TECAN

Interim Report

FIRST HALF YEAR 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 instruments 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, 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 2009, Tecan generated sales of CHF 392 million (USD 361.2 million; EUR 259.6 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/ ISIN CH0012100191).

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.

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Dear Shareholders

The Tecan Group closed the first half of 2010 with substantial sales growth and a strong operating result. This shows that our strategy execution for long-term profitable growth is on track. In particular our global OEM business has performed very successfully. The realignment of our organizational and management structure into the Life Sciences Business and Partnering Business segments will provide a strong basis to drive both businesses forward more strongly. Shortly after the end of the first half year, we signed a share and asset purchase agreement to sell the Sample Management activities as part of our strategic portfolio alignment.

We recorded substantial sales growth and a strong operating result.

Rolf A. Classon
Chairman of the Board of Directors

We realign our organization with a stronger focus on our growth strategy.

Thomas Bachmann
Chief Executive Officer

Half year results from continuing operations

Sales increased by 9.1% to CHF 178.0 million (H1 2009: CHF 163.2 million) in the first half of the year and were 12.2% above those of the prior-year period in local currency terms. The operating profit margin rose to 13.0% (H1 2009: 12.8%). In the first six months of 2010, Tecan achieved an operating profit (EBIT) of CHF 23.1 million (H1 2009: CHF 20.8 million). Net profit came in at CHF 15.6 million and was thus below the prior-year level (H1 2009: CHF 17.1 million). This was due to a weaker financial result caused by foreign exchange losses. The net profit margin was 8.8% of sales (H1 2009: 10.5%). Earnings per share were CHF 1.50 (H1 2009: CHF 1.64).

Cash flow from operating activities increased to CHF 20.8 million (H1 2009: CHF 17.3 million), which corresponds to 11.7% of sales.

Tecan increased order entry by 7.4% to CHF 193.4 million, which corresponds to growth of 10.7% in local currency terms.

Half year results including the discontinued Sample Management business segment

As we announced on July 15, 2010, the Tecan Group and NEXUS Biosystems, Inc., based in Poway (California, USA), have signed an agreement concerning the sale of REMP AG, a wholly-owned subsidiary of Tecan, as well as other related assets. Under this agreement, Nexus will acquire all activities of our Sample Management business segment. The Sample Management business segment is therefore presented as a "discontinued operation."

Sales including the Sample Management business segment increased by 2.9% to CHF 187.9 million (H1 2009: CHF 182.6 million) in the first half of the year, and were 5.7% above the previous year's level in local currency terms. Operating profit (EBIT) reached CHF 20.6 million (H1 2009: CHF 21.1 million), while the operating profit margin was 11.0% of sales (H1 2009: 11.5%).

Regional development and additional information on continuing operations

In Europe, sales in Swiss francs increased by 25.1%, being negatively impacted by the exchange rate development of the euro versus the Swiss franc. European sales were 28.2% above the prior-year level in local currency terms. The increase in sales is mainly the result of very strong OEM business with diagnostic companies. End-customer business, on the other hand, was weaker and its performance remained mixed across the various European countries.

In North America, sales decreased by 3.7% in Swiss francs. This figure was also negatively impacted by the exchange rate development of the US dollar versus the Swiss franc. Sales in North America remained at the prior-year level in local currency terms. The OEM components business grew considerably, while North American end-customer business was slightly below the prior-year level.

In Asia, sales were 1.1% below the prior-year level in Swiss francs, but unchanged in local currency terms. Sales in Japan declined, which was largely the result of a basis effect caused by a major contract in the previous year. Sales in China again recorded double-digit growth.

The strategically important global OEM business grew by 52.4% during the reporting period. This positive development is primarily the result of extraordinary high demand for OEM instruments from major existing customers in the first half of the year, but should balance itself out again to a certain extent over the year as a whole. OEM business increased to a level where it now constitutes 44.2% of total sales (H1 2009: 31.7%).

The recurring revenues of the services and consumables business together accounted for 32.4% of total sales (H1 2009: 33.6%), including increased consumables sales of 7.7% of total sales (H1 2009: 7.1%).

Information by business segment

Components & Detection

Sales in the Components & Detection business segment increased 8.4% to CHF 52.4 million in the first half of 2010 (H1 2009: CHF 48.3 million) and were up 12.1% in local currency terms. Compared with the prior-year period, there was a considerable increase in demand for OEM components and a slight increase for detection devices.

Components & Detection recorded considerable growth in order entry during the reporting period. Thanks to higher sales volumes and an improved cost basis, the business segment's operating profit margin increased significantly, from 10.5% in the previous year to 15.1% of sales. Operating profit was CHF 8.5 million, 56.0% up on the previous year (H1 2009: CHF 5.5 million).

Liquid Handling & Robotics

The Liquid Handling & Robotics business segment generated sales of CHF 125.7 million (H1 2009: CHF 114.9 million) in the reporting period. Sales climbed by 9.3% in Swiss francs and 12.3% in local currencies. OEM business in the Liquid Handling & Robotics segment grew considerably in the first half of the year. The service and consumables businesses also continued to perform well. Order entry, which was also driven by OEM business, was significantly higher in the first half of the year than the prior-year period.

The product mix in the first half and the additional investments to implement the growth strategy, which largely accrued to the Liquid Handling & Robotics business segment, had a negative impact on the operating profit margin, which at 14.7% of sales fell below the prior-year level (H1 2009: 16.4%). Operating profit was CHF 18.5 million (H1 2009: CHF 19.0 million).

Sample Management (discontinued operation)

Sales in the discontinued Sample Management business segment totaled CHF 10.2 million in the first six months of 2010, 47.5% below the prior-year period (H1 2009: CHF 19.4 million). The operating loss was CHF 2.5 million, following on from a small operating profit of CHF 0.3 million in the same period of 2009. Non-cash effective impairment charges amounted to CHF 27.0 million in the first half of 2010. Additional transaction costs of an estimated CHF 1 million and further non-cash effective impairment charges of around CHF 4 million are anticipated for the second half of 2010 since they could not be booked in the first half of the year.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased during the reporting period and reached 64.0% as of June 30, 2010 (December 31, 2009: 58.2%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) was CHF 83.9 million as of the balance sheet date (December 31, 2009: CHF 80.6 million). Shareholders approved an increase in the dividend for fiscal year 2009 to CHF 1.00 per registered share at the Tecan Group Annual General Meeting, up from CHF 0.90 the previous year. The payout took place on April 28, 2010.

New organization with stronger focus on growth strategy

In order to implement our strategy for long-term profitable growth even more sustainably, we are refocusing our organizational and management structure on the end customer and OEM customer groups. Instead of the current product-oriented Components & Detection, Liquid Handling & Robotics and Sample Management business segments, for the latter of which a sales agreement was signed on July 15, 2010, the Tecan Group will in future be made up of the two business segments Life Sciences Business (end-customer business) and Partnering Business (OEM business). We are also creating or realigning Group-wide functions to better exploit synergies in research, development, procurement and production across various locations, in order to speed up innovation and further increase overall operating efficiency.

The new organization will come into effect on January 1, 2011. With effect from this date, Tecan Group AG's Group Executive Committee will be adapted to the new organization and reduced to six members. The Group Executive Committee will then consist of Chief Executive Officer Thomas Bachmann, Chief Financial Officer Dr. Rudolf Eugster, the Heads of the two business segments Life Sciences Business and Partnering Business and the Heads of the Development & Supply Operations and Science & Technology functions.
Matthew Robin, who is currently in charge of the Liquid Handling & Robotics business segment, will head up Partnering Business. Management of the Development & Supply Operations function will be taken over by Dr. Jürg Dübendorfer, who is currently the Group Executive Committee member responsible for the Services & Consumables business unit. We will make a decision and an announcement about the management of the Life Sciences Business segment and Science & Technology function at a later date. The remaining members of the current Group Executive Committee will continue to perform their previous duties within the new Group organization or will assume new responsibilities from January 1, 2011, but will not be part of the newly formed Group Executive Committee.

The Tecan Group's financial reporting will be divided into the two new business segments Life Sciences Business and Partnering Business from the 2011 Interim Report onwards.

Outlook for continuing operations

Demand for OEM instruments was extraordinarily high in the first half of the year and sales generated with OEM customers are expected to grow at a smaller rate in the second half of the year. We are aiming for sales growth in our continuing operations of between 6% and 8% in local currency terms in fiscal year 2010.
Following the sale of the Sample Management activities, we will increasingly focus our resources on the growth projects in the end-customer and OEM businesses. For 2010, we expect additional investments of up to CHF 3 million for this purpose.
Including these additional investments, we expect an operating profit margin of 13.5% to 15.0% for 2010, corresponding to an operating profit margin of 14.5% to 16.0% in 2009 constant currencies.

Männedorf, August 11, 2010

Rolf A. Classon
Chairman of the Board
of Directors

Thomas Bachmann
Chief Executive Officer

Interim consolidated balance sheet

Assets

CHF 1,000	Notes	31.12.2009	30.6.2010
Cash and cash equivalents		91,810	76,505
Current loans and derivatives		32,474	2,901
Trade accounts receivable		76,764	61,120
Other accounts receivable		14,527	12,061
Inventories		38,264	42,178
Income tax receivable		2,560	3,104
Prepaid expenses		2,564	3,086
Assets classified as held for sale	5	–	19,571
Current assets		**258,963**	**220,526**
Non-current financial assets		2,295	2,539
Property, plant and equipment		19,692	12,021
Intangible assets		56,061	36,698
Deferred tax assets		11,608	11,629
Non-current assets		**89,656**	**62,887**
Assets		**348,619**	**283,413**

Liabilities and equity

CHF 1,000	Notes	31.12.2009	30.6.2010
Current bank liabilities and derivatives		40,347	3,048
Trade accounts payable		9,486	6,454
Other accounts payable		11,046	8,488
Deferred revenue		19,170	18,305
Income tax payable		8,360	6,636
Accrued expenses		31,268	27,396
Current provisions		11,762	12,574
Liabilities classified as held for sale	5	–	8,334
Current liabilities		**131,439**	**91,235**
Non-current bank loans and derivatives		854	1,467
Liability for post-employment benefits		6,889	4,885
Non-current provisions		2,598	1,981
Deferred tax liabilities		3,906	2,469
Non-current liabilities		**14,247**	**10,802**
Share capital		1,141	1,142
Capital reserve		14,022	11,741
Treasury shares		(55,531)	(52,601)
Retained earnings		263,258	242,371
Translation differences		(19,957)	(21,277)
Shareholders' equity	6	**202,933**	**181,376**
Liabilities and equity		**348,619**	**283,413**

Interim consolidated income statement

Continuing operations

January to June, CHF 1,000	Notes	2009	2010
Sales	**8**	**163,224**	**178,027**
Cost of sales		(80,285)	(89,180)
Gross profit		**82,939**	**88,847**
Sales and marketing		(28,120)	(29,841)
Research and development		(17,525)	(18,254)
General and administration		(16,552)	(17,938)
Other operating income		74	284
Operating profit	**8**	**20,816**	**23,098**
Financial income		186	392
Finance cost		(1,009)	(768)
Foreign exchange gains/(losses)		602	(3,595)
Financial result		***(221)***	***(3,971)***
Profit before taxes		**20,595**	**19,127**
Income taxes		(3,516)	(3,520)
Profit from continuing operations		**17,079**	**15,607**

Discontinued operation

Profit/(loss) from discontinued operation, net of income taxes	5	131	(28,548)
Profit/(loss) for the period		**17,210**	**(12,941)**
Earnings per share from continuing operations			
Basic earnings per share (CHF/share)		1.64	1.50
Diluted earnings per share (CHF/share)		1.64	1.49
Earnings per share			
Basic earnings per share (CHF/share)		1.66	(1.25)
Diluted earnings per share (CHF/share)		1.66	(1.25)

Interim consolidated statement of comprehensive income

January to June, CHF 1,000	2009	2010
Profit/(loss) for the period	**17,210**	**(12,941)**
Translation differences	766	(1,320)
Other comprehensive income[1]	***766***	***(1,320)***
Total comprehensive income	**17,976**	**(14,261)**

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

Interim consolidated statement of changes in equity

January to June, CHF 1,000	Share capital	Capital reserve	Treasury shares	Retained earnings	Translation differences	Total share-holders' equity
Balance at January 1, 2009	1,208	12,872	(97,050)	260,338	(18,182)	159,186
Profit for the period	–	–	–	17,210	–	17,210
Translation differences	–	–	–	–	766	766
Total comprehensive income	***–***	***–***	***–***	***17,210***	***766***	***17,976***
Dividends paid	–	–	–	(9,681)	–	(9,681)
New shares issued upon exercise of employee stock options	–	–	–	–	–	–
Change in treasury shares (net)	–	(691)	1,338	–	–	647
Share-based payments	–	–	–	760	–	760
Balance at June 30, 2009	**1,208**	**12,181**	**(95,712)**	**268,627**	**(17,416)**	**168,888**
Balance at January 1, 2010	1,141	14,022	(55,531)	263,258	(19,957)	202,933
Loss for the period	–	–	–	(12,941)	–	(12,941)
Translation differences	–	–	–	–	(1,320)	(1,320)
Total comprehensive income	***–***	***–***	***–***	***(12,941)***	***(1,320)***	***(14,261)***
Dividends paid[1]	–	–	–	(10,412)	–	(10,412)
New shares issued upon exercise of employee stock options	1	649	–	–	–	650
Treasury shares issued to top management based on performance share matching plan	–	(2,930)	2,930	–	–	–
Share-based payments	–	–	–	2,466	–	2,466
Balance at June 30, 2010	**1,142**	**11,741**	**(52,601)**	**242,371**	**(21,277)**	**181,376**

[1] 2010: CHF 1.00 per share on 10,412,027 shares with right to dividend

Interim consolidated statement of cash flow

January to June, CHF 1,000	Notes	2009	2010
Profit/(loss) for the period		17,210	(12,941)
Adjustments for:			
Depreciation and amortization		4,392	4,561
Impairment losses on assets classified as held for sale	5	–	27,035
Change in provisions and liability for post-employment benefits		54	1,350
Interest income		(194)	(279)
Interest expenses		947	756
Income taxes		3,650	2,488
Other non-cash items		(184)	3,375
Change in working capital:			
Trade accounts receivable		18,296	9,353
Inventories		(4,819)	(8,350)
Trade accounts payable		(3,912)	(1,905)
Other changes in working capital (net)		(14,831)	1,148
Income taxes paid		(3,293)	(5,764)
Cash inflows from operating activities		**17,316**	**20,827**
Loans to employees		(266)	–
Repayment of time deposits		–	29,134
Interest received		184	212
Purchase of property, plant and equipment		(2,039)	(2,628)
Proceeds from sales of property, plant and equipment		2	46
Purchase of intangible assets		(416)	(2,554)
Cash (out)/inflows from investing activities		**(2,535)**	**24,210**
New shares issued upon exercise of employee stock options		–	650
Dividends paid		(9,681)	(10,412)
Proceeds from sale of treasury shares		647	–
Change in current bank liabilities		(1,815)	(3,623)
Increase in bank loans		121	115
Repayment of bank loans		(5,279)	(36,000)
Interests paid		(938)	(756)
Cash outflows from financing activities		**(16,945)**	**(50,026)**
Translation differences		465	(1,296)
Decrease in cash and cash equivalents		**(1,699)**	**(6,285)**
Cash and cash equivalents at January 1		84,653	91,434
Cash and cash equivalents at June 30		**82,954**	**85,149**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet		98,991	76,505
Cash and cash equivalents reported in assets held for sale	5	–	9,366
./. Bank overdrafts under bank pooling arrangements		(16,037)	(722)
= Cash and cash equivalents as per cash flow statement		**82,954**	**85,149**

Notes to the interim consolidated financial statements

1 Introduction

These unaudited financial statements are the interim consolidated financial statements of Tecan Group Ltd., a company registered in Switzerland, and its subsidiaries (together referred to as the 'Group') for the six-month period ending June 30, 2010. The Group 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 automation 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 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.

The interim consolidated financial statements were authorised for issuance on July 30, 2010.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The interim consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. They should be read in conjunction with the Group's annual financial statements as they provide an update of previously reported information.

The preparation of these interim 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 interim 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 period in which the circumstances change.

Income tax expense is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

2.2 Introduction of new and revised accounting standards and interpretations

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ending December 31, 2009, except for the adoption of the following new and revised 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 = 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 policies.

2.3 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 interim 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 9 'Financial Instruments'	Reporting year 2013

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

These changes are not expected to have a significant impact on the consolidated financial statements.

3 Change in scope of consolidation (acquisitions)

There has been no change in the scope of consolidation for 2009 and 2010.

4 Principal exchange rates

		Balance sheet (Closing exchange rates)		Income statement (Average exchange rates Jan. to Jun.)	
CHF		31.12.2009	30.6.2010	2009	2010
EUR	1	1.48	1.32	1.51	1.44
USD	1	1.03	1.08	1.13	1.08

5 Assets and liabilities held for sale and discontinued operation

5.1 Introduction

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 is scheduled for end of August 2010.

The final sales price calculation is subject to changes in the amount of net working capital before the closing date and certain warranties and earn-out clauses. Based on the share purchase agreement the fair value less costs to sell was estimated and the impairment loss was determined as follows:

CHF 1,000	
Expected sales price	11,600
Estimated costs to sell	(1,000)
Estimated fair value less costs to sell	**10,600**
Carrying amount of disposal group including intercompany assets & liabilities	39,508
Estimated impairment loss on disposal group Sample Management	**28,908**
Impairment loss recognized and allocated to non-current assets of the disposal group, net of income taxes (see note 5.2)	25,219
Impairment loss not yet recognized	3,689

The estimated impairment loss on the disposal group was higher than the carrying amount of the non-current assets within the measurement scope of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The remaining unallocated impairment loss in the amount of CHF 3.7 million will be recognized upon disposal of the discontinued operation (second half of 2010).

5.2 Assets and liabilities of the disposal group held for sale

CHF 1,000	Carrying amount as remeasured immediately before classification as held for sale	Allocated impairment loss, net of income taxes	Carrying amount after allocation of impairment loss
Cash and cash equivalents	9,366	–	9,366
Working capital (assets)	10,205	–	10,205
Property, plant and equipment	6,556	(6,556)	–
Intangible assets	20,479	(20,479)	–
Assets held for sale	**46,606**	**(27,035)**	**19,571**
Working capital (liabilities)	6,068	–	6,068
Liability for post-employment benefits	2,266	–	2,266
Deferred tax liabilities	1,816	(1,816)	–
Liabilities held for sale	**10,150**	**(1,816)**	**8,334**
Net assets of the disposal group	**36,456**	**(25,219)**	**11,237**

5.3 Discontinued operation

Results of discontinued operation

January to June, CHF 1,000	2009	2010
Revenue	19,426	10,206
Expenses	(19,157)	(12,700)
Operating profit	**269**	**(2,494)**
Financial result Remp AG	(4)	(51)
Profit/(loss) before taxes	**265**	**(2,545)**
Income taxes	(134)	(784)
Results from operating activities, net of income taxes	**131**	**(3,329)**
Measurement to fair value less costs to sell	–	(27,035)
Related income taxes	–	1,816
Profit/(loss) from discontinued operation	**131**	**(28,548)**
Earnings per share from discontinued operation		
Basic earnings per share (CHF/share)	0.02	(2.75)
Diluted earnings per share (CHF/share)	0.02	(2.75)

Cash in/(out)flows from discontinued operation

January to June, CHF 1,000	2009	2010
Cash (out)/inflows from operating activities	(2,646)	2,228
Cash (out)/inflows from investing activities	(282)	18
Cash flows from financing activities	–	–
Cash (out)/inflows from discontinued operation	**(2,928)**	**2,246**

6 Shareholders' equity and employee participation plans

6.1 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 stock options)	–	–	–
Sale of treasury shares	–	15,600	15,600
Balance at June 30, 2009	**12,082,820**	**(1,726,498)**	**10,356,322**
Balance at January 1, 2010	11,412,590	(1,009,210)	10,403,380
Issue of new shares from conditional share capital (exercise of employee stock options)	11,617	–	11,617
Treasury shares issued to top management based on performance share matching plan	–	33,200	33,200
Balance at June 30, 2010	**11,424,207**	**(976,010)**	**10,448,197**

6.2 Movements in employee share options and SARs

Number (each share has a nominal value of CHF 0.10)	2009	2010
Balance at January 1	438,179	455,376
Exercised	–	(11,617)
Forfeited or expired	(834)	(20,901)
Balance at June 30	**437,345**	**422,858**

The exercise of employee share options and SARs during the first six months of 2010 resulted in a share capital increase of CHF 0.0 million (2009: 0.0 million) and a cash inflow of CHF 0.6 million (2009: 0.0 million).

6.3 Performance share matching plan

The following share plan has been granted to the top management in 2010:

Arrangement	Employees entitled / grant date	Number of shares	Price	Vesting period	Vesting condition
Initial grant	Executive Committee April 6, 2010	28,466	Free of charge	Graded vesting from 1.1.2010 to 31.12.2012	Three years of service
Mandatory investment[1]	Executive Committee April 6, 2010	1,054	Free of charge	Immediately	None
Performance shares	Executive Committee April 6, 2010	83,000[2]	Free of charge	1.1.2010 – 31.12.2012	Three years of service and performance target
Additional grant	CEO January 15, 2010	10,000 10,000	Free of charge Free of charge	1.3.2010 – 1.3.2012 1.3.2010 – 1.3.2015	Two years of service Five years of service

[1] Annual bonus 2009 in excess of 100% of the target cash bonus was granted in form of shares.
[2] 83,000 is the maximum number of potential shares granted

6.4 Authorized share capital

The shareholders agreed to a renewal of the existing authorized share capital.

Number (each share has a nominal value of CHF 0.10)	31.12.2009	30.06.2010
Authorized share capital, expiring on April 23, 2010	2,400,000	–
Authorized share capital, expiring on April 21, 2012	–	2,400,000

7 Contingent liabilities

No significant changes.

8 Interim segment information

8.1 Segment information by business segments

	Components & Detection		Liquid Handling & Robotics		Sample Management (Discontinued)		Corporate/ consolidation		Group	
January to June, CHF 1,000	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Sales third	48,299	52,376	114,925	125,651	19,411	9,867	–	–	182,635	187,894
Intersegment sales[1]	3,790	4,051	375	375	15	339	(4,180)	(4,765)	–	–
Total sales	**52,089**	**56,427**	**115,300**	**126,026**	**19,426**	**10,206**	**(4,180)**	**(4,765)**	**182,635**	**187,894**
Operating profit	**5,475**	**8,541**	**18,965**	**18,488**	**269**	**(2,494)**	**(3,624)**	**(3,931)**	**21,085**	**20,604**
Depreciation and amortization[2]	(1,250)	(1,205)	(2,123)	(2,362)	(1,019)	(994)	–	–	(4,392)	(4,561)
Impairment losses[3]	–	–	–	–	–	(27,035)	–	–	–	(27,035)
Purchase of property, plant and equipment	657	1,225	1,057	1,321	325	82	–	–	2,039	2,628
Purchase of intangible assets	144	885	255	1,513	17	156	–		416	2,554
	31.12. 2009	**30.06. 2010**	**31.12. 2009**	**30.06. 2010**	**31.12. 2009**	**30.06. 2010**	**31.12. 2009**	**30.06. 2010**	**31.12. 2009**	**30.06. 2010**
Segment assets	45,988	46,346	116,081	115,124	42,071	11,319	–	–	204,140	172,789
Unallocated assets[4]									144,479	110,624
Total assets									**348,619**	**283,413**

[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 profil (see note 5)
[4] Financial assets, current and deferred tax assets and all liabilities are not allocated to busines segments.

January to June, CHF 1,000	**2009**	**2010**
Reconciliation of reportable segment sales:		
Total sales for reportable segments	186,815	192,659
Elimination of intersegment sales	(4,165)	(4,426)
Elimination of discontinued operation (see note 5)	(19,426)	(10,206)
Total consolidated sales of continuing operations	**163,224**	**178,027**
Reconciliation of reportable segment profit:		
Total profit for reportable segments	24,709	24,535
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(3,624)	(3,931)
Elimination of discontinued operation (see note 5)	(269)	2,494
Financial result	(221)	(3,971)
Total consolidated profit before taxes from continuing operations	**20,595**	**19,127**

8.2 Entity-wide disclosures

Information about products and services

January to June, CHF 1,000	2009	2010
Products	108,329	120,431
Services	54,895	57,596
Total sales third of continuing operations	**163,224**	**178,027**

Sales by regions (by location of customers)

January to June, CHF 1,000	2009	2010
Switzerland	2,709	2,615
Other Europe	67,305	84,979
North America	67,396	64,936
Asia	19,929	19,714
Others	5,885	5,783
Total sales third of continuing operations	**163,224**	**178,027**

Non-current assets by regions (by location of assets)

	Property, plant and equipment		Intangible assets	
CHF 1,000	31.12.2009	30.6.2010	31.12.2009	30.6.2010
Switzerland	12,767	5,365	54,347	35,174
Other Europe	4,020	3,655	1,714	1,524
United States	2,582	2,733	–	–
Asia	322	268	–	–
Total	**19,691**	**12,021**	**56,061**	**36,698**

Information about major customers

In the first half of 2010 the OEM business in the business segment Liquid Handling & Robotics grew considerably. In this context there are (reportable) revenues from two individual customers (CHF 21.8 Mio. and CHF 19.0 Mio. respectively) that exceed 10 % of total sales.

9 Operating expenses by nature

January to June, CHF 1,000	2009	2010
Material costs	47,738	54,383
Personnel expenses	60,588	64,130
Depreciation of property, plant and equipment	3,088	2,939
Amortization of intangible assets	267	676
Other operating income and expenses (net)	30,727	32,801
Total operating expenses of continuing operations	**142,408**	**154,929**

10 Subsequent events

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

Tecan locations

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

Tecan Group / Manufacturing Sites

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

Sales & Service Locations

Tecan		REMP
Austria +43 62 46 89 33	Portugal +351 21 000 82 16	Switzerland +41 31 770 70 70
Belgium +32 15 42 13 19	Singapore +65 644 41 886	Japan +81 44 542 70 21
China +86 21 2898 6333	Spain +34 93 490 01 74	USA +1 508 429 2200
Denmark +45 70 23 44 50	Sweden +46 31 75 44 000	
France +33 4 72 76 04 80	Switzerland +41 44 922 89 22	
Germany +49 79 51 94 170	UK +44 118 9300 300	
Italy +39 02 92 44 790	USA +1 919 361 5200	
Japan +81 44 556 73 11	ROW +41 44 922 81 25	
Netherlands +31 18 34 48 17 4		

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They are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal regulations, market conditions, activities of competitors and other factors outside the Company's control.

This Interim 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.

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