation is performed by a professionally qualified independent actuary using the projected unit credit method.

Current service costs are charged to the income statement in the periods in which the services are rendered by the employees.

Actuarial gains and losses comprise:
- Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- The effects of changes in actuarial assumptions.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the participating employees.

Past service costs attributable to plan amendments are recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit pension plan, past service costs are recognized immediately.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, and any unrecognized actuarial losses and past service costs.

Long-service leave benefits: The method of accounting for liabilities concerning long-service leave benefits is similar to the one used for defined benefit pension plans.

2.9.12 Employee benefits – share-based payment (IFRS 2)
The Group introduced several equity- and cash-settled share-based compensation plans:

Equity-settled plans – The fair value of options granted is recognised as a personnel expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options (vesting period). The fair value of the options granted is measured using a binominal model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted by an expected labour turnover rate to reflect the expected number of options that will vest.

Cash-settled plans – The fair value of the amount payable to the employee is recognised as a personnel expense with a corresponding increase in provisions. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment (vesting period). The fair value of the stock appreciation rights (SARs) is measured based on a binominal model, taking into account the terms and conditions upon which the instruments were granted. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognised in the financial result.

2.9.13 Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.9.14 Financial instruments
The Group uses derivative financial instruments to economically hedge certain exposures to foreign exchange rate risks. Hedge accounting is not applied. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are also stated at fair value. Any resultant gain or loss is recognized directly in the income statement.

2.9.15 Treasury shares
When own shares are purchased, the amount of the consideration paid, including directly attributable costs and taxes, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. The consideration received when treasury shares are sold is recognized as a change in equity.

2.9.16 Sales – revenue recognition
Goods sold and services rendered – Sales are recorded net of sales taxes and discounts, at the time the risks and benefits of ownership are substantially transferred to customers. The recognition of income from products with material application and installation work requires a written acceptance by the customer. Revenue from service contracts is recognized in the income statement according to the proportion of the full contract period that has already elapsed at balance sheet date.

Construction contracts – As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the income statement in proportion to the stage of completion of the contract (see 'construction contracts').

2.9.17 Government research subsidies
The Group receives government grants for research activities, which are unconditional. They are recognized as income when received.

2.9.18 Income taxes
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Deferred taxes are provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets resulting from temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In addition, deferred taxes are provided on expected dividend distributions from subsidiary companies (non recoverable withholding taxes).

3 Change in scope of consolidation (acquisitions)

There has been no change in the scope of consolidation for 2007 and 2006.

4 Foreign exchange rates

The following foreign exchange rates were used for the preparation of the consolidated financial statements:

		Balance sheet (Closing exchange rates)		Income statement (Average exchange rates Jan. to Dec.)	
CHF		2006	2007	2006	2007
EUR	1	1.61	1.65	1.57	1.64
GBP	1	2.39	2.25	2.31	2.40
SEK	100	17.84	17.53	17.02	17.74
USD	1	1.22	1.13	1.25	1.20
JPY	100	1.02	1.02	1.08	1.02
SGD	1	0.80	0.79	0.79	0.80

5 Cash and cash equivalents

CHF 1,000	2006	2007
Cash and cash equivalents		
denominated in CHF	25,931	24,623
denominated in EUR	20,186	23,747
denominated in GBP	4,734	4,044
denominated in USD	31,045	45,054
denominated in JPY	1,546	4,298
denominated in other currencies	1,702	1,084
Balance at December 31	**85,144**	**102,850**
Thereof time deposits	691	23,247
Effective interest rate	1.9%	2.9%

6 Derivatives

The position comprises foreign currency forwards and options with positive fair values. For detailed disclosures see note 16.

7 Trade accounts receivable

CHF 1,000	2006	2007
Trade accounts receivable		
denominated in CHF	14,570	10,026
denominated in EUR	29,687	37,160
denominated in GBP	5,805	5,017
denominated in USD	31,600	24,060
denominated in JPY	8,447	3,784
denominated in other currencies	2,498	3,765
Subtotal trade accounts receivable	*92,607*	*83,812*
Allowance for impairment	(1,953)	(2,115)
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	5,359	15,801
Amounts of advances received	(4,280)	(10,213)
Subtotal construction contracts in progress	*1,079*	*5,588*
Balance at December 31	**91,733**	**87,285**
(Decrease)	(614)	(3,030)
Translation differences	(846)	(1,418)
Total change compared with previous year	*(1,460)*	*(4,448)*
Amount of contract revenue recognized as sales in the income statement relating to construction contracts	19,938	18,548

The maximum exposure to credit risk for trade accounts receivable at the reporting date by geographic region was:

CHF 1,000	2006	2007
Switzerland (domestic)	9,093	2,111
Euro-zone countries	30,205	35,376
Other European countries	9,031	8,357
North America	30,705	28,414
Asia	11,408	8,292
Other	2,165	1,262
Balance at December 31	**92,607**	**83,812**

The Group's most significant customer accounts for 7.6% of the trade accounts receivables carrying amount at December 31, 2007.

The movement in the allowance for impairment in respect of trade accounts receivable during the year was as follows:

CHF 1,000	2006	2007
Individual impairment allowance account		
Balance at January 1	(1,177)	(1,882)
Additional impairment losses	(894)	(480)
Reversal of impairment losses	38	171
Write-offs	112	331
Translation differences	39	68
Balance at December 31	**(1,882)**	**(1,792)**
Amount of trade accounts receivable with individual impairment (gross)	3,014	2,682
Collective impairment allowance account		
Balance at January 1	(46)	(71)
Change in allowance account	(20)	(254)
Translation differences	(5)	2
Balance at December 31	**(71)**	**(323)**

The aging of trade accounts receivable that are not individually impaired was:

	2006		2007	
CHF 1,000	Gross	Impairment	Gross	Impairment
Not past due	58,205	-	52,267	(106)
Past due 1-30 days	19,173	-	19,966	(18)
Past due 31-90 days	6,220	-	6,280	(5)
Past due 91-360 days	5,697	(48)	1,641	(2)
Past due more than one year	298	(23)	976	(192)
Balance at December 31	**89,593**	**(71)**	**81,130**	**(323)**

The Group did not experience any severe financial difficulties of its debtors in the past. The sum of all recognized final write-offs of trade accounts receivables in 2007 represents less than 1% of sales.

8 Inventories

CHF 1,000	2006	2007
Raw materials, semi-finished and finished goods	52,552	45,098
Work in progress	5,465	4,096
Allowance for slow-moving inventories	(13,423)	(11,706)
Balance at December 31	**44,594**	**37,488**
(Decrease)	(10,564)	(6,345)
Translation differences	(723)	(761)
Total change compared with previous year	*(11,287)*	*(7,106)*
Amount of inventories stated at fair value less costs to sell (CHF million)	11.6	4.7
Amount of write-offs due to slow-moving inventories charged to the income statement (CHF million)	1.9	3.2

9 Non-current financial assets

CHF 1,000	2006	2007
Loans to employees (see note 26)	-	867
Rent deposits	595	629
Other	165	178
Balance at December 31	**760**	**1,674**

10 Property, plant and equipment

CHF 1, 000	Land & buildings	Leasehold improvements	Furniture & fittings	Machines & motor vehicles	EDP equipment	Total 2006
At cost						
Balance at January 1, 2006	7,963	7,893	10,105	16,609	20,005	62,575
Additions	-	157	669	2,128	2,861	5,815
Disposals	-	(64)	(155)	(1,626)	(1,680)	(3,525)
Transfer	-	-	-	-	-	-
Translation differences	-	(174)	(20)	19	(48)	(223)
Balance at December 31, 2006	**7,963**	**7,812**	**10,599**	**17,130**	**21,138**	**64,642**
Accumulated depreciation and impairment losses						
Balance at January 1, 2006	208	3,634	7,583	12,085	15,974	39,484
Annual depreciation	417	806	893	1,798	2,458	6,372
Disposals	-	1	(143)	(1,163)	(1,626)	(2,931)
Transfer	-	-	-	1	(1)	-
Translation differences	-	(98)	(15)	65	(14)	(62)
Balance at December 31, 2006	**625**	**4,343**	**8,318**	**12,786**	**16,791**	**42,863**
Net book value	**7,338**	**3,469**	**2,281**	**4,344**	**4,347**	**21,779**

CHF 1, 000	Land & buildings	Leasehold improvements	Furniture & fittings	Machines & motor vehicles	EDP equipment	Total 2007
At cost						
Balance at January 1, 2007	7,963	7,812	10,599	17,130	21,138	64,642
Additions	6	121	411	2,753	3,921	7,212
Disposals	-	-	(19)	(465)	(1,029)	(1,513)
Transfer	-	194	-	-	(194)	-
Translation differences	-	(187)	(141)	(11)	(204)	(543)
Balance at December 31, 2007	**7,969**	**7,940**	**10,850**	**19,407**	**23,632**	**69,798**
Accumulated depreciation and impairment losses						
Balance at January 1, 2007	625	4,343	8,318	12,786	16,791	42,863
Annual depreciation	412	778	696	1,806	2,882	6,574
Disposals	-	-	(10)	(328)	(1,026)	(1,364)
Transfer	-	151	-	-	(151)	-
Translation differences	-	(132)	(132)	27	(144)	(381)
Balance at December 31, 2007	**1,037**	**5,140**	**8,872**	**14,291**	**18,352**	**47,692**
Net book value	**6,932**	**2,800**	**1,978**	**5,116**	**5,280**	**22,106**

There were no material purchase commitments as of year-end 2007 and 2006.

11 Intangible assets

11.1 Overview

CHF 1, 000	Goodwill	Software	Acquired client relationships	Acquired technology	Acquired order backlog	Brand name 'REMP'	Total 2006
At cost							
Balance at January 1, 2006	54,186	14,588	16,634	9,586	482	6,590	102,066
Additions	-	691	-	-	-	-	691
Disposals	-	-	-	-	(482)	-	(482)
Translation differences	58	-	-	-	-	-	58
Balance at December 31, 2006	**54,244**	**15,279**	**16,634**	**9,586**	**-**	**6,590**	**102,333**
Accumulated amortization and impairment losses							
Balance at January 1, 2006	-	8,221	554	594	322	-	9,691
Annual amortization	-	2,874	1,109	1,189	160	-	5,332
Impairment losses	-	-	-	-	-	690	690
Disposals	-	-	-	-	(482)	-	(482)
Translation differences	-	-	-	-	-	-	-
Balance at December 31, 2006	**-**	**11,095**	**1,663**	**1,783**	**-**	**690**	**15,231**
Net book value	**54,244**	**4,184**	**14,971**	**7,803**	**-**	**5,900**	**87,102**

CHF 1, 000	Goodwill	Software	Acquired client relationships	Acquired technology		Brand name 'REMP'	Total 2007
At cost							
Balance at January 1, 2007	54,244	15,279	16,634	9,586		6,590	102,333
Additions	-	1,895	-	-		-	1,895
Disposals	-	-	-	-		-	-
Translation differences	46	-	-	-		-	46
Balance at December 31, 2007	**54,290**	**17,174**	**16,634**	**9,586**		**6,590**	**104,274**
Accumulated amortization and impairment losses							
Balance at January 1, 2007	-	11,095	1,663	1,783		690	15,231
Annual amortization	-	2,295	1,109	1,189		-	4,593
Impairment losses	-	-	-	-		-	-
Disposals	-	-	-	-		-	-
Translation differences	-	-	-	-		-	-
Balance at December 31, 2007	**-**	**13,390**	**2,772**	**2.972**		**690**	**19,824**
Net book value	**54,290**	**3,784**	**13,862**	**6,614**		**5,900**	**84,450**

The amortization charge and impairment losses are recognized in the following line items of the income statement:

CHF 1, 000	2006	2007
Cost of sales	160	-
Sales and marketing (incl. impairment losses)	1,799	1,109
Research and development	1,189	1,189
General and administration	2,874	2,295
Total charges	**6,022**	**4,593**

11.2 Impairment tests for cash-generating units containing goodwill

The Group has performed impairment tests on goodwill in July. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit from the synergies of the corresponding business combination. For the impairment test, the recoverable amount of a cash-generating unit (higher of the cash-generating unit's fair value less costs to sell and its value in use) is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the Weighted Average Cost of Capital (WACC) and the Capital Asset Pricing Model (CAPM). Value in use is normally assumed to be higher than the fair value less costs to sell, therefore, fair value less costs to sell is only investigated when value in use is lower than the carrying amount of the cash generating unit.

The cash flow projections are based on five-year period budgets. Cash flows beyond the five-year period are extrapolated using the long-term estimated growth rates stated below. The discount rates applied are pre-tax.

Key assumptions used for value-in-use calculations of goodwill are as follows:

Cash generating unit	Carrying amount of goodwill CHF 1,000	Test date	Basis for recoverable amount	Discount rate	Projection period	Long-term growth rate
Liquid Handling & Robotics	27,299	July 2007	Value in use	13.7%	5 years	1.5%
Sample Management	26,991	July 2007	Value in use	13.9%	5 years	1.5%

The former goodwill 'REMP Group' in the amount of CHF 52.4 million was split and reallocated to the cash generating units Liquid Handling & Robotics (CHF 25.4 million) and Sample Management (CHF 27.0 million) due to a change in identification of segments (see note 2.4). For the same reason the goodwill 'Tecan production Switzerland' (CHF 1.9 million) was added to Goodwill Liquid Handling & Robotics.

Based on the impairment tests, there was no need for the recognition of any impairment on goodwill in financial year 2007.

11.3 Impairment test for brand name 'REMP'

The brand name 'REMP' was initially assessed and recognized as an intangible asset with an indefinite useful life. Therefore the asset is not subject to periodic amortization, but is tested for impairment at least annually. For this purpose the recoverable amount of the asset was assessed in July based on the 'relief from royalty method' by applying a royalty rate of 1.0% on the sales of the cash generating unit 'Sample Management' and using a pre-tax discount rate of 13.9%, a projection period of five years and a long-term growth rate of 1.5%. There was no need for the recognition of any impairment in financial year 2007. Circumstances still support an indefinite useful life assessment.

12 Bank liabilities and derivatives

CHF 1, 000	Bank overdrafts under bank pooling arrangements	Other current bank liabilities	Derivatives with negative fair value (see note 16)	Current maturities of non-current bank loans	Total current	Bank loans	Total non-current
Balance at January 1, 2006	2,706	3,358	-	8,680	**14,744**	60,988	**60,988**
Increase/(decrease)	(2,294)	597	-	-	**(1,697)**	-	**-**
Change in fair value	-	-	261	-	**261**	-	**-**
Increase in bank loans	-	-	-	-	**-**	458	**458**
Repayment of bank loans	-	-	-	(8,685)	**(8,685)**	(10,019)	**(10,019)**
Transfer to current	-	-	-	2,655	**2,655**	(2,655)	**(2,655)**
Translation differences	(15)	(286)	-	21	**(280)**	27	**27**
Balance at December 31, 2006	**397**	**3,669**	**261**	**2,671**	**6,998**	**48,799**	**48,799**
Analysis by currency:							
Denominated in CHF					2,001		48,000
Denominated in EUR					711		799
Denominated in USD					1,215		-
Denominated in JPY					3,060		-
Denominated in other currencies					11		-
Total					**6,998**		**48,799**
Analysis by interest rates:							
No interest					261		-
Variable interest rates depending on LIBOR					397		-
Fixed interest rate:							
0% - 2%					3,669		32,000
2% - 4%					2,671		16,799
Total					**6,998**		**48,799**

CHF 1, 000	Bank overdrafts under bank pooling arrangements	Other current bank liabilities	Derivatives with negative fair value (see note 16)	Current maturities of non-current bank loans	Total current	Bank loans	Total non-current
Balance at January 1, 2007	397	3.669	261	2,671	**6,998**	48,799	**48,799**
Increase/(decrease)	(390)	(343)	-	-	**(733)**	-	**-**
Change in fair value	-	-	(119)	-	**(119)**	-	**-**
Increase in bank loans	-	-	-	-	-	663	**663**
Repayment of bank loans	-	-	-	(2,684)	**(2,684)**	-	**-**
Transfer to current	-	-	-	34,238	**34,238**	(34,238)	**(34,238)**
Translation differences	(7)	(25)	-	14	**(18)**	22	**22**
Balance at December 31, 2007	**-**	**3,301**	**142**	**34,239**	**37,682**	**15,246**	**15,246**
Analysis by currency:							
Denominated in CHF					34,000		14,000
Denominated in EUR					337		1,246
Denominated in USD					285		-
Denominated in JPY					3,060		-
Total					**37,682**		**15,246**
Analysis by interest rates:							
No interest					383		-
Variable interest rates depending on LIBOR					-		-
Fixed interest rate:							
0% - 2%					35,060		-
2% - 4%					2,239		15,246
Total					**37,682**		**15,246**

In 2007 the average interest rate paid on bank loans was 2.2% (2006: 2.3%). There are covenants relating to equity ratio and debt-EBITDA-ratio, which have been fully satisfied throughout the year.

13 Deferred revenue

CHF 1, 000	2006	2007
Advance payments received related to product sales to be recognized upon delivery or customer's acceptance	3,739	1,325
Deferred income related to service contracts	14,206	14,256
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	(8,935)	(7,734)
Amount of advances received	19,697	12,688
Subtotal construction contracts in progress	*10,762*	*4,954*
Balance at December 31	**28,707**	**20,535**
(Decrease)	(2,141)	(7,733)
Translation differences	(32)	(439)
Total change compared with previous year	*(2,173)*	*(8,172)*

14 Employee benefits

14.1 Number of employees

FTE*)	2006	2007
Employees - year-end	1,087	1,102
Employees – average	1,059	1,108

*) FTE = full time equivalent

14.2 Personnel expenses

Personnel expenses include the following:

CHF 1,000	2006	2007
Salaries and wages	109,071	114,554
Social security	13,757	14,245
Post-employment benefits		
- defined contribution plans	1,418	1,375
- defined benefit plans	3,494	4,418
Share-based payment (equity- and cash-settled transactions)	274	644
Other personnel expenses	4,812	3,382
Total personnel expenses	**132,826**	**138,619**

14.3 Liability for post-employment benefits: defined benefit plans (IAS 19)

The liability for post-employment benefits relates to the following plans:

	2006	2007
Number of plans		
Funded plans	2	2
Unfunded plans	3	3
Number of people covered		
Participating employees	574	566
Retirees	-	1
Expected average remaining working lives of the participating employees	12.6	11.6

The amounts recognized in the balance sheet are as follows:

CHF 1,000	2006	2007
Present value of funded obligations	47,111	51,470
Fair value of plan assets	(42,320)	(50,503)
Subtotal	*4,791*	*967*
Present value of unfunded obligations	2,370	2,548
Unrecognized actuarial losses	(6,998)	(2,571)
Unrecognized past service costs	6,092	5,521
Liability at December 31	**6,255**	**6,465**

The amounts recognized in the income statement are as follows:

CHF 1,000	2006	2007
Current service costs	6,220	7,518
Employee contributions	(2,567)	(2,777)
Interest expense on obligation	1,357	1,381
Expected return on plan assets	(1,437)	(1,345)
Amortization of actuarial losses	22	174
Past service costs	(101)	(533)
Total, included in personnel expenses	**3,494**	**4,418**
Actual return on plan assets	549	2,015

Changes in the present value of the defined benefit obligation are as follows:

CHF 1,000	2006	2007
Balance at January 1	49,231	49,481
Plan amendments	(6,187)	38
Current service costs	6,220	7,518
Insurance premiums	(1,834)	(1,704)
Benefits paid	(1,781)	845
Interest expense on obligation	1,357	1,381
Actuarial losses/(gains)	2,467	(3,597)
Curtailment/settlement	(26)	-
Translation differences	34	56
Balance at December 31	**49,481**	**54,018**

Changes in the fair value of plan assets are as follows:

CHF 1,000	2006	2007
Balance at January 1	39,206	42,320
Employer contributions	3,359	4,102
Employee contributions	2,567	2,777
Insurance premiums	(1,834)	(1,704)
Benefits paid	(1,530)	993
Expected return on plan assets	1,437	1,345
Actuarial (losses)/gains	(888)	670
Translation differences	3	-
Balance at December 31	**42,320**	**50,503**

The Group expects to contribute CHF 4.1 million to its defined benefit plans in 2008.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2006	2007
Equity securities	10.0%	12.9%
Debt securities	54.0%	51.2%
Real estate	8.0%	10.7%
Other	28.0%	25.2%
Total	**100.0%**	**100.0%**

There are neither own financial instruments of the Group nor any property occupied by the Group included in the plan assets.

Principal actuarial assumptions at balance sheet date (expressed as weighted averages):

	2006	2007
Discount rate at December 31	2.8%	3.5%
Expected return on plan assets at December 31	3.0%	3.7%
Future salary increases	1.9%	2.0%
Future pension increases	0.5%	0.8%

The expected return on plan assets is based on the investment strategy of the life insurance company.

History of experience adjustments:

CHF 1,000	2005	2006	2007
Defined benefit obligation	49,231	49,481	54,018
Plan assets	(39,206)	(42,320)	(50,503)
Deficit	*10,025*	*7,161*	*3,515*
Experience gains/(losses) on plan liabilities in %	0.0%	(3.0%)	2.4%
Experience gains/(losses) on plan assets in %	2.0%	(2.0%)	1.3%

14.4 Share-based payment (IFRS 2)

14.4.1 Overview

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares and all stock appreciation rights (SARs) by cash payment:

Arrangement	Employees entitled/ grant date	Number of instruments/ exercise price	Vesting conditions	Contractual life	Expiry date
Plan 2002 Equity-settled	Options granted to all employees outside of USA at November 30, 2001	121,344 options CHF 99.00	One/two/three/ four years of service for 5%/50%/75%/ 100% of options	11 years	November 30, 2012
Plan 2002 Cash-settled	SARs granted to employees in the USA at November 30, 2001	53,512 SARs CHF 99.00	One/two/three/ four years of service for 25%/50%/75%/ 100% of SARs	11 years	November 30, 2012
Plan 2003 Equity-settled	Options granted to all employees outside of USA at November 30, 2002	350,188 options CHF 48.40	One/two/three/ four years of service for 25%/50%/75%/ 100% of options	11 years	November 30, 2013
Plan 2003 Cash-settled	SARs granted to employees in the USA at November 30, 2002	159,275 SARs CHF 48.40	One/two/three/ four years of service for 25%/50%/75%/ 100% of SARs	11 years	November 30, 2013
Plan 2007 B (base plan) Equity-settled	Options granted to members of Board of Directors, Executive Committee and management level 4 and 3 at November 30, 2006	27,762 options CHF 70.00	One/two/three years of service for 33%/33%/34% of options	7 years	November 30, 2013
Plan 2007 P (performance plan) Equity-settled	Options granted to members of Executive Committee and members of Executive Committee and management level 4 at November 30, 2006	20,837 options CHF 70.00	Three years of service plus earnings per share target plus comparison with peer basket of competitors	7 years	November 30, 2013
Plan 2008 B (base plan) Equity-settled	Options granted to members of Board of Directors, Executive Committee and management level 4 and 3 at December 5, 2007	41,735 options CHF 69.00	One/two/three years of service for 33%/33%/34% of options	7 years	December 5, 2014
Plan 2008 P (performance plan) Equity-settled	Options granted to members of Executive Committee and management level 4 at December 5, 2007	32,696 options CHF 69.00	Three years of service plus earnings per share target plus comparison with peer basket of competitors	7 years	December 5, 2014

All share options grant the right to purchase one Tecan share per option. Based on the plans 2002 and 2003 the employees from the US received stock appreciation rights (SARs) with the same treatment and the same conditions as share options. All outstanding options and SARs granted are covered by the conditional share capital. No plans were introduced in 2003, 2004 and 2005.

The number and weighted average exercise prices of share options and SARs are as follows:

	2006				2007			
	Weighted average exercise price (CHF)		Number		Weighted average exercise price (CHF)		Number	
	Options	SARs	Options	SARs	Options	SARs	Options	SARs
Balance at January 1	62.07	61.38	272,356	120,188	66.83	72.32	253,769	58,179
Granted	70.00	-	48,599	-	69.00	-	74,431	-
Exercised	48.40	48.40	(61,901)	(51,883)	48.40	48.40	(63,091)	(9,683)
Forfeited	48.40	48.40	(5,141)	(1,162)	70.00	-	(183)	-
Expired	74.70	67.16	(144)	(8,964)	66.38	70.28	(8,276)	(15,331)
Balance at December 31	**66.83**	**72.32**	**253,769**	**58,179**	**72.01**	**80.24**	**256,650**	**33,165**

The weighted average share price at the date of exercise was CHF 78.7 in 2007 and CHF 67.3 in 2006.

Outstanding share options and SARs at the end of the period in detail:

		2006				2007			
	Exercise price	Remaining contractual life (years)		Number		Remaining contractual life (years)		Number	
		Options	SARs	Options	SARs	Options	SARs	Options	SARs
Plan 2002	99.00	5.9	5.9	71,700	27,502	4.9	4.9	68,760	20,872
Plan 2003	48.40	6.9	6.9	133,470	30,677	5.9	5.9	65,043	12,293
Plan 2007 B	70.00	6.9	-	27,762	-	5.9	-	27,579	-
Plan 2007 P	70.00	6.9	-	20,837	-	5.9	-	20,837	-
Plan 2008 B	69.00	-	-	-	-	6.9	-	41,735	-
Plan 2008 P	69.00	-	-	-	-	6.9	-	32,696	-
Balance at December 31		**6.6**	**6.4**	**253,769**	**58,179**	**5.9**	**5.3**	**256,650**	**33,165**
Exercisable at period end				205,170	58,179			143,088	33,165

The total expenses relating to share-based payment transactions, recognized in the consolidated income statement, are calculated as follows:

14.4.2 Equity-settled share-based payment

Equity-settled plans granted before January 1, 2005: Due to the transitional provisions of IFRS 2 only the share options of plan 2003/equity-settled, which had not vested at the effective date of the standard (January 1, 2005), have been recognized in the income statement.

The fair value of services received in return for share options granted is measured by reference to the share options vested times their fair value at grant date (measurement date). The estimate of the fair value is based on a binominal model. Changes of the fair value of the option after the grant date do not change the fair value of the services received.

Fair value of share options and key assumptions:

Grant	Share price	Exercise price	Expected volatility	Option life	Expected dividends	Risk-free interest rate	Fair value
Plan 2003	CHF 48.40	CHF 48.40	38.00%	11.0 years	0.84%	2.83%	CHF 23.37
Plan 2007 B	CHF 70.00	CHF 70.00	50.22%	7.0 years	0.65%	2.53%	CHF 35.33
Plan 2007 P *)	CHF 70.00	CHF 70.00	50.22%	7.0 years	0.65%	2.53%	CHF 22.08
Plan 2008 B	CHF 69.00	CHF 69.00	40.27%	7.0 years	0.64%	3.05%	CHF 29.00
Plan 2008 P *)	CHF 69.00	CHF 69.00	40.27%	7.0 years	0.64%	3.05%	CHF 18.13

*) incl. market condition 'comparison with peer basket'

14.4.3 Cash-settled share-based payment

Cash-settled plans granted before January 1, 2005: due to the transitional provisions of IFRS 2 only the SARs of plan 2002/cash-settled und plan 2003/cash-settled, which were not settled at the effective date of the standard (January 1, 2005), have been recognized in the income statement.

The fair value of services received in return for the SARs granted are measured by reference to the SARs vested times their fair value at grant date (measurement date). The estimate of the fair value is based on a binominal model. Changes in the fair value of the SARs after the grant date have an impact on the provision for cash-settled share-based payment and are posted to the financial result.

Fair value of SARs and key assumptions:

	Share price	Exercise price	Expected volatility	Option life	Expected dividends	Risk-free interest rate	Fair value
Grant date							
Plan 2002	CHF 99.00	CHF 99.00	38.00%	11.0 years	1.00%	3.55%	CHF 48.52
Plan 2003	CHF 48.40	CHF 48.40	38.00%	11.0 years	0.84%	2.83%	CHF 23.37
2006							
Plan 2002	CHF 76.45	CHF 99.00	45.66%	5.9 years	0.57%	2.72%	CHF 28.39
Plan 2003	CHF 76.45	CHF 48.40	46.76%	6.9 years	0.57%	2.74%	CHF 45.77
2007							
Plan 2002	CHF 68.00	CHF 99.00	40.44%	4.9 years	0.66%	3.06%	CHF 17.43
Plan 2003	CHF 68.00	CHF 48.40	45.57%	5.9 years	0.66%	3.10%	CHF 36.77

14.4.4 Total expenses recognized

CHF 1,000	2006	2007
Expenses arising from equity-settled plans (share options)	150	644
Expenses arising from cash-settled plans (SARs)	124	-
Total personnel expenses recognized with impact on operating profit	*274*	*644*
Effect of changes in the fair value of SARs with impact on the financial result	487	(1,031)
Total expenses/(income)	**761**	**(387)**

The provision for cash-settled share-based payment transactions amounts to CHF 0.8 million at December 31, 2007 (2006: CHF 2.2 million, see note 15).

15 Provisions

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restruc-turing	Warranties & returns	WEEE *)	Legal cases	Other	Total 2006
Balance at January 1, 2006	2,688	2,556	8,417	278	433	1,774	16,146
Provisions made	611	-	7,941	156	391	267	9,366
Provisions used	(1,115)	(981)	(5,881)	-	-	(395)	(8,372)
Provisions reversed	-	(11)	(121)	(140)	(170)	-	(442)
Unwind of discounts	-	53	-	-	-	-	53
Translation differences	-	20	(98)	8	14	14	(42)
Balance at December 31, 2006	**2,184**	**1,637**	**10,258**	**302**	**668**	**1,660**	**16,709**
Thereof current	-	353	10,258	-	475	944	12,030
Thereof non-current	2,184	1,284	-	302	193	716	4,679

*) WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restruc-turing	Warranties & returns	WEEE *)	Legal cases	Other	Total 2007
Balance at January 1, 2007	2,184	1,637	10,258	302	668	1,660	16,709
Provisions made	-	-	5,507	238	-	3,440	9,185
Provisions used	(338)	(346)	(4,098)	-	-	(763)	(5,545)
Provisions reversed	(1,031)	-	(2,244)	-	-	(1,116)	(4,391)
Unwind of discounts	-	51	-	-	-	-	51
Translation differences	-	39	(180)	3	10	(61)	(189)
Balance at December 31, 2007	**815**	**1,381**	**9,243**	**543**	**679**	**3,159**	**15,820**
Thereof current	-	338	9,243	-	481	2,669	12,731
Thereof non-current	815	1,043	-	543	198	490	3,089

*) WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

The provisions for restructuring relate to the closing of the research and development sites in Munich (2007: CHF 1.4 million and 2006: CHF 1.6 million). The provision includes an amount of CHF 1.2 million (2006: CHF 1.4 million), which covers the non-cancellable lease commitments concerning the factory building. The contract will expire in May 2011.

The provision for legal cases (2007: CHF 0.7 million and 2006: CHF 0.7 million) relates to several minor legal cases involving former customers and employees in different subsidiaries, for which the timing of settlement was uncertain at year-end.

At the end of 2007 the position 'other' contains a provision to cover purchase commitments on parts and material for discontinued products in the amount of CHF 0.9 million (2006: CHF 0.9 million) and a provision for an uncertain import duty position.

16 Financial risk management

16.1 Overview

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including fair value interest rate risk and cash flow interest rate risk, currency risk) and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury) under polices approved by the Board of Directors ('Treasury Policy'). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The 'Treasury Policy' provides principles for specific areas, such as credit risk, interest rate risk, foreign exchange risk, use of derivative financial instruments and investment of excess liquidity.
This note presents information about the Group's exposure to each of the risks arising from financial instruments and the Group's objectives, polices and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

16.2 Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from cash and cash equivalents and trade accounts receivable.

All domestic and international bank relationships are selected by CFO and Group Treasury. Only banks and financial institutions that are ranked in the top class of the respective country are accepted.

The credit risk with trade accounts receivable is limited, as the Group has numerous clients located in various geographical regions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. For the purpose of risk control the customers are grouped as follows (risk groups): governmental organizations, listed public limited companies and other customers. Credit limits are established for each customer, which represents the maximum open amount without requiring payments in advance and letters of credit; these limits are reviewed regularly (credit check).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. There are no commitments that could increase this exposure to more than the carrying amounts.

16.3 Market risks

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices will affect the Group's result or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

16.3.1 Interest rate risks

At the reporting date the Group held the following interest-bearing financial instruments: cash and cash equivalents, rent deposits and bank liabilities. All cash and cash equivalents mature or reprise in the short-term, no longer than three months.

Borrowings mainly bear interest at fixed rates. Cash and cash equivalents and borrowings issued at variable rates expose the Group to cash flow interest rate risk. For the interest rate profile of the Group's interest bearing financial liabilities refer to note 12. The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The Group Treasury manages the interest rate risk in order to reduce the volatility of the financial result as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at variable or fixed interest rate, the Group Treasury focuses on an internal long-term benchmark interest rate and considers the amount of cash and cash equivalents held at variable interest rate. Currently the interest rate exposure is not hedged.

At December 31, 2007, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been CHF 0.3 Mio. (2006: CHF 0.3 Mio.) higher/lower, mainly as a result of cash positions held at variable rates.

16.3.2 Foreign currency risks

The Group incurs foreign currency risks on sales, purchases and borrowings denominated in a currency other than the functional currency of the respective subsidiaries. On a consolidated basis, the Group is also exposed to currency fluctuations between the Swiss Franc (CHF) and the functional currencies of its subsidiaries. The two major currencies giving rise to currency risks are Euros (EUR) and US Dollars (USD).

The Group centralizes its foreign currency exposure in a few locations only. The hedging policy of the Group is to cover the foreign currency exposure to a certain percentage of the operating activities (forecasted sales and purchases). The Group uses forward exchange contracts, currency options and swaps to hedge its foreign currency risk on specific future foreign currency cash flows. These contracts have maturities of up to 12 months.

The Group does not hedge its net investment in foreign entities and the related foreign currency translation of local earnings.

The Group's exposure to foreign currency risk arising on financial instruments denominated in a currency different from the functional currency of the entity holding the instruments was as follows:

	2006				2007			
CHF 1,000	**CHF**	**EUR**	**USD**	**Other**	**CHF**	**EUR**	**USD**	**Other**
Cash and cash equivalents	258	4,654	14,667	4,353	-	2,652	35,051	5,250
Trade accounts receivable[*)]	-	2,357	6,259	8,611	2	2,095	696	2,344
Other accounts receivable[*)]	-	-	-	49	-	-	-	-
Non-current financial assets	-	-	-	-	-	9	-	178
Current bank liabilities	-	-	-	(11)	-	-	-	-
Trade accounts payable	(89)	(1,518)	(118)	(41)	(41)	(473)	(152)	(29)
Other accounts payable[*)]	-	-	-	-	-	-	-	-
Accrued expenses	(5)	(1,027)	(887)	(225)	-	-	-	(53)
Bank loans	-	-	-	-	-	-	-	-
Foreign currency forwards	-	(51)	221	11	-	(63)	2,534	426
Foreign currency options	-	-	64	-	-	-	242	-
Balance at December 31	**164**	**4,415**	**20,207**	**12,746**	**(39)**	**4,220**	**38,371**	**8,116**

[*)] excluding receivables and payables arising from POC, VAT/other non-income taxes and social security

At the end of December, if the CHF had moved against the USD and EUR with all other variables held constant, post-tax profit for the year would have been:

CHF 1,000	**2006 higher/ (lower)**	**2007 higher/ (lower)**
If CHF had weakened against EUR by 10%	281	(1,556)
If CHF had strengthened against EUR by 10%	(280)	1,256
If CHF had weakened against USD by 10%	(2,364)	(1,450)
If CHF had strengthened against USD by 10%	1,358	1,280

The Group is sensitive to movements in CHF/EUR and CHF/USD exchange rates mainly as a result of fair value changes of foreign currency forwards and options.

The derivative financial instruments used as economic hedges of foreign currencies are summarized in the table below:

	Fair value		Contract value		
	Positive	Negative	Total	Due within	
CHF 1,000				Between 1 and 90 days	Between 91 and 360 days
Foreign currency forwards					
Sale EUR	-	(51)	1,575	1,575	-
Sale USD	346	(125)	35,380	7,320	28,060
Sale JPY	11	-	1,306	1,306	-
Foreign currency options Sale USD	149	(85)	10,980	1,220	9,760
Balance at December 31, 2006	**506**	**(261)**	**49,240**	**11,420**	**37,820**

	Fair value		Contract value		
	Positive	Negative	Total	Due within	
CHF 1,000				Between 1 and 90 days	Between 91 and 360 days
Foreign currency forwards					
Sale EUR	35	(97)	21,450	990	20,460
Sale USD	2,579	(45)	51,641	18,871	32,770
Sale JPY	370	-	8,804	-	8,804
Sale other currencies	55	-	1,515	909	606
Foreign currency options Sales USD	242	-	7,910	1,130	6,780
Balance at December 31, 2007	**3,281**	**(142)**	**91,320**	**21,900**	**69,420**

16.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Group Treasury manages the Group's liquidity to ensure sufficient liquidity to meet all liabilities when due, under both normal and stressed conditions, without facing unacceptable losses or risking damage to the Group's reputation.

It is the Group's target to have a cash reserve or committed credit line in the amount of 10% of its annual sales third budget centralized at Tecan Group Ltd. and Tecan Trading AG. Changes to this target are subject to the Board of Directors' approval. All cash in Tecan Group Ltd. and Tecan Trading AG, which does not count against such a cash reserve is considered as excess liquidity. Excess liquidity can be invested in instruments such as time deposits, government and corporate bonds, shares of publicly listed companies and capital protected instruments.

The following are the contractual maturities of financial liabilities, including interest payments:

CHF 1,000	Carrying amount	Contractual cash flows	Between 1 and 90 days	Between 91 and 360 days	Between 2 and 3 years	Over 3 years
Non-derivative financial liabilities						
Current bank liabilities	6,737	6,782	4,089	2,693	-	-
Trade accounts payable	11,069	11,069	11,069	-	-	-
Other accounts payable*)	348	348	348	-	-	-
Accrued expenses	33,846	33,846	18,563	15,283	-	-
Bank loans	48,799	51,092	261	798	37,498	12,535
Derivative financial liabilities						
Foreign currency forwards	*176*					
Outflow		18,655	1,575	17,080	-	-
Inflow		(18,160)	(1,524)	(16,636)	-	-
Foreign currency options	*85*					
Outflow		3,660	-	3,660	-	-
Inflow		(3,660)	-	(3,660)	-	-
Balance at December 31, 2006	**101,060**	**103,632**	**34,381**	**19,218**	**37,498**	**12,535**

*) excluding payables arising from VAT/other non-income taxes and social security

CHF 1,000	Carrying amount	Contractual cash flows	Between 1 and 90 days	Between 91 and 360 days	Between 2 and 3 years	Over 3 years
Non-derivative financial liabilities						
Current bank liabilities	37,540	37,888	3,479	34,409	-	-
Trade accounts payable	9,542	9,542	9,445	97	-	-
Other accounts payable*)	125	125	125	-	-	-
Accrued expenses	33,393	33,393	17,053	16,340	-	-
Bank loans	15,246	16,177	93	302	15,452	330
Derivative financial liabilities						
Foreign currency forwards	*142*					
Outflow		15,460	990	14,470	-	-
Inflow		(15,187)	(985)	(14,202)	-	-
Balance at December 31, 2007	**95,988**	**97,398**	**30,200**	**51,416**	**15,452**	**330**

*) excluding payables arising from VAT/other non-income taxes and social security

Unused lines of credit amounting to CHF 37.8 million were available to the Group at December 31, 2007 (2006: CHF 37.4 million).

16.5 Fair values

The carrying amounts less impairment allowance of trade and other accounts receivable and trade and other accounts payable are assumed to approximate their fair values due to their short-term nature.

At year-end the fair value of all bank loans amounted to CHF 48.8 Mio. (2006: CHF 50.4 Mio.) compared to a carrying amount of CHF 49.5 Mio. (2006: CHF 51.5 Mio.). The fair value is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For derivatives the carrying amounts equal fair value. The fair value is determined by the respective issuing bank using market data as at the balance sheet date.

16.6 Carrying amounts of financial instruments by category

The following table shows the carrying amounts of financial instruments by category at the end of December:

CHF 1,000	2006	2007
Financial assets held for trading		
Derivatives	**506**	**3,281**
Loans and receivables		
Cash and cash equivalents	85,144	102,850
Trade accounts receivable*)	90,654	81,696
Other accounts receivable*)	3,197	2,899
Non-current financial assets	760	1,674
Total	**179,755**	**189,119**
Financial liabilities held for trading		
Derivatives	**261**	**142**
Other financial liabilities measured at amortized cost		
Bank liabilities and loans	55,536	52,786
Trade accounts payable	11,069	9,542
Other accounts payable*)	348	125
Accrued expenses	33,846	33,393
Total	**100,799**	**95,846**

*) excluding receivables and payables arising from POC, VAT/other non-income taxes and social security

17 Rental and lease commitments

The commitments arising from operating leases are largely rental payments for buildings.

Commitments under non-cancellable operating leases:

CHF 1,000	2006	2007
Due date		
1st year	6,946	7,582
2nd year	6,051	6,611
3rd year	5,397	5,621
4th year	5,156	2,206
5th year	1,824	1,698
6th year or beyond	1,200	-
Balance at December 31	**26,574**	**23,718**

In financial year 2007, CHF 8.2 million have been recognized as expenses for leases in the consolidated income statement (2006: CHF 8.0 million).

The Group did not enter into any finance lease contracts.

18 Contingent liabilities and encumbrance of assets

As of December 31, 2007 and 2006, the Group had no significant contingent liabilities to third parties, and none of the Group's assets were pledged, assigned or subject to retention of title, except for the following positions:

CHF 1,000	2006	2007
Pledged assets		
Cash and cash equivalent (bank pooling arrangement)	50,392	40,310
Shares of REMP AG, pledged to secure bank loans (amount of consolidated net assets)	48,018	50,130

19 Shareholders' equity

The changes in shareholders' equity are disclosed in the 'consolidated statement of changes in shareholders' equity'.

19.1 Dividends paid

	2006	2007	2008 (proposed)
Number of shares eligible for dividend	11,492,340	11,502,742	
Dividends paid (CHF/share)	0.45	0.45	0.45
Number of shares eligible for payout	-	11,532,187	
Payout in form of a nominal value reduction (CHF/share)	-	0.45	0.45

19.2 Movements in shares outstanding

Number (each share has a nominal value of CHF 0.55)	Shares issued	Treasury Shares	Shares outstanding
Balance at January 1, 2006	11,891,823	(461,730)	11,430,093
Issue of new shares from conditional share capital (employee profit sharing program, see below)	113,784	-	113,784
Balance at December 31, 2006	**12,005,607**	**(461,730)**	**11,543,877**
Issue of new shares from conditional share capital (employee profit sharing program, see below)	72,774	-	72,774
Purchase of treasury shares	-	(354,877)	(354,877)
Sale of treasury shares	-	43,707	43,707
Balance at December 31, 2007	**12,078,381**	**(772,900)**	**11,305,481**

19.3 Conditional share capital reserved for the employee profit sharing program

Number (each share has a nominal value of CHF 0.55)	2006	2007
Balance at January 1	1,108,177	994,393
Employee share options exercised (see note 14)	(113,784)	(72,774)
Balance at December 31	**994,393**	**921,619**
Employee share options outstanding (see note 14)	311,948	289,815

19.4 Conditional and authorized share capital for the purpose of future business development

Number (each share has a nominal value of CHF 0.55)	2006	2007
Conditional share capital	1,800,000	1,800,000
Authorized share capital, expiring on April 26, 2008	1,200,000	1,200,000

19.5 Capital management

The Board's policy is to maintain a strong capital base in order to ensure investor, creditor and market confidence and to sustain future development of business. It is the Group's target to keep a minimum equity ratio of 30%, which limits the level of borrowings. Changes to this target are subject to the Board of Directors' approval. In addition all covenants relating to bank liabilities must be satisfied at any time.

The Board of Directors monitors both the earnings per share and the ability of the Group to undertake future business development. At December 15, 2006 the Group announced a share buy-back program. Within two years, the Group plans to repurchase shares amounting to at most 10% of the currently issued shares. The cancellation of these shares, with a concurrent capital reduction, is not planned. Through the share buy-back program, the Group aims to utilize excess liquidity efficiently and to manage its balance sheet actively. Furthermore, these shares may be used for potential future external growth opportunities. Under this program 2.6% of the currently issued shares were repurchased at the end of 2007.

The level of dividend payments to shareholders shall be kept on a constant and ongoing level.

There were no changes in the Group's approach to capital management during the year.

20 Segment information

The primary reporting format, which reflects the management organization, has changed from geographical area, based on the location of assets to business segments (see note 2.4).

Intersegment transactions are conducted at arm's length. No significant non-cash expenses other than depreciation of property, plant and equipment and amortization of intangible assets were incurred.

20.1 Segment information by location of assets (previous primary segment reporting format)

	Europe		America		Asia		Corporate/consolidation		Group	
CHF 1,000	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Sales to third parties	260,168	263,886	133,998	132,491	11,763	18,023	-	-	405,929	414,400
Intersegment sales	93,110	102,468	41,102	45,779	-	-	(134,212)	(148,247)	-	-
Total sales	**353,278**	**366,354**	**175,100**	**178,270**	**11,763**	**18,023**	**(134,212)**	**(148,247)**	**405,929**	**414,400**
Operating profit	**41,960**	**47,406**	**2,691**	**10,043**	**(1,164)**	**(1,522)**	**7,367**	**4,372**	**50,854**	**60,299**
Segment assets	253,801	234,222	64,159	62,461	7,623	10,674	(63,606)	(60,397)	261,977	246,960
Unallocated assets									103,626	127,022
Total assets									**365,603**	**373,982**
Segment liabilities	99,322	91,025	36,996	48,710	2,886	6,607	(32,908)	(49,392)	106,296	96,950
Unallocated liabilities									75,466	72,389
Total liabilities									**181,762**	**169,339**
Depreciation and amortization	(10,479)	(9,813)	(1,066)	(1,186)	(159)	(168)	-	-	(11,704)	(11,167)
Impairment losses	(690)	-	-	-	-	-		-	(690)	-
Purchase of property, plant and equipment	4,241	6,129	1,518	974	56	109	-	-	5,815	7,212
Purchase of intangible assets	691	1,895	-	-	-	-	-	-	691	1,895

20.2 Segment information by business segments (new primary segment reporting format[*])

CHF 1,000	Components & Detection 2007	Liquid Handling & Robotics 2007	Sample Management 2007	Corporate/ consolidation 2007	Group 2007
Sales to third parties	114,398	262,572	37,430	-	414,400
Intersegment sales	9,563	2,060	2,484	(14,107)	-
Total sales	**123,961**	**264,632**	**39,914**	**(14,107)**	**414,400**
Operating profit	**11,587**	**56,884**	**146**	**(8,318)**	**60,299**
Segment assets	46,286	117,573	77,629	-	241,488
Unallocated assets					132,494
Total assets					**373,982**
Segment liabilities	18,615	45,402	14,459	-	78,476
Unallocated liabilities					90,863
Total liabilities					**169,339**
Depreciation and amortization	(3,616)	(4,192)	(3,359)	-	(11,167)
Impairment losses	-	-	-	-	-
Purchase of property, plant and equipment	2,580	3,686	946	-	7,012
Purchase of intangible assets	727	1,168	-	-	1,895

[*] Previous year not restated

20.3 Sales by regions (by location of customers)

	North America		Europe		Asia		Others		Total	
CHF 1,000	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Sales to third parties	166,826	154,941	185,934	189,216	37,494	56,413	15,675	13,830	405,929	414,400

20.4 Sales by markets

	Genomics/ Proteomics		Drug Discovery		Diagnostics		Total	
CHF 1,000	2006	2007	2006	2007	2006	2007	2006	2007
Sales to third parties	121,087	121,144	147,539	139,016	137,303	154,240	405,929	414,400

21 Operating expenses by nature

CHF 1,000	2006	2007
Material costs	139,501	127,981
Personnel expenses	132,826	138,619
Depreciation of property, plant and equipment	6,372	6,574
Amortization of intangible assets	5,332	4,593
Impairment losses	690	-
Other operating income and expenses (net)	70,354	76,334
Total operating expenses	**355,075**	**354,101**

22 Research and development

CHF 1,000	2006	2007
External project costs	12,739	12,132
Internal costs	25,101	27,748
Amortization of intangible assets related to research and development	1,189	1,189
Total research and development (gross, according to income statement)	**39,029**	**41,069**
Government research subsidies	(1,063)	(1,174)
Total research and development (net)	37,966	39,895

Costs for research and the development of new products (gross) amounted to 9.9% of sales (2006: 9.6%).

23 Other operating income

CHF 1,000	2006	2007
Government research subsidies	1,063	1,174
Other operating income (miscellaneous)	398	16
Other operating expense (miscellaneous)	(21)	(30)
Total other operating income	**1,440**	**1,160**

24 Financial result

CHF 1,000	2006	2007
Interest income	1,312	2,769
Fair value adjustments on cash-settled share-based payment plans	-	1,031
Finance income	*1,312*	*3,800*
Interest expenses	(1,641)	(1,304)
Fair value adjustments on cash-settled share-based payment plans	(487)	-
Other	-	(79)
Finance cost	*(2,128)*	*(1,383)*
Result from derivatives	1,823	3,084
Other foreign exchange losses (net)	(991)	(2,915)
Foreign exchange gains	*832*	*169*
Total financial result	**16**	**2,586**

25 Income taxes

CHF 1,000	2006	2007
Current income taxes	10,921	10,733
Deferred taxes	(690)	(227)
Total income taxes	**10,231**	**10,506**

The income tax expense can be analyzed as follows:

CHF 1,000	2006	2007
Profit before taxes	50,870	62,885
Tax expense based on the Group's expected weighted average rate of 22.6% (2006: 25.2%)	*12,792*	*14,188*
Non-deductible expenses and additional taxable income	452	561
Tax-free income and tax reductions	(2,586)	(4,341)
Change in recognition of tax losses	186	(453)
Under/(over)provided in prior years	41	(293)
Effect of tax rate change on opening deferred taxes	(654)	844
Tax expense reported	**10,231**	**10,506**

The expected tax rate of the Group is the weighted average tax rate obtained by applying the currently effective rate for each individual jurisdiction to its respective profit before taxes. As a result of a further change in the country mix of the profit before taxes the Group's expected tax rate was reduced to 22.6%.

Deferred tax assets and liabilities are attributable to the following:

CHF 1,000	2006	Change 2007	2007
Receivables	1,071	515	1,586
Inventories	7,368	(3,060)	4,308
Property, plant and equipment	(9)	374	365
Intangible assets	(6,586)	403	(6,183)
Liabilities and accrued expenses	2,508	101	2,609
Provisions	838	1,705	2,543
Other	(1,159)	(263)	(1,422)
Total net deferred tax assets arising from temporary differences	*4,031*	*(225)*	*3,806*
Deferred taxes provided on			
- expected dividends from subsidiaries	(538)	33	(505)
- potential tax benefits from tax loss carry-forwards	2,451	(65)	2,386
Total net deferred tax assets	**5,944**	**(257)**	**5,687**
Deferred taxes recognized in income statement	690		227
Deferred taxes recognized directly in equity	-		36
Translation differences	(415)		(520)
Total change compared with previous year	*275*		*(257)*

At year-end, temporary differences on inventories primarily related to income on intra-group sales eliminated for consolidation purposes. Deferred taxes recognized directly in equity relate to transactions in treasury shares.

Tax loss carry-forwards:

CHF 1,000	Gross value of tax loss carry-forwards not capitalized 2006	2007	Potential tax benefits 2006	2007
Expiring in				
Unlimited			2,451	2,386
Total tax loss carry-forward capitalized			**2,451**	**2,386**
Expiring in				
1st year	-	-	-	-
2nd year	11	-	3	-
3rd year	36	-	9	-
4th year	1	-	-	-
5th year	52	-	12	-
6th year or beyond	13	-	3	-
Unlimited	2,855	1,559	951	520
Total tax loss carry-forward not capitalized	**2,968**	**1,559**	**978**	**520**
Total tax loss carry-forward			**3,429**	**2,906**

Deferred taxes are included in the balance sheet as follows:

CHF 1,000	2006	2007
Deferred tax assets	15,248	14,059
Deferred tax liabilities	(9,304)	(8,372)
Total (net)	**5,944**	**5,687**

26 Related parties

The Group has a related party relationship with its subsidiaries and with key management personnel (members of the Board of Directors and the Executive Committee).

The total compensation paid to the key management personnel was:

CHF 1,000	2006	2007
Short-term employee benefits	5,143	5,646
Post-employment benefits	300	472
Other long-term benefits*)	-	28
Termination benefits	-	-
Share-based payment	82	287
Total compensation	**5,525**	**6,433**

*) Long-term retention bonus accrued. Payment will be made in 2010.

In 2007 the members of the management were offered the possibility to purchase American-type call options on Tecan shares (exercise price: CHF 69.00; option life: 7 years) issued by a bank at market rates. On December 5, 2007 a total of 58,276 share options were sold to the members of the Board of Directors (13,449), to the members of the Executive Committee (41,378) and to other employees (3,449). The number purchased by each individual was restricted. At the same time the members of the Executive Committee who participated in this transaction received advance facilities from Tecan Group Ltd. to finance the purchase of these share options. The advance facilities in the form of interest-free and unsecured loans are part of a long-term bonus scheme to mature in 2010 and are limited to two-thirds of the purchase price of the share options. One third was paid privately by the members of the Executive Committee. At December 31, 2007 these advance facilities amounted to CHF 0.8 Mio.

For further details concerning compensation, ownership of shares and options and loans granted please refer to notes 11 and 12 of the statutory financial statements of Tecan Group Ltd., the ultimate parent company. The information reported in this note and the information provided in the notes of the statutory financial statements may differ due to different recognition and valuation principles.

27 Earnings per share

The earnings per share are based on the consolidated profit of the Group and the average number of shares outstanding, excluding treasury shares.

	2006	2007
Number of shares issued	12,005,607	12,078,381
Number of treasury shares	461,730	772,900
Average number of shares outstanding (see note 19)	*11,497,402*	*11,529,275*
Basic earnings per share (CHF/share)	**3.54**	**4.54**
Average number of shares under option total	376,546	338,098
Average number of shares under option dilutive	226,135	243,680
Average exercise price	48.40	59.30
Number of shares that would have been issued at average market price for the year of CHF 78.72 (2006: CHF 67.27).	162,712	183,567
Adjustment for dilutive share options	63,423	60,113
Average number of shares outstanding after dilution	*11,560,825*	*11,589,388*
Diluted earnings per share (CHF/share)	**3.52**	**4.52**

28 Subsequent events

No events have occurred subsequent to the balance sheet date which would require adjustments to or disclosures in these consolidated financial statements.

Report of the Group Auditors to the General Meeting of

Tecan Group Ltd.
Männedorf

As group auditors, we have audited the consolidated financial statements of Tecan Group Ltd., Männedorf, presented on pages 41 to 76 for the year ended December 31, 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG Ltd

Lukas Marty
Swiss Certified Accountant
Auditor in Charge

Stefan Dürmüller
Swiss Certified Accountant

Zurich, February 29, 2008

Balance sheet of Tecan Group Ltd. at December 31

CHF 1,000	Notes	2006	2007
Assets			
Cash and cash equivalents		11,357	7,279
Current loans to Group companies		18,456	18,495
Other accounts receivable to third parties		906	1,199
Other accounts receivable to Group companies		15,215	9,350
Prepaid expenses		561	379
Current assets		**46,495**	**36,702**
Investments in subsidiaries	2	151,048	151,048
Non-current loans	3	19,174	18,904
Treasury shares	4	16,161	41,697
Property, plant and equipment		639	1,149
Intangible assets		4,219	3,784
Non-current assets		**191,241**	**216,582**
Assets		**237,736**	**253,284**
Liabilities and equity			
Current bank liabilities		2,000	34,000
Other liabilities to third parties		1,098	1,308
Other liabilities to Group companies		683	688
Current provisions		250	250
Current tax liabilities		660	717
Accrued expenses		5,746	5,757
Current liabilities		**10,437**	**42,720**
Bank loans		48,000	14,000
Non-current loan from Group companies		-	8,000
Non-current provisions		54	19
Non-current liabilities		**48,054**	**22,019**
Share capital		12,006	6,643
Legal reserves		36,563	61,641
Retained earnings		130,676	120,261
Shareholders' equity	5	**179,245**	**188,545**
Liabilities and equity		**237,736**	**253,284**

Income statement of Tecan Group Ltd.

CHF 1,000	2006	2007
Management fees from Group companies	27,251	27,201
Other income	815	989
Dividend income from Group companies	12,505	10,436
Interest income from third parties	1,012	2,052
Interest income from Group companies	2,160	2,288
Other financial income	5,269	12,263
Income	**49,012**	**55,229**
Personnel expenses	(12,401)	(11,244)
Depreciation of property, plant and equipment	(317)	(576)
Amortization of intangible assets	(2,875)	(2,295)
Other expenses	(11,380)	(12,927)
Financial expenses	(5,821)	(14,328)
Expenses	**(32,794)**	**(41,370)**
Profit before taxes	**16,218**	**13,859**
Income taxes	(235)	(435)
Net profit	**15,983**	**13,424**

Notes to the financial statements of Tecan Group Ltd.

1 Reporting basis

The Tecan Group Ltd. financial statements are prepared in compliance with the Swiss Code of Obligations. They are a supplement to the consolidated financial statements (pages 41 through 76) prepared according to International Financial Reporting Standards (IFRS). While the consolidated financial statements reflect the economic situation of the Group as a whole, the information contained in the Tecan Group Ltd. financial statements (pages 78 through 86) relates to the ultimate parent company alone. The retained earnings reported in these financial statements provide the basis for the decision regarding the distribution of earnings to be made during the annual general meeting of shareholders.

2 Investments in subsidiaries

2.1 Overview (direct and indirect)

Company	Domicile	Currency	Share capital (LC 1,000)	Activities
Tecan Schweiz AG	Männedorf/Zurich (CH)	CHF	5,000	R/P
Tecan Trading AG	Männedorf/Zurich (CH)	CHF	300	S/D
Tecan Sales Switzerland AG	Männedorf/Zurich (CH)	CHF	250	D
REMP AG	Oberdiessbach/Bern (CH)	CHF	4,000	R/P/D
Tecan Austria GmbH	Grödig/Salzburg (A)	EUR	1,460	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (A)	EUR	35	D
Tecan Sales International GmbH	Grödig/Salzburg (A)	EUR	35	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (D)	EUR	25	S
• Tecan Deutschland GmbH	Crailsheim/Stuttgart (D)	EUR	51	D
• Tecan Software Competence Center GmbH	Mainz-Kastel (D)	EUR	103	R
Tecan Benelux B.V.B.A.	Mechelen (B)	EUR	137	D
Tecan France S.A.S.	Lyon (F)	EUR	2,760	D
Tecan Iberica Instrumentacion S.L.	Barcelona (E)	EUR	30	D
Tecan Italia S.r.l.	Milano (I)	EUR	77	D
Tecan UK Ltd.	Reading (GB)	GBP	500	D
Tecan Nordic AB	Mölndal/Gothenburg (S)	SEK	100	D
Tecan US Group, Inc.	Raleigh-Durham, NC (US)	USD	1,500	S
• Tecan US, Inc.	Raleigh-Durham, NC (US)	USD	400	D
• Tecan Systems, Inc.	San Jose, CA (US)	USD	26	R/P
Tecan Japan Co., Ltd.	Tokyo (Jap)	JPY	125,000	D
Tecan Asia (Pte.) Ltd.	Singapore (Sin)	SGD	800	D

S = services, holding functions
R = research and development
P = production
D = distribution

All subsidiaries were 100% owned as of December 31, 2007 and 2006.

2.2 Change in investments

At the beginning of 2007 the former subsidiaries of REMP AG in Germany and USA were merged with their corresponding local Tecan subsidiaries (Tecan Deutschland GmbH and Tecan US, Inc.). Furthermore, the net assets of REMP's branch office in Tokyo, included in REMP Nippon AG, were sold to Tecan Japan Co., Ltd. Finally, the subsidiary REMP Nippon AG was absorbed by its parent REMP AG.

Tecan Boston, Inc. was liquidated at the end of 2006.

3 Non-current loans

CHF 1,000	2006	2007
Non-current loans to Group companies	17,654	16,517
Non-current loans to Group companies subordinated	1,520	1,520
Loans to employees (see note 11.4)	-	867
Balance at December 31	**19,174**	**18,904**

4 Treasury shares

Number (each share has a nominal value of CHF 0.55)	2006	2007
Balance at January 1	461,730	461,730
Purchase of treasury shares	-	354,877
Sale of treasury shares	-	(43,707)
Balance at December 31	**461,730**	**772,900**
Average price of shares purchased, CHF	-	75.07
Average price of shares sold, CHF	-	69.00

5 Shareholders' equity

5.1 Changes in shareholder's equity

		Legal reserves			
CHF 1,000	Share capital	General reserve	Reserve for treasury shares (see note 4)	Retained earnings	Total shareholders' equity
Shareholders' equity at January 1, 2006	11,892	19,944	16,619	111,985	160,440
Net profit	-	-	-	15,983	15,983
Dividends paid	-	-	-	(5,172)	(5,172)
New shares issued upon exercise of employee stock options	114	-	-	7,880	7,994
Shareholders' equity at December 31, 2006	**12,006**	**19,944**	**16,619**	**130,676**	**179,245**
Net profit	-	-	-	13,424	13,424
Dividends paid	-	-	-	(5,176)	(5,176)
Capital decrease in form of reduction of nominal value	(5,434)	-	-	244	(5,190)
New shares issued upon exercise of employee stock options	71	-	-	6,171	6,242
Change in reserve for treasury shares	-	-	25,078	(25,078)	-
Shareholders' equity at December 31, 2007	**6,643**	**19,944**	**41,697**	**120,261**	**188,545**

The Company's share capital is CHF 6,643,110, consisting of 12,078,381 registered shares with a nominal value of CHF 0.55 each (2006: share capital of 12,005,607 consisting of 12,005,607 registered shares with a nominal value of CHF 1.00 each). In 2007 the annual general meeting of shareholders approved a payout of CHF 0.45 in the form of a reduction of the nominal value of each share from CHF 1.00 to CHF 0.55.

5.2 Conditional and authorized share capital

In 1997 a conditional share capital of CHF 1,300,000 reserved for an employee profit sharing program was adopted. The conditional share capital consists of 1,300,000 registered shares with a nominal value of CHF 1.00 each. Since 1999, based on this conditional capital, several employee stock option plans have been introduced. At December 31, 2007, the conditional share capital amounted to CHF 506,890 consisting of 921,619 registered shares with a nominal value of 0.55 each (2006: CHF 994,393 consisting of 994,393 registered shares with a nominal value of CHF 1.00 each) and 289,815 options not yet exercised were outstanding in connection with the employee stock option plans (2006: 311,948 options).

On April 26, 2006 the annual general meeting of shareholders approved the creation of additional conditional and authorized share capital for the purpose of future business development.

	2006	2007
Nominal value in CHF/share	1.00	0.55
Conditional share capital		
Reserved for employee stock option plans		
Number	994,393	921,619
CHF	994,393	506,890
Reserved for future business development		
Number	1,800,000	1,800,000
CHF	1,800,000	990,000
Authorized share capital		
Reserved for future business development (expiring on April 26, 2008)		
Number	1,200,000	1,200,000
CHF	1,200,000	660,000

5.3 Important shareholders

The Company has knowledge of the following important shareholders with shareholdings in excess of 3% of the issued share capital (2006 with shareholdings in excess of 5% of the issued share capital) at December 31:

	2006	2007
Chase Nominees Ltd., London (GB)	11.7%	11.7%
Fidelity Management & Research Company, Boston (US)	5.7%	11.2%
BB Medtech AG, Schaffhausen (CH)	10.1%	10.0%
Tecan Group Ltd., Männedorf (CH)	< 5%	6.4%
UBS Fund Management (Switzerland) AG, Basel (CH)	< 5%	5.3%
TIAA-CREF Investment Management LLCC, New York (US)	< 5%	4.9%
Oppenheimer Funds Inc., New York (US)	< 5%	4.6%
FIL Fidelity International Ltd., Hamilton (BM)	< 5%	3.8%
Schweizerische Unfallversicherungsanstalt (SUVA), Lucerne (CH),	7.7%	< 3%

6 Guarantees in favor of third parties

The total amount of guarantees in favor of its subsidiaries was CHF 47.8 million at December 31, 2007 (2006 CHF 47.9 million). In addition an unlimited guarantee in favor of the German subsidiary (Tecan Deutschland GmbH) in the context of an unused line of credit (CHF 3.0 million) was outstanding.

7 Pledged assets

At December 31 the following assets were pledged, assigned for the securing of own liabilities, or subject to retention of title:

CHF 1,000	2006	2007
Pledged assets		
Cash and cash equivalents (bank pooling arrangement)	10,948	6,912
Participation REMP AG	98,995	98,995

8 Liabilities from leasing contracts not included in the balance sheet

The total amount of liabilities from leasing contracts not included in the balance sheet was CHF 0.1 million at December 31, 2007 (2006: CHF 0.1 million).

9 Fire insurance value of property, plant and equipment

The insured value of property, plant and equipment in the event of fire was CHF 1.5 million (2006: CHF 1.5 million).

10 Liabilities to pension funds

At December 31, 2007 as in the prior year, no liabilities to pension funds existed.

11 Compensation and loans granted to members of the Board of Directors and Executive Committee

11.1 Compensation to the Board of Directors

CHF 1,000	Fixed fee	Committee fee	Total cash compensation	Social benefits[1]	Options granted (number)[2]	Value of options[3]	Total compensation
Mike Baronian (Chairman)	143	12	**155**	**9**	1,724	**45**	**209**
Prof. Dr. Armin Seiler (Vice Chairman)	74	10	**84**	**3**	862	**22**	**109**
Gérard Vaillant	71	34	**105**	**4**	862	**22**	**131**
Prof. Dr. Peter Ryser	71	10	**81**	**5**	862	**22**	**108**
Cleto de Pedrini	71	18	**89**	**5**	862	**22**	**116**
Heinrich Fischer (since April 2007)	64	11	**75**	**5**	862	**22**	**102**
Jürg Meier (since April 2007)	56	15	**71**	**3**	862	**22**	**96**
Timothy B. Anderson (until April 2007)	15	6	**21**	**9**	-	-	**30**
Heino von Prondzynski (until February 2007)	-	-	-	-	-	-	-
Total 2007	**565**	**116**	**681**	**43**	**6,896**	**177**	**901**

[1] Employer's contribution to social security including social security on stock options exercised during the reporting period
[2] Vesting condition: one/two/three years of service for 33%/33%/34% of options
[3] Formula: Options granted in 2007 * fair value at grant (CHF 29.00) * [1 - estimated labor turnover rate (10%)]

11.2 Compensation to the Executive Committee

CHF 1,000	Fixed salary	Variable salary for 2007[1]	Long-term retention bonus[2]	Taxable fringe benefits	Total cash compen-sation	Social benefits[3]	Options granted (number)[4]	Value of options[5]	Total compen-sation
Thomas Bachmann (CEO)	400	356	240	8	**1,004**	**157**	4,692	**122**	**1,283**
Dr. Rudolf Eugster (CFO)	322	184	120	-	**626**	**101**	3,785	**99**	**826**
Other members (9) of the Executive Committee[6]	2,195	1,150	540	49	**3,934**	**561**	22,536	**588**	**5,083**
Total 2007	**2,917**	**1,690**	**900**	**57**	**5,564**	**819**	**31,013**	**809**	**7,192**

[1] Payment will be made in 2008.
[2] Formula: Long-term retention bonus granted in 2007 * [1 - estimated labor turnover rate (10%)]. Payment will be made in 2010, if employment continues until then (see note 11.4).
[3] Employer's contribution to social security, including social security on stock options exercised during the reporting period, and contributions to post-employment benefit plans
[4] Vesting condition for base plan (total 9,120 options): one/two/three years of service for 33%/33%/34% of options. Vesting conditions for performance plan (total 21,893 options): three years of service plus earnings per share target plus comparison with peer basket of competitors.
[5] Formula: Options granted in 2007 * fair value at grant (CHF 29.00) * [1 - estimated labor turnover rate (10%)]
[6] Including one member who left the Executive Committee during the year

No termination benefits were paid in 2007.

11.3 Loans granted to Executive Committee

The following loans were granted to the management at year-end (see note 11.4):

CHF 1,000	2007
Thomas Bachmann (CEO)	267
Dr. Rudolf Eugster (CFO)	133
Other members (3) of the Executive Committee	400
Balance at December 31	**800**

11.4 Others

In 2007 the members of the management were offered the possibility to purchase American-type call options on Tecan shares (exercise price: CHF 69.00; option life: 7 years) issued by a bank at market rates. On December 5, 2007 a total of 58,276 share options were sold to the members of the Board of Directors (13,449), to the members of the Executive Committee (41,378) and to other employees (3,449). The number purchased by each individual was restricted. At the same time the members of the Executive Committee who participated in this transaction received advance facilities from Tecan Group Ltd. to finance the purchase of these share options. The advance facilities in the form of interest-free and unsecured loans are part of a long-term retention bonus to mature in 2010 and are limited to two-thirds of the purchase price of the share options. One third was paid privately by the members of the Executive Committee participating in the program.

12 Share and option ownership of the Board of Directors and Executive Committee

For details of the employee stock option plans please refer to note 14 of the consolidated financial statements.

12.1 Share and option ownership of the Board of Directors

		Employee stock option plans[1)]							
Number	Total shares	Plan 2002	Plan 2003	Plan 2007 B	Plan 2007 P	Plan 2008 B	Plan 2008 P	Other options[2)]	Total options
Strike price in CHF		99.00	48.40	70.00	70.00	69.00	69.00	69.00	
Mike Baronian (Chairman)	**1,000**	1,410	4,230	78	-	-	-	-	**5,718**
Prof. Dr. Armin Seiler (Vice Chairman)	**-**	990	2,970	78	-	-	-	8,621	**12,659**
Gérard Vaillant	**-**	-	-	78	-	-	-	-	**78**
Prof. Dr. Peter Ryser	**-**	-	-	78	-	-	-	-	**78**
Cleto de Pedrini	**500**	-	-	78	-	-	-	2,069	**2,147**
Heinrich Fischer	**10,000**	-	-	-	-	-	-	-	**0**
Jürg Meier	**1,000**	-	-	-	-	-	-	2,759	**2,759**
Balance at December 31, 2007	**12,500**	**2,400**	**7,200**	**390**	**-**	**-**	**-**	**13,449**	**23,439**

[1)] only vested options
[2)] see note 11.4

12.2 Share and option ownership of the Executive Committee

		Employee stock option plans[1)]							
Number	Total shares	Plan 2002	Plan 2003	Plan 2007 B	Plan 2007 P	Plan 2008 B	Plan 2008 P	Other options[2)]	Total options
Strike price in CHF		99.00	48.40	70.00	70.00	69.00	69.00	69.00	
Thomas Bachmann (CEO)	**-**	-	-	309	-	-	-	13,794	**14,103**
Dr. Rudolf Eugster (CFO)	**700**	100	-	219	-	-	-	6,893	**7,212**
Dr. Jürg Dübendorfer	**-**	160	1,410	184	-	-	-	6,897	**8,651**
Christopher C. Hanan	**-**	-	-	179	-	-	-	6,897	**7,076**
Michael Illek	**-**	640	-	165	-	-	-	-	**805**
Bernhard Iseli	**400**	-	-	202	-	-	-	-	**202**
Stephen M. Levers	**-**	2,960	5,160	204	-		-	-	**8,324**
Matthew Robin	**-**	-	-	-	-	-	-	6,897	**6,897**
Carl Severinghaus	**-**	4,230	-	184	-	-	-	-	**4,414**
Günter Weisshaar	**-**	-	-	191	-	-	-	-	**191**
Balance at December 31, 2007	**1,100**	**8,090**	**6,570**	**1,837**	**-**	**-**	**-**	**41,378**	**57,875**

[1)] only vested options
[2)] see note 11.4

Appropriation of available earnings

As proposed by the Board of Directors to the annual general meeting of shareholders on April 23, 2008:

CHF 1,000	2006 Approved	2007 Proposed
Carried forward from previous year	106,813	125,500
Net profit	15,983	13,424
Capital decrease in form of reduction of nominal value (treasury shares)	-	244
New shares issued upon exercise of employee stock options	7,880	6,171
Change in reserve for treasury shares	-	(25,078)
Available earnings	**130,676**	**120,261**
Dividends paid as approved by the annual general meeting of shareholders on April 19, 2007:		
CHF 0.45 per share with a nominal value of CHF 1.00 each (total 11,502,742 shares eligible for dividend)	(5,176)	
Dividends proposed:		
CHF 0.45 per share with a nominal value of CHF 0.55 each (total 11,305,481 shares eligible for dividend)		(5,087)*)
Balance to be carried forward	**125,500**	**115,174**

The Board of Directors proposes to the annual general meeting of shareholders a total payout of CHF 0.90 per share for 2007, which comprises a regular dividend of CHF 0.45 and a payout of CHF 0.45 in the form of a reduction of the nominal value of each share from CHF 0.55 to CHF 0.10. The proposed nominal value reduction would reduce the share capital by CHF 5,435,271*).

*) These numbers are based on the currently issued (for proposed nominal value reduction) and outstanding (for dividends proposed) share capital at December 31, 2007. The number of shares eligible for dividend and nominal value reduction may change due to repurchases under the share buyback program and the issuance of new shares from the conditional share capital reserved for the employee profit sharing program. At the end of 2007 a total of 176,253 options were exercisable before the date of dividend payment.

Report of the Statutory Auditors to the General Meeting of

Tecan Group Ltd.
Männedorf

As statutory auditors, we have audited the accounting records and the financial statements of Tecan Group Ltd., Männedorf, presented on pages 78 to 86 for the year ended December 31, 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

KPMG Ltd

Lukas Marty
Swiss Certified Accountant
Auditor in Charge

Stefan Dürmüller
Swiss Certified Accountant

Zurich, February 29, 2008

Tecan locations

- Tecan sales office
- R&D and manufacturing site
- REMP sales office

Tecan Group / Manufacturing Sites

Corporate Headquarters	Liquid Handling & Robotics	Detection	Components	Sample Management
Tecan Group Ltd. Seestrasse 103 CH-8708 Männedorf Switzerland Tel +41 44 922 88 88 Fax +41 44 922 88 89	Tecan Switzerland Ltd. Seestrasse 103 CH-8708 Männedorf Switzerland T +41 44 922 81 11 F +41 44 922 81 12	Tecan Austria GmbH Untersbergstrasse 1a A-5082 Grödig/Salzburg Austria T +43 62 46 89 33 F +43 62 46 72 770	Tecan Systems, Inc. 2450 Zanker Road San Jose CA 95131, USA T +1 408 953 3100 F +1 408 953 3101	REMP AG Weststrasse 12 CH-3672 Oberdiessbach Switzerland T +41 31 770 70 70 F +41 31 770 72 66

Sales & Service Locations

Tecan
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