Interim Report

First half year 2013

About Tecan

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

Available on the App Store

Dear Shareholders,

Tecan was able to record stable sales and increased operating profit as well as operating profit margin in the first half of 2013, despite the continuing tough economic environment. As we anticipated, the first quarter was very difficult, with uncertainty around the impact of austerity measures imposed in many countries. In the second quarter, however, we enjoyed a noticeably positive trend with double-digit sales growth and increased order entry.

We have achieved important progress in implementing our priorities for 2013. The development of the key product Dako Omnis was successfully completed and we have started deliveries for commercial distribution. As regards individual markets and products, we enjoyed significant growth in China and in the component business. We confirm the forecast for 2013 that we issued in the spring, but note that the impact of market developments on our Life Sciences Business continues to be hard to predict.

Sales reached approximately the prior-year value, down 0.2 %, or 0.5 % in local currencies (H1 2012: CHF 182.2 million). After an anticipated difficult first quarter, double-digit sales growth was achieved in the second quarter. Order entry increased by 5.3 % to CHF 189.2 million (H1 2012: CHF 179.6 million) in the first six months of the year, corresponding to growth of 5.1 % in local currencies. As a result, order entry exceeded sales in the first half of 2013, leading to an increased order backlog at the end of the reporting period.

Operating profit (EBIT) increased by 3.3 % to CHF 23.1 million in the first half of 2013 (H1 2012: CHF 22.4 million) despite stable sales. At 12.7 % of sales, the operating profit margin also exceeded the prior-year figure (H1 2012: 12.3 %). Net profit amounted to CHF 16.5 million (H1 2012: CHF 17.7 million) in the first six months of the year. The decline is the result of a lower financial result attributable to currency hedging measures. The net profit margin reached 9.1 % of sales (H1 2012: 9.7 %), while earnings per share were CHF 1.51 (H1 2012: CHF 1.64). Cash flow from operating activities increased to CHF 5.5 million (H1 2012: CHF -8.0 million). Excluding an OEM development project that Tecan is prefinancing, cash flow from operating activities amounted to CHF 28.4 million (H1 2012: CHF 15.0 million).

Key figures first half year

CHF million	2012	2013	Δ in %
Group Sales	182.2	181.8	−0.2%
Life Science Business	100.8	97.6	−3.2%
Partnering Business	81.4	84.2	+3.5%
Gross Profit	90.5	88.6	−2.1%
in % of sales	49.7%	48.8%	
R&D	22.5	21.3	−5.1%
in % of sales	12.3%	11.7%	
OPEX	68.3	65.8	−3.7%
in % of sales	37.4%	36.2%	
Operating profit / EBIT	22.4	23.1	+3.3%
in % of sales	12.3%	12.7%	
Net profit	17.7	16.5	−6.7%
in % of sales	9.7%	9.1%	
EPS (CHF)	1.64	1.51	-7.9%

Information by business segments

Life Sciences Business (end-customer business)

As anticipated, the Life Sciences Business segment was affected in the first half of the year by the austerity measures and budget cuts in Europe and North America, which unsettled the markets. Sales in this business segment decreased by 3.2 % to CHF 97.6 million (H1 2012: CHF 100.8 million), while in local currencies, sales were 3.5 % below the prior-year period. The decline in sales in the first six months occurred entirely in the first quarter, while the second quarter was characterized by a markedly positive growth trend sequentially. Also, sales in the second quarter increased slightly compared with the prior-year period. At the product level, sales of liquid handling platforms in the first six months were below the 2012 level. By contrast, Tecan achieved sales growth in detection devices and services and consumables. Overall, order entry in the Life Sciences Business was also below the prior-year figure, but showed solid growth in the second quarter.

The segment's operating profit in the first half of 2013 was CHF 1.1 million (H1 2012: CHF 4.8 million). The decline is principally the result of lower sales. The profit margin reached 1.0 % of sales (H1 2012: 4.4 %). 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.

Partnering Business (OEM business)

The Partnering Business segment generated sales of CHF 84.2 million during the reporting period (H1 2012: CHF 81.4 million), which corresponds to an increase of 3.5 % in Swiss francs and 3.2 % in local currencies. Components, services and consumables again posted strong growth in the first half of 2013. Sales of instruments declined, as one partner phased out a product line and, following a company acquisition, another partner shifted the focus of its combined product portfolio. Order entry in the Partnering Business increased significantly in the first half of the year, growing at a double-digit percentage rate. This led to a significantly higher order backlog at the end of the reporting period.

The Partnering Business segment increased its operating profit margin to 29.2 % of sales in the first six months of 2013 (H1 2012: 25.6 %). At CHF 25.0 million, operating profit was therefore 16.9 % above that of the prior-year period (H1 2012: CHF 21.4 million).

Additional information

Regional development

In Europe, sales in Swiss francs were 2.8 % below the prior-year period and decreased by 3.7 % in local currencies. This decrease is primarily the result of lower sales in the Life Sciences Business due to the continuing tough economic situation in some European countries.

In North America, sales rose by 1.6 % in Swiss francs and 0.9 % in local currencies. Growth in this region was driven by a considerable increase in sales in the component business, which is part of the Partnering Business. Sales in the Life Sciences Business in North America were also below the prior-year figure, as government budget cuts unsettled the market.

Sales in Asia grew by 2.5 % in Swiss francs and by 6.4 % in local currencies. Both business segments were able to contribute to growth. Sales in China again increased at a double-digit percentage rate.

Recurring sales of services and consumables

Recurring sales of services and consumables increased by 7.8 % in the first half of 2013, or by 7.5 % in local currency terms, and accounted for 35.1 % of total sales (H1 2012: 32.5 %). As part of this figure, sales of consumables again increased at a double-digit percentage rate, growing by 17.0 % in Swiss francs and by 15.8 % in local currencies to a share of 11.2 % of total sales (H1 2012: 9.6 %).

Research and development

In the first half of 2013, research and development spending was at 11.7 % of sales (H1 2012: 12.3 %) or CHF 21.3 million (H1 2012: CHF 22.5 million). All told, research and development activities amounted to CHF 54.0 million gross (H1 2012: CHF 55.3 million). This figure also includes the development costs capitalized in the balance sheet (CHF 4.2 million gross) and development costs for OEM partners (CHF 29.8 million).

Tecan announced at the beginning of June that it had successfully completed the major Dako Omnis development program. The new platform for automated advanced staining of tissue samples was co-developed with Dako and is manufactured by Tecan. Dako is an Agilent Technologies company (NYSE: A). The Dako Omnis sets new standards for automated tissue-based cancer diagnostics and Tecan has delivered the first instruments for the market launch.

For the second major OEM development program, P14, Tecan continues to expect the start of commercial supply of instruments to its partner around the end of 2013.

As communicated before, the launch of Tecan's next generation of liquid handling platforms is anticipated in 2014.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased further during the reporting period and reached 71.4% as of June 30, 2013 (December 31, 2012: 69.4%). Net liquidity (cash and cash equivalents less bank liabilities and loans) amounted to CHF 130.3 million (December 31, 2012: CHF 141.3 million). The Company's share capital remained unchanged at CHF 1,144,458 at the reporting date (June 30, 2013), 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 17, 2013, shareholders again approved a higher dividend versus the previous year of CHF 1.50 per registered share. The dividends of CHF 16.5 million in total (H1 2012: CHF 13.5 million) were partly paid out from the available capital contribution reserve. The payout took place on April 24, 2013.

Outlook for full-year 2013 confirmed

Tecan expects accelerated sales growth in the second half of 2013 for both business segments.

In an environment that remains hard to predict, we continue to expect moderate growth in local currencies in the Life Sciences Business segment in 2013, but the possibility of a decline in sales in this segment cannot be excluded.

Based on customer forecasts for existing products, in light of the commencement of deliveries of Dako Omnis and the anticipated continuation of dynamic growth in the component business, we continue to expect good sales growth for the Partnering Business segment in fiscal year 2013.

Overall, we continue to expect sales growth for full-year 2013 to be in the mid-single-digit percentage range in local currencies. We continue to anticipate that operating profit margin will grow by around 50 basis points in 2013 compared with 2012.

Männedorf, August 12, 2013

Rolf A. Classon
Chairman of the Board

Dr. David Martyr
Chief Executive Officer

Interim consolidated balance sheet

Assets

CHF 1,000	Notes	31.12.2012 Restated (note 2.2)	30.06.2013
Cash and cash equivalents		144,528	137,719
Current loans and derivatives		834	383
Trade accounts receivable		82,392	64,464
Other accounts receivable		10,778	15,067
Inventories	5	109,424	132,927
Income tax receivables		982	3,080
Prepaid expenses		3,030	3,561
Current assets		**351,968**	**357,201**
Non-current financial assets		1,531	913
Property, plant and equipment		19,544	18,561
Intangible assets		39,864	42,643
Deferred tax assets	2.2	9,888	9,801
Non-current assets		**70,827**	**71,918**
Assets		**422,795**	**429,119**

Liabilities and equity

CHF 1,000	Notes	31.12.2012 Restated (note 2.2)	30.06.2013
Current bank liabilities and derivatives		1,571	5,951
Trade accounts payable		10,691	9,602
Other accounts payable		17,674	19,208
Deferred revenue		18,420	20,588
Income tax payables		7,798	5,022
Accrued expenses		36,849	28,261
Current provisions		10,693	11,299
Current liabilities		**103,696**	**99,931**
Non-current bank liabilities and derivatives		3,325	3,709
Liability for post-employment benefits	2.2	17,604	14,267
Non-current provisions		2,060	2,132
Deferred tax liabilities	2.2	2,497	2,885
Non-current liabilities		**25,486**	**22,993**
Total liabilities		**129,182**	**122,924**
Share capital		1,144	1,144
Capital reserve		9,359	8,518
Treasury shares		(23,527)	(15,861)
Retained earnings		336,438	340,855
Translation differences		(29,801)	(28,461)
Shareholders' equity	6	**293,613**	**306,195**
Liabilities and equity		**422,795**	**429,119**

Interim consolidated statement of profit or loss

January to June, CHF 1,000	Notes	2012 Restated (note 2.2)	2013
Sales	8	**182,225**	**181,810**
Cost of sales		(91,721)	(93,173)
Gross profit		**90,504**	**88,637**
Sales and marketing		(28,242)	(28,001)
Research and development		(22,481)	(21,342)
General and administration		(17,561)	(16,500)
Other operating income		172	328
Operating profit	8	**22,392**	**23,122**
Financial income		56	51
Finance cost		(161)	(278)
Foreign exchange losses		(424)	(2,479)
Financial result		***(529)***	***(2,706)***
Profit before taxes		**21,863**	**20,416**
Income taxes		(4,199)	(3,936)
Profit for the period, attributable to owners of the parent		**17,664**	**16,480**
Earnings per share			
Basic earnings per share (CHF/share)		1.64	1.51
Diluted earnings per share (CHF/share)		1.61	1.49

Interim consolidated statement of profit or loss and other comprehensive income

January to June, CHF 1,000	2012 Restated (note 2.2)	2013
Profit for the period	**17,664**	**16,480**
Other comprehensive income		
Remeasurement of defined benefit obligation	(3,058)	4,200
Related income taxes	515	(708)
Items that will not be reclassified to profit or loss, net of income taxes	**(2,543)**	**3,492**
Translation differences	(15)	1,340
Items that may be reclassified subsequently to profit or loss, net of income taxes[1]	**(15)**	**1,340**
Other comprehensive (loss)/income, net of income taxes	***(2,558)***	***4,832***
Total comprehensive income for the period, attributable to owners of the parent	**15,106**	**21,312**

[1] There were no 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	Notes	Share capital	Capital reserve	Treasury shares	Retained earnings	Translation differences	Total share-holders' equity
Shareholders' equity at December 31, 2011, as previously reported		1,144	11,521	(29,011)	314,017	(28,358)	269,313
Impact of changes in accounting policies	2.2	–	–	–	(1,603)	–	(1,603)
Shareholders' equity at January 1, 2012, restated		**1,144**	**11,521**	**(29,011)**	**312,414**	**(28,358)**	**267,710**
Profit for the period, restated		–	–	–	17,664	–	17,664
Other comprehensive loss, net of income taxes, restated		–	–	–	(2,543)	(15)	(2,558)
Total comprehensive income for the period		–	–	–	***15,121***	***(15)***	***15,106***
Dividends paid	6.1	–	–	–	(13,532)	–	(13,532)
Share-based payments		–	–	–	1,681	–	1,681
Treasury shares issued based on employee participation plans		–	(1,900)	3,039	–	–	1,139
Total contributions by and distributions to owners		–	***(1,900)***	***3,039***	***(11,851)***	–	***(10,712)***
Shareholders' equity at June 30, 2012, restated		**1,144**	**9,621**	**(25,972)**	**315,684**	**(28,373)**	**272,104**
Shareholders' equity at December 31, 2012, as previously reported		1,144	9,359	(23,527)	345,663	(29,801)	302,838
Impact of changes in accounting policies	2.2	–	–	–	(9,225)	–	(9,225)
Shareholders' equity at January 1, 2013, restated		**1,144**	**9,359**	**(23,527)**	**336,438**	**(29,801)**	**293,613**
Profit for the period		–	–	–	16,480	–	16,480
Other comprehensive income, net of income taxes		–	–	–	3,492	1,340	4,832
Total comprehensive income for the period		–	–	–	***19,972***	***1,340***	***21,312***
Dividends paid	6.1	–	–	–	(16,488)	–	(16,488)
Share-based payments		–	–	–	933	–	933
Treasury shares issued based on employee participation plans		–	(1,329)	5,868	–	–	4,539
Other sale of treasury shares		–	488	1,798	–	–	2,286
Total contributions by and distributions to owners		–	***(841)***	***7,666***	***(15,555)***	–	***(8,730)***
Shareholders' equity at June 30, 2013		**1,144**	**8,518**	**(15,861)**	**340,855**	**(28,461)**	**306,195**

Interim consolidated statement of cash flows

January to June, CHF 1,000	Notes	2012 Restated	2013
Profit for the period		17,664	16,480
Adjustments for:			
Depreciation and amortization		4,829	5,160
Change in provisions and liability for post-employment benefits		1,415	1,522
Interest income		(56)	(51)
Interest expenses		95	64
Income taxes		4,199	3,936
Equity-settled share-based payment transactions		1,681	933
Other non-cash items		203	728
Change in working capital:			
Trade accounts receivable		8,837	18,702
Inventories	5	(30,384)	(23,189)
Trade accounts payable		(3,788)	(1,148)
Other changes in working capital (net)		(4,085)	(8,665)
Income taxes paid		(8,632)	(8,984)
Cash (out)/inflows from operating activities		**(8,022)**	**5,488**
Interest received		55	50
Acquisition of Tecan Australia Pty Ltd, net of cash acquired	4	(119)	–
Earn-out paid	4	–	(145)
Purchase of property, plant and equipment		(3,438)	(2,059)
Proceeds from sale of property, plant and equipment		92	40
Investment in intangible assets		(2,193)	(4,806)
Cash outflows from investing activities		**(5,603)**	**(6,920)**
Dividends paid		(13,532)	(16,488)
Proceeds from sale of treasury shares		1,139	6,825
Change in current bank liabilities		(18)	3,977
Increase in bank loans		461	234
Interest paid		(96)	(64)
Cash outflows from financing activities		**(12,046)**	**(5,516)**
Effect of exchange rate fluctuations on cash held		(132)	147
Decrease in cash and cash equivalents		**(25,803)**	**(6,801)**
Cash and cash equivalents at January 1		165,089	144,520
Cash and cash equivalents at June 30		**139,286**	**137,719**
Cash and cash equivalents as per cash flow statement comprise:			
Cash and cash equivalents as per balance sheet		139,286	137,719
./. Bank overdrafts under bank pooling arrangements		–	–
= Cash and cash equivalents as per cash flow statement		**139,286**	**137,719**

Notes to the interim condensed consolidated financial statements

1 Corporate information

The Tecan Group is a global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The Group 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 Group has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries.

The ultimate parent company is Tecan Group Ltd., a limited liability company incorporated in Switzerland, whose shares are publicly traded. Tecan Group Ltd.'s registered office is located at Seestrasse 103, 8708 Männedorf, Switzerland.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

These unaudited financial statements are the interim condensed consolidated financial statements of Tecan Group Ltd. and its subsidiaries (together referred to as the "Group") for the six-month period ending June 30, 2013. The financial statements are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and should be read in conjunction with the Group's annual financial statements as they provide an update of previously reported information. The interim condensed consolidated financial statements were authorized for issue on August 12, 2013.

The preparation of these interim condensed 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.

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

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

2.2 Introduction of new and revised accounting standards and interpretations

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ending December 31, 2012, except for the adoption of the following new or revised/amended standards and interpretations, effective as from January 1, 2013:

Standard/interpretation[1]
IFRS 7 amended "Financial Instruments: Disclosures" – Offsetting Financial Assets and Liabilities
IFRS 10 "Consolidated Financial Statements"
IFRS 11 "Joint Arrangements"
IFRS 12 "Disclosure of Interests in Other Entities"
"Consolidated Financial Statements", "Joint Arrangements" and "Disclosure of Interests in Other Entities": Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
IFRS 13 "Fair Value Measurement"
IAS 1 amended "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income
IAS 19 revised "Employee Benefits"
IAS 27 revised "Separate Financial Statements"
IAS 28 revised "Investments in Associates and Joint Ventures"
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
Annual Improvements to IFRS – 2009 – 2011 Cycle

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

The adoption of these new or revised/amended standards and interpretations did not result in substantial changes to the Group's accounting policies except for the revised version of IAS 19 "Employee Benefits". Nevertheless their introduction requires a change in the presentation of the 'statement of profit and loss and other comprehensive income' and additional disclosures in the notes of the consolidated financial statements.

The revised version of IAS 19 "Employee Benefits" eliminates the 'corridor method' that was previously applied by the Group. All changes in the present value of the defined benefit obligation and in the fair value of the plan assets are recognized in the financial statements immediately in the period they occur. In addition, the revised standard states that risk sharing arrangements shall be reflected in the calculation of the defined benefit obligation. Under the old IAS 19, the employer's net service costs were determined as the gross service costs for the plan less the cash contributions paid by the employee. Under IAS 19 revised the employer's net service costs are determined as the gross service costs less the employee contributions calculated using the Projected Unit Credit Method. The new requirement to allocate employee contributions to periods of service in the same way as benefits are allocated to employee's service has an impact on the defined benefit obligation and service costs for all pension plans for which employee contributions increase with age.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount, which is calculated by applying the discount rate to the net defined benefit obligation. This change is increasing the employee benefit expenses of the Group that are recognized in profit or loss.

Finally the revised standard specifies the presentation of the changes in the net defined benefit liability. Service costs and net-interest amount on the net defined benefit obligation are recognized in profit or loss, whereas the remeasurement of the net defined benefit liability is recognized in other comprehensive income. Before, all recognizable changes were recognized in profit or loss.

The Group has applied the changes retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effects on the "consolidated balance sheet", "consolidated statement of profit or loss" and "consolidated statement of profit or loss and other comprehensive income" are presented below:

CHF 1,000	Reported	Adjustment	Restated
Balance sheet at January 1, 2012			
Deferred tax assets	10,468	142	10,610
Liability for post-employment benefits	5,720	1,996	7,716
Deferred tax liabilities	2,936	(251)	2,685
Equity	**269,313**	**(1,603)**	**267,710**
Balance sheet at January 1, 2013			
Deferred tax assets	8,394	1,494	9,888
Liability for post-employment benefits	6,384	11,220	17,604
Deferred tax liabilities	2,998	(501)	2,497
Equity	**302,838**	**(9,225)**	**293,613**

CHF 1,000	Reported	Adjustment	Restated
Statement of profit or loss first half 2012			
Sales	182,225	–	182,225
Cost of sales	(91,820)	99	(91,721)
Sales and marketing	(28,299)	57	(28,242)
Research and development	(22,543)	62	(22,481)
General and administration	(17,591)	30	(17,561)
Other operating income	172	–	172
Operating profit	**22,144**	**248**	**22,392**
Financial result	(451)	(78)	(529)
Income taxes	(4,172)	(27)	(4,199)
Profit for the period	**17,521**	**143**	**17,664**
Basic earnings per share (CHF/share)	*1.62*	*0.02*	*1.64*
Diluted earnings per share (CHF/share)	*1.60*	*0.01*	*1.61*
Statement of profit or loss and other comprehensive income first half 2012			
Remeasurement of defined benefit obligation	–	(3,058)	(3,058)
Related income taxes	–	515	515
Translation differences	(12)	(3)	(15)
Other comprehensive loss	**(12)**	**(2,546)**	**(2,558)**
Total comprehensive income for the period	**17,509**	**(2,403)**	**15,106**

CHF 1,000	Effect of change in accounting policy
Statement of profit or loss first half 2013	
Sales	–
Cost of sales	185
Sales and marketing	106
Research and development	120
General and administration	54
Other operating income	–
Operating profit	**465**
Financial result	(172)
Income taxes	(46)
Profit for the period	**247**
Basic earnings per share (CHF/share)	*0.02*
Diluted earnings per share (CHF/share)	*0.02*
Statement of profit or loss and other comprehensive income first half 2013	
Remeasurement of defined benefit obligation	4,200
Related income taxes	(708)
Translation differences	(18)
Other comprehensive income	**3,474**
Total comprehensive income for the period	**3,721**

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 condensed consolidated financial statements:

Standard/interpretation[1]	Effective date for the Group
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Reporting year 2014
IAS 32 amended "Financial Instruments: Presentation" – Offsetting Financial Assets and Liabilities	Reporting year 2014
IAS 36 amended "Impairment of Assets" – Recoverable Amount Disclosures for Non-Financial Assets	Reporting year 2014
IAS 39 amended "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting	Reporting year 2014
IFRIC 21 "Levies"	Reporting year 2014
IFRS 9 "Financial Instruments"	Reporting year 2015

[1] IAS = International Accounting Standards, IFRS = International Financial Reporting Standards, 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.

3 Principal exchange rates

		Balance sheet (closing exchange rates)		Statement of profit or loss (average exchange rates Jan. to Jun.)	
CHF		31.12.2012	30.06.2013	2012	2013
EUR	1	1.21	1.23	1.20	1.23
USD	1	0.92	0.94	0.93	0.95

4 Change in scope of consolidation

There has been no change in the scope of the consolidation since December 31, 2012.

In prior year the Group acquired 100 % of its Australian sales partner (Tecan Australia Pty Ltd). The first part of the related contingent consideration (earn-out) in the amount of CHF 145,000 was paid in January 2013. The remaining part in the same amount falls due end of 2013 and is expected to be paid in full, without any reductions.

As control was transferred on January 2, 2012, the previous year is fully comparable with 2013.

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 96.6 million at the end of June 2013 (December 31, 2012: CHF 73.7 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 2012.

6 Shareholders' equity and employee participation plans

6.1 Dividends paid

	2012	2013
Number of shares eligible for dividend and payout	10,825,923	10,991,802
Dividends paid (CHF/share)	–	0.50
Payout from statutory capital contribution reserve (CHF/share)	1.25	1.00

6.2 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, 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**
Balance at January 1, 2013	11,444,576	(546,590)	10,897,986
Treasury shares issued based on employee participation plans	–	90,874	90,874
Sale of treasury shares	–	26,025	26,025
Balance at June 30, 2013	**11,444,576**	**(429,691)**	**11,014,885**

6.3 Employee share option plans

Movements in employee share options and SARs:

Employee share options and SARs	2012	2013
Balance at January 1	424,106	264,769
Exercised	(16,525)	(70,615)
Performance plan 2009 – all options forfeited	(52,732)	–
Forfeited and expired (all other plans)	(6,857)	(5,400)
Balance at June 30	**347,992**	**188,754**
Thereof vested at period-end	237,857	99,045

6.4 Employee share plans

The terms and conditions of the grants in 2013 are as follows, whereby all shares are delivered physically and free of charge:

Performance share matching plan (PSMP) 2013 – 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 April 18, 2013	17,742 shares	CHF 83.50	Graded vesting from January 1, 2013 to December 31, 2015[1]	Three years of service
Matching Shares	Extended Management Board on April 18, 2013	50,648 shares (maximum of potential shares granted)	CHF 80.50	January 1, 2013 to December 31, 2015	Three years of service and performance target

[1] Vested shares are blocked until the end of the performance period (December 31, 2015).

In addition to the grants listed above, the management was entitled to invest voluntarily up to 50 % of its target cash bonus 2012 and the portion of the realized cash bonus in excess of 100 % of its target cash bonus 2012 in Tecan shares at a price of CHF 85.67 per unit (average market value from January 1 to April 30, 2013). 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 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 2.5.

Movements in employee shares

Employee shares (excluding voluntary investments)	2012	2013
Balance at January 1	204,323	222,660
Granted	116,011	68,390
Forfeited	(67,738)	(64,710)
Deblocked	(8,545)	(353)
Balance at June 30	**244,051**	**225,987**
Thereof vested, but blocked until the end of the performance period	47,864	41,919

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	2012 Restated	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated	2013
Sales third	100,846	97,605	81,379	84,205	–	–	182,225	181,810
Intersegment sales[1]	7,633	6,382	2,098	1,426	(9,731)	(7,808)	–	–
Total sales	**108,479**	**103,987**	**83,477**	**85,631**	**(9,731)**	**(7,808)**	**182,225**	**181,810**
Operating profit	**4,756**	**1,083**	**21,402**	**25,017**	**(3,766)**	**(2,978)**	**22,392**	**23,122**
Depreciation and amortization[2]	(3,136)	(3,325)	(1,693)	(1,835)	–	–	(4,829)	(5,160)
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	2012 Restated	2013
Reconciliation of reportable segment sales:		
Total sales for reportable segments	191,956	189,618
Elimination of intersegment sales	(9,731)	(7,808)
Total consolidated sales	**182,225**	**181,810**
Reconciliation of reportable segment profit:		
Total operating profit for reportable segments	26,158	26,100
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(3,766)	(2,978)
Financial result	(529)	(2,706)
Total consolidated profit before taxes	**21,863**	**20,416**

8.2 Entity-wide disclosures

Products and services

January to June, CHF 1,000	2012	2013
Products	123,061	118,041
Services	59,164	63,769
Total sales third	**182,225**	**181,810**

Sales by regions (by location of customers)

January to June, CHF 1,000	2012	2013
Switzerland	4,343	4,178
Other Europe	76,033	73,983
North America	74,837	76,006
Asia	22,225	22,776
Others	4,787	4,867
Total sales third	**182,225**	**181,810**

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

	Property, plant and equipment		Intangible assets	
CHF 1,000	31.12.2012	30.06.2013	31.12.2012	30.06.2013
Switzerland	11,811	10,763	37,847	40,706
Other Europe	3,805	3,887	1,396	1,421
United States	3,273	3,343	–	–
Asia	655	568	621	516
Total	**19,544**	**18,561**	**39,864**	**42,643**

Information about major customers

There are no sales to individual customers in the first half of 2013 that accumulated exceeded 10 % of total sales (first half of 2012: one individual customer with sales of CHF 21.3 million).

9 Operating expenses by nature

January to June, CHF 1,000	2012 Restated	2013
Material costs	52,606	55,115
Personnel costs	67,502	70,262
Depreciation of property, plant and equipment	2,989	3,162
Amortization of intangible assets	1,840	1,998
Other operating costs (net)	59,785	55,264
Total operating cost incurred (gross)	**184,722**	**185,801**
Capitalization of development costs in position inventories (note 5)	(22,978)	(22,897)
Capitalization of development costs in position intangible assets	(1,911)	(4,216)
Total operating expenses, according to statement of profit or loss	**159,833**	**158,688**

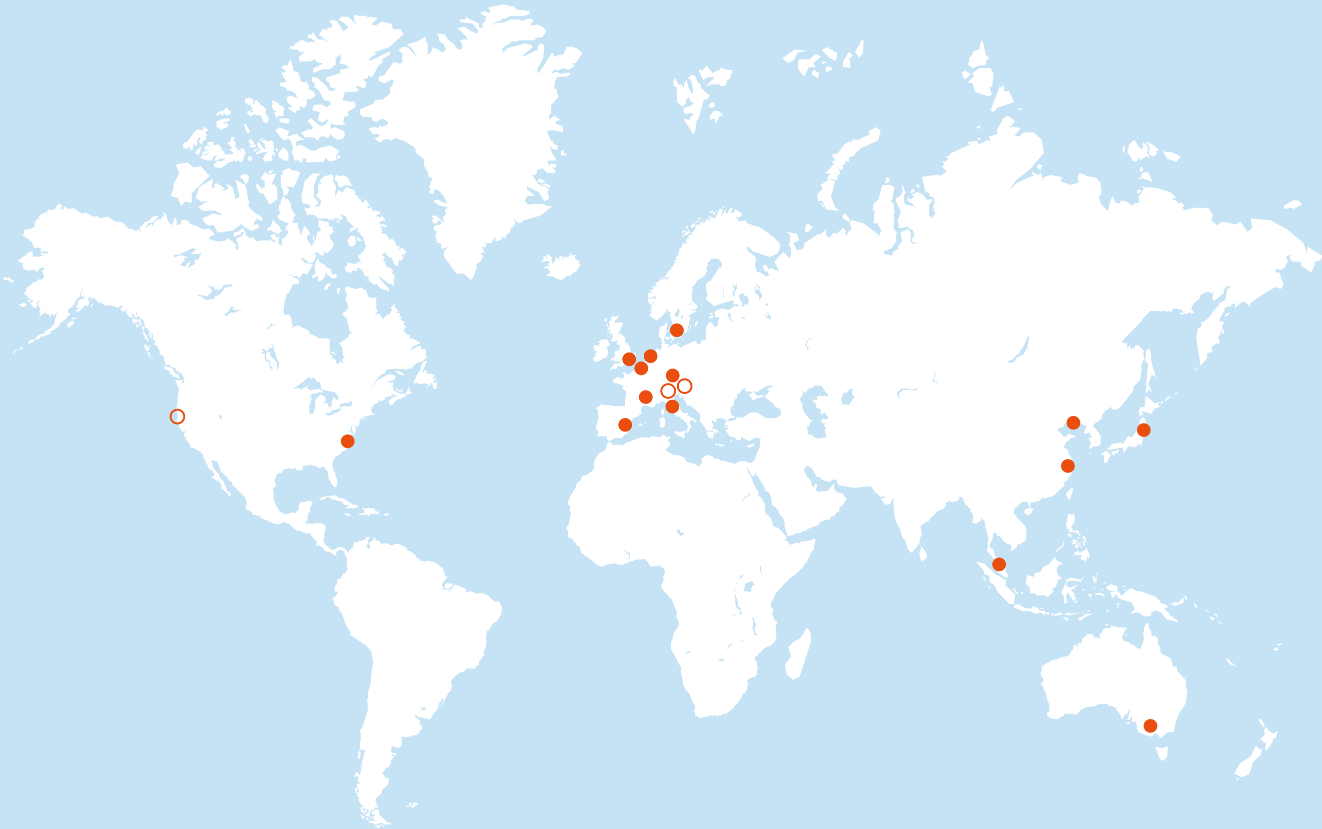
10 Related party transaction

The Group recognized termination benefits amounting to CHF 0.2 million in the first half of 2013 for one member of the Management Board (first half of 2012: CHF 0.8 million for one member of the Management Board). 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 member was released from work prior to the termination of his employment.

11 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

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

This 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.

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