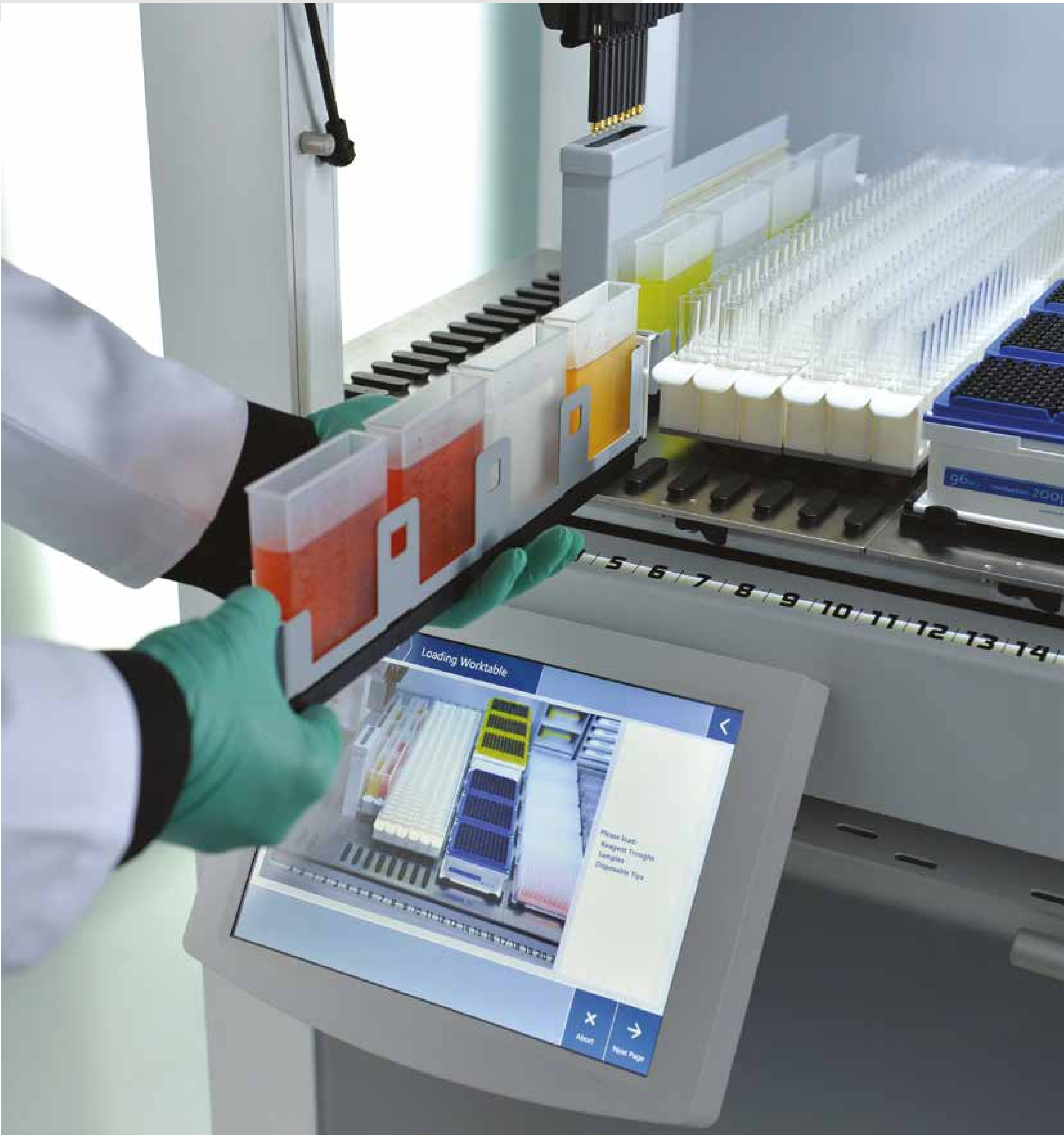
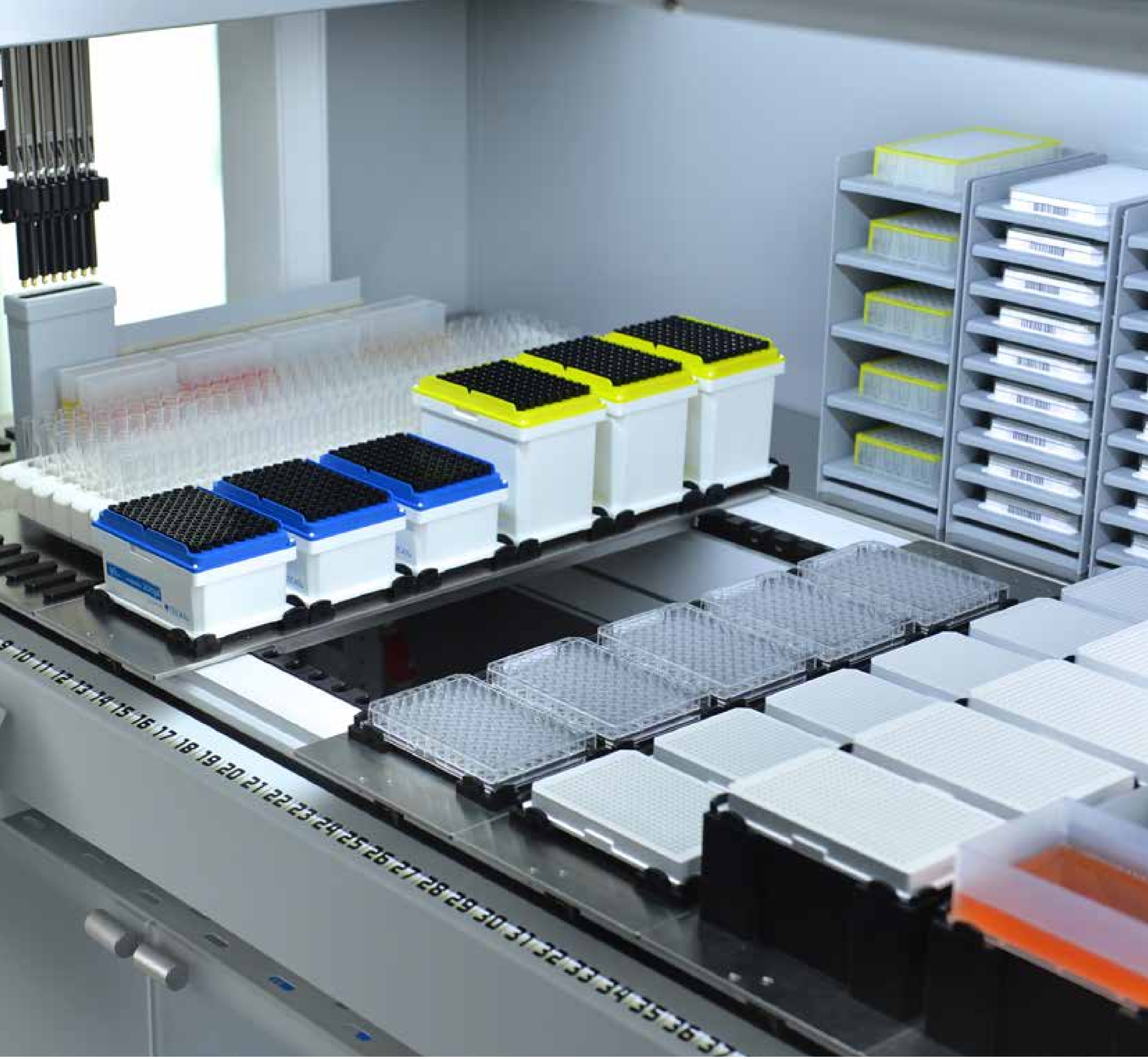
TECAN



Interim Report 2015



Contents

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Dear Shareholders,

The Tecan Group closed the first half of 2015 with double-digit sales growth and record net profit.

We are pleased with these results, especially with the high growth rate in our Partnering Business. The launch of major new products in both business segments and the successful integration of IBL International, which we acquired last year, both contributed to the company's strong growth. We are particularly pleased with the strong expansion in profitability. Our results from the first half of the year set a new company record for net profit, earnings per share, and cash flow from operating activities.

We can look back on a successful first half of the year, not just financially but also as regards the market. We launched important products in two main product lines: the second application-specific Fluent™ solution in liquid handling as well as the next-generation reader platform Spark™ 10M. Feedback from customers has been very positive for both instruments, and we have already received follow-up orders for Fluent™. We have also reached the first anniversary of the acquisition of IBL International. We are pleased by the smooth integration and the successful development of the business, which has managed to exceed our expectations. The level of collaboration with our new colleagues is also very encouraging.

Financial results for the first half of 2015

Order entry increased by 14.6% in local currencies to CHF 220.1 million (H1 2014: CHF 196.6 million) in the first six months of the year, corresponding to growth of 11.9% in Swiss francs. Excluding acquisitions, order entry rose by 9.4% in local currencies and by 6.9% in Swiss francs. Due to the strong order entry figures, the Group recorded a double-digit percentage increase in the order backlog at the end of the reporting period.

Sales climbed by 18.9% in local currencies or 16.2% in Swiss francs to CHF 200.0 million in the first half of the year (H1 2014: CHF 172.0 million). Excluding the IBL International business, which was consolidated on August 1, 2014, Tecan grew by 13.0% in local currencies or 10.5% in Swiss francs.

Operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 21.4% to CHF 32.6 million in the first six months of the year (H1 2014: CHF 26.8 million). The EBITDA margin improved by 70 basis points to 16.3% of sales (H1 2014: 15.6%).

Tecan increased net profit for the first half of 2015 by 39.7% to CHF 26.0 million – thus setting a new company record (H1 2014: CHF 18.6 million). The net profit margin improved by 220 basis points to 13.0% of sales (H1 2014: 10.8%). Earnings per share increased by 37.5% to CHF 2.31 (H1 2014: CHF 1.68).
In addition to the positive effect from higher sales volumes, net profit development also benefited from the improved financial result attributable to currency hedging measures, given the weakness of the US dollar against the Swiss franc since the end of 2014. Exchange rate movements versus the euro were not hedged, as costs incurred in euro exceeded sales generated in the same currency. The discontinuation of the exchange rate floor and the resulting depreciation of the euro therefore did not have an impact on the net profit margin.

Cash flow from operating activities more than doubled to CHF 35.1 million (H1 2014: CHF 16.2 million), representing 17.6% of sales.

Information by business segments

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment increased by 10.7% in local currencies to CHF 107.5 million (H1 2014: CHF 100.9 million) in the first half of the year and were 6.6% above those of the prior-year period in Swiss francs. Excluding IBL International, which has been part of the Life Sciences Business since August 1, 2014, sales in local currencies grew by 0.5% compared to the high base of the prior-year period. In Swiss francs, segment sales were 3.3% below the prior-year level, being negatively impacted by the exchange rate movements of the euro versus the Swiss franc. Order entry in the Life Sciences Business grew overall and organically and clearly exceeded sales in the first half of the year. New product launches contributed considerably to this growth.

The segment's operating profit was CHF 11.3 million (H1 2014: CHF 14.8 million), corresponding to an operating profit margin of 9.8% of sales (H1 2014: 14.0%). The decline versus the first half of 2014 was largely due to higher costs and investments during the launch phase of the new instruments as well as the accounting of acquisition-related costs.

Partnering Business (OEM business)

The Partnering Business segment generated sales of CHF 92.4 million during the period under review (H1 2014: CHF 71.1 million), which corresponds to an increase of 30.2% in local currencies or 30.0% in Swiss francs. Instruments launched in the past two years made a significant contribution to the strong sales growth. Sales with existing large corporate customers also performed well following a weak prior-year period. Order entry in the Partnering Business also grew at a double-digit percentage rate in the first half of 2015.

The segment's operating profit in the first six months of 2015 rose to CHF 17.4 million (H1 2014: CHF 11.3 million). The operating profit margin grew to 18.6% of sales (H1 2014: 15.5%). The impact of lower margins on profitability from some newly introduced instruments, which are normal during launch phase, was more than outweighed by higher sales volumes.

Additional information

Regional development

In Europe, sales in local currencies increased by 25.2% compared to the prior-year period. In Swiss francs, this growth was lower at 16.7% due to the devaluation of the euro. Sales by IBL International were the driver behind growth in the Life Sciences Business, while the Partnering Business was boosted by solid sales figures for instruments and components.

In North America, sales in the first half of the year grew by 12.6% in local currencies and 18.3% in Swiss francs. The Life Sciences Business posted solid growth in North America, and the Partnering Business also grew at a double-digit percentage rate in this region.

In Asia, Tecan once again achieved a considerable increase in sales of 21.5% in local currencies and 12.9% in Swiss francs. Both segments therefore recorded growth in the double-digit percentage range. In China, the situation improved in the first half of the year following a period of slow government tenders and academic spending in the prior-year period.

Recurring sales of services and consumables

Recurring sales of services and consumables increased considerably in the first half of 2015 by 31.9% in local currencies and 29.2% in Swiss francs. With the acquisition of IBL International, Tecan was able to add a new source of recurring revenues through its reagents-based business. Overall, recurring revenues accounted for 40.9% of total sales, the highest value in the company's history (H1 2014: 36.8%). Services (including spare parts) accounted for 25.8% of total sales, while consumables (plastic and reagents) accounted for 15.1%.

Research and development

In the first half of 2015, research and development spending remained unchanged versus the prior-year period at 10.0% of sales or CHF 20.1 million (H1 2014: CHF 17.2 million). All told, research and development activities continued to fall as planned to CHF 30.4 million gross (H1 2014: CHF 47.6 million), as various development projects were successfully concluded or products brought close to launch. The total figure also includes development programs for OEM instrument customers in the Partnering Business (CHF 9.1 million) and development costs capitalized in the balance sheet (CHF 4.7 million). These capitalized costs were almost entirely offset by amortization amounting to CHF 3.5 million.

Tecan started marketing its second application-specific solution at the beginning of 2015 for the Fluent™ laboratory automation family, a new generation of liquid handling platforms which is designed to simplify the automated compound management for drug discovery. Fluent is attracting great interest in the market with strong momentum in orders.

Tecan also launched a next-generation reader platform called Spark™ at the beginning of 2015 in its second main product line, detection instruments. The Spark™ 10M multimode microplate reader is designed to offer greater flexibility and increased productivity for cell biology and genomics customers. The all-new platform delivers a combination of exceptional capabilities and ease-of-use to simplify routine laboratory tasks.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased to 70.0% as of June 30, 2015 (December 31, 2014: 65.4%). Net liquidity (cash and cash equivalents less bank liabilities and loans) amounted to CHF 165.6 million (December 31, 2014: CHF 122.7 million). The increase in net liquidity was the result of the high cash flow from operating activities as well as the sale of 249,331 treasury shares, which was necessary for tax reasons. Sales proceeds totaled CHF 31.6 million, while the company's share capital was CHF 1,144,603 as at the reporting date of June 30, 2015 (December 31, 2014: CHF 1,144,458), consisting of 11,446,033 registered shares with a nominal value of CHF 0.10.

At the Tecan Group Annual General Meeting on April 16, 2015, shareholders approved an unchanged dividend versus the previous year of CHF 1.50 per registered share. The payout of dividends of CHF 16.9 million in total took place on April 22, 2015.

Outlook for full-year 2015 confirmed

For fiscal 2015, Tecan continues to anticipate Group sales growth in the double-digit percentage range in local currencies, with an increase in the EBITDA margin of more than 100 basis points.

The expectations regarding profitability are based on an average exchange rate forecast for full-year 2015 of one euro equaling CHF 1.05 and one US dollar equaling CHF 0.92, and exclude further acquisitions.

Männedorf, August 10, 2015

Rolf A. Classon
Chairman of the Board

Dr. David Martyr
Chief Executive Officer

Interim consolidated statement of profit or loss

January to June, CHF 1,000	Notes	2014	2015
Sales	4	**172,002**	**199,950**
Cost of sales		(84,670)	(102,962)
Gross profit		**87,332**	**96,988**
Sales and marketing		(29,561)	(33,132)
Research and development		(17,220)	(20,071)
General and administration		(18,474)	(18,638)
Other operating income		243	116
Operating profit	4	**22,320**	**25,263**
Financial income		11	4
Finance cost		(233)	(220)
Net foreign exchange gains		317	5,005
Financial result		***95***	***4,789***
Profit before taxes		**22,415**	**30,052**
Income taxes	6	(3,833)	(4,087)
Profit for the period, attributable to owners of the parent		**18,582**	**25,965**
Earnings per share			
Basic earnings per share (CHF/share)		1.68	2.31
Diluted earnings per share (CHF/share)		1.65	2.23

Interim consolidated statement of profit or loss and other comprehensive income

January to June, CHF 1,000	Notes	2014	2015
Profit for the period		**18,582**	**25,965**
Other comprehensive income			
Remeasurement of net defined benefit liability		(4,978)	203
Related income taxes		802	(33)
Items that will not be reclassified to profit or loss, net of income taxes		**(4,176)**	**170**
Translation differences	9	(498)	(11,238)
Related income taxes		–	327
Items that may be reclassified subsequently to profit or loss, net of income taxes		**(498)**	**(10,911)**
Other comprehensive loss, net of income taxes		***(4,674)***	***(10,741)***
Total comprehensive income for the period, attributable to owners of the parent		**13,908**	**15,224**

There were no reclassification adjustments relating to translation differences for the periods presented.

Interim consolidated balance sheet

Assets

CHF 1,000	Notes	31.12.2014	30.06.2015
Cash and cash equivalents		128,715	171,425
Current derivatives		1,824	900
Trade accounts receivable		97,949	73,700
Other accounts receivable		11,211	7,990
Inventories	7	175,177	178,716
Income tax receivables		5,505	3,194
Prepaid expenses		3,452	4,250
Current assets		**423,833**	**440,175**
Non-current financial assets		792	1,197
Property, plant and equipment		20,114	17,664
Intangible assets and goodwill		95,570	91,929
Deferred tax assets		11,953	11,965
Non-current assets		**128,429**	**122,755**
Assets		**552,262**	**562,930**

Liabilities and equity

CHF 1,000	Notes	31.12.2014	30.06.2015
Current bank liabilities and derivatives		9,895	5,431
Trade accounts payable		12,941	8,371
Other accounts payable		11,065	10,994
Current deferred revenue		26,249	28,529
Income tax payables		11,976	9,857
Accrued expenses		35,224	27,346
Current provisions		17,231	15,703
Current liabilities		**124,581**	**106,231**
Non-current bank loans and derivatives		5,305	3,035
Non-current deferred revenue		19,123	17,831
Liability for post-employment benefits		31,390	32,085
Non-current provisions		2,987	2,591
Deferred tax liabilities		7,678	7,132
Non-current liabilities		**66,483**	**62,674**
Total liabilities		**191,064**	**168,905**
Share capital		1,144	1,144
Capital reserve		9,519	29,719
Treasury shares		(10,372)	–
Retained earnings		388,150	401,316
Translation differences		(27,243)	(38,154)
Shareholders' equity	8	**361,198**	**394,025**
Liabilities and equity		**552,262**	**562,930**

Interim consolidated statement of cash flows

January to June, CHF 1,000	Notes	2014	2015
Profit for the period		**18,582**	**25,965**
Adjustments for			
Depreciation and amortization		4,517	7,329
Change in provisions and liability for post-employment benefits		(1,882)	294
Interest income		(11)	(4)
Interest expenses		62	52
Income taxes		3,833	4,087
Equity-settled share-based payment transactions		2,776	3,613
Other non-cash items		(163)	(1,181)
Change in working capital			
Trade accounts receivable		12,086	18,551
Inventories	7	(19,893)	(5,835)
Trade accounts payable		(121)	(4,236)
Other changes in working capital (net)		414	(7,283)
Income taxes paid		(4,022)	(6,242)
Cash inflows from operating activities		**16,178**	**35,110**
Interest received		11	4
Acquisition of Tecan Australia Pty Ltd. - earn-out paid		(119)	–
Purchase of property, plant and equipment		(1,520)	(1,710)
Proceeds from sale of property, plant and equipment		179	13
Investment in intangible assets		(13,307)	(5,230)
Cash outflows from investing activities		**(14,756)**	**(6,923)**
Proceeds from employee participation plans		1,875	991
Dividends paid		(16,651)	(16,857)
Proceeds from sale of treasury shares		14	31,556
Change in current bank liabilities		47	58
Interest paid		(63)	(52)
Cash (out)/inflows from financing activities		**(14,778)**	**15,696**
Effect of exchange rate fluctuations on cash held		(108)	(1,332)
(Decrease)/increase in cash and cash equivalents		**(13,464)**	**42,551**
Cash and cash equivalents at January 1	10	150,377	128,715
Cash and cash equivalents at June 30	10	**136,913**	**171,266**

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
Balance at January 1, 2014		**1,144**	**9,301**	**(13,151)**	**369,977**	**(31,069)**	**336,202**
Profit for the period		–	–	–	18,582	–	18,582
Other comprehensive loss, net of income taxes		–	–	–	(4,176)	(498)	(4,674)
Total comprehensive income for the period		**–**	**–**	**–**	***14,406***	***(498)***	***13,908***
Dividends paid		–	–	–	(16,651)	–	(16,651)
Treasury shares transferred based on employee participation plans		–	26	1,849	–	–	1,875
Share-based payments		–	–	–	2,776	–	2,776
Sale of treasury shares		–	7	7	–	–	14
Total contributions by and distributions to owners	8	**–**	***33***	***1,856***	***(13,875)***	**–**	***(11,986)***
Balance at June 30, 2014		**1,144**	**9,334**	**(11,295)**	**370,508**	**(31,567)**	**338,124**
Balance at January 1, 2015		**1,144**	**9,519**	**(10,372)**	**388,150**	**(27,243)**	**361,198**
Profit for the period		–	–	–	25,965	–	25,965
Other comprehensive loss, net of income taxes		–	–	–	170	(10,911)	(10,741)
Total comprehensive income for the period		**–**	**–**	**–**	***26,135***	***(10,911)***	***15,224***
Dividends paid		–	–	–	(16,857)	–	(16,857)
New shares issued based on employee participation plans		–	110	–	–	–	110
Treasury shares transferred based on employee participation plans		–	(653)	1,321	–	–	668
Share-based payments		–	–	–	3,888	–	3,888
Sale of treasury shares		–	20,743	9,051	–	–	29,794
Total contributions by and distributions to owners	8	**–**	***20,200***	***10,372***	***(12,969)***	**–**	***17,603***
Balance at June 30, 2015		**1,144**	**29,719**	**–**	**401,316**	**(38,154)**	**394,025**

Notes to the interim condensed consolidated financial statements

1 Reporting entity

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 significant 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, 2015.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 10, 2015.

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/amended 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, 2014, except for the adoption of the following new or revised/amended standards and interpretations, effective as from January 1, 2015:

Standard/interpretation[1]
IAS 19 amended "Employee Benefits" – Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010 – 2012 Cycle
Annual improvements to IFRSs 2011 – 2013 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.

The Group has made a minor presentational change to the financing section of the interim consolidated statement of cash flows to increase the relevance of the information provided. "Proceeds from employee participation plans" are now disclosed as separate line item. Prior year figures have been represented accordingly.

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
IFRS 10 amended "Consolidated Financial Statements" and IAS 28 amended "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Reporting year 2016
IFRS 11 amended "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations	Reporting year 2016
IAS 1 amended "Presentation of Financial Statements" – Disclosure Initiative	Reporting year 2016
IAS 16 amended "Property, Plant and Equipment" and IAS 38 amended "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization	Reporting year 2016
IAS 27 amended "Separate Financial Statements" – Equity Method	Reporting year 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Reporting year 2016

Annual improvements to IFRSs 2012 – 2014 Cycle	Reporting year 2016
IFRS 15 "Revenue from Contracts with Customers"	Reporting year 2017
IFRS 9 "Financial Instruments"	Reporting year 2018

[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 except for IFRS 15 "Revenue from Contracts with Customers". However, a comprehensive and profound analysis is yet to be performed.

3 Change in scope of consolidation

There has been no change in the scope of the consolidation since December 31, 2014.

4 Interim segment information

4.1 Segment information by business segments

	Life Sciences Business		Partnering Business		Corporate / consolidation		Group	
January to June, CHF 1,000	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Sales third	100,920	107,535	71,082	92,415	–	–	172,002	199,950
Intersegment sales[1]	4,948	7,960	1,584	775	(6,532)	(8,735)	–	–
Total sales	**105,868**	**115,495**	**72,666**	**93,190**	**(6,532)**	**(8,735)**	**172,002**	**199,950**
Operating profit	**14,825**	**11,342**	**11,277**	**17,359**	**(3,782)**	**(3,438)**	**22,320**	**25,263**
Depreciation and amortization[2]	(2,804)	(4,581)	(1,713)	(2,748)	–	–	(4,517)	(7,329)
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	**2014**	**2015**
Reconciliation of reportable segment sales		
Total sales for reportable segments	178,534	208,685
Elimination of intersegment sales	(6,532)	(8,735)
Total consolidated sales	**172,002**	**199,950**
Reconciliation of reportable segment profit		
Total operating profit for reportable segments	26,102	28,701
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(3,782)	(3,438)
Financial result	95	4,789
Total consolidated profit before taxes	**22,415**	**30,052**

4.2 Entity-wide disclosures

Products and services

January to June, CHF 1,000	2014	2015
Products	108,774	128,162
Services	63,228	71,788
Total sales third	**172,002**	**199,950**

Sales by regions (by location of customers)

January to June, CHF 1,000	2014	2015
Switzerland	4,530	3,646
Other Europe	71,443	84,992
North America	68,478	80,999
Asia	22,531	25,447
Others	5,020	4,866
Total sales third	**172,002**	**199,950**

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

	Property, plant and equipment		Intangible assets	
CHF 1,000	31.12.2014	30.06.2015	31.12.2014	30.06.2015
Switzerland	9,414	8,497	81,521	80,148
Other Europe	5,942	4,935	12,946	10,822
North America	4,304	3,815	751	685
Asia	454	417	352	274
Balance	**20,114**	**17,664**	**95,570**	**91,929**

Information about major customers

There are sales to one individual customer (CHF 22.8 million) relating to business segment "Partnering Business" that accumulated exceeded 10 % of total sales in the first half of 2015 (first half of 2014: none).

5 Operating expenses by nature

January to June, CHF 1,000	2014	2015
Material costs	48,209	62,096
Personnel costs	72,147	73,988
Depreciation of property, plant and equipment	3,042	3,081
Amortization of intangible assets	1,475	4,248
Other operating costs (net)	50,313	38,167
Total operating cost incurred (gross)	**175,186**	**181,580**
Capitalization of development costs in position inventories (see note 7)	(12,762)	(2,153)
Capitalization of development costs in position intangible assets	(12,742)	(4,740)
Total operating expenses, according to statement of profit or loss	**149,682**	**174,687**

6 Income taxes

Due to the sale of all treasury shares in the first half of 2015, the outstanding employee share options and the employee shares are covered only by the conditional share capital (see note 8) and no longer by treasury shares. This change in funding of the employee participation plans is resulting in a one-time tax benefit of CHF 0.8 million, of which CHF 0.6 million was recognized in the statement of profit or loss and the rest in equity.

7 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 capitalized in the position inventories as part of the production costs and amounted to CHF 127.0 million at the end of June 2015 (December 31, 2014: CHF 127.3 million). In October 2014, the first version of the instrument was launched and the customer calls the units with individual purchase orders. The corresponding development costs are recognized in cost of sales.

Further information regarding this critical accounting estimate and judgment can be found in note 2.2.4 of the consolidated financial statements 2014.

8 Shareholders' equity and employee participation plans

8.1 Dividends paid

	2014	2015
Number of shares eligible for dividend	11,098,831	11,238,250
Dividends paid (CHF/share)	1.50	1.50

8.2 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, 2014	11,444,576	(362,840)	11,081,736
Treasury shares issued based on employee participation plans	–	51,408	51,408
Sale of treasury shares	–	125	125
Balance at June 30, 2014	**11,444,576**	**(311,307)**	**11,133,269**
Balance at January 1, 2015	11,444,576	(286,020)	11,158,556
New shares issued based on employee participation plans	1,457	–	1,457
Treasury shares issued based on employee participation plans	–	36,689	36,689
Sale of treasury shares	–	249,331	249,331
Balance at June 30, 2015	**11,446,033**	**–**	**11,446,033**

8.3 Conditional share capital reserved for the employee participation plans

Shares (each share has a nominal value of CHF 0.10)	2014	2015
Balance at January 1	858,636	858,636
Employee share options exercised	–	(1,457)
Balance at June 30	**858,636**	**857,179**
Employee share options and employee shares, not yet delivered	306,996	303,029

8.4 Employee share option plans

(See note 10.4.1 of the consolidated financial statements 2014 for the terms and principal conditions)

Movements in employee share options:

Employee share options	2014	2015
Balance at January 1	148,704	124,379
Exercised	(23,505)	(7,199)
Forfeited and expired	(5,638)	(873)
Balance at June 30	**119,561**	**116,307**
Thereof vested at period-end	46,242	50,915

8.5 Employee share plans (Performance Share Matching Plans (PSMP) and other share plans)

(See note 10.4.2 of the consolidated financial statements 2014 for the terms and principal conditions)

Movements in employee shares:

Employee shares (excluding voluntary investments)	2014	2015
Balance at January 1	223,527	234,805
Share plan – Board of Directors – shares granted	3,151	2,902
PSMP – extended Management Board – initial shares granted	17,394	18,457
PSMP – extended Management Board – mandatory shares granted	–	4'847
PSMP – extended Management Board – maximum of matching shares granted	52,870	58,260
PSMP – other Management – initial shares granted	2,902	2,270
PSMP – other Management – maximum of matching shares granted	7,255	5,675
Matching shares forfeited	(40,772)	(62,855)
Shares deblocked and available to the participants	(7,085)	(8,332)
Balance at June 30	**259,242**	**256,029**
Thereof vested, but blocked until the end of the performance period	43,514	41,149

9 Principal exchange rates

		Closing exchange rates		Average exchange rates January to June	
CHF		31.12.2014	30.06.2015	2014	2015
EUR	1	1.20	1.04	1.22	1.06
USD	1	0.99	0.94	0.89	0.95

On January 15, 2015 the Swiss National Bank announced that it was discontinuing the minimum exchange rate of CHF 1.20 per euro (EUR). As a consequence, the value of the Swiss franc increased substantially.

10 Financial instruments and fair value disclosures

Cash and cash equivalents as per cash flow statement comprise cash and cash equivalents as per balance sheet and bank overdrafts under bank pooling arrangements (December 31, 2014: CHF 0.0 million; June 30, 2015: CHF 0.2 million) that are included in the position "Current bank liabilities and derivatives".

10.1 Carrying amounts and fair values

	Carrying amount									Fair value
	Financial assets					Financial liabilities				
CHF 1,000	Cash and cash equivalents	Current derivatives	Trade and other receivables	Non–current financial assets	Total assets	Current bank liabilities and derivatives	Trade and other payables / accrued expenses	Non–current bank loans and derivatives	Total liabilities	
Financial instruments measured at fair value										
Currency forwards	–	1,754	–	–	**1,754**	(6,410)	–	(1,765)	**(8,175)**	**(6,421)**
Currency options	–	70	–	15	**85**	(794)	–	(219)	**(1,013)**	**(928)**
Financial instruments measured at amortized costs[1]										
Cash and cash equivalents	128,715	–	–	–	**128,715**	–	–	–	**–**	
Receivables	–	–	96,549	–	**96,549**	–	–	–	**–**	
Rent and other deposits	–	–	443	777	**1,220**	–	–	–	**–**	
Current bank liabilities	–	–	–	–	**–**	(2,691)	–	–	**(2,691)**	
Bank loans	–	–	–	–	**–**	–	–	(3,321)	**(3,321)**	**(3,279)**
Payables and accrued expenses	–	–	–	–	**–**	–	(48,221)	–	**(48,221)**	
Reconciling items[2]	–	–	12,168	–	**12,168**	–	(11,009)	–	**(11,009)**	
Balance at December 31, 2014	**128,715**	**1,824**	**109,160**	**792**	**240,491**	**(9,895)**	**(59,230)**	**(5,305)**	**(74,430)**	

[1]The carrying amount of financial instruments measured at amortized costs is a reasonable approximation of their fair value due to their short–term nature. bank loans are the only exception due to their long–term nature.

[2]Receivables/payables arising from POC, VAT/other non–income taxes and social security.

CHF 1,000	Carrying amount									Fair value
	Financial assets					Financial liabilities				
	Cash and cash equivalents	Current derivatives	Trade and other receivables	Non–current financial assets	Total assets	Current bank liabilities and derivatives	Trade and other payables / accrued expenses	Non–current bank loans and derivatives	Total liabilities	
Financial instruments measured at fair value										
Currency forwards	–	900	–	473	**1,373**	(2,523)	–	(157)	**(2,680)**	**(1,307)**
Financial instruments measured at amortized costs[1]										
Cash and cash equivalents	171,425	–	–	–	**171,425**	–	–	–	**–**	
Receivables	–	–	72,365	–	**72,365**	–	–	–	**–**	
Rent and other deposits	–	–	301	724	**1,025**	–	–	–	**–**	
Current bank liabilities	–	–	–	–	**–**	(2,908)	–	–	**(2,908)**	
Bank loans	–	–	–	–	**–**	–	–	(2,878)	**(2,878)**	**(2,841)**
Payables and accrued expenses	–	–	–	–	**–**	–	(35,708)	–	**(35,708)**	
Reconciling items[2]	–	–	9,024	–	**9,024**	–	(11,003)	–	**(11,003)**	
Balance at June 30, 2015	**171,425**	**900**	**81,690**	**1,197**	**255,212**	**(5,431)**	**(46,711)**	**(3,035)**	**(55,177)**	

[1]The carrying amount of financial instruments measured at amortized costs is a reasonable approximation of their fair value due to their short–term nature bank loans are the only exception due to their long–term nature.

[2]Receivables/payables arising from POC, VAT/other non–income taxes and social security.

10.2 Valuation techniques used

Position	Level	Data source	Model
Currency forwards	Level 2	Bloomberg	(forward rate - [spot rate +/- forward points]) * amount in foreign currency
Currency options	Level 2	Bloomberg	Black-Scholes model
Bank loans	Level 2	Bloomberg	The fair value is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments

There have been no transfers between the levels in 2014 and 2015.

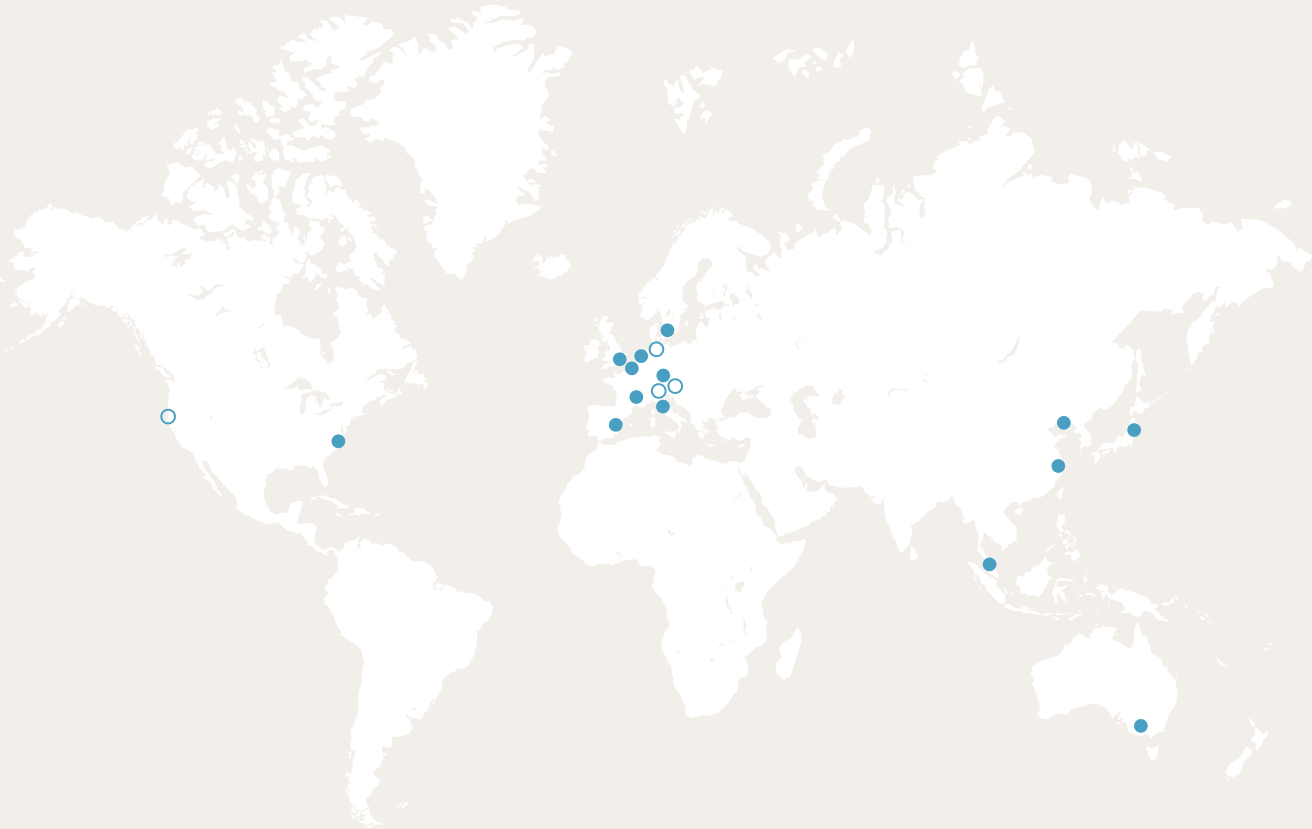
11 Contingencies and commitments

There have been no significant changes for contingencies and commitments.

12 Events after the reporting period

There were no significant events after the reporting period.

Tecan locations



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Design Concept and Realization
W4 Marketing AG, Zurich

Images
Guenter Bolzern, Zurich

Translation
CLS Communication AG, Zurich/Basel

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

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