TECAN

Delivering
value
to people

ANNUAL REPORT 2010

About Tecan

Tecan (www.tecan.com) is a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The company specializes in the development, production and distribution of automated workflow solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories. As an original equipment manufacturer (OEM), Tecan is also a leader in developing and manufacturing OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the company has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries. In 2010, Tecan generated sales of CHF 371 million (USD 356 million; EUR 269 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/ ISIN: 12100191).

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. We create continuous, sustainable shareholder value and we are an employer of choice in our industry.

Contents

Delivering value to people

Tecan provides life science research and the diagnostic industry with laboratory instruments and comprehensive automation solutions. Tecan also offers solutions for other applied markets such as forensics, the food industry, crop research, the cosmetic industry and veterinary applications. The company serves some customers directly, but is also a leader in developing and manufacturing OEM instruments and components that are distributed by partner companies under their own names. Automation solutions include instruments, software packages, numerous configurable modules and special application expertise as well as regulatory and quality consulting, service and consumables.

Tecan's solutions automate all types of repetitive work steps in the laboratory and make procedures more precise, more efficient and safer. They also pipette the smallest volumes of different fluids with optimum precision. By automating these work steps, laboratories can significantly increase the volume of samples they process, obtain test results sooner and ensure reproducible output.

The instruments can also perform necessary work overnight without supervision, allowing laboratory personnel to evaluate the results or continue with the next step upon returning the following morning. Tecan also offers a wide range of detection devices that includes analytical devices such as microplate readers and microarray systems, which analyze reactions on a microtiter plate or a microarray, as well as washers, which perform the washing and separating steps of a test procedure.

2010 at a Glance

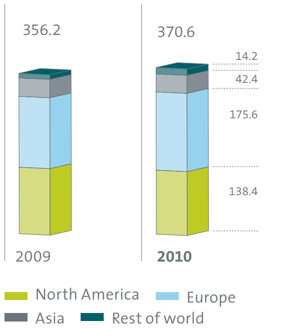
The Tecan Group closed 2010 with solid sales growth and strong operating results. The operating profit was once again at a high level.

Key figures*

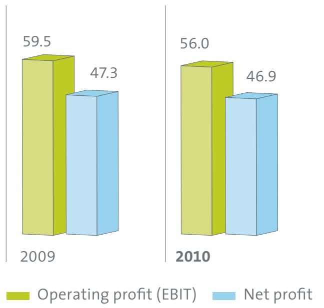
CHF million	2009	2010	▲ 2009/2010
Sales	356.2	**370.6**	**+4.0%**
Gross profit	184.4	**186.2**	**+1.0%**
in % of sales	51.8%	**50.2%**	
R & D	33.8	**37.4**	**+10.7%**
in % of sales	9.5%	**10.1%**	
OPEX	125.9	**131.3**	**+4.3%**
in % of sales	35.3%	**35.4%**	
Operating profit / EBIT	59.5	**56.0**	**−6.0%**
in % of sales	16.7%	**15.1%**	
Net profit	47.3	**46.9**	**−0.9%**
in % of sales	13.3%	**12.7%**	
EPS (CHF)	4.58	**4.50**	**−1.7%**

Financial summary*

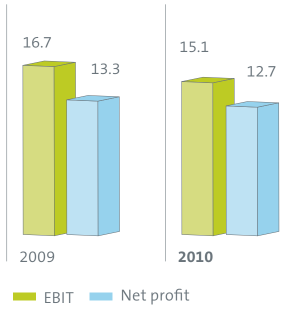
Sales
(CHF million)



Profitability
(CHF million)



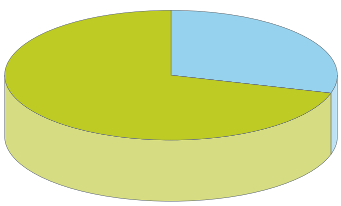
Operating profit (EBIT) and net profit margin
(in % of sales)



Average exchange rates

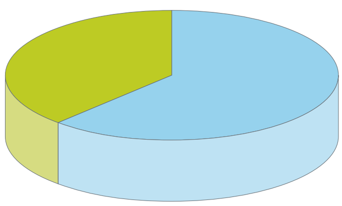
CHF	2009	2010
EUR	1.51	**1.38**
USD	1.09	**1.04**

Sales by business segment
(in % of sales)



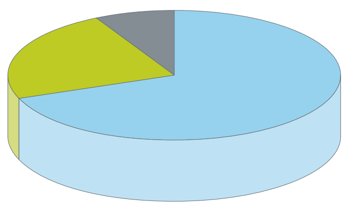
Components & Detection
29.5%
Liquid Handling & Robotics
70.5%

Sales by customer group
(in % of sales)



End customers
62.2%
OEM customers
37.8%

Sales by product group
(in % of sales)



Instruments
69.4%
Services and spare parts
23.0%
Consumables
7.6%

* Key figures and financial summary from continuing operations.

New medications can
save people who
once would have been
considered terminally ill.
Tecan instruments
contribute significantly
to making such medical
advances possible.

Huge advances in the field of life science are only possible thanks to an immense number of experiments facilitated by a high level of automation in the research laboratory.

Cancer is one of the leading causes of death in most countries around the world. This disease does not only affect the elderly. Rather, cancers are responsible for many people passing away before reaching the average life expectancy. Intensive research into innovative treatment options is therefore being carried out around the world. Thanks to pioneering advances in life science research and drug development, a diagnosis of cancer is no longer a death sentence in many cases. Increasingly, more types of cancer are curable with modern, targeted active ingredients. Or, in other cases, cancer suffering can at least be alleviated to the extent that patients can continue to enjoy a good quality of life for many years. New scientific findings provide the basis for achieving further advances in patient treatment.

Broad product portfolio for research
Tecan contributes significantly to the success in finding such innovative active ingredients. Huge advances in the field of life science are only possible thanks to an immense number of experiments facilitated by a high level of automation in the research laboratory. To track down the causes of diseases, such as increasingly determining genetic or environmental factors in the development of cancer, research institutions must collect and evaluate a large quantity of samples. As a result, institutions such as the US National Cancer Institute (NCI) have collections of millions of tissue and blood samples from cancer patients. Research institutions throughout the world are closely linked in various fields and collaborate in numerous studies. Tecan instruments allow a significant increase in the throughput, efficiency and speed of test series being performed and enable research work to be expedited by automation. Thanks to standardization research findings can also be reproduced and interpreted around the world.

Tecan supplies laboratory solutions to government research institutions and universities as well as the life science industry. These solutions are employed at all process levels, from basic research at universities to drug development at pharmaceutical companies. Discovering new substances against a wide range of diseases and ascertaining the effectiveness thereof requires complex test procedures. It is innovative laboratory solutions that decisively accelerate these procedures or make them possible at all. However, Tecan instruments are not just used in developing medications. They automate the most complex repetitive experimental procedures, for example in cellular biology, population studies, genome analysis or cultivating stem cells. Examples of further applications can be found in the appendix to the Annual Report.

Multiple applications
In the life science research market, Tecan distributes the majority of its products under its own brand and through its own sales organization or distributors. Most of these are solutions that have been flexibly configured from the wide-ranging portfolio of available modules and devices. A smaller portion of workflow solutions are individual offerings tailored to specific customers. Tecan works with numerous partner companies to integrate their test procedures or devices into comprehensive workflow solutions. Such workflow solutions include instruments, software packages and specific application knowledge as well as consulting, service and consumables. Tecan also offers efficient automation solutions for the necessary sample preparation for use in various modern analytical devices, such as in genome sequencing or mass spectrometry. Sales to OEM customers are also growing in the life science market. Contributing to this growth, for example, is a detection device that is used in genome analysis and is distributed by an OEM partner under its own name. In 2010, a portable detection device was developed for one of the industry's biggest companies. In addition Tecan's components are used in numerous instruments for life science research.

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 these high quality plastic consumables, customers can significantly increase the throughput, quality and reproducibility of data while lowering reagent consumption.

Market performance
The life science research market stabilized in the second half of 2010 after a negative performance due to the economic crisis in 2009. The laboratory automation sub-market relevant to Tecan posted estimated growth of around 4 % in 2010, thus returning to its long-term range of 3 to 5 % growth. Emerging markets such as China achieved higher growth in this sub-market. The North American market recorded moderate growth. The European market began to stabilize over the course of the year, with individual countries continuing to show sharply differing trends.

An industry study published in 2010* showed stable market share trends for the laboratory automation sub-market between 2007 and 2009. According to this study, Tecan continues to lead this market with a share of 10 %. Tecan is forecasting growth of 3 to 5 % for the laboratory automation sub-market in 2011.

* SDI Global Assessment Report, 10th Edition, 2008 and 11th Edition, 2010.

Key drivers of automation

In modern research laboratories, high throughput and maximum precision are indispensable. Advances in life science research lead to new, complex applications in numerous areas of research, for example genomics, proteomics and cell-based research.

Demands for quality, reliability and reproducibility of individual steps are increasing, partly as a result of growing regulatory requirements.

Today, many children with serious congenital defects can lead a near-normal life thanks to early detection of their disease. Numerous tests that make such diagnoses possible are performed with Tecan instruments.

Tecan equips laboratories that perform neonatal screening with its own flexible platforms.

When children are born with genetic diseases, the earliest possible diagnosis is critical. Diagnostic tests are performed immediately after birth or, in some cases, during pregnancy. Many of these diseases are not immediately apparent, instead developing inconspicuously for a period of time. Left untreated, however, they can cause severe mental and physical disabilities. These diseases include congenital hypothyroidism, enlargement of tissue such as adrenal glands, cystic fibrosis or rare metabolic disorders such as galactosemia and biotinidase deficiency. If such diseases are detected early, effective therapy can now be initiated or the patient's lifestyle adapted accordingly. If a patient is diagnosed with galactosemia, for example, this entails elimination of conventional milk and dairy products from their diet throughout their life.

Increasing laboratory efficiency
To ensure that as many children as possible receive the necessary treatment in good time, screening programs for metabolic and hormonal diseases known as neonatal screening are performed in many countries. These and other complex test procedures, for which individual laboratories must process many thousands of samples on a daily basis, would be impossible without automated solutions. Tecan equips laboratories that perform neonatal screening with its own flexible platforms. In 2010, Tecan also entered into a development partnership with Luminex Corporation to provide a new automated OEM solution for neonatal screening. The innovative system is designed to process a greater number of samples in less time, thereby helping laboratories to increase their efficiency. It also requires no laboratory personnel supervision while the tests are running.

Larger role of molecular diagnostics
Tecan offers automation solutions for numerous other diagnostic applications. Tecan supplies automation to several OEM partners in the field of blood type testing, including the world's most frequently used instrument for this purpose. Infectious diseases are also detected in many cases with the aid of Tecan instruments. Molecular diagnostics and the possibilities this entails for personalized medicine are playing an ever larger role. Drug therapy will increasingly be accompanied by a diagnostic test. Such tests can identify who will respond better to a certain therapy or have a higher risk of side effects. Tecan is also present in this fast-growing field of molecular diagnostics with different automation solutions. Examples of further applications can be found in the appendix to the Annual Report.

Tecan develops automation solutions for both end customers and OEM customers in the diagnostic industry. In the end-customer business, Tecan offers flexible automation platforms used in blood banks, medical laboratories and hospitals. These platforms are versatile and work with test procedures from various diagnostic providers. For example, they allow a laboratory to cover a wider test spectrum than a single diagnostic company

Key drivers of automation

The aging population and the steadily increasing number of newly available tests result in a growing number of tests used in the laboratory, making automation necessary.

Diagnostic tests enable early and effective treatment of many diseases and support prevention. This in turn helps curtail the explosion of costs in the healthcare industry.

Companion diagnostics: A rapidly growing number of tests to determine whether patients respond to a specific therapy or have a higher risk of side effects.

Supervisory standards, coupled with stringent regulatory requirements for error-free results demand increasingly standardized systems with reproducible results.

could offer. Tecan also develops pure automation solutions that are upstream of the actual diagnostic tests, e.g. for laboratory logistics or sample preparation. However, the OEM channel generates the most sales overall: Tecan's partners distribute system solutions under their brand names that combine the automation developed by Tecan with their specific tests. OEM customers benefit from Tecan's 30 years of technology experience in a wide range of instruments and modules. Tecan also supplies numerous manufacturers of diagnostic instruments with components that are an essential element of a device.

Market performance

In an automated diagnostic application, plastic consumables such as disposable pipette tips are an integral part of the validated system solution. They make a decisive contribution to ensuring the quality and reproducibility of test results. Tecan supplies certified high quality plastic consumables to diagnostic laboratories as end customers as well as to numerous OEM partners.

In 2010, the diagnostics market grew at an estimated rate of 5 %, thereby continuing to remain solidly within the long-term range of 5 to 7 %. Growth is expected to continue at a similar rate in 2011.

It is becoming increasingly difficult for criminals to cover their tracks – thanks in part to Tecan instruments in forensic laboratories.

Tecan instruments are also used in crop research and for the development of cosmetics.

The capability to identify people through DNA testing, even when they leave behind only minute traces, has given crime-solving an enormous boost – for both violent crimes and grand larceny. Innovative methods and modern laboratory equipment not only accelerate many investigations, but also aid in bringing them to a successful conclusion. Even past cases that were previously unsolvable or resulted in a false verdict can be revisited decades later and the perpetrator correctly identified after the fact.

Significant potential in forensics
Tecan is the global market leader in fully automated solutions for forensic laboratories. This market still has major potential, since process steps are currently only fully automated in a small portion of the forensic laboratory. Laboratories analyze large quantities of samples collected at crime scenes as potential evidence. Together with the leading provider of DNA testing systems, Tecan offers the integrated HID EVOlution™ system. Armed with this system, forensic laboratories have a validated solution that allows them to process DNA samples more quickly and securely. Plastic consumables from Tecan are an important component of these validated forensic solutions.

Tecan systems and applications don't only prove themselves in solving crimes. They are used wherever an especially large number of persons have to be identified in the shortest time possible, such as in natural disasters like major earthquakes.

Forensic laboratories benefit from methods and instruments that were originally developed for life science research. This is also true for many other areas of application of laboratory instruments, including diagnostic testing of livestock. Infectious diseases such as bluetongue in cattle or various viral and bacterial infections in cattle, swine or poultry must be detected as early as possible to prevent them from threatening entire livestock populations and becoming pandemic. This requires powerful automation solutions for the responsible agricultural authorities and veterinary laboratories.

Multiple additional uses
Tecan instruments are also used in crop research and for the development of cosmetics as well as in improving the quality of foods and beverages. Safety requirements are becoming increasingly stringent for these products. Impurities are less and less tolerated and genetic modifications must be declared. In wine production, experts test all elements that define the flavor of the finished product and make a good wine, from the selection of specific yeast strains and grape varieties to fermentation methods. Chemical, microbiological and molecular

Key drivers of automation

Forensics
In law enforcement and criminal justice, samples of genetic material collected at the scene of the crime are increasingly becoming an important tool alongside the classic evidence-gathering method of fingerprinting. This results in a considerable increase in testing volume. Revisiting closed cases has already led to an immense inventory of DNA samples to be processed.

Additional applied markets
In many applied markets, the degree of automation is still low, while the requirements for product quality and product safety are becoming increasingly higher and more stringent, respectively. This necessitates an increased testing volume, making increased laboratory automation imperative.

biological methods support modern production processes throughout the entire agricultural industry. Examples of further applications can be found in the appendix to the Annual Report.

Tecan offers solutions for potential areas of application in all of these applied markets. The number of samples to be tested is growing by leaps and bounds, while the requirements for quality and efficiency in the laboratory continue to rise. In many areas the level of automation is still low, requiring considerable investment. In the specified markets, Tecan generally serves the customers directly. In various markets, however, companies also use instruments featuring components from Tecan.

Market performance

In 2010, the forensics market grew in line with long-term predictions at an estimated rate of approximately 15 %. It is expected to continue this growth trend in 2011. In other applied markets, Tecan is systematically introducing existing technologies and instruments to new applications. In this way, the Company can expand the overall market it serves.

Dear Shareholders

The Tecan Group closed 2010 with solid sales growth and strong operating results. These results were achieved despite exchange rate developments that had a negative impact on all of Tecan's key performance figures. In particular our global OEM business has performed very successfully.

Thomas Bachmann
Chief Executive Officer

Rolf A. Classon
Chairman of the Board of Directors

We made good progress in implementing our strategy during 2010. In summer, we divested our Sample Management activities (REMP) enabling us to focus on our traditional core business. With the new organization, which focuses on end customers and OEM customers, we can further target our financial and personnel resources. We are working actively to implement our sustainable, profitable growth strategy. Our global OEM business is performing very successfully. We want to continue this positive development and also return to growth in the end-customer business.

Results from continuing operations

Solid sales growth and operating profits

Sales increased by 4.0 % to CHF 370.5 million (2009: CHF 356.2 million) and were 8.4 % above the prior-year level in local currency terms. The operating profit margin of 15.1 % was once again at a high level (2009: 16.7 %). This corresponds to an operating profit margin of 15.9 % assuming constant 2009 currencies. Tecan posted an operating profit (EBIT) of CHF 56.0 million in 2010 (2009: CHF 59.5 million). Net profit reached CHF 46.9 million (2009: CHF 47.3 million), while the net profit margin was 12.7 % of sales (2009: 13.3 %). Earnings per share were CHF 4.50 (2009: CHF 4.58). The loss from the discontinued Sample Management operations amounted to CHF 30.7 million and included non-cash impairment charges totaling CHF 27.1 million. Net profit for the reporting period including the discontinued operation was CHF 16.2 million (2009: CHF 49.3 million) and earnings per share were CHF 1.55 (2009: CHF 4.77). Cash flow from operating activities reached CHF 62.5 million (2009: CHF 66.2 million). Tecan grew its order entry by 5.4 % to CHF 387.0 million (2009: CHF 367.3 million), which corresponds to an increase of 9.9 % in local currency terms.

The return on net assets (RONA), a measure of how efficiently a company is using its net assets in order to generate its operating profit, reached 68 % (2009: 80 %).

Discontinued operations

As part of its strategic portfolio alignment, Tecan sold all of its Sample Management activities to California-based NEXUS Biosystems, Inc. in summer 2010. These activities were deconsolidated as of September 1, 2010. The Sample Management business segment is therefore presented as a “discontinued operation”.

Regional performance and additional information on continuing operations

In Europe, sales in Swiss francs increased by 9.9 %, being negatively impacted by the exchange rate development of the euro versus the Swiss franc. Sales in Europe were 15.5 % above the prior year in local currency terms. This substantial growth is the result of a very strong OEM

We are working actively to implement our sustainable, profitable growth strategy.

Thomas Bachmann
Chief Executive Officer

The strategic portfolio alignment enables us to focus on our core business.

Rolf A. Classon
Chairman of the Board of Directors

business with diagnostic companies. Sales from end-customer business declined in the first half of 2010, but recovered to the level of the prior year in the second half. Performance in the end-customer business remained mixed across the various European countries.

In North America, sales decreased by 4.0 % in Swiss francs. This figure was negatively impacted by the exchange rate development of the US dollar versus the Swiss franc. In local currency terms, sales in North America were 0.6 % below the high level of the prior year. OEM business grew, while end-customer business remained below the previous year's level in local currency terms.

Sales in Asia came in 1.5 % and 4.1 % above the previous year's level in Swiss francs and local currencies, respectively. Sales in Japan declined, which was largely the result of a basis effect caused by a major contract in the previous year. Tecan increased sales in China and Australia considerably compared to the prior year.

International OEM business grew 27.7 % in the year under review to CHF 140.0 million (2009: CHF 109.6 million). This positive trend was also supported by special orders of OEM instruments by two major customers in the first half. Tecan concluded five new OEM agreements in 2010, some of which have already contributed to sales. The total OEM business increased to a level where it now constitutes 37.8 % of total sales (2009: 30.8 %).

Sales in direct business with end customers were CHF 230.5 million, 6.6 % below the prior-year level (2009: CHF 264.9 million), as the end-customer business was particularly negatively affected by exchange rate movements in most foreign currencies versus the Swiss franc. Expressed in local currency terms, sales declined 1.9 %. End-customer business stabilized in the second half and performed slightly better compared to the same period of 2009 in local currency terms.

Recurring sales of consumables and services generated with end customers and OEM customers increased by 6.2 % in local currency terms and accounted for 30.6 % of total sales (2009: 31.2 %). As part of this figure, sales of consumables in local currencies increased by 15.7 % compared to the prior year, to a share of 7.6 % of total sales (2009: 7.2 %).

Information by business segment

Components & Detection

Sales in the Components & Detection business segment rose by 2.4 % to CHF 109.2 million in 2010 (2009: CHF 106.6 million) and were up 7.2 % in local currency terms. Demand for OEM components and detection devices contributed equally to this positive performance. Components & Detection recorded solid growth in order entry during the reporting period. Thanks to higher volumes and an improved cost base, the business segment's operating profit margin increased significantly from 15.6 % of sales in the previous year to 18.1 %. Operating profit increased by 18.0 % to CHF 21.1 million (2009: CHF 17.9 million).

Liquid Handling & Robotics

The Liquid Handling & Robotics business segment generated sales of CHF 261.4 million in the year under review (2009: CHF 249.6 million). Sales climbed by 4.7 % in Swiss francs and 8.9 % in local currencies. OEM business in the Liquid Handling & Robotics segment grew considerably in the first half of the year in particular. Sales of services and consumables continued to perform well. Order entry, which was also driven by OEM business, was up significantly in 2010.

Investments in development projects, which Tecan increased in order to implement its growth strategy, were largely attributable to the Liquid Handling & Robotics business segment. This led to a decline in the operating profit margin to 16 % of sales (2009: 19.4 %). Operating profit was CHF 42.0 million (2009: CHF 48.6 million).

Sample Management (discontinued operation)

The discontinued Sample Management business segment was deconsolidated with effect from September 1, 2010. In the first eight months of the year, Sample Management generated sales of CHF 14.1 million (full year 2009: CHF 35.7 million) and an operating loss of CHF 2.5 million (full year 2009: CHF 0.1 million).

Strong balance sheet – dividend unchanged

Tecan's equity ratio increased in the year under review to reach 67.4 % as of December 31, 2010 (December 31, 2009: 58.2 %). Net liquidity (cash and cash equivalents less bank liabilities and loans) was CHF 135.4 million as of the reporting date (December 31, 2009: CHF 80.6 million). The Company's share capital was CHF 1,143,674 at the reporting date (December 31, 2010), consisting of 11,436,735 registered shares with a nominal value of CHF 0.10 each.

The Board of Directors will propose an unchanged dividend of CHF 1.00 per share to the shareholders at the Company's Annual General Meeting on April 19, 2011. The dividend will be paid out from the available capital contribution reserve and is therefore not subject to withholding tax.

New organization with stronger focus on growth strategy

In order to implement our strategy for long-term profitable growth even more dynamically and sustainably, we refocused the organizational structure at the start of 2011 to concentrate on our two customer groups: end customers and OEM customers. Instead of the former product-oriented Components & Detection, Liquid Handling & Robotics and Sample Management business segments, the latter of which has now been sold, the Tecan Group will from now on comprise the two business segments

Life Sciences Business (end-customer business) and Partnering Business (OEM business). The Tecan Group's financial reporting will be divided according to the two new business segments from the 2011 Interim Report onwards.

The new organization takes account of the changes in our business. In the end-customer business, we are evolving from a mere instrument supplier into a provider of dedicated applications and closed systems and of ever more complex integrated complete solutions. We will move even further in this direction in the future. At the same time, OEM business has started to play a much greater role, as can be seen from our 2010 results. We want to continue to expand the OEM business and accelerate growth in this promising area. We are therefore gearing our organization more closely to these two markets and putting in place independent resources. This will allow us to press ahead in a more targeted manner in both business segments with customer projects, applying different business models. The new structure will set down clear responsibilities for defining and implementing the strategy and operations using a segment-specific approach.

In the new "Development & Operations" division, we have created Group-wide functions to better unlock synergies in research, development, procurement and production across various locations. This should enable us to increase our overall operational efficiency. We will give even greater priority to basic research and development through the new "Science & Technology" function.
The new structure will enable us to innovate faster and more efficiently and to further accelerate innovation cycles.

Focus and priorities for 2011

In recent years, we have carried out extensive operating, strategic and conceptual work in many areas.
At Group level, we have implemented a portfolio management and the organizational structure to support it, while on the operations front we have launched or implemented numerous programs and initiatives, the aim of all of which is to ensure that Tecan enjoys sustainable, profitable growth. In the coming year, our objective is to implement and refine what we have started, and to make every effort to reap the full benefits arising from it.

In 2011, we want to dedicate particular attention to our end-customer business, which has lost some of its dynamism over the past two years, partly as a result of the economic crisis. There is still plenty of opportunity to better tap the full potential of our products and our sales organization. We are working on expanding our strategy in this area:
We are strengthening our sales activities across the whole of the end-customer business, but particularly in emerging markets. Our current priorities are China, Australia and Brazil. These are markets

where we are already achieving healthy growth, but could sell our existing products even more efficiently. We are analyzing and assessing a number of different possibilities, for example expanding our sales channels, establishing local partnerships, or carrying out targeted expansions of our local organizations.
We also want to use our sales organization to promote innovative products from partner companies.
This will benefit customers by supplementing our broad product portfolio in the Life Sciences Business, as well as allowing us to leverage cost synergies. Initial examples of this are the agreements with Attana and Sword Diagnostics for the sale of biosensor and immunoassay detection technologies, which we announced in January 2011. Further agreements are set to follow.

Important milestones are scheduled to be achieved during 2011 in the programs to develop new products and applications. In 2010, we started a number of development programs for customers in the OEM business, including two huge projects that together occupy more than one hundred full-time employees at our Company. Another highly significant program is dedicated to the next generation of our liquid handling platform family. This represents the largest development program in Tecan's history. In addition, we will continue to work in 2011 on improving the Group-wide innovation management process introduced in 2009 as part of the INSPIRE project.

The new organizational structure has already had a first positive impact and brought with it the sense of a new beginning. On a day-to-day level, there are still a number of refinements to be made to processes, and we still have to optimize interaction between the newly formed Life Sciences Business, Partnering Business and Development & Operations. Tecan's internal processes should structure und support the exchange of information and collaboration in such a way as to achieve the most efficient and innovative solutions for both OEM customers and end customers. We have already filled most of the key positions and we complete this process for the remaining unfilled positions during the course of 2011.

In 2011, we will continue to make every effort to limit the negative impact of exchange rate movements on our results. As far as procurement is concerned, we want to take even greater advantage of the benefits offered by lower cost countries. We also increasingly want to carry out development programs at our research and production sites in Austria and the USA. We will make sure that OEM agreements are concluded in Swiss francs, as was the case for major contracts in 2010.

Outlook for 2011

In the end-customer business, the life science research markets stabilized during the second half of 2010. We anticipate growth of 3 to 5 % in local currencies for the relevant laboratory automation sub-market in 2011. We are pursuing above-market-average growth in local currencies for the end-customer business, although exchange rate movements continue to have a negative impact on the competitiveness of a number of product groups.
In the diagnostics market, which is important for OEM business, we are forecasting a growth rate of 5 to 6 % in local currencies. We expect to achieve moderate growth in the OEM business thanks to recently concluded agreements, despite the high baseline resulting from the special orders of OEM instruments that were recorded in the first half of 2010.
Overall, we are targeting mid-single-digit sales growth in local currency terms for 2011.

Innovation is a decisive success factor for achieving sustainable, profitable growth. We make above-average investments in research and development, and we plan to further expand these activities in 2011. Research and development spending, which traditionally represent 10 % of sales, will be increased to around 12 % in 2011.

Exchange rates are expected to lower our operating profit margin over the coming year by 0.5 1-percentage points.
For 2011, we anticipate an operating profit margin of 12 to 13 %.

Our gratitude

During 2010, the strategic portfolio alignment, major development programms and the implementation of our new organizational structure were a significant additional burden for a number of our employees and executives. The Board of Directors and Management Board would like to thank everyone who contributed to our success in 2010: our employees for their hard work, our customers for their loyalty, and our shareholders and business partners for their trust.

Männedorf, March 9, 2011

Rolf A. Classon
Chairman of the Board of Directors

Thomas Bachmann
Chief Executive Officer

Delivering value to people

Strategy Implementation

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

Tecan's seven strategic goals / Implementation of strategy

1 Regain and sustain leadership in innovation.

Innovation is a decisive success factor for achieving sustainable, profitable growth. Innovation takes place at different levels in laboratory automation, ranging at Tecan from new instruments, software, applications and workflow solutions, to modules and components, plastic consumables and customer service.
Tecan makes above-average investments in research and development, and it plans to further strengthen these activities in 2011 and 2012. Research and development spending, which traditionally represents around 10 % of sales, will be increased during this period to around 12 % annually.

In 2010, Tecan introduced numerous innovations to the market. A selection of these innovations is described in the 'Segments' section (pp. 26–31).

Tecan is working on important innovation projects in all product areas. For direct business with end customers Tecan is developing the next generation of liquid handling platforms, for example. Tecan started various development projects in the OEM area in 2011, including the complete development of new dedicated automation solutions for different applications for two diagnostics companies.

To further improve the innovation process and increase innovative output overall, Tecan launched the INSPIRE project in 2009. The aim is for the innovation process to accommodate not only process-related and organizational but also cultural and behavioral aspects. The project is intended to shorten development times, reduce product and development costs and make products more successful on the market. In 2010, Tecan implemented initial important findings from the INSPIRE project and will continue with these efforts.

2 Create an organization geared towards performance, possessing the sense of urgency, clarity of purpose and skills to succeed.

Since the beginning of 2011, the organization of the Tecan Group has been focused on the two customer groups end customers and OEM customers. The new organization takes into account the changes in Tecan's business. It is more focused on the markets and allows the Company to pursue customer projects with different models more systematically. Additionally, the organization sets out clear responsibilities for defining and implementing strategy and operating activities using a segment-specific approach. Equipped with new Group-wide functions, Tecan can better exploit synergies in research, development, procurement and production across various locations, further increase operating efficiency and accelerate innovation. Tecan's internal processes structure and support information exchange and collaboration in such a way that employees can achieve innovative and efficient services and solutions for both OEM and end customers.

Tecan conducted a global employee satisfaction survey in 2010. The results allowed the Company to assess whether its indicators, processes and structures are appropriate and gauge how motivated and dedicated employees are. Through this process, Tecan aims to ensure that the Company is optimally utilizing its human resources to implement the corporate strategy in the best possible manner. The survey findings and recommendations were incorporated into the conception and implementation of the new Group organization and the required management practices.

3 **Become an effective executor of alliances, partnerships and acquisitions.**

Tecan has numerous partnerships in its end-customer business, ranging from development cooperations to co-marketing alliances. In 2010, numerous new applications were automated on the existing liquid handling platform and partner companies' instruments and test procedures were integrated into Tecan's automation platform to create standardized workflow solutions. In addition, Tecan will increasingly use its own sales organization to promote innovative products from partner companies. These will supplement the Company's broad product range in the life sciences business and allow it to leverage cost synergies in distribution. Initial examples are agreements announced in 2011 with Attana and Sword Diagnostics to distribute new detection technologies. More agreements of this type are planned and various new OEM agreements have also been concluded.

Tecan also examined various acquisition opportunities in 2010.

4 **Strengthen our position as market leader in direct business with end customers.**

Tecan is the market leader in laboratory automation and is resolved to further strengthen this position through customer loyalty and satisfaction as well as brand management. To ensure customer loyalty and satisfaction in the future, Tecan launched the CustomerFIRST initiative in 2010 in addition to other actions. Its goal is to further improve customer satisfaction in the service business. Customer service is generally a decisive factor in reinforcing market leadership in direct business with end customers. In 2010, Tecan's service business with end customers and OEM customers accounted for 23% of total sales (2009: 24%).

Many countries are currently investing considerable amounts in healthcare and life science research, particularly emerging markets such as China. To improve its access to these markets, Tecan is investing in its own locations and in its marketing and service organization. Overall, the Company is seeking to intensify its sales activities in the end-customer business and make them even more efficient. Tecan is therefore analyzing and assessing various options, including broadening its sales channels, establishing local partnerships, and systematically expanding its own local organizations.

5 **Become the leading OEM company by providing dedicated products for target segments, markets and applications.**

Tecan not only provides end customers with automation solutions, but is also a leading developer and manufacturer of OEM instruments and components that partner companies sell under their own name. Tecan significantly expanded its OEM business in 2010. OEM sales grew by 27.7 % compared with the previous year and the OEM business increased to a level where it now constitutes 37.8 % of total sales (2009: 30.8 %).

Tecan entered into five new OEM agreements in 2010. The partners – Enigma Diagnostics, Novartis Diagnostics, Luminex, Life Technologies and a global diagnostics company – are among the leading providers in the industry. The solutions facilitate substantial advances, such as in the systematic early detection of diseases. One such example is the automated solution for newborn screening that Luminex developed in collaboration with Tecan.

Tecan currently offers approximately 20 different instruments in the OEM business and supplies components to several hundred customers. Over the next few years, Tecan expects both its existing and newly formed OEM partnerships to contribute significantly to its sales growth. The pipeline of OEM projects that Tecan is intensively working to acquire remains full. The Company expects to announce new OEM agreements in 2011 as well.

6 **Build and develop a strong consumables business.**

Recurring sales of consumables grew by over 10 % compared with the previous year and the consumables business increased to a level where it now constitutes 7.6 % of total sales (2009: 7.2 %).

Consumables, such as certified pipette tips or plastic cell containers, are an important component of a complete laboratory automation solution. Only high-quality consumables can help ensure a high level of quality and reproducibility in tests. Tecan offers a wide range of consumables which have been developed and tested for use in different fields.
In the field of diagnostics, consumables constitute components of a validated system that can only be certified as a complete system by the regulatory authorities.

In the end-customer business, significant growth was generated by the plastic pipette tips for the MCA96 multi-channel pipetting head (with 96 parallel fluid channels) and the MCA384 (with 384 parallel fluid channels), which are used in research. They were launched on the market roughly two years ago. Sales of consumables are increasing continuously as the base of installed systems grows, with a further boost being provided by sales in emerging markets. One example is China, where more stringent quality requirements for consumables in blood banks are being introduced to comply with international standards.

As part of multiple OEM agreements concluded in 2010, Tecan will also supply plastic consumables to OEM partners. Under a key OEM agreement announced in 2010, Tecan will develop and supply a dedicated instrument as well as a related plastic consumable.

Tecan is also working on application-specific, proprietary consumables, in which individual process or analysis steps occur directly in the consumables themselves. For example, an integrated solution is being developed that will greatly simplify sample preparation for mass spectrometry in clinical applications. The main process step will take place in special plastic consumables.

7 **Ensure participation and leadership in the emerging fields of genomic research and testing.**

In 2010, numerous activities in both direct business with end customers and the OEM area addressed the genomics market. The annual scientific symposium – the 2010 Tecan Symposium – brought together internationally renowned experts in the field of genomics. By holding this annual customer symposium, Tecan makes a significant contribution to knowledge exchange in the industry. Participants discussed the latest innovations in genomics and the opportunities for expanding the application of technologies in medicine, forensics and various applied markets through laboratory automation.

In 2010, Tecan developed and implemented numerous new genomics applications with customers from various areas so that genomics applications now generate a significant portion of sales.

For the rapidly growing application of genome sequencing ("next-gen sequencing"), sample preparation was performed with Tecan automation solutions in collaboration with various instrument manufacturers.

In the applied forensics market, Tecan is the global market leader for fully automated solutions for forensic laboratories, and further expanded its product range in 2010.

Tecan made good progress in development projects aimed at the genomics market. In February 2010, Tecan signed an OEM agreement with Enigma concerning the production and supply of Enigma's ML point-of-care molecular diagnostics instrument. In January 2011, both companies announced the signing of a license and cooperation agreement. The license will provide Tecan with access to Enigma's intellectual property that is used in the fully automated molecular diagnostics system, the Enigma® ML. Using this license, Tecan aims to further expand its growing OEM partnering business and develop a next generation molecular diagnostics platform for a potential OEM partner.

Delivering value to people

Business segments

Tecan has a wide range of products in the area of laboratory automation. Reporting for fiscal year 2010 is broken down into three segments that cover operations: Components & Detection, Liquid Handling & Robotics and Sample Management. Tecan sold its activities in the Sample Management business segment in the summer of 2010. In this report it is presented as a "discontinued operation". Services and consumables are integrated into the business of the individual reporting segments accordingly.

Components & Detection

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

Tecan's Cavro® brand is the market leader in laboratory automation components. The Company supplies laboratory instrument manufacturers with essential components such as precision pumps, valves, robotic arms and software. They are used in systems that have a wide range of applications in life science research, diagnostics, forensics and numerous other industries. In customers' product ranges, Tecan components generally remain an indispensable element over the entire life cycle of a device. In addition, a number of different components are integrated into Tecan's own detection and liquid handling platforms. The components must satisfy the highest standards for precision and reliability and must comply with stringent safety and regulatory requirements throughout the world.

In 2010, Tecan once again extended the application range of the general-purpose small robot for OEM customers, Omni Robot, and provided it with new functions. These include expanded robotic arm capabilities, an 8-channel pipetting head and an additional gripping arm.

Tecan also developed a market-ready pneumatically operated pipetting head, which it released in early 2011. This new technology supplements the existing product line, in which the pipetting process is controlled via a system fluid. With the new pneumatic version, Tecan now offers solutions with both technologies and can better address its customers' specific preferences. The compact design enables it to be used in smaller diagnostic instruments as well.

Tecan offers a wide spectrum of detection equipment. This includes analytical devices such as microplate readers and microarray systems, which analyze reactions on a microtiter plate or a microarray, as well as washers, which perform the washing and separating operations of a test procedure. The detection instruments and washers are either used as stand-alone instruments or are fully integrated into Tecan's liquid handling systems or into the diagnostic system solutions of OEM customers. Tecan has a versatile portfolio of applications for life science research and clinical diagnostics. Innovative microplate and microarray instruments include multifunctional, modular and expandable systems. Their flexibility enables laboratories to grow with the demands and complexities of research without depending on a single technology. Tecan's microarray scanners and hybridization solutions are used by leading genetics laboratories as well as an OEM customer – a global diagnostics company.

Tecan developed the Infinite® 200 PRO specifically for research work with cells, bacteria, fungi and other microorganisms. The first multifunctional detection instrument of its type, it allows the user to regulate the gas concentration within the instrument during the analysis process. This is especially important for research work with cells, for example, since the environmental conditions within the instrument, such as oxygen or CO_2-content, can have a profound influence on test results. Experiments such as those with anaerobic bacteria, for example, can also be prolonged by removing the oxygen within the detection instrument.

The HydroSpeed microplate washer was developed for washing and separation steps in test procedures with especially sensitive cells or magnetic beads for DNA analysis. The washing parameters can be individually adapted via a touchscreen to prevent loss of sample material, increase the yield of the material and thereby increase the overall efficiency of the scientific test.

Tecan developed a portable OEM detection instrument for DNA analysis for one of the world's largest life science companies in just nine months. This compact and easy-to-operate instrument satisfies the growing need for cost-effective standard test procedures in research laboratories.

Performance

Sales in the Components & Detection business segment rose by 2.4 % to CHF 109.2 million in 2010 (2009: CHF 106.6 million), an increase of 7.2 % in local currency terms. Demand for OEM components and detection devices contributed equally to this positive performance. Components & Detection recorded solid growth in order entry during the reporting period. Thanks to higher volumes and an improved cost base, the business segment's operating profit margin increased significantly from 15.6 % of sales in the previous year to 18.1 %. Operating profit increased by 18.0 % to CHF 21.1 million (2009: CHF 17.9 million).

Liquid Handling & Robotics

Liquid Handling & Robotics is Tecan's core business and constitutes the largest business segment. It continues to develop the technology on which Tecan was founded 30 years ago. As market leader, Tecan currently supplies innovative laboratory automation solutions for life science research, forensic and diagnostic applications as well as numerous other applied sciences such as veterinary medicine, environmental technology, and the food and beverage and cosmetics industries. These solutions include instruments, software packages, numerous configurable modules and special application expertise as well as consulting, service and consumables. They cover the entire workflow of any given application. Tecan systems offer flexible solutions. Small and

The component business is naturally an OEM business.

From 2011, all associated market-oriented activities as well as product marketing will be part of the Partnering Business.

large liquid volumes can be pipetted and analyzed separately and in parallel so that almost all laboratory procedures can be made more precise, 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.

In 2010, Tecan automated numerous new applications on the existing liquid handling platform for the end-customer business. Partner companies' instruments or test processes were integrated into Tecan's automation platform to create standardized workflow solutions.
The product portfolio was further expanded in the rapidly growing bioprocessing market, for example, through new cooperations of this type. Customers from the pharmaceutical industry can therefore now significantly improve the efficiency of their protein production process and thereby save time and cut costs.
In the area of cell biology, a new partnership is making it possible to automate important steps in the analysis of a wide variety of cells.
For the rapidly growing application of genome sequencing ("next-gen sequencing"), important sample preparation was performed with Tecan automation solutions in collaboration with various instrument manufacturers. Only through efficient sample preparation that meets the high throughput of the sequencing instruments can bottlenecking in test procedures be prevented.
In addition to standardized applications, Tecan has also implemented individual, tailored solutions for numerous customers from various markets, such as a leading crop sciences company.

Multiple development orders for OEM customers were completed in 2010, including two large development programs each involving the complete development of a new dedicated automation solution for the diagnostics market.

Performance
The Liquid Handling & Robotics business segment generated sales of CHF 261.4 million in the year under review (2009: CHF 249.6 million). Sales rose by 4.7 % in Swiss francs and 8.9 % in local currencies. OEM business in the Liquid Handling & Robotics segment grew considerably in the first half of the year in particular. Sales of services and consumables continued to perform well. Order entry, which was also driven by OEM business, was significantly higher in 2010 than the previous year.
Investment in development projects, which Tecan increased in order to implement its growth strategy, were made primarily in the Liquid Handling & Robotics business segment. Operating profit margin therefore decreased to 16.0 % of sales (2009: 19.4 %) Operating profit totaled CHF 42.0 million (2009: CHF 48.6 million).

Sample Management

In the summer of 2010, Tecan sold its entire Sample Management activities (laboratory storage systems) to the California-based NEXUS Biosystems, Inc., deconsolidating them with effect from September 1, 2010.
The Sample Management business segment is therefore presented here as a "discontinued operation".

Performance

The discontinued business segment Sample Management was deconsolidated with effect from September 1, 2010. In the first eight months of the year, Sample Management generated sales of CHF 14.1 million (full year 2009: CHF 35.7 million) and an operating loss of CHF 2.5 million. In the full prior-year period, Sample Management achieved a small operating profit of CHF 0.1 million.

New organizational structure

As of January 1, 2011, Tecan is operating in a new organizational structure focused on the two customer groups, end customers and OEM customers, and divided into the two business segments Life Sciences Business (end-customer business) and Partnering Business (OEM business). These new segments also include services, spares and consumables. The activities of the previously product-oriented business segments Components & Detection and Liquid Handling & Robotics are incorporated into the new segments as follows:

Component business

The component business is naturally an OEM business. From 2011, all associated market-oriented activities as well as product marketing will be part of the Partnering Business.

Detection instruments

At Tecan, the detection instruments business has traditionally been an end-customer business. The Company distributes these instruments under the Tecan brand, primarily through its own sales organization. These activities are now assigned to the business segment Life Sciences Business. However, the OEM sales channel is also becoming increasingly important for detection instruments. This part of the business is integrated into the Partnering Business segment. In 2010, approximately 16 % of Tecan's sales were in the detection instruments business with OEM customers. The former Components & Detection business segment has been transferred to the two new business segments in roughly equal parts.

Liquid Handling and Robotics

Tecan is the market leader in the area of Liquid Handling and Robotics and has firmly established its own brand name around the world. Tecan is looking to further expand this strong position with the new business segment Life Sciences Business and serve the end-customer market even more systematically. However, the OEM projects in this product range are managed in the business segment Partnering Business, where

The detection instruments business has traditionally been an end-customer business.

The Company distributes these instruments under the Tecan brand, primarily through its own sales organization. These activities are now assigned to the business segment Life Sciences Business. In 2010, approximately 16 % of Tecan's sales were in the detection instruments business with OEM customers.

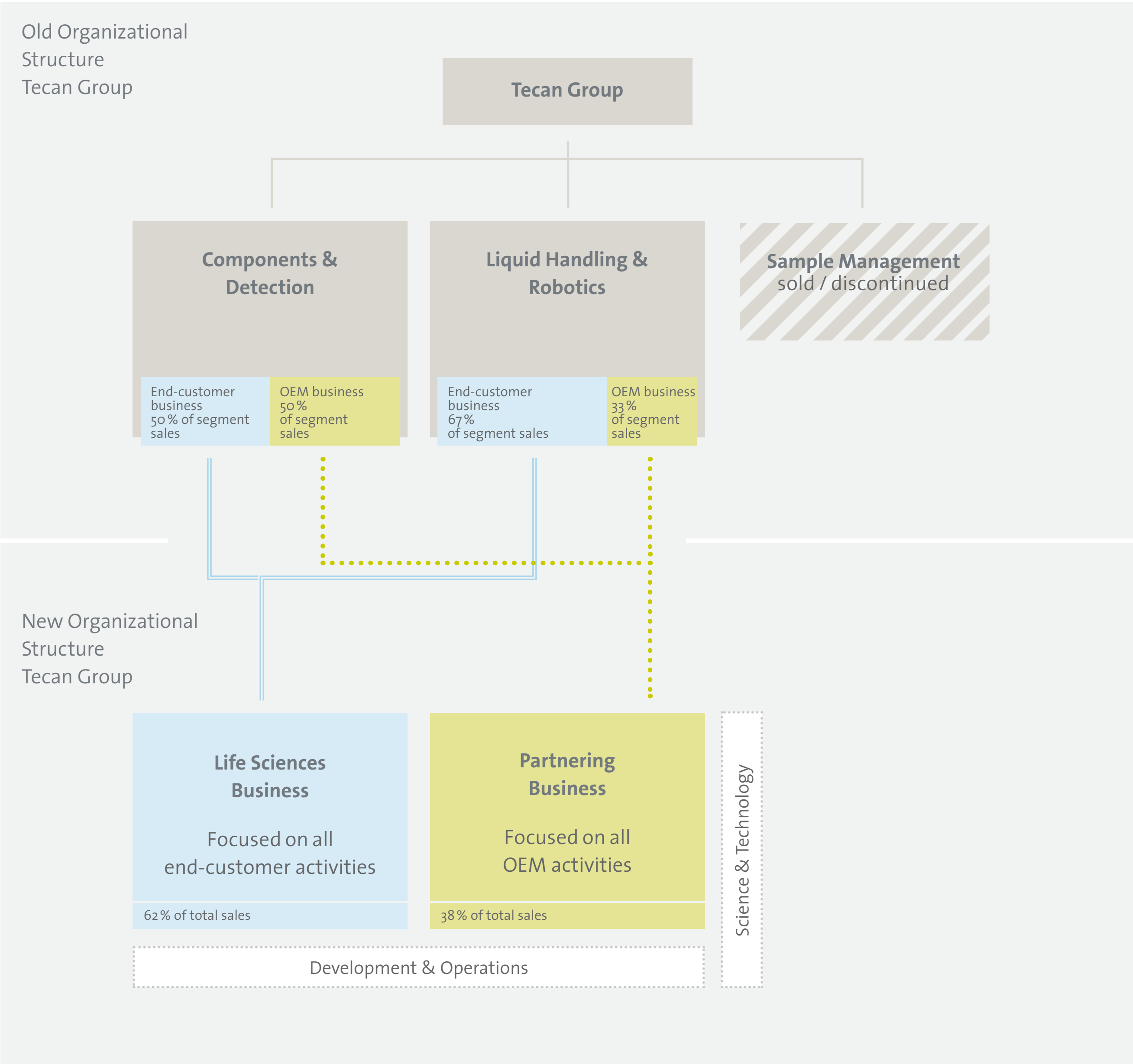
Tecan is the market leader in the area of Liquid Handling & Robotics.

In the 2010 fiscal year, approximately 67 % of sales in the former Liquid Handling & Robotics segment came from end-customer business and approximately 33 % from OEM business.

the OEM business as a whole is also promoted. In the 2010 fiscal year, approximately 67 % of sales in the former Liquid Handling & Robotics segment came from end-customer business and approximately 33 % from OEM business.

The Tecan Group's financial reporting will be based on the two new business segments for the first time in the 2011 Interim Report.

In addition, Tecan created Group-wide functions in the new division Development & Operations to utilize synergies in research, development, procurement and production across different locations. The purpose of this move is to further increase the overall operating efficiency. The Company will give even greater priority to basic research and development through the new organizational unit Science & Technology. This new, cross-segment organization will enable Tecan to act more efficiently and faster and further accelerate the pace of innovation.


Old Organizational Structure Tecan Group
Tecan Group
Components & Detection
End-customer business 50 % of segment sales
OEM business 50 % of segment sales
Liquid Handling & Robotics
End-customer business 67 % of segment sales
OEM business 33 % of segment sales
Sample Management sold / discontinued
New Organizational Structure Tecan Group
Life Sciences Business
Focused on all end-customer activities
62 % of total sales
Partnering Business
Focused on all OEM activities
38 % of total sales
Development & Operations
Science & Technology

Delivering value to people

Sustainability

By pursuing sustainable corporate practices, Tecan is looking 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 mindset that shapes all corporate processes and unites economic, ecological and social aspects.

Safety and Quality

Sharing knowledge

Tecan helps customers and specialists in emerging markets to establish high safety and quality standards which apply whatever the Tecan product being used. For example, in 2010 at a blood bank symposium in Chengdu (China).

Customer loyalty and satisfaction

At Tecan, a high degree of customer loyalty and satisfaction is a key factor for sustainable business growth. In order to anchor this concept for the future, Tecan took the decision in the year under review to align its previously product-oriented organizational structure even more closely with its two main customer groups, namely end customers and OEM customers. In order to further improve customer satisfaction in the service business, Tecan launched its CustomerFIRST initiative. A global survey delivered largely positive results, but it did identify some room for improvement for our customer service. Initial steps were taken in the year under review. For example, the central helpdesk set up in Europe aims to provide customers with a single standardized contact point. It enables Tecan to process more than 14,000 spontaneous service queries a year even faster and more effectively. A comprehensive global customer survey covering all business operations was conducted in 2009 by external partners and the results were gratifying. Among other things, Tecan was named the top brand in the industry as well as the leader in quality and technology. The survey is carried out every three years.

With its annual scientific Tecan Symposium for customers, the Company is making a significant contribution to the global exchange of information in the sector. In 2010, the symposium brought together internationally renowned experts from the field of genomics.

Tecan has a broadly diversified customer portfolio. This reduces the risk of becoming overly dependent on a few major customers.

Tecan Management System

At Tecan, prudent corporate activity founded on clearly structured, transparent business processes is the permeating theme of the daily routine of both employees and management. The Tecan Management System (TMS) provides all employees with personalized online access to the required documents. It is important that Tecan associates are familiar with globally binding internal corporate guidelines and country-specific laws and regulations, and that they can access the most up-to-date version at anytime. These include guiding principles on the intangible values of the corporate culture.

The technology and contents of the TMS are being developed on a continuous basis. In 2010, Tecan defined the core processes of the Tecan Group, the ultimate parent company, with which the central units support the Group companies around the globe. Tecan defined specific indicators for these core processes in order to make the performance of the central units measurable. Their dual aim is to meet the wishes of the customer and achieve corporate goals. In the year under review, the international certification agency, TÜV Product Service, ran a monitoring audit on the TMS. The

TMS was rated a model tool by customers and external partners alike. Employees appreciate the platform on account of its user-friendliness and the considerable benefits it offers in everyday work routines.

Risk management process
Tecan has a well established global risk management process that allows it to detect risks in any area of corporate activity early on, categorize them according to likelihood of occurrence and impact, and limit them with an appropriate action plan. The process encompasses, among other factors, strategic risks, environmental and product risks, market and customer risks as well as work safety risks. It also focuses on political and economic developments as well as the possible impacts certain events may have on Tecan's external partners such as customers or suppliers. In 2010, Tecan's risk management process was subjected to several audits carried out by independent bodies. In particular, external specialists audited all the global production sites to check whether the rules and regulations issued by Tecan's head office were being put into practice. The overall results of the audit were positive.

The organization Transparency International publishes an annual corruption index of 180 countries in which a higher index value corresponds to a lower susceptibility to corruption. In 2010, over 90 % of Tecan's sales were in countries with index values greater than six points, while only a mere 10 % were in countries with a value below six points – with Italy and the BRIC countries Brazil, Russia, India and China accounting for the majority of this latter figure. Tecan has established several organizational control mechanisms with the aim of ensuring correct corporate behavior. These include competence guidelines, protecting the anonymity of whistleblowers, and internal auditors who report directly to the Board of Directors.

Safety and environmental protection
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 many areas, Tecan pursues internal standards that are even higher than those required by national law and stringent industry regulations. The Company 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 trends in regulation, occupational safety and environmental protection as early as possible and to integrate them into its corporate processes. Tecan actively shapes these developments by participating in pertinent industry associations in all relevant economic regions.

Environmental responsibility

Efficient use of resources

Tecan takes environmental and safety aspects into account even in administrative areas. More and more video conferences are being held in order to reduce the number of flights. For its customer service staff, Tecan has developed new tools that support completely paper-free processes for a more efficient and customer-friendly approach to administration. Tecan invests in modern, energy-efficient technology for the infrastructure of its buildings.

Responsibility to employees

Good atmosphere in the workplace

Tecan launched several large-scale initiatives in the year under review in order to involve staff in the Group reorganization process. Tecan reorganized the recreation rooms at various locations in order to give staff more space for talks and to create a friendlier atmosphere.

Internal and external experts regularly inspect whether Tecan's locations comply with country-specific regulations and the Company's internal standards for product safety, occupational safety as well as health and environmental protection. These inspections also cover measures that Tecan has to implement if it fails to meet any requirements. Each year, all locations are subjected to a number of audits conducted by governmental authorities, testing, monitoring and certification agencies, customers and Tecan's own specialist teams. In the year under review, Tecan was audited by ten different customers worldwide. Multiple audits concerned existing or possible future OEM projects. Tecan put together an ISO 14971-certified product risk management process for medical devices that covers the entire lifespan of a product and evaluates all possible risks, especially those pertinent to patients and users.

In 2010, the Tecan Group, the ultimate parent company, was granted ISO 13485 certification on the basis of its web-based management system. All of Tecan's production plants and most sales subsidiaries are now ISO 13485 certified. With global ISO 13485 certification by TÜV, Tecan has established a stringent system of control.

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) and CCC (Chinese Compulsory Certification).

The number of regulatory requirements is climbing around the world. To ensure that the current versions of these requirements are understood and satisfied everywhere, Tecan is in constant contact with local organizations and authorities. Several online applications provide Tecan's technical staff with the necessary technical support for managing product registrations and clarifying regulatory requirements in more than 60 countries.

Tecan's approach to product development is also characterized by an awareness of quality and regulatory requirements. Specialists collaborate from an early stage, supporting the process in a series of structured stages that span the product's entire life up to the point where it is withdrawn from the market.

Tecan also conducted various training programs for employee occupational safety and healthcare in the year under review.

Environmentally friendly materials and processes

Tecan acts responsibly and in an environmentally friendly manner in the development, manufacture and global distribution of all products as well as services it renders over the entire lifespan of the product. Tecan focuses on the assembly side of the production process; by keeping vertical integration down, production locations emit relatively low levels of pollutants, including CO_2. All Tecan production locations and the majority of suppliers are located in stringently regulated markets in Europe and the USA, while a small portion operate in Asia. Direct suppliers are systematically inspected. Tecan strives to employ the most environmentally friendly materials and ecologically efficient processes. The relevant employees are familiar with all the latest developments in this area. Tecan disposes of waste in accordance with the EU's WEEE[1] Directive. It also supports the aims of the EU's RoHS Directive[2] on the prohibition of toxic, not-readily biodegradable substances in electric and electronic devices. Tecan incorporated the RoHS requirements into product development from an early stage, although medical products are exempt for the time being. Tecan also complies with this Directive in its local form in emerging markets such as China. With each generation of instrument, Tecan continues to achieve further progress thanks to sustainable, robust and reliable design.

Corporate responsibility to employees and society

As an employer, Tecan has a strong sense of responsibility, which is reflected in its personnel policies that are binding at all of its companies around the globe. National hiring rules ensure compliance with gender equality, non-discrimination and other legal requirements. Tecan managers and employees are also held to strict ethical guidelines. They are set out in Tecan's "Rules of Employment" and form part of corporate training in the fundamentals of visions and values. A process has been defined with regard to reporting cases of fraud.

Tecan has a very cosmopolitan workforce comprising employees from over 30 countries. The majority of employees are between 30 and 49 years old. Tecan keeps a global record of the staff turnover rate and has defined a target parameter for this purpose. The rate of turnover is relatively low, which is seen to be positive proof of staff loyalty at Tecan.

Employee satisfaction, vision and values

Tecan systematically measures the satisfaction of its employees on a regular basis. In the year under review, the Company ran an anonymous web-based survey encompassing all company staff. The "Engaging for Results" survey enabled the Company to ascertain whether its business parameters, processes and structures are appropriate and how motivated and committed its staff really are. The Company wants to

[1] WEEE = Waste Electrical and Electronic Equipment
[2] RoHS = Restriction of Hazardous Substances

ensure that it is employing the right staff at the right place and in the right position. The results also help management gain a better feel for what constitutes satisfaction in the workplace and what the biggest staff motivators are. All in all, the results of the survey were gratifying and exceeded the target. Compared with the 2007 survey, the latest results revealed a positive trend. The findings and recommendations were incorporated into the design and implementation plans for the new organization introduced at the start of 2011.

Tecan's decision-makers give high priority to instilling the Company's vision and common values in all its associates. Set out in a document entitled "Vision and Values," these principles are elaborated at various events. In this area too, "Engaging for Results" produced good results, showing that the "Vision and Values" are firmly established in the Company's mindset and can be lived on an everyday basis.

In order to maintain a dialog with employees on key corporate decisions and matters of strategic importance, the management regularly invites staff to participate in local meetings and cross-locational video conferences.

Tecan strives to fill key positions with internal candidates whenever possible, with selected external expertise providing additional backup. In doing so, Tecan is looking to expand its employees' know-how for the benefit of the Company and offer them attractive prospects for their professional and personal development. In the recent phase of restructuring, around three-quarters of key positions were filled with management candidates from within the Company. Management behavior is evaluated regularly according to specific criteria, and potential for development discussed. During the year under review, Tecan introduced standardized job profiles across the various locations for the first departments. This will enable staff to take up positions in other locations quicker and more selectively, a process that requires both personal motivation and operating efficiency.

Global professional training

At Tecan, ongoing professional training is a key requirement critical to business. Stringent industry-specific requirements mean training expenditure is very high. The Company must comply with the requirements and guidelines set forth by supervisory authorities and must also be able to demonstrate that all employees possess the knowledge required for their position. Aided by a SAP-based system, Tecan can oversee and control the training processes employed throughout the entire company. Each employee receives a personalized training profile. Via the platform, employees can check their own training and education credentials and update them. Auditors are also able to call up the training status of a given employee at any time. The electronic signature has made the printing and storage of training certificates a thing of the past. In 2010, Tecan examined its training profiles and compared them again with the job profiles. It also checked the status of training activities. In order to take the latest developments into account, stricter definitions were applied to the processes internally.

In countries employing a dual education system, Tecan instructs trainees from various vocational and professional groups.

Social responsibility
Tecan offers a wide range of healthcare initiatives for its employees including medical courses, vaccination programs and various sporting activities. The Company also takes efforts to ensure that chronically ill employees remain integrated in the workplace as far as possible. Tecan attaches great importance to good cooperation with the people and authorities where it does business. The Company also supports projects serving the common good at its various locations.

Social responsibility

Projects serving the common good

In its 30th anniversary year, Tecan called on staff worldwide to invest a day's paid work in a project serving the common good at their particular location. The "Gift of Time" campaign was very successful, as was the Swiss "Bike to Work" initiative, the proceeds of which are going to a relief organization. Trainees from Tecan spent a week working on a charitable project in Valais.

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, 2010, the Company's market capitalization was CHF 838 million. The list of consolidated subsidiaries, none of which is publicly listed, is presented in the financial section on page 106 of this Annual Report. The operational Group structure is based on a division into three business segments: Components & Detection, Liquid Handling & Robotics, and Sample Management. The segment reporting based on this structure is presented in the financial section on pages 94 and 95 of this Annual Report. The Group structure was realigned as of January 1, 2011, to serve two customer groups: end customers and OEM customers. Since that date Tecan has been managed in two segments: the Life Science Business Segment (end-customer business) and the Partnering Business Segment (OEM business).

Major shareholders

As at December 31, 2010, the following shareholders held more than 3 % of Tecan's shares:

	2009		2010	
	Shares	%	Shares	%
Chase Nominees Ltd., London (UK)	1,546,910	13.6 %	1,546,910	13.5 %
TIAA-CREF Investment Management LLCC, New York (US)	654,020	5.7 %	1,197,637	10.5 %
Tecan Group Ltd., Männedorf (CH)	1,009,210	8.8 %	691,322	6.0 %
UBS Fund Management (Switzerland) AG, Basel (CH)	639,220	5.6 %	584,374	5.1 %
Pictet Funds SA, Geneva (CH)		<3.0 %	572,494	5.0 %
The Capital Group Companies, Inc., Los Angeles (US)	365,859	3.2 %	365,859	3.2 %
SUVA, Schweizerische Versicherungsgesellschaft, Lucerne (CH)	362,000	3.2 %	362,000	3.2 %
Norges Bank (the Central Bank of Norway), Oslo (NO)		<3.0 %	350,520	3.1 %
Credit Suisse Asset Management Funds AG, Zurich (CH)		<3.0 %	345,238	3.0 %
Threadneedle Asset Management Holdings Ltd., Swinton (UK)		<3.0 %	342,506	3.0 %
Fidelity Management & Research Company, Boston (US)	1,138,490	10.0 %		<3.0 %
BlackRock, Inc., New York (US)	598,501	5.2 %		<3.0 %

Numbers of shares according to the most recent shareholder notifications to SIX; the percentages are adjusted to the actual share capital as at the end of the reporting period.

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

2 Capital structure

Capital structure of Tecan Group Ltd. as at December 31

	2008	2009	2010
Number of shares	12,082,820	11,412,590	11,436,735
Nominal value per share (CHF)	0.10	0.10	0.10
Share capital (CHF)	1,208,282	1,141,259	1,143,674
Legal reserves (CHF)	124,236,449	82,721,406	59,229,589
Net retained earnings (CHF)	39,274,413	93,339,579	87,389,031
Shareholders' equity (CHF)	**164,719,144**	**177,202,244**	**147,762,294**
Capital reduction			
Nominal repayment			
Number of issued shares on repayment date	12,082,591	–	–
Reduction in share capital (CHF)	(5,437,166)	–	–
Increase in reserves (CHF)	507,357	–	–
Cancellation of treasury shares			
Number of treasury shares cancelled	–	696,788	–
Reduction in share capital (CHF)	–	(69,679)	–
Reduction in reserves (CHF)	–	(27,105,053)	–
Conditional share capital			
Reserved for employee share option plans			
Number of shares	917,180	890,622	866,477
CHF	91,718	89,062	86,648
Reserved for future business development			
Number of shares	1,800,000	1,800,000	1,800,000
CHF	180,000	180,000	180,000
Authorized share capital			
Expiring on April 21, 2012			
Number of shares	2,400,000	2,400,000	2,400,000
CHF	240,000	240,000	240,000

As at December 31, 2010, the Company's share capital was CHF 1,143,674 and was divided into 11,436,735 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 24,145 options were exercised in fiscal year 2010 (2009: 26,558 options; 2008: 4,439 options), increasing the Company's share capital by CHF 2,415 (2009: CHF 2,656; 2008: CHF 2,338) and decreasing the Company's conditional capital by 24,145 shares (2009: 26,558 shares; 2008: 4,439 shares). As of December 31, 2010, 442,208 shares of the conditional share capital were reserved for outstanding employee stock options and 95,392 for outstanding employee shares in connection with the Performance Share Matching Plan (PSMP). These shares correspond to a share capital of CHF 53,760. 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) 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 on April 21, 2010, 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 21, 2012, 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. Following acquisition, the new registered shares are subject to the restrictions specified in Article 5 of the Company's Articles of Incorporation. The pre-emption rights of the shareholders may be restricted, excluded and allocated to third parties by resolution of the Board of Directors if the new shares are intended to be used 1) to pay for the acquisition of companies, parts of companies or equity investments; 2) to finance or re-finance the acquisition of companies, parts of companies or equity investments' or 3) for an international placement of shares. Shares for which subscription rights were granted but not exercised must be used by the Board of Directors in the interest of the Company. The Company does not have convertible bonds or any options 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 shall be registered as a shareholder with voting rights for more than 5 % of the share capital, regardless of the total number of holdings. The Company's Board of Directors may register nominees for not more than 2 % 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 2 % 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 2 % or more of the share capital. Legal entities and companies that are linked to one another in terms of capital and voting power through uniform management or otherwise, as well as individuals, legal entities or companies coordinating their actions 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 42 and 43.

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 shall meet 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 their entirety, and any other members of the Executive Committee or senior management invited by the Chairman attend for certain portions. 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. Five full-day Board meetings and two conference calls were held in the year under review. Four meetings of the Audit Committee lasting about four hours each were also held. In addition, there were three meetings of the Compensation Committee and two conference calls of the Nomination and Governance Committee.

Board of Directors

Rolf Classon

Chairman of the Board
Chairman of the Nomination and Governance Committee
Since 2009, elected until 2011
1945
Swedish citizen, Chemical Engineer, Gothenburg School of Engineering, Pol. Mag. University of Gothenburg

Professional background:
1969 to 1974 Pharmacia AB, Director, Organization Development; 1974 to 1978 Asbjorn Habberstad AB, Consultant; 1979 to 1984 Pharmacia AB Hospital Products Division, President; 1984 to 1990 Pharmacia Development Company, Inc., President; 1990 to 1991 Pharmacia Biosystems AB, President and COO; 1991 to 1995 Bayer Diagnostics, Executive Vice President; 1995 to 2002 Bayer Diagnostics, President; 2002 to 2004 Bayer HealthCare, CEO and Chairman of the Executive Committee; 2005 to 2006 Hillenbrand Industries, interim President and CEO.

Other activities:
Auxilium Pharmaceuticals, USA, Non-executive Chairman; Hill-Rom Holdings, USA, Non-executive Chairman; Enzon Pharmaceuticals, USA, Board member

Heinrich Fischer

Vice Chairman of the Board
Chairman of the Compensation Committee
Since 2007, elected until 2011
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 of Saurer Group.

Other activities:
Schweiter AG, Member of the Board; Hilti AG, Member of the Board; Fortu AG, Member of the Board; CAMOX Fund, Member of the Board

Dr. Lukas Braunschweiler

Chairman of the Audit Committee
Since 2009, elected 2010
1956
Swiss citizen, Master's degree in Chemistry (ETH Zurich), Dr. sc. nat. (ETH Zurich)

Professional background:
1985 to 1988 Wild Leitz Heerbrugg AG (now Leica Geosystems), Member of the Special Products Division Management; 1988 to 1991 Huber + Suhner AG, Member of the Executive Board and Head of the Special Materials and Plastics Division; 1991 to 1992 Saurer Group Holding AG, Senior Member of the Executive Board; 1992 to 1995 Landis & Gyr AG (now Siemens AG), Senior Member of the Regional Management Board, Executive Vice President of Landis & Gyr Europe AG; 1995 to 2000 Mettler-Toledo International Inc., Member of the Group Executive Board, Executive Officer and Group Vice President as well as President of Mettler-Toledo, Inc.; 2002 to 2009 Dionex Corporation, President & CEO and Member of the Board of Directors. Since 2009 RUAG Holding AG, CEO.

Other activities:
None

Dominique F. Baly

Since 2009, elected until 2011
1948
French and US citizen
University Louis Pasteur, Strasbourg, Faculty of Pharmacy, Diplôme d'Etat de Pharmacien

Professional background:
1976 to 1982 Millipore Intertech, General Manager; 1983 to 1986 Waters Chromatography, Vice-President and General Manager Europe; 1986 to 1987 Millipore, Vice-President and General Manager Europe; 1988 to 1993 Millipore Corporation, President Intertech Division; 1994 to 2000 Vice-President and General Manager, Analytical Divisions, Member of the Corporate Executive Committee; 2001 to 2005 Millipore Corporation, President, Laboratory Water Division, 2005 to 2008 President, Bioscience Division, Corporate Officer; 2009 to 2010 Accelerator Sciences LLC, President and CEO; since 2011 Sartorius AG, President, Group Laboratory Business.

Other activities:
Ventria Bioscience, USA, Board member; Microsep PTY Ltd., South Africa, Board member

Dr. Jürg Meier

Since 2007, elected until 2011
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; since 2006 consulting and teaching entrepreneurs and start-up companies.

Other activities:
Polyphor AG, Chairman of the Board; Cardiolynx AG, Chairman of the Board; Solvias AG, Board member; Bio Med Invest AG, Board member

Prof. Dr. Peter Ryser

Since 2004, elected until 2011
1951
Swiss citizen, MS Physics (University of Neuchâtel), PhD Physics (University of Geneva) and Master's 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 Micro-engineering, Swiss Federal Institute of Technology, Lausanne (EPFL).

Other activities:
Sensile Technologies 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

Gérard Vaillant

Since 2004, elected until 2011
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:
Luminex Corporation, USA, Board member; Vivacta Ltd., U.K., Board member; National Air Charters, USA, Board member; Biomedical Diagnostics SA, France, Board member; Sterispine, France, Chairman of the Board

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 three committees that are composed as follows:

	Audit Committee	Compensation Committee	Nomination and Governance Committee
Rolf Classon			Chairman
Heinrich Fischer		Chairman	Member
Dr. Lukas Braunschweiler	Chairman		Member
Gérard Vaillant	Member		
Prof. Dr. Peter Ryser		Member	
Dr. Jürg Meier	Member		
Dominique F. Baly		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 external 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 statutory auditors representatives and the internal auditor may attend meetings of this committee at the invitation of the Chairman.

Compensation Committee

The majority of members of the Compensation Committee must be non-executive and independent members of the Board of Directors. The principal duties and responsibilities of the 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 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.

Nomination and Governance Committee

The majority of members of the Nomination and Governance Committee must be independent and non-executive members of the Board of Directors. The committee consists of three members. It is chaired by the Chairman of the Board. The other members are the chairmen of the Audit Committee and the Compensation Committee. The most important duties of this committee include succession planning at the level of the Board of Directors and the Executive Committee; defining the selection criteria for members of the Board of Directors and the Executive Committee; and regular review of the performance of the Board of Directors, its committees and its individual members based on a defined evaluation plan. This committee is also charged with monitoring risk management and corporate governance.

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 statutory auditors attend the meetings of the Audit Committee, for example. In addition, members of the 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 and operational 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 consists of 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 with copies 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 and on risk management. 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 29 to the consolidated financial statements.

4 Management

Management Board

The previous Executive Committee has been restructured and is now called the Management Board. The new structure and name became effective on January 1, 2011. Information about the members of the Executive Committee and the new Management Board is presented on pages 46 and 47. Unless expressly stated otherwise, the information in this Corporate Governance Report relating to the Executive Committee during the year under review also applies to the new Management Board.

Management contracts

No agreements between the Company and third parties that are not part of the Tecan Group were entered into or renewed in the year under review 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 Compensation Committee. The CEO and CFO attend the relevant 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. 663 bis of the Swiss Code of Obligations are given in note 13 to the balance sheet of Tecan Group Ltd. (pages 111 to 113).

Cash compensation

The management compensation structure is based on the Variable Pay Regulations that have been 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 or in shares. The variable performance-based bonus amounts to 30 % of fixed salary for members of the Executive Committee and 40 % 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 20 to 80 % of the variable bonus, and the personal targets account for 20 to 80 %. If less than 80 % of the target is reached, the variable bonus is not paid. If the targets are exceeded, the variable bonus may not exceed 200 % of the target bonus. In 2010, results at Group level fell just short of the financial targets.

The Board of Directors reviews the performance of the CEO annually and approves the actual bonus to be paid to

Management Board

Thomas Bachmann

Chief Executive Officer, Member since 2005
Joined Tecan in 2005
1959
Swiss citizen, Bachelor of Science in Mechanical Engineering (University of Applied Sciences, Berne, Switzerland), Executive MBA (IMD, Lausanne, Switzerland)

Professional background:
From 2002 to 2004, Thomas Bachmann served as CEO of the Steel Systems Division at AFG Arbonia-Forster-Holding Ltd., with responsibility for five business segments. From 1985 to 2002, he was active for Rieter Holding Ltd. in various operating, executive and strategic positions in Europe and the USA and lead key projects for the Company in India and Asia. His responsibilities encompassed sales and marketing, engineering and development, supply chain management and production, global 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, Board member

Dr. Rudolf Eugster

Chief Financial Officer, Member since 2002
Joined Tecan in 2002
1965
Swiss citizen, Degree in Chemistry (Swiss Federal Institute of Technology), PhD in Technical Science (Swiss Federal Institute of Technology), Postgraduate degree in Business Administration (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

Executive Vice President Until December 31, 2010, Head of Business Unit Services and Consumables Since January 1, 2011, Head of Division Development & Operations
Member since 2006
Joined Tecan in 2000
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 to1998 Research and teaching assistant at the Swiss Centre of Microtechnology, Zurich, Switzerland; 1998 to 2000 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

Dr. Bernhard Grob

Executive Vice President
Head of Division Partnering Business
Member since 2011
Joined Tecan in 2010
1956
Swiss citizen, Dr.sc.techn., Masters Degree in Chemical Engineering (Swiss Federal Institute of Technology, Zurich)

Professional background:
2006 to 2010 Chief Executive Officer, Timaq Medical Imaging Inc.; 1996 to 2005 General Manager, Analytical Instruments Business Unit Mettler-Toledo; 1994 to 1996 Marketing Manager Elektrowatt Engineering AG; 1984 to 1994 several business management positions with the Analytical Instruments and Process Analytics Divisions of the Mettler-Toledo Group.

Other activities:
Board member Biosynth AG, Switzerland; Chairman of the Board of gloor & lang AG, Switzerland

Frederic Vanderhaegen

Executive Vice President
Until December 31, 2010, Head of Business Unit Detection
Since January 1, 2011, Head of Division Life Sciences Business
Member since 2008
Joined Tecan in 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 Biopharma-ceutical Division (Strasbourg, France, 1998 to 2005), and North American Director, Sales & Service Bioscience Division (2005 to 2008, Boston, USA).

Other activities:
None

Christopher C. Hanan

Senior Vice President
Head of Corporate Development
Member from 2006 until 2010
With Tecan since 2004

Günter Weisshaar

Senior Vice President
Head of Quality Assurance and Regulatory Affairs Tecan Group
Member from 2003 until 2010
With Tecan since 2003

Stephen M. Levers

Senior Vice President
Until December 31, 2010, Head of Business Unit Components
Member from 2006 until 2010
With Tecan since 1997

Carl Severinghaus

Until December 31, 2010, President Tecan Americas
Member from 2007 until 2010
With Tecan since 1991

Members who left Tecan in 2010

Matthew Robin

Senior Vice President, Until December 31, 2010, Head of Business Unit Liquid Handling & Robotics
Member from 2007 until 2010
With Tecan from 2007 until 2010

Domingo Messerli

Senior Vice President
Until August 31, 2010, Head of Business Unit Sample Management
Member from 2008 until 2010
With Tecan from 2008 until 2010

that officer. The 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 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 the Board or committee meetings. The amount and type of compensation for the Board of Directors is reviewed annually by the 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 and the allocation of share options. Expenses are reimbursed separately.

Stock option and share plans
In addition to the fixed fee for the members of the Board of Directors, the Company awarded options on Tecan stock in 2010, as in previous years, to the members of the Board of Directors and to certain employees. 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 on the Plan Rules as well as the scope of the stock option plan and the benefit entitlement amount per employee category were first discussed by the 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.

As of fiscal year 2010, the options programs for the Executive Committee were replaced by a new Performance Share Matching Plan (PSMP). The PSMP was drafted by the Compensation Committee with the support of an external consulting firm (the former Hostettler & Partner AG) and then submitted to and approved by the Board of Directors. The PSMP is a long-term incentive program. Essentially it involves allotting registered shares in Tecan Group Ltd. to the members of the Executive Committee and the expanded Executive Committee. The shares are blocked for three years from the allotment date, which means that they cannot be sold during these three years and must be returned on a pro rata basis in the event of termination by the employee before expiration of the three-year period. Should the variable bonus exceed 100 % of the target bonus, then the portion in excess of 100 % shall also be paid out in the form of shares. In addition, a claim for allotment of additional shares (called matching shares) will exist if specific financial targets based on an economic profit of the Tecan Group are reached three years after allotment. This economic profit target was based on sales growth and EBIT targets that were compared with companies in the life science sector that are also active globally in the instrumentation business. The matching share factor is between 0 and 2.5, depending on the degree to which the economic profit target is reached (i.e., the maximum claim possible will be for 2.5 matching shares per originally allotted share). In addition, a separate share allotment was awarded to the CEO in 2010. This allotment was based on a comparative compensation study carried out by the former Hostettler & Partner AG, in which the compensation of CEOs of Swiss and foreign technology and medical device firms was compared.

The size of the allotment of PSMP shares is approved annually by the Board based on a proposal by the Compensation Committee. The CEO and CFO attended the respective committee and Board meetings in the year under review but did not have the right to vote. Details on the share programs and allotments are given in note 13.3 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 5 % 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 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 1 % 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 10 % 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 meeting notices 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 from 2007 to 2010 in conjunction with ESOP (for details see the 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). In the event of a change of control, the three-year blocking period for the shares allotted under PSMP will be lifted (see "Stock option plans" above). The shares allotted to the CEO in 2010, the ownership of which is being transferred on a staggered schedule until 2015, shall immediately become the CEO's property in the event of a change of control. There are otherwise no change-of-control clauses 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 auditing mandate	May 28, 1997
Date on which the lead auditor took up his position	2004

Fees paid

CHF 1,000	2009	2010
Total auditing fees	674	669
Total tax consulting fees (KPMG)	68	117
Total other consulting fees (KPMG)	1	6

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. Generally, every four years the Company issues a new request for audit proposals. The lead auditor must be changed every seven years.

9 Information policy

Tecan informs shareholders and the financial community on a continuous basis about significant developments in the Company's business operations. This policy is implemented primarily through regular press releases, interim and annual reports, and information provided on the Company's website (www.tecan.com). In addition, the Company gives regular presentations to institutional investors at its headquarters and at several conferences, and holds numerous individual and group meetings with members of the international financial community. Company publications are available in printed form on request. They can also be downloaded from the Tecan website.

Important dates for investors

Date	Location	Event
March 10, 2011	Zurich	Full Year Results 2010 Press Briefing on Annual Results and Analysts' Conference
April 19, 2011	Zurich	Annual General Meeting
August 18, 2011	Conference Call Webcast	Half Year Results 2011

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 2010

Chief Financial Officer's Report

The Tecan Group closed 2010 with solid sales growth and a strong operating result. These results were achieved despite exchange rate movements that had a negative impact on all of Tecan's key performance figures. Cash flow from operating activities was strong and the net liquidity position increased significantly.

Tecan consolidated its strong balance sheet, with the equity ratio rising to 67.4 %.

Dr. Rudolf Eugster
Chief Financial Officer

Sales

We achieved solid sales growth in 2010. Sales increased by 4.0 % to CHF 370.5 million (2009: CHF 356.2 million) and were 8.4 % above the prior-year level in local currency terms.

In Europe, sales in Swiss francs increased by 9.9 %, being negatively impacted by the exchange rate development of the euro versus the Swiss franc. Sales in Europe were 15.5 % above the prior year in local currency terms. This substantial growth is the result of a very strong OEM business with diagnostic companies. Sales in the end-customer business declined in the first half of 2010, but recovered to the level of the prior year in the second half. Performance in the end-customer business remained mixed across the various European countries.

In North America, sales decreased by 4.0 % in Swiss francs. This figure was negatively impacted by the exchange rate development of the US dollar versus the Swiss franc. In local currency terms, sales in North America were 0.6 % below the prior-year level. OEM business grew, while end-customer business remained below the prior-year level in local currency terms.
2010 sales are compared to a high basis as Tecan reported solid growth in North America in 2009 despite the economic crisis.

Sales in Asia came in at 1.5 % and 4.1 % above the previous year's level in Swiss francs and local currencies, respectively. Sales in Japan declined, which was largely the result of a basis effect caused by a major contract in the prior year. Tecan increased sales in China and Australia considerably compared to the prior year.
Regional sales are accounted for by location of customers. Several of Tecan's OEM customers install a significant share of instruments in Asia, too. Since most shipments of these instruments go to our partners' central warehouses in Europe, these sales are not included in Asia but rather in Europe.

International OEM business grew 27.7 % in the year under review to CHF 140.0 million (2009: CHF 109.6 million). This positive trend was also supported by special orders of OEM instruments by two major customers in the first half. Tecan concluded five new OEM agreements in 2010, some of which have already contributed to sales. The total OEM business increased to a level where it now constitutes 37.8 % of total sales (2009: 30.8 %).

Sales in direct business with end customers were CHF 230.5 million, 6.6 % below the prior-year level (2009: CHF 246.9 million) as the end-customer business was particularly negatively affected by exchange rate movements in most foreign currencies versus the Swiss franc. Expressed in local currency terms, sales declined 1.9 %. End-customer business stabilized in the second half and performed slightly better compared to the same period of 2009 in local currency terms.

Recurring sales of consumables and services increased by 6.2 % in local currency terms and accounted for 30.6 % of total sales (2009: 31.2 %). As part of this figure, sales of consumables increased by more than 10 % compared to the prior year to 7.6 % of total sales (2009: 7.2 %).

Gross profit

Gross profit amounted to CHF 186.2 million, which was CHF 1.8 million or 1.0 % above the prior-year figure. The gross profit margin reached 50.2 % of sales, 1.6 percentage points lower than in 2009. Foreign exchange rates had a negative impact of 0.3 % on the gross profit margin. Several new development programs for OEM customers that were started in 2010 generated engineering income with no gross profit. These dilutive revenues had a negative impact on the gross profit margin of 1.2 percentage points. The product mix led to a further adverse effect, with more OEM and Services & Consumables sales that generate a lower gross profit margin. By contrast, a further decrease in material costs and increased prices had a positive impact.

Operating expenses less cost of sales

Operating expenses less cost of sales in Swiss francs were up by 4.3 % or around the same rate as sales. Operating expenses totaled CHF 131.3 million in 2010 compared with CHF 125.9 million in the prior year.

Selling and marketing expenses decreased by 1.5 % due to a positive foreign exchange rate effect as costs in euro or US dollars in the market units were lower when translated into Swiss francs.

Expenditure on research and development increased by 10.6 % to CHF 37.4 million, corresponding to 10.1 % of sales. Total R&D investments stood at CHF 39.8 million or 10.8 % of sales, including CHF 2.4 million net in capitalized R&D costs.

General and administration expenses increased by 8.3 % to CHF 35.7 million, mainly driven by two factors. Firstly, following the divestiture of the Sample Management operations, the costs of corporate functions are borne by a business that is smaller overall. The second factor was the introduction of the new Performance Share Matching Plan that replaces the Option Plans for top management. This has a more pronounced effect in 2010 as the Company had to account for both plans.

At year-end, the total number of employees stood at 1,059 full-time equivalents (December 31, 2009: 1,014). Personnel expenses totaled CHF 136.5 million in 2010 (compared with CHF 138.9 million in 2009). The net added value index, which is the productivity indicator used at

Tecan, again reached a high value of 1.44 in 2010 (2009: 1.48).

Operating profit

At 15.1%, the operating profit margin was once again at a high level (2009: 16.7%). This corresponds to an operating profit margin of 15.9% assuming constant 2009 currencies. Tecan posted an operating profit (EBIT) of CHF 56.0 million in 2010 (2009: CHF 59.5 million).
Exchange rate developments had a negative effect of CHF 5.1 million.
The product mix had a further negative impact, i.e. less end-user sales with only a slightly lower cost basis and increased dilutive engineering income. The increased volume, price increases and material cost savings had a positive effect.

Financial result and taxes

The financial result reached CHF 2.1 million (2009: CHF 0.7 million). The factors contributing to this increase included higher financial income and decreased finance cost. Foreign exchange gains from derivative-based currency hedging and other currency positions totaled CHF 2.5 million (2009: CHF 2.7 million).

Tecan 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, Tecan 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 the euro (EUR) and the US dollar (USD). Tecan centralizes its foreign currency exposure in a few locations only.
The hedging policy is to cover the foreign currency exposure to a certain percentage of the operating activities (forecast sales and purchases). Tecan 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 18 months. Tecan does not hedge its net investment in foreign entities and the related foreign currency translation of local earnings.

The tax rate decreased to 19.2% (2009: 21.1%).

Net profit

Net profit reached CHF 46.9 million (2009: CHF 47.3 million), while the net profit margin was 12.7% of sales (2009: 13.3%). Net profit decreased less than EBIT due to a better financial result and a lower tax rate. Earnings per share were CHF 4.50 (2009: CHF 4.58). The loss from the discontinued Sample Management operations amounted to CHF 30.7 million and included non-cash impairment charges totaling CHF 27.1 million. Net profit for the reporting period including the discontinued operations was CHF 16.2 million (2009: CHF 49.3 million) and earnings per share were CHF 1.55 (2009: CHF 4.77).

On average, a total of 10.4 million shares were outstanding in 2010 (2009: 10.4 million shares).

Cash flow from operating activities

Cash flow from operating activities reached CHF 62.5 million (2009: CHF 66.2 million), corresponding to 16.9% of sales. Net working capital increased slightly as pre-financed development costs for a major OEM agreement closed in November 2010 were booked in inventories.
Investments in 2010 amounted to CHF 12.6 million compared to CHF 8.8 million for amortization and depreciation.

Net liquidity (cash and cash equivalents less bank liabilities and loans) was CHF 135.4 million as of the reporting date (December 31, 2009: CHF 80.6 million).

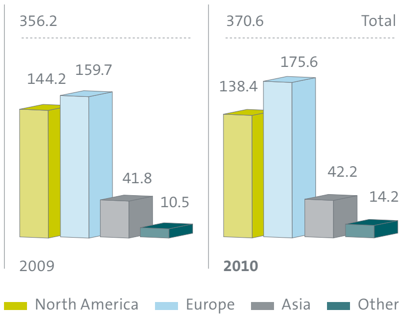
Segment report

The operational structure of the Tecan Group was based on a division into three business segments: Components & Detection, Liquid Handling & Robotics, and Sample Management, the latter of which has now been sold. The reader is referred to pages 26 to 31 of this Annual Report for a detailed description of the business performance of the individual segments.

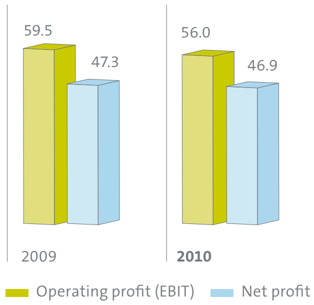
Tecan refocused its organizational and reporting structure on January 1, 2011, to concentrate on its two customer groups: end customers and OEM customers. Since that date, Tecan has been managed in two segments: the Life Science Business Segment (end-customer business) and the Partnering Business Segment (OEM business).
The Tecan Group's financial reporting will be divided according to the two new business segments from the 2011 Interim Report onwards.

Dr. Rudolf Eugster
Chief Financial Officer

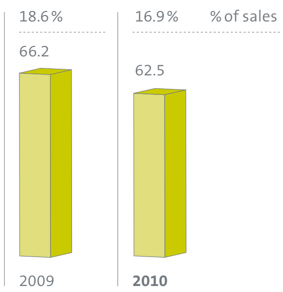
Sales by region*
(CHF million)



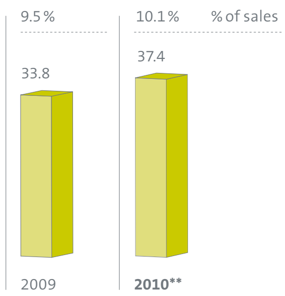
Operating and net profit*
(CHF million)



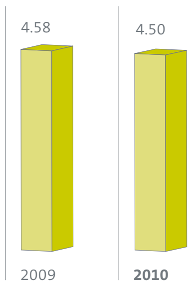
Cash flow from operating activities*
(CHF million)



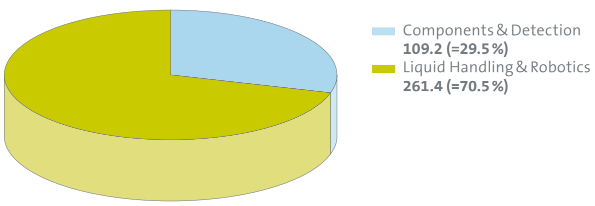
Research and development (gross)*
(CHF million)

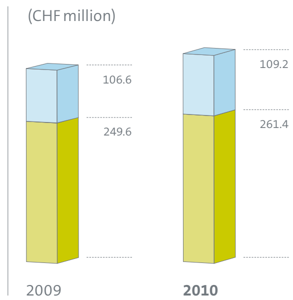


Basic earnings per share*
(CHF)



Sales by business segments*
(CHF million)

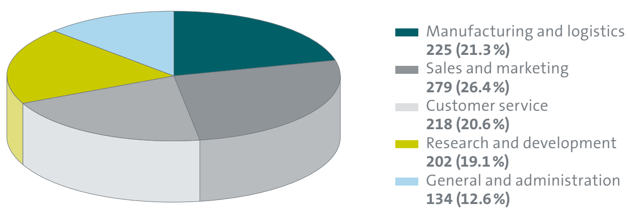




Net liquidity *

CHF 1,000	31.12.2009	31.12.2010
+ Cash and cash equivalents	91.8	118.0
+ Time deposits	30.0	20.2
– Current bank liabilities	–40.4	–1.7
– Bank loans	–0.7	–1.1
= Net liquidity	80.7	135.4

Employees by activity (eop) *
Total 1,059 FTE [1]



[1] FTE = Full-time equivalent

* Key figures and financial summary from continuing operations.

** Total R&D investments of CHF 39.8 million or 10.8 % of sales, including CHF 2.4 million net capitalized R&D costs.

Five-year consolidated data

CHF 1,000	2006	2007	2008	2009 Re-presented [1]	2010
Income statement					
Sales	405,929	414,400	396,042	356,248	370,548
Operating profit	50,854	60,299	31,191	59,521	55,971
Financial result	16	2,586	1,301	689	2,100
Income taxes	(10,231)	(10,506)	(6,869)	(12,869)	(11,137)
Profit from continuing operations				47,341	46,934
Result from discontinued operation, net of income taxes				1,999	(30,730)
Profit for the period	40,639	52,379	25,623	49,340	16,204
Research and development, gross	(39,029)	(41,069)	(41,869)	(33,747)	(37,372)
Personnel expenses	(132,826)	(138,619)	(131,990)	(123,051)	(128,525)
Depreciation of property, plant and equipment	(6,372)	(6,574)	(7,649)	(6,441)	(6,024)
Amortization of intangible assets	(5,332)	(4,593)	(3,570)	(725)	(1,738)
Impairment losses	(690)	–	(28,879)	–	–
Balance sheet					
Current assets	240,714	251,693	237,018	258,963	274,760
Non-current assets	124,889	122,289	88,846	89,656	63,741
Total assets	365,603	373,982	325,864	348,619	338,501
Current liabilities	111,990	135,557	113,840	131,439	98,669
Non-current liabilities	69,772	33,781	52,838	14,247	11,792
Total liabilities	181,762	169,338	166,678	145,686	110,461
Shareholders' equity	183,841	204,644	159,186	202,933	228,040
Cash flow statement					
Cash inflows from operating activities	67,164	59,765	58,929	66,150	62,520
Capital expenditure in property, plant and equipment and intangible assets	(6,506)	(9,107)	(7,543)	(10,896)	(12,585)
Disposal of discontinued operation, net of cash disposed of	–	–	–	–	(2,370)
Change in treasury shares (net)	–	(23,626)	(55,353)	1,939	21,244
Dividends paid	(5,172)	(5,176)	(5,001)	(9,681)	(10,412)
Other information					
Number of employees (end of period)	1,087	1,102	1,116	1,014	1,059
Number of employees (average)	1,059	1,108	1,110	1,001	1,031
Research and development in % of sales	9.6 %	9.9 %	10.6 %	9.5 %	10.1 %
Sales per employee	383	374	357	356	359
Information per share					
Basic earnings per share from continuing operations (CHF)	3.54	4.54	2.35	4.58	4.50
Dividends paid (CHF)	0.45	0.45	0.45	0.90	1.00
Payout from capital contribution reserve, proposed for 2011 (CHF)					1.00
Payout in form of a nominal value reduction (CHF)	–	0.45	0.45	–	–

[1] See note 3 "Discontinued operation" of the consolidated financial statements. 2006, 2007 and 2008 are not re-presented for discontinued operation.

Consolidated balance sheet at December 31

Assets

CHF 1,000	Notes	2009	2010
Cash and cash equivalents	5	91,810	118,040
Current loans and derivatives	6	32,474	30,195
Trade accounts receivable	7	76,764	65,516
Other accounts receivable		14,527	13,173
Inventories	8	38,264	43,084
Income tax receivables		2,560	1,305
Prepaid expenses		2,564	3,447
Current assets		**258,963**	**274,760**
Non-current financial assets	9	2,295	3,206
Property, plant and equipment	10	19,692	13,672
Intangible assets	11	56,061	37,315
Deferred tax assets	25	11,608	9,548
Non-current assets		**89,656**	**63,741**
Assets		**348,619**	**338,501**

Liabilities and equity

CHF 1,000	Notes	2009	2010
Current bank liabilities and derivatives	12	40,347	6,332
Trade accounts payable		9,486	9,638
Other accounts payable		11,046	15,334
Deferred revenue	13	19,170	19,549
Income tax payables		8,360	7,458
Accrued expenses		31,268	30,441
Current provisions	15	11,762	9,917
Current liabilities		**131,439**	**98,669**
Non-current bank liabilities and derivatives	12	854	1,088
Liability for post-employment benefits	14	6,889	4,876
Non-current provisions	15	2,598	1,993
Deferred tax liabilities	25	3,906	3,835
Non-current liabilities		**14,247**	**11,792**
Total liabilities		**145,686**	**110,461**
Share capital		1,141	1,144
Capital reserve		14,022	13,114
Treasury shares		(55,531)	(32,039)
Retained earnings		263,258	273,599
Translation differences		(19,957)	(27,778)
Shareholders' equity	19	**202,933**	**228,040**
Liabilities and equity		**348,619**	**338,501**

Consolidated income statement

Continuing operations

CHF 1,000	Notes	2009 Re-presented[1]	2010
Sales	20	**356,248**	**370,548**
Cost of sales		(171,857)	(184,396)
Gross profit		**184,391**	**186,152**
Sales and marketing		(59,095)	(58,209)
Research and development	22	(33,747)	(37,372)
General and administration		(32,952)	(35,680)
Other operating income	23	924	1,080
Operating profit	20	**59,521**	**55,971**
Financial income		301	609
Finance cost		(2,264)	(987)
Foreign exchange gains		2,652	2,478
Financial result	24	***689***	***2,100***
Profit before taxes		**60,210**	**58,071**
Income taxes	25	(12,869)	(11,137)
Profit from continuing operations		**47,341**	**46,934**

Discontinued operation

Profit/(loss) from discontinued operation, net of income taxes	3	1,999	(30,730)
Profit for the period		**49,340**	**16,204**
Earnings per share from continuing operations			
Basic earnings per share (CHF/share)	27	4.58	4.50
Diluted earnings per share (CHF/share)	27	4.56	4.43
Earnings per share			
Basic earnings per share (CHF/share)	27	4.77	1.55
Diluted earnings per share (CHF/share)	27	4.75	1.48

[1] See note 3 "Discontinued operation"

Consolidated statement of comprehensive income

CHF 1,000	2009	2010
Profit for the period	**49,340**	**16,204**
Translation differences	(1,775)	(7,821)
Other comprehensive income [1]	***(1,775)***	***(7,821)***
Total comprehensive income	**47,565**	**8,383**

[1] There were no income taxes and reclassification adjustments relating to components of other comprehensive income for the periods presented.

Consolidated statement of changes in shareholders' equity

CHF 1,000	Notes	Share capital	Capital reserve	Treasury reserve	Retained earnings	Translation differences	Total shareholders' equity
Shareholders' equity at January 1, 2009		1,208	12,872	(97,050)	260,338	(18,182)	159,186
Profit for the period		–	–	–	49,340	–	49,340
Translation differences		–	–	–	–	(1,775)	(1,775)
Total comprehensive income							***47,565***
Dividends paid		–	–	–	(9,681)	–	(9,681)
New shares issued upon exercise of employee share options	19	3	1,415	–	–	–	1,418
Share-based payments	14	–	–	–	1,628	–	1,628
Cancellation of treasury shares	19	(70)	–	38,437	(38,367)	–	–
Structured transaction with treasury shares	19	–	(4)	–	–	–	(4)
Other change in treasury shares (net)	19	–	(261)	3,082	–	–	2,821
Shareholders' equity at December 31, 2009		**1,141**	**14,022**	**(55,531)**	**263,258**	**(19,957)**	**202,933**
Profit for the period		–	–	–	16,204	–	16,204
Translation differences		–	–	–	–	(7,821)	(7,821)
Total comprehensive income							***8,383***
Dividends paid		–	–	–	(10,412)	–	(10,412)
New shares issued upon exercise of employee share options	19	3	1,243	–	–	–	1,246
Share-based payments	14	–	–	–	4,549	–	4,549
Treasury shares issued to top management based on performance share matching plan	14/19	–	(2,512)	2,512	–	–	–
Other change in treasury shares (net)	19	–	361	20,980	–	–	21,341
Shareholders' equity at December 31, 2010		**1,144**	**13,114**	**(32,039)**	**273,599**	**(27,778)**	**228,040**

Consolidated cash flow statement

CHF 1,000	Notes	2009	2010
Profit for the period		49,340	16,204
Adjustments for			
Depreciation and amortization	10, 11	9,148	8,777
Impairment losses on assets classified as held for sale	3	–	27,124
Change in provisions and liability for post-employment benefits	14,15	362	(520)
Interest income	24	(312)	(351)
Interest expenses	24	1,703	1,103
Income taxes	25	10,793	10,099
Loss on sale of discontinued operation	3	–	2,014
Equity-settled share-based payment transactions	14	1,628	4,549
Other non-cash items		(96)	2,702
Change in working capital:			
Trade accounts receivable	7	11,432	(534)
Inventories	8	(702)	(11,139)
Trade accounts payable		(2,147)	917
Other changes in working capital (net)		(8,945)	9,634
Income taxes paid		(6,054)	(8,059)
Cash inflows from operating activities		**66,150**	**62,520**
Investment in time deposits	6	(29,134)	(20,000)
Repayment of time deposits		–	30,134
Loans to employees	6, 9	(866)	–
Interest received		238	256
Disposal of discontinued operation, net of cash disposed of	3	–	(2,370)
Purchase of property, plant and equipment	10	(6,765)	(8,274)
Proceeds from sales of property, plant and equipment	10	18	102
Investment in intangible assets	11	(4,131)	(4,311)
Cash outflows from investing activities		**(40,640)**	**(4,463)**
New shares issued upon exercise of employee share options	19	1,418	1,246
Dividends paid	19	(9,681)	(10,412)
Purchase of treasury shares	19	–	(95)
Proceeds from sales of treasury shares	19	1,939	21,339
Structured transaction with treasury shares		(4)	–
Change in current bank liabilities	12	(1,889)	(3,561)
Increase in bank loans	12	121	1,201
Repayment of bank loans	12	(8,279)	(36,641)
Interest paid		(1,682)	(1,102)
Cash outflows from financing activities		**(18,057)**	**(28,025)**
Translation differences		(672)	(4,587)
Increase in cash and cash equivalents		**6,781**	**25,445**
Cash and cash equivalents at January 1		84,653	91,434
Cash and cash equivalents at December 31		**91,434**	**116,879**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet	5	91,810	118,040
./. Bank overdrafts under bank pooling arrangements	12	(376)	(1,161)
= Cash and cash equivalents as per cash flow statement		**91,434**	**116,879**

Notes to the consolidated financial statements

1 Reporting entity

These financial statements are the consolidated financial statements of Tecan Group Ltd., a company registered in Switzerland, and its subsidiaries (together referred to as the "Group") for the year ended December 31, 2010. The Group is a global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The Company specializes in the development, production and distribution of instrument and automated workflow solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories. As an original equipment manufacturer, the Group also develops and manufactures OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the Company has manufacturing, research and development sites in both Europe and North America 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 1, 2011. Final approval is subject to acceptance by the Annual General Meeting of Shareholders on April 19, 2011.

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 their 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 Impairment test on goodwill

The Group performed the annual impairment test for goodwill "Liquid Handling & Robotics" in July 2010. 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 Capitalization of development costs

After the technical feasibility of in-house developed products has been demonstrated, the Group capitalizes the related development costs until the product is ready for market launch. However, there can be no guarantee that such products will complete the development phase or will be commercialized, or that market conditions will not change in the future, requiring a revision of management's assessment of future cash flows related to those products. Such changes could lead to additional amortization and impairment charges. The Group has capitalized development costs in the amount of CHF 5.1 million as disclosed in note 11.

2.2.3 Performance share matching plan (PSMP) – matching share factor

The Group introduced a performance share matching plan in 2010. The number of matching shares is determined based on the following formula: number of shares from initial grant plus number of shares from mandatory and voluntary investments times the matching share factor. The matching share factor is dependent on the achievement of specific economic profit targets. In any case, the matching share factor will not be lower than 0.0 or higher than 2.5. At December 31, 2010, the matching share factor was estimated at 1.0. A change in estimate will impact the results of future periods. See note 14.2 for more details.

2.2.4 Income taxes

At December 31, 2010, the net liability for current income taxes was CHF 6.2 million and the net asset for deferred taxes was CHF 5.7 million. Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. Various internal and external factors may have favorable or unfavorable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations (particularly in relation to the acceptance of intra-Group transfer prices), and changes in overall levels of pre-tax earnings. Such changes could impact the assets and liabilities recognized in the balance sheet in future periods.

2.3 Introduction of new and amended accounting standards and interpretations

The accounting policies are consistent with those applied in the previous year, except for the introduction of the following new or revised/amended standards and interpretations, effective as from January 1, 2010:

Standard/interpretation [1]
IFRS 2 amended "Share-based Payment" – Group Cash-settled Share-based Payment Transactions
IFRS 3 revised "Business Combinations"
IAS 27 amended "Consolidated and Separate Financial Statements"
IAS 39 amended "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items
IFRIC 17 "Distributions of Non-cash Assets to Owners"
Improvements to IFRSs 2008 (amendments to IFRS 5)
Improvements to IFRSs 2009 (all amendments)

[1] IAS = International Accounting Standard, IFRS = International Financial Reporting Standard, IFRIC = Interpretations as by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee)

The adoption of these new, revised or amended standards did not result in substantial changes to the Group's accounting polices.

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 [1]	Effective date for the Group
IAS 24 revised "Related Party Disclosures"	Reporting year 2011
IAS 32 amended "Financial Instruments: Presentation" – Classification of Rights Issues	Reporting year 2011
IFRIC 14 amended "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – Prepayment of a Minimum Funding Requirement	Reporting year 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	Reporting year 2011
Improvements to IFRSs 2010	Reporting year 2011
IFRS 7 amended "Financial Instruments. Disclosures" – Transfers of Financial Assets	Reporting year 2012
IAS 12 amended "Income Taxes" – Recovery of Underlying Assets	Reporting year 2012
IFRS 9 "Financial Instruments"	Reporting year 2013

[1] IAS = International Accounting Standard, IFRS = International Financial Reporting Standard, IFRIC = Interpretations as by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee)

The 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 control is transferred to the Group, using the acquisition method. Currently, there are no non-controlling interests.

The companies which are included in the consolidated financial statements are listed in the notes to the statutory financial statements of Tecan Group Ltd.

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 translation of 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 operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operation.

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 recognized in other comprehensive income. On the disposal of a foreign operation, the identified cumulative currency translation differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

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 three 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 decides 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 operating segments Liquid Handling and Sample Management (discontinued operation) 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, 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 Borrowing costs

The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are expensed. During the reporting period, no asset qualified for capitalization of borrowing costs (2009: none).

2.7.5 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 and obsolete items are written off.

2.7.6 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 and borrowing costs, if they are directly attributable to a qualifying asset.

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 their fair value or, if lower, the estimated present value of the underlying minimum 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 the balance sheet date (2009:none). 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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

2.7.7 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.

For acquisitions, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, plus
- if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree, less
- the net recognized amount of the identifiable net assets acquired.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

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.

2.7.8 Other intangible assets

Research costs – Research costs comprise expenditure for activities that are undertaken with the prospect of gaining new scientific or technical knowledge. Research costs are expensed as incurred.

Development costs – Expenditure on internal development activities, whereby the 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 internal and external project costs as well as borrowing costs, if they are directly attributable to a qualifying asset.

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

Intangible assets acquired in a business combination – All identifiable intangible assets (client relationships, technology, order backlog, brand name "REMP") that are recognized applying the acquisition method 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. On September 1, 2010, the Group disposed of all intangible assets acquired in a business combination (see note 3).

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

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.7.9 Impairment

The carrying amount of the Group's non-financial assets other than 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. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. 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.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

2.7.10 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.

2.7.11 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.

2.7.12 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 of 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 or 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.

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

Equity-settled plans – The fair value of shares or share 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 shares or share options (vesting period). The fair value of the shares granted represents the market value of one Tecan share adjusted for expected dividend payments during the vesting period. The fair value of the share options granted is measured using a binominal model, taking into account the terms and conditions upon which the share options were granted. The amount recognized as an expense is adjusted by an expected labor turnover rate to reflect the expected number of shares or share options that will vest.

Cash-settled plans – 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.

2.7.14 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data.

2.7.15 Derivatives
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 resulting gain or loss is recognized directly in the income statement.

2.7.16 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.

2.7.17 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. Revenue recognition 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 the 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").

2.7.18 Government research subsidies

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

2.7.19 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 other comprehensive income or directly in equity (transactions with shareholders), in which case it is recognized in other comprehensive income or 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 Discontinued operation

As announced in spring 2010, the Group was reviewing strategic alternatives for its business segment Sample Management. On June 30, 2010, the Board of Directors decided to sell the business segment, comprising the subsidiary Remp AG and specific assets and liabilities related to business segment Sample Management held by other subsidiaries. On July 15, 2010, a final share purchase agreement with Nexus Biosystems, Inc., based in Poway (California, USA), was signed. The closing of the transaction was on September 1, 2010. The disposed business is presented as a discontinued operation and the comparative income statement has been re-presented accordingly.

3.1 Total consideration from sale of discontinued operation

The sales price includes deferred consideration and is subject to certain warranties and earn-out clauses (contingent consideration):

CHF 1,000	
Consideration received, satisfied in cash	11,005
Deferred consideration	2,836
Disposal cost	(1,049)
Total consideration from sale of discontinued operation	**12,792**

3.2 Result and cash flow from discontinued operation

Result from discontinued operation

CHF 1,000	2009	2010 (1.1.–1.9.)
Revenue	36,213	14,465
Expenses	(36,147)	(16,919)
Operating profit	**66**	**(2,454)**
Financial result	(143)	(176)
Loss before taxes	**(77)**	**(2,630)**
Income taxes	2,076	(778)
Results from operating activities, net of income taxes	**1,999**	**(3,408)**
Measurement to fair value less costs to sell	–	(27,124)
Loss on sale of discontinued operation	–	(2,014)
Related income taxes	–	1,816
Profit/(loss) from discontinued operation, net of income taxes	**1,999**	**(30,730)**
Earnings per share from discontinued operation		
Basic earnings per share (CHF/share)	0.19	(2.95)
Diluted earnings per share (CHF/share)	0.19	(2.95)

Net cash in/(out)flows from discontinued operation

CHF 1,000	2009	2010 (1.1.–1.9.)
Net cash (out)/inflows from operating activities	(2,528)	3,900
Net cash outflows from investing activities	(549)	(696)
Net cash outflows from financing activities	–	(6,262)
Net cash outflows from discontinued operation	**(3,077)**	**(3,058)**

3.3 Effect of disposal on consolidated financial statements

CHF 1,000	1.9.2010
Cash and cash equivalents	(12,326)
Working capital – assets	(10,716)
Property, plant and equipment (fully impaired)	–
Intangible assets (fully impaired)	–
Working capital – liabilities	6,007
Liability for post-employment benefits	2,229
Deferred tax liabilities	–
Net assets disposed of	**(14,806)**
Total consideration	12,792
Net assets disposed of	(14,806)
Loss on sale of discontinued operation	**(2,014)**
Consideration received, satisfied in cash less disposal cost	9,956
Cash and cash equivalents disposed of	(12,326)
Net cash outflow	**(2,370)**

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		31.12.2009	31.12.2010	2009	2010
EUR	1	1.48	1.25	1.51	1.38
GBP	1	1.67	1.46	1.70	1.61
SEK	100	14.47	13.92	14.23	14.47
USD	1	1.03	0.94	1.09	1.04
SGD	1	0.74	0.73	0.75	0.76
CNY	1	0.15	0.14	0.16	0.15
JPY	100	1.11	1.15	1.16	1.19

5 Cash and cash equivalents

CHF 1,000	2009	2010
Cash and cash equivalents		
denominated in CHF	42,481	71,052
denominated in EUR	24,693	24,094
denominated in GBP	1,940	2,197
denominated in USD	16,239	14,972
denominated in JPY	2,959	1,987
denominated in other currencies	3,498	3,738
Balance at December 31	**91,810**	**118,040**
Thereof time deposits with maturities of less than three months from the date of acquisition	605	5,401
Effective interest rate	0.3 %	0.2 %

6 Current loans and derivatives

CHF 1,000	2009	2010
Time deposits with maturities more than three months from the date of acquisition		
denominated in CHF	25,000	20,000
denominated in USD	4,134	–
Subtotal time deposits	*29,134*	*20,000*
Current derivatives	2,473	9,995
Current loans to employees (see note 26)	867	200
Balance at December 31	**32,474**	**30,195**

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

7 Trade accounts receivable

CHF 1,000	2009	2010
Trade accounts receivable		
denominated in CHF	8,864	10,656
denominated in EUR	33,305	27,456
denominated in GBP	1,989	1,384
denominated in USD	25,629	21,780
denominated in JPY	2,875	3,272
denominated in other currencies	2,952	2,479
Subtotal trade accounts receivable	*75,614*	*67,027*
Allowance for doubtful accounts	(1,867)	(1,511)
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	20,681	–
Amounts of advances received	(17,664)	–
Subtotal construction contracts in progress	*3,017*	–
Balance at December 31	**76,764**	**65,516**
(Decrease)/increase	(11,432)	534
Disposal of discontinued operation	–	(4,848)
Translation differences	(786)	(6,934)
Total change compared with previous year	*(12,218)*	*(11,248)*
Amount of contract revenue recognized as sales in the income statement relating to construction contracts (CHF million)	15.0	3.2

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

CHF 1,000	2009	2010
Switzerland (domestic)	2,974	3,123
Euro-zone countries	31,781	29,023
Other European countries	4,188	4,264
North America	27,644	22,953
Asia	7,797	6,555
Other	1,230	1,109
Balance at December 31	**75,614**	**67,027**

The Group's most significant customer accounts for 4.9 % of the trade accounts receivable carrying amount at December 31, 2010 (December 31, 2009: 5.9 %).

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

CHF 1,000	2009	2010
Individual impairment allowance account		
Balance at January 1	(2,478)	(1,577)
Change in impairment losses	777	(73)
Write-offs	94	–
Translation differences	30	194
Balance at December 31	**(1,577)**	**(1,456)**
Amount of trade accounts receivable with individual impairment (gross)	2,472	1,922
Collective impairment allowance account		
Balance at January 1	(234)	(290)
Change in impairment losses	(57)	217
Translation differences	1	18
Balance at December 31	**(290)**	**(55)**

The due dates of trade accounts receivable that are not individually impaired were:

	2009		2010	
CHF 1,000	Gross	Impairment	Gross	Impairment
Not past due	51,859	(43)	41,902	(43)
Past due 1–30 days	12,571	(36)	17,914	(8)
Past due 31–90 days	4,407	(3)	2,888	(4)
Past due 91–360 days	3,717	(43)	1,001	–
Past due more than one year	587	(165)	1,400	–
Balance at December 31	**73,141**	**(290)**	**65,105**	**(55)**

The Group did not experience any severe financial difficulties with its debtors in the past. The sum of all recognized final write-offs of trade accounts receivable in 2009 and 2010 represents less than 1% of sales.

8 Inventories

CHF 1,000	2009	2010
Raw materials, semi-finished and finished goods	44,368	41,202
Work in progress	3,401	8,843
Allowance for slow-moving inventories	(9,505)	(6,961)
Balance at December 31	**38,264**	**43,084**
Increase	702	11,139
Disposal of discontinued operation	–	(3,820)
Translation differences	(397)	(2,499)
Total change compared with previous year	*305*	*4,820*
Amount of inventories stated at fair value less costs to sell (CHF million)	6.9	4.1
Amount of write-offs due to slow-moving inventories charged to the income statement (CHF million)	1.3	1.9

9 Non-current financial assets

CHF 1,000	2009	2010
Non-current derivatives	535	1,807
Rent deposits	713	866
Non-current loans to employees (see note 26)	866	533
Other	181	–
Balance at December 31	**2,295**	**3,206**

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

10 Property, plant and equipment

CHF 1,000	Land & buildings	Leasehold improvements	Furniture & fittings	Machines & motor vehicles	EDP equipment	Total 2009
At cost						
Balance at January 1, 2009	8,008	7,452	10,253	21,789	20,350	67,852
Additions	–	122	361	4,448	1,834	6,765
Disposals	–	–	(233)	(1,322)	(1,189)	(2,744)
Translation differences	–	(98)	(34)	(280)	(148)	(560)
Balance at December 31, 2009	**8,008**	**7,476**	**10,347**	**24,635**	**20,847**	**71,313**
Accumulated depreciation and impairment losses						
Balance at January 1, 2009	1,417	5,395	8,432	16,518	15,653	47,415
Annual depreciation	378	740	568	2,659	2,933	7,278
Disposals	–	–	(221)	(1,265)	(1,135)	(2,621)
Translation differences	–	(83)	(30)	(213)	(125)	(451)
Balance at December 31, 2009	**1,795**	**6,052**	**8,749**	**17,699**	**17,326**	**51,621**
Net book value	**6,213**	**1,424**	**1,598**	**6,936**	**3,521**	**19,692**

CHF 1,000	Land & buildings	Leasehold improvements	Furniture & fittings	Machines & motor vehicles	EDP equipment	Total 2010
At cost						
Balance at January 1, 2010	8,008	7,476	10,347	24,635	20,847	71,313
Additions	–	51	1,907	3,484	2,832	8,274
Disposal of discontinued operation	(8,008)	–	(196)	(1,083)	(763)	(10,050)
Other disposals	–	(17)	(439)	(1,295)	(2,641)	(4,392)
Translation differences	–	(362)	(732)	(2,264)	(1,631)	(4,989)
Balance at December 31, 2010	**–**	**7,148**	**10,887**	**23,477**	**18,644**	**60,156**
Accumulated depreciation and impairment losses						
Balance at January 1, 2010	1,795	6,052	8,749	17,699	17,326	51,621
Annual depreciation	189	592	636	2,705	2,345	6,467
Disposal of discontinued operation	(1,984)	–	(114)	(726)	(581)	(3,405)
Other disposals	–	(16)	(420)	(1,102)	(2,620)	(4,158)
Translation differences	–	(275)	(610)	(1,782)	(1,374)	(4,041)
Balance at December 31, 2010	**–**	**6,353**	**8,241**	**16,794**	**15,096**	**46,484**
Net book value	**–**	**795**	**2,646**	**6,683**	**3,548**	**13,672**

There were no material purchase commitments as of year-end 2009 and 2010.

11 Intangible assets

11.1 Overview

CHF 1,000	Development costs	Software	Acquired client relationships	Acquired technology	Brand name "Remp"	Goodwill	Total 2009
At cost							
Balance at January 1, 2009	–	19,166	16,634	9,586	6,590	54,105	106,081
Additions	2,702	1,429	–	–	–	–	4,131
Translation differences	–	–	–	–	–	(8)	(8)
Balance at December 31, 2009	**2,702**	**20,595**	**16,634**	**9,586**	**6,590**	**54,097**	**110,204**
Accumulated amortization and impairment losses							
Balance at January 1, 2009	–	14,662	14,334	5,746	3,290	14,241	52,273
Annual amortization	–	725	200	945	–	–	1,870
Impairment losses	–	–	–	–	–	–	–
Translation differences	–	–	–	–	–	–	–
Balance at December 31, 2009	**–**	**15,387**	**14,534**	**6,691**	**3,290**	**14,241**	**54,143**
Net book value	**2,702**	**5,208**	**2,100**	**2,895**	**3,300**	**39,856**	**56,061**

CHF 1,000	Development costs	Software	Acquired client relationships	Acquired technology	Brand name "Remp"	Goodwill	Total 2010
At cost							
Balance at January 1, 2010	2,702	20,595	16,634	9,586	6,590	54,097	110,204
Additions	3,169	1,142	–	–	–	–	4,311
Disposal of discontinued operation	–	(224)	(16,634)	(9,586)	(6,590)	(26,991)	(60,025)
Translation differences	–	–	–	–	–	(268)	(268)
Balance at December 31, 2010	**5,871**	**21,513**	**–**	**–**	**–**	**26,838**	**54,222**
Accumulated amortization and impairment losses							
Balance at January 1, 2010	–	15,387	14,534	6,691	3,290	14,241	54,143
Annual amortization	751	987	100	472	–	–	2,310
Impairment losses	–	–	–	–	–	–	–
Disposal of discontinued operation	–	(218)	(14,634)	(7,163)	(3,290)	(14,241)	(39,546)
Translation differences	–	–	–	–	–	–	–
Balance at December 31, 2010	**751**	**16,156**	**–**	**–**	**–**	**–**	**16,907**
Net book value	**5,120**	**5,357**	**–**	**–**	**–**	**26,838**	**37,315**

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

CHF 1,000	2009	2010
Cost of sales	–	–
Sales and marketing	200	100
Research and development	945	1,223
General and administration	725	987
Total amortization	**1,870**	**2,310**
Thereof relating to continuing operations	725	1,738

11.2 Impairment tests

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 estimated long-term growth rates stated below. The expected growth in sales is based on external market studies and internal assessments prepared by management. Future cash flows are discounted using the weighted average cost of capital (WACC). The discount rates applied are pre-tax.

11.2.1 Financial year 2010

The Group performed impairment tests on cash-generating units containing goodwill in July 2010, using the following key assumptions:

Intangible asset Cash-generating unit	Method	Carrying amount (CHF 1,000)	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Goodwill Liquid Handling & Robotics Liquid Handling & Robotics	DCF-method	26,838	July 2010	Value in use	12.7 %	5 years	0.0 %

Based on the impairment test 2010, there was no need for the recognition of any impairment. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

In the course of the disposal of the operating segment Sample Management all related intangible assets (acquired client relationships, acquired technology, brand name "Remp" and goodwill Sample Management) were classified as "assets classified as held for sale" and fully impaired (see note 3). Consequently no impairment test according to IAS 36 "Impairment of Assets" was prepared for these assets.

11.2.2 *Financial year 2009*

The Group performed impairment tests on cash-generating units containing goodwill and other intangible assets with indefinite useful life in July 2009, using the following key assumptions:

Intangible asset Cash-generating unit	Method	Carrying amount (CHF 1,000)	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Brand name "REMP" Sample Management	Relief from royalty method (royalty rate of 1.0 %)	3,300	July 2009	Value in use	13.1 %	5 years	0.5 %
Goodwill Sample Management Sample Management	DCF-method	12,750	July 2009	Value in use	11.7 %	5 years	0.5 %
Goodwill Liquid Handling & Robotics Liquid Handling & Robotics	DCF-method	27,106	July 2009	Value in use	12.1 %	5 years	1.5 %

Based on the impairment tests 2009, there was no need for the recognition of any impairment, either on goodwill or on other intangible assets with indefinite useful life.

12 Bank liabilities and derivatives

CHF 1,000	Bank overdrafts under bank pooling arrangements	Other current bank liabilities	Current derivatives (see note 16)	Current maturities of non-current bank loans	Total current	Bank loans	Non-current derivatives (see note 16)	Total non-current
Balance at January 1, 2009	–	5,522	365	8,276	**14,163**	37,167	–	**37,167**
Increase/(decrease)	376	(1,889)	–	–	**(1,513)**	–	–	–
Change in fair value	–	–	(365)	–	**(365)**	–	124	**124**
Increase in bank loans	–	–	–	–	**–**	121	–	**121**
Repayment of bank loans	–	–	–	(8,279)	**(8,279)**	–	–	**–**
Transfer to current	–	–	–	36,560	**36,560**	(36,560)	–	**(36,560)**
Translation differences	–	(212)	–	(7)	**(219)**	2	–	**2**
Balance at December 31, 2009	**376**	**3,421**	**–**	**36,550**	**40,347**	**730**	**124**	**854**
Analysis by currency								
Denominated in CHF					36,405			–
Denominated in EUR					550			730
Denominated in USD					62			124
Denominated in JPY					3,330			–
Total					**40,347**			**854**
Analysis by interest rates								
Interest-free					91			124
Variable interest rates depending on LIBOR					376			–
Fixed interest rate:								
0 % – 2 %					3,330			–
2 % – 4 %					12,550			730
4 % – 6 %					24,000			–
Total					**40,347**			**854**

CHF 1,000	Bank overdrafts under bank pooling arrangements	Other current bank liabilities	Current derivatives (see note 16)	Current maturities of non-current bank loans	Total current	Bank loans	Non-current derivatives (see note 16)	Total non-current
Balance at January 1, 2010	376	3,421	–	36,550	**40,347**	730	124	**854**
Increase/(decrease)	785	(3,561)	–	–	**(2,776)**	–	–	–
Change in fair value	–	–	4,586	–	**4,586**	–	(124)	(124)
Increase in bank loans	–	–	–	–	–	1,201	–	**1,201**
Repayment of bank loans	–	–	–	(36,641)	**(36,641)**	–	–	–
Transfer to current	–	–	–	679	**679**	(679)	–	**(679)**
Translation differences	–	226	–	(89)	**137**	(164)	–	**(164)**
Balance at December 31, 2010	**1,161**	**86**	**4,586**	**499**	**6,332**	**1,088**	**–**	**1,088**
Analysis by currency								
Denominated in CHF					1,161			–
Denominated in EUR					499			1,088
Denominated in USD					3,909			–
Denominated in JPY					763			–
Total					**6,332**			**1,088**
Analysis by interest rates								
Interest-free					4,672			–
Variable interest rates depending on LIBOR					1,161			–
Fixed interest rate:								
0% – 2%					–			–
2% – 4%					499			1,088
4% – 6%					–			–
Total					**6,332**			**1,088**

In 2010, the average interest rate paid on bank loans was 3.6% (2009: 3.5%).

13 Deferred revenue

CHF 1,000	2009	2010
Advance payments received related to product sales to be recognized upon delivery or customer's acceptance	1,770	7,121
Deferred income related to service contracts	15,163	12,428
Construction contracts in progress		
Aggregate amount of cost incurred and recognized profits (less recognized losses)	(95)	–
Amount of advances received	2,332	–
Subtotal construction contracts in progress	*2,237*	–
Balance at December 31	**19,170**	**19,549**
(Decrease)/increase	(6,163)	5,772
Disposal of discontinued operation	–	(3,409)
Translation differences	(236)	(1,984)
Total change compared with previous year	*(6,399)*	*379*

14 Employee benefits

14.1 Number of employees

FTE [1]	2009	2010
Employees – year-end	1,122	1,059
Employees – average	1,122	1,031

[1] FTE = Full-time equivalent

14.2 Personnel expenses

Personnel expenses include the following:

CHF 1,000	2009	2010
Salaries and wages	112,807	108,269
Social security	14,705	14,331
Post-employment benefits		
– defined contribution plans	1,159	996
– defined benefit plans	5,560	5,485
Share-based payment	1,628	4,549
Other personnel expenses	3,059	2,860
Total personnel expenses	**138,918**	**136,490**
Thereof relating to continuing operations	**123,051**	**128,525**

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

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

	2009	2010
Number of plans		
Funded plans	2	1
Unfunded plans	3	3
Number of people covered		
Participating employees	559	478
Retirees	3	4
Expected average remaining working lives of the participating employees	11.7	13.7

The amounts recognized in the balance sheet are as follows:

CHF 1,000	2009	2010
Present value of funded obligations	64,943	63,476
Fair value of plan assets	(57,804)	(56,594)
Subtotal	*7,139*	*6,882*
Present value of unfunded obligations	2,549	2,871
Unrecognized net actuarial losses	(4,992)	(4,877)
Unrecognized past service costs	2,193	–
Liability at December 31	**6,889**	**4,876**

The amounts recognized in the income statement are as follows:

CHF 1,000	2009	2010
Current service costs	8,388	7,929
Employee contributions	(2,988)	(2,869)
Interest expense on obligation	2,163	2,128
Expected return on plan assets	(1,616)	(1,501)
Amortization of actuarial (gains)/ losses	(6)	6
Past service costs	(380)	(208)
Total, included in personnel expenses	**5,561**	**5,485**
Thereof relating to continuing operations	4,792	5,078
Actual return on plan assets	900	1,286

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

CHF 1,000	2009	2010
Balance at January 1	59,517	67,492
Disposal of discontinued operation	–	(9,582)
Current service costs	8,388	7,929
Insurance premiums	(1,606)	(1,536)
Benefits paid	(3,905)	(423)
Interest expense on obligation	2,163	2,128
Actuarial losses	2,980	745
Curtailment/settlement	–	(48)
Translation differences	(45)	(358)
Balance at December 31	**67,492**	**66,347**

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

CHF 1,000	2009	2010
Balance at January 1	54,923	57,804
Disposal of discontinued operation	–	(8,083)
Employer contributions	4,504	4,471
Employee contributions	2,988	2,869
Insurance premiums	(1,606)	(1,536)
Benefits paid	(3,905)	(177)
Expected return on plan assets	1,616	1,501
Curtailment/settlement	–	(40)
Actuarial losses	(716)	(215)
Balance at December 31	**57,804**	**56,594**

The Group expects to contribute CHF 4.3 million to its defined benefit plans in 2011.

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

	2009	2010
Equity securities	2.3 %	2.3 %
Debt securities	77.8 %	80.9 %
Real estate	10.2 %	10.8 %
Other	9.7 %	6.0 %
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 the balance sheet date (expressed as weighted averages):

	2009	2010
Discount rate at December 31	3.4 %	2.5 %
Expected return on plan assets at December 31	2.6 %	2.1 %
Future salary increases	1.9 %	1.9 %
Future pension increases	0.8 %	0.3 %

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

History of experience adjustments:

CHF 1,000	2006	2007	2008	2009	2010
Defined benefit obligation	49,481	54,018	59,518	67,492	66,347
Plan assets	(42,320)	(50,503)	(54,923)	(57,804)	(56,594)
Deficit	*7,161*	*3,515*	*4,595*	*9,688*	*9,753*
Experience gains/(losses) on plan liabilities in %	–3.0 %	2.4 %	2.2 %	–2.3 %	2.7 %
Experience gains/(losses) on plan assets in %	–2.0 %	1.3 %	–1.1 %	–1.2 %	–0.3 %

14.4 Share-based payment (IFRS 2)

14.4.1 Employee share options and SARs

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares and all share 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	Vesting period completed	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	Vesting period completed	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	Vesting period completed	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	Vesting period completed	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	Vesting period completed	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	Vesting period completed	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	Vesting period completed	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
Plan 2010 Equity-settled	Options granted to members of Board of Directors, Executive Committee and management level 4 and 3 on November 23, 2009	63,492 options CHF 70.00	One / two / three years of service for 33 % / 33 % / 34 % of options	7 years	November 23, 2016
Plan 2011 Equity-settled	Options granted to members of Board of Directors and management level 4 and 3 on November 2, 2010	52,950 options CHF 69.00	One / two / three years of service for 33 % / 33 % / 34 % of options	7 years	November 2, 2017

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

	2009				2010			
	Weighted average exercise price (CHF)		Number		Weighted average exercise price (CHF)		Number	
	Options	SARs	Options	SARs	Options	SARs	Options	SARs
Balance at January 1	59.69	80.06	407,789	30,390	61.53	86.46	430,286	25,090
Granted	70.00	–	63,492	–	69.00	–	52,950	–
Exercised	49.24	48.40	(21,398)	(5,160)	51.76	48.40	(23,815)	(330)
Forfeited	59.65	–	(12,348)	–	53.46	–	(26,959)	–
Expired	71.67	99.00	(7,249)	(140)	68.04	81.42	(13,955)	(1,059)
Balance at December 31	**61.53**	**86.46**	**430,286**	**25,090**	**63.24**	**87.22**	**418,507**	**23,701**

The weighted average share price at the date of exercise was CHF 66.18 in 2009 and CHF 72.56 in 2010.

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

		2009				2010			
	Exercise price	Remaining contractual life (years)		Number		Remaining contractual life (years)		Number	
		Options	SARs	Options	SARs	Options	SARs	Options	SARs
Plan 2002	99.0	2.9	2.9	65,580	18,872	1.9	1.9	62,179	18,181
Plan 2003	48.4	3.9	3.9	53,528	6,218	2.9	2.9	42,492	5,520
Plan 2007 B	70.0	3.9	–	21,702	–	2.9	–	18,177	–
Plan 2007 P	70.0	3.9	–	17,265	–	2.9	–	5,869	–
Plan 2008 B	69.0	4.9	–	37,217	–	3.9	–	31,883	–
Plan 2008 P	69.0	4.9	–	28,807	–	3.9	–	28,807	–
Plan 2009 B	39.7	5.9	–	68,196	–	4.9	–	54,066	–
Plan 2009 P	39.7	5.9	–	74,499	–	4.9	–	63,461	–
Plan 2010	70.0	6.9	–	63,492	–	5.9	–	58,623	–
Plan 2011	69.0	–	–	–	–	6.8	–	52,950	–
Balance at December 31		**5.0**	**3.1**	**430,286**	**25,090**	**4.4**	**2.1**	**418,507**	**23,701**
Exercisable at period-end				180,597	25,090			208,522	23,701

The expenses, recognized in the consolidated income statement, are calculated as follows:

Equity-settled share-based payment

The fair value of services received in return for the share options granted is measured by reference to the share options vested multiplied by 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 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 [2]	Option life	Expected dividends	Risk-free interest rate	Fair value
Plan 2007 B	CHF 70.00	CHF 70.00	50.22%	7.0 years	0.65%	2.53%	**CHF 35.33**
Plan 2007 P [1]	CHF 70.00	CHF 70.00	50.22%	7.0 years	0.64%	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 [1]	CHF 69.00	CHF 69.00	40.27%	7.0 years	1.07%	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 [1]	CHF 39.70	CHF 39.70	40.61%	7.0 years	1.22%	2.24%	**CHF 10.08**
Plan 2010	CHF 70.00	CHF 70.00	43.30%	7.0 years	1.07%	2.14%	**CHF 29.42**
Plan 2011	CHF 69.00	CHF 69.00	32.09%	7.0 years	1.83%	1.54%	**CHF 20.47**

[1] Including market condition "comparison with peer basket"
[2] Historic volatility, with an underlying period which depends on the option life
Date source: Bloomberg

Cash-settled share-based payment

The fair value of services received in return for the SARs granted is measured by reference to the SARs vested multiplied by 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 [1]	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**
2009							
Plan 2002	CHF 78.00	CHF 99.00	43.13%	2.9 years	1.18%	1.15%	**CHF 15.72**
Plan 2003	CHF 78.00	CHF 48.40	43.13%	3.9 years	1.16%	1.44%	**CHF 35.75**
2010							
Plan 2002	CHF 78.00	CHF 99.00	28.15%	1.9 years	1.54%	0.48%	**CHF 5.10**
Plan 2003	CHF 78.00	CHF 48.40	28.15%	2.9 years	1.58%	0.78%	**CHF 30.99**

[1] Historic volatility, with an underlying period which depends on the option life
Data source: Bloomberg

14.4.2 Employee share plans

The terms and conditions of the grants are as follows, whereby all shares are delivered physically and free of charge (except for mandatory investment):

Performance share matching plan (PSMP) 2010

Arrangement	Employees entitled / grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
Initial grant	Executive Committee (extended) on April 6, 2010	28,466 shares	CHF 80.25	Graded vesting from January 1, 2010 to December 31, 2012[1]	Three years of service
Mandatory investment Annual bonus 2009 in excess of 100 % of the target cash bonus was granted in form of shares	Executive Committee (extended) on April 6, 2010	1,054 shares	CHF 80.25	Immediate vesting[1]	None
Matching shares	Executive Committee (extended) on April 6, 2010	83,000 shares (maximum of potential shares granted)	CHF 77.25	January 1, 2010 to December 31, 2012	Three years of service and performance target

[1] Vested shares are blocked until the end of the performance period (December 31, 2012).

Additional grant 2010

Arrangement	Employees entitled / grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
Additional grant[1]	CEO on January 15, 2010	20,000 shares	CHF 77.00 – CHF 73.00	March 1, 2010 to March 1, 2012 and March 1, 2015 respectively	Two / five years of service for 50 % / 50 % of shares

[1] The additional grant is non-recurring in the future and not included in the calculation of the matching shares.

In addition to the grants listed above, the management was entitled to invest voluntarily up to 50 % of its target cash bonus 2009 in Tecan shares at a price of CHF 76.23 per unit (average market value from January 1 to April 30, 2010).The voluntary investment could not exceed the realized cash bonus. The shares are blocked until the end of the performance period and are included in the calculation of the matching shares.

The number of matching shares is determined based on the following formula: number of shares from initial grant (28,466 shares) plus number of shares from mandatory (1,054 shares) and voluntary (3,680 shares) investments times the matching share factor. The matching share factor is dependent on the achievement of specific economic profit targets. In any case, the matching share factor will not be lower than 0.0 or higher than 2.5. At December 31, 2010, the matching share factor was estimated at 1.0.

The number of shares is as follows:

Shares (excluding voluntary investments)	2010
Balance at January 1	–
Granted	132,520
De-blocked and transferred to employee	(1,312)
Forfeited	(7,608)
Balance at December 31	**123,600**
Thereof vested, but blocked until the end of the performance period	11,855

The fair value of services received in return for the shares granted is measured by reference to the shares vested multiplied by their fair value at grant date (measurement date). The fair value at grant represents the market value of one Tecan share adjusted for expected dividend payments during the vesting period. Changes in the fair value of the shares after the grant date do not change the fair value of the services received.

14.4.3 Total expenses recognized

CHF 1,000	2009	2010
Expenses arising from equity-settled share option plans	1,628	1,732
Expenses arising from performance share matching plan	–	2,817
Total personnel expenses recognized with impact on operating profit	*1,628*	*4,549*
Effect of changes in the fair value of SARs with impact on the financial result	477	(258)
Total expenses	**2,105**	**4,291**
Thereof relating to continuing operations	1,953	4,122

The provision for cash-settled share-based payment transactions amounts to CHF 0.3 million at December 31, 2010 (2009: CHF 0.5 million, see note 15).

15 Provisions

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restructuring	Warranties & returns	WEEE[1]	Legal cases	Other	Total 2009
Balance at January 1, 2009	180	964	10,341	624	250	2,833	15,192
Provisions made	477	335	3,628	93	-	722	5,255
Provisions used	(127)	(316)	(3,367)	(3)	-	(82)	(3,895)
Provisions reversed	–	–	(1,620)	–	(250)	(122)	(1,992)
Transfer	–	–	–	–	–	(60)	(60)
Unwind of discounts	–	9	–	–	–	–	9
Translation differences	–	(5)	(96)	–	–	(48)	(149)
Balance at December 31, 2009	**530**	**987**	**8,886**	**714**	**–**	**3,243**	**14,360**
Thereof current	–	621	8,886	–	–	2,255	11,762
Thereof non-current	530	366	–	714	–	988	2,598

CHF 1,000	Cash-settled share-based payment transactions (see note 14)	Restructuring	Warranties & returns	WEEE[1]	Legal cases	Other	Total 2010
Balance at January 1, 2010	530	987	8,886	714	–	3,243	14,360
Provisions made	–	–	4,901	63	–	1,068	6,032
Provisions used	(9)	(431)	(3,872)	(2)	–	(346)	(4,660)
Provisions reversed	(258)	(84)	(2,215)	–	–	(82)	(2,639)
Unwind of discounts	–	32	–	–	–	–	32
Disposal of discontinued operation	–	–	(192)	–	–	(194)	(386)
Translation differences	–	(109)	(418)	(106)	–	(196)	(829)
Balance at December 31, 2010	**263**	**395**	**7,090**	**669**	**–**	**3,493**	**11,910**
Thereof current	–	395	7,090	–	–	2,432	9,917
Thereof non-current	263	–	–	669	–	1,061	1,993

[1] WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

The provisions for restructuring relate to the closure of the research and development site in Munich (2010: CHF 0.3 million and 2009: CHF 0.7 million) and the centralization of the European service in Austria (2010: CHF 0.1 and 2009: CHF 0.3 million). The provision includes an amount of CHF 0.1 million (2009: CHF 0.4 million), which covers the non-cancellable lease commitments concerning a factory building in Munich. The contract will expire in May 2011.

The position "other" contains provisions to cover commitments relating to parts and material for discontinued products (2010: CHF 1.1 million and 2009: CHF 0.8 million), to controversial import duty positions (2010: CHF 1.0 million and 2009: CHF 1.0 million), to other long-term employee benefits (2010: CHF 1.0 million and 2009: CHF 0.9 million) and to several minor items (2010: CHF 0.4 million and 2009: CHF 0.5 million).

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 interest rate risk and foreign 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 economically hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors ("Treasury Policy"). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The "Treasury Policy" provides principles for specific areas, such as credit risk, interest rate risk, foreign currency 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, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

16.2 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	2009	2010
Financial assets held for trading		
Derivatives	**3,008**	**11,802**
Loans and receivables		
Cash and cash equivalents	91,810	118,040
Current loans and time deposits	30,001	20,200
Trade accounts receivable	73,748	65,516
Other accounts receivable [1]	2,969	5,798
Non-current financial assets	1,760	1,399
Total	**200,288**	**210,953**
Financial liabilities held for trading		
Derivatives	**124**	**4,586**
Financial liabilities measured at amortized cost		
Bank liabilities and loans	41,077	2,834
Trade accounts payable	9,486	9,638
Other accounts payable [1]	123	95
Accrued expenses	31,268	30,441
Total	**81,954**	**43,008**

[1] Excluding receivables and payables arising from POC, VAT/other non-income taxes and social security

16.3 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, time deposits 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 (see note 7) is limited, as the Group has numerous clients located in various geographical regions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. For the purpose of risk control, the customers are grouped as follows (risk groups): governmental organizations, listed public limited companies and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance or letters of credit; these limits are reviewed regularly (credit check).

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

16.4 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.

16.4.1 Interest rate risks

At the reporting date the Group held the following interest-bearing financial instruments: cash and cash equivalents, time deposits, 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 a 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 a variable interest rate. Currently the interest rate exposure is not hedged.

At December 31, 2010, 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 0.4 million (2009: CHF 0.3 million) higher/lower, mainly as a result of cash positions held at variable rates.

16.4.2 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 the euro (EUR) and the US dollar (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 (forecast 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 18 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:

	2009				2010			
CHF 1,000	CHF	EUR	USD	Other	CHF	EUR	USD	Other
Cash and cash equivalents	–	7,308	3,873	2,428	–	5,361	4,370	2,537
Current loans	–	–	4,134	–	–	–	–	–
Trade accounts receivable	7	2,488	1,615	861	–	2,897	1,657	465
Other accounts receivable [1]	–	–	–	–	–	–	2,836	–
Non-current financial assets	–	9	–	181	–	29	–	–
Current bank liabilities	–	–	(376)	(1)	–	–	–	–
Trade accounts payable	(65)	(1,418)	(609)	(14)	(44)	(2,523)	(837)	(122)
Other accounts payable [1]	–	–	–	–	–	–	–	–
Accrued expenses	–	49	(91)	(173)	–	–	–	(80)
Non-current bank liabilities	–	–	–	–	–	–	–	–
Foreign currency forwards	–	–	2,551	274	–	22	7,166	(70)
Foreign currency options	–	–	59	–	–	–	98	–
Net exposure to currency at December 31	**(58)**	**8,436**	**11,156**	**3,556**	**(44)**	**5,786**	**15,290**	**2,730**

[1] 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	2009 higher/(lower)	2010 higher/(lower)
If CHF had weakened against EUR by 10 %	577	272
If CHF had strengthened against EUR by 10 %	(577)	(271)
If CHF had weakened against USD by 10 %	(3,582)	(3,253)
If CHF had strengthened against USD by 10 %	3,344	3,283

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	Between 1 and 2 years
Foreign currency forwards						
Sale USD	2,675	(124)	53,736	16,534	13,434	23,768
Sale JPY	274	–	6,661	–	2,220	4,441
Foreign currency options						
Sale USD	*59*	–	*1,033*	–	–	*1,033*
Balance at December 31, 2009	**3,008**	**(124)**	**61,430**	**16,534**	**15,654**	**29,242**

	Fair value		Contract value			
CHF 1,000	Positive	Negative	Total	Due within		
				Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years
Foreign currency forwards						
Sale USD	10,990	–	94,455	11,222	59,853	23,380
Purchase USD	–	(3,824)	(43,954)	(11,222)	(32,732)	–
Sale EUR	22	–	1,251	–	1,251	–
Sale JPY	636	(22)	19,587	5,761	13,826	–
Purchase JPY	56	(740)	(19,587)	(5,761)	(13,826)	–
Foreign currency options						
Sale USD	98	–	935	935	–	–
Balance at December 31, 2010	**11,802**	**(4,586)**	**52,687**	**935**	**28,372**	**23,380**

16.5 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 1 and 2 years	Over 2 years
Non-derivative financial liabilities						
Current bank liabilities	40,347	41,007	4,129	36,878	–	–
Trade accounts payable	9,486	9,486	9,486	–	–	–
Other accounts payable [1]	123	123	123	–	–	–
Accrued expenses	31,268	31,268	14,396	16,872	–	–
Bank loans	730	747	7	7	733	–
Derivative financial liabilities						
Foreign currency forwards	124					
Outflow		9,301	–	–	9,301	–
Inflow		(9,095)	–	–	(9,095)	–
Balance at December 31, 2009	**82,078**	**82,837**	**28,141**	**53,757**	**939**	**–**

CHF 1,000	Carrying amount	Contractual cash flows	Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities						
Current bank liabilities	1,746	1,749	1,749	–	–	–
Trade accounts payable	9,638	9,638	9,638	–	–	–
Other accounts payable [1]	95	95	95	–	–	–
Accrued expenses	30,441	30,441	15,444	14,997	–	–
Non-current bank liabilities	1,088	1,170	–	22	22	1,126
Derivative financial liabilities						
Foreign currency forwards	4,586					
Outflow		69,153	20,273	48,880	–	–
Inflow		(64,671)	(19,265)	(45,406)	–	–
Balance at December 31, 2010	**47,594**	**47,575**	**27,934**	**18,493**	**22**	**1,126**

[1] Excluding payables arising from VAT/other non-income taxes and social security

Unused lines of credit amounting to CHF 27.2 million were available to the Group at December 31, 2010 (2009: CHF 36.2 million).

16.6 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 1.7 million (2009: CHF 37.6 million) compared to a carrying amount of CHF 1.6 million (2009: CHF 37.3 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.

The table below analyses financial instruments carried at fair value, by valuation method (fair value hierarchy):

Financial instrument	Net carrying amount (CHF 1,000)		Level	Data source	Model
	2009	2010			
Currency forwards	2,825	7,118	Level 2	Bloomberg	(forward rate – [spot rate +/– forward points]) * amount in foreign currency
Currency options	59	98	Level 2	Bloomberg	Black-Scholes model

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset and liability
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable)

There have been no transfers between the levels in 2009 and 2010.

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	2009	2010
Due date		
1st year	6,704	5,693
2nd year	3,270	4,387
3rd year	2,422	2,914
4th year	654	2,394
5th year	466	2,126
6th year or beyond	2,035	1,685
Balance at December 31	**15,551**	**19,199**

In financial year 2010, CHF 6.1 million were recognized as expenses for leases in the consolidated income statement (2009: CHF 7.2 million).

The Group did not enter into any finance lease contracts.

18 Contingent liabilities and encumbrance of assets

As of December 31, 2009 and 2010, 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	2009	2010
Pledged assets		
Cash and cash equivalents (bank pooling arrangement)	17,114	16,506
Shares of REMP AG, pledged to secure bank loans (amount of consolidated net assets)	34,285	–

19 Shareholders' equity

19.1 Dividends paid

CHF 1,000	2009	2010	2011 (proposed)
Number of shares eligible for dividend	10,757,195	10,412,027	
Dividends paid (CHF/share)	0.90	1.00	–
Payout from capital contribution reserve (CHF/share)	–	–	1.00

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, 2009	12,082,820	(1,742,098)	10,340,722
Issue of new shares from conditional share capital (exercise of employee share options)	26,558	–	26,558
Sale of treasury shares	–	36,100	36,100
Cancellation of treasury shares	(696,788)	696,788	–
Balance at December 31, 2009	**11,412,590**	**(1,009,210)**	**10,403,380**
Issue of new shares from conditional share capital (exercise of employee share options)	24,145	–	24,145
Treasury shares issued to top management based on performance share matching plan	–	33,200	33,200
Purchase of treasury shares	–	(1,312)	(1,312)
Sale of treasury shares	–	286,000	286,000
Balance at December 31, 2010	**11,436,735**	**(691,322)**	**10,745,413**

19.3 Conditional share capital reserved for the employee participation plans

Number (each share has a nominal value of CHF 0.10)	2009	2010
Balance at January 1	917,180	890,622
Employee share options exercised (see note 14)	(26,558)	(24,145)
Balance at December 31	**890,622**	**866,477**
Employee share options outstanding (see note 14)	455,376	442,208
Shares granted to employees based on performance share matching plan, outstanding (see note 14)	–	95,392

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

Number (each share has a nominal value of CHF 0.10)	2009	2010
Conditional share capital	1,800,000	1,800,000
Authorized share capital, expiring on April 23, 2010	2,400,000	–
Authorized share capital, expiring on April 21, 2012	–	2,400,000

19.5 Capital management

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

The Board of Directors monitors both the earnings per share and the ability of the Group to undertake future business development. Amongst others it may initiate share buyback programs in order to rebalance the position of the Group in relation to these targets.

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

20.1 Segment information by business segments

According to IFRS 8 "Operating Segments", the identification of the reportable operating segments must follow the management approach. Therefore, the external segment reporting is based on the internal organizational and management structure, as well as internal reports to the Chief Operating Decision Maker (CODM). The Group's CODM is the Board of Directors of Tecan Group Ltd. The operating segments are equivalent to the reportable segments. No operating segments have been aggregated.

The following reportable segments were identified:

– *Components & Detection:* The business segment includes the Group's business units that manufacture high-volume, mass-produced products. The Group's components business supplies manufacturers of laboratory instruments with essential OEM components such as precision pumps, valves, robotic arms and software. 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 the Group's liquid handling systems.

– *Liquid Handling & Robotics:* The business segment supplies automated laboratories with 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 a given application. Small and large liquid volumes can be pipetted separately and in parallel so that almost all laboratory procedures can be made efficient and safe.

– *Sample Management (disposed of September 1, 2010):* The sample management business developed and supplied systems for storing chemical substances and biological samples.

	Components & Detection		Liquid Handling & Robotics		Sample Management (discontinued)		Corporate / consolidation		Group	
CHF 1,000	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Sales third	106,632	109,150	249,616	261,398	35,662	14,107	–	–	391,910	384,655
Intersegment sales [1]	7,842	7,869	773	697	551	358	(9,166)	(8,924)	–	–
Total sales	**114,474**	**117,019**	**250,389**	**262,095**	**36,213**	**14,465**	**(9,166)**	**(8,924)**	**391,910**	**384,655**
Operating profit	**17,896**	**21,123**	**48,613**	**41,952**	**66**	**(2,454)**	**(6,988)**	**(7,104)**	**59,587**	**53,517**
Depreciation and amortization [2]	(2,719)	(2,537)	(4,447)	(5,225)	(1,982)	(1,015)	–	–	(9,148)	(8,777)
Impairment losses [3]	–	–	–	–	–	(27,124)	–	–	–	(27,124)
Purchase of property, plant and equipment	2,372	2,704	3,889	5,344	504	226	–	–	6,765	8,274
Purchase of intangible assets	3,198	1,345	877	2,766	56	200	–	–	4,131	4,311
Segment assets	45,988	48,995	116,081	120,013	42,071	160	–	–	204,140	169,168
Unallocated assets [4]									144,479	169,333
Total assets									**348,619**	**338,501**

[1] Intersegment transactions are conducted at arm's length.
[2] No significant non-cash items other than depreciation of property, plant and equipment and amortization of intangible assets were incurred.
[3] Not included in operating profit (see note 3).
[4] Financial assets, current and deferred tax assets and all liabilities are not allocated to operating segments.

CHF 1,000	2009	2010
Reconciliation of reportable segment sales:		
Total sales for reportable segments	401,076	393,579
Elimination of discontinued operation (see note 3)	(36,213)	(14,465)
Elimination of intersegment sales	(8,615)	(8,566)
Total consolidated sales of continuing operations	**356,248**	**370,548**
Reconciliation of reportable segment profit:		
Total profit for reportable segments	66,575	60,621
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(6,988)	(7,104)
Elimination of discontinued operation (see note 3)	(66)	2,454
Financial result	689	2,100
Total consolidated profit before taxes from continuing operations	**60,210**	**58,071**

20.2 Entity-wide disclosures

Information about products and services:

CHF 1,000	2009	2010
Products	244,950	257,245
Services	111,298	113,303
Total sales third of continuing operations	**356,248**	**370,548**

Sales by regions (by location of customers):

CHF 1,000	2009	2010
Switzerland	6,906	7,793
Other Europe	152,842	167,791
North America	144,163	138,371
Asia	41,812	42,440
Others	10,525	14,153
Total sales third of continuing operations	**356,248**	**370,548**

Non-current assets by region (by location of assets):

	Property, plant and equipment		Intangible assets	
CHF 1,000	2009	2010	2009	2010
Switzerland	12,767	7,529	54,347	35,869
Other Europe	4,020	3,648	1,714	1,446
United States	2,582	2,207	–	–
Asia	323	288	–	–
Total	**19,692**	**13,672**	**56,061**	**37,315**

Information about major customers
The Group has a large number of customers. There are no sales to individual customers that accumulated exceed 10 % of total sales.

20.3 Change in identification of reportable segments as from January 1, 2011

The Board of Directors decided to change the organizational and management structure of the Group as from January 1, 2011. Consequently the segment information format was adjusted and the following reportable segments were identified:
– Life Sciences Business (end-user business)
– Partnering Business (OEM business)

Due to this change, goodwill Liquid Handling & Robotics (CHF 26.8 million) is reallocated to the cash-generating unit "Life Sciences Business". The Group will be reporting according to the new structure from the interim report 2011 onwards.

21 Operating expenses by nature

CHF 1,000	2009	2010
Material costs	103,961	107,682
Personnel expenses	123,051	128,525
Capitalization of development costs	(2,702)	(3,169)
Depreciation of property, plant and equipment	6,441	6,024
Amortization of intangible assets	725	1,738
Other operating income and expenses (net)	65,251	73,777
Total operating expenses of continuing operations	**296,727**	**314,577**

22 Research and development

CHF 1,000	2009	2010
Gross research and development costs incurred [1]	36,449	39,790
Capitalization of development costs	(2,702)	(3,169)
Amortization of development costs	–	751
Total research and development of continuing operations (gross, according to income statement)	**33,747**	**37,372**
Government research subsidies	(658)	(1,085)
Total research and development of continuing operations (net)	33,089	36,287

1 The amount includes costs for material, services, personnel, temporary employees and depreciation of PPE.

Costs for research and the development of new products (gross) amounted to 10.1 % of sales (2009: 9.5 %).

23 Other operating income

CHF 1,000	2009	2010
Government research subsidies	658	1,085
License fees	223	–
Other operating income (miscellaneous)	43	–
Other operating expense (miscellaneous)	–	(5)
Total other operating income from continuing operations	**924**	**1,080**

24 Financial result

CHF 1,000	2009	2010
Interest income	301	351
Fair value adjustments on cash-settled share-based payment plans	–	258
Finance income	*301*	*609*
Interest expenses	(1,703)	(840)
Fair value adjustments on cash-settled share-based payment plans	(477)	–
Other	(84)	(147)
Finance cost	*(2,264)*	*(987)*
Result from derivatives	2,010	8,040
Other foreign exchange gains/(losses) (net)	642	(5,562)
Foreign exchange gains	*2,652*	*2,478*
Total financial result from continuing operations	**689**	**2,100**

25 Income taxes

CHF 1,000	2009	2010
Current income taxes	(12,428)	(8,770)
Deferred taxes	(441)	(2,367)
Total income taxes on continuing operations	**(12,869)**	**(11,137)**

The income tax expense can be analyzed as follows:

CHF 1,000	2009	2010
Profit before taxes from continuing operations	60,210	58,071
Tax expense based on the Group's weighted average rate of 21.6 % (2009: 22.2 %)	*13,378*	*12,559*
Other non-deductible expenses and additional taxable income	417	403
Tax-free income and tax reductions	(1,870)	(2,851)
Change in recognition of tax losses	702	805
Unrecoverable withholding tax	(12)	89
Under/(over)provided in prior years	160	(61)
Effect of tax rate change on opening deferred taxes	94	193
Tax expense reported for continuing operations	**12,869**	**11,137**

The 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 changes in the country mix of the profit before taxes, the Group's expected tax rate for 2010 decreased to 21.6 %.

Deferred tax assets and liabilities are attributable to the following:

CHF 1,000	2009	Change 2010	2010
Receivables	1,001	260	1,261
Inventories	2,491	(446)	2,045
Property, plant and equipment	370	(338)	32
Intangible assets	(2,181)	1,741	(440)
Liabilities and accrued expenses	4,223	(596)	3,627
Provisions	2,347	(1,325)	1,022
Other	(607)	(449)	(1,056)
Total net deferred tax assets arising from temporary differences	*7,644*	*(1,153)*	*6,491*
Deferred taxes provided on expected dividends from subsidiaries	(807)	(89)	(896)
Potential tax benefits from tax loss carry-forwards	865	(747)	118
Total net deferred tax assets	**7,702**	**(1,989)**	**5,713**
Deferred taxes recognized in income statement relating to continuing operations	(441)		(2,367)
Deferred taxes recognized in income statement relating to discontinued operation	82		1,048
Deferred taxes recognized directly in equity	2,846		–
Translation differences	(281)		(670)
Total change compared with previous year	*2,206*		*(1,989)*

At year-end, temporary differences on inventories primarily related to income on intra-Group profit eliminated for consolidation purposes. Deferred taxes recognized directly in equity in 2009 are mainly due 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	2009	2010	2009	2010
Expiring in				
6th year or beyond			–	118
Unlimited			865	–
Total tax loss carry-forward capitalized			**865**	**118**
Expiring in				
Unlimited	3,291	4,964	1,097	1,655
Total tax loss carry-forward not capitalized	**3,291**	**4,964**	**1,097**	**1,655**
Total tax loss carry-forward			**1,962**	**1,773**

Deferred tax assets on loss carry-forwards are recognized only to the extent that it is probable that tax loss carry-forwards are available for set-off against future profits and future profits will be available to utilize the deferred tax assets.

Deferred taxes are included in the balance sheet as follows:

CHF 1,000	2009	2010
Deferred tax assets	11,608	9,548
Deferred tax liabilities	(3,906)	(3,835)
Total (net)	**7,702**	**5,713**

26 Related parties

Tecan Group Ltd. 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	2009	2010
Short-term employee benefits	5,640	5,921
Post-employment benefits	460	419
Other long-term benefits [1]	697	949
Termination benefits	–	–
Share-based payment [2]	742	3,396
Total compensation	**7,539**	**10,685**

[1] Long-term retention bonus accrued. Payment will be made three years after grant.
[2] See note 14.2 for more details.

In 2007, 2008 and 2009, members of the management were offered the possibility to purchase American-type call options on Tecan shares issued by a bank at market rates. 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, 2011 and 2012 respectively 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, 2010, these advance facilities amounted to CHF 0.7 million (2009: CHF 1.5 million).

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.

	2009	2010
Number of shares issued	11,412,590	11,436,735
Number of treasury shares	(1,009,210)	(691,322)
Average number of shares outstanding	10,355,086	10,433,009
Basic earnings per share from continuing operations (CHF/share)	**4.58**	**4.50**
Basic earnings per share (CHF/share)	**4.77**	**1.55**
Employee share option plans:		
Average number of shares under option total	478,524	475,267
Average number of shares under option dilutive	216,034	392,861
Average exercise price	42.35	56.84
Number of shares that would have been issued at average market price for the year of CHF 71.48 (2009: CHF 49.12).	186,272	312,386
Adjustment for dilutive share options	29,762	80,475
Employee share plans:		
Adjustment for not vested shares (initial and additional grant)	–	43,520
Adjustment for contingently issuable shares (matching shares)	–	30,157
Average number of shares outstanding after dilution	*10,384,848*	*10,587,161*
Diluted earnings per share from continuing operations (CHF/share)	**4.56**	**4.43**
Diluted earnings per share (CHF/share)	**4.75**	**1.53**

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.

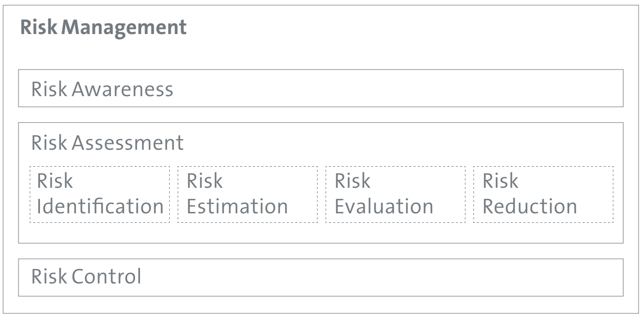
29.2 Risk assessment cycle

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 the 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:



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.
– *Unacceptable 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

Risk reduction measures must be investigated and implemented for risks that are elevated or unacceptable, 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 each be approved 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 potentially elevated or unacceptable risk arises, it is brought immediately to the attention of the CFO.

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

As statutory auditor, we have audited the consolidated financial statements of Tecan Group Ltd., presented on pages 57 to 102, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (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 and Swiss Auditing Standards, as well as 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 ended December 31, 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (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

Fredy Luthiger
Licensed Audit Expert

Zurich, March 1, 2011

Balance sheet of Tecan Group Ltd. at December 31

Assets

CHF 1,000	Notes	2009	2010
Cash and cash equivalents		19,185	54,825
Current loans	3	26,222	18,555
Other accounts receivable from third parties		370	2,982
Other accounts receivable from Group companies		6,141	5,418
Prepaid expenses		238	115
Current assets		**52,156**	**81,895**
Investments in subsidiaries	2	125,661	52,562
Non-current loans	3	9,592	8,269
Treasury shares	4	62,777	39,285
Property, plant and equipment		309	268
Non-current assets		**198,339**	**100,384**
Assets		**250,495**	**182,279**

Liabilities and equity

CHF 1,000	Notes	2009	2010
Current bank liabilities		36,000	–
Other liabilities to third parties		315	468
Other liabilities to Group companies		635	502
Provision for general business risks	5	30,000	30,000
Current tax liabilities		71	50
Accrued expenses		4,027	3,224
Current liabilities		**71,048**	**34,244**
Non-current loans from Group companies		2,100	–
Non-current provisions		145	273
Non-current liabilities		**2,245**	**273**
Share capital		1,141	1,144
Legal reserves		82,721	59,229
Retained earnings		93,340	87,389
Shareholders' equity	6	**177,202**	**147,762**
Liabilities and equity		**250,495**	**182,279**

Income statement of Tecan Group Ltd.

CHF 1,000	2009	2010
Management fees from Group companies	13,263	12,954
Other income	636	19
Dividend income from Group companies	49,461	42,042
Interest income from third parties	790	113
Interest income from Group companies	1,038	692
Other financial income	25,088	–
Income	**90,276**	**55,820**
Personnel expenses	(7,697)	(8,087)
Depreciation of property, plant and equipment	(133)	(153)
Other expenses	(4,502)	(3,608)
Interest expenses to third parties	(1,554)	(558)
Interest expenses to Group companies	(52)	(27)
Impairment on investment REMP AG	(25,896)	–
Loss on sale of investment REMP AG	–	(62,779)
Other financial expenses	(2,632)	(1,410)
Expenses	**(42,466)**	**(76,622)**
Profit/(loss) before taxes	**47,810**	**(20,802)**
Income taxes	(330)	21
Net profit/(loss)	**47,480**	**(20,781)**

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 57 through 102) 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 104 through 115) 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
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 (UK)	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, 2009 and 2010.

2.2 Change in investments

The investment Remp AG, Oberdiessbach was sold to Nexus Biosystems, Inc., based in Poway (California, USA) on September 1, 2010.

3 Loans

3.1 Current loans

CHF 1,000	2009	2010
Time deposits	25,000	10,000
Current loans to Group companies	355	8,355
Current loans to employees (see note 13.3)	867	200
Balance at December 31	**26,222**	**18,555**

3.2 Non-current loans

CHF 1,000	2009	2010
Non-current loans to Group companies	7,984	7,110
Non-current loans to Group companies subordinated	742	626
Non-current loans to employees (see note 13.3)	866	533
Balance at December 31	**9,592**	**8,269**

4 Treasury shares

CHF 1,000	2009	2010
Treasury shares	62,777	39,285
Allowance	–	–
Balance at December 31	**62,777**	**39,285**

Number (each share has a nominal value of CHF 0.10)	2009	2010
Balance at January 1	1,324,075	1,009,210
Treasury shares issued to top management based on performance share matching plan (PSMP)	–	(33,200)
Purchase of treasury shares	418,023	1,312
Sale of treasury shares	(36,100)	(286,000)
Cancellation of shares for the purpose of capital reduction	(696,788)	–
Balance at December 31	**1,009,210**	**691,322**
Average price of shares purchased, CHF	53.35	72.41
Average price of shares sold, CHF	53.71	73.40

On the Annual General Meeting 2009, the shareholders agreed to the proposed cancellation of 696,788 repurchased shares, which led to a capital reduction of CHF 27.2 million.

5 Provision for general business risks

The provision for general business risks relates to investments in subsidiaries and loans to subsidiaries.

6 Shareholders' equity

6.1 Changes in shareholder's equity

		Legal reserves			Retained earnings		
CHF 1,000	Share capital	General reserve	Capital contribution reserve	Reserve for treasury shares (see note 4)	Capital contributions included in retained earnings	Other retained earnings	Total shareholders' equity
Shareholders' equity at January 1, 2009	1,208	19,944	–	104,292	–	39,274	164,718
Net profit	–	–	–	–	–	47,480	47,480
Dividends paid	–	–	–	–	–	(9,681)	(9,681)
Cancellation of treasury shares	(70)	–	–	(38,437)	–	11,332	(27,175)
New shares issued upon exercise of employee share options	3	–	–	–	–	1,857	1,860
Change in reserve for treasury shares	–	–	–	(3,078)	–	3,078	–
Shareholders' equity at December 31, 2009	**1,141**	**19,944**	**–**	**62,777**	**–**	**93,340**	**177,202**
Net loss	–	–	–	–	–	(20,781)	(20,781)
Dividends paid	–	–	–	–	–	(10,412)	(10,412)
New shares issued upon exercise of employee share options	3	–	–	–	–	1,750	1,753
Change in reserve for treasury shares	–	–	–	(23,492)	–	23,492	–
Reallocation of capital contributions	–	(18,944)	18,944	–	18,499	(18,499)	–
Shareholders' equity at December 31, 2010	**1,144**	**1,000**	**18,944**	**39,285**	**18,499**	**68,890**	**147,762**

The Company's share capital is CHF 1,143,674, consisting of 11,436,735 registered shares with a nominal value of CHF 0.10 each (2009: share capital of 1,141,259 consisting of 11,412,590 registered shares with a nominal value of CHF 0.10 each).

6.2 Conditional and authorized share capital

In 1997, a conditional share capital of CHF 1,300,000 reserved for employee participation plans was approved. The conditional share capital consists of 1,300,000 registered shares with a nominal value of CHF 1.00 each. Since 1999, several employee participation plans have been introduced based on this conditional capital. At December 31, 2010, the conditional share capital amounted to CHF 86,648, consisting of 866,477 registered shares with a nominal value of 0.10 each (2009: CHF 89,062 consisting of 890,622 registered shares with a nominal value of CHF 0.10 each).

On April 26, 2006 and on April 21, 2010, the Annual General Meeting of Shareholders approved the creation of additional conditional and authorized share capital for the purpose of future business development.

	2009	2010
Conditional share capital		
Reserved for employee participation plans		
Number	890,622	866,477
CHF	89,062	86,648
Employee share options outstanding	455,376	442,208
Shares granted to employees based on performance share matching plan (PSMP), outstanding	–	95,392
Reserved for future business development		
Number	1,800,000	1,800,000
CHF	180,000	180,000
Authorized share capital		
Reserved for future business development (expiring on April 21, 2012)		
Number	2,400,000	2,400,000
CHF	240,000	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:

	2009	2010
Chase Nominees Ltd., London (UK)	13.6 %	13.5 %
TIAA-CREF Investment Management LLCC, New York (US)	5.7 %	10.5 %
Tecan Group Ltd., Männedorf (CH)	8.8 %	6.0 %
UBS Fund Management (Switzerland) AG, Basel (CH)	5.6 %	5.1 %
Pictet Funds SA, Geneva (CH)	<3.0 %	5.0 %
The Capital Group Companies, Inc., Los Angeles (US)	3.2 %	3.2 %
SUVA, Schweizerische Versicherungsgesellschaft, Lucerne (CH)	3.2 %	3.2 %
Norges Bank (the Central Bank of Norway), Oslo (NO)	<3.0 %	3.1 %
Credit Suisse Asset Management Funds AG, Zurich (CH)	<3.0 %	3.0 %
Threadneedle Asset Management Holdings Ltd., Swinton (UK)	<3.0 %	3.0 %
Fidelity Management & Research Company, Boston (US)	10.0 %	<3.0 %
BlackRock, Inc., New York (US)	5.2 %	<3.0 %

7 Guarantees in favor of third parties

The total amount of guarantees in favor of its subsidiaries was CHF 41.6 million at December 31, 2010 (2009: CHF 47.4 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 3.1 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	2009	2010
Pledged assets		
Cash and cash equivalents (bank pooling arrangement)	9,818	2,093
Participation REMP AG	73,099	–

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, 2010 (2009: 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 0.9 million (2009: CHF 0.8 million).

11 Liabilities to pension funds

At December 31, 2010, 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	Total cash compen-sation	Social benefits [1]	Options granted (number) [2]	Value of options [3]	Total compen-sation
Rolf Classon (Chairman, since April 2009)	2009	138	3	**141**	**8**	1,700	**45**	**194**
	2010	150	18	**168**	**8**	2,442	**45**	**221**
Heinrich Fischer (Vice Chairman)	2009	85	15	**100**	**6**	850	**22**	**128**
	2010	85	20	**105**	**6**	1,221	**22**	**133**
Dominique F. Baly (since April 2009)	2009	50	13	**63**	**4**	850	**22**	**89**
	2010	75	20	**95**	**6**	1,221	**22**	**123**
Dr. Lukas Braunschweiler (since April 2009)	2009	75	15	**90**	**5**	–	**–**	**95**
	2010	75	20	**95**	**6**	1,221	**22**	**123**
Dr. Jürg Meier	2009	75	10	**85**	**5**	850	**22**	**112**
	2010	75	10	**85**	**7**	415	**8**	**100**
Prof. Dr. Peter Ryser	2009	75	10	**85**	**5**	850	**22**	**112**
	2010	75	10	**85**	**5**	415	**8**	**98**
Gérard Vaillant	2009	75	10	**85**	**5**	850	**22**	**112**
	2010	75	20	**95**	**5**	1,221	**22**	**122**
Mike Baronian (until April 2009)	2009	50	3	**53**	**3**	–	**–**	**56**
	2010	–	–	**–**	**–**	–	**–**	**–**
Prof. Dr. Armin Seiler (until April 2009)	2009	25	3	**28**	**2**	–	**–**	**30**
	2010	–	–	**–**	**–**	–	**–**	**–**
Cleto de Pedrini (until April 2009)	2009	25	5	**30**	**2**	–	**–**	**32**
	2010	–	–	**–**	**–**	–	**–**	**–**
Total	**2009**	**673**	**87**	**760**	**45**	**5,950**	**155**	**960**
	2010	**610**	**118**	**728**	**43**	**8,156**	**149**	**920**

[1] Employer's contribution to social security including social security on share options exercised during the reporting period.
[2] Vesting condition: one / two / three years of service for 33 % / 33 % / 34 % of options.
[3] Formula for 2009: Options granted in 2009 * fair value at grant (CHF 29.42) * [1 – estimated labor turnover rate (10 %)] and formula for 2010: Options granted in 2010 * fair value at grant (CHF 20.47) * [1 – estimated labor turnover rate (10 %)].

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 compensation	Social benefits [3]	Initial shares granted (number) [4]	Matching shares granted (number) [5]	Additional grant (number) [6]	Options granted (number) [7]	Fair value of shares and options [8/9]	Total compensation
Thomas Bachmann (CEO)	2009	500	330	240	9	**1,079**	**180**	–	–	–	3,399	**90**	**1,349**
	2010	550	330	–	11	**891**	**198**	5,247	18,308	20,000	–	**1,908**	**2,997**
Dr. Rudolf Eugster (CFO)	2009	345	148	180	–	**673**	**108**	–	–	–	2,345	**62**	**843**
	2010	345	148	–	–	**493**	**114**	3,279	8,815	–	–	**325**	**932**
Other members of the Executive Committee [10, 11]	2009	2,258	892	600	39	**3,789**	**588**	–	–	–	12,411	**329**	**4,706**
	2010	2,250	1,054	–	50	**3,354**	**520**	17,316	48,600	–	–	**1,693**	**5,567**
Total	**2009**	**3,103**	**1,370**	**1,020**	**48**	**5,541**	**876**	**–**	**–**	**–**	**18,155**	**481**	**6,898**
	2010	**3,145**	**1,532**	**–**	**61**	**4,738**	**832**	**25,842**	**75,723**	**20,000**	**–**	**3,926**	**9,496**

[1] Payment will be made in following year.
[2] Formula: Long-term retention bonus granted in 2009 * (1 – estimated labor turnover rate [10 %]). Payments will be made in 2012, if employment continues until then (see note 13.3).
[3] Employer's contribution to social security, including social security on share options exercised and shares transferred during the reporting period, and contributions to post-employment benefit plans.
[4] The shares granted represent the initial grant of the Performance Share Matching Plan (PSMP) 2010. The terms and conditions are disclosed in note 14.4.2 of the consolidated financial statements. They are fully reported in the amount of the total compensation. Management may lose shares not vested.
[5] The matching shares granted represent the maximum of potential shares granted in connection with the Performance Share Matching Plan (PSMP) 2010. The terms and conditions are disclosed in note 14.4.2 of the consolidated financial statements. Due to the performance target, only a third of the potential matching shares granted is included in the amount of the total compensation for 2010; formula: {(initial grant [25,842 shares] + mandatory and voluntary investments [4,447 shares] – matching shares forfeited [1,731 shares]) * estimated matching share factor of 1.0} / 3 years of service = 9,519 matching shares. The amount of the second year of service including true-ups for fluctuation, share price and matching share factor will be reported in the total compensation for 2011.
[6] The additional grant is non-recurring in the future and not included in the calculation of the matching shares. The terms and conditions are disclosed in note 14.4.2 of the consolidated financial statements. They are fully reported in the amount of total compensation. Management may lose shares not vested.
[7] The terms and conditions are disclosed in note 14.4.1 of the consolidated financial statements.
[8] Calculation fair value of options: Options granted in 2009 * fair value at grant (CHF 29.42) * (1 – estimated labor turnover rate [10 %]).
[9] Calculation fair value of shares: {(initial shares granted in 2010 [25,842 shares] * fair value at grant [CHF 80.25]) + (additional shares granted in 2010 [20,000 shares] * fair value at grant [CHF 74.75])} * (1 – estimated labor turnover rate [10 %]) + (matching shares [see footer 5] * fair value at year-end [CHF 75.00]).
[10] 2009: Total nine members, including one member who left the Executive Committee during the year.
[11] 2010: Total eight members

No termination benefits were paid in 2009 and 2010. A transaction bonus of CHF 0.3 million was paid to the head of business segment Sample Management (included in variable salary) in connection with the sale of the operating segment Sample Management.

13.3 Loans granted to the Executive Committee

The following loans were granted to the management at year-end:

CHF 1,000	2009	2010
Thomas Bachmann (CEO)	533	267
Dr. Rudolf Eugster (CFO)	400	266
Other members (2009:4 ; 2010:1) of the Executive Committee	600	200
Balance at December 31	**1,533**	**733**

In 2007, 2008 and 2009, members of the management were offered the possibility to purchase American-type call options on Tecan shares issued by a bank at market rates. 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, 2011 and 2012 respectively, 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.

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

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

14.1 Share and option ownership of the Board of Directors

			Employee share option plans [1]						Other options [2]			
Number	Year	Total shares	2002	2003	2007	2008	2009	2010				Total options
Strike price in CHF			99.00	48.40	70.00	69.00	39.70	70.00	69.00	41.40	63.00	
Expiring in			2012	2013	2013	2014	2015	2016	2014	2016	2016	
Rolf Classon (Chairman)	2009	**–**	–	–	–	–	–	–	–	–	–	**–**
	2010	**–**	–	–	–	–	–	566	–	–	–	**566**
Heinrich Fischer (Vice Chairman)	2009	**10,000**	–	–	–	576	517	–	–	–	–	**1,093**
	2010	**10,000**	–	–	–	864	1,034	283	–	–	–	**2,181**
Dominique F. Baly	2009	**–**	–	–	–	–	–	–	–	–	–	**–**
	2010	**–**	–	–	–	–	–	283	–	–	–	**283**
Dr. Lukas Braunschweiler	2009	**2,500**	–	–	–	–	–	–	–	–	–	**–**
	2010	**2,500**	–	–	–	–	–	–	–	–	–	**–**
Dr. Jürg Meier	2009	**1,000**	–	–	–	576	517	–	2,759	–	–	**3,852**
	2010	**–**	–	–	–	–	–	283	–	–	–	**283**
Prof. Dr. Peter Ryser	2009	**–**	–	–	234	576	517	–	–	–	–	**1,327**
	2010	**–**	–	–	234	864	1,034	283	–	–	–	**2,415**
Gérard Vaillant	2009	**–**	–	–	234	576	–	–	–	–	–	**810**
	2010	**–**	–	–	234	864	–	283	–	–	–	**1,381**
Balance at December 31	**2009**	**13,500**	**–**	**–**	**468**	**2,304**	**1,551**	–	**2,759**	–	–	**7,082**
	2010	**12,500**	**–**	**–**	**468**	**2,592**	**2,068**	**1,981**	**–**	**–**	**–**	**7,109**

[1] Only vested options.

[2] See note 13.3.

14.2 Share and option ownership of the Executive Committee

		Share plan[1]	Other shares		Employee share option plans[2]						Other options[3]			
Number	Year			Total shares	2002	2003	2007	2008	2009	2010				Total options
Strike price in CHF					99.00	48.40	70.00	69.00	39.70	70.00	69.00	41.40	63.00	
Expiring in					2012	2013	2013	2014	2015	2016	2014	2016	2016	
Thomas Bachmann (CEO)	2009	–	41	**41**	–	–	–	920	828	–	–	–	–	**1,748**
	2010	7,323	41	**7,364**	–	–	871	1,380	1,656	1,133	–	–	–	**5,040**
Dr. Rudolf Eugster (CFO)	2009	–	–	**–**	300	–	663	742	–	–	–	–	–	**1,705**
	2010	3,526	–	**3,526**	300	–	1,280	1,113	693	781	–	–	–	**4,167**
Dr. Jürg Dübendorfer	2009	–	–	**–**	160	–	555	484	–	–	–	–	–	**1,199**
	2010	3,465	–	**3,465**	160	–	1,071	726	–	548	–	–	–	**2,505**
Christopher C. Hanan	2009	–	–	**–**	–	–	540	452	–	–	6,897	–	–	**7,889**
	2010	2,361	–	**2,361**	–	–	1,042	678	410	462	–	–	–	**2,592**
Stephen M. Levers	2009	–	–	**–**	2,960	–	618	486	434	–	–	–	–	**4,498**
	2010	2,361	–	**2,361**	2,960	–	1,193	729	868	424	–	–	–	**6,174**
Domingo Messerli	2009	–	–	**–**	–	–	–	–	479	–	–	–	–	**479**
	2010	–	–	**–**	–	–	–	–	1,037	1,632	–	–	–	**2,669**
Matthew Robin	2009	–	–	**–**	–	–	–	742	679	–	2,897	–	–	**4,318**
	2010	3,280	–	**3,280**	–	–	–	1,113	1,358	389	–	–	–	**2,860**
Carl Severinghaus	2009	–	–	**–**	4,230	–	555	–	–	–	–	–	–	**4,785**
	2010	2,433	–	**2,433**	4,230	–	1,071	282	588	569	–	–	–	**6,740**
Frederic Vanderhaegen	2009	–	–	**–**	–	–	–	–	592	–	–	4,878	7,407	**12,877**
	2010	3,000	–	**3,000**	–	–	–	–	1,184	670	–	–	–	**1,854**
Günter Weisshaar	2009	–	–	**–**	–	–	576	500	–	–	–	–	–	**1,076**
	2010	2,540	–	**2,540**	–	–	1,112	750	460	528	–	–	–	**2,850**
Balance at December 31	**2009**	**–**	**41**	**41**	**7,650**	**–**	**3,507**	**4,326**	**3,012**	**–**	**9,794**	**4,878**	**7,407**	**40,574**
	2010	**30,289**	**41**	**30,330**	**7,650**	**–**	**7,640**	**6,771**	**8,254**	**7,136**	**–**	**–**	**–**	**37,451**

[1] Managment is entitled to vote, but only 14,810 shares are vested.
[2] Only vested options.
[3] See note 13.3.

Appropriation of available earnings

The Board of Directors proposes to the Annual General Meeting of Shareholders on April 19, 2011 to allocate retained earnings as follows:

CHF 1,000	2009 Approved	2010 Proposed
Carried forward from previous year	29,593	82,928
Net profit/(loss)	47,480	(20,781)
Effect from cancellation of treasury shares	11,332	–
New shares issued upon exercise of employee share options	1,857	1,750
Change in reserve for treasury shares	3,078	23,492
Available retained earnings	**93,340**	**87,389**
Dividends paid as approved by the Annual General Meeting of Shareholders on April 21, 2010:		
CHF 1.00 per share with a nominal value of CHF 0.10 each (total 10,412,027 shares eligible for dividend)	(10,412)	
Allocation of retained earnings to the capital contribution reserve (part of legal reserves)		(18,499)
Balance to be carried forward	**82,928**	**68,890**

The Board of Directors also proposes to the Annual General Meeting of Shareholders to allocate the capital contribution reserve as follows:

CHF 1,000	2010 Proposed
Capital contribution reserve at December 31, 2010	18,944
Allocation of retained earnings to the capital contribution reserve (see above)	18,499
Subtotal	**37,443**
Allocation to free reserve and payout, exempt from Swiss withholding tax:	
CHF 1.00 per share with a nominal value of CHF 0.10 each (total 11,006,443 shares eligible for payout) [1]	(11,006)
Balance to be carried forward	**26,437**

[1] These numbers are based on the outstanding share capital at December 31, 2010. The number of shares eligible for payout may change due to the repurchase or sale of treasury shares and the issuance of new shares from the conditional share capital reserved for employee participation plans. At the end of 2010, a total of 261,030 options were exercisable before the date of the payout payment.

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

As statutory auditor, we have audited the financial statements of Tecan Group Ltd., presented on pages 104 to 115, which comprise the balance sheet, income statement and notes for the year ended December 31, 2010.

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 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 ended December 31, 2010 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

Fredy Luthiger
Licensed Audit Expert

Zurich, March 1, 2011

Tecan locations

● Tecan sales office
○ R&D and manufacturing site

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 and Development Sites

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

Sales & Service Locations

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

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
Grayling Schweiz AG; Alexander Kranz

Portraits
Susanne Völlm, Zurich

Translation/Editing
CLS Communication AG, Zurich/Basel

Printing
Printlink AG, Zurich

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

ANNUAL REPORT 2010

TECAN.