

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 1995, or

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 0-17272

TECHNE CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA
(State or other jurisdiction
of incorporation or organization)

41-1427402
(I.R.S. Employer
Identification No.)

614 MCKINLEY PLACE N.E.
MINNEAPOLIS, MN 55413
(Address of principal (Zip Code)
executive offices)

(612) 379-8854
(Registrant's telephone number,
including area code)

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 No

At February 1, 1996, 9,424,501 shares of the Company's Common Stock (par value
\$.01) were outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

TECHNE CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<TABLE>
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ASSETS	12/31/95	6/30/95
<S>	<C>	<C>
Cash and cash equivalents	\$ 4,102,802	\$ 5,317,493
Short-term investments	11,155,052	10,627,730
Accounts receivable (net)	7,314,815	7,385,783
Inventories	3,324,827	3,265,840
Deferred income taxes	1,007,000	813,000
Other current assets	530,167	396,073
	-----	-----
Total current assets	27,434,663	27,805,919
Deferred income taxes	520,000	524,000
Prepaid license fee	488,400	567,600
Fixed assets (net)	7,792,281	4,328,429
Intangible assets (net)	718,572	836,327
	-----	-----
TOTAL ASSETS	\$ 36,953,916	\$ 34,062,275
	=====	=====
 LIABILITIES & EQUITY		
Trade accounts payable	\$ 1,493,535	\$ 1,548,530
Salary and related accruals	1,266,310	1,350,650
Other payables	750,196	662,353
Income taxes payable	316,450	557,447
	-----	-----
Total current liabilities	3,826,491	4,118,980
Deferred rent	466,400	423,200
Common stock, par value \$.01 per share; authorized 50,000,000; issued and outstanding 9,420,951 and 9,375,346, respectively	94,210	93,753
Additional paid-in capital	9,491,782	8,546,974
Retained earnings	22,999,327	20,734,653
Accumulated foreign currency translation adjustments	75,706	144,715
	-----	-----
Total stockholders' equity	32,661,025	29,520,095
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 36,953,916	\$ 34,062,275
	=====	=====

</TABLE>

See notes to unaudited Consolidated Financial Statements.

TECHNE CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

<TABLE>
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	QUARTER ENDED		SIX MONTHS ENDED	
	12/31/95	12/31/94	12/31/95	12/31/94
<S>	<C>	<C>	<C>	<C>
Sales	\$12,514,479	\$11,360,633	\$25,308,777	\$22,321,427
Cost of sales	4,632,962	4,446,076	9,296,859	8,901,373
Gross margin	7,881,517	6,914,557	16,011,918	13,420,054
Operating expenses:				
Selling, gen. and admin.	3,163,447	2,900,937	6,264,117	5,345,768
Research and development	2,462,512	2,093,983	4,954,180	4,069,142
Amortization expense	58,878	58,877	117,755	173,864
Interest expense	91	3,200	315	5,978
Interest income	(164,164)	(98,768)	(303,484)	(175,007)
	5,520,764	4,958,229	11,032,883	9,419,745
Earnings before income taxes	2,360,753	1,956,328	4,979,035	4,000,309
Income taxes	673,000	580,000	1,506,000	1,186,000
NET EARNINGS	\$ 1,687,753	\$ 1,376,328	\$ 3,473,035	\$ 2,814,309

EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	\$.17	\$	0.14	\$	0.36	\$	0.30
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COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	9,716,650	9,502,193	9,683,532	9,490,906
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</TABLE>

See notes to unaudited Consolidated Financial Statements.

TECHNE CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
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	SIX MONTHS ENDED	
	12/31/95	12/31/94
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 3,473,035	\$ 2,814,309
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	809,106	823,185
Deferred income taxes	(190,000)	(77,000)
Prepaid license fee	79,200	-
Deferred rent	43,200	65,400
Other	188,026	25,000
Change in current assets and current liabilities:		
(Increase) decrease in:		
Accounts receivable	4,983	(136,131)
Inventories	(79,876)	(68,204)
Other current assets	(138,446)	3,534
Increase (decrease) in:		
Trade account/other payables	47,594	(162,279)
Salary and related accruals	(82,592)	(124,409)
Income taxes payable	(230,741)	(451,614)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,923,489	2,711,791

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of short-term investments	(6,987,347)	(5,943,475)
Proceeds from sale of short-term investments	6,460,025	2,255,000
Additions to fixed assets	(4,178,226)	(518,391)
	-----	-----
NET CASH USED BY INVESTING ACTIVITIES	(4,705,548)	(4,206,866)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on long term debt	-	(19,642)
Issuance of common stock	167,656	112,199
Repurchase of common stock	(607,753)	-
	-----	-----
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(440,097)	92,557
EFFECT OF EXCHANGE RATE CHANGES ON CASH	7,465	(3,180)
	-----	-----
NET CHANGE IN CASH AND EQUIVALENTS	(1,214,691)	(1,405,698)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	5,317,493	5,878,346
	-----	-----
CASH AND EQUIVALENTS AT END OF PERIOD	\$ 4,102,802	\$ 4,472,648
	=====	=====

</TABLE>

See notes to unaudited Consolidated Financial Statements.

TECHNE CORPORATION & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited)

A. BASIS OF PRESENTATION:

The unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles and with instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying unaudited Consolidated Financial Statements reflect all adjustments which are, in the opinion of management, necessary to a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

A summary of significant accounting policies followed by the Company is detailed in the Annual Report to Shareholders for Fiscal 1995. The Company follows these policies in preparation of the interim Financial Statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that the Consolidated Financial Statements be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto for the fiscal year ended June 30, 1995 included in the Company's Annual Report to Shareholders for Fiscal 1995.

Certain Consolidated Balance Sheet captions appearing in this interim report are as follows:

<TABLE>

<CAPTION>

	12/31/95	6/30/95
	-----	-----
	<C>	<C>
ACCOUNTS RECEIVABLE		
Accounts receivable	\$ 7,453,815	\$ 7,528,783
Less reserve for bad debts	139,000	143,000
	-----	-----
NET ACCOUNTS RECEIVABLE	\$ 7,314,815	\$ 7,385,783
	=====	=====

INVENTORIES

Raw materials	\$ 1,907,147	\$ 1,743,533
Work in process	31,888	11,964
Supplies	128,236	112,551
Finished goods	1,257,556	1,397,792
	-----	-----
TOTAL INVENTORIES	\$ 3,324,827	\$ 3,265,840
	=====	=====

FIXED ASSETS		
Laboratory equipment	\$ 7,558,585	\$ 6,844,497
Office equipment	2,242,504	2,065,032
Leasehold improvements	4,993,521	1,758,724
	-----	-----
	14,794,610	10,668,253
Less accumulated depreciation and amortization	7,002,329	6,339,824
	-----	-----
NET FIXED ASSETS	\$ 7,792,281	\$ 4,328,429
	=====	=====

INTANGIBLE ASSETS		
Customer list	\$ 1,010,000	\$ 1,010,000
Technology licensing agreements	500,000	500,000
Goodwill	1,225,547	1,225,547
	-----	-----
	2,735,547	2,735,547
Less accumulated amortization	2,016,975	1,899,220
	-----	-----
NET INTANGIBLE ASSETS	\$ 718,572	\$ 836,327
	=====	=====

</TABLE>

B. EARNINGS PER SHARE:

Shares used in the earnings per share computations are as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	

	12/31/95	12/31/94
	-----	-----
<S>	<C>	<C>
Primary:		
Weighted average number of common shares	9,410,474	9,346,431
Dilutive effect of stock options and warrants	273,058	144,475
	-----	-----
Average common and common equivalent shares outstanding	9,683,532	9,490,906
	=====	=====
Fully diluted:		
Weighted average number of common shares	9,410,474	9,346,431
Dilutive effect of stock options and warrants	286,558	145,384
	-----	-----
Average common and common equivalent shares outstanding	9,697,032	9,491,815
	=====	=====

</TABLE>

Fully diluted earnings per share are not separately reported since the effect of dilution is less than three percent.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations Quarter And Six Months Ended December 31, 1995
vs. Quarter And Six Months Ended December 31, 1994

Techne Corporation has two operating subsidiaries: Research and Diagnostic Systems, Inc. (R&D Systems) located in Minneapolis, Minnesota and R&D Systems Europe Ltd. (R&D Europe) located in Abingdon, England. R&D Systems has two divisions: Biotechnology and Hematology. The Biotechnology Division manufactures purified cytokines (proteins), antibodies and assay kits which are sold primarily to biomedical researchers and clinical research laboratories.

The Hematology Division develops and manufactures whole blood hematology controls and calibrators which are sold to hospital and clinical laboratories to check the performance of their hematology instruments to assure the accuracy of hematology test results. R&D Europe is the distributor for R&D Systems' biotechnology products in Europe. R&D Europe also develops and manufactures its own line of biotechnology products and distributes products for several other biotechnology companies. In fiscal 1996, R&D Europe opened a sales subsidiary in Germany. The Company also has a foreign sales corporation, Techne Export Inc.

Net Sales

Net sales for the quarter ended December 31, 1995 were \$12,514,479, an increase of \$1,153,846 (10%) from the quarter ended December 31, 1994. Sales for the six months ended December 31, 1995 increased \$2,987,350 (13%) from \$22,321,427 to \$25,308,777. R&D Systems sales increased \$579,287 (7%) and \$1,599,061 (10%) for the quarter and six months ended December 31, 1995, respectively. R&D Europe sales increased \$574,559 (16%) and \$1,388,289 (22%) for the same periods. Approximately 65% of R&D Europe sales were from the distribution of R&D Systems' products.

Approximately 31% and 42% of the increase in consolidated sales for the quarter and six months, respectively, was due to the increase in sales of R&D Systems' immunoassay (Quantikine) kits. In fiscal 1990, the Biotechnology Division of R&D Systems released its first immunoassay kits and currently there are 58 kits on the market. Sales of these kits by R&D Systems and R&D Europe for the quarter and six months ended December 31, 1995 were \$5,050,166 and \$10,009,739 compared to \$4,693,141 and \$8,762,576 for the quarter and six months ended December 31, 1994.

In addition, approximately 26% and 15% of the increase in consolidated sales for the quarter and six months, respectively, was due to increased sales of other R&D Systems' products by R&D Europe. Another 29% and 17% of the increase in consolidated sales for the quarter and six months ended December 31, 1995 was from an increase in sales of R&D Europe in-house developed products, including products developed under the Joint Biological Research Agreement with British Bio-technology plc. and the new molecular biology product line.

The reacquisition of proficiency survey business and increased OEM and retail sales by R&D Systems' Hematology Division accounted for an additional 15% increase in consolidated sales for both the second quarter and first six months of fiscal 1996.

Several new products were released in the first six months of fiscal 1996, including R&D Systems' line of murine assay kits and R&D Europe's line of molecular biology products. Expected increases in sales of these new products, along with products planned to be released in the third and fourth quarters and the normal increases after the holiday season, are expected to accelerate revenues to record levels in the last half of fiscal 1996.

Gross Margins

Gross margins, as a percentage of sales, increased from the prior year. Margins for the second quarter of fiscal 1996 were 63.0% compared to 60.9% for the same quarter in fiscal 1995. Margins for the six months ended December 31, 1995 were 63.3% compared to 60.1% for the same period in fiscal 1995.

The increase for the quarter and six months was due to an increase in R&D Europe and Hematology Division gross margins. R&D Europe gross margins were 48.5% compared to 48.2% for the quarter ended December 31, 1994 and 50.0% compared to 47.1% for the six months ended December 31, 1994. This increase in R&D Europe gross margins was due to a change in product mix, with increased sales of higher margin in-house developed products. Hematology Division gross margins also increased from 32.1% to 36.2% for the quarter ended December 31, 1995, and from 32.8% to 37.9% for the six months ended December 31, 1995 as a result of changes in the product mix. R&D Systems' Biotechnology Division gross margins increased slightly from the prior year for both the quarter and six month periods.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$262,510 (9%) from the second quarter of fiscal 1995 to the second quarter of fiscal 1996. These expenses also increased \$918,349 (17%) for the first six months of fiscal 1996. The largest increase in selling, general and administrative expenses for the quarter and six months is attributable to R&D Europe operations. During the first quarter of fiscal 1996, R&D Europe opened a sales subsidiary in Germany and costs associated with additional sales staff, travel and start-up costs were \$194,000 and \$320,000 for the quarter and six months ended December 31, 1995. In addition, \$44,000 and \$114,000 of the increase in selling, general and administrative expenses for the quarter and six months was due to additional sales staff added by R&D Europe since the prior year. R&D Systems' selling, general and administrative expenses also increased \$188,000 during the first six months of fiscal 1996, mainly due to additional bonus and profit sharing accruals.

Research and Development Expenses

Research and development expenses increased \$368,529 (18%) for the quarter ended December 31, 1995 and \$885,038 (22%) for the six months ended December 31, 1995. R&D Europe and R&D Systems' research and development expenses increased \$52,827 and \$315,702, respectively, for the quarter ended December 31, 1995 and \$189,251 and \$695,787, respectively, for the six months ended December 31, 1995. The increases related to products currently under development, several of which were released in the first half of fiscal 1996, including R&D Europe's new line of molecular biology products and R&D Systems' new line of murine immunoassay kits. The products currently under development include both biotechnology and hematology products. Also included in R&D Systems' research and development expense for the quarter and six months ended December 31, 1995 is \$100,000 and \$200,000, respectively, for payments to Cistron Biotechnology, Inc. under a Research and Development Agreement signed in fiscal 1995.

Net Earnings

Earnings before income taxes increased \$404,425 from \$1,956,328 in the second quarter of fiscal 1995 to \$2,360,753 in the second quarter of fiscal 1996. Earnings before income taxes for the six months increased \$978,726 from \$4,000,309 to \$4,979,035. The increase in earnings before income taxes was mainly due to an increase in Hematology Division earnings of \$266,925 and \$533,053 for the quarter and six months ended December 31, 1995, and an increase in Biotechnology Division earnings of \$103,448 and \$433,041 for the quarter and six months. The increase in Hematology earnings from the prior year was the result of an increase in sales and gross margins. The increase in Biotechnology Division results was due to increased sales, partially offset by higher expenses. R&D Europe earnings before income taxes were not materially different from the second quarter and first six months of the prior year, with higher sales being offset by higher expenses.

Income taxes for the quarter and six months ended December 31, 1995 were provided at a rate of approximately 29% and 30% of consolidated pretax earnings compared to 30% for the comparable periods in fiscal 1995. U.S. federal taxes have been reduced as a result of the benefit of the foreign sales corporation. Foreign income taxes have been provided at a rate of 31% which approximates the tax rates in the United Kingdom and Germany.

Liquidity and Capital Resources

At December 31, 1995, cash and cash equivalents and short-term investments were \$15,257,854 compared to \$15,945,223 at June 30, 1995. The Company has been accumulating cash and short-term investments for future expansion purposes. The Company believes it can meet its future cash, working capital requirements and capital additions through currently available funds, cash generated from operations and maturities of short-term investments. The Company has an unsecured line of credit of \$750,000. The interest rate on the line of credit is at prime.

Cash Flows From Operating Activities

The Company generated cash of \$3,923,489 from operating activities in the first six months of fiscal 1996 compared to \$2,711,791 for the first six months of fiscal 1995. The increase was mainly the result of increased net earnings adjusted for noncash expenses.

Cash Flows From Investing Activities

During the six months ended December 31, 1995 and 1994, the Company increased short-term investments \$527,322 and \$3,688,475, respectively. The Company's investment policy is to place excess cash in short-term certificates of deposit and low risk tax-exempt government bonds. The objective of this policy is to obtain the highest possible return with the lowest risk, while keeping the funds accessible.

Capital additions were \$4,178,226 for the first six months of fiscal 1996 compared to \$518,391 for the first six months of fiscal 1995. Included in the fiscal 1996 additions was \$3,220,000 for partial payment on leasehold improvements being made to the 2201 Kennedy building. The new space will be occupied by R&D Systems Biotechnology Division in stages through early fiscal 1997. The remaining additions in fiscal 1996 and the major additions in fiscal 1995 were for laboratory and computer equipment. Total expenditures for capital additions relating to leasehold improvements, laboratory and computer equipment planned for the remainder of fiscal 1996 are expected to cost approximately \$2,200,000 and are expected to be financed through cash from operating activities and maturities of short-term investments.

Cash Flows From Financing Activities

Cash of \$167,656 and \$112,199 was received during the six months ended December 31, 1995 and 1994, respectively, for the exercise of options for 29,750 and 21,795 shares of common stock. During the first six months of fiscal 1996, options for 80,000 shares of common stock were exercised in a noncash transaction by the surrender of 31,645 shares of the Company's common stock with a market value of \$601,250.

During the first six months of fiscal 1996, the Company purchased and retired 32,500 shares of Company common stock at a market value of \$607,753.

In May 1995, the Company announced a plan to purchase and retire up to \$5,000,000 of its common stock. Through February 1, 1996, 81,200 shares have been purchased at a market value of \$1,306,959. Subject to market conditions and share price, the Company plans to continue to purchase and retire Company common stock.

The Company has never paid dividends and has no plans to do so in fiscal 1996.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None

ITEM 2 - CHANGES IN SECURITIES

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO VOTE OF SHAREHOLDERS

Information relating to the Company's Annual Meeting of Shareholders held on October 19, 1995, is contained in the Company's Form 10-Q for the quarter ended September 30, 1995, which is incorporated herein by reference.

ITEM 5 - OTHER INFORMATION

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements in this filing, and elsewhere, which look forward in time involve risks and uncertainties which may affect the actual results of operations. The following important factors, among others, have affected and, in the future, could affect the Company's actual results: the introduction and acceptance of new biotechnology and hematology products, the levels and particular directions of research into cytokines by the Company's customers, the impact of the growing number of producers of cytokine research products and the related price competition, the retention of hematology OEM and proficiency survey business, and the Company's expansion of marketing efforts in Europe.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. EXHIBITS

See exhibit index immediately following signature page.

B. REPORTS ON FORM 8-K

None

SIGNATURE

Pursuant to the requirements 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.

TECHNE CORPORATION
(Company)

Date: February 13, 1996 /s/ Thomas E. Oland

Thomas E. Oland
President, Chief Executive and
Financial Officer

EXHIBIT INDEX
TO
FORM
10-Q

TECHNE CORPORATION

Exhibit Number	Description
-----	-----
27	Financial Data Schedule

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