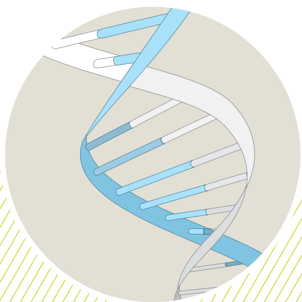
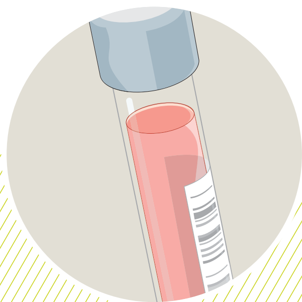
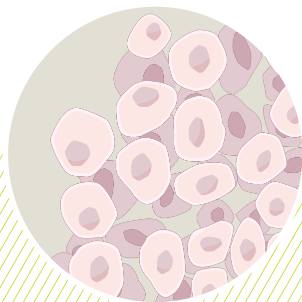
TECAN.

We enable dynamic solutions

ANNUAL REPORT 2008







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 present 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.

2008 at a Glance

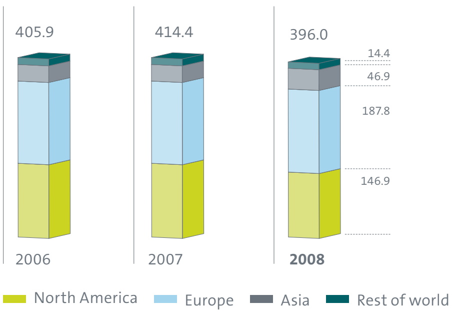
Tecan once again achieved a strong operating profitability in 2008. The company is well prepared for the challenges that lie ahead in the difficult economic environment of 2009

Key figures

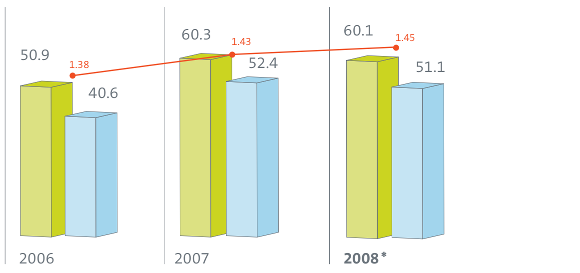
CHF million	2006	2007	2008*	▲ 2007/2008
Sales	405.9	414.4	396.0	–4.4%
Gross profit	193.3	212.4	205.3	–3.4%
in % of sales	47.6%	51.3%	51.8%	
R&D	39.0	41.1	40.3	–1.9%
in % of sales	9.6%	9.9%	10.2%	
OPEX	142.5	152.1	145.2	–4.5%
in % of sales	35.1%	36.7%	36.7%	
Operating profit / EBIT	50.9	60.3	60.1	–0.4%
in % of sales	12.5%	14.6%	15.2%	
Net profit	40.6	52.4	51.1	–2.5%
in % of sales	10.0%	12.6%	12.9%	
EPS (CHF)	3.54	4.54	4.67	+2.9%

Financial summary

Sales 2006–2008
(CHF million)

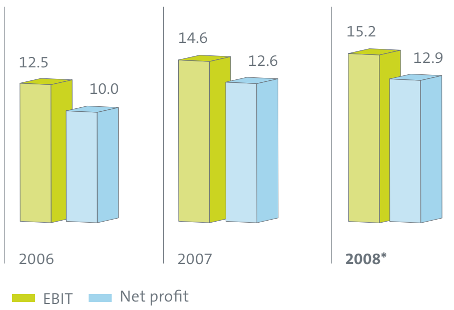


Profitability/productivity 2006–2008
(CHF million)

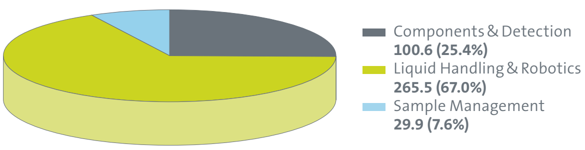


Net Added Value Index (NAVI) = (EBIT + personnel expenses)/personnel expenses

Operating profit (EBIT) and net profit margin 2006–2008
(in % of sales)



Sales by business segments
(CHF million)



*Excluding non-recurring impairment charges totaling CHF 28.9 million in the Sample Management business segment.

Dear Shareholders

In 2008, Tecan proved its ability to sustain strong operating profitability. Adjusted for extraordinary impairment charges, we once more raised the operating profit margin and net profit margin from the high level of the previous year – this despite contrary currency effects and an operating loss in the Sample Management business segment. Tecan sales were adversely impacted by exchange rate movements in 2008. Expressed in local currencies, Tecan saw sales growth of 1% and increased its order entry by 8.1%. The company has a very healthy balance sheet and made further major progress in key strategic areas in 2008. We feel we are prepared for the challenges that lie ahead in the difficult economic environment we expect in 2009.

Mike Baronian
Chairman of the Board of Directors

Thomas Bachmann
Chief Executive Officer

In 2008, our sales amounted to CHF 396.0 million, 4.4 % below the level of the previous year. This was mainly driven by currency effects, which had a negative impact on business during the first half of 2008 in particular. Expressed in local currencies, we realized growth of 1 %. Sales rose broadly in North America and Europe. In Asia, they were lower than the previous year in local currency terms, largely due to a basis effect generated by two big projects which were realized the previous year. Adjusting for this effect, we expanded our Asian business, particularly in China.

During the period under review, order entry rose 8.1 % in local currencies to reach CHF 407.6 million.

Further success in implementing strategy

We made great progress in implementing our long-term growth strategy during 2008, and are already clearly starting to benefit from the path we have chosen.

The OEM business – developing and manufacturing diagnostics and life science devices on behalf of other companies – has significant potential for Tecan. We further expanded this business in the year under review and increased the share of our OEM business from 22 % of total sales the previous year to 25.6 %. In 2008, we extended important agreements with existing customers and signed several OEM contracts with new ones.

The strategically important consumables business also grew rapidly, rising to 7.2 % of total sales in 2008 from 6.4 % the year before. Our intention is that this figure should grow in the double-digits each year through 2013. Together with the service business, these recurring revenues now account for 30 % of total sales (in 2005 the figure was 26.5 %). In future, we plan to develop even more application-specific and patentable consumables where individual process or analytical steps take place directly within the consumable itself.

Our activities will focus even more closely on the issue of innovation in the years ahead. We aim to invest 10 % of sales in research and development every year to strengthen and expand our market-leading position. To this end, we are working on improving our innovation processes even more. Our intention is to shorten development times, reduce product and development costs and make our products more successful in the market. The Innovation and Incubation Group we set up in 2007 made great progress last year. Its job is to develop or acquire and study new and strategically important technologies. It also looks at how the development pipeline can profit from collaborating with universities, research institutes and other centers of excellence. Various new projects were launched in 2008 and key milestones reached in existing work.

Several innovative products, applications and additions to our range were launched on the market in 2008. They included components, instruments, systems and also software and modules to raise the performance of all sorts of applications. Innovative new ideas were brought to market in the consumables area too. A selection of the new products launched can be found in the segment reports on pages 12–15.

We also brought our service business closer into line with customer needs and restructured it under the Te-Care™ brand. The service section of Sample Management was integrated into the Tecan service organization with effect from July 1, 2008. This allows us to offer customers a central port of call for all product and application concerns.

In addition, we made good progress in strategically important cooperations during 2008. These include the collaboration we started in 2007 with Applied Biosystems in forensics and our collaboration with Monash University of Australia, where our jointly developed, fully automated production system for monoclonal antibodies successfully commenced operations.

Considerable investments in healthcare and life science research are being made in many of the world's emerging countries and regions. In 2008, we continued to move towards strengthening our presence in growth markets by opening our own branch offices or through partners. October saw the open-

Earnings per share excluding non-recurring items rose to a new record level.

ing of a new regional head office for all of Asia Pacific in Shanghai. This reflects our strong commitment to China and the Asia Pacific region and emphasizes the significance of this economic area. Our increased local presence and our new infrastructure will allow us to further expand market coverage, service and support for all our customers and partners in the Asia Pacific region.

On pages 7 and 11 we give a detailed overview of our corporate strategy and the growth drivers for our business.

Strengthening the management team and organization

During the year under review, we set up a new global marketing structure. The sales organization is now divided into three regions: Americas, Europe & NEMEA and Greater Asia. We can now take better account of specific regional features and drive the business forward in a more focused manner in the individual markets. We have also selectively reinforced management in some business areas, market units and in the corporate center, by hiring new managers with significant international and industry experience.

Sustained high operating profitability

Tecan once again achieved strong operating profitability in 2008. Adjusting for the non-recurring effect of the extraordinary impairment charges in Sample Management, we raised the operating profit margin from 14.6 % to 15.2 %. This is the fourth year in a row that we have increased the operating profit margin at a higher rate than sales, and shows the sustainable impact of the measures we have taken in recent years to boost our operating efficiency.

Excluding non-recurring effects, operating profit was CHF 60.1 million (2007: CHF 60.3 million) and net profit was CHF 51.1 million (2007: CHF 52.4 million), giving a net return on sales of 12.9 % (2007: 12.6 %). Including the extraordinary impairment charges of CHF 28.9 million, the operating profit margin was 7.9 % and the net profit margin 6.5%. Operating profit and net profit including this non-recurring item were CHF 31.2 million and CHF 25.6 million respectively. Helped by the share buyback, which had an accretive effect, earnings per share excluding non-recurring items rose from CHF 4.54 to a new record of CHF 4.67 (reported: CHF 2.33).

Information by business segment

Components & Detection

Sales in our Components & Detection business segment declined by 6.1 % in local currency terms to CHF 100.6 million in the year under review (2007: CHF 114.4 million). Our detection activities were negatively affected by exchange rate movements, particularly by the low value of the US dollar against other major currencies in the first half of the year. The components business was hit by a significant baseline effect due to unusually high component sales in the previous year. It was also the only area at Tecan to be hurt by the economic crisis in 2008, which brought weaker demand on the part of major customers. Despite the contraction in sales, Components & Detection still increased its operating profit to CHF 12.3 million (2007: CHF 11.6 million). This amounts to 11.3 % of sales (2007: 9.3 %).

Liquid Handling & Robotics

Tecan's largest business segment – Liquid Handling & Robotics, which accounted for around two-thirds of Group sales in 2008 – continued to perform strongly. Sales in Swiss francs rose by 1.1 % to CHF 265.6 million (2007: CHF 262.6 million), or 7.0 % in local currency terms. The segment enjoyed particularly strong growth in OEM business, as well as in recurring consumables and service business. Operating profit increased by 7.2 % to CHF 61.0 million (2007: CHF 56.9 million), resulting in an expanded operating profit margin of 22.9 % (2007: 21.5 %), a level comparing favorably to international peers.

Sample Management

Sales in the Sample Management business segment shrank by 20.2 % in the year under review to CHF 29.9 million (2007: CHF 37.4 million). Excluding non-recurring items, Sample Management recorded an operating loss of CHF 5.4 million (2007: profit of CHF 0.1 million). Including extraordinary impairment losses of CHF 28.9 million, the segment recorded a total operating loss of CHF 34.2 million.

Sample Management suffered a setback in the development of a compact storage system for the preservation of biological samples at –80°C. After two prototypes completed internal testing in the first half of 2008, design and technical flaws with the complex system were detected. The decision was therefore taken to temporarily halt development, which has now caused a delay in growth. Taken in conjunction with more conservative market and sales projections, an extraordinary impairment charge to goodwill and other intangibles totaling CHF 28.9 million became necessary. We remain convinced of the significant market potential of such storage systems and wish to exploit the strategic benefits that would be available as a total service provider in conjunction with the company's liquid handling systems. An improved concept of the –80°C compact storage system which incorporates key findings of the earlier tests is currently under development.

In addition, Sample Management is working intensively on implementing measures to boost sales and improve profitability. In the second half of the year, the business secured various exciting new contracts for storage systems totaling CHF 24.0 million. Overall, Sample Management recorded a substantial increase in order entry, amounting to CHF 41.6 million at the end of the year.

Strong balance sheet

Tecan continued to maintain a high equity ratio of 48.9% (December 31, 2007: 54.7%). Net liquidity at the balance sheet date was CHF 33.7 million (December 31, 2007: CHF 50.1 million). The strong balance sheet ratios were achieved despite the repurchase of 969,198 own shares with a value of CHF 55.5 million. As such, Tecan consolidated its exceptionally strong balance sheet and is well positioned for further internal and external growth.

Due to the changed environment in the capital and credit markets, we have decided to close, as per March 4, 2009 the share buyback program for capital reduction started on a second trading line at SIX Swiss Exchange in May 2008, and to instead build up additional cash resources to fund further growth.

Distribution to shareholders

The Board of Directors will propose an unchanged distribution of CHF 0.90 per share to the shareholders at the company's Annual General Meeting on April 22, 2009. Unlike the previous year, this year's distribution will take the form of a dividend only. The dividend will be doubled compared with the previous year.

Outlook

By now, it has become apparent that the global economy is in recession. Many sectors are suffering dramatic contractions of their business. The life science industry has traditionally been regarded as relatively immune to economic cycles. Nevertheless, the macroeconomic environment, with its weak global economy and persistently low US dollar/Swiss franc exchange rate, poses a major challenge for parts of the life science sector. We currently expect that the company will not be fully immune to the fallout of the current economic environment, albeit at a much more moderate level. Extensive scenario planning will enable the company to rapidly implement cost-cutting measures should the need arise.

Moreover, we have actively diversified our customer base over previous years and we are now firmly established in less cyclical markets and customer segments. Large pharma groups account for a much smaller share of Tecan's total sales than they did just a few years ago. The share of projects with universities enjoying longer-term funding has increased, and we have also successfully expanded our more stable diagnostics and OEM activities. In addition, we have increased the share of recurring consumables and service business. Tecan has a net cash position and requires relatively little capital for continued organic growth.

We expect the market to remain uncertain in 2009 and therefore no specific sales guidance can be provided. Tecan aims to develop sales in local currencies at least at market-level. The company has strengthened significantly in recent years, so although the market environment has become more challenging, we believe we are in a position to make additional invest-

The Board of Directors will propose an unchanged distribution to the shareholders at the company's Annual General Meeting.

ments to increase growth rates in the medium term. In 2009, we aim specifically to invest in innovation projects and in further expanding our distribution capability and infrastructure in growth markets. In a scenario of stable sales in local currencies, we anticipate an operating profit margin of 13 to 14 % for 2009. Should sales in local currencies decline by 10 %, we anticipate an operating profit margin of 10 to 11 %.

Our gratitude

The Board of Directors and Group Executive Committee would like to thank everyone who contributed to our success in 2008: our employees for their hard work, our customers for their loyalty, and our shareholders and business partners for their trust.

Männedorf, March 3, 2009

Mike Baronian
Chairman of the Board of Directors

Thomas Bachmann
Chief Executive Officer

We enable dynamic solutions...

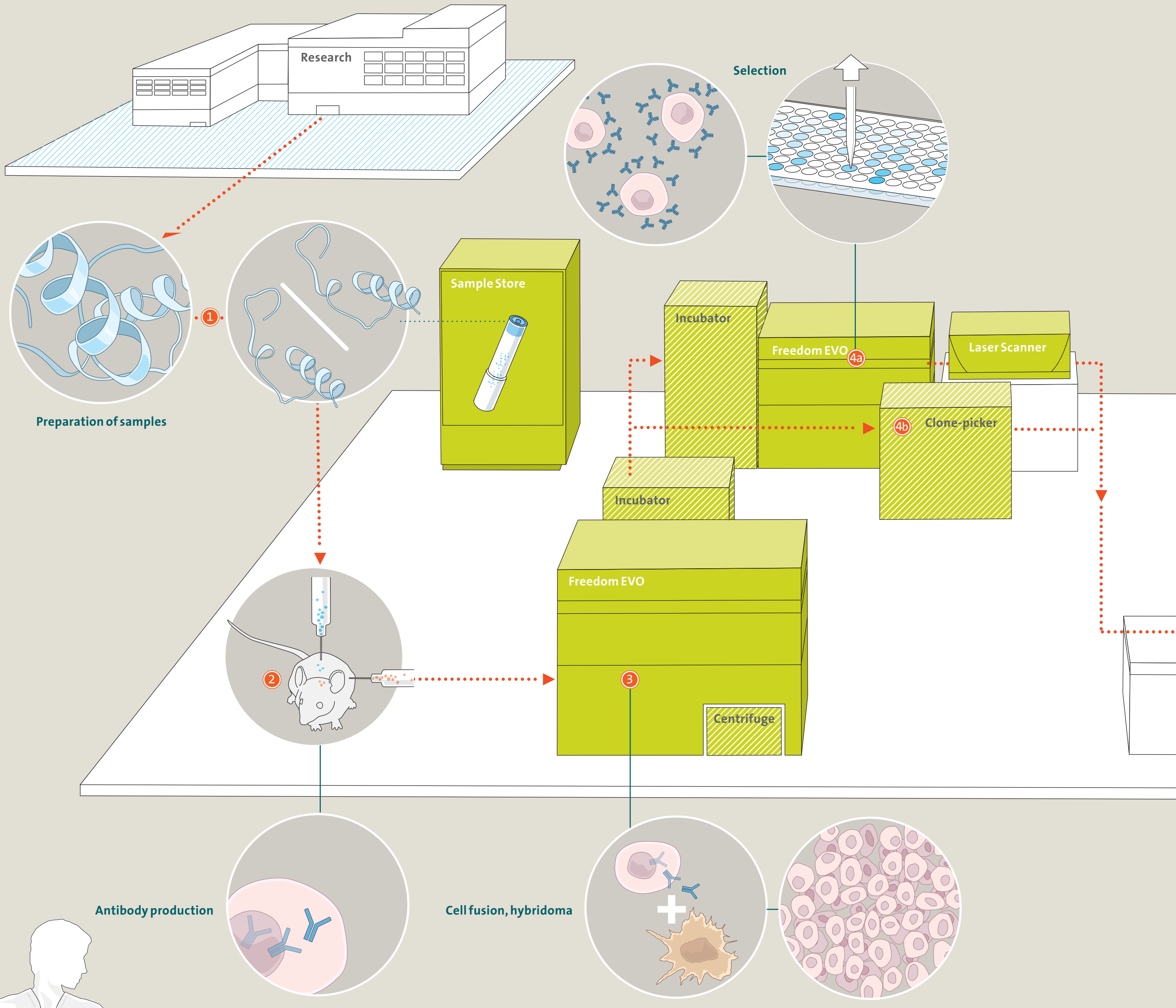
... by offering integrated workflows to our customers.

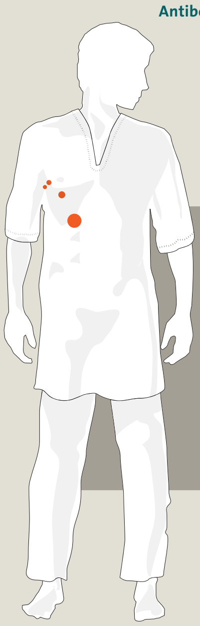
Tecan serves three main markets: life science research, the forensics industry and the diagnostics industry. For such integrated workflow solutions, Tecan combines products and services from the areas of Liquid Handling & Robotics, automated laboratory storage and logistics systems and detection devices. The workflow illustrations on the next pages each show an example from these three main markets.

Workflow

Life Science Research

Expenditure for the research and development of new medications continues to climb steadily. Major advances in genomics, proteomics and chemistry spin off numerous new research projects. These in turn require an increased throughput in the testing process. Together with increasing demands for quality in experimental data and increasing standardization, this growing volume calls for innovative automation solutions.





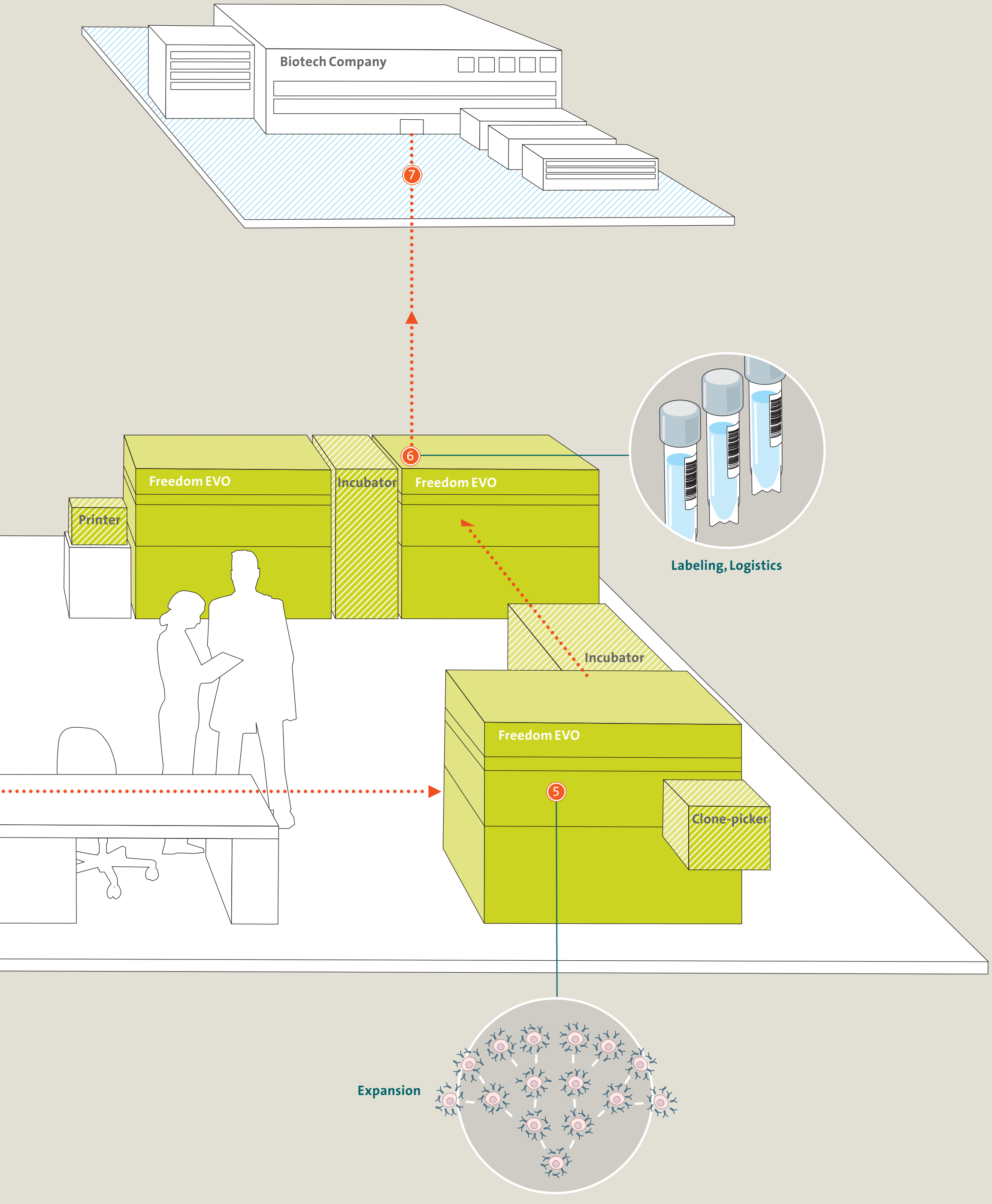
Example from cancer therapy
Recent years have seen major advances in cancer therapy. New, targeted medications such as monoclonal antibodies have proven to be most effective in combating cancer. However, the need for a vast assortment of different antibodies for research presents a significant challenge.

1

Preparation of samples
The research laboratory delivers the "target" for the antibody (antigen), e.g. a specific surface protein of a cancer cell. A portion of the delivered product is put into storage, while the other goes into the production process.

2

Antibody production
The antigens are injected into laboratory mice. The spleens of the mice then produce antibodies against the target molecule. The blueprints for these antibodies are subsequently stored in the B-cells.



Complete solution
Instruments, software, application know-how, consulting, customer service and consumables

Liquid Handling & Robotics

Freedom EVO® (Cell fusion)

Freedom EVO® (Logistics)

Sample Management

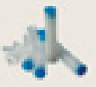
Small Sample Store

Detection

Laser Scanner

Consumables

Disposable Tips



REMP Tubes

REMP Plates

Tecan devices
Third-party devices integrated by Tecan

3

Cell fusion
To manufacture monoclonal antibodies, cells are needed that produce the antibodies and can also perpetually divide. To solve this problem, the B-cells of the mice are spliced with infinitely dividing cancer cells.

4

Selection
From the millions of daughter cells (hybridoma cells), those that produce the most antibodies, grow as self-sufficiently as possible, divide well and retain these characteristics are selected. To aid with selection, two complementary processes can be used.

5

Expansion
The few cells selected are replicated. The replicating cells secrete the desired antibody into the medium.

6

Logistics
Once the cells have produced an adequate number of antibodies, the cells and the fluid with the secreted antibodies are poured into test tubes, labeled with a barcode, deep frozen and sent to the customer.

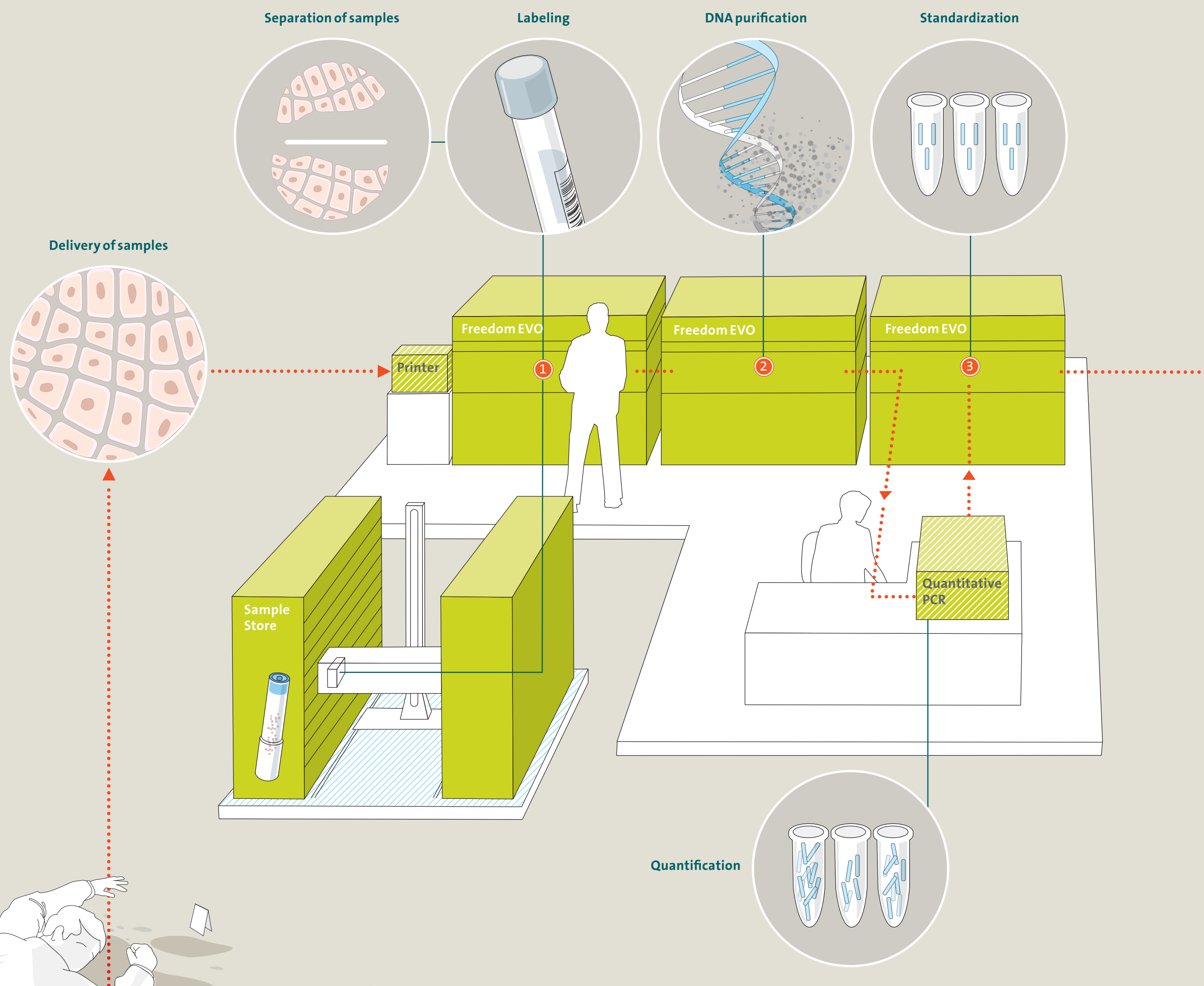
7

Pharmaceuticals development
Scientists working at a research laboratory of a university, biotechnology or pharmaceuticals company use the delivered antibodies to perhaps develop a more effective cancer therapy.

Workflow

Forensics

In the field of law enforcement and criminal justice, suspects' DNA samples found at the scene of the crime are increasingly becoming an important tool alongside the classic evidence-gathering method of fingerprinting. DNA analysis also plays a major role when it becomes necessary to reopen closed cases. The sheer volume of DNA samples and the exacting requirements for error-free analysis demand automated solutions.



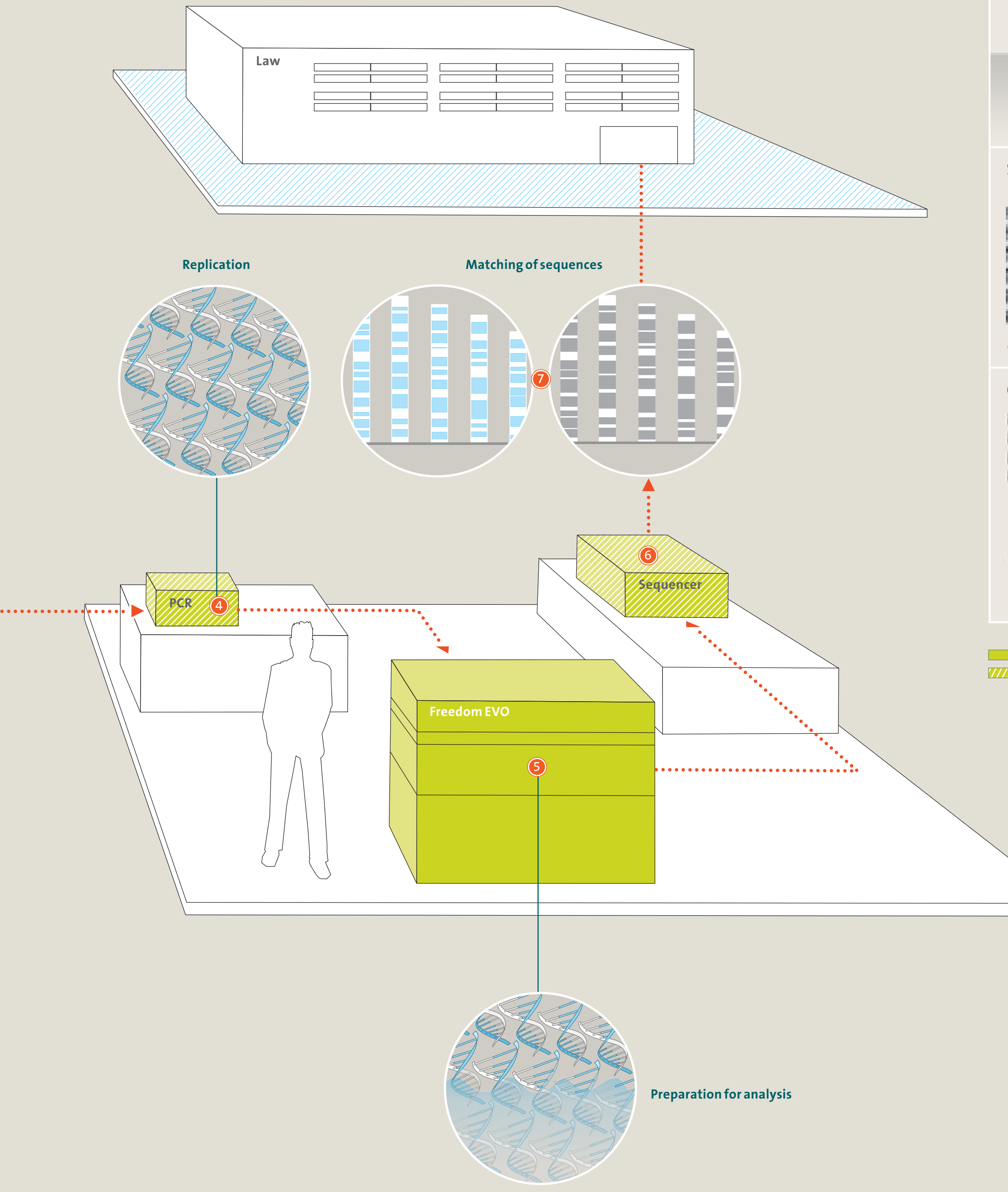
Example from a murder case
A murder has been committed. Traces of material were secured at the scene of the crime in the hope that they would contain DNA. The traces can be in solid or liquid form and can originate from many different people – presumably including the perpetrator. The materials can be substances such as hair, saliva on cigarette butts, skin tissue, blood on pieces of clothing or other human secretions.

1

Delivery of samples
Numerous traces from the scene of the crime are delivered to the forensic laboratory. Each sample is provided with a unique barcode for unmistakable identification. A portion of each sample is kept in storage, while the other portion is analyzed.

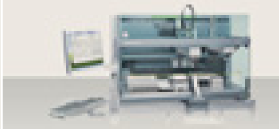
2

DNA purification
The DNA is extracted from a liquid or solid crime-scene sample. The goal is to extract the highest possible volume of the purest possible DNA from the samples. Up to 96 samples can be processed in less than two-and-a-half hours.



Complete solution
Instruments, software, application know-how, consulting, customer service and consumables

Liquid Handling & Robotics



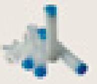
Freedom EVO® HID Extraction

Sample Management

Medium-sized Sample Store

Consumables

Disposable Tips



REMP Tubes

REMP Plates

Tecan devices
Third-party devices integrated by Tecan

3

Standardization of DNA
Different samples each contain different amounts of DNA. The amount of DNA in each sample must first be ascertained (quantification). A standardized concentration (standardization) is then achieved by diluting the samples.

4

Replication of DNA
DNA is replicated through polymerase chain reaction (amplification).
To prevent contamination of samples from other cases with the replicated DNA, processing is performed in a separate room following the replication step.

5

Preparation for analysis
Replication is performed to provide an ample amount of DNA for subsequent analysis. A solvent is added prior to analysis.

6

Analysis
The prepared samples are analyzed and the yielded data are processed. The result is an individual DNA sequence – a kind of genetic barcode. The possibility of two different people sharing an identical sequence occurs only once per 10^{15} people.

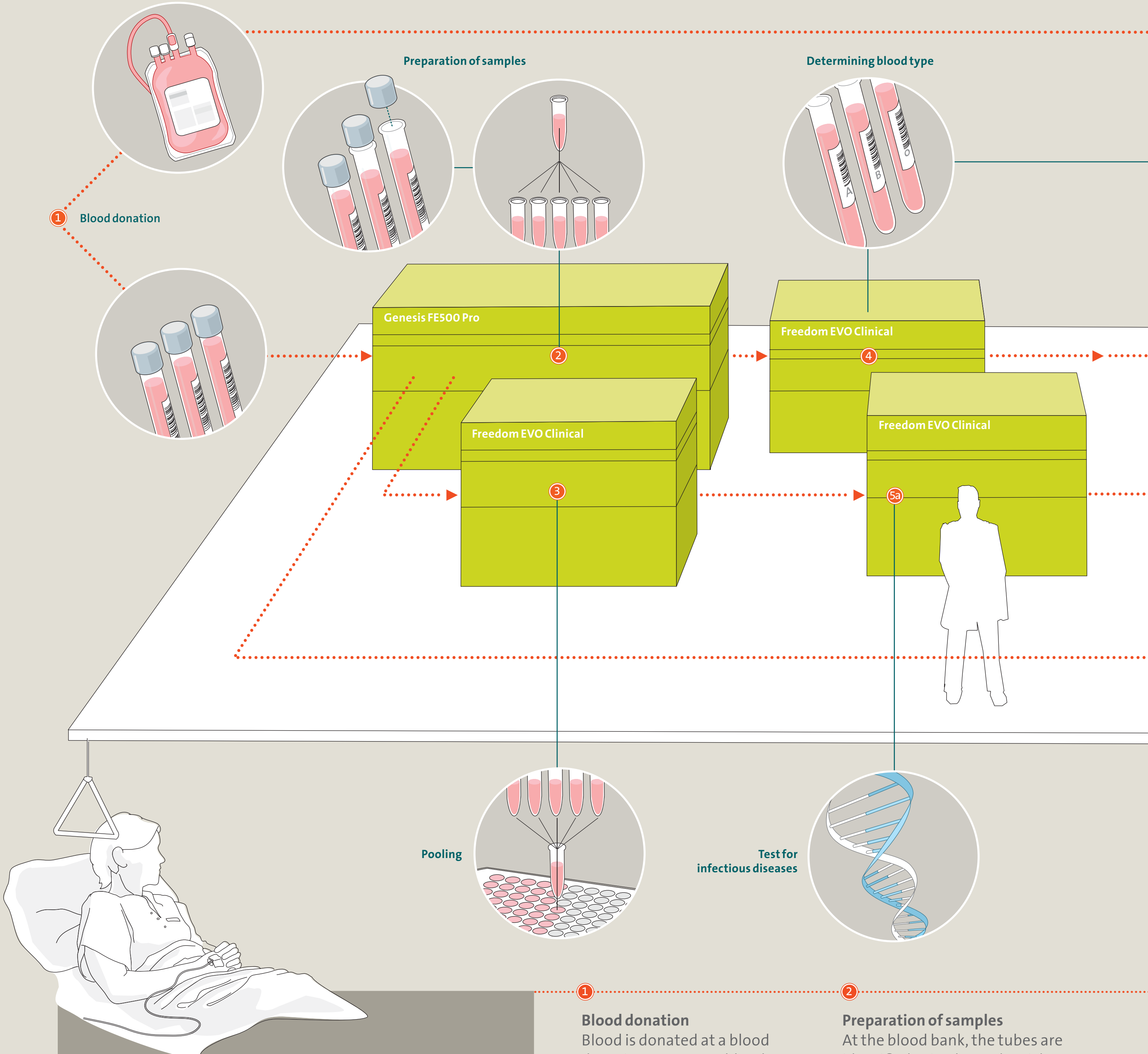
7

Matching of sequences
The DNA sequence from the scene of the crime ascertained in two independently performed cycles is compared with the sequence of the DNA sample taken from the suspect. A match between the two sequences presents a strong piece of evidence against the suspect.

Workflow

Diagnostics

Diagnostic tests are of critical importance in modern healthcare. They enable physicians to detect "faulty predispositions" and diseases early on, make precise diagnoses, prescribe optimal treatment and monitor the results. Automation is a must given the steadily increasing number of available tests and the growing volume of test results together with stringent regulatory requirements for error-free results.



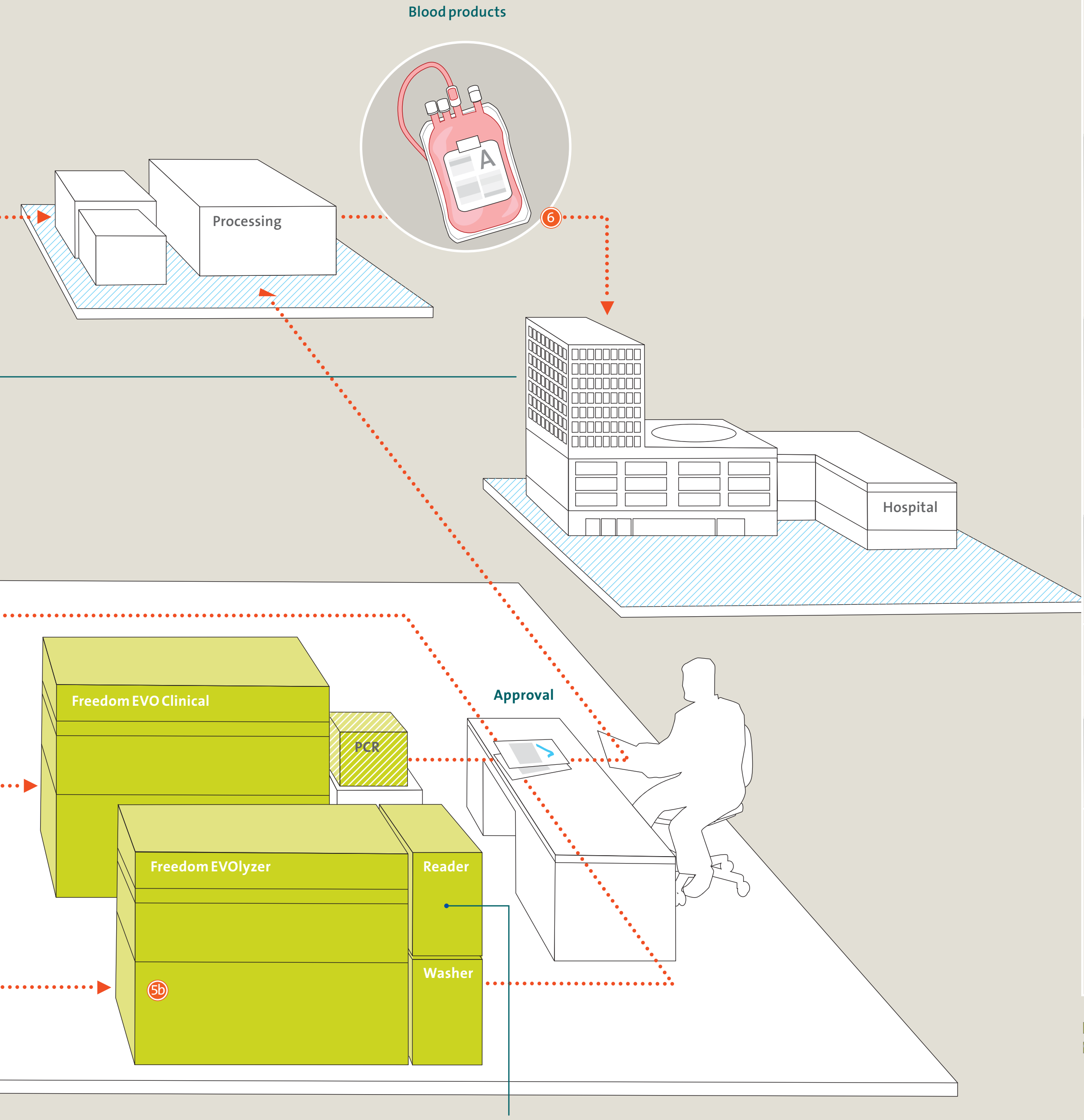
Example from blood transfusion
A patient in the hospital is scheduled to undergo surgery. Significant blood loss is expected, requiring a blood transfusion from a donor. Prior to surgery, the patient's blood type and other parameters are ascertained. The donor's blood must be compatible with the patient and free of infectious pathogens. Numerous tests are therefore necessary.

1

Blood donation
Blood is donated at a blood donation center or a bloodmobile. The blood packs or tubes are then sent to a blood bank.

2

Preparation of samples
At the blood bank, the tubes are identified using barcode stickers to prevent any mix-ups. The blood is then run through a centrifuge. The content for the numerous tests is frequently divided over multiple test tubes. These test tubes must also be labeled with unique barcode stickers for unmistakable identification

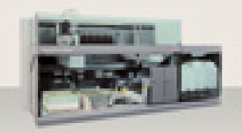


Complete solution
Instruments, software, application know-how, consulting, customer service and consumables

Liquid Handling & Robotics

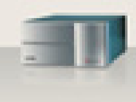
FE500pro™

Freedom EVO® Clinical



Freedom EVOlyzer®

Detection



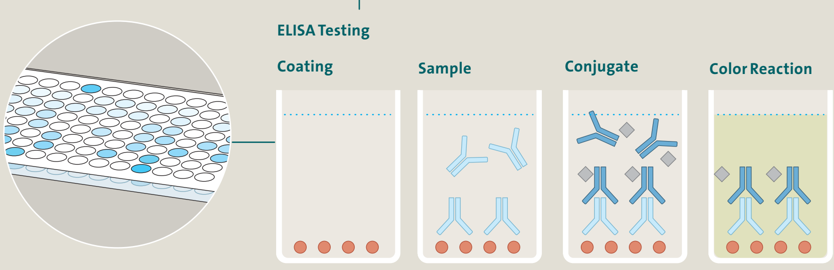
Reader

Washer

Consumables

Disposable Tips

Tecan devices
Third-party devices integrated by Tecan



ELISA stands for Enzyme-Linked Immuno Sorbet Assay. This technique is used mainly to detect the presence of antibodies against infectious pathogens such as HIV or HCV in blood samples. If such antibodies are present, this proves indirectly that the donor, and hence his/her blood, is infected with the pathogen. The presence of infection is confirmed by a color reaction which occurs after the pathogen antibodies bind to the base plate of the reaction vessel to which a specific antigen has been applied, as well as to a conjugate.

3

Pooling
The majority of blood samples are free of pathogens. In many countries, small quantities of blood from multiple donors are therefore added together (pooling) to test for infectious diseases. This is a very efficient method since it involves fewer individual tests and requires smaller quantities of reagents.

4

Determining blood type
The blood type of the individual sample is ascertained prior to other parameters being examined.

5

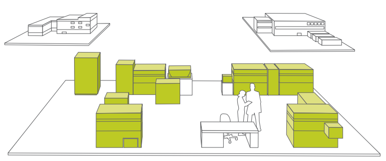
Test for infectious diseases
The samples are examined for infectious diseases such as HIV or hepatitis. In many countries, two analytical procedures are performed parallel to one another:

5a) Using molecular diagnostic methods, blood is examined directly for the DNA/RNA of a pathogen.
5b) In an indirect method, the blood is tested for antibodies against a particular pathogen (ELISA).

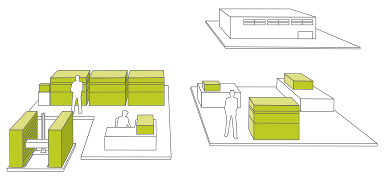
6

Processing blood products
If all of the test results are clear, the blood donations and samples are released and the processed blood products are shipped. Should the patient suffer an acute loss of blood, he or she will receive a concentrate of red blood cells (erythrocytes). The patient undergoes surgery and receives a compatible and safe blood transfusion.

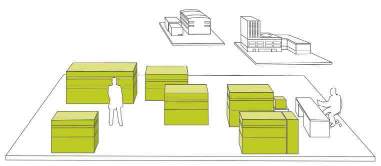
Life Science Research



Forensics



Diagnostics



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, 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 solutions of 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 enable dynamic solutions

Strategy Implementation

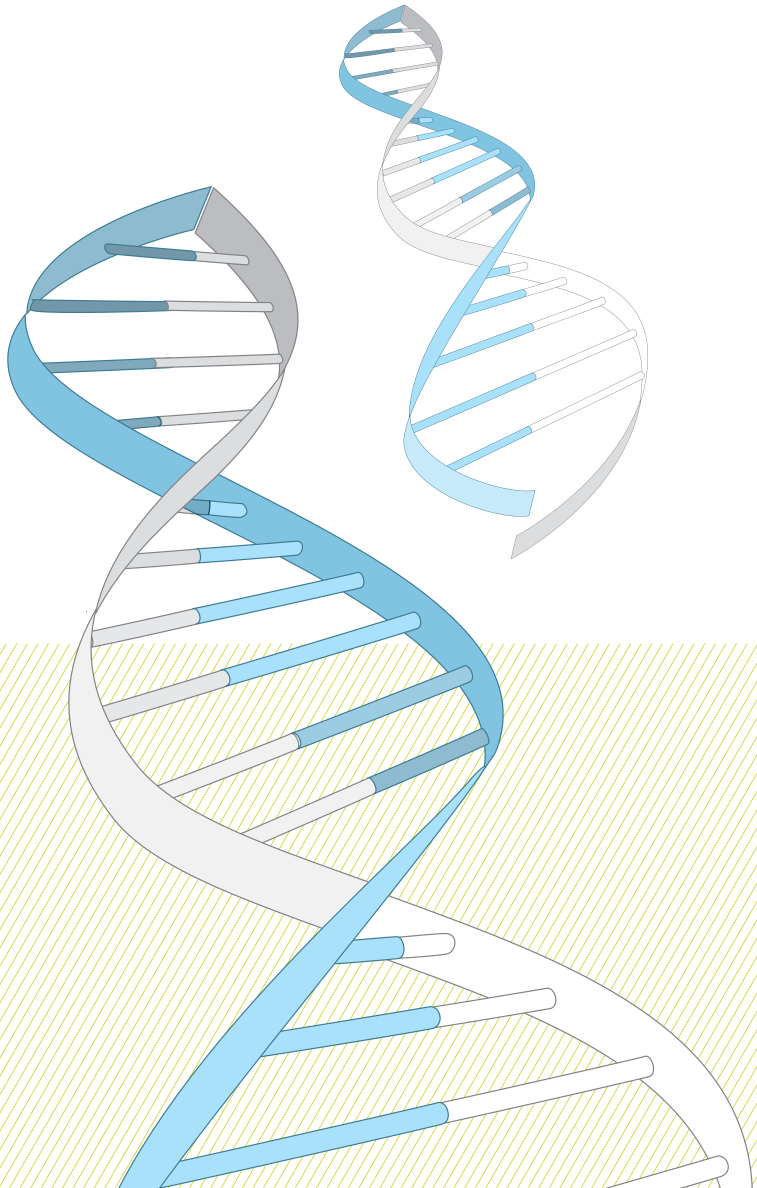
Tecan's strategy is aimed at further strengthening the defined core business, developing future drivers of growth and creating new markets. To implement this strategy, Tecan has defined seven strategic goals.

	Tecan's seven strategic goals	Implementation of strategy in 2008
1	**Regain and sustain leadership in innovation**	Various innovative products and applications have been launched on the market with others still under development. Important milestones have been achieved and new projects initiated as part of strategic Innovation projects that are designed to open new markets and opportunities for Tecan.
2	**Create an organization geared towards performance, possessing the sense of urgency, clarity of purpose and skills to succeed**	Corporate management has been strengthened in targeted ways and further developed, while the global sales organization has been restructured and adapted to new market conditions. This allows the regional specifics to be better factored into decision-making and the dynamics of individual markets to be further increased.
3	**Become an effective executor of alliances, partnerships and acquisitions**	Tecan has significantly strengthened its strategically important partnerships and made major progress in development projects and workflow solutions. Various new applications with integrated complete solutions have already gained wide acceptance in the market.
4	**Strengthen our position as market leader in direct business with end customers**	Market share in direct business increased further. Tecan is market leader in the field of laboratory automation. Tecan expanded in important growth markets and opened a new regional headquarters for the Asia-Pacific region in Shanghai, China.
5	**Become the leading OEM company by providing dedicated products for targeted segments, markets and applications**	OEM business continued to grow. OEM business increased to a level where it now constitutes 25.6 % of total sales (2007: 22 %). Contracts with existing customers were extended and the volume of business with them increased. At the same time, Tecan entered into various OEM contracts with new customers and expanded the dedicated OEM organization.
6	**Build and develop a strong consumables business**	Consumables continue to constitute a growing portion of Tecan's total sales, accounting for 7.2 % in 2008. This number is projected to grow in the double-digits annually through 2013. New consumables such as pipette tips were launched on the market and others are being developed. In 2008, consumables plus service business accounted for 30 % of total sales (2007: 28 %).
7	**Ensure participation and leadership in the emerging fields of genomic research and testing**	Tecan has made good progress in various research projects aimed at the genomics market as well as in collaborations involving existing products and solutions in the fields of genomics, forensics and molecular diagnostics.

We enable dynamic solutions

Main Markets and Drivers of Growth

Tecan serves three main markets: life science research, the forensics industry and the diagnostics industry. The illustrations in the section entitled “We enable dynamic solutions” each show an example from these three main markets. Tecan also offers laboratory solutions for other applied science markets, such as quality control for the grocery and beverage industry, crop research, the cosmetic industry or veterinary applications. Tecan serves some of these markets directly. However, as an original equipment manufacturer, it is also a leader in developing and manufacturing OEM instruments and components that are then distributed by partner companies. Today’s customers increasingly demand integrated complete solutions instead of individual instruments. These solutions include instruments, software packages and special application know-how as well as consulting, customer service and consumables.



Life Science Research

Tecan's customers in the field of life science research are working to develop treatments for today's most threatening diseases. These customers are pharmaceutical enterprises, biotechnology companies and, to an increasing extent, universities and publicly financed research institutions. Tecan's solutions are used in genomic and protein technology, in the research of cell structures, in pharmaceutical research and development as well as in the production of proteins and cells. In the field of life science research, there is decreasing demand for pure robotics and analytical instruments, but increasing demand for complex testing procedures. Standardized complete solutions that can be employed immediately are gaining importance. Working together with partners, Tecan has developed an assortment of systems of this type. They increase, for example, the efficiency and reliability of protein and DNA analyses as well as of the cell culture and pharmaceutical development processes in the laboratory. Consumables, such as disposable pipette tips or cell containers for example, are also becoming ever more important for reproducible tests performed in research.

Thanks to Tecan, customers can decrease the time they spend on development, optimize their internal resources and significantly increase productivity and reproducibility.

Key drivers of automation

- Continuous advances in genomics, proteomics and chemistry as well as in the area of antibodies and stem cells create numerous new research projects. These require an increased throughput in the testing process. Together with increasing demands for quality in individual work steps and increasing standardization, this growing volume calls for innovative automation solutions.
- Stringent requirements for process integrity demand more reliable system performance to achieve higher quality and more meaningful test data.
- An increasing need for industry-standard, application-focused solutions is arising as smaller laboratories move away from their own test records and toward simpler, standardized automation.
- Personalized treatments specifically tailored to individual patient groups and diseases are becoming more important.
- The expiration of patents for widely demanded medications means that preclinical research must be made a high priority.
- Increasing the pressure, efficiency and effectiveness of pharmaceutical development requires strengthened laboratory automation.
- The field of research is also affected by growing regulatory requirements.
- Comprehensive and widely supported studies involving patient groups or specific groups of people.

Forensics

In the field of forensics, Tecan supports various law enforcement authorities and criminal justice in efficiently and soundly proving the guilt or innocence of suspects or establishing the identity of persons. Tecan solutions are used for DNA samples collected at the scene of the crime or following natural disasters as well as for family relationship testing. Tecan's systems and applications have proven their worth both in criminal investigations and extensive processes for identifying the deceased, such as those employed following the World Trade Center attacks or the devastating earthquake that struck China in May 2008.

For those involved there is often a lot at stake, such as proving a crime or identifying a loved one. The highest level of accuracy and reliability are therefore indispensable. Forensic scientists must be able to trust that their results will meet the standards of the courts. By providing innovative solutions that satisfy the requirements of the most internationally respected institutions as well as those of the law enforcement and governmental authorities, Tecan has made itself a leader in the field of forensics.

In cooperation with Applied Biosystems, the world's leading provider of forensic DNA testing systems, Tecan offers the integrated HID EVOlution™ system. This system gives forensic laboratories a validated solution for processing DNA samples more quickly and securely.

Today's customers increasingly demand integrated complete solutions.

Tecan consumables are an important component of these validated solutions for the field of forensics.

Key drivers of automation

- Increasing global recognition of forensic/DNA evidence by legal and law enforcement systems has led to a dramatic increase in testing volumes around the world.
- In law enforcement and criminal justice, suspects' DNA samples found at the scene of the crime are increasingly becoming an important tool alongside the classic evidence-gathering method of fingerprinting. DNA analysis also plays a major role when it becomes necessary to reopen closed cases. The sheer volume of DNA samples awaiting examination around the world together with the stringent regulatory and legal requirements for an error-free analysis demand automated solutions.
- New technologies now make the analysis of DNA evidence feasible for smaller laboratories that work with law enforcement agencies and in the field of forensics.

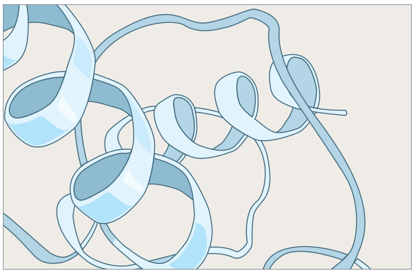
Diagnostics

Diagnostic tests are of critical importance in healthcare. They help to provide comprehensive diagnoses of diseases and their causes so that effective treatment can be administered at an early stage. Tecan's customers include blood banks, medical laboratories and hospitals. Tecan supplies some customers directly or functions as an original equipment manufacturer for large diagnostics companies that distribute the OEM devices under their brand names to end customers. Diagnostic laboratories need solutions for determining blood types, for testing for diseases or for ante-/neonatal screening as well as for personalized medicine, which is playing an increasingly important role. Diagnostic tests have a great leverage effect in keeping exploding healthcare costs in check. Although they account for only 2–3 percent of the total costs, diagnostic tests influence approximately 70 percent of the clinical decisions made based on the information they provide. With our world's ageing population, this factor is becoming increasingly significant.

The major challenge facing the diagnostics industry is the 100 % error-free work that the authorities monitor through strict standards. At the same time, instruments and applications must offer maximum protection to people working with potentially infectious samples. Tecan's automation solutions help satisfy these fundamental requirements, making the company a world leader in its field. In the diagnostics industry, Tecan consumables are an integral component of a validated total solution.

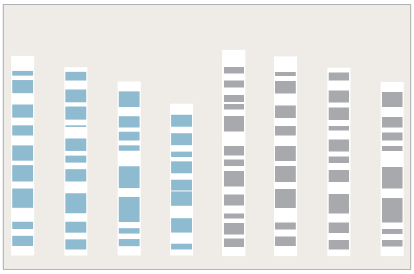
Key drivers of automation

- Growing awareness that new diagnostic tests performed at early stages can save considerable time and expenses during patient treatment.
- Regulatory compliance is increasingly demanding standardized systems with reproducible results.
- Increased outsourcing of the development and production of automation solutions as market players focus more on their core competencies and need to replace existing solutions.
- The steadily increasing number of newly available tests and the growing volume of test results together with stringent regulatory requirements for error-free results necessitate automation.
- The modernization of diagnostic infrastructure in developing countries.
- Advances in personalized medicine and better systematized segmentation of patients made possible by new molecular diagnostic tests.
- The increasing importance of the analysis of "faulty predispositions" in genetic material.



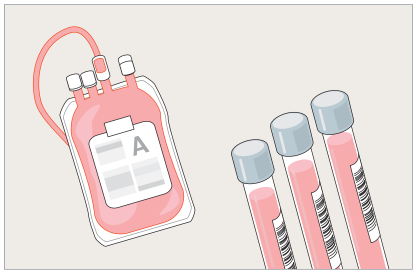
Life Science Research

Total market volume	USD 37 billion
Laboratory automation	USD 2.5 billion
Long-term growth	3–5 %



Forensics

Total market volume	USD 1.3 billion
Laboratory automation	USD 470 million
Long-term growth	15 %



Diagnostics

Total market volume	USD 38 billion
Laboratory automation	USD 6 billion
Long-term growth	5–7 %

Strategic drivers of growth

Expansion of OEM business

The OEM business presents an increasing strategic opportunity for Tecan (OEM business = custom development and manufacturing of equipment for other companies). The major diagnostic companies still largely develop and manufacture their laboratory instruments themselves. As with other industries, however, there is a trend toward increased outsourcing of non-core activities to specialists, which ultimately benefits Tecan. Tecan predicts that the portion of outsourced activity, which is only about 10% of overall instrument placements at the moment, will roughly double in the next five years. The major life science companies are expected to further contribute to this trend.

Expanding the consumables business

Consumables, such as plastic pipette tips or cell containers, are an important component of an integrated solution. Only high quality consumables can help ensure a consistently high level of quality and reproducibility in our customers results. In diagnostics, they constitute components of a validated system that can only be certified as a complete system by the authorities. All new Tecan equipment comes with consumables as a part of the total offer. Tecan is also actively developing new consumables solutions that, amongst other attributes, significantly increase the throughput, accuracy or sensitivity of traditional methods.

Applications and workflows

In the past, the focus was primarily on the sale of individual instruments for the automation of discrete process steps. Today, customers demand integrated solutions that span the entire workflow of an application. These solutions include instruments, software packages and special application know-how as well as consulting, service and consumables. The capacity to provide this type of integrated solution is one of Tecan's key competitive advantages. In this area of activity, Tecan works closely with partners from industry as well as with universities and research institutes.

Opening up additional growth markets

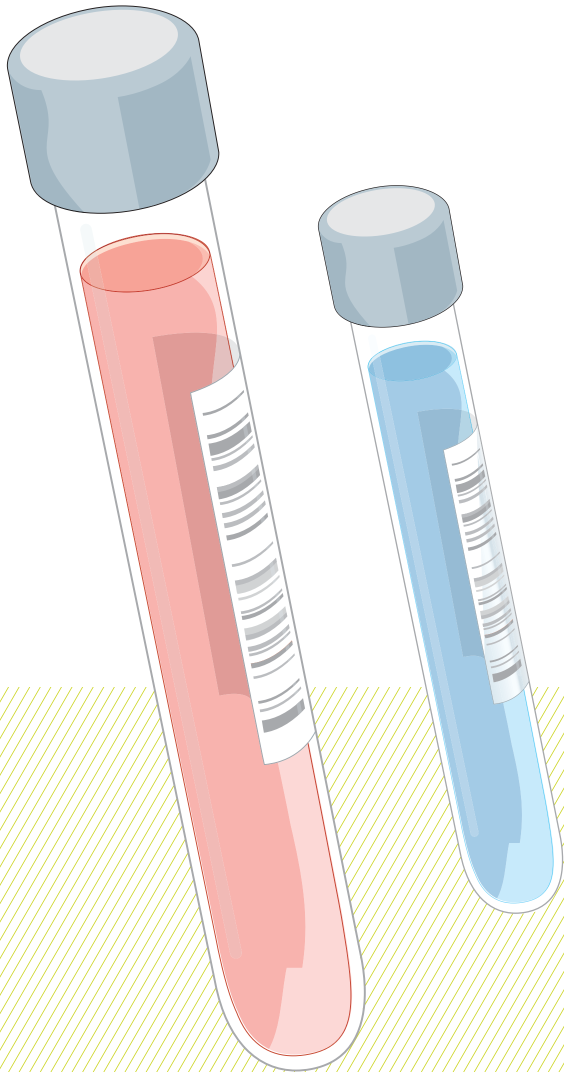
Considerable investments in healthcare and life science research are being made in many of the world's countries and regions. These areas include the growth markets China, Australia, the Near and Middle East as well as the countries of Eastern Europe. Tecan is determined to push ahead with its development of these growth markets, be it through our own organizations on the ground or in expanding collaboration with high quality partners. Tecan sees further potential for growth in the expansion of applications in the fields of veterinary science, food products and beverages, crop sciences as well as cosmetics, just to name a few.

The OEM business presents an increasing strategic opportunity for Tecan.

We enable dynamic solutions

Business Segments

Tecan's reporting is broken down into three segments that cover operations: Components & Detection, Liquid Handling & Robotics and Sample Management. This structure allows Tecan to provide optimum transparency, both internally and externally. Service and consumables are an integral part of the business of all three reporting segments.



Components & Detection

The Components & Detection business segment includes the Tecan business units that manufacture high-volume, mass-produced products.

Components

Tecan's Components business unit is the market leader. The company supplies numerous laboratory instrument manufacturers with essential OEM components such as precision pumps, valves, robotic arms and software. These components are used in systems that have a wide range of applications in life science research, diagnostics and forensics. Tecan components generally remain an indispensable part of our customers' product lines over the entire life cycle of each device. Many products have a life cycle of more than ten years. In addition, a number of different components are integrated into Tecan's own liquid handling platforms. Since the components handle crucial instrument functions, they must meet the highest standards for precision and reliability and comply with stringent safety and application requirements throughout the world.

Product launches

Tecan introduced a new generation of OEM pumps in the summer of 2008. The number of parts installed in the pumps was reduced. This resulted in significant cost reductions and – in combination with innovative ceramic valves – greater reliability. The new pumps operate with greater precision and cover a wider range of pipetting volumes. They are thus ideal for diagnostic applications.

The new OEM Omni Robot was also launched in 2008. This is a general-purpose liquid-handling robot that can be used in life science research and clinical diagnostics applications. This small robot is very reliable and has a modular design and software concept.

Detection

The detection business includes analytical devices such as microplate readers and microarray systems, which analyze reactions on a microtiter plate or a microarray very accurately, as well as washers, which perform the washing and separating operations of a test procedure. The detection instruments and washers may either be used as stand-alone instruments or fully integrated into Tecan's liquid handling systems.

Tecan has a versatile product portfolio that covers a wide range of applications in life science research and clinical diagnostics. The innovative automatic microplate and microarray instruments include multifunctional, modular, expandable systems. They offer laboratories the flexibility to grow with the demands and complexities of research without depending on a single technology. Tecan's microarray scanners and hybridization solutions are used in leading genetics laboratories.

Product launches

In early 2008, Tecan launched the new detection instrument called Infinite® 200 NanoQuant. It is the first microplate reader that can analyze low 2 µl volumes quickly and accurately. The analysis of such small quantities is becoming more and more important. DNA, RNA or tissue samples from clinical trials are costly, and the goal is to use the smallest amount of material possible for individual tests. The Infinite 200 NanoQuant thus meets the needs of the growing genomics market at universities and in basic research.

The Infinite M1000 was introduced in May 2008. It is characterized by a high level of sensitivity and performance in a wide range of applications. A changeover to new detection modes is possible at any time. The system is therefore ideal for the development of new drugs as well as for research laboratories where several researchers use the same device and where applications and tests frequently change. The Infinite M1000 has been certified by all major reagent manufacturers.

Performance

Sales in the Components & Detection business segment declined by 6.1 % in local currency terms to CHF 100.6 million in 2008 (2007: CHF 114.4 million). Our detection activities were negatively affected by exchange rate movements, particularly by the low rate of the US dollar against other major currencies in the first half of the year. In addition, the components business was hit by a significant baseline effect due to unusually

Various innovative products, applications and additions to the range were launched on the market in 2008.

high component sales in the previous year. It was also the only area at Tecan to be hurt by the economic crisis in 2008, which brought weaker demand on the part of major customers. Despite the contraction in sales, Components & Detection increased its operating profit to CHF 12.3 million (2007: CHF 11.6 million). This amounts to 11.3 % of sales (2007: 9. 3%).

Liquid Handling & Robotics

Liquid Handling & Robotics is Tecan's core business and the largest business segment. It continues to develop the technology on which Tecan was founded 29 years ago. Today, Tecan, a market leader, supplies innovative automated laboratory solutions for life science research and for forensic and diagnostic applications. These solutions include instruments, software packages and special application know-how as well as consulting, service and consumables. They cover the entire workflow of any given application. Tecan systems offer flexible solutions and maximum reliability. Small and large liquid volumes can be pipetted separately and in parallel so that almost all laboratory procedures can be made more efficient and safer.

Tecan serves some end customers directly but is also a leader in developing and manufacturing OEM instruments that are distributed by partner companies.

Product launches

A large number of innovative products, applications and additions to the overall product line were introduced in the Liquid Handling & Robotics business segment in 2008. One of these is the MultiChannel Arm™ 384, a liquid handling module with 384 channels and pipette tips. It offers life science research customers the accuracy and efficiency that they need for cutting-edge high-throughput applications. It is also very flexible and permits operators to switch quickly and easily between different pipetting configurations. Tecan developed this new solution together with an external partner. The result was a more efficient and more economical development process. After detailed discussions with customers, the team of developers expanded the existing technology to include additional functions and created a product that makes liquid handling easier than ever. The MultiChannel Arm™ 384 is compatible with previous systems but also represents a link to Tecan's new generation of liquid handling technology, which is currently under development. Plastic pipette tips were also introduced as accessories for the MCA 384 liquid handling module. These patented products meet the most stringent quality requirements and were specifically developed for precise, reliable and safe pipetting.

The second-generation Freedom EVOlyzer® was launched in the first quarter of 2008. It continues Tecan's success story as a supplier to blood banks, hospital and reference laboratories and is used in the clinical diagnosis of infectious diseases. The great advantage of the Freedom EVOlyzer family is its flexibility: With scalable platforms, diagnostics tests from various suppliers can be tailored to customer needs. The second Freedom EVOlyzer generation is easier to operate, which saves the customer time and money. It also prevents errors that could lead to false diagnoses.

Since customers are now demanding standardized and integrated automated solutions to a greater degree, Tecan's development work focuses on future-oriented applications. A number of new applications were marketed in 2008 for the first time with great success. These applications analyze the processes that a medicine undergoes after it is ingested, for example, or they improve protein purification or help optimize the protein production process.

Countless software innovations were launched that will increase speed and performance of instruments or will permit new applications to be carried out or increase the quality and quantity of data.

Tecan also provided OEM customers with new instruments and applications that will now be marketed as new products by partner companies.

Performance

Liquid Handling & Robotics accounted for around two-thirds of Group sales in 2008 and continued to perform strongly. Sales in Swiss francs rose by 1.1 % to CHF 265.6 million (2007: CHF 262.6 million), an increase of 7.0 % in local currency terms. Liquid Handling & Robotics enjoyed particularly strong sales growth in OEM business, as well as in recurring consumables and service business. Operating profit increased by 7.2% to CHF 61.0 million (2007: CHF 56.9 million), resulting in an expanded operating profit margin of 22.9 % (2007: 21.5 %), a level comparing favorably to international peers.

Sample Management

The Sample Management business segment develops and supplies advanced systems for storing substances and samples. Sample management involves the storage and retrieval of hundreds, thousands or even millions of biological samples or chemical substances at temperatures of +4°, –20° or as low as –80 °C. In life science research, these samples might be chemical or biological substances that are being analyzed as potential active ingredients, for example. In the area of forensics, samples that are collected at crime scenes and contain traces of genetic material or DNA need to be stored. Diagnostic researchers store tissue samples from cancer patients, for example, so that the samples can be examined for possible similarities. Tecan's fully automated, scalable storage and retrieval systems and accessories optimize efficiency and workflow in the management of sample libraries and improve quality and safety in all applications.

Under the REMP brand name, Tecan is the market leader for automated sample management systems. REMP storage systems are used increasingly in combination with Tecan's liquid handling systems in order to cover the entire workflow of an application.

The reliability of the storage systems and the availability of individual samples are based on Tecan's patented REMP Tube Technology™. This line of consumables revolutionized sample management when it was first launched in 1997 and is currently considered by many to be the industry standard in the area of sample storage.

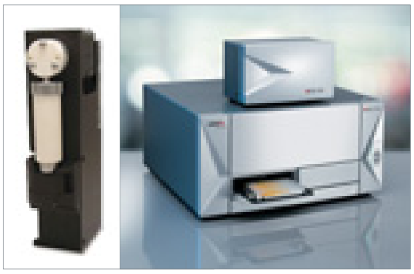
Product launches

The Freedom EVO®/REMP SSS Factory was launched in the summer of 2008. This combination of instruments combines the power and efficiency of Tecan's liquid handling platform with the fully automatic sample management technology of a small storage system, resulting in an integrated total solution.
There were also a number of new products in the consumables area. When storing biological samples, it is crucial to make sure that the test tubes used are not contaminated with DNA or RNA residues. This could falsify subsequent DNA analyses of the stored samples.

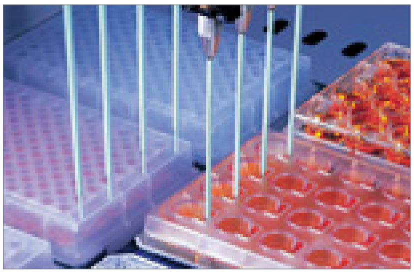
Sample Management suffered a setback in the development of a compact storage system for the preservation of biological samples at –80°C, however. After two prototypes completed internal testing in the first half of 2008, design and technical difficulties with the complex system were detected. The decision was therefore taken to temporarily halt development. Tecan remains convinced of the significant market potential of such storage systems and wishes to exploit the strategic benefits that would be available as a total service provider in conjunction with the company's liquid handling systems. An improved concept of the –80°C compact storage system which incorporates key findings of the earlier tests is currently under development.

Performance

Sales in the Sample Management business segment shrank by 20.2 % in the year under review to CHF 29.9 million (2007: CHF 37.4 million). Excluding non-recurring items, Sample Management recorded an operating loss of CHF 5.4 million in 2008 (2007: profit of CHF 0.1 million). The setback in the development of the –80°C compact storage system, in conjunction with more conservative market and sales projections, resulted in extraordinary charges for impairment of goodwill and other intangibles totaling CHF 28.9 million. Including these extraordinary impairment losses, the segment recorded a total operating loss of CHF 34.2 million.Sample Management is working intensively on implementing measures to boost sales and profitability. In the second half of the year, the business secured several new contracts for storage systems totaling CHF 24.0 million. Overall, Sample Management recorded a substantial increase in order entry compared with the previous year, amounting to CHF 41.6 million at the end of the year.



Components & Detection



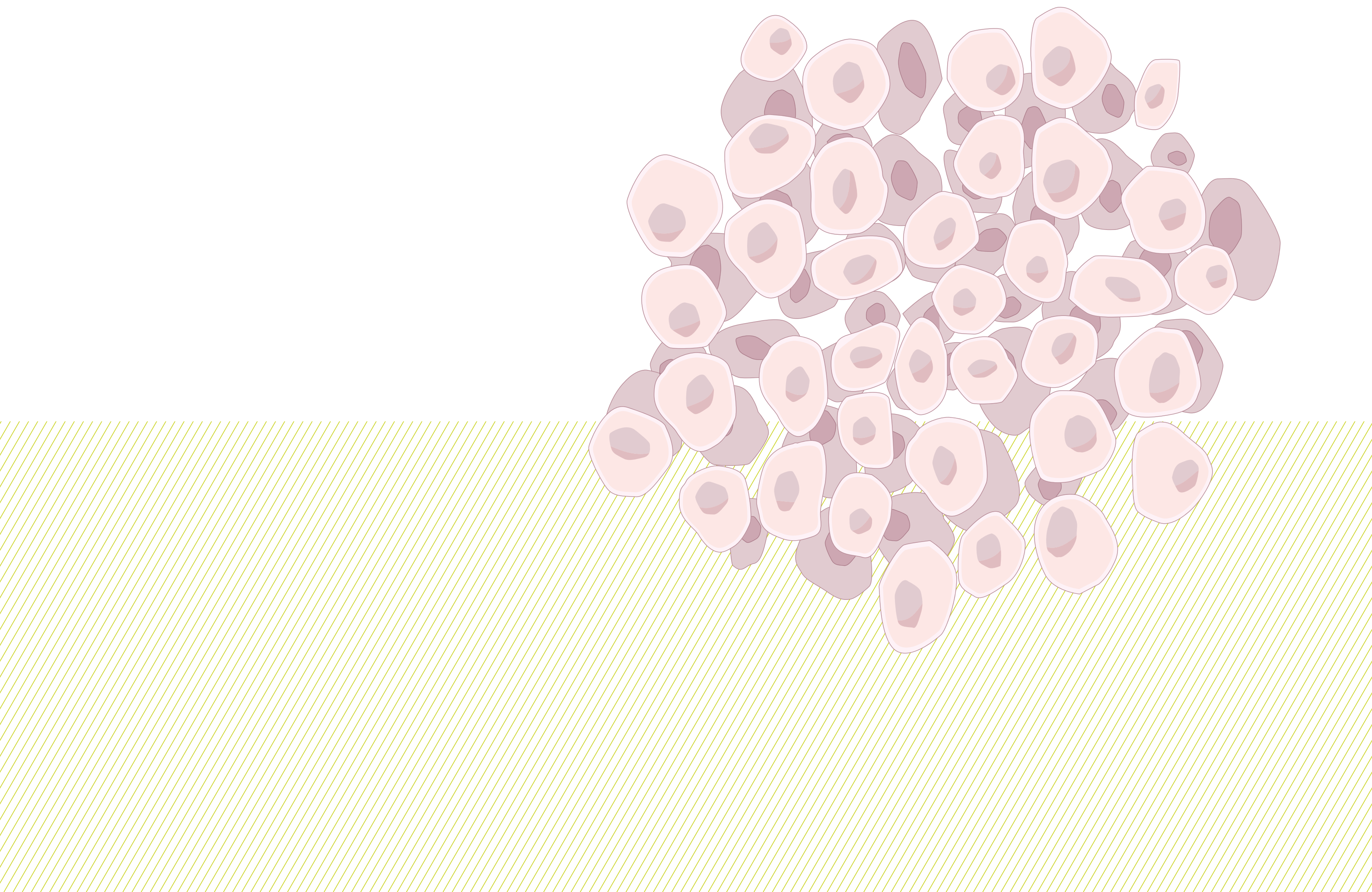
Liquid Handling & Robotics

Sample Management

We enable dynamic solutions

Sustainability

By pursuing sustainable corporate practices, Tecan looks to secure the long-term expansion and prosperity of the company for the benefit of all interested parties. Tecan sees sustainable corporate practices as more than just a series of individual measures: Instead it is a basic attitude that shapes all corporate process and unites economic, ecological and social aspects.



Tecan has established processes group-wide and at its individual business locations to ensure compliance with national laws and regulations as well as with internal guidelines for safety and environmental protection. In keeping with the goal of sustainability in its corporate practices, Tecan pursues global internal standards in many areas that are even higher than those required by national law and stringent industry regulations. Tecan also invests substantial amounts each year in pursuit of further improvement.

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

Group-wide management system

At Tecan, sustainable corporate activity is not viewed as the isolated domain of a few specialists. Instead, it should be part of the daily routine for both management and employees. An indispensable prerequisite for sustainable corporate activity is making country-specific laws and regulations, global internal corporate guidelines as well as the intangible values of the Tecan corporate culture constantly accessible to all Tecan associates. To achieve this goal, Tecan launched the integrated Tecan Management System (TMS) group-wide in 2008. This platform gives all employees personalized online access to internet-based documents relevant to their activities. The TMS defines both the overall structure of business processes and the individual areas of application. In this way, each employee is clearly informed of the guidelines and specifications applicable to his or her area of responsibility. However, the TMS does not just organize business processes. It also provides access to strategy, vision, mission and Tecan's set of values for guiding collaboration within the company. The new tool was implemented at Tecan locations around the world and introduced to employees with the aid of E-learning tools. The goal is to create a uniform management tool with the TMS as well as to ensure sustainable business processes for the long term.

Expanded risk management

Tecan has defined and implemented a global risk management process to recognize risks early on in all areas of the company. It encompasses, among other factors, strategic risks, environmental and product risks, market and customer risks as well as work-safety risks. The risk management process starts with identifying risks, evaluating their likelihood of occurring and the impact they would have and then formulating suitable responses to limit them. During the year under review, risk management was expanded and a summary of risks was issued for the entire company. Risks also include political and economic developments, as well as the possible negative impacts certain events may have on Tecan's external partners such as customers or suppliers. For risks that Tecan has no power to influence, an action plan entitled "Disaster recovery and business continuity" was devised. Assessments and action plans are updated on a regular basis and reported to decision-makers. The implementation of processes at corporate locations is tested and reviewed. As several major multinational customers who tested the system in 2008 and rated it as very good also confirm, Tecan has formulated a comprehensive and systematic risk management system that surpasses legal requirements .

Safety and environmental protection

Internal and external specialists regularly inspect Tecan's manufacturing plants to ensure compliance with country-specific legal regulations and Tecan's internal standards for product safety, occupational safety, health and environmental protection.

Tecan's corporate locations are annually subjected to a number of audits by governmental authorities, by inspection, monitoring and certification agencies, by customers and by Tecan's own expert teams. These entities systematically check for compliance with all requirements and ensure that the necessary measures are implemented if Tecan fails to meet any requirements. Tecan has put together an ISO 14971 certified product risk management process for medical products that covers the entire lifespan of an individual product. This process evaluates and rates all possible risks, especially those pertinent to patients and users. Today, all Tecan production plants are ISO 13485 and

Tecan stands for responsible and environmentally friendly practices.

ISO 9001 certified. Most of Tecan's sales subsidiaries are already ISO 13485 certified with the rest to follow by late 2009. Tecan developed the necessary processes with the input of both internal and external specialists. The processes were then certified by the international certification organization TÜV Product Service and continue to be monitored regularly.

Tecan products must also satisfy the following important requirements plus many others: US QSR (Quality System Regulation), CMDCAS (Canadian Medical Device Conformity Assessment System), JPAL (Japanese Pharmaceutical Affairs Law), CCC (Chinese Compulsory Certification).

The number of regulatory requirements continues to steadily climb around the world. To ensure that the responsible employees can be kept up-to-date on all country-specific regulatory requirements in a timely manner, Tecan launched the online application Clinivation Worldview in 2008. This application supports the administration of product registrations, provides country-specific summaries of regulatory requirements and generates monthly reports outlining changes in international standards and EU guidelines.

During the year under review, the training program "Health & Safety in Work Environment" was conducted worldwide to educate employees on the issue of workplace safety. Tecan's safety specialists regularly analyse accident statistics and then implement measures to make the workplace an even safer environment.

Prudent use of materials and energy

In the interest of environmental protection, Tecan stands for responsible and environmentally friendly practices. Guided by its business model of keeping vertical integration in its manufacturing to a minimum, Tecan's generates relatively low emissions at its production plants. In developing products, Tecan is committed to employing the most environmentally friendly material and ecologically efficient processes and properly disposes of waste in accordance with the EU directive on Waste Electrical and Electronic Equipment (WEEE Directive). Tecan's own production sites as well as the majority of those of its suppliers are located in the stringently regulated markets of Europe or the United States. A small number of suppliers operate in Asia. All direct suppliers are systematically inspected.

Tecan integrated the EU RoHS-guideline (Restriction of Hazardous Substances) on the prohibition of toxic, not-readily biodegradable substances in electric and electronic devices into its product development at an early stage even though medical products are exempt from the guideline for the time being. However, Tecan is convinced that the high RoHS standard will become the norm for medical devices both in the EU and beyond. Tecan therefore supports the ecological objectives set forth in this standard.

In line with the principle of sustainability, Tecan devices are designed to be long-lasting. Tecan offers customers the option of retrofitting existing platforms over a longer period of time. Special "Product Care Teams" ensure that the devices receive intensive attention throughout their entire life cycle, which can last up to 15 years, and are adapted or improved to meet market needs.

Tecan also invests in modern, energy-efficient technology for the infrastructure of its buildings. Hot and cold water lines in the ceiling are the sole source of heating and cooling at Tecan's corporate headquarters in Männedorf, Switzerland – the company's largest location worldwide. Two heat pumps and an oil-fired boiler supply the buildings with ample heating. Processed wastewater from the Männedorf wastewater treatment plant supplies the heat pumps with a source of energy.

By keeping vertical integration down, Tecan is responsible for relatively low levels of CO_2 emissions. At the same time, Tecan supports international efforts in reducing overall CO_2 emissions worldwide. As part of these efforts, Tecan participated in the Carbon Disclosure Project in 2008, a global initiative aimed at gathering and analyzing corporate data relevant to climate.

To Tecan, sustainable corporate management also means forging close partnerships with its customers. By promoting early and intensive exchange, Tecan ensures that expectations of future projects are clearly defined. Pursuing this strategy solidifies cooperation and increases both partners' efficiency.

Tecan considers all of these measures to be critically beneficial to its customers operating around the world and sees them as a definite competitive advantage.

Responsibility to employees and society

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.

Grounding vision and values

The fundamentals of Tecan's vision and values drafted by the Group Executive Committee in 2007 were grounded even more firmly within the company during the year in review. This was the result of Tecan holding internal programs that ranged from brief refresher courses to seminars lasting several days. Employees reacted very positively to the introduction of uniform management terminology and inclusion of line managers in the job-filling process. Additional advanced seminars are planned for all units in 2009.

Systemizing succession planning and management development

In 2008, Tecan set forth the principles of systematic internal succession planning. Its goal is to fill key positions with internal candidates whenever possible. Possible successors are evaluated and incorporated into a succession plan. This produces a sustainable basis for personnel decisions and the personalized ongoing development of managers. With the aid of a "Management Assessment Plan," Tecan aims to incorporate additional management levels in 2009.

Comprehensive coordination of global professional training

At Tecan, ongoing professional training is a key requirement critical to business. The company must comply with industry-specific requirements and guidelines set forth by supervisory authorities and must also be able to demonstrate that its employees possess the required knowledge. During the year under review, Tecan introduced a uniform global platform for the professional training of its employees. Aided by this SAP-based system, Tecan can oversee and control the training processes employed throughout the entire company. Each employee receives a personalized training profile according to his or her job description. Via this new platform, an employee can check his or her own training and education credentials and, if necessary, update them. Auditors are also able to call up the training status of a given employee at any time.

Stringent industry-specific requirements have sharply driven up Tecan's training expenditure. As a group, employees complete roughly 10,000 training programs annually. However, launching the new system has brought about a steep increase in E-learning and thus training efficiency. The introduction of electronic signatures has made the printing and storage of training certificates a thing of the past. This in turn translates into substantial paper savings. Employees have really taken to the new system. The worldwide launch was initiated in 2008 and should be completed by 2009.

In countries employing a dual education system, Tecan is instructing trainees from various vocational and professional groups and remains committed to this program long-term.

Corporate Social Responsibility

Tecan attaches great importance to good cooperation with the peoples and authorities where it does business. The company also supports projects serving the common good at its various locations. Tecan also supports clinics in economically disadvantaged regions of the world with modern equipment and provides instruments free of charge to disaster areas. Professional support and training is given to ensure that the equipment is used efficiently.

At Tecan, ongoing professional training is a key requirement critical to business.

Corporate Governance

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

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 SIX Swiss Exchange.

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

As at December 31, 2008, the Company's market capitalization was CHF 403 million. The list of consolidated subsidiaries, none of which is publicly listed, is presented in the financial section on page 81 of this Annual Report. The operational group structure is organized into the Components & Detection, Liquid Handling & Robotics, and Sample Management business segments. The segment reporting based on this structure is presented in the financial section on page 71 of this Annual Report.

Major shareholders

As at December 31, 2008, the following shareholders held more than three percent of Tecan's shares:

	2007		2008	
	Shares	%	Shares	%
Chase Nominees Ltd., London	1,407,594	11.7 %	1,546,910	12.8 %
Tecan Group Ltd., Männedorf (CH)	772,900	6.4 %	1,324,075	11.0 %
Long positions (call options)			*418,023*	*3.5 %*
Short positions (call options)			*(418,023)*	*(3.5 %)*
Fidelity Management & Research Company, Boston (US)	1,349,560	11.2 %	1,349,560	11.2 %
BB Medtech AG, Schaffhausen (CH) [1]	1,212,780	10.0 %	1,212,780	10.0 %
UBS Fund Management (Switzerland) AG, Basel (CH)	639,220	5.3 %	639,220	5.3 %
TIAA-CREF Investment Management LLCC, New York (US)	593,767	4.9 %	593,767	4.9 %
Credit Suisse Group, Zurich (CH)		<3.0 %	66,818	0.6 %
Long positions (call options)			*418,023*	*3.5 %*
Short positions (call options)			*(476,299)*	*(3.9 %)*
FIL Fidelity International Ltd., Hamilton (BM)	457,824	3.8 %	457,824	3.8 %
The Capital Group Companies, Inc., Los Angeles (US)		<3.0 %	365,859	3.0 %
Oppenheimer Funds Inc., New York (US)	549,615	4.6 %		<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 at the end of the reporting period.

1 Holdings of BB Medtech AG in accordance with the shareholder's disclosure notification. BB Medtech AG and/or its subsidiary Medhealth N.V. Curacao, Dutch Antilles, are considered a shareholder group together with Whale Holding AG, Zug, Switzerland, and Martin Bisang, Küsnacht, Switzerland, in accordance with the group provision under Art. 5 and Art. 12 of the Articles of Incorporation. Therefore, under the provisions of the Company's Articles of Incorporation, this shareholder group may not represent more than five percent of the company's voting rights at any general meeting, even though it holds more than five percent of the registered shares.

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

2 Capital structure

Capital structure of Tecan Group Ltd. as at December 31

	2006	2007	2008
Number of shares	12,005,607	12,078,381	12,082,820
Nominal value per share (CHF)	1.00	0.55	0.10
Share capital (CHF)	12,005,607	6,643,110	1,208,282
Legal reserves (CHF)	36,562,977	61,640,889	124,236,449
Net retained earnings (CHF)	130,675,771	120,261,396	39,274,413
Shareholders' equity (CHF)	**179,244,355**	**188,545,395**	**164,719,144**
Capital reduction			
Nominal repayment			
Number of issued shares on repayment date	–	12,075,250	12,082,591
Reduction in share capital (CHF)	–	(5,433,863)	(5,437,166)
Increase in reserves (CHF)	–	244,378	507,357
Conditional share capital			
Reserved for employee stock option plans			
Number of shares	994,393	921,619	917,180
CHF	994,393	506,890	91,718
Reserved for future business development			
Number of shares	1,800,000	1,800,000	1,800,000
CHF	1,800,000	990,000	180,000
Authorized share capital			
Expiring on April 23, 2010			
Number of shares	1,200,000	1,200,000	2,400,000
CHF	1,200,000	660,000	240,000

As at December 31, 2008, the Company's share capital was CHF 1,208,282, divided into 12,082,820 registered shares with a nominal value of CHF 0.10 each. Each share is entitled to dividend payments whenever the shareholders approve a profit distribution. 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 the creation of 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 the purpose 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 financial statements under Note 14 "Employee benefits." A total of 4,439 options were exercised in fiscal year 2008 (2007: 72,774 options; 2006: 113,784 options), increasing the Company's share capital by CHF 2,338 (2007: CHF 71,365; 2006: CHF 113,784) and decreasing the Company's conditional capital by 4,439 shares (2007: 72,774 shares; 2006: 113,784 shares). As at December 31, 2008, 438,179 shares of the conditional share capital were reserved for outstanding employee stock options. These shares correspond to a share capital of CHF 43,818.

On April 26, 2006, the shareholders approved the creation of additional conditional share capital. The Company's share capital may be increased by a maximum of CHF 180,000 through the issue of a maximum of 1,800,000 registered shares to be paid in full with a nominal value of CHF 0.10 each. This increase shall be achieved through the exercise of conversion or option rights granted in connection with bonds or similar instruments issued by the Company or group companies or through the exercise of option rights granted to shareholders.

Shareholders' preemptive 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 the case of convertible bonds or warrant-linked bonds, 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 warrant-linked or convertible bonds on international capital markets. If preferred subscription rights are excluded, then 1) the bonds must be placed at market conditions, 2) the exercise period for warrants must be limited to five years and the exercise period for conversion rights must be limited to ten years from the date the bond was issued, and 3) the conversion or exercise price for the new shares must be set at least in line with the market conditions prevailing on the bond issue date.

Authorized share capital

On April 26, 2006, and/or April 23, 2008, 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 23, 2010, by a maximum of CHF 240,000 through the issue of not more than 2,400,000 registered shares to be paid in full with a nominal value of CHF 0.10. 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 potential acquisitions of tangible 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 Company's Articles of Incorporation. The pre-emptive rights of the shareholders may be restricted, excluded and assigned 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 refinance 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 outstanding other than the aforementioned employee stock options.

Limitations on transferability and nominee registrations

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 the total number of 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 registration application that they hold the shares for their own account and with whom the Company has entered into a corresponding agreement. In addition, 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 percent of the share capital.

Legal entities and companies that 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 limitations are considered to be one person. The Board of Directors is entitled to grant exceptions to the registration limitations 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 24 and 25.

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 development of general strategies and guidelines, and for all other duties that are non-transferable under applicable law. To the extent permitted by law and provided that there is no conflict with the Company's Articles of Incorporation and the Organizational Regulations adopted by the Board of Directors, management of the Company's affairs is delegated to the Executive Committee pursuant to the 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. Any member of the Board of Directors may call a meeting by specifying the reasons for the meeting. The meetings usually last one whole day. As a general rule, the CEO and CFO attend the Board meetings (in whole or in part), together with any other members of the Executive Committee or senior management invited by the Chairman. Meetings may also be held by videoconference or by telephone. The Board of Directors passes its resolutions by an absolute majority of votes of Board members present. In the event of a tie, the Chairman of the Board has the deciding vote. Resolutions may be passed by postal vote unless a member requests oral deliberation.

Board of Directors

Mike Baronian

Chairman
Since 2000, elected until 2009
1947
Canadian-Swiss citizen,
Degree in Finance
(Concordia University, Montreal)

Professional background:
Various 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, Basel, Board member.

Heinrich Fischer

Vice Chairman
Since 2007, elected until 2009
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:
Schweiter AG, Member of the Board; Gurit AG, Member of the Board; Hilti AG, Member of the Board.

Prof. Dr. Armin Seiler

Since 1998, elected until 2009
1939
Swiss citizen
MS in Mechanical Engineering (Swiss Federal Institute of Technology), MS and PhD in Business Administration (University of Zurich)

Professional background:
1969 to 1974 management consultant at McKinsey & Company in Zurich and Chicago; 1975 to 1977 CEO at Dr. Ing. Koenig AG; 1978 to 1983 CEO at Cham Paper Group. 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 (until April 2008); ING Bank (Suisse) SA, Board member (until April 2008); Impacta AG, Member of the Board; Ecofer AG, Member of the Board; Stoppani AG, Member of the Board.

Gérard Vaillant

Since 2004, elected until 2009
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.

Cleto De Pedrini | Mike Baronian | Prof. Dr. Peter Ryser

Prof. Dr. Peter Ryser

Since 2004, elected until 2009
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 Swiss companies), member of the commission on armament of the Federal Department of Defence, Civil Protection and Sport.

Cleto De Pedrini

Since 2004, elected until 2009
1945
Swiss citizen
Degree in Public Law, Business Administration and Economics (University of St. Gallen)

Professional background:
1974 to 1980 Head of the Export Department, Dätwyler AG; Chief Executive Officer Truns Tuch- und Kleiderfabrik, 1980 to 1985; Chief Financial Officer, Hürlimann Breweries, 1985 to 1991. He 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, Board member; NovoGel Holding AG, Board member, Aquametro AG, Board member.

Dr. Jürg Meier

Since 2007, elected until 2009
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, Chairman of the Board; Solvias AG, Member of the Board; BioMed Invest AG, Member of the Board.

Dr. Jürg Meier Heinrich Fischer Gérard Vaillant Prof. Dr. Armin Seiler

Committees

The Board of Directors may appoint committees composed of members of the Board to prepare and implement its resolutions and to exercise 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. Committee resolutions and proposals for consideration by the entire Board of Directors are passed by a majority of votes cast, provided that there is a quorum of at least two committee members present. Resolutions may also be passed by postal vote. The Board of Directors has established two committees that are composed as follows:

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

Audit Committee

The Audit Committee is composed of at least two members. The Audit Committee's principal duties and responsibilities are to form an opinion regarding internal and external audits and to monitor cooperation between the statutory auditors and the Company; to assess the quality of internal audits and compliance; to review the annual financial statements (both consolidated and single-entity) and interim financial statements destined for publication and report on them to the full Board of Directors; to make recommendations to the full Board of Directors, especially with regard to the approval of annual and interim financial statements; and to monitor the independence, performance and fees of the statutory auditors and to propose that they be appointed or reappointed by vote of the annual general meeting. Representatives of the external auditors may attend meetings of this committee at the invitation of the Chairman.

Nomination and Compensation Committee

The majority of members of the Nomination and Compensation Committee must be non-executive and independent members of the Board of Directors. The principal duties and responsibilities of the Nomination and Compensation Committee are to submit proposals to the full Board of Directors regarding the amount and type of remuneration for the members of the Board of Directors, the CEO, and the other members of senior management. The Nomination and Compensation Committee reviews reports on salary structure and salary trends and monitors the disclosure requirements pertaining to compensation for senior management and the Board of Directors. In addition, the Nomination and Compensation Committee approves the hiring of any employees who report directly to the CEO and proposes an appropriate individual to the Board of Directors for appointment as CEO.

Information and control instruments

The members of the Executive Committee are actively involved in the various committees of the Board of Directors. The CEO, CFO, the internal auditors and sometimes the external auditors attend the meetings of the Audit Committee, for example.
In addition, members of the Corporate Executive Committee meet with individual Board members on an ad hoc basis to discuss and delve more deeply into specific topics.

Description of periodic reporting to the Board of Directors: the Board of Directors receives monthly reports from the Group's management information system so that it can monitor financial performance. All relevant guidelines are presented to the Board of Directors or the appropriate committees for approval to ensure shared responsibility for all major decisions. In the past year, for example, the Treasury Guideline and the Internal Control Manual were revised by the Audit Committee and approved by the Board of Directors.

Internal Audit: Tecan has had its own internal audit department since 2007. Since the internal auditors report to the Audit Committee, their independence is assured. All companies are audited every three years on the basis of a risk analysis. The annual audit plan includes audits of all major companies and is approved by the Audit Committee. A summary of significant findings and recommendations is submitted directly to the Audit Committee as well as to the CEO and CFO. The reports are also made available to the external statutory auditors. During the year under review, Internal Audit focused its efforts on strengthening the internal control system for financial reporting. Other areas audited include compliance with laws and standards and the efficiency and effectiveness of business processes.

Additional information on risk management is given in Note 77 to the consolidated financial statements.

4 Management

Corporate Executive Committee

Brief profiles of the members of the Corporate Executive Committee can be found on pages 28 and 29.

Management contracts

No agreements between the Company and third parties that are not part of the Tecan Group were entered into or renewed in 2008 for the purpose of delegating management responsibilities.

5 Content and method of determining compensation and stock option plans

The structure of compensation for members of the Board of Directors and senior management and of employee stock option plans is determined by the Board of Directors based on proposals by the Nomination and Compensation Committee. The CEO and CFO attend the corresponding committee and Board meetings and can make recommendations but have no voting rights. The areas of authority and responsibility for determining compensation and employee stock option plans are defined in the Company's Organizational Regulations. Compensation details and information to be provided under Art. 663bis of the Swiss Code of Obligations are given in Note 13 to the balance sheet of Tecan Group Ltd. (pages 86–87). The Board of Directors has used a salary study by PricewaterhouseCoopers, Zurich, which compares firms in the global life science industry and firms in Switzerland of comparable size and market capitalization, to determine the level of management compensation. No external advisors or consultants were involved in structuring the compensation and stock option plans in 2008.

Cash compensation

The management compensation structure is based on the Variable Pay Regulations, which are approved by the Board of Directors. They are reviewed annually or as required.

The Variable Pay Regulations provide that compensation for members of the Executive Committee shall consist of a fixed salary in cash and a variable bonus in cash. The variable performance-based bonus amounts to 30 percent of fixed salary for members of the Executive Committee and 50 percent for the CEO. The bonus amount is based on the degree to which the following targets are met: first, the Company's sales and EBIT targets and second, individual quantitative and qualitative targets. The financial targets (sales and EBIT) are set annually by the Board of Directors in December for the following year. Individual targets are defined in advance on an annual basis in the form of measurable operational and quality targets in consultation between the individual and the person or entity to which that individual reports. The financial targets account for 60 to 80 percent of the variable bonus, and the personal targets account for 20 to 40 percent. If less than 80 percent of the target is reached, the variable bonus is not paid. If the targets are exceeded, the variable bonus may not exceed 200 percent of the target bonus. In 2008, the financial targets at the Group level were just achieved.

Corporate 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

Professional background:
Between 2002 and 2004, Thomas Bachmann served as CEO of the Steel Systems Division at AFG Arbonia-Forster-Holding Ltd.. From 1985 to 2002, he was active for Rieter Holding Ltd.. He held various operating, executive and strategic positions in Europe and the USA and lead key projects for the company in India and Asia. His responsibilities have included sales and marketing, engineering and development, global supply chain management and production, 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-Berne (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

Matthias Düchting

Senior Vice President, Head Sales Europe & NEMEA since 2008
1962
German citizen, Graduate in Biology (University of Mainz, Germany; University of Bonn, Germany)

Professional background:
1990 to 1991: Sales and applications specialist at Millipore (Eschborn, Germany); 1991 to 1995: Business Unit Sales Analytical Instruments at Perkin Elmer (Überlingen, Germany); 1995 to 1997: several management positions at PerSeptive Biosystems (Wiesbaden, Germany); 1998 to 2000: Head of Sales Germany at Bio-Rad Laboratories (Munich, Germany); 2001: Head of Business Unit Life Science at Sigma-Aldrich (Taufkirchen, Germany); 2001 to 2008: International Sales & Marketing Director and member of the executive board at Hamilton AG (Bonaduz/Schweiz), Head of Business Unit Robotics, 2006–2008 International Sales Director and member of the executive board at Hamilton Medical 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

Dr. Jürg Dübendorfer | Thomas W. Bachmann | Matthew Robin | Dr. Rudolf Eugster | Frederic Vanderhaegen

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

Domingo Messerli

Senior Vice President, Head of Business Unit Sample Management since 2008
1959
Swiss citizen, Bachelor of Science (Engineering School of Basel); Executive MBA (University of St.Gallen)

Professional background:
1982 to 1986: Project Manager at Brown & Boveri (now ABB); 1986 to 1991: Head of Engineering Department and Project Manager at Buss AG; 1991 to 1997: Head Business Unit Environmental Technology at Ingtec AG; 1997 to 2004: several management positions at Glatt AG, such as CEO of the Swiss headquarters of the Glatt Group as well as its associated international subsidiaries, Head of Global Sales and Marketing Business Unit Pharmaceuticals; 2005 to 2008: CEO at Elektrizitäts AG, Basel.

Other activities: none

Matthew Robin

Senior Vice President, Head of Business Unit Liquid Handling & Robotics since February 2007
1965
Swiss and 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:
Coltene Holding AG, Board member.

Carl Severinghaus

President Tecan Americas, Member 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

Frederic Vanderhaegen

Senior Vice President, Head of Business Unit Detection since 2008
1967
Belgian citizen, Biochemical Industrial Engineer (Meurice Institute, Brussels), Chemical Process Engineer (University of Brussels), MBA (Open University).

Professional background:
1992 to 1995: research activities at Meurice Institute (Brussels, Belgium); 1995 to 2008: several specialist and management functions at Millipore, such as Sales Representative Analytical Division (Brussels, 1995 to 1998), Global Product Manager and Sales Manager Applied Microbiology Division as well as Area Division Manager Biopharmaceutical Division (Strasbourg, France, 1998 to 2005), North American Director, Sales & Service Bioscience Division (2005 to 2008, Boston, USA).

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:
Regulatory Affairs Committee, EDMA (European Diagnostic Manufacturers Association), Member.

Christopher C. Hanan · Stephen M. Levers · Domingo Messerli · Carl Severinghaus · Günter Weisshaar · Matthias Düchting

The Board of Directors annually reviews the performance of the CEO and approves the actual bonus to be paid to that officer, while the Nomination and Compensation Committee does the same for members of the Executive Committee. The fixed salary for members of the Executive Committee is set annually by the Nomination and Compensation committee, and the CEO's fixed salary is set by the entire Board of Directors. The Executive Committee members affected by these deliberations do not attend these Board or committee meetings.

The amount and type of compensation for the Board of Directors is reviewed annually by the Nomination and Compensation Committee and must be approved by the Board of Directors. Since April 2004, members of the Board of Directors have been compensated for their service on the Board and on committees in the form of a fixed annual fee. Expenses are reimbursed separately.

Stock option plans

In addition to fixed salary and variable salary components and as a long-term retention and incentive tool, the Company awarded options on Tecan stock to the members of the Board of Directors and the Executive Committee, among others, in 2008. Details on these options are given in Note 14.4. of the consolidated financial statements. The terms and conditions of the options are set forth in the Plan Rules. The proposal for the Plan Rules as well as the scope of the stock option plan and the benefit entitlement per employee category were first discussed by the Nomination and Compensation Committee and then approved by the Board of Directors. The CEO and CFO attended the respective committee and Board meetings but did not have the right to vote.

The members of the Executive Committee are also entitled to an additional loyalty bonus that will be paid in 2010 to any members who continue to work for the company until 2010. Eligible individuals were able to request pre-payment of this bonus for the sole purpose of purchasing Tecan stock options from a bank at market conditions. Further details are given in Note 13.4 to the balance sheet of Tecan Group Ltd.

6 Shareholders' participation rights

Each share entitles the bearer to one vote. No shareholder or group of shareholders acting in concert to circumvent the voting limitation may combine more than five percent of all voting rights at any annual general meeting. The Board of Directors may grant exemptions to the voting right restriction in special cases. This voting right restriction does not apply to the exercise of the voting right by the company-appointed proxy ("Organvertreter") or the independent proxy.

The Board of Directors may enter into agreements with banks containing stipulations that diverge from the aforementioned voting restriction in order to facilitate the exercise of voting rights for shares held in custody accounts. 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, the independent proxy, the company-appointed proxy or a proxy appointed by a custodial institution. Proxy representation requires a written power of attorney that is only valid for the meeting for which it is issued. Article 13 paragraph 2 of the Company's Articles of Incorporation stipulates the matters for which a majority greater than that prescribed by law is required in order to pass a shareholders' resolution, namely a qualified majority of at least two-thirds of the votes represented and an absolute majority of the nominal stock value represented. The types of transaction covered by this provision are as follows:

- the conversion of registered shares into bearer shares;
- the cancellation or modification of transferability 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 removal of Article 13 paragraph 2 itself from the Articles of Incorporation and the elimination or modification of the quorum specified in this provision

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

Shareholders registered as having voting rights are informed by mail of the convening of an annual general meeting at least 20 days prior to the meeting. The notice is also published in the Swiss Official Gazette of Commerce. No entries are made in the share register from the day on which the notices of the annual general meeting are mailed until the day after the annual general meeting. Registration in the share register is described in greater detail in the Company's Registration Regulations.

7 Change of control and defense measures

The Company's Articles of Incorporation do not contain any rules on opting-out or opting-up in order to cancel or restrict the obligation to submit an offer pursuant to the Federal Act on Stock Exchanges and Securities Trading.

One third of the options that were issued in 2007 and 2008 in conjunction with ESOP 2008 or 2009 (for details see consolidated financial statements, Note 14.4: "Share-Based Payment") vest each year ("Vesting Period"). During this vesting period, these options generally cannot be exercised. When there is a change of control, these options vest immediately and may be exercised immediately (accelerated vesting period). As an incentive for not resigning in the event of a public takeover of the Company and for obtaining a price that is as advantageous as possible for the shareholders, certain members of the Executive Committee and of senior management are entitled to a compensation payment. This compensation payment is a function of the management level and the actual takeover price. Depending on the scenario and the management function, the compensation payment may range between zero and in exceptional cases a maximum of CHF 3,636,363. The basic requirement is that employment must not have been terminated on the date the takeover is completed.

Besides the above-described, no change-of-control clauses are included in agreements or compensation plans that benefit members of the Board of Directors, the Company's Executive Committee, or the Tecan Group.

8 Statutory Auditors

Date on which KPMG AG took over the existing audit mandate	May 28, 1997
Date on which the lead auditor took up his position	2004

Fees paid

CHF 1,000	2007	2008
Total auditing fees	726	670
Total tax consulting fees (KPMG)	199	85
Total other consulting fees (KPMG)	69	2

The auditors are appointed by vote of the annual general meeting of shareholders for a one-year term. The external audit has been reviewed by the Audit Committee since 2003.

The auditors attend the meetings of the Audit Committee at which the annual and semi-annual financial statements are discussed and preparations are made for approval by the Board of Directors. The auditors report on the audit focus and summarize the audit findings. The auditors submit recommendations regarding 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 proposal to the Board of Directors regarding reappointment of the auditors. Every four years, the Company issues a new request for audit proposals. The lead auditor must be changed every seven years.

9 Information policy

It is Tecan's policy to inform shareholders and the financial community on a regular basis about significant developments in the Company's business operations. This policy is implemented primarily through regular press releases, interim and annual financial reports, and information provided on the Company's website (www.tecan.com). Company publications are available in printed form on request. They can also be downloaded from the Tecan website. Tecan has not published quarterly financial reports since fiscal year 2007.

Important dates for investors

Date	Place	Event
March 4, 2009	Zurich	2008 Results, Press Briefing on Annual Results and Analysts' Conference
April 22, 2009	Zurich	Annual General Meeting
August 13, 2009	Webcast/ Conference Call	Semi-Annual Results for 2009

For mail or phone inquiries please contact:

Tecan Group Ltd.
Martin Brändle
Head of Corporate Communications & Investor Relations
Seestrasse 103
CH-8708 Männedorf
Switzerland
T +41 (0) 44 922 84 30
F +41 (0) 44 922 88 89
investor@tecan.com
www.tecan.com

Financial Report 2008

Chief Financial Officer's Report

Tecan once again achieved very good operating profitability in 2008. Sales in local currencies rose slightly over the previous year. The gross profit margin increased to 51.8 %. After adjustment for the non-recurring effect resulting from extraordinary impairment charges at Sample Management, Tecan was able to again increase the operating profit margin. The inflow of cash from operating activities remained steady. Tecan has a high equity ratio of 48.9 % and thus a very healthy balance sheet. This creates a favorable basis for continued internal and external growth. Excluding one-time items, earnings per share reached a record level.

Dr. Rudolf Eugster
Chief Financial Officer

Sales

In 2008, Tecan posted moderate 1 % organic growth in sales in local currencies. Sales totaled CHF 396.0 million and were thus 4.4 % below the previous year's level (2007: CHF 414.4 million). This was mainly due to currency effects, which had a negative impact on business in the first half of 2008 in particular.

Tecan's sales in local currencies grew by 3.6 % in North America and 3.9 % in Europe in 2008. Tecan's sales in Asia were 16.8 % below the previous year's level in local currency terms. This was largely the result of a basis effect caused by the fact that two large projects had generated a sharp sales increase the previous year. After adjustments for this effect, the figures show that Tecan was able to further expand its activities in Asia. Business was particularly strong in China, where Tecan opened a new head office for the Asia-Pacific region in 2008.

Gross profit

Gross profit totaled CHF 205.3 million in 2008, which was 3.4 % below the prior-year figure (2007: CHF 212.4 million). The gross profit margin increased to 51.8 % of sales, up from 51.3 %. Tecan was able to more than compensate for negative currency effects on the gross profit margin (1.3 %) through price discipline as well as selective price increases, material cost savings, and an advantageous product mix compared with the previous year.

Operating expenses less cost of sales

Excluding non-recurring impairment charges

Operating expenses less cost of sales fell by 4.8 %, a greater decrease than the drop in sales. Operating expenses totaled CHF 146.0 million in 2008 (compared with CHF 153.3 million in 2007). Sales and marketing expenses decreased by 3.7 %, somewhat less than sales, due in part to greater capital investment in the Asia-Pacific region. Tecan's goal is to invest 10 % of sales per year in research and development. In 2008, it met its long-term goal by investing 10.2 % (2007: 9.9 %). Expenditure on research and development was 1.9% below the prior-year level. Tecan increased its investments in the Sample Management business segment and the consumables business, which cuts across segment lines. Furthermore, investments in the Innovation and Incubation Group were increased in order to drive development of strategic technologies. General and administration expenses fell by 9.4 %, chiefly as the result of savings in the IT and financial areas and lower expenses for M&A projects.

Including non-recurring impairment charges

Due in particular to a setback in the development of one product and changes in general valuation conditions brought on by the financial crisis, non-recurring impairment charges totaling CHF 28.9 million were necessary in the Sample Management business segment. These included sales and marketing expenses for extraordinary amortization of acquired customer relationships and the "REMP" brand name totaling CHF 13.1 million. Extraordinary impairment charges on acquired technologies totaled CHF 1.6 million, which was included under research and development expenses. An additional CHF 14.2 million in charges was recognized as extraordinary impairment losses on goodwill.

The total number of employees rose by the end of 2008 to 1,116 full-time employees (Dec. 31, 2007: 1,102). On average, 1,110 people worked at Tecan in 2008. Personnel expenses totaled CHF 132.0 million in 2008 (compared with CHF 138.6 million in 2007). The net added value index, which is the productivity indicator used at Tecan, rose again and reached the very high value of 1.45 in 2008 (2007: 1.43).

Operating profit

Excluding non-recurring impairment charges

Tecan showed an increase in the operating profit margin that was significantly disproportionate to sales for the fourth year in a row. The EBIT margin increased to 15.2% of sales in 2008, up from 14.6 % the previous year. Earnings from operations before interest and taxes (EBIT) stood at CHF 60.1 million, just barely below the prior-year level (2007: CHF 60.3 million) in spite of lower sales. The negative currency effect on Tecan's operating result amounted to CHF 11.4 million. However, Tecan was able to almost totally compensate for this effect through higher margins and by limitations on spending.

The very healthy balance sheet creates a favorable basis for continued internal and external growth.

Including non-recurring impairment charges

When non-recurring impairment charges totaling CHF 28.9 million are included, the EBIT margin was 7.9% (2007: 14.6 %). The operating result before interest and taxes (EBIT), including one-time items, stood at CHF 31.2 million (2007: 60.3 million).

Financial result and taxes

The financial result came to CHF 1.3 million, 49.7% below the previous year's result (2007: CHF 2.6 million). The factors responsible for this decrease included lower interest income and lower adjustments of provisions for share-based compensation.

Tecan hedges the USD transaction risk on a 12-month rolling basis. In 2008, the gain from derivative-based currency hedging totaling CHF 7.1 million was diminished by net losses from currency positions totaling CHF 6.8 million. The resulting net currency gain was CHF 0.3 million (2007: CHF 0.2 million).

Excluding extraordinary amortization charges, Tecan was able to maintain the tax rate at a low 16.8 % level (2007: 16.7 %). When extraordinary amortization charges are included, the effective tax rate was 21.1 %.

Net profit

Excluding non-recurring impairment charges

Net profit in 2008 totaled CHF 51.1 million, which was 2.5 % below the prior-year figure (2007: CHF 52.4 million). The drop in net profit was slightly greater than the decrease in the operating result due to the lower financial result. The profit margin, however, increased to 12.9 % of sales in 2008, up from 12.6 % the previous year. Partly as the result of the share buyback program, which had an accretive effect, earnings per share (excluding one-time items) reached an all-time high of CHF 4.67 (2007: CHF 4.54). The average number of outstanding shares was reduced in 2008 to 10.9 million (2007: 11.5 million shares).

Including non-recurring impairment charges

When non-recurring impairment charges were included, reported profit totaled CHF 25.6 million (2007: CHF 52.4) and the profit margin was 6.5 % of sales (2007: 12.6%). Earnings per share including one-time items stood at CHF 2.35 (2007: CHF 4.54).

Cash flow from operating activities

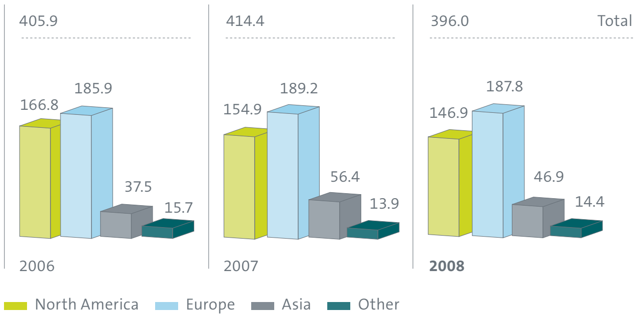
Cash flow from operating activities (operating cash flow) remained stable in 2008 and stood at CHF 58.9 million, 1.4 % below the prior-year figure (2007: 59.8 million). The total value of company shares repurchased by Tecan in 2008 was CHF 55.5 million. Total cash and cash equivalents was therefore reduced to CHF 84.7 million (2007: CHF 102.9 million). After deducting all amounts due to banks, Tecan continued to have a high net liquidity position at year's end in the amount of CHF 33.7 million (Dec. 31, 2007: CHF 50.1 million).

Segment report

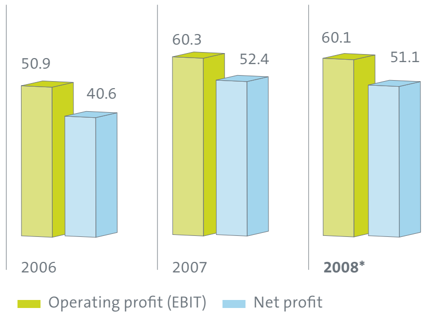
Tecan's reporting is broken down into three segments that represent operations: Components & Detection, Liquid Handling & Robotics and Sample Management. With this structure, Tecan intends to guarantee optimum transparency, both internally and externally. Service and consumables are an integral part of the business of the reporting segments. The reader is referred to pages 12 to 15 of this annual report for a detailed description of the business performance of the individual segments.

Dr. Rudolf Eugster
Chief Financial Officer

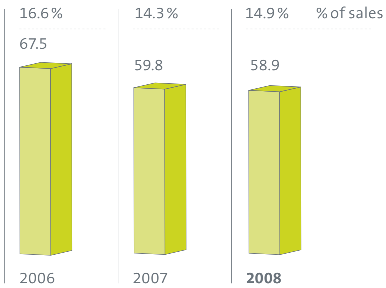
Sales by region
(CHF million)



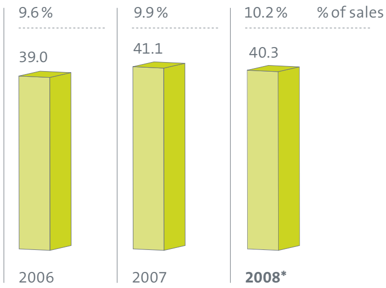
Operating and net profit
(CHF million)



Cash flow from operating activities
(CHF million)

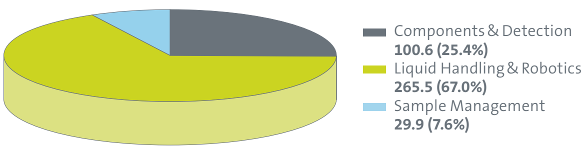


Research and development (gross)
(CHF million)

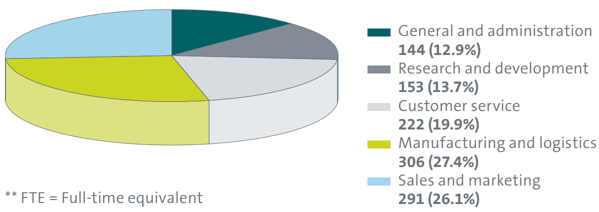


Basic earnings per share
(CHF/per share)

Sales by business segments
(CHF million)



Employees by activity (eop)
Total 1,116 FTE**



** FTE = Full-time equivalent

Net liquidity

CHF 1,000	2006	2007	2008
+ cash and cash equivalents	85,144	102,850	84,653
– current bank liabilities	(6,737)	(37,540)	– 13,798
– bank loans	(48,799)	(15,246)	– 37,167
= net liquidity	29,608	50,064	33,688

*Excluding non-recurring impairment charges totaling CHF 28.9 million in the Sample Management business segment.

Five-year consolidated data

CHF 1,000	2004	2005	2006	2007	2008
Income statement					
Sales	285,975	344,900	405,929	414,400	396,042
Operating profit	16,749	24,826	50,854	60,299	31,191
Financial result	770	(4,764)	16	2,586	1,301
Income taxes	(4,795)	(6,108)	(10,231)	(10,506)	(6,869)
Net profit	12,724	13,954	40,639	52,379	25,623
Research and development, gross	(37,101)	(40,762)	(39,029)	(41,069)	(41,869)
Personnel expenses	(102,874)	(118,389)	(132,826)	(138,619)	(131,990)
Depreciation of property, plant and equipment	(7,093)	(6,603)	(6,372)	(6,574)	(7,649)
Amortization of intangible assets	(4,376)	(4,562)	(5,332)	(4,593)	(3,570)
Impairment losses	–	(1,437)	(690)	–	(28,879)
Balance sheet					
Current assets	149,000	206,408	240,714	251,693	237,018
Non-current assets	42,309	131,600	124,889	122,289	88,846
Total assets	191,309	338,008	365,603	373,982	325,864
Current liabilities	84,606	111,758	111,990	135,557	113,840
Non-current liabilities	12,446	82,917	69,772	33,781	52,838
Total liabilities	97,052	194,675	181,762	169,338	166,678
Shareholders' equity	94,257	143,333	183,841	204,644	159,186
Cash flow statement					
Cash inflows from operating activities	29,712	15,177	67,164	59,765	58,929
Capital expenditure in property, plant and equipment and intangible assets	(10,589)	(6,008)	(6,506)	(9,107)	(7,543)
Acquisitions, net of cash acquired	–	(60,493)	–	–	–
Change in treasury shares (net)	(13,142)	(8,751)	–	(23,626)	(55,353)
Dividends paid	(4,993)	(4,815)	(5,172)	(5,176)	(5,001)
Other information					
Number of employees (end of period)	865	1,047	1,087	1,102	1,116
Number of employees (average)	834	1,026	1,059	1,108	1,110
Research and development in % of sales	13.0%	11.8%	9.6%	9.9%	10.6%
Sales per employee	343	336	383	374	357
Information per share					
Basic earnings per share (CHF)	1.16	1.26	3.54	4.54	2.35
Dividends paid/proposed (CHF)	0.45	0.45	0.45	0.45	0.90
Payout in form of a nominal value reduction (CHF)	–	–	0.45	0.45	–

Consolidated balance sheet at December 31

Assets

CHF 1,000	Notes	2007	2008
Cash and cash equivalents	5	102,850	84,653
Derivatives	6	3,281	5,241
Trade accounts receivable	7	87,285	88,982
Other accounts receivable		12,187	11,755
Inventories	8	37,488	37,959
Income tax receivable		5,788	4,174
Prepaid expenses		2,814	4,254
Current assets		**251,693**	**237,018**
Non-current financial assets	9	1,674	1,760
Property, plant and equipment	10	22,106	20,437
Intangible assets	11	84,450	53,808
Deferred tax assets	25	14,059	12,841
Non-current assets		**122,289**	**88,846**
Assets		**373,982**	**325,864**

Liabilities and equity

CHF 1,000	Notes	2007	2008
Current bank liabilities and derivatives	12	37,682	14,163
Trade accounts payable		9,542	11,635
Other accounts payable		11,400	16,383
Deferred revenue	13	20,535	25,569
Income tax payable		10,274	3,646
Accrued expenses		33,393	29,284
Current provisions	15	12,731	13,160
Current liabilities		**135,557**	**113,840**
Bank loans	12	15,246	37,167
Liability for post-employment benefits	14	6,465	5,882
Non-current provisions	15	3,089	2,032
Other non-current liabilities		609	412
Deferred tax liabilities	25	8,372	7,345
Non-current liabilities		**33,781**	**52,838**
Share capital		6,643	1,208
Capital reserve		14,191	12,872
Treasury shares		(41,697)	(97,050)
Retained earnings		238,455	260,338
Translation differences		(12,948)	(18,182)
Shareholders' equity	19	**204,644**	**159,186**
Liabilities and equity		**373,982**	**325,864**

Consolidated income statement

CHF 1,000	Notes	2007	2008
Sales	20	**414,400**	**396,042**
Cost of sales		(201,983)	(190,753)
Gross profit		**212,417**	**205,289**
Sales and marketing		(71,683)	(82,084)
Research and development	22	(41,069)	(41,869)
General and administration		(40,525)	(36,721)
Other operating income	23	1,159	817
Impairment goodwill		–	(14,241)
Operating profit*		**60,299**	**31,191**
Financial income		3,800	2,472
Finance cost		(1,383)	(1,502)
Foreign exchange gains		169	331
Financial result	24	***2,586***	***1,301***
Profit before taxes		**62,885**	**32,492**
Income taxes	25	(10,506)	(6,869)
Net profit		**52,379**	**25,623**
Basic earnings per share (CHF/share)	27	4.54	2.35
Diluted earnings per share (CHF/share)	27	4.52	2.33

* Operating profit 2008 before impairment: As disclosed in note 11.2, the operating profit 2008 includes impairment losses on goodwill (CHF 14.2 million) and other intangible assets (CHF 14.6 million). Operating profit before impairment charges amounts to CHF 60.1 million for the year 2008 (prior year: CHF 60.3 million).

Consolidated statement of changes in shareholders' equity

CHF 1,000	Notes	Share capital	Capital reserve	Treasury reserve	Retained earnings	Translation differences	Total share-holders' equity
Shareholders' equity at January 1, 2007		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							***50,303***
Dividends paid		–	–	–	(5,176)	–	(5,176)
New shares issued upon exercise of employee stock options	19	71	3,741	–	–	–	3,812
Capital decrease in form of reduction of nominal value	19	(5,434)	244	–	–	–	(5,190)
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**
Net profit		–	–	–	25,623	–	25,623
Translation differences		–	–	–	–	(5,234)	(5,234)
Total recognized income and expense							***20,389***
Dividends paid		–	–	–	(5,001)	–	(5,001)
New shares issued upon exercise of employee stock options	19	2	219	–	–	–	221
Capital decrease in form of reduction of nominal value	19	(5,437)	507	–	–	–	(4,930)
Change in treasury shares (net)	19	–	(3,556)	(55,353)	–	–	(58,909)
Structured transaction with treasury shares	19	–	1,511	–	–	–	1,511
Share-based payments to employees	14	–	–	–	1,261	–	1,261
Shareholders' equity at December 31, 2008		**1,208**	**12,872**	**(97,050)**	**260,338**	**(18,182)**	**159,186**

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	2007	2008
Net profit		52,379	25,623
Adjustments for:			
Depreciation and amortization (including impairment losses)	10, 11	11,167	40,098
Change in provisions and liability for post-employment benefits	14, 15	441	301
Financial result	24	(2,586)	(1,301)
Income taxes	25	10,506	6,869
Other non-cash items		(1,250)	2,771
Change in working capital:			
Trade accounts receivable	7	3,030	(8,260)
Inventories	8	6,345	(3,228)
Trade accounts payable		(1,799)	2,448
Other changes in working capital (net)		(6,272)	8,059
Income taxes paid		(12,196)	(14,451)
Cash inflows from operating activities		**59,765**	**58,929**
Loans to employees	9	(867)	–
Interest received		2,572	1,849
Purchase of property, plant and equipment	10	(7,212)	(5,551)
Proceeds from sales of property, plant and equipment	10	56	27
Purchase of intangible assets	11	(1,895)	(1,992)
Cash outflows from investing activities		**(7,346)**	**(5,667)**
New shares issued upon exercise of employee stock options	19	3,812	221
Capital decrease in form of reduction of nominal value	19	(5,190)	(4,930)
Dividends paid	19	(5,176)	(5,001)
Purchase of treasury shares	19	(26,642)	(55,353)
Proceeds from sales of treasury shares	19	3,016	–
Structured transaction with treasury shares	19	–	48
Change in current bank liabilities	12	(343)	1,753
Increase in bank loans	12	663	337
Repayment of bank loans	12	(2,684)	(4,229)
Interests paid		(1,142)	(1,450)
Cash outflows from financing activities		**(33,686)**	**(68,604)**
Translation differences		(630)	(2,855)
Increase/(decrease) in cash and cash equivalents		**18,103**	**(18,197)**
Cash and cash equivalents at January 1		84,747	102,850
Cash and cash equivalents at December 31		**102,850**	**84,653**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet	5	102,850	84,653
./. Bank overdrafts under bank pooling arrangements	12	–	–
= Cash and cash equivalents as per cash flow statement		**102,850**	**84,653**

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 ending December 31, 2008. The Group is a leading global supplier of laboratory instruments and solutions for the Bio-pharma, Forensic and Diagnostics industries and specializes in the development, production and distribution of automation solutions for life science laboratories. Through its REMP subsidiary, the Group 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.

The consolidated financial statements were authorized for issue by the Board of Directors on March 3, 2009. Final approval is subject to acceptance by the annual general meeting of shareholders on April 22, 2009.

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 Intangible assets

The Group performed impairment tests for goodwill, brand name 'REMP', acquired client relationships and technology that resulted in the recognition of impairment losses in the amount of CHF 28.9 million. 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.

2.2.2 Income taxes

At December 31, 2008, the net asset for current income taxes was CHF 0.5 million and the net asset for deferred taxes was CHF 5.5 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. See further disclosures in note 25 concerning an ongoing tax audit.

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, 2008: IFRIC 11, 12 and 14.

The adoption of these changes did not result in substantial changes to the Group's accounting policies.

2.4 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 13 'Customer Loyalty Programs'	Reporting year 2009
IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'	Reporting year 2009
Improvements to IFRSs	Reporting year 2009/2010
IFRS 1 amended 'First-time Adoption of International Financial Statements' and IAS 27 'Consolidated and Separate Financial Statements'	Reporting year 2009
IFRS 2 amended 'Share-based Payment – Vesting Conditions and Cancellations'	Reporting year 2009
IFRS 8 'Operating Segments'	Reporting year 2009
IAS 1 revised 'Presentation of Financial Statements'	Reporting year 2009
IAS 23 revised 'Borrowing Costs'	Reporting year 2009
IAS 32 amended 'Financial Instruments: Presentation' and IAS 1 amended 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation	Reporting year 2009
IFRIC 15 'Agreements for the Construction of Real Estate'	Reporting year 2009
IFRS 3 revised 'Business Combination'	Reporting year 2010
IAS 27 amended 'Consolidated and Separate Financial Statements'	Reporting year 2010
IAS 39 amended 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items'	Reporting year 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.

2.5 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.

2.6 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.

2.7 Accounting and valuation principles

2.7.1 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.

2.7.2 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.

2.7.3 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.

2.7.4 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.

2.7.5 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.

2.7.6 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 recog-nizes 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.

2.7.7 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. At December 31, 2008 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. Amor-tization 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

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.

2.7.8 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.

2.7.9 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.

2.7.10 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.

2.7.11 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.

2.7.12 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 recognized 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 recognized as an expense is adjusted by an expected labor turnover rate to reflect the expected number of options that will vest.

Cash-settled plan – The fair value of the amount payable to the employee is recognized 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 recognized in the financial result.

2.7.13 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.

2.7.14 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.

2.7.15 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.

2.7.16 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').

2.7.17 Government research subsidies

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

2.7.18 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 2008.

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		December 31, 2007	December 31, 2008	2007	2008
EUR	1	1.65	1.49	1.64	1.58
GBP	1	2.25	1.56	2.40	1.98
SEK	100	17.53	13.65	17.74	16.45
USD	1	1.13	1.07	1.20	1.08
SGD	1	0.79	0.75	0.80	0.76
CNY	1	–	0.16	–	0.16
JPY	100	1.02	1.18	1.02	1.06

5 Cash and cash equivalents

CHF 1,000	2007	2008
Cash and cash equivalents		
denominated in CHF	24,623	31,885
denominated in EUR	23,747	27,071
denominated in GBP	4,044	4,747
denominated in USD	45,054	14,893
denominated in JPY	4,298	4,779
denominated in other currencies	1,084	1,278
Balance at December 31	**102,850**	**84,653**
Thereof time deposits	23,247	622
Effective interest rate	2.9 %	2.1 %

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	2007	2008
Trade accounts receivable		
denominated in CHF	10,026	13,044
denominated in EUR	37,160	40,978
denominated in GBP	5,017	1,933
denominated in USD	24,060	28,810
denominated in JPY	3,784	2,294
denominated in other currencies	3,765	3,705
Subtotal trade accounts receivable	*83,812*	*90,764*
Allowance for doubtful accounts	(2,115)	(2,712)
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	15,801	3,124
Amounts of advances received	(10,213)	(2,194)
Subtotal construction contracts in progress	*5,588*	*930*
Balance at December 31	**87,285**	**88,982**
(Decrease)/Increase	(3,030)	8,260
Translation differences	(1,418)	(6,563)
Total change compared with previous year	*(4,448)*	*1,697*
Amount of contract revenue recognized as sales in the income statement relating to construction contracts	18,548	7,492

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

CHF 1,000	2007	2008
Switzerland (domestic)	2,111	3,199
Euro-zone countries	35,376	34,458
Other European countries	8,357	10,685
North America	28,414	30,530
Asia	8,292	9,291
Other	1,262	2,601
Balance at December 31	**83,812**	**90,764**

The Group's most significant customer accounts for 5.1 % of the trade accounts receivables carrying amount at December 31, 2008.

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

CHF 1,000	2007	2008
Individual impairment allowance account		
Balance at January 1	(1,882)	(1,792)
Change in impairment losses	(309)	(943)
Write-offs	331	112
Translation differences	68	145
Balance at December 31	**(1,792)**	**(2,478)**
Amount of trade accounts receivable with individual impairment (gross)	2,682	3,576
Collective impairment allowance account		
Balance at January 1	(71)	(323)
Change in allowance account	(254)	77
Translation differences	2	12
Balance at December 31	**(323)**	**(234)**

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

	2007		2008	
CHF 1,000	Gross	Impairment	Gross	Impairment
Not past due	52,267	(106)	67,438	(82)
Past due 1–30 days	19,966	(18)	11,988	(16)
Past due 31–90 days	6,280	(5)	5,602	(6)
Past due 91–360 days	1,641	(2)	1,812	–
Past due more than one year	976	(192)	348	(130)
Balance at December 31	**81,130**	**(323)**	**87,188**	**(234)**

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 and 2008 represents less than 1 % of sales.

8 Inventories

CHF 1,000	2007	2008
Raw materials, semi-finished and finished goods	45,098	45,213
Work in progress	4,096	2,776
Allowance for slow-moving inventories	(11,706)	(10,030)
Balance at December 31	**37,488**	**37,959**
(Decrease)/Increase	(6,345)	3,228
Translation differences	(761)	(2,757)
Total change compared with previous year	*(7,106)*	*471*
Amount of inventories stated at fair value less costs to sell (CHF million)	4.7	5.4
Amount of write-offs due to slow-moving inventories charged to the income statement (CHF million)	3.2	2.9

9 Non-current financial assets

CHF 1,000	2007	2008
Loans to employees (see note 26)	867	867
Rent deposits	629	721
Other	178	172
Balance at December 31	**1,674**	**1,760**

10 Property, plant and equipment

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**

CHF 1,000	Land & buildings	Leasehold improvements	Furniture & fittings	Machines & motor vehicles	EDP equipment	Total 2008
At cost						
Balance at January 1, 2008	7,969	7,940	10,850	19,407	23,632	69,798
Additions	39	69	590	2,207	2,646	5,551
Disposals	–	(354)	(415)	(731)	(4,637)	(6,137)
Transfer	–	11	(41)	2,010	23	2,003
Translation differences	–	(214)	(731)	(1,104)	(1,314)	(3,363)
Balance at December 31, 2008	**8,008**	**7,452**	**10,253**	**21,789**	**20,350**	**67,852**
Accumulated depreciation and impairment losses						
Balance at January 1, 2008	1,037	5,140	8,872	14,291	18,352	47,692
Annual depreciation	380	722	614	3,001	2,932	7,649
Disposals	–	(343)	(393)	(651)	(4,528)	(5,915)
Transfer	–	16	(40)	709	20	705
Translation differences	–	(140)	(621)	(832)	(1,123)	(2,716)
Balance at December 31, 2008	**1,417**	**5,395**	**8,432**	**16,518**	**15,653**	**47,415**
Net book value	**6,591**	**2,057**	**1,821**	**5,271**	**4,697**	**20,437**

There were no material purchase commitments as of year-end 2007 and 2008.

11 Intangible assets

11.1 Overview

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**

CHF 1,000	Goodwill	Software	Acquired client relationships	Acquired technology	Brand name 'Remp'	Total 2008
At cost						
Balance at January 1, 2008	54,290	17,174	16,634	9,586	6,590	104,274
Additions	–	1,992	–	–	–	1,992
Disposals	–	–	–	–	–	–
Translation differences	(185)	–	–	–	–	(185)
Balance at December 31, 2008	**54,105**	**19,166**	**16,634**	**9,586**	**6,590**	**106,081**
Accumulated amortization and impairment losses						
Balance at January 1, 2008	–	13,390	2,772	2,972	690	19,824
Annual amortization	–	1,272	1,110	1,188	–	3,570
Impairment losses	14,241	–	10,452	1,586	2,600	28,879
Disposals	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–
Balance at December 31, 2008	**14,241**	**14,662**	**14,334**	**5,746**	**3,290**	**52,273**
Net book value	**39,864**	**4,504**	**2,300**	**3,840**	**3,300**	**53,808**

The brand name 'REMP' was initially assessed and recognized as an intangible asset with indefinite useful life. Circumstances still support an indefinite useful life assessment.

The amortization charge is recognized in the following line items of the income statement:

CHF 1,000	2007	2008
Cost of sales	–	–
Sales and marketing	1,109	1,110
Research and development	1,189	1,188
General and administration	2,295	1,272
Total amortization	**4,593**	**3,570**

11.2 Impairment tests and recognized impairment losses

The Group performed impairment tests on cash generating units containing goodwill and other intangible assets with indefinite useful life in July 2008. The estimated recoverable amounts exceeded the carrying amounts at that time.

In the second half of 2008 the Group stopped the development project for a low temperature compact store. Together with below budget sales in the business segment Sample Management, the stop of the aforementioned development project has been a triggering event for impairment tests on separate intangible assets of Sample Management and for an additional impairment test on the cash generating unit Sample Management containing goodwill (corresponds with segment Sample Management).

The Group has defined a new strategy which foresees a new development project for a –80°C low temperature store. Such development and the corresponding future sales can not be included in the business plan which is the basis for the impairment tests. Furthermore the impact of the current financial and economic market situation on valuations, e.g. higher market risk premiums, has been taken into consideration.

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. Subsequently, the recoverable amount of the cash-generating unit (higher of fair value less costs to sell and value in use) is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. 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.

Value in use is calculated according to the DCF-method. The cash flow projections are based on a five-year financial planning period. Cash flows beyond the five-year period are extrapolated applying the long-term estimated growth rates stated below. Future cash flows are discounted using the weighted average cost of capital (WACC). The discount rates applied are pre-tax.

Key assumptions used for value-in-use calculations of separable intangible assets of business segment Sample Management performed at the end of December are as follows:

Separable intangible asset	Method	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Brand name 'REMP'	Relief from royalty method	Dec. 2008	Value in use	15.1 %	5 years	0.5 %
Acquired client relationships	Multi-period excess earnings method	Dec. 2008	Value in use	15.3 %	5 years	0.5 %
Acquired technology	Relief from royalty method	Dec. 2008	Value in use	15.3 %	5 years	0.5 %

Key assumptions used for cash generating units containing goodwill and other intangible assets with indefinite useful life are as follows:

Cash-generating unit	Carrying amount of goodwill (CHF 1,000)	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Liquid Handling & Robotics	27,299	July 2008	Value in use	2007: 13.7 % 2008: 12.7 %	5 years	1.5 %
Sample Management	26,991	Dec. 2008	Value in use	2007: 13.9 % 2008: 13.2 %	5 years	0.5 %

Key assumptions, on which the projection of cash flows is based, include growth in sales and the discount rate. The expected growth in sales is based on external market studies and internal assessments prepared by the management.

Based on the impairment tests, the Group recognized an impairment loss on goodwill Sample Management and on other intangible assets allocated to business segment Sample Management as follows:

CHF 1,000	Goodwill	Acquired client relationships	Acquired technology	Brand name 'Remp'	Total
Carrying amount before impairment loss	26,991	12,752	5,426	5,900	
Impairment loss	**(14,241)**	**(10,452)**	**(1,586)**	**(2,600)**	**(28,879)**
Carrying amount after impairment loss	12,750	2,300	3,840	3,300	
Impairment loss is recognized in the following line items of the income statement:					
Sales and marketing	–	10,452	–	2,600	13,052
Research and development	–	–	1,586	–	1,586
Impairment goodwill	14,241	–	–	–	14,241
Total impairment loss	**14,241**	**10,452**	**1,586**	**2,600**	**28,879**

11.3 Sensitivity analysis of goodwill Sample Management

Amount of excess (+) / necessary impairment (–) in CHF million depending on changes in key assumptions:

Growth rate					
–0.5 %	1.4	–0.4	–2.0	–3.5	–4.9
0.0 %	2.5	0.7	–1.0	–2.6	–4.1
0.5 %	3.8	1.8	0.0	–1.7	–3.2
1.0 %	5.2	3.0	1.1	–0.7	–2.3
1.5 %	6.6	4.4	2.3	0.4	–1.3
	12.2 %	12.7 %	13.2 %	13.7 %	14.2 % Discount rate

Example: A potential decrease in growth rate from 0.5 % to 0.0 % and a parallel increase in discount rate from 13.2 % to 13.7 % for the value-in-use calculation of cash-generating unit Sample Management would result in an additional impairment charge of CHF 2.6 million.

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, 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**

CHF 1,000	Bank overdrafts under bank pooling arrangements	Other current bank liabilities	Derivatives with negative fair value (see note 17)	Current maturities of non-current bank loans	Total current	Bank loans	Total non-current
Balance at January 1, 2008	–	3,301	142	34,239	**37,682**	15,246	**15,246**
Increase/(decrease)	–	1,753	–	–	**1,753**	–	–
Change in fair value	–	–	223	–	**223**	–	–
Renewal of bank loans	–	–	–	(27,000)	**(27,000)**	27,000	**27,000**
Increase in bank loans	–	–	–	–	**–**	337	**337**
Repayment of bank loans	–	–	–	(4,229)	**(4,229)**	–	–
Transfer to current	–	–	–	5,292	**5,292**	(5,292)	**(5,292)**
Translation differences	–	468	–	(26)	**442**	(124)	**(124)**
Balance at December 31, 2008	–	**5,522**	**365**	**8,276**	**14,163**	**37,167**	**37,167**
Analysis by currency:							
Denominated in CHF					9,905		36,000
Denominated in EUR					276		1,167
Denominated in USD					442		–
Denominated in JPY					3,540		–
Total					**14,163**		**37,167**
Analysis by interest rates:							
No interest					442		–
Variable interest rates depending on LIBOR					1,905		–
Fixed interest rate:							
0% – 2%					3,540		–
2% – 4%					8,276		13,167
4% – 6%					–		24,000
Total					**14,163**		**37,167**

In 2008 the average interest rate paid on bank loans was 3.0% (2007: 2.2%). 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	2007	2008
Advance payments received related to product sales to be recognized upon delivery or customer's acceptance	1,325	2,411
Deferred income related to service contracts	14,256	14,362
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	(7,734)	(17,572)
Amount of advances received	12,688	26,368
Subtotal construction contracts in progress	*4,954*	*8,796*
Balance at December 31	**20,535**	**25,569**
(Decrease)/Increase	(7,733)	6,428
Translation differences	(439)	(1,394)
Total change compared with previous year	*(8,172)*	*5,034*

14 Employee benefits

14.1 Number of employees

FTE*	2007	2008
Employees – year-end	1102	1116
Employees – average	1108	1110

* FTE = Full time equivalent

14.2 Personnel expenses

Personnel expenses include the following:

CHF 1,000	2007	2008
Salaries and wages	114,554	108,045
Social security	14,245	13,766
Post-employment benefits		
– defined contribution plans	1,375	1,410
– defined benefit plans	4,418	4,182
Share-based payment	644	1,261
Other personnel expenses	3,383	3,326
Total personnel expenses	**138,619**	**131,990**

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

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

	2007	2008
Number of plans		
Funded plans	2	2
Unfunded plans	3	3
Number of people covered		
Participating employees	566	558
Retirees	1	3
Expected average remaining working lives of the participating employees	11.6	11.8

The amounts recognized in the balance sheet are as follows:

CHF 1,000	2007	2008
Present value of funded obligations	51,470	57,003
Fair value of plan assets	(50,503)	(54,923)
Subtotal	*967*	*2,080*
Present value of unfunded obligations	2,548	2,515
Unrecognized actuarial losses	(2,571)	(1,286)
Unrecognized past service costs	5,521	2,573
Liability at December 31	**6,465**	**5,882**

The amounts recognized in the income statement are as follows:

CHF 1,000	2007	2008
Current service costs	7,518	7,734
Employee contributions	(2,777)	(2,961)
Interest expense on obligation	1,381	1,939
Expected return on plan assets	(1,345)	(1,965)
Amortization of actuarial losses	174	6
Past service costs	(533)	(571)
Total, included in personnel expenses	**4,418**	**4,182**
Actual return on plan assets	2,015	1,345

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

CHF 1,000	2007	2008
Balance at January 1	49,481	54,018
Plan amendments	38	2,377
Current service costs	7,518	7,734
Insurance premiums	(1,704)	(1,908)
Benefits paid	845	(2,593)
Interest expense on obligation	1,381	1,939
Actuarial gains	(3,597)	(1,883)
Translation differences	56	(167)
Balance at December 31	**54,018**	**59,517**

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

CHF 1,000	2007	2008
Balance at January 1	42,320	50,503
Employer contributions	4,102	4,615
Employee contributions	2,777	2,961
Insurance premiums	(1,704)	(1,908)
Benefits paid	993	(2,593)
Expected return on plan assets	1,345	1,965
Actuarial gains/(losses)	670	(620)
Balance at December 31	**50,503**	**54,923**

The Group expects to contribute CHF 4.5 million to its defined benefit plans in 2009.

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

	2007	2008
Equity securities	12.9 %	8.0 %
Debt securities	51.2 %	66.2 %
Real estate	10.7 %	9.7 %
Other	25.2 %	16.1 %
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):

	2007	2008
Discount rate at December 31	3.5 %	3.6 %
Expected return on plan assets at December 31	3.7 %	2.8 %
Future salary increases	2.0 %	1.9 %
Future pension increases	0.8 %	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	2008
Defined benefit obligation	49,231	49,481	54,018	59,518
Plan assets	(39,206)	(42,320)	(50,503)	(54,923)
Deficit	*10,025*	*7,161*	*3,515*	*4,595*
Experience gains/(losses) on plan liabilities in %	0.0%	(3.0%)	2.4%	2.2%
Experience gains/(losses) on plan assets in %	2.0%	(2.0%)	1.3%	(1.1%)

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 on November 30, 2001	121,344 options CHF 99.00	One / two / three / four years of service for 25% / 50% / 75% / 100% of options	11 years	November 30, 2012
Plan 2002 Cash-settled	SARs granted to employees in the USA on 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 on 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 on 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 on 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 management level 4 on 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 on 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 on December 5, 2007	32,703 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
Plan 2009 B (base plan) Equity-settled	Options granted to members of Board of Directors, Executive Committee and management level 4 and 3 on December 8, 2008	81,180 options CHF 39.70	One / two / three years of service for 33% / 33% / 34% of options	7 years	December 8, 2015
Plan 2009 P (performance plan) Equity-settled	Options granted to members of Executive Committee and management level 4 on December 8, 2008	76,465 options CHF 39.70	Three years of service plus earnings per share target plus comparison with peer basket of competitors	7 years	December 8, 2015

All share options grant the right to purchase one Tecan share per option. Based on the plans from 2002 and 2003 the employees from the U.S. 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:

	2007				2008			
	Weighted average exercise price (CHF)		Number		Weighted average exercise price (CHF)		Number	
	Options	SARs	Options	SARs	Options	SARs	Options	SARs
Balance at January 1	66.83	72.32	253,769	58,179	72.01	80.24	256,650	33,165
Granted	69.00	–	74,431	–	39.70	–	157,645	–
Exercised	48.40	48.40	(63,091)	(9,683)	48.40	48.40	(3,839)	(600)
Forfeited	70.00	–	(183)	–	70.02	–	(374)	–
Expired	66.38	70.28	(8,276)	(15,331)	80.91	91.67	(2,293)	(2,175)
Balance at December 31	**72.01**	**80.24**	**256,650**	**33,165**	**44.34**	**80.06**	**407,789**	**30,390**

The weighted average share price at the date of exercise was CHF 78.7 in 2007 and CHF 61.46 in 2008.

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

		2007				2008			
	Excercise price	Remaining contractual life (years)		Number		Remaining contractual life (years)		Number	
		Options	SARs	Options	SARs	Options	SARs	Options	SARs
Plan 2002	99.0	4.9	4.9	68,760	20,872	3.9	3.9	67,450	19,012
Plan 2003	48.4	5.9	5.9	65,043	12,293	4.9	4.9	60,603	11,378
Plan 2007 B	70.0	5.9	–	27,579	–	4.9	–	26,816	–
Plan 2007 P	70.0	5.9	–	20,837	–	4.9	–	20,837	–
Plan 2008 B	69.0	6.9	–	41,735	–	5.9	–	41,735	–
Plan 2008 P	69.0	6.9	–	32,696	–	5.9	–	32,703	–
Plan 2009 B	39.7	–	–	–	–	6.9	–	81,180	–
Plan 2009 P	39.7	–	–	–	–	6.9	–	76,465	–
Balance at December 31		**5.9**	**5.3**	**256,650**	**33,165**	**5.7**	**4.3**	**407,789**	**30,390**
Exercisable at period-end				143,088	33,165			159,678	30,390

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
Plan 2009 B	CHF 39.70	CHF 39.70	40.61%	7.0 years	1.07%	2.24%	CHF 16.12
Plan 2009 P *	CHF 39.70	CHF 39.70	40.61%	7.0 years	1.07%	2.24%	CHF 10.08

* Including 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
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
2008							
Plan 2002	CHF 39.00	CHF 99.00	41.13%	3.9 years	1.17%	1.61%	CHF 2.98
Plan 2003	CHF 39.00	CHF 48.40	41.13%	4.9 years	1.16%	1.84%	CHF 10.92

14.4.4 Total expenses recognized

CHF 1,000	2007	2008
Expenses arising from equity-settled plans (share options)	644	1,261
Expenses arising from cash-settled plans (SARs)	–	–
Total personnel expenses recognized with impact on operating profit	*644*	*1,261*
Effect of changes in the fair value of SARs with impact on the financial result	(1,031)	(626)
Total (income)/expenses	**(387)**	**635**

The provision for cash-settled share-based payment transactions amounts to CHF 0.2 million at December 31, 2008 (2007: CHF 0.8 million, see note 15).

15 Provisions

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restructuring	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**	**678**	**3,160**	**15,820**
Thereof current	–	338	9,243	–	480	2,670	12,731
Thereof non-current	815	1,043	–	543	198	490	3,089

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restructuring	Warranties & returns	WEEE *	Legal cases	Other	Total 2008
Balance at January 1, 2008	815	1,381	9,243	543	678	3,160	15,820
Provisions made	–	–	5,975	171	–	27	6,173
Provisions used	(9)	(335)	(2,283)	(18)	(190)	(67)	(2,902)
Provisions reversed	(626)	–	(2,109)	–	(220)	(153)	(3,108)
Transfer	–	–	–	–	–	(47)	(47)
Unwind of discounts	–	35	–	–	–	–	35
Translation differences	–	(117)	(485)	(72)	(18)	(87)	(779)
Balance at December 31, 2008	**180**	**964**	**10,341**	**624**	**250**	**2,833**	**15,192**
Thereof current	–	304	10,341	–	–	2,515	13,160
Thereof non-current	180	660	–	624	250	318	2,032

* 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 (2008: CHF 1.0 million and 2007: CHF 1.4 million). The provision includes an amount of CHF 0.8 million (2007: CHF 1.2 million), which covers the non-cancellable lease commitments concerning the factory building. The contract will expire in May 2011.

The provision for legal cases (2008: CHF 0.3 million and 2007: 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 2008 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 (2007: CHF 0.9 million) and a provision for an uncertain import duty position.

16 Financial risk management (IFRS 7)

16.1 Introduction

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 cooperation 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 geographic 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 except for the derivative financial instrument on own shares (418,023 physically settled European-style call options with a strike of CHF 0.01), that is part of the sale of treasury shares ('structured transaction with treasury shares') disclosed in note 19.3. Due to its character the equity instrument was recognized directly in equity. At year-end the Group was exposed to a credit risk in the amount of CHF 16.3 million in connection with the aforementioned instrument.

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, 2008, 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 million (2007: CHF 0.3 million) 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:

	2007				2008			
CHF 1,000	CHF	EUR	USD	Other	CHF	EUR	USD	Other
Cash and cash equivalents	–	2,652	35,051	5,250	–	14,096	5,787	4,543
Trade accounts receivable*	2	2,095	696	2,344	–	3,114	2,300	1,930
Other accounts receivable*	–	–	–	–	–	–	–	–
Non-current financial assets	–	9	–	178	–	9	–	171
Current bank liabilities	–	–	–	–	–	–	–	–
Trade accounts payable	(41)	(473)	(152)	(29)	(13)	(1,398)	(324)	(5)
Other accounts payable*	–	–	–	–	–	–	–	–
Accrued expenses	–	–	–	(53)	–	(17)	(25)	(62)
Bank loans	–	–	–	–	–	–	–	–
Foreign currency forwards	–	(63)	2,534	426	–	1,433	2,498	247
Foreign currency options	–	–	242	–	–	–	698	–
Balance at December 31	**(39)**	**4,220**	**38,371**	**8,116**	**(13)**	**17,237**	**10,934**	**6,824**

* 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	2007 higher/(lower)	2008 higher/(lower)
If CHF had weakened against EUR by 10%	(1,556)	(524)
If CHF had strengthened against EUR by 10%	1,256	22
If CHF had weakened against USD by 10%	(1,450)	(3'622)
If CHF had strengthened against USD by 10%	1,280	2'686

Foreign currency risks from financial instruments primarily relate to CHF/EUR and CHF/USD forwards and options.

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

	Fair value		Contract value		
CHF 1,000	Positive	Negative	Total	Due within	
				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					
Sale USD	242	–	7,910	1,130	6,780
Balance at December 31, 2007	**3,281**	**(142)**	**91,320**	**21,900**	**69,420**

	Fair value		Contract value		
CHF 1,000	Positive	Negative	Total	Due within	
				Between 1 and 90 days	Between 91 and 360 days
Foreign currency forwards					
Sale EUR	1,433	–	20,115	2,980	17,135
Sale USD	2,864	(365)	42,800	9,630	33,170
Sale JPY	247	–	2,360	–	2,360
Foreign currency options					
Sale USD	698	–	23,005	11,235	11,770
Balance at December 31, 2008	**5,242**	**(365)**	**88,280**	**23,845**	**64,435**

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	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**

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	13,798	14,010	5,880	8,130	–	–
Trade accounts payable	11,635	11,635	11,635	–	–	–
Other accounts payable*	–	–	–	–	–	–
Accrued expenses	29,284	29,285	17,345	11,940	–	–
Bank loans	37,167	39,143	322	991	37,830	–
Derivative financial liabilities						
Foreign currency forwards	365					
Outflow		11,770	2,140	9,630	–	–
Inflow		(11,292)	(2,045)	(9,247)	–	–
Balance at December 31, 2008	**92,249**	**94,551**	**35,277**	**21,444**	**37,830**	–

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

Unused lines of credit amounting to CHF 36.5 million were available to the Group at December 31, 2008 (2007: CHF 37.8 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 46.3 million (2007: CHF 48.8 million) compared to a carrying amount of CHF 45.4 million (2007: CHF 49.5 million). 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	2007	2008
Financial assets held for trading		
Derivatives	**3,281**	**5,241**
Loans and receivables		
Cash and cash equivalents	102,850	84,653
Trade accounts receivable*	81,696	88,052
Other accounts receivable*	2,899	2,610
Non-current financial assets	1,674	1,760
Total	**189,119**	**177,075**
Financial liabilities held for trading		
Derivatives	**142**	**365**
Other financial liabilities measured at amortized cost		
Bank liabilities and loans	52,786	50,965
Trade accounts payable	9,542	11,635
Other accounts payable*	125	–
Accrued expenses	33,393	29,284
Total	**95,846**	**91,884**

* 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	2007	2008
Due date		
1st year	7,582	6,731
2nd year	6,611	5,782
3rd year	5,621	2,318
4th year	2,206	1,708
5th year	1,698	3
6th year or beyond	–	–
Balance at December 31	**23,718**	**16,542**

In financial year 2008, CHF 7.5 million have been recognized as expenses for leases in the consolidated income statement (2007: CHF 8.2 million). The Group did not enter into any finance lease contracts.

18 Contingent liabilities and encumbrance of assets

As of December 31, 2007 and 2008, 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	2007	2008
Pledged assets		
Cash and cash equivalent (bank pooling arrangement)	40,310	6,423
Shares of REMP AG, pledged to secure bank loans (amount of consolidated net assets)	50,130	33,459

19 Shareholders' equity

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

19.1 Dividends paid

CHF 1,000	2007	2008	2009 (proposed)
Number of shares eligible for dividend	11,502,742	11,113,372	
Dividends paid (CHF/share)	0.45	0.45	0.90
Number of shares eligible for payout	11,532,187	10,955,131	
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 0.10)	Shares issued	Treasury shares	Shares outstanding
Balance at January 1, 2007	12,005,607	(461,730)	11,543,877
Issue of new shares from conditional share capital (employee participation plan)	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**
Issue of new shares from conditional share capital (employee participation plan)	4,439	–	4,439
Purchase of treasury shares	–	(969,198)	(969,198)
Balance at December 31, 2008	**12,082,820**	**(1,742,098)**	**10,340,722**

19.3 Sale of treasury shares in 2008 (structured transaction with treasury shares)

For tax reasons the Group disposed of positions in its treasury shares that were built up prior to 2003. The Group sold these shares by means of an off-exchange block trade transaction to Credit Suisse. In return the Group has received the right to get back the same number of shares on October 29, 2009, unless Credit Suisse exercises its right to keep the shares on October 29, 2009. In this case Credit Suisse will have to compensate the Group with CHF 80.85 per share. Technically, this transaction resulted in a cash inflow of kCHF 48 as per the date of the transaction and occurred in the form of sales and purchases of shares and two mutual call options. The details of the arrangement are as follows:

- The Group sold 418,023 treasury shares to Credit Suisse at CHF 53.90 per share. The shares are entitled to dividends.
- The Group purchased from Credit Suisse 418,023 physically settled European-style call options with a strike of CHF 0.01.
- Credit Suisse purchased from the Group 418,023 physically settled European-style call options with a strike of CHF 80.85.

For the purpose of the preparation of this consolidated financial statement the legal sale of the treasury shares and the exchange of derivatives on own shares is shown as one transaction since the individual transactions have no commercial substance of their own. In addition the long call does not meet the definition of a derivative financial instrument according to IAS 39.9. Therefore the sale is considered as not yet having taken place. This results in the treasury shares remaining unchanged which reflects the substance of the transaction.

19.4 Conditional share capital reserved for the employee profit sharing program

Number (each share has a nominal value of CHF 0.10)	2007	2008
Balance at January 1	994,393	921,619
Employee share options exercised (see note 14)	(72,774)	(4,439)
Balance at December 31	**921,619**	**917,180**
Employee share options outstanding (see note 14)	289,815	438,179

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

Number (each share has a nominal value of CHF 0.10)	2007	2008
Conditional share capital	1,800,000	1,800,000
Authorized share capital, expiring on April 26, 2008	1,200,000	–
Authorized share capital, expiring on April 23, 2010	–	2,400,000

19.6 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. On May 13, 2008 the Group completed a share buyback program on the first trading line on the SIX Swiss Exchange. This program was initiated on January 9, 2007. During the course of the program a total 627,287 shares were repurchased.

As approved by the shareholders at the annual general meeting on April 23, 2008, the Group has started a new share buyback program on a second trading line on the SIX Swiss Exchange on May 16, 2008. These shares will be cancelled and the share capital reduced accordingly. The program is limited to a maximum of 10% of the share capital. Under this program 696,788 shares were repurchased at the end of 2008.

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

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 business segments

	Components & Detection		Liquid Handling & Robotics		Sample Management		Corporate / consolidation		Group	
CHF 1,000	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Sales to third parties	114,398	100,638	262,572	265,551	37,430	29,853	–		414,400	396,042
Intersegment sales	9,563	8,792	2,060	1,213	2,484	2,395	(14,107)	(12,400)	–	–
Total sales	**123,961**	**109,430**	**264,632**	**266,764**	**39,914**	**32,248**	**(14,107)**	**(12,400)**	**414,400**	**396,042**
Operating profit	**11,587**	**12,321**	**56,884**	**60,974**	**146**	**(34,235)**	**(8,318)**	**(7,869)**	**60,299**	**31,191**
Depreciation and amortization	(3,616)	(2,964)	(4,192)	(5,072)	(3,359)	(3,183)	–	–	(11,167)	(11,219)
Impairment losses	–	–	–	–	–	(28,879)	–	–	–	(28,879)
Purchase of property, plant and equipment	2,580	1,459	3,686	3,905	946	187	–	–	7,212	5,551
Purchase of intangible assets	727	765	1,168	1,116	–	111	–	–	1,895	1,992
Segment assets	46,286	44,618	117,573	118,753	77,629	48,242	–	–	241,488	211,613
Unallocated assets									132,494	114,251
Total assets									**373,982**	**325,864**
Segment liabilities	18,615	16,606	45,402	45,999	14,459	18,895	–	–	78,476	81,500
Unallocated liabilities									90,862	85,178
Total liabilities									**169,338**	**166,678**

20.2 Sales by regions (by location of customers)

	Europe		North America		Asia		Others		Total	
CHF 1,000	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Sales to third parties	189,216	187,799	154,941	146,872	56,413	46,913	13,830	14,458	**414,400**	**396,042**

20.3 Segment information by location of assets

	Europe		America		Asia		Corporate / consolidation		Group	
CHF 1,000	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Purchase of property, plant and equipment	6,129	4,274	974	1,166	109	111	–	–	7,212	5,551
Purchase of intangible assets	1,895	1,992	–	–	–	–	–	–	1,895	1,992
Segment assets	234,222	204,179	62,461	64,363	10,674	12,082	(60,397)	(62,708)	246,960	217,916
Unallocated assets									127,022	107,948
Total assets									**373,982**	**325,864**

21 Operating expenses by nature

CHF 1,000	2007	2008
Material costs	127,981	113,490
Personnel expenses	138,619	131,990
Depreciation of property, plant and equipment	6,574	7,649
Amortization of intangible assets	4,593	3,570
Impairment losses on intangible assets	–	28,879
Other operating income and expenses (net)	76,334	79,273
Total operating expenses	**354,101**	**364,851**

22 Research and development

CHF 1,000	2007	2008
External project costs	12,132	12,377
Internal costs	27,748	26,718
Amortization of intangible assets related to research and development	1,189	1,188
Impairment losses on intangible assets related to research and development	–	1,586
Total research and development (gross, according to income statement)	**41,069**	**41,869**
Government research subsidies	(1,174)	(818)
Total research and development (net)	39,895	41,051

Costs for research and the development of new products (gross) amounted to 10.6 % of sales (2007: 9.9 %).

23 Other operating income

CHF 1,000	2007	2008
Government research subsidies	1,174	818
Other operating income (miscellaneous)	16	10
Other operating expense (miscellaneous)	(31)	(11)
Total other operating income	**1,159**	**817**

24 Financial result

CHF 1,000	2007	2008
Interest income	2,769	1,846
Fair value adjustments on cash-settled share-based payment plans	1,031	626
Finance income	*3,800*	*2,472*
Interest expenses	(1,304)	(1,447)
Other	(79)	(55)
Finance cost	*(1,383)*	*(1,502)*
Result from derivatives	3,084	7,093
Other foreign exchange losses (net)	(2,915)	(6,762)
Foreign exchange gains	*169*	*331*
Total financial result	**2,586**	**1,301**

25 Income taxes

CHF 1,000	2007	2008
Current income taxes	10,733	9,417
Deferred taxes	(227)	(2,548)
Total income taxes	**10,506**	**6,869**

The income tax expense can be analyzed as follows:

CHF 1,000	2007	2008
Profit before taxes	62,885	32,492
Tax expense based on the Group's expected weighted average rate of 21.2% (2007: 22.6%)	*14,188*	*6,896*
Impairment goodwill	–	1,115
Other non-deductible expenses and additional taxable income	561	2,812
Tax-free income and tax reductions	(4,341)	(4,810)
Change in recognition of tax losses	(453)	(52)
Unrecoverable withholding tax	45	574
(Over)/underprovided in prior years	(338)	263
Effect of tax rate change on opening deferred taxes	844	71
Tax expense reported	**10,506**	**6,869**

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 income tax reductions in some European countries and changes in the country mix of the profit before taxes the Group's expected tax rate for 2008 was reduced to 21.2%.

Deferred tax assets and liabilities are attributable to the following:

CHF 1,000	2007	Change 2008	2008
Receivables	1,586	(481)	1,105
Inventories	4,308	(1,207)	3,101
Property, plant and equipment	365	(174)	191
Intangible assets	(6,183)	3,965	(2,218)
Liabilities and accrued expenses	2,609	1,332	3,941
Provisions	2,543	(150)	2,393
Other	(1,422)	(2,592)	(4,014)
Total net deferred tax assets arising from temporary differences	*3,806*	*693*	*4,499*
Deferred taxes provided on			
– expected dividends from subsidiaries	(505)	(574)	(1,079)
– potential tax benefits from tax loss carry-forwards	2,386	(310)	2,076
Total net deferred tax assets	**5,687**	**(191)**	**5,496**
Deferred taxes recognized in income statement	227		2,548
Deferred taxes recognized directly in equity	36		(2,279)
Translation differences	(520)		(460)
Total change compared with previous year	*(257)*		*(191)*

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 and derivatives on own shares.

Tax loss carry-forwards:

	Gross value of tax loss carry forwards not capitalized		Potential tax benefits	
CHF 1,000	2007	2008	2007	2008
Expiring in				
6th year or beyond			–	273
Unlimited			2,386	1,803
Total tax loss carry-forward capitalized			**2,386**	**2,076**
Expiring in				
Unlimited	1,559	1,261	520	420
Total tax loss carry-forward not capitalized	**1,559**	**1,261**	**520**	**420**
Total tax loss carry-forward			**2,906**	**2,496**

On December 16, 2008 the Group received a tax assessment proposal for one of its subsidiaries that is subject to an ongoing tax audit. Based on this proposal the Group would have to write-off capitalized tax losses in the amount of CHF 1.8 million and to recognize an additional tax provision in the amount of CHF 0.5 million due to the challenged use of tax losses in the past. Since the Group is convinced that the position taken by the tax authorities is unjustified, no adjustments have been made to recognized tax assets and liabilities.

Deferred taxes are included in the balance sheet as follows:

CHF 1,000	2007	2008
Deferred tax assets	14,059	12,841
Deferred tax liabilities	(8,372)	(7,345)
Total (net)	**5,687**	**5,496**

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	2007	2008
Short-term employee benefits	5,646	5,429
Post-employment benefits	472	516
Other long-term benefits *	28	347
Termination benefits	–	–
Share-based payment	287	560
Total compensation	**6,433**	**6,852**

* Long-term retention bonus accrued. Payment will be made in 2010 and 2011 respectively.

In 2007 the members of 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, 2008 these advance facilities amounted to CHF 0.8 Mio.

No options were bought by the members of the management in 2008 under this program.

For further details concerning compensation, ownership of shares and options and loans granted please refer to notes 13 and 14 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.

	2007	2008
Number of shares issued	12,078,381	12,082,820
Number of treasury shares	772,900	1,742,098
Average number of shares outstanding (see note 19)	11,529,275	10,925,322
Basic earnings per share (CHF/share)	**4.54**	**2.35**
Average number of shares under option total	338,098	442,824
Average number of shares under option dilutive	243,680	232,304
Average exercise price	59.3	42.5
Number of shares that would have been issued at average market price for the year of CHF 58.46 (2007: CHF 78.72)	183,567	168,874
Adjustment for dilutive share options	60,113	63,430
Average number of shares outstanding after dilution	*11,589,388*	*10,988,752*
Diluted earnings per share (CHF/share)	**4.52**	**2.33**

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.

29 Group risk management (disclosure according to Swiss law)

29.1 Introduction

Group risk management is a systematic assessment that addresses all kind of risks posing a potential threat to the business activities of the Group. It is the umbrella process for all other risk management activities throughout the Group. The risk assessment process is coordinated by the CFO, however, the ultimate responsibility is with the Board of Directors.

29.2 Risk assessment cycle

29.2.1 Initiation of risk assessment

The Group risk assessment cycle takes place every two years unless otherwise mandated by the Board of Directors or by a triggering event. A review during the intermediate year assesses need for action.

In a first step the Board of Directors determines the risk acceptance and appoints the risk assessment team. The risk acceptance defines which combinations of risk characteristics (probability and severity of damage) are acceptable and which are not acceptable for the Group. This definition is the basis for the risk classification (see below). The risk assessment team includes representatives from various functions and disciplines such as Finance, Quality & Regulatory, Advisory & Support, Operations and Internal Audit.

The risk assessment team follows the process that is presented below:

Risk Management

Risk Awareness

Risk Assessment

Risk Identification	Risk Estimation	Risk Evaluation	Risk Reduction

Risk Control

29.2.2 Risk identification

The risk assessment team conducts annual workshops to identify potential risks in the following categories:

– Hazard risk
– Financial risk
– Operational risk
– Strategic risk

Furthermore the risk assessment team considers the results of all other risk management activities within the Group:

– Product related risk management
– IT risk management
– Business risk management for significant business units and market units
– Strategy
– Mid-term plan
– Budget

29.2.3 Risk estimation and evaluation

Each of the identified risks is estimated and evaluated and finally classified to the following risk categories:

– *Acceptable risk:* No further risk reduction actions required.
– *Elevated risk:* Further risk reduction actions recommended. Requires justification and approval by CFO if no further measures are taken.
– *Not acceptable risk:* Further risk reduction actions strongly recommended. Requires justification and approval by the Board of Directors if no further measures are taken.

29.2.4 Risk reduction, risk report and approval

For the risks that are elevated or not acceptable risk reduction measures have to be investigated and implemented unless the risks are explicitly accepted by the risk assessment team.

As a result the risk assessment team prepares a risk summary report containing all significant risks and measures taken. The final status of the risk assessment is reported to the Executive Management. The Board of Directors finalizes the risk assessment cycle with its approval. Risks remaining unacceptable must be approved each individually.

29.2.5 Risk control

Risk management is a dynamic process and forms a part of all planning and other activities of the Group. Within the process of ongoing risk control, members of the risk assessment team continuously collect information about risk factors and risk related information. If any new potential elevated or not acceptable risk arises, it would be brought immediately to the attention of the CFO.

29.3 Board approval 2008

In its first risk summary report the risk assessment team presented the risks identified during the risk assessment process. The report was approved by the Board of Directors on October 10, 2008. Risk reduction measures have been implemented to mitigate the not acceptable risks in 2009.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Tecan Group Ltd. , Männedorf

As statutory auditor, we have audited the accompanying consolidated financial statements of Tecan Group Ltd., presented on pages 39 to 77 for the year ending December 31, 2008.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ending December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Lukas Marty
Licensed Audit Expert
Auditor in Charge

Stefan Dürmüller
Licensed Audit Expert

Zurich, March 3, 2009

Balance sheet of Tecan Group Ltd. at December 31

Assets

CHF 1,000	Notes	2007	2008
Cash and cash equivalents		7,279	5,086
Current loans to Group companies		18,495	447
Other accounts receivable to third parties		1,199	605
Other accounts receivable to Group companies		9,350	6,510
Prepaid expenses		379	145
Current assets		**36,702**	**12,793**
Investments in subsidiaries	2	151,048	151,557
Non-current loans	3	18,904	17,539
Treasury shares	4	41,697	51,639
Derivatives on own shares	4	–	16,303
Property, plant and equipment		1,149	323
Intangible assets		3,784	–
Non-current assets		**216,582**	**237,361**
Assets		**253,284**	**250,154**

Liabilities and equity

CHF 1,000	Notes	2007	2008
Current bank liabilities		34,000	9,904
Other liabilities to third parties		1,308	2,543
Other liabilities to Group companies		688	407
Provision for general business risks	5	–	30,000
Other current provisions		250	250
Current tax liabilities		717	–
Accrued expenses		5,757	4,232
Current liabilities		**42,720**	**47,336**
Bank loans		14,000	36,000
Non-current loan from Group companies		8,000	2,100
Non-current provisions		19	–
Non-current liabilities		**22,019**	**38,100**
Share capital		6,643	1,208
Legal reserves		61,641	124,236
Retained earnings		120,261	39,274
Shareholders, equity	6	**188,545**	**164,718**
Liabilities and equity		**253,284**	**250,154**

Income statement of Tecan Group Ltd.

CHF 1,000	Notes	2007	2008
Management fees from Group companies		27,201	15,087
Other income		989	1,821
Dividend income from Group companies		10,436	43,368
Interest income from third parties		2,052	1,120
Interest income from Group companies		2,288	1,823
Other financial income		12,263	7,476
Income		**55,229**	**70,695**
Personnel expenses		(11,244)	(7,156)
Depreciation of property, plant and equipment		(576)	(113)
Amortization of intangible assets		(2,295)	–
Change in provision for general business risks	5	–	(30,000)
Other expenses		(12,927)	(8,167)
Interest expenses to third parties		(2,797)	(2,166)
Interest expenses to Group companies		(19)	(196)
Other financial expenses		(11,512)	(37,076)
Expenses		**(41,370)**	**(84,874)**
Profit/(loss) before taxes		**13,859**	**(14,179)**
Income taxes		(435)	6
Net profit/(loss)		**13,424**	**(14,173)**

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 39 through 77) 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 79 through 89) 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 (AT)	EUR	1,460	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (AT)	EUR	35	D
Tecan Sales International GmbH	Grödig/Salzburg (AT)	EUR	35	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (DE)	EUR	25	S
– Tecan Deutschland GmbH	Crailsheim/Stuttgart (DE)	EUR	51	D
– Tecan Software Competence Center GmbH	Mainz-Kastel (DE)	EUR	103	R
Tecan Benelux B.V.B.A.	Mechelen (BE)	EUR	137	D
Tecan France S.A.S.	Lyon (FR)	EUR	2,760	D
Tecan Iberica Instrumentacion S.L.	Barcelona (ES)	EUR	30	D
Tecan Italia S.r.l.	Milano (IT)	EUR	77	D
Tecan UK Ltd.	Reading (GB)	GBP	500	D
Tecan Nordic AB	Mölndal/Gothenburg (SE)	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 Asia (Pte.) Ltd.	Singapore (SG)	SGD	800	D
Tecan (Shanghai) Trading Co., Ltd.	Shanghai (CN)	CNY	3,417	D
Tecan Japan Co., Ltd.	Tokyo (JP)	JPY	125,000	D

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

All subsidiaries were 100% owned as of December 31, 2007 and 2008.

2.2 Change in investments

At the beginning of 2007, the former subsidiaries of REMP AG in Germany and U.S.A. 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 (Shanghai) Trading Co., Ltd. was founded in 2008. The new offices in Shanghai were opened at the end of October 2008.

3 Non-current loans

CHF 1,000	2007	2008
Non-current loans to Group companies	16,517	15,182
Non-current loans to Group companies subordinated	1,520	1,490
Loans to employees (see note 13.4)	867	867
Balance at December 31	**18,904**	**17,539**

4 Treasury shares and derivatives on own shares

4.1 Treasury shares

CHF 1,000	2007	2008
Treasury shares	41,697	81,995
Allowance	–	(30,356)
Balance at December 31	**41,697**	**51,639**

Number (each share has a nominal value of CHF 0.10)	2007	2008
Balance at January 1	461,730	772,900
Purchase of treasury shares	354,877	969,198
Sale of treasury shares	(43,707)	(418,023)
Balance at December 31	**772,900**	**1,324,075**
Average price of shares purchased, CHF	75.07	57.11
Average price of shares sold, CHF	69.00	36.01

For tax reasons the Group disposed of positions in its treasury shares that were built up prior to 2003. The Group sold 418,023 shares by means of an off-exchange block trade transaction to Credit Suisse. In return the Group has received the right to get back the same number of shares on October 29, 2009, unless Credit Suisse exercises its right to keep the shares on October 29, 2009. In this case Credit Suisse will have to compensate the Group with CHF 80.85 per share. Technically, this transaction resulted in a cash inflow of kCHF 48 as per the date of the transaction and occurred in the form of sales and purchases of shares and two mutual call options (see note 4.2).

4.2 Derivatives on own shares

CHF 1,000	2007	2008
Purchased call option on own shares (418,023 physically settled European-style call options with a strike of CHF 0.01)	–	22,422
Written call option on own shares (418,023 physically settled European-style call options with a strike of CHF 80.85)	–	(125)
Allowance	–	(5,994)
Balance at December 31	–	**16,303**

Based on the substance of the transaction the two derivatives on own shares are considered as one transaction and valued at the lower of purchase price or fair value of the underlying share.

5 Provision for general business risks

A provision for general business risks relating to investments in subsidiaries and loans to subsidiaries has been established.

6 Shareholders' equity

6.1 Changes in shareholders' 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, 2007	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**
Net loss	–	–	–	(14,173)	(14,173)
Dividends paid	–	–	–	(5,001)	(5,001)
Capital decrease in form of reduction of nominal value	(5,437)	–	–	507	(4,930)
New shares issued upon exercise of employee stock options	2	–	–	275	277
Change in reserve for treasury shares	–	–	62,595	(62,595)	–
Shareholders' equity at December 31, 2008	**1,208**	**19,944**	**104,292**	**39,274**	**164,718**

The Company's share capital is CHF 1,208,282, consisting of 12,082,820 registered shares with a nominal value of CHF 0.10 each (2006: share capital of 6,643,110 consisting of 12,078,381 registered shares with a nominal value of CHF 0.55 each). In 2008 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 0.55 to CHF 0.10.

6.2 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, 2008, the conditional share capital amounted to CHF 91,718 consisting of 917,180 registered shares with a nominal value of 0.10 each (2007: CHF 506,890 consisting of 921,619 registered shares with a nominal value of CHF 0.55 each) and 438,179 options not yet exercised were outstanding in connection with the employee stock option plans (2007: 289,815 options).

On April 26, 2006 and on April 23, 2008 the annual general meeting of shareholders approved the creation of additional conditional and authorized share capital for the purpose of future business development.

	2007	2008
Nominal value in CHF / share	0.55	0.10
Conditional share capital		
Reserved for employee stock option plans		
Number	921,619	917,180
CHF	506,890	91,718
Reserved for future business development		
Number	1,800,000	1,800,000
CHF	990,000	180,000
Authorized share capital		
Reserved for future business development (expiring on April 23, 2010)		
Number	1,200,000	2,400,000
CHF	660,000	240,000

6.3 Important shareholders

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

	2007	2008
Chase Nominees Ltd., London (GB)	11.7 %	12.8 %
Tecan Group Ltd., Männedorf (CH)	6.4 %	11.0 %
Long positions (call options)	–	*3.5 %*
Short positions (call options)	–	*– 3.5 %*
Fidelity Management & Research Company, Boston (US)	11.2 %	11.2 %
BB Medtech AG, Schaffhausen (CH)	10.0 %	10.0 %
UBS Fund Management (Switzerland) AG, Basel (CH)	5.3 %	5.3 %
TIAA-CREF Investment Management LLCC, New York (US)	4.9 %	4.9 %
Credit Suisse Group, Zurich (CH)	< 3.0 %	0.6 %
Long positions (call options)	–	*3.5 %*
Short positions (call options)	–	*– 3.9 %*
FIL Fidelity International Ltd., Hamilton (BM)	3.8 %	3.8 %
The Capital Group Companies, Inc., Los Angeles (US)	< 3.0 %	3.0 %
Oppenheimer Funds Inc., New York (US)	4.6 %	< 3.0 %

7 Guarantees in favor of third parties

The total amount of guarantees in favor of its subsidiaries was CHF 47.9 million at December 31, 2008 (2007 CHF 47.8 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 3.7 million) was outstanding.

8 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	2007	2008
Pledged assets		
Cash and cash equivalents (bank pooling arrangement)	6,912	4,768
Participation REMP AG	98,995	98,995

9 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 0.0 million at December 31, 2008 (2007: CHF 0.1 million).

10 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 (2007: CHF 1.5 million).

11 Liabilities to pension funds

At December 31, 2008 as in the prior year, no liabilities to pension funds existed.

12 Disclosures concerning the conduction of a risk assessment

See note 29 of the consolidated financial statements.

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

13.1 Compensation to the Board of Directors

CHF 1,000	Year	Fixed fee	Committee fee	Fixed salary	Total cash compen-sation	Social benefits [1]	Options granted (number) [2]	Value of options [3]	Total compensa-tion
Mike Baronian (Chairman)	2007	143	12	–	**155**	**9**	1,724	**45**	**209**
	2008	150	50	–	**200**	**14**	3,102	**45**	**259**
Heinrich Fischer (Vice Chairman, since Apr. 2007)	2007	64	11	–	**75**	**5**	862	**22**	**102**
	2008	85	25	–	**110**	**7**	1,551	**22**	**139**
Prof. Dr. Armin Seiler	2007	74	10	–	**84**	**3**	862	**22**	**109**
	2008	75	49	–	**124**	**6**	1,551	**22**	**152**
Gérard Vaillant	2007	71	34	–	**105**	**4**	862	**22**	**131**
	2008	85	25	–	**110**	**6**	1,551	**22**	**138**
Prof. Dr. Peter Ryser [4]	2007	71	10	–	**81**	**5**	862	**22**	**108**
	2008	75	10	249	**334**	**74**	1,551	**22**	**430**
Cleto de Pedrini	2007	71	18	–	**89**	**5**	862	**22**	**116**
	2008	75	15	–	**90**	**5**	1,551	**22**	**117**
Jürg Meier (since Apr. 2007)	2007	56	15	–	**71**	**3**	862	**22**	**96**
	2008	75	20	–	**95**	**5**	1,551	**22**	**122**
Timothy B. Anderson (until Apr. 2007)	2007	15	6	–	**21**	**9**	–	–	**30**
	2008	–	–	–	–	–	–	–	–
Heino von Prondzynski (until Feb. 2007)	2007	–	–	–	–	–	–	–	–
	2008	–	–	–	–	–	–	–	–
Total	**2007**	**565**	**116**	**–**	**681**	**43**	**6,896**	**177**	**901**
	2008	**620**	**194**	**249**	**1,063**	**117**	**12,408**	**177**	**1,357**

1 Employer's contribution to social security including social security on stock options exercised during the reporting period and contributions to post-employment benefit plans (Prof. Dr. Peter Ryser)
2 Vesting condition: one / two / three years of service for 33% / 33% / 34% of options
3 Formula for 2007: Options granted in 2007 * fair value at grant (CHF 29.00) * [1 – estimated labor turnover rate (10%)] and formula for 2008: Options granted in 2008 * fair value at grant (CHF 16.12) * [1 – estimated labor turnover rate (10%)]
4 Operative activity limited in time for research and development

13.2 Compensation to the Executive Committee

CHF 1,000	Year	Fixed salary	Variable salary [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)	2007	400	356	240	8	**1,004**	**157**	4,692	122	1,283
	2008	400	400	120	8	**928**	**168**	8,446	122	1,218
Dr. Rudolf Eugster (CFO)	2007	322	184	120	–	**626**	**101**	3,785	99	826
	2008	335	144	60	–	**539**	**98**	7,069	102	739
Other members of the Executive Committee [6,7]	2007	2,195	1,150	540	49	**3,934**	**561**	22,536	588	5,083
	2008	1,986	721	390	27	**3,124**	**536**	47,554	690	4,350
Total	**2007**	**2,917**	**1,690**	**900**	**57**	**5,564**	**819**	**31,013**	**809**	**7,192**
	2008	**2,721**	**1,265**	**570**	**35**	**4,591**	**802**	**63,069**	**914**	**6,307**

1 Payment will be made in following year.
2 Formula for 2007: long-term retention bonus granted in 2007 * [1 – estimated labor turnover rate (10%)] and formula for 2008: long-term retention bonus granted in 2008 * [1 – estimated labor turnover rate (10%)]. Payments will be made in 2010 and 2011 respectively, if employment continues until then (see note 13.4).
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 (2007: 9,120 options and 2008: 18,549 options): one / two / three years of service for 33% / 33% / 34% of options; vesting conditions for performance plan (2007: 21,893 options and 2008: 44,520 options): three years of service plus earnings per share target plus comparison with peer basket of competitors.
5 Formula for 2007: Options granted in 2007 * fair value at grant (CHF 29.00) * [1 – estimated labor turnover rate (10%)] and formula for 2008: Options granted in 2008 * fair value at grant (CHF 16.12) * [1 – estimated labor turnover rate (10%)].
6 2007: Total 9 members, including one member who left the Executive Committee during the year.
7 2008: Total 11 members, including two members who left and three members who joined the Executive Committee during the year.

No termination benefits were paid in 2007 and 2008.

13.3 Loans granted to Executive Committee

The following loans were granted to management at year-end (see note 13.4):

CHF 1,000	2007	2008
Thomas Bachmann (CEO)	267	267
Dr. Rudolf Eugster (CFO)	133	133
Other members (3) of the Executive Committee	400	400
Balance at December 31	**800**	**800**

13.4 Others

In 2007 members of 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.

No options were bought by the members of the management in 2008 under this program.

14 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.

14.1 Share and option ownership of the Board of Directors

			Employee stock option plans[1]									
Number	Year	Total shares	2002	2003	2007 B	2007 P	2008 B	2008 P	2009 B	2009 P	Other options[2]	Total options
Strike price in CHF			99.00	48.40	70.00	70.00	69.00	69.00	39.70	39.70	69.00	
Mike Baronian (Chairman)	2007	**1,000**	1,410	4,230	78	–	–	–	–	–	–	**5,718**
	2008	**1,000**	1,410	4,230	156	–	574	–	–	–	–	**6,370**
Heinrich Fischer (Vice Chairman)	2007	**10,000**	–	–	–	–	–	–	–	–	–	–
	2008	**10,000**	–	–	–		287	–	–	–	–	**287**
Prof. Dr. Armin Seiler	2007	–	990	2,970	78	–	–	–	–	–	8,621	**12,659**
	2008	–	990	2,970	156		287	–	–	–	8,621	**13,024**
Gérard Vaillant	2007	–	–	–	78	–	–	–	–	–	–	**78**
	2008	–	–	–	156		287	–	–	–	–	**443**
Prof. Dr. Peter Ryser	2007	–	–	–	78	–	–	–	–	–	–	**78**
	2008	–	–	–	156		287	–	–	–	–	**443**
Cleto de Pedrini	2007	**500**	–	–	78	–	–	–	–	–	2,069	**2,147**
	2008	**500**	–	–	156		287	–	–	–	2,069	**2,512**
Jürg Meier	2007	**1,000**	–	–	–	–	–	–	–	–	2,759	**2,759**
	2008	**1,000**	–	–	–	–	287	–	–	–	2,759	**3,046**
Balance at December 31	**2007**	**12,500**	2,400	7,200	390	–	–	–	–	–	13,449	**23,439**
	2008	**12,500**	2,400	7,200	780	–	2,296	–	–	–	13,449	**26,125**

1 only vested options
2 see note 13.4

14.2 Share and option ownership of the Executive Committee

			Employee stock option plans [1]									
Number	**Year**	**Total shares**	**2002**	**2003**	**2007 B**	**2007 P**	**2008 B**	**2008 P**	**2009 B**	**2009 P**	**Other options [2]**	**Total options**
Strike price in CHF			99.00	48.40	70.00	70.00	69.00	69.00	39.70	39.70	69.00	
Thomas Bachmann (CEO)	2007	–	–	–	309	–	–	–	–	–	13,794	**14,103**
	2008	–	–	–	618	–	460	–	–	–	13,794	**14,872**
Dr. Rudolf Eugster (CFO)	2007	**700**	100	–	219	–	–	–	–	–	6,893	**7,212**
	2008	**700**	300	–	438	–	371	–	–	–	6,893	**8,002**
Dr. Jürg Dübendorfer	2007	–	160	1,410	184	–	–	–	–	–	6,897	**8,651**
	2008	–	160	1,410	368	–	242	–	–	–	6,897	**9,077**
Matthias Düchting (joined EC during 2008)	2007	–	–	–	–	–	–	–	–	–	–	–
	2008	–	–	–	–	–	–	–	–	–	–	–
Christopher C. Hanan	2007	–	–	–	179	–	–	–	–	–	6,897	**7,076**
	2008	–	–	–	358	–	226	–	–	–	6,897	**7,481**
Michael Illek (left EC during 2008)	2007	–	640	–	165	–	–	–	–	–	–	**805**
	2008	–	–	–	–	–	–	–	–	–	–	–
Bernhard Iseli (left EC during 2008)	2007	**400**	–	–	202	–	–	–	–	–	–	**202**
	2008	–	–	–	–	–	–	–	–	–	–	–
Stephen M. Levers	2007	–	2,960	5,160	204	–	–	–	–	–	–	**8,324**
	2008	–	2,960	5,160	408	–	243	–	–	–	–	**8,771**
Domingo Messerli (joined EC during 2008)	2007	–	–	–	–	–	–	–	–	–	–	–
	2008	–	–	–	–	–	–	–	–	–	–	–
Matthew Robin	2007	–	–	–	–	–	–	–	–	–	6,897	**6,897**
	2008	–	–	–	–	–	371	–	–	–	6,897	**7,268**
Carl Severinghaus	2007	–	4,230	–	184	–	–	–	–	–	–	**4,414**
	2008	–	4,230	–	368	–	282	–	–	–	–	**4,880**
Frederic Vanderhaegen (joined EC during 2008)	2007	–	–	–	–	–	–	–	–	–	–	–
	2008	–	–	–	–	–	–	–	–	–	–	–
Günter Weisshaar	2007	–	–	–	191	–	–	–	–	–	–	**191**
	2008	–	–	–	382	–	250	–	–	–	–	**632**
Balance at December 31	**2007**	**1,100**	8,090	6,570	1,837	–	–	–	–	–	41,378	**57,875**
	2008	**700**	7,650	6,570	2,940	–	2,445	–	–	–	41,378	**60,983**

1 only vested options
2 see note 13.4

Appropriation of available earnings

As proposed by the Board of Directors to the annual general meeting of shareholders on April 22, 2009:

CHF 1,000	2007 Approved	2008 Proposed
Carried forward from previous year	125,500	115,260
Net profit/(loss)	13,424	(14,173)
Capital decrease in form of reduction of nominal value (treasury shares)	244	507
New shares issued upon exercise of employee stock options	6,171	275
Change in reserve for treasury shares	(25,078)	(62,595)
Available earnings	**120,261**	**39,274**
Dividends paid as approved by the annual general meeting of shareholders on April 23, 2008:		
CHF 0.45 per share with a nominal value of CHF 0.55 each (total 11,113,372 shares eligible for dividend)	(5,001)	
Dividends proposed:*		
CHF 0.90 per share with a nominal value of CHF 0.10 each (total 10,340,722 shares eligible for dividend)		(9,307)
Balance to be carried forward	**115,260**	**29,967**

* These numbers are based on the currently outstanding share capital at December 31, 2008. The number of shares eligible for dividend 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 2008 a total of 190,068 options were exercisable before the date of dividend payment.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Tecan Group Ltd., Männedorf

As statutory auditor, we have audited the accompanying financial statements of Tecan Group Ltd., presented on pages 79 to 89 for the year ending December 31, 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's Articles of Incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ending December 31, 2008 comply with Swiss law and the company's Articles of Incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Article 728 CO and Article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a Paragraph 1 Item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's Articles of Incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Lukas Marty
Licensed Audit Expert
Auditor in Charge

Stefan Dürmüller
Licensed Audit Expert

Zurich, March 3, 2009

Tecan locations

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

Tecan Group

Corporate Headquarters

Tecan Group Ltd.
Seestrasse 103
CH-8708 Männedorf
Switzerland
T +41 44 922 88 88
F +41 44 922 88 89

Manufacturing Sites

Liquid Handling & Robotics	Detection	Components	Sample Management
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

Austria +43 62 46 89 33
Belgium +32 15 42 13 19
China +86 21 2898 6333
Denmark +45 70 23 44 50
France +33 4 72 76 04 80
Germany +49 79 51 94 170
Italy +39 02 92 44 790
Japan +81 44 556 73 11
Netherlands +31 18 34 48 17 4
Portugal +351 21 000 82 16
Singapore +65 644 41 886
Spain +34 93 490 01 74
Sweden +46 31 75 44 000
Switzerland +41 44 922 89 22
UK +44 118 9300 300
USA +1 919 361 5200
ROW +41 44 922 81 25

REMP

Switzerland +41 31 770 70 70
Japan +81 44 542 70 21
USA +1 508 429 2200

Publication data

Published by
Tecan Group Ltd.
Seestrasse 103
CH-8708 Männedorf
Switzerland
T +41 44 922 88 88
F +41 44 922 88 89
investor@tecan.com
www.tecan.com

Project Lead/Editorial team
Tecan Group Ltd., Männedorf
Martin Brändle
Head of Corporate Communications
& Investor Relations

Design Concept and Realization
Trimedia Communications Schweiz AG

Illustrations
Roland Ryser, Visuelle Gestaltung, Zurich

Portraits
Susanne Völlm, Photographer, Zurich

Translation/editing
CLS Communication AG, Zurich/Basel

Printing
Printlink AG, Zurich

All statements in this Annual Report not referring to historical facts are predictions of the future and constitute no guarantee whatsoever of future performance. They are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal regulations, market conditions, activities of competitors and other factors outside the Company's control.

This Annual Report is available in English and German and can also be found at the website www.tecan.com. The English report is the authoritative version.

Tecan Group Ltd.
Seestrasse 103
CH-8708 Männedorf
Switzerland
www.tecan.com