TECAN.

Interim Report

First half year 2012

You expect solutions.
We think ahead.

For more than 30 years, Tecan has been investing its expertise in developing and improving automated workflow solutions for laboratories in the life sciences sector.

Adding value for the customer is the driving force behind everything we do at Tecan every day in research and development, production, distribution and service.

Whether in Europe, Asia, America or elsewhere in the world, our goal is always the same: to contribute to the quality of life of humankind by enabling our customers to make our community a healthier and safer place.

Contents

Dear Shareholders,

The Tecan Group closed the first half of 2012 with a moderate increase in sales and a solid operating result. This increase in sales was achieved despite the challenging economic environment and the high baseline in the prior-year period. Based on our order backlog, the project pipeline and contributions from the launch of an exciting alternative pipetting technology in the third quarter, we anticipate an acceleration in growth in the second half of the year and therefore confirm our guidance for the full year 2012.

We have achieved significant progress in the three major development programs currently underway, although important milestones still lie ahead of us. Successfully completing these programs is of the highest priority for everyone at Tecan.

Tecan's sales increased by 0.2% to CHF 182.2 million in the first six months of 2012 (H1 2011: CHF 181.9 million) and were up by 0.3% in local currency terms. Order entry decreased by 8.4% to CHF 179.6 million in the first half of 2012, mainly due to advance orders from Partnering Business customers already received in December 2011 instead of the first quarter of 2012 (H1 2011: CHF 196.0 million).

In the first six months of 2012, the operating profit margin increased to 12.2% (H1 2011: 11.5%) and the operating profit (EBIT) of CHF 22.1 million was 6.3% above the prior-year period (H1 2011: CHF 20.8 million). Net profit amounted to CHF 17.5 million (H1 2011: CHF 23.3 million). Net profit in the first half of 2011 benefited from a significantly better financial result, which was largely attributable to gains from currency hedging, and was to a large extent balanced out again over the full year 2011. The net profit margin in the first half of 2012 reached 9.6% of sales (H1 2011: 12.8%). Earnings per share were CHF 1.62 (H1 2011: CHF 2.17). Due to the pre-financing of an OEM development project amounting to CHF 23.0 million, Tecan posted a negative cash flow from operating activities of CHF -8.0 million (H1 2011: CHF 18.0 million) in the first six months.

Key figures first half year

CHF Mio.	2011	2012	Δ in %
Group Sales	181.9	182.2	+0.2%
Life Science Business	102.3	100.8	–1.4%
Partnering Business	79.5	81.4	+2.3%
Gross Profit	90.8	90.4	–0.4%
in % of sales	49.9%	49.6%	
R&D	23.2	22.5	–3.0%
in % of sales	12.8%	12.4%	
OPEX	70.0	68.4	–2.3%
in % of sales	38.5%	37.6%	
Operating profit / EBIT	20.8	22.1	+6.3%
in % of sales	11.5%	12.2%	
Net profit	23.3	17.5	–24.8%
in % of sales	12.8%	9.6%	
EPS (CHF)	2.17	1.62	-25.3%

Additional information

Regional development

In Europe, sales in Swiss francs were 13.4% below the prior-year period and decreased by 11.6% in local currencies. This decrease is primarily due to lower sales to Partnering Business customers in Europe and lower Life Sciences Business sales in Switzerland compared to the high baseline of the prior-year period. Life Sciences Business sales in other European countries were only slightly below the prior-year period.

In North America, Tecan achieved sales growth of 11.5% in Swiss francs and 9.2% in local currencies. The growth in this region was predominantly achieved thanks to the strong performance of the Partnering Business. Life Sciences Business sales to end-customers were moderately below the prior-year level in North America.

Sales in Asia were strong, growing by 33.0% in Swiss francs and by 29.9% in local currencies. Investments in the market organizations in China and Australia are starting to pay off, with Life Sciences Business sales in those two countries driving significant growth for the region.

Recurring sales of services and consumables

Recurring sales of services and consumables increased by 1.4% in local currency terms and accounted for 32.5% of total sales (H1 2011: 32.2%). As part of this figure, sales of consumables in local currencies grew by 18.4% compared with the prior-year period, to a share of 9.6% of total sales (H1 2011: 8.2%).

Research and development

In the first half of 2012, research and development spending was at 12.4% of sales (H1 2011: 12.8%) or CHF 22.5 million (H1 2011: CHF 23.2 million). All told, research and development activities amounted to CHF 55.3 million gross (H1 2011: CHF 42.4 million). This figure also includes the development costs capitalized in the balance sheet (CHF 1.9 million gross) and development costs for OEM partners (CHF 32.0 million). As previously announced, Tecan expects research and development spending of around 13.5% of sales in 2012.

Tecan has three major development programs currently underway. For the two major OEM programs under development, P14 and P16, Tecan continues to expect the start of commercial supply of instruments to its partners in 2013. As communicated before, the launch of the next generation of liquid handling platforms is anticipated no later than 2014.

Tecan continues to enhance and broaden the functionalities of the market leading Freedom EVO® liquid handling platform with new modules and applications. With the upcoming launch of the Air Liquid Handling Arm™ Tecan is introducing an alternative pipetting technology to better address its customers' specific preferences and expand its target market. By uniquely offering a choice of pipetting technologies on the same platform, or even combining both technologies on a single workstation, Tecan provides unrivalled flexibility to suit the needs of every application and laboratory workflow.

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment decreased by 1.4% to CHF 100.8 million in the first half of 2012 (H1 2011: CHF 102.3 million). In local currencies, sales were 1.1% below the prior-year period. The Life Sciences Business constituted 55.3% of total Group sales in the first half of the year (H1 2011: 56.3%). Sales of detection instruments increased in the first six months of the year. Sales of liquid handling platforms overall were moderately below the prior-year level with good growth in Asia Pacific. Order entry for the Life Sciences Business segment was slightly below the prior-year period.
The Life Sciences Business is, to a certain degree, subject to seasonality and therefore generates the majority of the segment operating profit in the second half of the year. The Life Sciences Business segment achieved an operating profit of CHF 4.6 million in the first half of 2012 (H1 2011: CHF 2.4 million). The operating profit margin doubled to 4.2% of sales in the first six months of 2012 (H1 2011: 2.1%) and was achieved with an elevated research and development spending level of 17.5% of sales.

Partnering Business (OEM business)

The Partnering Business segment generated sales of CHF 81.4 million during the reporting period (H1 2011: CHF 79.5 million). Sales increased by 2.3% in Swiss francs and by 2.1% in local currencies. The Partnering Business accounted for 44.7% of total Group sales (H1 2011: 43.7%). In the first half of 2012, sales of OEM instruments were slightly above the prior-year period, while components as well as services and consumables saw good growth. Due to advance orders from Partnering Business customers already received in December 2011 instead of the first quarter of 2012, order entry in the first half-year was below the prior-year period.
The Partnering Business segment achieved an operating profit margin of 25.5% of sales in the first six months of 2012 (H1 2011: 28.6%). At CHF 21.3 million, operating profit was below the prior-year period (H1 2011: CHF 23.4 million).

Strong balance sheet – high equity ratio

Tecan's equity ratio increased slightly during the reporting period and reached 70.6% at June 30, 2012 (December 31, 2011: 69.1%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) amounted to CHF 136.7 million and includes cash outflows for increased investments in development programs and dividend payments in the first half of the year

(December 31, 2011: CHF 163.0 million; June 30, 2011: CHF 137.4 million). The Company's share capital stood at CHF 1,144,458 at the reporting date (June 30, 2012), consisting of 11,444,576 registered shares with a nominal value of CHF 0.10 each.

At the Tecan Group Annual General Meeting on April 18, 2012, shareholders approved a 25% increase in the dividend from CHF 1.00 to CHF 1.25 per share. The dividends of CHF 13.5 million in total were once again paid out from the available capital contribution reserve and are therefore not subject to withholding tax. The payout took place on April 25, 2012.

Outlook

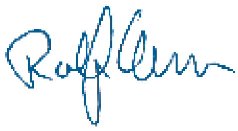
The Life Sciences Business segment achieved double-digit sales growth in local currencies in 2011, setting a high baseline for 2012. Based on order backlog, the project pipeline and contributions from the launch of an alternative pipetting technology in the third quarter of 2012, we are predicting moderate growth in local currencies for the Life Sciences Business segment in 2012.

Based on confirmed forecasts of our existing customers, we continue to expect good sales growth in local currencies for the Partnering Business segment in fiscal year 2012.

For the Tecan Group, we are anticipating an acceleration in growth in the second half of the year and maintain our guidance of low- to mid-single-digit sales growth in local currency terms for the full year 2012.

We continue to forecast an operating profit margin of 12.2% to 13.2% of sales for full-year 2012. As communicated in March 2012, this expectation is based on an average exchange rate forecast for the full year 2012 of one euro equaling CHF 1.20 and one US dollar equaling CHF 0.90. Current exchange rates are more favorable for the Company than these assumptions. Should actual average exchange rates be higher, the reported operating profit margin for 2012 would be positively impacted.

Männedorf, August 14, 2012



Rolf A. Classon
Chairman of the Board

Gérard Vaillant
Acting Chief Executive Officer

Interim consolidated balance sheet

Assets

CHF 1,000	Notes	31.12.2011	30.6.2012
Cash and cash equivalents		165,089	139,286
Current loans and derivatives		4,974	2,148
Trade accounts receivable		71,909	63,910
Other accounts receivable		8,727	12,670
Inventories	5	67,918	98,883
Income tax receivables		1,044	2,804
Prepaid expenses		3,319	3,082
Current assets		**322,980**	**322,783**
Non-current financial assets		842	938
Property, plant and equipment		17,045	17,391
Intangible assets		38,606	39,677
Deferred tax assets		10,468	10,224
Non-current assets		**66,961**	**68,230**
Assets		**389,941**	**391,013**

Liabilities and equity

CHF 1,000	Notes	31.12.2011	30.6.2012
Current bank liabilities and derivatives		1,261	2,894
Trade accounts payable		12,264	8,951
Other accounts payable		16,107	16,139
Deferred revenue		19,872	22,156
Income tax payables		10,150	7,150
Accrued expenses		36,194	30,818
Current provisions		11,415	12,484
Current liabilities		**107,263**	**100,592**
Non-current bank liabilities and derivatives		3,128	3,366
Liability for post-employment benefits	2.3	5,720	6,150
Non-current provisions		1,581	1,661
Deferred tax liabilities		2,936	3,134
Non-current liabilities		**13,365**	**14,311**
Total liabilities		**120,628**	**114,903**
Share capital		1,144	1,144
Capital reserve		11,521	9,621
Treasury shares		(29,011)	(25,972)
Retained earnings		314,005	319,675
Translation differences		(28,346)	(28,358)
Shareholders' equity	6	**269,313**	**276,110**
Liabilities and equity		**389,941**	**391,013**

Interim consolidated statement of profit or loss

Continuing operations

January to June, CHF 1,000	Notes	2011	2012
Sales	8	**181,860**	**182,225**
Cost of sales		(91,077)	(91,820)
Gross profit		**90,783**	**90,405**
Sales and marketing		(28,268)	(28,299)
Research and development		(23,243)	(22,543)
General and administration		(18,454)	(17,591)
Other operating income		9	172
Operating profit	8	**20,827**	**22,144**
Financial income		1,264	56
Finance cost		(80)	(83)
Foreign exchange gains/(losses)		4,994	(424)
Financial result		***6,178***	***(451)***
Profit before taxes		**27,005**	**21,693**
Income taxes	10	(3,693)	(4,172)
Profit from continuing operations		**23,312**	**17,521**

Discontinued operation

January to June, CHF 1,000	2011	2012
Result from discontinued operation, net of income taxes	–	–
Profit for the period	**23,312**	**17,521**
Earnings per share		
Basic earnings per share (CHF/share)	2.17	1.62
Diluted earnings per share (CHF/share)	2.13	1.60

Interim consolidated statement of profit or loss and other comprehensive income

January to June, CHF 1,000	2011	2012
Profit for the period	**23,312**	**17,521**
Translation differences	(4,200)	(12)
Other comprehensive income, net of income taxes[1]	*(4,200)*	*(12)*
Total comprehensive income for the period	**19,112**	**17,509**

[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, 2011	1,144	13,114	(32,039)	273,599	(27,778)	228,040
Profit for the period	–	–	–	23,312	–	23,312
Translation differences	–	–	–	–	(4,200)	(4,200)
Total comprehensive income for the period	–	–	–	*23,312*	*(4,200)*	*19,112*
Dividends paid	–	–	–	(10,771)	–	(10,771)
New shares issued upon exercise of employee share options	–	285	–	–	–	285
Treasury shares issued based on employee participation plans	–	(1,698)	2,705	–	–	1,007
Share-based payments	–	–	–	1,468	–	1,468
Balance at June 30, 2011	**1,144**	**11,701**	**(29,334)**	**287,608**	**(31,978)**	**239,141**
Balance at January 1, 2012	1,144	11,521	(29,011)	314,005	(28,346)	269,313
Profit for the period	–	–	–	17,521	–	17,521
Other comprehensive income	–	–	–	–	(12)	(12)
Total comprehensive income for the period	–	–	–	*17,521*	*(12)*	*17,509*
Dividends paid	–	–	–	(13,532)	–	(13,532)
Treasury shares issued based on employee participation plans	–	(1,900)	3,039	–	–	1,139
Share-based payments	–	–	–	1,681	–	1,681
Balance at June 30, 2012	**1,144**	**9,621**	**(25,972)**	**319,675**	**(28,358)**	**276,110**

Interim consolidated cash flow statement

January to June, CHF 1,000	Notes	2011	2012
Profit for the period		23,312	17,521
Adjustments for:			
Depreciation and amortization		4,446	4,829
Change in provisions and liability for post-employment benefits		2,060	1,585
Interest income		(198)	(56)
Interest expenses		80	95
Income taxes		3,693	4,172
Equity-settled share-based payment transactions		1,468	1,681
Other non-cash items		426	203
Change in working capital:			
Trade accounts receivable		4,752	8,837
Inventories	5	(10,642)	(30,384)
Trade accounts payable		(898)	(3,788)
Other changes in working capital (net)		(5,685)	(4,085)
Income taxes paid		(4,786)	(8,632)
Cash in/(out)flows from operating activities		**18,028**	**(8,022)**
Investment in time deposits		(30,000)	–
Interest received		167	55
Acquisition of Tecan Australia Pty Ltd, net of cash acquired	4	–	(119)
Purchase of property, plant and equipment		(2,772)	(3,438)
Proceeds from sale of property, plant and equipment		21	92
Investment in intangible assets		(2,005)	(2,193)
Cash outflows from investing activities		**(34,589)**	**(5,603)**
New shares issued upon exercise of employee share options		285	–
Dividends paid		(10,771)	(13,532)
Proceeds from sale of treasury shares		1,007	1,139
Change in current bank liabilities		(83)	(18)
Increase in bank loans		–	461
Repayment of bank loans		(507)	–
Interest paid		(68)	(96)
Cash outflows from financing activities		**(10,137)**	**(12,046)**
Translation differences		(1,904)	(132)
Decrease in cash and cash equivalents		**(28,602)**	**(25,803)**
Cash and cash equivalents at January 1		116,879	165,089
Cash and cash equivalents at June 30		**88,277**	**139,286**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet		88,404	139,286
./. Bank overdrafts under bank pooling arrangements		(127)	–
= Cash and cash equivalents as per cash flow statement		**88,277**	**139,286**

Notes to the interim consolidated financial statements

1 Reporting entity

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, 2012. 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 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 interim consolidated financial statements were authorised for issuance on August 14, 2012.

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, 2011, except for the adoption of the following amended standards, effective as from January 1, 2012:

Standard[1]
IFRS 7 amended "Financial Instruments: Disclosures" – Transfers of Financial Assets
IAS 12 amended "Income taxes" – Deferred Tax: Recovery of Underlying Assets

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

The adoption of these 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/amended 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
IFRS 7 amended "Financial Instruments: Disclosures" – Offsetting Financial Assets and Liabilities	Reporting year 2013
IFRS 10 "Consolidated Financial Statements"	Reporting year 2013
IFRS 11 "Joint Arrangements"	Reporting year 2013
IFRS 12 "Disclosure of Interests in Other Entities"	Reporting year 2013
IFRS 13 "Fair Value Measurement"	Reporting year 2013
IAS 1 amended "Presentation of Financial Statements" – Presentation of items of other comprehensive income	Reporting year 2013
IAS 19 revised "Employee Benefits"	Reporting year 2013
IAS 27 revised "Separate Financial Statements"	Reporting year 2013
IAS 28 revised "Investments in Associates and Joint Ventures"	Reporting year 2013
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	Reporting year 2013
Annual Improvements to IFRSs (2009–2011 Cycle)	Reporting year 2013
IAS 32 amended "Financial Instruments: Presentation" – Offsetting Financial Assets and Liabilities	Reporting year 2014
IFRS 9 "Financial Instruments"	Reporting year 2015

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

These changes are not expected to have a significant impact on the consolidated financial statements, except for the revised version of IAS 19 "Employee Benefits". Nevertheless, their introduction may require additional disclosures in the notes of the consolidated financial statements.

The revised version of IAS 19 "Employee Benefits" eliminates the corridor method that is currently applied by the Group. In the future, all changes in the present value of the defined benefit obligation and in the fair value of the plan assets will be recognised in the financial statements immediately in the period they occur. The Group will apply this change in accounting policy retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", affecting both the net defined benefit liability in the balance sheet and the amounts recognised in profit of loss. At year-end 2011, the unrecognised net actuarial losses of the Group amounted to CHF 3.9 million.

In addition the revised standard specifies the presentation of the changes in the net defined benefit liability. Service costs and net interest on the net defined benefit liability are recognised in profit or loss, whereas the remeasurement of the defined benefit liability is recognised in other comprehensive income. Currently all recognisable changes are recognised in profit or loss.

3 Principal exchange rates

		Balance sheet (closing exchange rates)		Statement of profit or loss (average exchange rates Jan. to Jun.)	
CHF		31.12.2011	30.6.2012	2011	2012
EUR	1	1.22	1.20	1.27	1.20
USD	1	0.94	0.95	0.90	0.93

4 Change in scope of consolidation (acquisition)

The Group acquired a 100% of its Australian sales partner (Tecan Australia Pty Ltd) as of January 2, 2012. The company is located in Melbourne, Australia and employs nine people.

The provisional fair value of the identifiable assets and liabilities of Tecan Australia Pty Ltd and the net cash outflow at the date of acquisition were:

CHF 1,000	2.1.2012
Cash and cash equivalents	32
Trade accounts receivable (gross contractual amount)	1,074
Inventories	613
Other current assets	104
Property, plant and equipment	6
Intangible asset "Acquired client relationships"	735
Assets	**2,564**
Trade accounts payable	(137)
Deferred revenue	(906)
Other current liabilities	(526)
Non-current provisions	(3)
Deferred tax liabilities	(125)
Liabilities	**(1,697)**
Total identifiable net assets at fair value	**867**
Goodwill arising on acquisition	p.m.
Consideration transferred for the business combination	**867**
Cash acquired	(32)
Contingent consideration	(286)
Settlement of pre-existing relationship (receivable/payable)	(430)
Net cash outflow	**119**

The acquisition was accounted for using the acquisition method. However no goodwill resulted from the purchase price allocation. The contingent payment in the amount of CHF 0.3 million depends on the realization of the existing order backlog. It falls due end of 2012 (50%) and end of 2013 (50%) respectively and is expected to be paid in full, without any reductions. The acquisition-related costs of CHF 0.1 million were already incurred and recognized in 2011.

For the six-month period from the date of acquisition, Tecan Australia has contributed CHF 2.0 million of sales and CHF -0.3 million to the profit before taxes of the Group.

5 Inventories

In 2010, the Group entered into an OEM agreement with a global diagnostics company. The agreement comprises the development and supply of a dedicated diagnostic instrument. The related customer-specific development costs are currently capitalized in the position inventories as part of the production costs and amounted to CHF 54.1 million at the end of June 2012 (December 31, 2011: CHF 31.1 million). Once the instrument is launched and the customer calls the units with individual purchase orders, the corresponding development costs will be recognized in cost of sales.

Further information regarding this critical accounting estimate and judgment can be found in note 2.2.1 of the consolidated financial statements 2011.

6 Shareholders' equity and employee participation plans

6.1 Dividends paid

	2011	2012
Number of shares eligible for dividend	10,771,157	10,825,923
Payout from statutory capital contribution reserve (CHF/share)	1.00	1.25

6.2 Movements in shares outstanding

Shares (each share has a nominal value of CHF 0.10)	Shares issued	Treasury shares	Shares outstanding
Balance at January 1, 2011	11,436,735	(691,322)	10,745,413
Issue of new shares from conditional share capital (exercise of employee share options)	7,841	–	7,841
Treasury shares issued based on employee participation plans	–	45,558	45,558
Balance at June 30, 2011	**11,444,576**	**(645,764)**	**10,798,812**
Balance at January 1, 2012	11,444,576	(639,631)	10,804,945
Treasury shares issued based on employee participation plans	–	53,344	53,344
Balance at June 30, 2012	**11,444,576**	**(586,287)**	**10,858,289**

6.3 Employee share option plans

Movements in employee share options and SARs:

Employee share options and SARs	2011	2012
Balance at January 1	442,208	424,106
Exercised	(25,183)	(16,525)
Performance plan 2008 – all options forfeited	(28,807)	–
Performance plan 2009 – all options forfeited	–	(52,732)
Forfeited and expired (all other plans)	(12,213)	(6,857)
Balance at June 30	**376,005**	**347,992**
Thereof vested at period-end	208,660	237,857

6.4 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) 2012 – Board of Directors

Arrangement	Employees entitled / grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
Initial grant	Board of Directors on March 21, 2012	2,959 shares	CHF 65.75	Graded vesting from May 1, 2012 to April 30, 2015[1]	Three years of service
Matching shares	Board of Directors on March 21, 2012	3,699 shares (maximum of potential shares granted)	CHF 62.00	May 1, 2012 to April 30, 2015	Three years of service and performance target

[1] Vested shares are blocked until the end of the performance period (April 30, 2015).

Performance share matching plan (PSMP) 2012 – Management Board

Arrangement	Employees entitled / grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
Initial grant	Extended Management Board on March 21, 2012	27,724 shares	CHF 65.75	Graded vesting from January 1, 2012 to December 31, 2014[1]	Three years of service
Mandatory investment Annual bonus 2011 in excess of 100% of the target cash bonus was granted in form of shares	Extended Management Board on March 21, 2012	806 shares	CHF 65.75	Immediate vesting[1]	None
Matching shares	Extended Management Board on March 21, 2012	80,823 shares (maximum of potential shares granted)	CHF 62.00	January 1, 2012 to December 31, 2014	Three years of service and performance target

[1] Vested shares are blocked until the end of the performance period (December 31, 2014).

In addition to the grants listed above, the management was entitled to invest voluntarily up to 50% of its target cash bonus 2011 in Tecan shares at a price of CHF 67.63 per unit (average market value from January 1 to April 30, 2012).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.

Matching shares

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 (if applicable) 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 and not higher than 1.25 (Board of Directors) and 2.5 (extended Management Board) respectively.

Movements in employee shares

Employee shares (excluding voluntary investments)	2011	2012
Balance at January 1	123,600	204,323
Granted	80,418	116,011
Forfeited	–	(67,738)
Deblocked	(5,000)	(8,545)
Balance at June 30	**199,018**	**244,051**
Thereof vested, but blocked until the end of the performance period	19,893	47,864

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

On April 18, 2012, the Annual Meeting of Shareholders agreed to a renewal of the existing authorized share capital:

	31.12.2011	30.6.2012
Conditional share capital		
Number	1,800,000	1,800,000
CHF	180,000	180,000
Authorized share capital		
Expiry date	21.4.2012	21.4.2014
Number	2,400,000	2,400,000
CHF	240,000	240,000

In addition the Articles of Incorporation of Tecan Group Ltd. (the ultimate holding company) were adjusted and require that the existing conditional share capital for future business development shall be reduced if and to the extent authorized capital is used and that the authorized capital shall be reduced if and to the extent new shares are created under the respective conditional capital. However, the conditional capital for employee participation plans is not affected by this change.

7 Contingencies and commitments

There have been no significant changes for contingencies and commitments.

8 Interim segment information

8.1 Segment information by business segments

	Life Sciences Business		Partnering Business		Corporate / consolidation		Group	
January to June, CHF 1,000	2011	2012	2011	2012	2011	2012	2011	2012
Sales third	102,322	100,846	79,538	81,379	–	–	181,860	182,225
Intersegment sales[1]	9,005	7,633	2,281	2,098	(11,286)	(9,731)	–	–
Total sales	**111,327**	**108,479**	**81,819**	**83,477**	**(11,286)**	**(9,731)**	**181,860**	**182,225**
Operating profit	**2,355**	**4,607**	**23,365**	**21,303**	**(4,893)**	**(3,766)**	**20,827**	**22,144**
Depreciation and amortization[2]	(3,072)	(3,136)	(1,374)	(1,693)	–	–	(4,446)	(4,829)
Impairment losses	–	–	–	–	–	–	–	–

[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.

January to June, CHF 1,000	2011	2012
Reconciliation of reportable segment sales:		
Total sales for reportable segments	193,146	191,956
Elimination of intersegment sales	(11,286)	(9,731)
Total consolidated sales	**181,860**	**182,225**
Reconciliation of reportable segment profit:		
Total operating profit for reportable segments	25,720	25,910
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(4,893)	(3,766)
Financial result	6,178	(451)
Total consolidated profit before taxes	**27,005**	**21,693**

8.2 Entity-wide disclosures

Products and services

January to June, CHF 1,000	2011	2012
Products	123,341	123,061
Services	58,519	59,164
Total sales third	**181,860**	**182,225**

Sales by regions (by location of customers)

January to June, CHF 1,000	2011	2012
Switzerland	5,396	4,343
Other Europe	87,437	76,033
North America	67,090	74,837
Asia	16,717	22,225
Others	5,220	4,787
Total sales third	**181,860**	**182,225**

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

	Property, plant and equipment		Intangible assets	
CHF 1,000	31.12.2011	30.6.2012	31.12.2011	30.6.2012
Switzerland	10,327	10,567	37,197	37,601
Other Europe	3,617	3,174	1,409	1,389
United States	2,772	2,962	–	–
Asia	329	688	–	687
Total	**17,045**	**17,391**	**38,606**	**39,677**

Information about major customers

There are sales to one individual customer (CHF 21.3 million) in the first half of 2012 that accumulated exceeded 10% of total sales (first half of 2011: one individual customers with sales of CHF 24.3 million).

9 Operating expenses by nature

January to June, CHF 1,000	2011	2012
Material costs	59,463	52,606
Personnel costs	65,177	67,750
Depreciation of property, plant and equipment	2,984	2,989
Amortization of intangible assets	1,462	1,840
Other operating costs (net)	46,331	59,785
Total operating cost incurred (gross)	**175,417**	**184,970**
Capitalization of development costs in position inventories (see note 5)	(12,581)	(22,978)
Capitalization of development costs in position intangible assets	(1,803)	(1,911)
Total operating expenses, according to statement of profit or loss	**161,033**	**160,081**

10 Income taxes

At the end of June 2011, the Group capitalized tax benefits from accumulated former tax losses in the amount of CHF 1.3 million. The existence of these tax losses was initially disputed by the tax authorities during their audit. This change in recognition of tax losses reduced the tax expense reported in the prior year.

11 Related party transaction

In the context of the succession process for the position of the CEO, the Group recognized termination benefits amounting to CHF 0.8 million in the first half of 2012. They relate to contractually agreed fixed and variable salaries as well as contributions to social security that are payable for the period in which the former CEO is released from work prior to the termination of his employment.

12 Events after the reporting period

There were no significant events after the reporting period.

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 and Service Locations

Australia +61 7 3897 1616
Austria +43 62 46 89 330
Belgium +32 15 42 13 19
China +86 21 2898 6333
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
Singapore +65 644 41 886
Spain +34 93 490 01 74
Sweden +46 31 75 44 000
Switzerland +41 44 922 81 11
UK +44 118 9300 300
USA +1 919 361 5200
ROW +41 44 922 81 25

Publication data

Publisher
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
W4 Marketing AG, Zurich

Translation
CLS Communication AG, Zurich/Basel

Printing
Südostschweiz Presse und Print AG, Chur

Interim Report: First half year 2012

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