TECHNE CORP /MN/
Form 10-K
August 27, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2010

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to _____

Commission File Number: 000-17272

TECHNE CORPORATION
(Exact name of Registrant as specified in its charter)

Minnesota	41-1427402
(State of Incorporation)	(IRS Employer Identification No.)
614 McKinley Place N.E., Minneapolis, MN	55413-2610
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (612) 379-8854

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $0.01 par value

Name of each exchange on which registered:
The Nasdaq Stock Market LLC
(Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes (X) No ( )

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ( ) No (X)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes (X) No ( )

Indicate by check mark whether the registrants has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ( ) No ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information

statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	(X)	Accelerated filer	( )
Non-accelerated filer	( )	Small reporting company	( )

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ( ) No (X)

The aggregate market value of the Common Stock held by non-affiliates of the Registrant, based upon the closing sale price on December 31, 2009 as reported on The Nasdaq Stock Market ($68.56 per share) was approximately $1.9 billion. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded.

Shares of $0.01 par value Common Stock outstanding at August 26, 2010: 37,043,775.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

OVERVIEW

TECHNE Corporation was incorporated on July 17, 1981 in the state of Minnesota. TECHNE Corporation and Subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and hematology calibrators and controls. These activities are conducted domestically through its wholly-owned subsidiaries, Research and Diagnostic Systems, Inc. (R&D Systems) and BiosPacific, Inc. (BiosPacific). The Company distributes biotechnology products in Europe through its wholly-owned U.K. subsidiary, R&D Systems Europe Ltd. (R&D Europe). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes biotechnology products in China through its wholly-owned subsidiary, R&D Systems China, Co. Ltd. (R&D China).

The Company has three reportable operating segments based on the nature of products and geographic location: biotechnology, R&D Europe and hematology. The biotechnology segment consists of R&D Systems' Biotechnology Division, BiosPacific and R&D China, which develop, manufacture and sell biotechnology research and diagnostic products world-wide. R&D Europe distributes Biotechnology Division products throughout Europe. The hematology segment develops and manufactures hematology controls and calibrators for sale world-wide.

THE MARKET

The Company manufactures and sells products for the biotechnology research and clinical diagnostics market (cytokines, assays and related products) and the clinical diagnostics market (hematology controls and calibrators). In fiscal 2010, 2009 and 2008, net sales from the Company's biotechnology segment were 66%, 66% and 64%, respectively, of consolidated net sales. Net sales from the Company's R&D Europe segment were 27%, 27% and 30%, respectively, of consolidated net sales for same periods. The Company's hematology segment net sales were 7%, 7% and 6% of consolidated net sales for fiscal 2010, 2009 and 2008, respectively. Financial information relating to the Company's operating segments is incorporated herein by reference to Note L to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Biotechnology and R&D Europe segments

The Company, through its biotechnology and R&D Europe segments, is one of the world's leading suppliers of cytokines and cytokine-related reagents to the biotechnology research community. These valuable proteins are produced in minute amounts by different types of cells and can be isolated from these cells or synthesized through recombinant DNA technology. Currently nearly all of the Company's cytokines are produced by recombinant DNA technology.

The growing interest by academic and commercial researchers in cytokines is largely due to the profound effect that a tiny amount of a cytokine can have on cells and tissues of the body. Cytokines are intercellular messengers. They act as signals by interacting with specific receptors on the affected cells and trigger events that can lead to significant changes in a cell, tissue or organism. For example, cytokines can signal a cell to acquire the features necessary for it to take on a more specialized task. Another example of cytokine action is the key role played in stimulating cells surrounding a wound to grow and divide, to attract migratory cells to the injury site and mediate the healing process.

The Company also has enzymes and intracellular cell signaling reagents in its product portfolio. Enzymes are biological catalysts that accelerate a variety of chemical reactions in cells. Most enzymes, including proteases, kinases and phosphatases, are proteins that modify the structure and function of other proteins. Both enzymes and cytokines have the potential to serve as predictive biomarkers and therapeutic targets for a variety of diseases including cancer, Alzheimer's, arthritis, autoimmunity, diabetes, hypertension, obesity, AIDS and SARS.

The Company markets cytokine immunoassay kits under the tradename Quantikine. These kits are used by researchers to quantify the level of a specific cytokine in biological fluids, such as serum, plasma, or urine. Cytokine quantification is an integral component of basic research as well as in the pharmaceutical discovery and development process.

The Company currently manufactures and sells nearly 15,000 biotechnology products.

Biotechnology Products

Cytokines and Enzymes. Cytokines, extracted from natural sources or produced using recombinant DNA technology, are manufactured to the highest possible purity. Enzymes and related factors including enzyme substrates and inhibitors are highly purified and characterized to ensure the highest

biological activity.

Antibodies. Antibodies are proteins produced by the immune system of an animal that specifically recognize and bind to target molecules. The Company's polyclonal antibodies are produced in animals (primarily goats and sheep) and purified from the animals' blood. Monoclonal antibodies are made by immortalized cell lines derived from the antibody producing cells of a rodent. Monoclonal antibodies are secreted from these cell lines during cell culture production and purified from the cell culture medium.

Assay Kits. This product line includes human and animal Quantikine kits which allow research scientists to quantify the amount of a specific analyte (cytokine, adhesion molecule, enzyme, etc.) in a sample of serum or other biological fluids.

Clinical Diagnostic Kits. The Company has received Food and Drug Administration (FDA) marketing clearance for its erythropoietin (EPO), transferrin receptor (TfR) and Beta2-microglobulin immunoassays for use as in vitro diagnostic kits.

Flow Cytometry Products. This product line includes fluorochrome labeled antibodies and Fluorokine kits, which are used to determine specific immune-phenotypic properties of cells of the immune system by flow cytometric means.

Intracellular Cell Signaling Products. This diverse product line provides reagents to elucidate cell signaling transduction pathways within cells. Products include antibodies, phospho-specific antibodies, antibody protein arrays, active caspases, kinases, and phosphatases, and ELISA assays to quantitate and measure the activity of apoptotic and signaling molecules.

Hematology segment

Hematology controls and calibrators are products composed of the various cellular components of blood which have been stabilized. Proper diagnosis of many illnesses requires a thorough and accurate analysis of a patient's blood cells, which is usually done with automated or semi-automated hematology instruments. Controls and calibrators ensure that these instruments are performing accurately and reliably.

Blood is composed of plasma, the fluid portion of blood, and blood cells, which are suspended in the plasma. There are three basic types of blood cells: red cells, white cells and platelets. Hemoglobin in red cells transports oxygen from the lungs throughout the body. White cells are part of the body's immune system. Platelets serve as a "plug" to stem blood flow at the site of an injury by initiating a complex series of biochemical reactions that lead to the formation of a clot.

These fundamental blood components (red cells, white cells and platelets) differ widely in size and concentration. As noted above, hematology controls are used in automated and semi-automated cell counting analyzers to make sure these instruments are counting blood cells in patient samples accurately. One of the most frequently performed laboratory tests on a blood sample is a complete blood count (CBC). Doctors use this test in disease screening and diagnosis. More than one billion of these tests are done world-wide every year, the great majority with cell counting instruments. In most laboratories, the CBC consists of the white cell count, the red cell count,

the hemoglobin reading, and the hematocrit reading (the percent of red cells in a volume of whole blood after it has been centrifuged). Also included in a CBC test is the differential, which numbers and classifies the different types of white cells.

These and other characteristics or "parameters" of a blood sample can be measured by automated or semi-automated cell counters. The number of parameters measurable in a blood control product depends on the type and sophistication of the instrument for which the control is designed. Ordinarily, a hematology control is used once to several times a day to make sure the instrument is reading accurately. In addition, most instruments need to be calibrated periodically. Hematology calibrators are similar to controls, but undergo additional testing to ensure that the calibration values assigned are within tight specifications and can be used to calibrate the instrument.

The Company offers a wide range of hematology controls and calibrators for both impedance and laser type cell counters. The Company believes its products have improved stability and versatility and a longer shelf life than most of those of its competitors. Hematology control products are also supplied for use as proficiency testing materials by laboratory certifying authorities of a number of states and countries.

Hematology Products

Whole Blood CBC Controls/Calibrators. The Company currently produces controls and calibrators for the following major brands of analyzers: Abbott Diagnostics, Beckman Coulter, Siemens Healthcare Diagnostics, HORIBA Medical and Sysmex.

Linearity and Reportable Range Controls. These products provide a means of assessing the linearity of hematology analyzers for white blood cells, red blood cells, platelets and reticulocytes (immature red blood cells). Because hematology analyzers are single-point calibrated, these products allow users to determine and validate the reportable range of an instrument.

Whole Blood Reticulocyte Controls. These controls are designed for manual and automated counting of reticulocytes (immature red blood cells).

Whole Blood Flow Cytometry Controls. These products are controls for clinical flow cytometry instruments. These instruments are used to identify and quantify white blood cells by their immuno-phenotypic properties.

Whole Blood Glucose/Hemoglobin Control. This product is designed to monitor instruments which measure glucose and hemoglobin in whole blood.

Erythrocyte Sedimentation Rate Control. This product is designed to monitor erythrocyte (red blood cell) sedimentation rate tests.

Multi-Purpose Platelet Reference Controls. These products, Platelet-Trol II and Platelet-Trol Extended, are designed for use by automated and semi-automated analyzers which monitor platelet levels.

Original Equipment Manufacturer (OEM) agreements represent the largest market for hematology controls and calibrators made by the Company. In fiscal 2010, 2009 and 2008, OEM agreements accounted for $8.0 million, $7.6 million and $7.0 million, respectively, or 3% of total consolidated net sales in each fiscal year.

PRODUCTS UNDER DEVELOPMENT

The Company is engaged in ongoing research and development in all of its major product lines: controls and calibrators (hematology) and cytokines, antibodies, assays and related products (biotechnology). The Company believes that its future success depends, to a large extent, on its ability to keep pace with changing technologies and markets. At the same time, the Company continues to examine its production processes to ensure high quality and maximum efficiency.

In fiscal 2010, the Company introduced over 1,400 new biotechnology products. The Company is planning to release new cytokines, antibodies and cytokine assay kits in the coming year. All of these products will be for research purposes only and therefore do not require FDA clearance. The Company also developed several new hematology control products in fiscal 2010 and is continuously working on product improvements and enhancements. However, there is no assurance that any of the products in the research and development phase can be successfully completed or, if completed, can be successfully introduced into the marketplace.

	Year Ended June 30,		
	2010	2009	2008
Research expense (in thousands):			
Biotechnology expenses	$ 24,331	$ 22,792	$ 21,632
Hematology expenses	790	772	762
	$ 25,121	$ 23,564	$ 22,394
Percent of net sales	9.3%	8.9%	8.7%

INVESTMENTS

Since fiscal 1998, the Company has invested in the preferred stock of ChemoCentryx, Inc. (CCX). CCX is a technology and drug development company working in the area of chemokines. Chemokines are cytokines which regulate the trafficking patterns of leukocytes, the effector cells of the human immune system. In conjunction with the investment and joint research efforts, the Company obtained exclusive worldwide research and diagnostic marketing rights to chemokine proteins, antibodies and receptors discovered or developed by CCX. The Company holds a 16.8% ownership percentage in CCX. The Company has evaluated the cost versus equity method of accounting for its investment in CCX and determined that it does not have the ability to exercise significant influence over the operating and financial policies of CCX and therefore, accounts for its investment on a cost basis. The Company's net investment in CCX at both June 30, 2010 and 2009 was $14.3 million.

In fiscal 2004, the Company purchased a 10% equity interest in Hemerus Medical, LLC (Hemerus) for $3.0 million. In fiscal years 2006 through 2008, the Company invested an additional $1.8 million in Hemerus, increasing its ownership percentage to 19%. In fiscal 2010, as a result of Hemerus issuing additional ownership units, the Company's ownership percentage decreased to 13.8% as of June 30, 2010. Hemerus was formed in March 2001 and has acquired and is developing technology for the separation of leukocytes from red blood cells and to extend the shelf life of the isolated blood products. Hemerus owns two patents, has several patent applications pending and has received FDA clearance to market its products in the U.S. In parallel with this investment, R&D Systems entered into a Joint Research Agreement with Hemerus. The research involves joint projects to explore the use of Hemerus' filter

technology to applications within R&D Systems' Hematology and Biotechnology Divisions. Such applications, if any, may have commercial potential in other laboratory environments. The Company accounts for its investment in Hemerus under the equity method of accounting as Hemerus is a limited liability company. The Company's net investment in Hemerus was $1.2 million and $2.2 million at June 30, 2010 and 2009, respectively.

In fiscal 2007, the Company invested $7.2 million for an 18% equity interest in Nephromics LLC (Nephromics). Nephromics has licensed technology related to the diagnosis of preeclampsia and has sublicensed the technology to several major diagnostic companies for the development of diagnostic assays. In fiscal 2008, Nephromics issued additional membership units which reduced the Company's ownership percentage to 16.8%. In fiscal 2009 and fiscal 2010, the Company received distributions of $1.3 million and $50,000, respectively from Nephromics. The Company accounts for its investment in Nephromics under the equity method of accounting as Nephromics is a limited liability company. Its net investment in Nephromics was $4.0 million and $4.5 million at June 30, 2010 and 2009, respectively.

In fiscal 2008, the Company invested $1.4 million in ACTGen, Inc. (ACTGen), a development stage biotechnology company located in Japan. ACTGen has intellectual property related to the identification and expression of secreted molecules. The technology covers techniques to identify cellular molecules which are destined to be secreted into tissue fluids or shuttled to the cell membrane. Such molecules represent an ideal target as disease biomarkers. The Company holds a 13.6% ownership percentage in ACTGen as of June 30, 2010. The Company's net investment in ACTGen was $1.1 million and $1.2 million at June 30, 2010 and 2009, respectively.

GOVERNMENT REGULATION

All manufacturers of hematology controls and calibrators are regulated under the Federal Food, Drug and Cosmetic Act, as amended. All of the Company's hematology control products are classified as "In Vitro Diagnostic Products" by the FDA. The entire hematology control manufacturing process, from receipt of raw materials to the monitoring of control products through their expiration date, is strictly regulated and documented. FDA inspectors make periodic site inspections of the Company's hematology control operations and facilities. Hematology control manufacturing must comply with Quality System Regulations (QSR) as set forth in the FDA's regulations governing medical devices.

Three of the Company's immunoassay kits, EPO, TfR and Beta2-microglobulin, have FDA clearance to be sold for clinical diagnostic use. The Company must comply with QSR for the manufacture of these kits. Biotechnology products manufactured in the United States and sold for use in the research market do not require FDA clearance.

Some of the Company's research groups use small amounts of radioactive materials in the form of radioisotopes in their product development activities. Thus, the Company is subject to regulation and inspection by the Minnesota Department of Health and has been granted a license through August 2011. The license is renewable annually. The Company has had no difficulties in renewing this license in prior years and has no reason to believe it will not be renewed in the future. If, however, the license was not renewed, it would have minimal effect on the Company's business since there are other technologies the research groups could use to replace the use of radioisotopes.

AVAILABILITY OF RAW MATERIALS

The primary raw material for the Company's hematology controls is whole blood. Human blood is purchased from commercial blood banks while porcine and bovine blood is purchased from nearby meat processing plants. After raw blood is received, it is separated into its components, processed and stabilized. Although the cost of human blood has increased due to the requirement that it be tested for certain diseases and pathogens, the higher cost of these materials has not had a material adverse effect on the Company's business. The Company does not perform its own pathogen testing as the supplier tests all human blood purchased. R&D Systems' Biotechnology Division develops and manufactures the majority of its cytokines from synthetic genes developed in-house, thus significantly reducing its reliance on outside resources. R&D Systems typically has several outside sources for all critical raw materials necessary for the manufacture of products.

PATENTS AND TRADEMARKS

R&D Systems owns patent protection for certain hematology controls which extend for various periods depending on the date of the patent application or patent grant. The Company is not substantially dependent on products for which it has obtained patent protection. Revenues for such products are not material to the Company's financial results.

R&D Systems may seek patent protection for new or existing products it manufactures. No assurance can be given that any such patent protection will be obtained. No assurance can be given that R&D Systems' products do not infringe upon patents or proprietary rights owned or claimed by others, particularly for genetically engineered products. R&D Systems has not conducted a patent infringement study for each of its products. For more information on patent litigation, see Item 3 "Legal Proceedings" in this Annual Report on Form 10-K.

R&D Systems and R&D Europe have a number of licensing agreements with patent holders under which they have the non-exclusive right to use patented technology or the non-exclusive right to manufacture and sell certain patented cytokine and cytokine related products to the research market. For fiscal 2010, 2009 and 2008, total royalties expensed under these licenses were approximately $3.3 million, $3.2 million and $3.0 million, respectively.

R&D Systems has obtained federal trademark registration for certain of its hematology controls and biotechnology product groups which extend for various periods depending upon the date of the trademark grant. R&D Systems believes it has common law trademark rights to certain marks in addition to those which it has registered.

SEASONALITY OF BUSINESS

Products marketed by R&D Systems and, particularly R&D Europe, historically experience a slowing of sales or of the rate of sales growth during the summer months. R&D Systems also usually experiences a slowing of sales during the Thanksgiving to New Year holiday period. The Company believes this slowing is a result of vacation schedules in Europe and Japan and of academic schedules in the United States.

SIGNIFICANT CUSTOMERS

No single customer accounted for more than 10% of total revenues during fiscal 2010, 2009 or 2008.

BACKLOG

There was no significant backlog of orders for the Company's products as of the date of this Annual Report on Form 10-K or as of a comparable date for fiscal 2009. The majority of the Company's biotechnology products are shipped within one day of receipt of the customers' orders. The majority of hematology products are shipped based on a preset, recurring schedule.

COMPETITION

The worldwide market for cytokines and research diagnostic assay kits is being supplied by a number of biotechnology companies, including GE Healthcare Life Sciences, BD Biosciences, EMD Biosciences, Inc., Life Technologies Corporation, Millipore Corporation, PeproTech, Inc., Santa Cruz Biotechnology, Inc., Abcam plc., Sigma-Aldrich Corporation and Thermo Fisher Scientific, Inc. R&D Systems believes that it is one of the leading worldwide suppliers of cytokine related products in the research marketplace. R&D Systems believes that the expanding line of its products, their recognized quality, and the growing demand for these rare and versatile proteins, antibodies and assay kits, will allow the Company to remain competitive in the growing biotechnology research and diagnostic market.

Competition is intense in the hematology control business. The first control products were developed in response to the rapid advances in electronic instrumentation used in hospital and clinical laboratories for blood cell counting. Historically, most of the instrument manufacturing companies made controls for use in their own instruments. With rapid expansion of the instrument market, however, a need for more versatile controls enabled non-instrument manufacturers to gain a foothold. Today the market is comprised of manufacturers of laboratory reagents, chemicals and coagulation products and independent control manufacturers in addition to instrument manufacturers. The principal hematology control competitors of R&D Systems' retail products are Abbott Diagnostics, Beckman Coulter, Inc., Bio-Rad Laboratories, Inc., Streck, Inc., Siemens Healthcare Diagnostics Inc. and Sysmex Corporation. R&D Systems believes it is the third largest supplier of hematology controls in the marketplace behind Beckman Coulter, Inc. and Streck, Inc.

EMPLOYEES

Through its subsidiaries, the Company employed 684 full-time and 53 part-time employees as of June 30, 2010, as follows:

	Full-time	Part-time
R&D Systems	613	30
R&D Europe	54	20
BiosPacific	6	1
R&D China	11	2

684	53

Included in R&D Europe employees are eight full-time and four part-time employees at R&D Europe's sales subsidiary in Germany.

ENVIRONMENT

Compliance with federal, state and local environmental protection laws in the United States, United Kingdom, Germany and China had no material effect on the Company in fiscal 2010.

GEOGRAPHIC AREA FINANICAL INFORMATION

Following is financial information relating to geographic areas (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Net sales			
United States	$148,137	$147,271	$141,443
Europe	78,496	79,381	81,628
Other areas	42,414	37,304	34,349
Total net sales	$269,047	$263,956	$257,420

	As of June 30,		
	2010	2009	2008
Long-lived assets			
United States	$ 91,554	$ 93,571	$ 93,612
Europe	6,299	7,214	8,992
Other areas	70	98	112
Total long-lived assets	$ 97,923	$100,883	$102,716

Net sales are attributed to countries based on the location of the customer/distributor. Long-lived assets are comprised of land, buildings and improvements equipment, and other assets, net of depreciation and amortization. See the description of risks associated with the Company's foreign subsidiaries in Item 1A of this Annual Report on Form 10-K.

INVESTOR INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934. Therefore, the Company files periodic reports, proxy statements, and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements, and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically.

Financial and other information about the Company is available on its Web site (http://www.techne-corp.com). The Company makes available on its Web site, copies of its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions of each executive officer of the Company are as follows:

Name	Age	Position	Officer Since
Thomas E. Oland	69	Chairman of the Board, President, Treasurer, Chief Executive and Director	1985
Gregory J. Melsen	58	Vice President of Finance and Chief Financial Officer	2004
Marcel Veronneau	56	Vice President, Hematology Operations	1995

The term of office of each executive officer is annual or until a successor is elected. There are no arrangements or understandings among any of the executive officers and any other person (not an officer or director acting as such) pursuant to which any of the executive officers was selected as an officer of the Company.

Thomas E. Oland has been Chairman of the Board, President, Treasurer and Chief Executive Officer of the Company since December 1985. Mr. Oland also served as Chief Financial Officer of the Company from December 1985 to December 2004.

Gregory J. Melsen joined the Company in December 2004 as Vice President of Finance and Chief Financial Officer. Prior to 2004, he held various vice president and chief financial officers positions at several publicly traded companies and was employed by a public accounting firm for 19 years, including nine years as an audit partner.

Marcel Veronneau was appointed as Vice President, Hematology Operations for the Company in March 1995. Prior thereto, he served as Director of Operations for R&D Systems' Hematology Division since joining the Company in 1993.

ITEM 1A. RISK FACTORS

Statements in this Annual Report on Form 10-K, and elsewhere, that are forward-looking involve risks and uncertainties which may affect the Company's actual results of operations. Certain of these risks and uncertainties which have affected and, in the future, could affect the Company's actual results are discussed below. The Company undertakes no obligation to update or revise any forward-looking statements made due to new information or future events. Investors are cautioned not to place undue emphasis on these statements.

The following risk factors should be read carefully in connection with

evaluation of the Company's business and any forward-looking statements made in this Annual Report on Form 10-K and elsewhere. Any of the following risks could materially adversely affect the Company's business, operating results and financial condition.

The Company's revenues are significantly dependent on sales to research scientists in the private and public sector, and a decrease in research spending could negatively impact the Company's revenues.

The Company's biotechnology products are sold primarily to research scientists at pharmaceutical and biotechnology companies and at university and government research institutions. Changes in spending on research by such companies and in the funding that such universities and institutions receive from government agencies, including the National Institutes of Health, affects the revenues and earnings of the Company. The Company carries essentially no backlog of orders and changes in the level of orders received and filled daily can cause fluctuations in quarterly revenues and earnings.

The Company operates in rapidly changing and intensely competitive industries, and may not be able to keep pace with its competitors.

The biotechnology industry is subject to rapid and significant technological change. While the hematology controls industry historically has been less subject to rapid change, it too is evolving and is impacted significantly by changes in the automated testing equipment offered by instrument manufacturers. Competitors of the Company are numerous and include, among others, specialized biotechnology firms, medical laboratory instrument and equipment manufacturers and disposables suppliers, major pharmaceutical companies, universities and other research institutions. There can be no assurance that the Company's competitors will not succeed in developing technologies and products that are more effective than any which have been or are being developed by the Company or that would render the Company's technologies and products obsolete or noncompetitive.

The Company is significantly dependent on sales made through foreign subsidiaries, and revenues and earnings could be negatively impacted by changes in exchange rates.

Approximately 29% of the Company's sales are made through its foreign subsidiaries, which make their sales in foreign currencies. The Company's revenues and earnings are, therefore, affected by fluctuations in currency exchange rates. Any adverse movement in foreign currency rates could negatively affect the Company's revenues and earnings.

The Company's business is subject to governmental regulation, which may have the effect of delaying or impeding the release of certain of its products.

Ongoing research and development activities and the production and marketing of certain of the Company's products are subject to regulation by numerous governmental authorities in the United States and other countries. The approval process applicable to clinical diagnostic products of the type that may be developed by the Company may take a year or more. Delays in obtaining approvals could adversely affect the marketing of new products developed by the Company, and negatively affect the Company's revenues.

The Company is dependent on maintaining its intellectual property rights, and

cannot guarantee that it will not be subject to intellectual property litigation in the future.

The Company's success will depend, in part, on its ability to obtain licenses and patents, maintain trade secret protection and operate without infringing the proprietary rights of others. The Company has obtained and is negotiating licenses to produce a number of cytokines and related products claimed to be owned by others. Since the Company has not conducted a patent infringement study for each of its products, it is possible that products of the Company may unintentionally infringe patents of third parties or that the Company may have to alter its products or processes, pay licensing fees or cease certain activities because of patent rights of third parties, thereby causing additional unexpected costs and delays which may have a material adverse effect on the Company.

The Company's success will be dependent on recruiting and retaining highly qualified personnel, the loss of whom could adversely affect its operations.

Recruiting and retaining qualified scientific and production personnel to perform research and development work and product manufacturing are critical to the Company's success. The Company's anticipated growth and its expected expansion into areas and activities requiring additional expertise will require the addition of new personnel and the development of additional expertise by existing personnel. The failure to attract and retain such personnel could adversely affect the Company's business.

The Company may incur losses as a result of its investments in other companies, the success of which is largely out of the Company's control.

The Company's expansion strategies, which include internal development of new products, collaborations, investments in joint ventures and companies developing new products related to the Company's business, and the acquisition of companies for new products, technologies and additional customer base, carry risks that objectives will not be achieved and future earnings will be adversely affected. Development stage companies of the type the Company has invested in are dependent on their ability to raise additional funds to continue research and development efforts and on receiving patent protection and/or FDA clearance to market their products.

The Company uses the equity method of accounting for certain of these investments and records a percentage of the losses of these companies as losses of the Company. The Company may not have control of the expense levels of such companies and their losses may be greater than those anticipated by the Company. Additionally, if funding were unavailable or inadequate to fund operations of these companies or if patent protection or FDA clearance were not received by them, the Company may determine that its investment in one or more of these unconsolidated companies is "other than temporarily" impaired, and the Company could write off all or a portion of its investment.

The Company may be unsuccessful in expanding into China and establishing adequate distribution channels for its products in China.

The Company established a subsidiary in China in late fiscal 2007, to provide warehousing, marketing, sales and technical services for the growing Chinese market. The Company's ability to recover its investment is dependent upon its ability to retain current third-party distributors in China and expand its market share in the region.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments as of the date of this report.

ITEM 2. PROPERTIES

The Company owns the facilities that its headquarters and R&D Systems subsidiary occupy in Minneapolis, Minnesota. The R&D Systems main complex includes approximately 500,000 square feet of administrative, research and manufacturing space in several adjoining buildings.

The Company owns two additional properties adjacent to its main complex. The Company has renovated the first property and is currently leasing or plans to lease approximately 70% of the 176,000 square foot building as retail and office space and use the remainder as warehouse and storage space. A portion of the second property is currently leased to third parties and the Company plans to continue to lease out the building until the space is needed for its own operations.

The Company owns approximately 649 acres of farmland, including buildings, in southeast Minnesota. A portion of the land and buildings are being leased to third parties as cropland and for a dairy operation. The remaining property is used by the Company to house goats and sheep for polyclonal antibody production.

Rental income from the above properties was $413,000, $481,000 and $404,000 in fiscal 2010, 2009 and 2008, respectively.

The Company owns the 17,000 square foot facility that its R&D Europe operations occupy in Abingdon, England.

The Company leases the following facilities:

Company	Location	Type	Square Feet
R&D GmbH	Wiesbaden-Nordenstadt, Germany	Office space	2,300
BiosPacific	Emeryville, California	Office space	3,500
R&D China	Shanghai, China	Office/warehouse	4,500

The Company believes the owned and leased property discussed above, are adequate to meet its occupancy needs in the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

In a previously disclosed lawsuit filed by Streck, Inc. (Streck), venued in the U.S. District Court for the District of Nebraska (the Nebraska Court), Streck alleged patent infringement involving certain patents issued to Streck relating to the addition of reticulocytes to hematology controls. Streck was seeking a royalty on sales of integrated hematology controls containing reticulocytes. The Company has reason to believe that R&D Systems, and not Streck, first invented the inventions claimed in these patents and several other patents issued to Streck. As a result, the Company requested, and in 2007 the U.S. Patent and Trademark Office (USPTO) declared, an interference to determine priority of invention between a patent application filed by R&D Systems and five Streck patents, including each of the patents involved in

the lawsuit. On November 2, 2009, the interference board ordered that judgment for the Company and against Streck be entered, finding that R&D Systems was the first to invent the integrated hematology controls containing reticulocytes.

The judgment, once upheld, will constitute cancellation of all claims of the five Streck patents involving the addition of reticulocytes to hematology controls. Such cancellation may moot an earlier jury decision on October 28, 2009, at the conclusion of trial in the Nebraska Court, that the Company did not meet its burden of demonstrating by clear and convincing evidence that the Streck patents were invalid. The jury also found that a reasonable license royalty rate was 12.5%, and that R&D Systems did not willfully infringe, resulting in a judgment in favor of Streck in the amount of $92,300. The Company will also be responsible for court related costs (less than $40,000) and its professional fees related to the case. The Company will defend the interference board's decision, will move the Nebraska Court for declaratory judgment of invalidity as a matter of law based on priority, and will appeal any continuing adverse decision of the Nebraska Court. If successful, after cancellation of the Streck patents, the Company may be issued a patent covering integrated hematology controls containing reticulocytes. The Company does not believe the resolution of the above proceedings will have a material impact on the Company's consolidated financial statements.

ITEM 4. (REMOVED AND RESERVED)

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock trades on The NASDAQ Global Select Market under the symbol "TECH." The following table sets forth for the periods indicated the high and low sales price per share for the Company as reported by the NASDAQ Global Select Market.

	Fiscal 2010 Price		Fiscal 2009 Price	
	High	Low	High	Low
1st Quarter	$65.54	$58.91	$82.92	$67.97
2nd Quarter	69.95	62.12	75.15	57.10
3rd Quarter	69.74	60.00	65.64	45.38
4th Quarter	67.65	57.10	64.41	51.11

As of August 26, 2010, there were over 28,000 beneficial shareholders of the Company's common stock and over 260 shareholders of record. The Company paid quarterly cash dividends totaling $38.4 million and $28.2 million in fiscal 2010 and 2009, respectively. Its Board of Directors periodically considers the payment of cash dividends.

The following chart compares the cumulative total shareholder return on the Company's common stock with the S&P Midcap 400 Index and the S&P 400 Biotechnology Index. The comparison assumes $100 was invested on the last trading day before July 1, 2005 in the Company's common stock and in each of the foregoing indices and assumes reinvestment of dividends.

COMPARISION OF CUMULATIVE FIVE YEAR TOTAL RETURNS
INDEXED RETURNS

	Year Ending				
Company/Index	June 2006	June 2007	June 2008	June 2009	June 2010
Techne Corp	110.91	124.61	168.57	140.79	128.83
S&P Midcap 400 Index	112.98	133.89	124.07	89.30	111.57
S&P 400 Biotechnology	101.89	106.89	138.54	134.63	150.95

The following table sets forth the repurchases of Company Common Stock for the quarter ended June 30, 2010.

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
4/1/10-4/30/10	3,900	62.00	3,900	$65.9 million
5/1/10-5/31/10	52,021	60.61	52,021	$62.7 million
6/1/10-6/30/10	204,772	59.19	204,772	$50.6 million

In November 2007, the Company authorized a plan for the repurchase and retirement of up to $150 million of its common stock. In April 2009, the Company authorized an additional $60 million for its stock repurchase plan. The plan does not have an expiration date.

ITEM 6. SELECTED FINANCIAL DATA
(dollars in thousands, except share and per share data)

	2010	2009	2008	2007	2006
Income and Share Data:					
Net sales	$269,047	$263,956	$257,420	$223,482	$202,617
Gross margin(1)	79.8%	79.0%	79.5%	79.1%	77.4%
Selling, general and administrative expenses(1)	12.0%	12.6%	14.3%	13.9%	13.6%
Research and development expenses(1)	9.3%	8.9%	8.7%	9.0%	9.3%
Operating income(1)	58.1%	57.1%	56.1%	55.6%	53.6%
Earnings before income taxes(1)	58.1%	58.9%	59.8%	57.7%	54.9%
Net earnings(1)	40.8%	39.9%	40.2%	38.1%	36.2%
Net earnings	$109,776	$105,242	$103,558	$ 85,111	$ 73,351

Diluted earnings per share	$ 2.94	$ 2.78	$ 2.64	$ 2.15	$ 1.85
Average common and common equivalent shares - diluted (in thousands)	37,347	37,900	39,247	39,513	39,594
Share closing price:					
High	$ 69.65	$ 81.90	$ 79.73	$ 61.87	$ 60.14
Low	$ 57.10	$ 45.64	$ 56.20	$ 45.63	$ 46.40
Balance Sheet Data as of June 30:					
Cash, cash equivalents and short-term available-for-sale investments	$138,811	$202,887	$206,345	$164,774	$108,846
Receivables	34,137	31,153	33,332	30,966	25,078
Inventories	13,737	11,269	9,515	8,757	9,024
Working capital	184,016	239,944	238,194	195,645	131,856
Total assets	518,816	472,005	507,369	454,844	370,512
Long-term debt, less current portion	-	-	-	-	12,198
Cash Flow Data:					
Net cash provided by operating activities	$111,260	$111,321	$115,317	$ 90,503	$ 85,589
Capital expenditures	4,644	6,556	16,365	8,076	4,603
Cash dividends paid per common share(2)	1.03	0.75	-	-	-
Financial Ratios:					
Return on average equity	22.9%	22.3%	22.4%	21.9%	24.1%
Return on average assets	22.2%	21.5%	21.5%	20.6%	22.0%
Current ratio	11.8	16.5	12.8	12.4	8.3
Price to earnings ratio(3)	20	23	29	27	28
Employee Data as of June 30:					
Full-time employees	684	687	666	628	577

(1) As a percent of net sales.
(2) The Company's Board of Directors periodically considers the payment of cash dividends.
(3) Common share price at end of fiscal year (June 30) divided by the diluted earnings per share for the respective fiscal year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

This report contains forward-looking statements, which are based on the Company's current assumptions and expectations. The principal forward-looking statements in this report include: the Company's expectations regarding product releases, governmental license renewals, future tax rates, capital expenditures, future dividend declarations, adequacy of owned and leased property for future operations, and sufficiency of capital resources to meet the Company's foreseeable future cash and working capital requirements.

All such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although the Company

believes there is a reasonable basis for the forward-looking statements, the Company's actual results could be materially different. The most important factors which could cause the Company's actual results to differ from forward-looking statements are set forth in the Company's description of risk factors in Item 1A to this Annual Report on Form 10-K.

Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update any forward-looking statements.

OVERVIEW

TECHNE Corporation and Subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and hematology calibrators and controls. These activities are conducted domestically through its wholly-owned subsidiaries, Research and Diagnostic Systems, Inc. (R&D Systems) and BiosPacific, Inc. (BiosPacific). The Company distributes biotechnology products in Europe through its wholly-owned U.K. subsidiary, R&D Systems Europe Ltd. (R&D Europe). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes biotechnology products in China through its wholly-owned subsidiary, R&D Systems China Co. Ltd. (R&D China).

The Company has three reportable operating segments based on the nature of products and geographic location: biotechnology, R&D Europe and hematology. The biotechnology segment consists of R&D Systems' Biotechnology Division, BiosPacific and R&D China, which develop, manufacture and sell biotechnology research and diagnostic products world-wide. R&D Europe distributes Biotechnology Division products throughout Europe. The hematology segment develops and manufactures hematology controls and calibrators for sale world-wide.

OVERALL RESULTS

Consolidated net sales and consolidated net earnings increased 1.9% and 4.3%, respectively, for fiscal 2010 as compared to fiscal 2009. Consolidated net sales and consolidated net earnings in fiscal 2010 were slightly affected by changes in exchange rates from the prior year used to convert consolidated net sales and consolidated net earnings in foreign currencies into U.S. dollars. The favorable impact in fiscal 2010 on consolidated net sales and consolidated net earnings of the change from the prior year in exchange rates was $888,000 and $68,000, respectively. Consolidated net earnings for fiscal 2010 included a $4.7 million tax benefit as a result of a foreign currency exchange tax loss on the repatriation of prior-year earnings from R&D Europe to the U.S.

Consolidated net sales and consolidated net earnings increased 2.5% and 1.6%, respectively, for fiscal 2009 as compared to fiscal 2008. The unfavorable impact on consolidated net sales of the change from the prior year in exchange rates used to convert sales in foreign currencies into U.S. dollars was $8.6 million for fiscal 2009. The unfavorable impact on fiscal 2009 consolidated net earnings, as compared to fiscal 2008, from changes in exchange rates used to convert foreign currency financial statements to U.S. dollars was $4.5 million.

RESULTS OF OPERATIONS

Net sales

Net sales (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Biotechnology	$177,889	$173,913	$165,663
R&D Europe	72,764	72,541	75,735
Hematology	18,394	17,502	16,022
	$269,047	$263,956	$257,420

Consolidated net sales for fiscal 2010 were $269.0 million, an increase of $5.1 million (1.9%) from fiscal 2009. Consolidated net sales were favorably affected by the change from the prior year in exchange rates used to convert sales in foreign currencies into U.S. dollars. Excluding the effect of changes in foreign currency exchange rates, consolidated net sales increased 1.6% in fiscal 2010 from fiscal 2009. Included in consolidated net sales in fiscal 2010 were $2.8 million of sales of new biotechnology products, which had their first sale in fiscal 2010.

Biotechnology net sales in fiscal 2010 increased $4.0 million (2.3%) from fiscal 2009. The majority of the biotechnology net sales increase was from increased sales volume. Biotechnology net sales to academic customers, Pacific Rim distributors and sales in China increased 4.0%, 10.5% and 21.8%, respectively, in fiscal 2010 from fiscal 2009. Biotechnology net sales to industrial pharmaceutical and biotechnology customers, Biotechnology's largest customer segment, were flat in fiscal 2010 compared to the prior fiscal year. R&D Europe net sales increased $223,000 (0.3%) in fiscal 2010. R&D Europe net sales decreased slightly (0.9%) for fiscal 2010 when measured at currency rates in effect in fiscal 2009. Hematology net sales in fiscal 2010 increased $892,000 (5.1%) mainly due to increased sales volume.

Consolidated net sales for fiscal 2009 were $264.0 million, an increase of $6.5 million (2.5%) from fiscal 2008. Consolidated net sales were unfavorably affected by the change from the prior year in exchange rates used to convert sales in foreign currencies into U.S. dollars. Excluding the effect of changes in foreign currency exchange rates, consolidated net sales increased 5.9% in fiscal 2009 from fiscal 2008. Included in consolidated net sales in fiscal 2009 were $3.4 million of sales of new biotechnology products, which had their first sale in fiscal 2009.

Biotechnology net sales in fiscal 2009 increased $8.3 million (5.0%) from fiscal 2008. The majority of the biotechnology net sales increase was from increased sales volume. Biotechnology net sales to international distributors, pharmaceutical/biotechnology customers and academic customers increased 6.2%, 4.7% and 3.9%, respectively, in fiscal 2009 from fiscal 2008. R&D Europe net sales decreased $3.2 million (4.2%) in fiscal 2009. R&D Europe net sales increased 7.2% for fiscal 2009 when measured at currency rates in effect in fiscal 2008, mainly as a result of increased sales volume. Hematology net sales in fiscal 2009 increased $1.5 million (9.2%) mainly due to increased sales volume.

Gross margins

Gross margins, as a percentage of net sales, were as follows:

	Year Ended June 30,		
	2010	2009	2008
Biotechnology	80.1%	79.3%	79.7%

R&D Europe	52.4%	51.7%	56.5%
Hematology	47.7%	45.9%	41.0%
Consolidated	79.8%	79.0%	79.5%

The improvement in consolidated gross margins for fiscal 2010 was mainly the result of incremental profit on increased sales volume in the biotechnology segment. The decline in consolidated gross margins for fiscal 2009 was mainly the result of lower gross margins at R&D Europe due to unfavorable exchange rates between a stronger U.S. dollar and weaker euro and British pound sterling.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $989,000 (3.0%) and $3.6 million (9.7%) in fiscal 2010 and 2009, respectively. Selling, general and administrative expenses were as follows (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Biotechnology	$ 18,947	$ 19,035	$ 20,981
R&D Europe	8,039	7,967	9,667
Hematology	1,393	1,463	2,003
Unallocated corporate expenses	3,796	4,699	4,064
	$ 32,175	$ 33,164	$ 36,715

The change from the comparable fiscal year was primarily the result of the following (in thousands):

	Increase/(Decrease)	
	2010	2009
Legal fees	$ (690)	$ 786
Profit sharing and bonus expense	(403)	(3,759)
Stock-based compensation expense	(343)	(249)
Change in exchange rates to convert British pounds to U.S dollars	9	(2,024)
Other, including annual wage, salary and benefit increases	438	1,695
	$ (989)	$ (3,551)

The increase in legal fees in fiscal 2009 was due to patent interference and infringement litigation. Although ongoing in fiscal 2010, the legal expenses for the litigation in fiscal 2010 decreased from the fiscal 2009 level. The decrease in profit sharing and bonus expense in fiscal 2010 and 2009 reflect the change in financial results from the prior fiscal year. The remainder of the change in selling, general and administrative expenses for both fiscal years was mainly the result of annual wage, salary and benefit increases, partially offset by a decrease in stock-based compensation expense.

Research and development expenses

Research and development expenses increased $1.6 million (6.6%) and $1.2 million (5.2%) in fiscal 2010 and 2009, respectively, as compared to prior-year periods. The increases were primarily the result of the development of

new cytokines, antibodies and assay kits by R&D Systems' Biotechnology Division. The Company introduced over 1,400 new biotechnology products in both fiscal 2010 and 2009, respectively. Research and development expenses are composed of the following (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Biotechnology	$ 24,331	$ 22,792	$ 21,632
R&D Europe	-	-	-
Hematology	790	772	762
	$ 25,121	$ 23,564	$ 22,394

Amortization of intangible assets

Amortization expense was $1.0 million in both fiscal 2010 and 2009, and $1.1 million in fiscal 2008, related mainly to technologies, trade names and customer relationships acquired as a result of acquisitions in fiscal 2006. Intangible assets are being amortized over lives of up to eight years.

Interest income

Interest income for fiscal 2010, 2009 and 2008 was $4.4 million, $7.6 million and $12.2 million, respectively. The decrease in both fiscal 2010 and 2009 from the prior fiscal year was primarily the result of lower rates of return on cash and available-for-sale investments, offset in part by higher cash and available-for-sale investment balances.

Other non-operating (expense) income

Other non-operating (expense) income consists mainly of foreign currency transaction gains and losses, rental income, building expenses related to rental property and the Company's share of losses by equity method investees as follows (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Foreign currency (losses) gains	$ (960)	$ (34)	$ 807
Rental income	413	481	404
Real estate taxes, depreciation and utilities	(2,200)	(2,208)	(2,315)
Losses by equity method investees	(1,510)	(1,290)	(1,140)
Impairment loss on marketable equity security	-	-	(400)
	$ (4,257)	$ (3,051)	$ (2,644)

The Company has two equity method of accounting investments in limited liability companies, Hemerus Medical, LLC (Hemerus) and Nephromics, LLC (Nephromics). At June 30, 2010 and 2009, the Company had a 13.8% and 22.0% interest in Hemerus, respectively. The Company has financial exposure to any losses of Hemerus to the extent of its net investment. The Company's net investment in Hemerus was $1.2 million and $2.2 million at June 30, 2010 and 2009, respectively. At both June 30, 2010 and 2009, the Company had a 16.8% interest in Nephromics. In fiscal 2010 and 2009, the Company received $50,000 and $1.3 million, respectively, in distributions from Nephromics. The Company has financial exposure to any losses of Nephromics to the extent of its net investment. The Company's net investment in Nephromics was $4.0 million and $4.5 million at June 30, 2010 and 2009, respectively.

The Company has an investment in the common stock of Immunicon Corporation (IMMC), a publicly-held company which was primarily focused on the development and sale of cancer diagnostic and research products and services. In June 2008, IMMC filed for relief under Chapter 11 of the U.S. Bankruptcy Code and announced the sale of substantially all of its assets. The Company wrote off its investment in IMMC in fiscal 2008.

Income taxes

Income taxes for fiscal 2010, 2009 and 2008 were provided at rates of approximately 29.8%, 32.3% and 32.7%, respectively, of consolidated earnings before income taxes. The fiscal 2010 consolidated tax rate was positively impacted by a $4.7 million tax benefit from a foreign currency exchange tax loss related to the repatriation of 50 million British pound sterling ($74.4 million) from R&D Europe to the U.S. The Company had previously paid U.S. income taxes on the foreign earnings that were included in the repatriated funds. Excluding this tax benefit, the effective tax rate for fiscal 2010 would have been 32.8%. This is slightly higher than the fiscal 2009 effective tax rate primarily as a result of the expiration of the U.S. research and development credit at the end of the second quarter of fiscal 2010. The fiscal 2009 consolidated tax rate was positively impacted by the renewal of the U.S. research and development credit. The fiscal 2009 credit included $354,000 of credit for the January to June 2008 period. U.S. federal taxes have been reduced by the manufacturer's deduction provided for under the American Jobs Creation Act of 2004. Foreign income taxes have been provided at rates which approximate the tax rates in the countries in which R&D Europe and R&D China operate. The Company expects income tax rates for fiscal 2011 to range from 32% to 33%, excluding any impact of retroactively applied U.S. research and development tax credits.

QUARTERLY FINANCIAL INFORMATION (Unaudited)
(in thousands, except per share data)

	Fiscal 2010				Fiscal 2009			
	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.
Net sales	$66,534	$65,521	$70,278	$66,714	$69,324	$61,876	$67,866	$64,890
Gross margin	53,633	52,192	55,879	52,880	56,238	48,446	53,550	50,234
Earnings before taxes	39,707	36,699	41,439	38,601	42,948	34,150	40,841	37,424
Income taxes	12,935	11,978	9,051(1)	12,706	14,355	10,528	13,200	12,038
Net earnings	26,772	24,721	32,388(1)	25,895	28,593	23,622	27,641	25,386
Basic earnings per share	0.72	0.66	0.87(1)	0.70	0.74	0.62	0.74	0.68
Diluted earnings per share	0.72	0.66	0.87(1)	0.69	0.74	0.62	0.74	0.68

(1) Included a $4.7 million ($0.12 per share) tax benefit from a foreign currency exchange loss related to repatriation of funds from R&D Europe to the U.S.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and available-for-sale investments at June 30, 2010 were $310 million compared to $265 million at June 30, 2009. The Company has

an unsecured line of credit of $750,000 available at June 30, 2010 which expires on October 31, 2010. The interest rate charged on the line of credit is a floating rate at the one month London interbank offered rate (Libor) plus 1.75%. There were no borrowings on the line in the current or prior fiscal year.

At June 30, 2010, approximately 44%, 54%, and 2% of the Company's cash and equivalent account balances of $94.1 million are located in the U.S., United Kingdom and China, respectively. At June 30, 2010, approximately 98% of the Company's available-for-sale investment accounts are located in the U.S., with the remaining 2% in China. Management of the Company expects to be able to meet its foreseeable future cash and working capital requirements for operations, facility expansion and capital additions at each of its geographical locations through currently available funds, cash generated from operations and maturities of available-for-sale investments.

Cash flows from operating activities

The Company generated cash from operations of $111 million, $111 million and $115 million in fiscal 2010, 2009 and 2008, respectively. The cash generated from operating activities in fiscal 2010 as compared to fiscal 2009 was mainly the result of changes in operating assets and liabilities offset by increased net earnings of $4.5 million. In fiscal 2010 changes in operating assets and liabilities negatively impacted net cash from operating activities by $7.8 million compared to a $4.1 million negative impact in fiscal 2009.

The decrease in cash generated from operating activities in fiscal 2009 as compared to fiscal 2008 was mainly the result of changes in operating assets and liabilities offset by increased net earnings of $1.7 million. In fiscal 2009, changes in operating assets and liabilities negatively impacted net cash from operating activities by $4.1 million compared to a positive impact in fiscal 2008 of $2.2 million as a result of changes in the timing of cash payments and receipts.

Cash flows from investing activities

Capital additions consist of the following (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Laboratory, manufacturing, and computer equipment	$ 1,972	$ 2,573	$ 3,010
Construction/renovation	2,672	1,810	5,012
Property purchases	-	2,173	8,343
	$ 4,644	$ 6,556	$ 16,365

Included in fiscal 2010, 2009 and 2008 capital additions were approximately $2.7 million, $1.8 million and $4.3 million, respectively, related to the construction and renovation of laboratory space at the Company's Minneapolis facility. The additional construction in fiscal 2008 was for the build out of rental space for tenants. Construction was financed through available cash. In fiscal 2009, the Company purchased two parking lots adjacent to its Minneapolis facility for $2.2 million. In fiscal 2008, the Company purchased the facility it had been leasing for its R&D Europe operations in Abingdon, England for $8.3 million. The property purchases were financed through available cash. Capital additions for laboratory, manufacturing and computer

equipment and space renovations planned for fiscal 2011 are expected to be approximately $3.6 million and are expected to be financed through currently available cash and cash generated from operations.

The Company's net (sales) purchases of available-for-sale investments in fiscal 2010, 2009 and 2008 were $110 million, ($26.5) million and $8.6 million, respectively. The large net purchase of available-for-sale investments in fiscal 2010 was primarily the result of the repatriation of funds from the U.K., where the funds had been invested in instruments classified as cash and equivalents, to the U.S. where the funds were invested in available-for-sale investments. The Company's investment policy is to place excess cash in municipal and corporate bonds with the objective of obtaining the highest possible return while minimizing risk and keeping the funds accessible.

In fiscal 2010 and 2009, the Company received $50,000 and $1.3 million, respectively, in distributions from Nephromics. The Company began investing in Nephromics in fiscal 2007 and has an ownership percentage of 16.8% at June 30, 2010. At June 30, 2010 and 2009, the Company's net investment in Nephromics was $4.0 million and $4.5 million, respectively.

In fiscal 2008, the Company invested $1.4 million in ACTGen, Inc. (ACTGen). The Company holds a 13.6% ownership percentage in ACTGen as of June 30, 2010 and the Company's net investment in ACTGen at June 30, 2010 and 2009 was $1.1 million and $1.2 million, respectively. In fiscal 2008, the Company also invested $300,000 in Hemerus. The Company began investing in Hemerus in fiscal 2004 and has an ownership percentage of 13.8% at June 30, 2010. The Company's net investment in Hemerus at June 30, 2010 and 2009 was $1.2 million and $2.2 million, respectively. Both of these investments were financed through cash and equivalents on hand.

Cash flows from financing activities

The Company received $3.3 million, $953,000 and $3.1 million for the exercise of options for 73,000, 21,000 and 86,000 shares of common stock in fiscal 2010, 2009 and 2008, respectively. The Company recognized excess tax benefits from stock option exercises of $196,000, $107,000 and $524,000 in fiscal 2010, 2009 and 2008, respectively.

In fiscal 2010, 2009 and 2008, the Company purchased 9,827, 22,637 and 23,641 shares of common stock, respectively, for its employee Stock Bonus Plans at a cost of $607,000, $1.7 million and $1.5 million, respectively.

In fiscal 2008, the Board of Directors authorized the Company to purchase up to $150 million of its common stock and in fiscal 2009 increased the authorization by $60 million. In fiscal 2010, the Company purchased and retired 284,000 shares of common stock at a market value of $16.9 million, of which $14.9 million was disbursed prior to June 30, 2010. In fiscal 2009 and 2008, the Company purchased and retired 1.4 million and 899,000 shares of common stock at market values of $90.6 million and $58.7 million, respectively. At June 30, 2010, approximately $50.6 million remained available for purchase under the fiscal 2009 authorization.

In fiscal 2010 and 2009, the Company paid cash dividends of $38.4 million and $28.2 million, respectively. The Board of Directors periodically considers the payment of cash dividends.

CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations and commercial commitments as of June 30, 2010 (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Operating leases	$ 988	$ 285	$ 484	$ 219	$ -
Minimum royalty payments	156	156	-	-	-
	$1,144	$ 441	$ 484	$ 219	$ -

The above table does not include any reserves for income taxes as the Company is unable to reasonably predict the ultimate amount or timing of settlement of any reserve for income taxes.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet transactions, arrangements or obligations that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in the financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company has identified the policies outlined below as critical to its business operations and an understanding of results of operations. The listing is not intended to be a comprehensive list of all accounting policies.

Valuation of available-for-sale investments

The Company considers all of its marketable securities available-for-sale and reports them at fair market value. Fair market values are based on quoted market prices. Unrealized gains and losses on available-for-sale investments are excluded from income, but are included, net of taxes, in other comprehensive income. If an "other-than-temporary" impairment is determined to exist, the difference between the value of the investment recorded in the financial statements and the Company's current estimate of fair value is

recognized as a charge to earnings in the period in which the impairment is determined. Net unrealized gains on available-for-sale investments at June 30, 2010 were $1.1 million.

Valuation of inventory

Inventories are stated at the lower of cost (first-in, first-out method) or market. The Company regularly reviews inventory on hand for slow-moving and obsolete inventory, inventory not meeting quality control standards and inventory subject to expiration.

To meet strict customer quality standards, the Company has established a highly controlled manufacturing process for proteins and antibodies. New protein and antibody products require the initial manufacture of multiple batches to determine if quality standards can be consistently met. In addition, the Company will produce larger batches of established products than current sales requirements due to economies of scale. The manufacturing process for proteins and antibodies, therefore, has and will continue to produce quantities in excess of forecasted usage. The Company values its manufactured protein and antibody inventory based on a two-year forecast. The establishment of a two-year forecast requires considerable judgment. Protein and antibody quantities in excess of the two-year usage forecast are considered impaired and not included in the inventory value. The value of protein and antibody inventory reserved at June 30, 2010 was $19.9 million.

Valuation of goodwill

The Company is required to perform an annual review for impairment of goodwill in accordance with FASB ASC Topic 350, Intangibles - Goodwill and Other. Goodwill is considered to be impaired if it is determined that the carrying amount of the reporting unit exceeds its fair value. Assessing the impairment of goodwill requires the Company to make judgments regarding the fair value of the net assets of its reporting units and the allocation of the carrying amount of shared assets to the reporting units. The Company's annual assessment included comparison of the carrying amount of the net assets of a reporting unit, including goodwill, to the fair value of the reporting unit. A significant change in the Company's market capitalization or in the carrying amount of net assets of a reporting unit could result in an impairment charge in future periods. Goodwill at June 30, 2010 was $25.1 million.

Valuation of investments

The Company has made equity investments in several start-up and early development stage companies, among them ChemoCentryx, Inc. (CCX), Hemerus, Nephromics and ACTGen. The accounting treatment of each investment (cost method or equity method) is dependent upon a number of factors, including, but not limited to, the Company's share in the equity of the investee and the Company's ability to exercise significant influence over the operating and financial policies of the investee. In determining which accounting treatment to apply, the Company must make judgments based upon the quantitative and qualitative aspects of the investment.

The Company periodically assesses its equity investments for impairment. Development stage companies of the type the Company has invested in are dependent on their ability to raise additional funds to continue research and development efforts and on receiving patent protection and/or U.S. Food and Drug Administration (FDA) clearance to market their products. If such funding were unavailable or inadequate to fund operations or if patent protection or FDA clearance were not received, the Company would potentially recognize an impairment loss to the extent of its remaining net investment. The Company's net investments at June 30, 2010 in CCX, Hemerus, Nephromics and ACTGen were

$14.3 million, $1.2 million, $4.0 million and $1.1 million, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued Statement of Financial Accounting Standard No. 167, now codified in ASC Topic 810, Consolidation. This statement amends the consolidation guidance applicable to variable interest entities and is effective for the Company beginning July 1, 2010. The Company believes the adoption of this pronouncement will not have a significant impact on the Company's consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At the end of fiscal 2010, the Company had an portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $216 million (see Note B to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K). These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, because the Company's fixed income securities are classified as available-for-sale, no gains or losses are recognized by the Company in its Consolidated Statement of Earnings due to changes in interest rates unless such securities are sold prior to maturity. The Company generally holds its fixed income securities until maturity and, historically, has not recorded any material gains or losses on any sale prior to maturity.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency rates. Approximately 29% of consolidated net sales are made in foreign currencies including 16% in euro, 7% in British pound sterling, 2% in Chinese yuan and the remaining 4% in other European currencies. As a result, the Company is exposed to market risk mainly from foreign exchange rate fluctuations of the euro, British pound sterling, and the Chinese yuan as compared to the U.S. dollar as the financial position and operating results of the Company's foreign operations are translated into U.S. dollars for consolidation.

Month-end exchange rates between the British pound sterling, euro and Chinese yuan and the U.S. dollar, which have not been weighted for actual sales volume in the applicable months in the periods, were as follows:

	Year Ended June 30,		
	2010	2009	2008
British pound:			
High	$ 1.67	$ 1.98	$ 2.08
Low	1.45	1.43	1.98
Average	1.58	1.60	2.01
Euro:			
High	$ 1.50	$ 1.56	$ 1.58
Low	1.22	1.27	1.36
Average	1.38	1.37	1.48
Chinese yuan:			
High	$ .148	$ .147	$ .146
Low	.146	.146	.132
Average	.146	.146	.138

The Company's exposure to foreign exchange rate fluctuations also arises from trade receivables and intercompany payables denominated in one currency in the financial statements, but receivable or payable in another currency. At June 30, 2010, the Company had the following trade receivable and intercompany payables denominated in one currency but receivable or payable in another currency (in thousands):

	Denominated Currency		U. S. Dollar Equivalent
Accounts receivable in:			
Euros	894	Br. pound	$ 1,335
Other European currencies	785	Br. pound	$ 1,173
Intercompany payable in:			
Euros	265	Br. pound	$ 394
U.S. dollars	1,178	Br. pound	$ 1,760
U.S. dollars	3,732	Ch. Yuan	$ 551

All of the above balances are revolving in nature and are not deemed to be long-term balances.

The Company does not enter into foreign currency forward contracts to reduce its exposure to foreign currency rate changes on forecasted intercompany sales transactions or on intercompany foreign currency denominated balance sheet positions. Foreign currency transaction gains and losses are included in "Other non-operating expense, net" in the Consolidated Statement of Earnings. The effect of translating net assets of foreign subsidiaries into U.S. dollars are recorded on the Consolidated Balance Sheet as part of "Accumulated other comprehensive (loss) income."

The effects of a hypothetical simultaneous 10% appreciation in the U.S. dollar from June 30, 2010 levels against the euro, British pound sterling and Chinese yuan are as follows (in thousands):

Decrease in translation of 2010 earnings into U.S. dollars	$ 2,066
Decrease in translation of net assets of foreign subsidiaries	6,794
Additional transaction losses	231

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF EARNINGS
TECHNE Corporation and Subsidiaries
(in thousands, except per share data)

	Year Ended June 30, 2010	2009	2008
Net sales	$269,047	$263,956	$257,420
Cost of sales	54,463	55,488	52,889
Gross margin	214,584	208,468	204,531

Operating expenses:			
Selling, general and administrative	32,175	33,164	36,715
Research and development	25,121	23,564	22,394
Amortization of intangible assets	960	960	1,135
Total operating expenses	58,256	57,688	60,244
Operating income	156,328	150,780	144,287
Other income (expense):			
Interest income	4,375	7,634	12,188
Other non-operating expense, net	(4,257)	(3,051)	(2,644)
Total other income	118	4,583	9,544
Earnings before income taxes	156,446	155,363	153,831
Income taxes	46,670	50,121	50,273
Net earnings	$109,776	$105,242	$103,558
Earnings per share:			
Basic	$ 2.95	$ 2.78	$ 2.65
Diluted	$ 2.94	$ 2.78	$ 2.64
Cash dividends per common share:	$ 1.03	$ 0.75	$ -
Weighted average common shares outstanding:			
Basic	37,255	37,802	39,139
Diluted	37,347	37,900	39,247

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS
TECHNE Corporation and Subsidiaries
(in thousands, except share and per share data)

	June 30 2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94,139	$160,940
Short-term available-for-sale investments	44,672	41,947
Trade accounts receivable, less allowance for doubtful accounts of $347 and $357, respectively	30,850	29,516
Income taxes receivable	1,755	-
Other receivables	1,532	1,637
Inventories	13,737	11,269
Deferred income taxes	13,379	9,345
Prepaid expenses	976	813
Total current assets	201,040	255,467
Available-for-sale investments	171,171	61,863
Property and equipment, net	97,400	100,133
Goodwill	25,068	25,068
Intangible assets, net	2,044	3,004
Deferred income taxes	1,011	3,601
Investments in unconsolidated entities	20,559	22,119

Other assets	523	750
	$518,816	$472,005
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 5,232	$ 5,156
Salaries, wages and related accruals	3,781	4,010
Other accounts payable and accrued expenses	4,375	2,311
Income taxes payable	3,636	4,046
Total current liabilities	17,024	15,523
Commitments and contingencies (Note H)		
Shareholders' equity:		
Undesignated capital stock, no par; authorized 5,000,000 shares; none issued or outstanding	-	-
Common stock, par value $.01 a share; authorized 100,000,000 shares; issued and outstanding 37,033,474 and 37,244,029 shares, respectively	370	372
Additional paid-in capital	122,537	117,946
Retained earnings	400,119	345,641
Accumulated other comprehensive loss	(21,234)	(7,477)
Total shareholders' equity	501,792	456,482
	$518,816	$472,005

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (LOSS)
TECHNE Corporation and Subsidiaries
(in thousands)

	Common Shares	Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Compre-hensive Income
Balances at June 30, 2007	39,456	$ 395	$109,993	$314,339	$ 12,924
Comprehensive income:					
Net earnings	-	-	-	103,558	-
Other comprehensive income:					
Foreign currency translation adjustments	-	-	-	-	333
Unrealized losses on available-for-sale investments (net of tax of $935)	-	-	-	-	(1,129)
Comprehensive income					
Common stock issued for exercise of options	87	0	3,145	-	-
Surrender and retirement of stock to exercise options	(1)	(0)	(68)	-	-
Repurchase and retirement of common stock	(899)	(9)	-	(58,689)	-

Stock-based compensation expense	-	-	1,727	-	-
Tax benefit from exercise of stock options	-	-	611	-	-
Balances at June 30, 2008	38,643	386	115,408	359,208	12,128
Comprehensive income:					
Net earnings	-	-	-	105,242	-
Other comprehensive income:					
Foreign currency translation adjustments	-	-	-	-	(21,768)
Unrealized gains on available-for-sale investments (net of tax of $1,251)	-	-	-	-	2,163
Comprehensive income					
Common stock issued for exercise of options	21	0	975	-	-
Surrender and retirement of stock to exercise options	(0)	(0)	(22)	-	-
Repurchase and retirement of common stock	(1,420)	(14)	-	(90,615)	-
Cash dividends	-	-	-	(28,194)	-
Stock-based compensation expense	-	-	1,478	-	-
Tax benefit from exercise of stock options	-	-	107	-	-
Balances at June 30, 2009	37,244	372	117,946	345,641	(7,477)
Comprehensive income:					
Net earnings	-	-	-	109,776	-
Other comprehensive income:					
Foreign currency translation adjustments	-	-	-	-	(13,932)
Unrealized gains on available-for-sale investments (net of tax of $97)	-	-	-	-	175
Comprehensive income					
Common stock issued for exercise of options	73	1	3,260	-	-
Repurchase and retirement of common stock	(284)	(3)	-	(16,910)	-
Cash dividends	-	-	-	(38,388)	-
Stock-based compensation expense	-	-	1,135	-	-
Tax benefit from exercise of stock options	-	-	196	-	-
Balances at June 30, 2010	37,033	$ 370	$122,537	$400,119	$ (21,234)

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
TECHNE Corporation and Subsidiaries
(in thousands)

	Year Ended June 30,		
	2010	2009	2008
Cash flows from operating activities:			
Net earnings	$109,776	$105,242	$103,558
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	8,130	7,766	7,259
Deferred income taxes	(1,551)	(730)	(661)
Stock-based compensation expense	1,135	1,478	1,727
Excess tax benefit from stock option exercises	(196)	(107)	(524)

Impairment loss on available-for-sale investment	-	-	400
Losses by equity method investees	1,510	1,290	1,140
Other	222	458	208
Change in operating assets and liabilities:			
Trade accounts and other receivables	(4,034)	49	(1,718)
Inventories	(2,368)	(2,123)	(1,062)
Prepaid expenses	(186)	(42)	96
Trade, other accounts payable and accrued expenses	(74)	1,394	(930)
Salaries, wages and related accruals	414	(2,803)	4,036
Income taxes payable	(1,518)	(551)	1,788
Net cash provided by operating activities	111,260	111,321	115,317
Cash flows from investing activities:			
Additions to property and equipment	(4,644)	(6,556)	(16,365)
Purchase of available-for-sale investments	(176,621)	(49,173)	(77,582)
Proceeds from maturities of available-for-sale investments	39,555	34,315	27,968
Proceeds from sale of available-for-sale investments	27,045	41,352	41,000
Distribution from unconsolidated entity	50	1,340	-
Increase in investments in unconsolidated entities	-	-	(1,723)
Increase in other long-term assets	-	-	(808)
Net cash (used in) provided by investing activities	(114,615)	21,278	(27,510)
Cash flows from financing activities:			
Issuance of common stock	3,261	953	3,077
Excess tax benefit from stock option exercises	196	107	524
Purchase of common stock for stock bonus plans	(607)	(1,681)	(1,494)
Repurchase of common stock	(14,973)	(90,629)	(58,698)
Cash dividends	(38,388)	(28,194)	-
Net cash used in financing activities	(50,511)	(119,444)	(56,591)
Effect of exchange rate changes on cash and cash equivalents	(12,935)	(19,207)	291
Net change in cash and cash equivalents	(66,801)	(6,052)	31,507
Cash and cash equivalents at beginning of year	160,940	166,992	135,485
Cash and cash equivalents at end of year	$ 94,139	$160,940	$166,992

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
TECHNE Corporation and Subsidiaries

Years ended June 30, 2010, 2009 and 2008

A. Description of business and summary of significant accounting policies:

Description of business: TECHNE Corporation and Subsidiaries (the Company)

are engaged in the development, manufacture and sale of biotechnology products and hematology calibrators and controls. These activities are conducted domestically through its wholly-owned subsidiaries, Research and Diagnostic Systems, Inc. (R&D Systems) and BiosPacific, Inc. (BiosPacific). The Company distributes biotechnology products in Europe through its wholly-owned U.K. subsidiary, R&D Systems Europe Ltd. (R&D Europe). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes biotechnology products in China through its wholly-owned subsidiary R&D Systems China Co. Ltd. (R&D China).

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include the valuation of accounts receivable, available-for-sale investments, inventory, intangible assets, stock based compensation and income taxes. Actual results could differ from these estimates.

Risk and uncertainties: There are no concentrations of business transacted with a particular customer or supplier or concentrations of revenue from a particular product or geographic area that would severely impact the Company in the near term.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Translation of foreign financial statements: Assets and liabilities of the Company's foreign operations are translated at year-end rates of exchange and the resulting gains and losses arising from the translation of net assets located outside the U.S. are recorded as a cumulative translation adjustment, a component of accumulated other comprehensive income (loss) on the consolidated balance sheets. Foreign statements of earnings are translated at the average rate of exchange for the year. Foreign currency transaction gains and losses are included in other non-operating expense in the consolidated statement of earnings.

Revenue recognition: The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Payment terms for shipments to end-users are generally net 30 days. Payment terms for distributor shipments may range from 30 to 90 days. Products are shipped FOB shipping point. Freight charges billed to end-users are included in net sales and freight costs are included in cost of sales. Freight charges on shipments to distributors are paid directly by the distributor. Any claims for credit or return of goods must be made within 10 days of receipt. Revenues are reduced to reflect estimated credits and returns. Sales, use, value-added and other excise taxes are not included in revenue.

Research and development: Research and development expenditures are expensed as incurred. Development activities generally relate to creating new products, improving or creating variations of existing products, or modifying existing products to meet new applications.

Advertising costs: Advertising expenses (including production and communication costs) were $3.0 million for each of fiscal 2010, 2009 and 2008. The Company expenses advertising expenses as incurred.

Share-based compensation: The cost of employee services received in exchange

for the award of equity instruments is based on the fair value of the award at the date of grant. Compensation cost is recognized using a straight-line method over the vesting period and is net of estimated forfeitures. Compensation expense related to stock options for the years ended June 30, 2010, 2009 and 2008 was $1.1 million, $1.5 million and $1.7 million, respectively.

Income taxes: The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized to record the income tax effect of temporary differences between the tax basis and financial reporting basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Tax positions taken or expected to be taken in a tax return are recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Financial instruments not measured at fair value: Certain of the Company's financial instruments are not measured at fair value but nevertheless are recorded at carrying amounts approximating fair value, based on their short-term nature. These financial instruments include cash and cash equivalents, accounts receivable, accounts payable and other current liabilities.

Cash and equivalents: Cash and cash equivalents include cash on hand and highly-liquid investments with original maturities of three months or less.

Available-for-sale investments: Available-for-sale investments consist mainly of debt instruments with original maturities of generally three months to three years and are recorded based on trade-date. The Company considers all of its marketable securities available-for-sale and reports them at fair market value. Fair market values are based on quoted market prices in active markets for identical assets and liabilities (Level 1 inputs). Unrealized gains and losses on available-for-sale securities are excluded from income, but are included in other comprehensive income. If an "other-than-temporary" impairment is determined to exist, the difference between the value of the investment security recorded in the financial statements and the Company's current estimate of the fair value is recognized as a charge to earnings in the period in which the impairment is determined.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market. The Company regularly reviews inventory on hand for slow-moving and obsolete inventory, inventory not meeting quality control standards and inventory subject to expiration. To meet strict customer quality standards, the Company has established a highly controlled manufacturing process for proteins and antibodies. New protein and antibody products require the initial manufacture of multiple batches to determine if quality standards can be consistently met. In addition, the Company will produce larger batches of established products than current sales requirements due to economies of scale. The manufacturing process for proteins and antibodies, therefore, has and will continue to produce quantities in excess of forecasted usage. The Company values its manufactured protein and antibody inventory based on a two-year usage forecast. Protein and antibody quantities in excess of the two-year usage forecast are considered impaired and not included in the inventory cost. Sales of previously impaired protein and antibody inventory for fiscal years 2010,

2009 and 2008 were not material. Manufacturing costs for proteins and antibodies charged directly to cost of sales were $12.3 million, $11.9 million and $11.0 million for fiscal 2010, 2009 and 2008 respectively.

Depreciation and amortization: Equipment is depreciated using the straight-line method over an estimated useful life of five years. Buildings, building improvements and leasehold improvements are amortized over estimated useful lives of five to forty years.

Goodwill and intangible assets: At June 30, 2010, the Company had recorded goodwill of $25.1 million. The Company completed its annual impairment testing of goodwill and concluded that no impairment existed as of June 30, 2010, as the fair values of the Company's reporting units substantially exceeded their carrying values. The Company's annual assessment included comparison of the carrying amount of a reporting unit, including goodwill, to the fair value of the reporting unit. Other intangible assets are being amortized over their estimated useful lives.

Impairment of intangible and other long-lived assets: The Company reviews the carrying amount of intangible and other long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of asset groups subject to impairment analysis requires the Company to make assumptions and judgments regarding the fair value of these asset groups. Asset groups are considered to be impaired if their carrying amount exceeds the groups' ability to continue to generate income from operations and positive cash flow in future periods. If asset groups are considered impaired, the amount by which the carrying amount exceeds its fair value would be expensed as an impairment loss. As of June 30, 2010, the Company has determined that no impairment exists.

Investments in unconsolidated entities: The Company has equity investments in several start-up and early development stage companies, among them ChemoCentryx, Inc, (CCX), Hemerus Medical, LLC (Hemerus), Nephromics, LLC (Nephromics) and ACTGen, Inc. (ACTGen). The accounting treatment of each investment (cost method or equity method) is dependent upon a number of factors, including, but not limited to, the Company's share in the equity of the investee and the Company's ability to exercise significant influence over the operating and financial policies of the investee.

Recent accounting pronouncements adopted during the year: In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2009-01, which establishes The FASB Accounting Standards Codification (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The ASC was effective for interim and annual periods ending after September 15, 2009. The Company adopted the ASC when referring to GAAP beginning in its Report on Form 10-Q for the quarter ended September 30, 2009. The adoption of the ASC did not have an impact on the Company's consolidated financial statements.

In September 2006, the FASB issued Financial Accounting Standards (SFAS) No. 157, now codified as ASC Topic 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. In February 2008, the FASB released additional guidance, also now codified under ASC Topic 820, which provided for delayed application of certain guidance related to non-financial assets and non-financial liabilities not measured at fair value on

a recurring basis. The Company adopted ASC Topic 820 on July 1, 2008, except as it applies to those nonfinancial assets and nonfinancial liabilities as noted in the FASB's February 2008 guidance. The Company adopted the provisions of ASC Topic 820 with respect to nonfinancial assets and nonfinancial liabilities effective July 1, 2009. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statement disclosures.

In November 2008, the FASB issued Emerging Issues Task Force (EITF) No. 08-6 Equity-Method Accounting Considerations, now codified in ASC Topic 323. EITF No. 08-6 concludes that the cost basis of a new equity-method investment would be determined using a cost-accumulation model, which would continue the practice of including transaction costs in the cost of investment and would exclude the value of contingent consideration. It also requires that a share issuance by an investee shall be accounted for by the investor as if the investor had sold a proportionate share of its investment, with any resulting gain or loss recognized in earnings. EITF 08-6 was effective for the Company for fiscal year 2010. Adoption of EITF No. 08-6 did not have a material impact on the Company's consolidated financial statements.

B. Available-for-sale investments:

At June 30, 2010 and 2009, the amortized cost and market value of the Company's available-for-sale securities by major security type were as follows (in thousands):

	June 30,			
	2010		2009	
	Cost	Market	Cost	Market
State and municipal debt securities	$196,452	$197,437	$ 99,694	$100,520
Corporate debt securities	12,688	12,849	2,457	2,494
U.S. government securities	771	771	785	796
Foreign bank certificates of deposit	4,639	4,639	-	-
Foreign government securities	147	147	-	-
	214,697	215,843	102,936	103,810
Net unrealized gain	1,146	-	874	-
	$215,843	$215,843	$103,810	$103,810

Gross unrealized gains and unrealized losses on available-for-sale investments were $1.2 million and $28,000, respectively, at June 30, 2010. Gross unrealized gains and unrealized losses on available-for-sale investments were $942,000 and $68,000, respectively, at June 30, 2009.

Unrealized gains and losses on the Company's available-for-sale investments are caused by interest rate changes. Because the Company has the ability and intent to hold its available-for-sale investments that are in an unrealized loss position until a recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired at June 30, 2010. The net unrealized gain or loss on available-for-sale investments, net of tax benefit, is reflected in accumulated other comprehensive income, a component of shareholders' equity.

At June 30, 2010, the Company's investments in an unrealized loss position that have been determined to be temporarily impaired were as follows (in

thousands):

Period of Unrealized Loss:	Fair Value	Unrelaized Losses
Less than one year	$ 11,772	$ 27
Greater than one year	523	1
	$ 12,295	$ 28

Contractual maturities of available-for-sale investments are shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to recall or prepay obligations with or without call or prepayment penalties.

Year Ending June 30, 2010:	
Due within one year	$ 44,672
Due after one year	171,171
	$215,843

Proceeds from maturities or sales of available-for-sale securities were $66.6 million, $75.7 million and $69.0 million during fiscal 2010, 2009 and 2008, respectively. There were no material gross realized gains or losses on these sales. Realized gains and losses are determined on the specific identification method.

C. Inventories:

Inventories consist of (in thousands):

	June 30, 2010	2009
Raw materials	$ 5,433	$ 5,047
Finished goods	8,304	6,222
	$ 13,737	$ 11,269

At June 30, 2010 and 2009, the Company had $19.9 million and $17.7 million, respectively, of excess protein and antibody inventory on hand which was fully reserved.

D. Property and equipment:

Property and equipment consist of (in thousands):

	June 30, 2010	2009
Cost:		
Land	$ 7,419	$ 7,538
Buildings and improvements	118,412	116,662
Laboratory equipment	26,482	24,759
Office and computer equipment	4,672	4,746

	156,985	153,705
Accumulated depreciation and amortization	(59,585)	(53,572)
	$ 97,400	$100,133

E. Intangible assets:

Intangible assets consist of (in thousands):

	Useful Life	June 30, 2010	2009
Customer relationships	8 years	$ 1,966	$ 1,966
Technology	8 years	3,483	3,483
Trade names	5 years	1,396	1,396
		6,845	6,845
Accumulated amortization		(4,801)	(3,841)
		$ 2,044	$ 3,004

The estimated future amortization expense for intangible assets as of June 30, 2009 is as follows (in thousands):

Year Ending June 30:	
2011	$ 681
2012	682
2013	681
	$2,044

F. Investments in unconsolidated entities:

The Company has invested in the preferred stock of CCX, a technology and drug development company. The Company holds a 16.8% ownership percentage in CCX. The Company has evaluated the cost versus equity method of accounting for its investment in CCX and determined that it does not have the ability to exercise significant influence over the operating and financial policies of CCX and therefore, accounts for its investment on a cost basis. The Company's net investment in CCX at both June 30, 2010 and 2009 was $14.3 million. In accordance with ASC Topic 825, Financial Instruments, the Company has determined that it is not practicable to estimate the fair value of its investment in CCX. Information related to future cash flows of CCX are not readily available as future cash flows are highly dependent on the ability of CCX to raise additional funds, acceptance of its products by the market, and/or U.S. Food and Drug Administration clearance to market its products. The Company has not identified any events or changes in circumstances that may have had a significant adverse effect on the fair value of the investment.

In fiscal 2007, the Company invested $7.2 million for an 18% equity interest in Nephromics. Nephromics has licensed technology related to the diagnosis of preeclampsia and has sublicensed the technology to several major diagnostic companies for the development of diagnostic assays. In fiscal 2008,

Nephromics issued additional membership units which reduced the Company's ownership to 16.8%. In fiscal 2010 and 2009, the Company received $50,000 and $1.3 million, respectively, in distributions from Nephromics. The Company accounts for its investment in Nephromics under the equity method of accounting as Nephromics is a limited liability company. The Company has financial exposure to any losses of Nephromics to the extent of its net investment. The Company's net investment in Nephromics was $4.0 million and $4.5 million at June 30, 2010 and 2009, respectively.

In fiscal 2004, the Company purchased a 10% interest in Hemerus for $3.0 million. In fiscal years 2006 through 2008, the Company invested an additional $1.8 million in Hemerus, increasing its ownership percentage to 19%. In fiscal 2009, as a result of Hemerus repurchasing and retiring a third party's membership units, and in fiscal 2010, as a result of Hemerus issuing additional ownership units, the Company's ownership percentage decreased to 13.8% as of June 30, 2010. Hemerus was formed in March 2001 and has acquired and is developing technology for the separation of leukocytes from blood and blood components. Hemerus owns two patents and has several patent applications pending and has received FDA clearance to market its products in the U.S. In parallel with this investment, R&D Systems entered into a Joint Research Agreement with Hemerus. The research involves joint projects to explore the use of Hemerus's filter technology in applications within R&D Systems' Hematology and Biotechnology Divisions. Such applications, if any, may have commercial potential in other laboratory environments. The Company accounts for its investment in Hemerus under the equity method of accounting as Hemerus is a limited liability company. The Company has financial exposure to any losses of Hemerus to the extent of its net investment. The Company's net investment in Hemerus was $1.2 million and $2.2 million at June 30, 2010 and 2009, respectively.

In fiscal 2008, the Company invested $1.4 million in ACTGen, a development stage biotechnology company located in Japan. ACTGen has intellectual property related to the identification and expression of molecules. The technology covers techniques to identify cellular molecules which are destined to be secreted into tissue fluids or shuttled to the cell membrane. Such molecules represent an ideal target as biomarkers. The Company holds a 13.6% ownership percentage in ACTGen as of June 30, 2010. The Company's net investment in ACTGen was $1.1 million and $1.2 million at June 30, 2010 and 2009, respectively. In accordance with ASC Topic 825, Financial Instruments, the Company has determined that it is not practicable to estimate the fair value of its investment in ACTGen. Information related to future cash flows is not readily available as future cash flows are highly dependent on the ability of ACTGen to raise additional funds and acceptance of its products by the market.

The Company does not provide loans, guarantees or other financial assistance to CCX, Nephromics, Hemerus, or ACTGen and has no obligation to provide additional funding.

G. Debt:

The Company's short-term line of credit facility consists of an unsecured line of credit of $750,000 at June 30, 2010. The line of credit expires on October 31, 2010. The interest rate charged on the line of credit is a floating rate at the one-month London interbank offered rate (Libor) plus 1.75%. There were no borrowings on the line outstanding as of June 30, 2010 and 2009.

H. Commitments and contingencies:

The Company leases office and warehouse space, vehicles and various office equipment under operating leases. These leases provide for renewal or purchase options during or at the end of the lease periods. At June 30, 2010, aggregate net minimum rental commitments under non-cancelable leases having an initial or remaining term of more than one year are payable as follows (in thousands):

Year Ending June 30:	
2011	$ 285
2012	252
2013	232
2014	181
2015	38
	$ 988

Total rent expense was approximately $326,000, $393,000 and $583,000 for the years ended June 30, 2010, 2009 and 2008, respectively.

The Company is routinely subject to claims and involved in legal actions which are incidental to the business of the Company. Although it is difficult to predict the ultimate outcome of these matters, management believes that any ultimate liability will not materially affect the consolidated financial position or results of operations of the Company.

I. Shareholders' equity:

Stock option plans: The Company has stock option plans (the Plans) which provide for the granting of stock options to employees (the TECHNE Corporation 1997 Incentive Stock Option Plan) and to employees, officers, directors and consultants (the TECHNE Corporation 1998 Nonqualified Stock Option Plan). The Plans are administered by the Board of Directors and its Compensation Committee, which determine the persons who are to receive awards under the Plans, the number of shares subject to each award and the term and exercise price of each option. The maximum term of options granted under all Plans is ten years. The number of shares of common stock authorized to be issued and available for grant at June 30, 2010 are as follows (in thousands):

	Authorized	Available for Grant
1997 Incentive Stock Option Plan	3,200	2,326
1998 Nonqualified Stock Option Plan	1,600	751

Stock option activity, under the Plans for the three years ended June 30, 2010, consists of the following (shares in thousands):

	Shares	Weighted Average Exercise Price	Weighted Avg. Contractual Life (Yrs.)	Aggregate Intrinsic Value
Outstanding at June 30, 2007	423	$ 43.29		
Granted	37	65.88		
Forfeited or expired	(1)	36.50		

Exercised	(87)	35.84		
Outstanding at June 30, 2008	372	47.36		
Granted	47	65.07		
Forfeited or expired	-			
Exercised	(21)	46.43		
Outstanding at June 30, 2009	398	49.49		
Granted	115	64.71		
Forfeited or expired	-			
Exercised	(73)	44.67		
Outstanding at June 30, 2010	440	$ 54.26	5.0	$2.9 million
Exercisable at June 30:				
2008	343	$ 46.33		
2009	379	48.96		
2010	367	51.96	4.6	$2.9 million

The fair values of options granted under the Plans were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used:

	Year Ended June 30,		
	2010	2009	2008
Dividend yield	1.6%	1.6%	-
Expected volatility	22%-30%	24%-37%	24%-46%
Risk-free interest rates	1.7%-3.1%	2.9%-3.5%	4.2%-4.6%
Expected lives	6 years	7 years	7 years

The Company declared and paid its first dividend during the quarter ended December 31, 2008. As the Company had not established a practice of paying dividends prior to the grant of options in the first half of fiscal 2009, an expected dividend yield of zero was used to estimate the fair value of options granted during the first two quarters of fiscal 2009. The Company continued to pay dividends in the third and fourth quarter of fiscal 2009, therefore a dividend yield of 1.6% was used in estimating the fair value of options granted in the second half of fiscal 2009. The expected annualized volatility is based on the Company's historical stock price over a period equivalent to the expected life of the option granted. The risk-free interest rate is based on U.S. Treasury constant maturity interest rate with a term consistent with the expected life of the options granted. Separate groups of employees that have similar historical exercise behavior with regard to option exercise timing and forfeiture rates are considered separately in determining option fair value.

The weighted average fair value of options granted during fiscal 2010, 2009 and 2008 was $14.76, $28.21 and $35.75, respectively. The total intrinsic value of options exercised during fiscal 2010, 2009 and 2008 were $1.6 million, $648,000 and $2.5 million, respectively. Stock option exercises are satisfied through the issuance of new shares. The total fair value of options vested during fiscal 2010, 2009 and 2008 were $1.1 million, $1.5 million and $2.0 million, respectively.

Stock-based compensation cost of $1.1 million, $1.5 million and $1.7 million was included in selling, general and administrative expense in fiscal 2010, 2009 and 2008, respectively. As of June 30, 2009, there were 19,000 non-

vested options outstanding with a weighted average grant date fair value of $17.52. All of the non-vested options at June 30, 2009 vested during fiscal 2010. Of the options granted in fiscal 2010, 73,000 at a weighted average grant date fair value of $12.15 were non-vested as of June 30, 2010. As of June 30, 2010, there was $837,000 of total unrecognized compensation cost related to non-vested stock options which will be expensed in fiscal 2011 through 2014.

Stock repurchase: In fiscal 2010, 2009 and 2008, the Company purchased and retired approximately 284,000 shares, 1.4 million shares and 899,000 shares of its common stock at a market value of $16.9 million, $90.6 million and $58.7 million, respectively, pursuant to stock purchase plans authorized by the Board of Directors.

Cash dividends: In fiscal 2010 and 2009, the Company paid cash dividends of $38.4 million and $28.2 million.

J. Income taxes:

The provisions for income taxes consist of the following (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Earnings before income taxes consist of:			
Domestic	$124,860	$121,585	$113,310
Foreign	31,586	33,778	40,521
	$156,446	$155,363	$153,831
Taxes on income consist of:			
Currently payable:			
Federal	$ 37,098	$ 38,621	$ 36,602
State	1,856	2,308	2,186
Foreign	9,266	9,920	12,146
Net deferred:			
Federal	(1,494)	(721)	(719)
State	39	9	40
Foreign	(95)	(16)	18
	$ 46,670	$ 50,121	$ 50,273

The following is a reconciliation of the federal tax calculated at the statutory rate of 35% to the actual income taxes provided (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Computed expected federal income tax expense	$ 54,756	$ 54,377	$ 53,841
State income taxes, net of federal benefit	1,247	1,805	1,298
Qualified production activity deduction	(2,459)	(2,397)	(2,260)
Research and development tax credit	(444)	(1,192)	(310)
Tax-exempt interest	(1,114)	(1,424)	(1,687)
Increase (decrease) in deferred tax valuation allowance	44	(235)	(171)
Foreign exchange loss on repatriation	(4,424)	-	-
Other	(936)	(813)	(438)
	$ 46,670	$ 50,121	$ 50,273

Temporary differences comprising deferred taxes on the consolidated balance sheets are as follows (in thousands):

	June 30, 2010	2009
Inventory reserves	$ 7,157	$ 6,389
Inventory costs capitalized	1,745	1,787
Unrealized profit on intercompany sales	935	878
Intangible asset amortization	-	891
Depreciation	403	1,825
Excess tax basis in equity investments	3,651	3,758
Foreign tax credit carryforward	3,304	154
Deferred compensation	1,910	1,795
Other	547	520
Valuation allowance	(2,956)	(2,912)
Net deferred tax assets	16,696	15,085
Intangible asset amortization	(1,241)	(900)
Unrealized gains on available-for-sale investments	(413)	(316)
Other	(652)	(923)
Deferred tax liabilities	(2,306)	(2,139)
Net deferred tax assets	$ 14,390	$ 12,946

A deferred tax valuation allowance is required when it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company has provided a valuation allowance for potential capital loss carryovers resulting from excess tax basis in certain of its equity investments. The Company believes that it is more likely than not that the recorded deferred tax asset, net of valuation allowance, will be realized.

During fiscal 2010, the Company's R&D Europe subsidiary declared and paid a dividend of 50 million British pound sterling ($74.4 million) to the Company. The 50 million British pound sterling R&D Europe earnings had previously been taxed in the U.S. and therefore, no additional U.S. income tax resulted from the repatriation. The Company recorded a foreign currency exchange tax loss on the transaction of approximately $12.8 million and as a result, reported a $4.7 million reduction in income tax expense in fiscal 2010.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $85.5 million as of June 30, 2010. Deferred taxes have not been provided on such undistributed earnings, as the Company has either paid U.S. taxes on the undistributed earnings or intends to indefinitely reinvest the undistributed earnings in the foreign operations.

A summary of changes in unrecognized tax benefits is as follows (in thousands):

	June 30, 2010	2009
Beginning balance	$ 91	$ 92
Increase due to tax positions related to the current year	15	7

Decrease due to lapse of statute of limitations	(10)	(8)
Ending balance	$ 96	$ 91

The gross unrecognized tax benefit balance as of June 30, 2010 of $96,000 includes $5,000 of unrecognized tax benefits that, if recognized, would affect the effective tax rate. The gross unrecognized tax benefit balance as of June 30, 2009 of $91,000 includes $6,000 of unrecognized taxes benefits that, if recognized, would affect the effective tax rate. Accrued interest and penalties were not material at June 30, 2010, 2009 and 2008.

The Company does not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease in the next twelve months. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. The Company files income tax returns in the U.S federal tax jurisdiction, the states of Minnesota, Massachusetts and California, and several jurisdictions outside the U.S. U.S. tax returns for 2007 and subsequent years remain open to examination by the tax authorities. The Company's major non-U.S. tax jurisdictions are the United Kingdom, France and Germany, which have tax years open to examination for 2006 and subsequent years, and China which has calendar year 2010 open to examination.

K. Earnings per share:

The number of shares used to calculate earnings per share are as follows (in thousands, except per share data):

	Year Ended June 30,		
	2010	2009	2008
Net earnings used for basic and diluted earnings per share	$109,776	$105,242	$103,558
Weighted average shares used in basic computation	37,255	37,802	39,139
Dilutive stock options and warrants	92	98	108
Weighted average shares used in diluted computation	37,347	37,900	39,247
Basic EPS	$ 2.95	$ 2.78	$ 2.65
Diluted EPS	$ 2.94	$ 2.78	$ 2.64

The dilutive effect of stock options and warrants in the above table excludes all options for which the aggregate exercise proceeds exceeded the average market price for the period. The number of potentially dilutive option shares excluded from the calculation was 70,000, 26,000 and 39,000 at June 30, 2010, 2009 and 2008, respectively.

L. Segment information:

The Company has three reportable operating segments based on the nature of products and geographic location: biotechnology, R&D Europe and hematology.

The biotechnology segment consists of R&D Systems' Biotechnology Division, BiosPacific and R&D China, which develop, manufacture and sell biotechnology research and diagnostic products world-wide. R&D Europe distributes Biotechnology Division products throughout Europe. The hematology segment develops and manufactures hematology controls and calibrators for sale world-wide. No customer accounted for more than 10% of the Company's net sales for the years ended June 30, 2010, 2009 and 2008.

The accounting policies of the segments are the same as those described in Note A. In evaluating segment performance, management focuses on sales and earnings before taxes.

Following is financial information relating to the operating segments (in thousands):

	Year Ended June 30,		
	2010	2009	2008
External sales			
Biotechnology	$177,889	$173,913	$165,663
R&D Europe	72,764	72,541	75,735
Hematology	18,394	17,502	16,022
Consolidated net sales	$269,047	$263,956	$257,420
Earnings before taxes			
Biotechnology	$126,436	$123,794	$115,856
R&D Europe	29,553	32,245	39,893
Hematology	6,869	6,143	4,258
Segment earnings before taxes	162,858	162,182	160,007
Other	(6,412)	(6,819)	(6,176)
Consolidated earnings before taxes	$156,446	$155,363	$153,831
Assets			
Biotechnology	$335,864	$222,534	$244,659
R&D Europe	66,998	139,302	139,871
Hematology	18,543	15,804	18,989
Intersegment eliminations	(2,750)	(6,391)	(5,462)
Segment assets	418,655	371,249	398,057
Other	100,161	100,756	109,312
Consolidated assets	$518,816	$472,005	$507,369
Depreciation and amortization			
Biotechnology	$ 4,982	$ 4,085	$ 3,713
R&D Europe	429	417	329
Hematology	340	229	231
Segment depreciation and amortization	5,751	4,731	4,273
Other	2,379	3,035	2,986
Consolidated depreciation and amortization	$ 8,130	$ 7,766	$ 7,259
Capital purchases			
Biotechnology	$ 3,718	$ 3,305	$ 5,563
R&D Europe	167	196	8,517

Hematology	208	94	76
Segment capital purchases	4,093	3,595	14,156
Other	551	2,961	2,209
Consolidated capital purchases	$ 4,644	$ 6,556	$ 16,365

The other reconciling items include the results of unallocated corporate expenses and assets, and the Company's share of losses from its equity method investees.

Following is financial information relating to geographic areas (in thousands):

	Year Ended June 30,		
	2010	2009	2008
External sales			
United States	$148,137	$147,271	$141,443
Europe	78,496	79,381	81,628
Other areas	42,414	37,304	34,349
Total external sales	$269,047	$263,956	$257,420
Long-lived assets			
United States	$ 91,554	$ 93,571	$ 93,612
Europe	6,299	7,214	8,992
Other areas	70	98	112
Total long-lived assets	$ 97,923	$ 100,883	$102,716

External sales are attributed to countries based on the location of the customer/distributor. Long-lived assets are comprised of land, buildings and improvements, equipment, and other assets, net of accumulated depreciation and amortization.

M. Benefit plans:

Profit sharing plans: The Company has Profit Sharing and Savings Plans for its U.S. employees, which conform to IRS provisions for 401(k) plans. The Company may make profit sharing contributions at the discretion of the Board of Directors. Operations have been charged for contributions to the plans of $341,000, $617,000 and $1.6 million for the years ended June 30, 2010, 2009 and 2008, respectively. The Company operates a defined contribution pension plan for employees of R&D Europe. Operations have been charged for contributions to the plan of $162,000, $154,000 and $174,000 for the years ended June 30, 2010, 2009 and 2008, respectively.

Stock bonus plans: The Company may make contributions to its Stock Bonus Plans in the form of common stock, cash or other property at the discretion of the Board of Directors. The Company purchases its common stock at market value for contribution to the plans. For the years ended June 30, 2010, 2009 and 2008 operations have been charged for contributions to the plan of $419,000, $647,000 and $1.7 million, respectively.

Performance incentive program: Under certain employment agreements with executive officers, the Company recorded bonuses of $44,000, $76,000 and

$87,000 for the years ended June 30, 2010, 2009 and 2008, respectively. In addition, options for 40,697, 981 and 2,217 shares of common stock were granted to the executive officers during fiscal 2010, 2009 and 2008, respectively.

N. Supplemental disclosures of cash flow information and noncash investing and financing activities:

In fiscal 2010, 2009 and 2008, the Company paid cash for income taxes of $49.7 million, $50.9 million and $49.1 million, respectively.

In fiscal 2009, stock options for 785 shares of common stock were exercised by the surrender of 348 shares of common stock at fair market value of $22,000. In fiscal 2008, stock options for 1,948 shares of common stock were exercised by the surrender of 1,101 shares of common stock at fair market value of $68,000.

O. Accumulated other comprehensive income:

Accumulated other comprehensive (loss) income consists of (in thousands):

	Year Ended June 30,		
	2010	2009	2008
Foreign currency translation adjustments	$(21,967)	$ (8,035)	$ 13,733
Net unrealized gain (loss) on available-for-sale investments, net of tax	733	558	(1,605)
	$(21,234)	$ (7,477)	$ 12,128

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
TECHNE Corporation:

We have audited the accompanying consolidated balance sheets of TECHNE Corporation and subsidiaries (the Company) as of June 30, 2010 and 2009, and the related consolidated statements of earnings, shareholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended June 30, 2010. We also have audited TECHNE Corporation's internal control over financial reporting as of June 30, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TECHNE Corporation's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements

included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TECHNE Corporation and subsidiaries as of June 30, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, TECHNE Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG

Minneapolis, Minnesota
August 27, 2010

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company"s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Changes in Internal Controls

There was no change in the Company's internal control over financial reporting during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). As of June 30, 2010, management, under the supervision of the chief executive officer and chief financial officer, assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management determined that the Company maintained effective internal control over financial reporting as of June 30, 2010.

KPMG LLP, our independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than "Executive Officers of the Registrant" which is set forth at the end of Item 1 in Part I of this report, the information required by Item 10 is incorporated herein by reference to the sections entitled "Election of Directors," "Corporate Governance" and "Compliance With Section 16(a) of the Exchange Act" in the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the section entitled "Corporate Governance" and "Executive Compensation Discussion and Analysis" in the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

Information about the Company's equity compensation plans at June 30, 2010 is as follows (shares in thousands):

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by Shareholders (1)	440	$54.26	3,077
Equity compensation plans not approved by Shareholders	-	-	-

(1) Includes the Company's 1997 Incentive Stock Option Plan and 1998 Nonqualified Stock Option Plan.

The remaining information required by Item 12 is incorporated by reference to the sections entitled "Principal Shareholders" and "Management Shareholdings" in the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference to the sections entitled "Corporate Governance" in the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section entitled "Audit Matters" in the Company's Proxy Statement for its 2010 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

A. (1) List of Financial Statements.

The following Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K:

Consolidated Statements of Earnings for the Years Ended June 30, 2010, 2009 and 2008

Consolidated Balance Sheets as of June 30, 2010 and 2009

Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss) for the Years Ended June 30, 2010, 2009 and 2008

Consolidated Statements of Cash Flows for the Years Ended June 30, 2010, 2009 and 2008

Notes to Consolidated Financial Statements for the Years Ended June 30, 2010, 2009 and 2008

Report of Independent Registered Public Accounting Firm

A. (2) Financial Statement Schedules.

All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

A. (3) Exhibits.

See "Exhibit Index" immediately following signature page.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 27, 2010

TECHNE CORPORATION
/s/ Thomas E. Oland

By: Thomas E. Oland
Its: President

Pursuant to the requirements of the Securities Exchange Act of 1934, this

Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date	Signature and Title
August 27, 2010	/s/ Thomas E. Oland Thomas E. Oland Chairman of the Board, President, Treasurer, Chief Executive Officer and Director (principal executive officer)
August 27, 2010	/s/ Roger C. Lucas, Ph.D. Dr. Roger C. Lucas Vice Chairman and Director
August 27, 2010	/s/ Howard V. O'Connell Howard V. O'Connell, Lead Director
August 27, 2010	/s/ Randolph C. Steer, Ph.D., M.D. Dr. Randolph C. Steer, Director
August 27, 2010	/s/ Robert V. Baumgartner Robert V. Baumgartner, Director
August 27, 2010	/s/ Charles A. Dinarello, M.D. Dr. Charles A. Dinarello, Director
August 27, 2010	/s/ Karen A. Holbrook, Ph.D. Dr. Karen A. Holbrook, Director
August 27, 2010	/s/ John L. Higgins John L. Higgins, Director
August 27, 2010	/s/ Roeland Nusse, Ph.D. Dr. Roeland Nusse, Director
August 27, 2010	/s/ Gregory J. Melsen Gregory J. Melsen, Chief Financial Officer (principal financial officer)
August 27, 2010	/s/ Kathleen M. Backes Kathleen M. Backes, Controller

EXHIBIT INDEX
for Form 10-K for the 2010 Fiscal Year

Exhibit Number	Description
3.1	Restated Articles of Incorporation of Company, as amended to date--incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q for the quarter ended September 30, 2000.*
3.2	Restated Bylaws of the Company, as amended to date--incorporated by reference to Exhibit 3.1 of the Company's Form 8-K, dated November 14, 2007.*
10.1**	Employee Agreement with Respect to Inventions, Proprietary Information, and Unfair Competition with Thomas E. Oland--incorporated by reference to Exhibit 10.2 of the Company's Form 10, dated October 27, 1988.*
10.2**	Company's Profit Sharing Plan--incorporated by reference to Exhibit 10.6 of the Company's Form 10, dated October 27, 1988.*
10.3**	Company's Stock Bonus Plan--incorporated by reference to Exhibit 10.7 of the Company's Form 10, dated October 27, 1988.*
10.4**	1997 Incentive Stock Option Plan--incorporated by reference to Exhibit 10.24 of the Company's Form 10-K for the year ended June 30, 1997.*
10.5**	Form of Stock Option Agreement for 1997 Incentive Stock Option Plan--incorporated by reference to Exhibit 10.25 of the Company's Form 10-K for the year ended June 30, 1997.*
10.6	Investment Agreement between ChemoCentryx, Inc. and Techne Corporation dated November 18, 1997--incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended December 31, 1997.*
10.7**	1998 Nonqualified Stock Option Plan--incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended September 30, 1998.*
10.8**	Form of Stock Option Agreement for 1998 Nonqualified Stock Option Plan--incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the quarter ended September 30, 1998.*
10.9	Investors Rights Agreement dated February 2, 2001 among ChemoCentryx, Inc., the Company and certain investors amending the Investment Agreement between ChemoCentryx, Inc. and the Company dated November 18, 1997--incorporated by reference to Exhibit 10.32 of the Company's 10-K for the year ended June 30, 2001.*
10.10	Letter Agreement dated February 2, 2001 between ChemoCentryx, Inc. and the Company amending the terms of warrants held by the Company--incorporated by reference to Exhibit 10.33 of the Company's 10-K for the year ended June 30, 2001.*

10.11**	Form of Indemnification Agreement entered into with each director and executive officer of the Company--incorporated by reference to Exhibit 10.1 of the Company's 10-Q for the quarter ended December 31,

2002.*

10.12 Amended and Restated Investors Rights Agreement dated June 13, 2006 among ChemoCentryx, Inc and the Company and certain investors-- incorporated by reference to Exhibit 10.31 of the Company's 10-K for the year ended June 30, 2006.*

10.13** Employment Agreement, dated January 30, 2008, with Marcel Veronneau-- incorporated by reference to Exhibit 10.1 of the Company's 10-Q for the quarter ended December 31, 2007.*

10.14** Amended and Restated Employment Agreement, dated April 30, 2010, with Gregory J. Melsen

10.15** Description of Amended Executive Officer's Incentive Bonus Plan

21 Subsidiaries of the Company:

Name	State/Country of Incorporation
Research and Diagnostic Systems, Inc. (R&D Systems)	Minnesota
BiosPacific, Inc.	Minnesota
R&D Systems Europe Ltd.	United Kingdom
R&D Systems GmbH	Germany
R&D Systems China Co. Ltd.	China

23 Consent of KPMG LLP, Independent Registered Public Accounting Firm

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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*Incorporated by reference; SEC File No. 000-17272
**Management contract or compensatory plan or arrangement