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, 1997

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	41-1427402
(State of Incorporation)	(IRS Employer Identification No.)

614 McKinley Place N.E., Minneapolis, MN	55413
(Address of principal executive offices)	(Zip Code)

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

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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value.

Indicate by check mark whether the Company (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 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. ( )

The aggregate market value of the Common Stock held by non-affiliates of the Registrant, based upon the closing sale price on September 15, 1997 as reported on The Nasdaq Stock Market was approximately $154,608,000. 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 $.01 par value Common Stock outstanding at September 15, 1997: 9,427,728

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 1997 Annual Meeting of Shareholders are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

OVERVIEW

Techne Corporation (the "Company") is a holding company which has two wholly-owned 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 is a specialty manufacturer of biological products. Its two major product lines are

hematology controls, which are used in hospital and clinical laboratories to check the accuracy of blood analysis instruments, and biotechnology products including purified proteins called cytokines which are sold exclusively to the research market, and assay kits which are sold to the research and clinical diagnostic markets. R&D Europe distributes R&D Systems' biotechnology products in Europe. In fiscal 1996 R&D Europe opened a sales subsidiary, R&D Systems GmbH (R&D GmbH), in Germany. The Company also has a foreign sales corporation, Techne Export Inc.

R&D Systems was founded and incorporated in 1976 in Minneapolis, Minnesota and was acquired by the Company in 1985. In 1977 R&D Systems introduced its first product, a Platelet-Rich-Plasma control. In 1981 R&D Systems was the second manufacturer in the world to release a Whole Blood Control with Platelets, thereby establishing itself as one of the leaders in the field of hematology control products manufacturing. Subsequently, R&D Systems has developed several types of hematology controls designed to keep pace with the technology of the newest models of hematology instruments. These products are sold throughout the United States directly by R&D Systems and in many foreign countries through distributors.

In 1985 R&D Systems entered the cytokine market. Cytokines are specialized protein molecules that stimulate or suppress cell growth in the body. Cytokines are in demand by biomedical researchers who want to learn more about their diverse functions. Encouraged by its success in the cytokine market, R&D Systems formed a biotechnology division in 1986 with the goal of producing and marketing a wide range of human cytokines through genetic engineering. Recombinant DNA technology offers several advantages over extraction of these proteins from natural sources, including lower production cost and potentially unlimited supply.

On August 19, 1991, R&D Systems purchased from Amgen Inc., a leader in the biotechnology field, its research reagent and diagnostic assay kit business. With this purchase, R&D Systems obtained Amgen's Erythropoietin (EPO) kit, the Company's first cytokine enzyme-linked immunosorbent assay (ELISA) kit cleared by the FDA for clinical diagnostic use. This acquisition established R&D Systems as a leader in cytokine diagnostic assays.

In July 1993, the Company acquired its European biotechnology distributor, British Bio-technology Products Ltd. (BBP) from British Bio-technology Group plc. BBP, which the Company renamed R&D Systems Europe Ltd., distributed biotechnology products for R&D Systems and several other companies and developed and manufactured its own line of biotechnology products. In fiscal 1997, the Company restructured the operations of R&D Europe to concentrate on the distribution of biotechnology products developed by R&D Systems. The restructuring involved the withdrawal from the molecular biology market, the transfer of all major marketing and advertising activities to R&D Systems and the transfer of immunoassay kit development and manufacturing activities from R&D Europe to R&D Systems.

THE MARKET

The Company, through its two operating subsidiaries, manufactures and sells products for the clinical diagnostics market (hematology controls and calibrators) and the biotechnology research and clinical diagnostics market (cytokines, assays and related products). In fiscal 1997, R&D Systems' Hematology Division revenues accounted for approximately 17% of consolidated revenues of $60,923,750. Revenues from R&D Systems' Biotechnology Division and R&D Europe were 52% and 31% of consolidated revenues, respectively.

Biotechnology Products

R&D Systems is a supplier of cytokines to the biotechnology research community. These valuable proteins exist in minute amounts in different types of cells and can be extracted from these cells or made through genetic engineering. In 1985, R&D Systems introduced its first cytokine and is continuously adding others to its product line. The first cytokines were extracted from natural sources (human and porcine platelets and bovine brain). Currently the majority of cytokines are produced through recombinant DNA techniques. R&D Systems also sells antibodies for specific cytokines, cytokine assay kits, clinical diagnostic kits and kits for cytokine receptor binding studies.

The growing interest by researchers in cytokines exists because of the profound effect a tiny amount of a cytokine can have on the cells and tissues of the body. Cytokines are intercellular messengers. They carry vital signals to the cell's genetic machinery that can trigger it to grow or stop growing. Cytokines can also signal a cell to differentiate, that is, to acquire the features necessary for it to take on more specialized tasks. Cytokines act as signals by interacting with specific receptors on the effected cells. Certain cytokines play a key role in stimulating cells surrounding a wound to grow and divide and also in attracting migratory cells to the site.

R&D Systems' Biotechnology Division was formed in response to a shift in the market from proteins purified from natural source materials to those produced by recombinant DNA techniques. R&D Systems believes that its recombinant cytokines are addressing the growing demand for these products within the scientific research community.

During fiscal 1990, the Biotechnology Division released its first cytokine assay kits under the tradename Quantikine. These kits are used by researchers to quantify the level of a specific cytokine in a sample of human blood or other fluid. In fiscal 1996, the Biotechnology Division expanded its Quantikine line by introducing a line of murine assay kits. These kits are used by research scientists doing cytokine studies using animal models.

The Biotechnology Division of R&D Systems also has a line of flow cytometry reagent kits sold under the tradename Fluorokine. These kits contain cytokines which are chemically tagged causing them to fluoresce when exposed to a laser beam. These tagged cytokines are used to measure the presence or absence of receptors for specific cytokines on the surface of particular cells. The combination of the Fluorokine and Quantikine product lines enable researchers to not only quantitate cytokines, but to better understand their interactions with cells and the function of these cytokines.

Current Biotechnology Products

Cytokines and Related Antibodies. Cytokines are extracted from natural sources (human and animal platelets and bovine brains) or are produced through genetic engineering (recombinant DNA technology). Antibodies are produced by injecting cytokines into animals (primarily goats, mice and rabbits). The animals' immune systems recognize the cytokines as foreign and develop antibodies to specific cytokines. These polyclonal and monoclonal antibodies are then extracted from the animals' blood and purified.

Assay Kits. This product line includes R&D Systems' human and murine Quantikine kits which allow research scientists to quantify the amount of specific cytokines in a sample of blood or tissue. Also included in this product line are adhesion molecule assay kits developed by R&D Europe. These kits are used by research scientists to measure cellular adhesion molecules in serum, plasma, or cell culture media. Cellular molecules facilitate the movement of infection fighting cells out of the blood stream to the site of infections.

Clinical Diagnostic Kits. The EPO kit, acquired from Amgen Inc. in fiscal 1992, was the first diagnostic assay for which R&D Systems had FDA marketing clearance. In fiscal 1997, R&D Systems received FDA marketing clearance for a second diagnostic assay, its transferrin receptor (Tfr) kit.

Flow Cytometry Products. This product line includes R&D Systems' Fluorokine kits which are used to measure the presence or absence of receptors for specific cytokines on the surface of cells.

DNA and Related Products. Designer genes and designer probes are synthetic DNAs used in the study of gene function.

Hematology Controls and Calibrators

Hematology controls and calibrators, manufactured and marketed through the Hematology Division of R&D Systems, are products made up of the various cellular components of blood. Proper diagnosis of many illnesses requires

a thorough and accurate analysis of the patient's blood cells, which is usually done with automatic or semiautomatic hematology instruments. Controls and calibrators ensure that these instruments are performing accurately and reliably.

Blood is composed of plasma, the fluid portion of which is mainly water, and blood cells, which are suspended in the plasma. There are three basic types of blood cells: red cells, white cells and platelets. About 95 percent of the blood cells are red cells. Their main job is to transport oxygen from the lungs throughout the body, which they do by being rich in hemoglobin. White cells defend the body against foreign invaders. Platelets serve as a "plug" to blood flow at the site of an injury by sticking together and to the damaged tissue.

The formed elements of blood--red cells, white cells and platelets--differ a great deal in size and concentration. The white cells are the largest in size and platelets the smallest. The red cells are the most numerous. The average adult has from 20 to 30 trillion red cells. For every thousand red cells there are approximately one white cell and about 20 platelets. As noted above, hematology controls are used in automatic and semiautomatic cell counting analyzers to make sure these instruments are counting blood cells accurately. The most frequently performed laboratory test on a blood sample is called a complete blood count, or CBC for short. Doctors use this test in disease screening and diagnosis. More than a billion of these tests are done 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 or 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 automatic or semiautomatic cell counters. Cell counters can read the parameters of blood either by impedance, in which a cell interrupts an electrical current and is counted, or by a laser, in which a cell interrupts a laser beam and is counted. 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. Some instruments need to be calibrated periodically. Hematology calibrators are similar to controls but go through additional processing and testing to ensure that the calibration values assigned are extremely accurate and can be used to adjust the instrument.

The Hematology Division of R&D Systems offers a complete line of hematology controls and calibrators for both impedance and laser type cell counters. R&D Systems believes its products have improved stability and versatility and a longer shelf life than most of those of its competitors. The Hematology Division supplies hematology control products for use as proficiency testing materials by the College of American Pathologists and the laboratory certifying authorities of a number of states and countries. All products are priced competitively and come with an unconditional money back guarantee. R&D Systems recognizes that developing technologies for cell counting instruments will require increasingly sophisticated and high-quality controls and is prepared to meet this challenge.

Current Retail Hematology Products

Impedance-Type Whole Blood Controls/Calibrators. The Hematology Division of R&D Systems currently produces controls and calibrators for the following impedance-type instruments: Coulter, Sysmex, Hycel, Danam, Roche and Cell-Dyn series instruments.

Laser-Type Whole Blood Controls/Calibrators. Currently produced controls and calibrators for laser-type instruments include products for the following: Technicon H series instruments, Cell-Dyn 3000 and 3500 instruments and the TOA Sysmex NE-8000 and NE-5500 instruments.

Linearity Control. This product provides a means of assessing the linearity of hematology analyzers for white blood cells, red blood cells, hemoglobin and platelets.

Whole Blood Reticulocyte Control. This control is designed for manual and automated counting of reticulocytes (immature red blood cells).

Whole Blood Flow Cytometry Control. This product, released in early fiscal 1997, is a control for flow cytometry instruments. These instruments are used to identify and quantify white blood cells by their surface antigens.

Multi-Purpose Platelet Reference Control. This product, Platelet-Trol II, is designed for use by automatic and semi-automatic impedance and laser instruments and is the successor to Platelet-Rich-Plasma which R&D Systems introduced in 1977.

PRODUCTS UNDER DEVELOPMENT

R&D Systems is engaged in ongoing research and development in all of its major product lines: hematology controls and calibrators, biotechnology cytokines, antibodies, assays and related products. The Company believes that its future success depends, to a large extent, on the 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 economy.

R&D Systems' Biotechnology Division 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. R&D Systems' Hematology Division has developed several new control products in fiscal 1997 including an erythrocyte sedimentation control and controls for the newly released Abbott Cell-Dyn 4000 instrument. R&D Systems is currently developing controls for the Coulter STKS hematology instrument and is continuously working on product improvements and enhancements.

There is no assurance that any of the products in the research and development phase can be developed, or, if developed, can be successfully introduced into the marketplace.

Expenditures for research and development activities were $11,701,822, $10,413,264 and $8,604,398 for fiscal years 1997, 1996 and 1995, respectively.

BUSINESS RELATIONSHIPS

The Biotechnology Division has an ongoing relationship with Amgen Inc. since the acquisition of its research reagent and diagnostic kit business in August 1991. The purchase agreement required payment of royalties to Amgen Inc. on certain product sales through August 1996. Royalties of $213,648 were paid to Amgen in fiscal 1997 under the agreement.

In fiscal 1994, R&D Europe entered into a four year Joint Biological Research Agreement with its former parent, British Bio-technology Group, plc. Under the agreement, R&D Europe receives the exclusive right to develop, manufacture, market and sell biomolecules developed by British Bio-technology Group, plc. or its subsidiaries and any resulting diagnostic kits in the research reagent and diagnostic markets. R&D Europe paid $5 million over the term of the agreement and will pay royalties for a period of 14 years on sales of all products licensed under the agreement. Research payments made to British Bio-technology Group, plc. in fiscal 1997 were $1.4 million. In June 1997, the Joint Biological Research Agreement was extended an additional five years for 100,000 British Pounds per year (approximately $165,000).

In fiscal 1995, R&D Systems entered into a License and Supply Agreement with Cistron Biotechnology, Inc. The agreement grants R&D Systems a sublicense to sell recombinant interleukin-1 beta protein and interleukin-1 beta precursor assays made by Cistron to the research market worldwide. The $1,000,000 payment made for the sublicense is being amortized over five years. R&D and Cistron also signed a Research and Development Agreement under which R&D Systems will support Cistron's development of an interleukin-1 beta assay kit for the detection and monitoring of periodontal disease in humans, in exchange for co-exclusive marketing rights to such product. Payments under the research agreement will be made

in quarterly installments of $100,000 through December 31, 1997.

Original Equipment Manufacturers (OEM) agreements represent the largest market for hematology controls and calibrators made by R&D Systems. In fiscal year 1997, OEM contracts accounted for $4,738,975 or 46% of Hematology Division revenues and 8% of total consolidated revenues.

GOVERNMENT REGULATION

All manufacturers of hematology controls and calibrators are regulated under the Federal Food, Drug and Cosmetic Act, as amended. All of R&D Systems' hematology control products are classified as "In Vitro Diagnostic Products" by the US Food and Drug Administration. 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 Hematology Division's control operations and facilities. Hematology control manufacturing must comply with Good Manufacturing Practices (GMP) as set forth in the FDA's regulations governing medical devices. R&D Systems has not experienced any difficulty in complying with GMP requirements. Two of R&D Systems' immunoassay kits, EPO and Tfr, have FDA clearance to be sold for clinical diagnostic use. R&D Systems must comply with GMP 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. Similarly, biotechnology products manufactured and sold for use in the research market are under no government regulation in England.

Some of R&D Systems' research groups use small amounts of radioactive materials in the form of radioisotopes in their product development activities. Thus, R&D Systems is subject to regulation by the US Nuclear Regulatory Commission and has been granted a NRC License due to expire September 30, 1997. The license is renewable annually. R&D Systems is also subject to regulation and inspection by the Department of Health of the State of Minnesota for its use of radioactive materials. It has been granted a certificate of registration, which is renewable annually, by the Minnesota Department of Health. The current certificate expires April 1, 1998. R&D Systems has had no difficulties in renewing these licenses in prior years and has no reason to believe they wouldn't be renewed in the future. If, however, the licenses were not renewed, it would have minimal effect on R&D Systems' business since there are other technologies the research groups could use to replace radioisotopes.

AVAILABILITY OF RAW MATERIALS

The primary raw material for the hematology controls and some cytokine products is whole blood. Human blood is purchased from commercial blood banks and 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 owing largely to the requirement that it be tested for HIV ("AIDS") antibodies and hepatitis, R&D Systems does not anticipate that the higher cost of these materials will have a seriously adverse effect on its business. R&D Systems does not perform its own testing for the AIDS antibodies as all human blood purchased is tested by the supplier. 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 sources. 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 and has received patent protection for its cytokine TGF-beta 1.2. 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. Although, with the exception of products subject to current licensing agreements, R&D Systems has not been notified

that its products infringe upon proprietary rights held by others, it has not conducted a patent infringement study.

R&D Systems has a number of licensing agreements with patent holders under which it has the non-exclusive right to patented technology or the non-exclusive right to manufacture and sell certain patented cytokine and cytokine related products to the research market. For fiscal 1997, total royalties paid under these licenses were $1,177,000.

R&D Systems has obtained federal trademark registration for its hematology control trademark CBC-3D, CBC-7, CBC-8, CBC-Laser, PLATELET-TROL and StatusFlow and claims common law rights in the trademarks CBC-CAL PLUS, CBC-CAL KIT, CBC-TECH, TECH-CAL, CBC-3K, 3K-CAL and CBC-NE. R&D Systems has also obtained the Quantikine, Fluorokine, Surfacemark and IVD trademarks.

SEASONALITY OF BUSINESS

Sales of the products manufactured by R&D Systems and R&D Europe are not seasonal, although R&D Europe historically experiences a slowing of sales during the summer months.

SIGNIFICANT CUSTOMERS

No single customer accounted for more than 10% of total revenues during fiscal years 1997, 1996 and 1995.

BACKLOG

There was no significant backlog for the Company's products as of the date of this report or as of a comparable date for fiscal 1996.

COMPETITION

The market for cytokines and research diagnostic assay kits in the United States and Europe is being supplied by a number of biotechnology companies, including Genzyme, PerSeptive Biosystems Inc., BioSource International, Endogen, Sigma Chemical Co., Amersham Pharmacia and CN Biosciences. R&D Systems believes that it is a leading worldwide supplier of cytokine related products in the research marketplace. R&D Systems believes that the expanding line of its products, their recognized quality and competitive pricing, and the growing demand for these rare and versatile proteins, antibodies and assay kits, will allow the Company to remain a leader 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. 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 Coulter Diagnostics, Inc., Baxter Healthcare Corp., Streck Laboratories, Abbott Diagnostics and Hematronix, Inc. R&D Systems believes it is the third largest supplier of hematology controls in the marketplace behind Coulter Diagnostics and Streck Laboratories.

EMPLOYEES

R&D Systems had 282 full-time and 33 part-time employees as of June 30, 1997. R&D Europe had 44 full-time employees as of June 30, 1997, including 6 at R&D Euope's sales subsidiary in Germany.

ENVIRONMENT

Compliance with federal, state and local environmental protection laws in the United States and England had no material effect on R&D Systems or R&D Europe in fiscal year 1997.

FOREIGN AND DOMESTIC OPERATIONS

The following table represents certain financial information relating to foreign and domestic operations (all amounts are in thousands of US dollars):

<TABLE>
<CAPTION>

	Fiscal Years Ended June 30,		
Net Sales to Unaffiliated Customers	1997	1996	1995
<S>	<C>	<C>	<C>
R&D Systems			
US	$34,682	$30,997	$27,794
Asia	3,185	2,807	1,885
Europe	2,542	3,009	3,243
Canada	1,001	935	667
Other	599	482	251
R&D Europe:			
England	6,108	5,413	4,849
Germany	3,941	3,507	3,034
France	2,402	2,133	1,716
Other Europe	5,109	4,301	3,199
Other	1,355	1,005	1,078
Gross Margin			
R&D Systems (US)	31,907	27,207	22,658
R&D Europe (England)	9,176	8,066	6,595
R&D GmbH (Germany)	746	317	-
Net Earnings (Loss)			
Parent and R&D Systems (US)	10,107	8,081	6,228
R&D Europe (England)	896	892	478
R&D GmbH (Germany)	(121)	(335)	-
Identifiable Assets			
Parent and R&D Systems (US)	46,760	38,382	29,151
R&D Europe (England)	6,547	5,387	4,911
R&D GmbH (Germany)	615	624	-

</TABLE>

CAUTIONARY STATEMENTS

The Company wishes to caution investors that the following important factors, among others, in some cases have affected and in the future could affect the Company's actual results of operations and cause such results to differ materially from those anticipated in forward-looking statements made in this document and elsewhere by or on behalf of the Company:

Risk of Technological Obsolescence and Competition

The biotechnology industry is subject to rapid and significant technological change. Competitors of the Company in the United States and abroad are numerous and include, among others, specialized biotechnology firms, 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. Many of these competitors have substantially greater resources and product development, production and marketing capabilities than the Company. In addition, many of the Company's competitors have significantly greater experience than the Company in undertaking preclinical testing and clinical trials of new or improved diagnostic kits and obtaining Food and Drug Administration (FDA) and other regulatory approvals of such products. If the Company is successful in commencing significant commercial sales of its products, it also will be competing with respect to manufacturing efficiency and marketing capability. Furthermore, the Company's competitors may obtain FDA approval for products

sooner and be more successful in manufacturing and marketing their products than the Company.

Patents and Proprietary Rights

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 filed a very limited number of United States and foreign patent applications for products in which it believes it has a proprietary interest. The Company has obtained licenses to produce a number of cytokines and related products claimed to be owned by others. The Company believes that no patent rights exist as to other cytokines which it produces, but it has not conducted a patent infringement study. It is possible that 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 patenting of biotechnology processes and products involves complex legal and factual questions and, to date, there has emerged no consistent policy regarding the breadth of claims in biotechnology patents.

If the Company fails to obtain patents or exclusive licenses for its technology and products, no assurance can be given that others will not independently develop substantially equivalent proprietary products and processes. The Company seeks to protect its trade secrets and proprietary know-how, in part, with confidentiality agreements with employees and consultants. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach or that the Company's trade secrets will not otherwise become known or be independently developed by competitors. In addition, protracted and costly litigation may be necessary to enforce rights of the Company and defend against claims of infringement of rights of others.

Government Regulation

Ongoing research and development activities, including preclinical and clinical testing, and the production and marketing of the Company's products are subject to regulation by numerous governmental authorities in the United States and other countries. All of the Company's products and manufacturing processes and facilities require governmental licensing or approval prior to commercial use. The approval process applicable to clinical diagnostic products of the type which may be developed by the Company usually takes a number of years and typically requires substantial expenditures. Delays in obtaining regulatory approvals would adversely affect the marketing of products developed by the Company and the Company's ability to receive product revenues or royalties. There can be no assurance that regulatory approvals for such products will be obtained without lengthy delays, if at all.

Attraction and Retention of Key Employees

Recruiting and retaining qualified scientific and production personnel to perform research and development work and product manufacturing is critical to the Company's success. Although the Company believes it has been and will be able to attract and retain such personnel, there can be no assurance that the Company will be successful. In addition, the Company's anticipated growth and expansion into areas and activities requiring additional expertise, such as clinical testing, government approvals, production and marketing, will require the addition of new management personnel and the development of additional expertise by existing management personnel. The failure to attract and retain such personnel or to develop such expertise would adversely affect the Company's business.

ITEM 2. PROPERTIES

The Company does not own any real property. R&D Systems leases space in three adjacent buildings located in Minneapolis, Minnesota. The main building, consisting of approximately 85,000 square feet, is located at 614 McKinley Place N.E., and houses administrative, marketing and Biotechnology Division manufacturing and research operations. Hematology Division

manufacturing and shipping operations are located at 640 McKinley Place N.E. and cover approximately 47,000 square feet. The third building, which the Company moved into in May 1996, is located at 2201 Kennedy Street. This building houses administrative and Biotechnology Division manufacturing and research operations. The Company currently occupies 107,000 square feet in this building, leaving approximately 98,000 square feet available for future expansion. In the first half of fiscal 1997, the Company also began using an additional 20,000 square feet in newly constructed space connecting the three buildings. This area houses a lunchroom, a new library and additional warehouse space. The current lease for the above buildings extends through December 2017. Base rent for fiscal 1997 was $1,488,000.

R&D Europe leases approximately 12,500 square feet in two buildings in Abingdon, England where all of R&D Europe Ltd. operations are located. R&D GmbH leases approximately 2,500 square feet as a sales office in Wiesbaden-Nordenstadt, Germany. Base rent for the facilities in England and Germany was $260,000 and $39,000, respectively, in fiscal 1997.

The Company believes the leased property discussed above is adequate to meet its occupancy needs in the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to nor is any of its property subject to any material pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the Company's security holders during the fourth quarter of the Company's 1997 fiscal year.

EXECUTIVE OFFICERS OF THE COMPANY

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

<TABLE>
<CAPTION>

Name	Age	Position	Officer Since
<S>	<C>	<C>	<C>
Thomas E. Oland	56	Chairman of the Board, President, Treasurer and Director	1985
Dr. James A. Weatherbee	54	Vice President and Chief Scientific Officer	1995
Dr. Monica Tsang	52	Vice President, Research	1995
Dr. Thomas C. Detwiler	64	Vice President, Scientific and Regulatory Affairs	1995
Marcel Veronneau	43	Vice President, Hematology Operations	1995

</TABLE>

The term of office of each executive officer is from one annual meeting of directors until the next annual meeting of directors 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. Dr. James A. Weatherbee and Dr. Monica Tsang are husband and wife.

(b) The business experience of the executive officers during the past five years is as follows:

Thomas E. Oland has been Chairman of the Board, President and Treasurer of the Company since December 1985.

Dr. James A. Weatherbee was elected a Vice President of the Company in March 1995. Prior thereto, he served as Chief Scientific Officer for R&D Systems' Biotechnology Division and has been an employee of R&D Systems since 1985.

Dr. Monica Tsang was elected a Vice President of the Company in March 1995. Prior thereto, she served as Executive Director of Cell Biology for R&D Systems' Biotechnology Division and has been an employee of R&D Systems since 1985.

Dr. Thomas Detwiler was elected a Vice President of the Company in March 1995. Prior thereto, he served as Vice President of Scientific and Clinical Affairs for R&D Systems' Biotechnology Division and has been an employee of R&D Systems since 1993. Prior to joining R&D Systems, Dr. Detwiler was Professor of Biochemistry at State University of New York Health Sciences Center, Brooklyn, New York.

Marcel Veronneau was elected a Vice President of 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. Prior to 1993, Mr. Veronneau served as Managing Director at Hycel S.A., a former subsidiary of the Company.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock trades on The Nasdaq Stock Market under the symbol "TECH." The following table sets forth for the periods indicated the range of the closing price per share for the Company as reported by Nasdaq.

<TABLE>
<CAPTION>

	1997 Sales Price		1996 Sales Price	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
1st Quarter	$30.50	$20.25	$20.50	$13.25
2nd Quarter	26.25	22.00	24.25	17.63
3rd Quarter	26.25	22.13	26.13	17.75
4th Quarter	30.50	22.75	33.00	22.50

</TABLE>

As of September 15, 1997, there were approximately 370 shareholders of record and approximately 600 beneficial shareholders of the Company's common stock. TECHNE Corporation has never paid cash dividends on its common stock. Payment of dividends is within the discretion of TECHNE's Board of Directors, although the Board of Directors plans to retain earnings for the foreseeable future for operating the Company's business.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

(Dollars in thousands, except per share data)

Revenue, Earnings and Cash Flow Data for the Years Ended June 30	1997	1996	1995	1994(1)	1993
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$60,924	$54,589	$47,716	$40,330	$28,738
Gross margin	68.7%	65.2%	61.3%	57.9%	54.3%
Selling, general and administrative expense	23.9%	23.7%	23.4%	22.9%	17.4%
Research and development expenses	19.2%	19.1%	18.0%	16.0%	12.7%
Interest expense	29	2	9	22	69
Earnings before income taxes	15,988	12,592	9,648	7,223	6,469
Net earnings	10,882	8,638	6,706	5,094	4,382

Net earnings per common and common equivalent share	1.12	0.89	0.70	0.54	0.46
Capital expenditures	4,243	6,377	1,311	1,332	2,626
Depreciation and amortization	2,322	1,872	1,655	1,837	1,349
Change in net working capital	6,639	4,573	6,310	4,739	3,466
Net cash provided by operating activities	12,477	9,760	7,314	6,304	4,471
Return on sales	17.9%	15.8%	14.1%	12.6%	15.2%
Return on average equity	25.0%	25.3%	25.6%	25.0%	30.2%

Balance Sheet, Common Stock and Employee Data as of June 30	1997	1996	1995	1994(1)	1993
Cash, equivalents and short-term investments	$24,752	$19,250	$15,945	$10,866	$ 7,818
Receivables	9,114	8,380	7,386	6,593	4,791
Inventories	4,087	3,653	3,266	2,514	1,684
Working capital	34,899	28,260	23,687	17,377	12,638
Total assets	53,922	44,393	34,062	26,806	20,374
Long-term debt	--	--	--	--	30
Stockholders' equity	48,081	38,874	29,520	22,955	17,758
Average common and common equivalent shares (in thousands)	9,731	9,721	9,522	9,517	9,447
Book value per share	5.09	4.08	3.15	2.46	1.91
Share price (fiscal year):					
High	30.50	33.00	15.88	16.25	18.50
Low	20.25	13.25	8.75	9.25	9.00
Price to earnings ratio	27	33	19	19	32
Current ratio	8.12	6.62	6.75	5.88	6.31
Quick ratio	6.91	5.49	5.66	4.91	5.29
Employees	326	341	315	277	206

</TABLE>

(1) The Company acquired its English subsidiary, R&D Systems Europe Ltd. effective July 1, 1993.

The Company has not declared any dividends in the past, and it is not anticipated that it will declare any dividends in the foreseeable future.

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

COMPANY STRUCTURE

TECHNE (the Company) has two operating subsidiaries: R&D Systems, Inc. (R&D Systems) and R&D Systems Europe Ltd. (R&D Europe). R&D Systems, located in Minneapolis, Minnesota, has two divisions: Biotechnology and Hematology. The Biotechnology Division develops and manufactures purified cytokines (proteins), antibodies and assay kits which are sold to biomedical researchers and clinical research laboratories. The Hematology Division develops and manufactures whole blood hematology controls and calibrators which are sold to hospitals and clinical laboratories to check the performance of hematology instruments to assure the accuracy of hematology test results. R&D Europe, located in Abingdon, England, was acquired by the Company on July 1, 1993 and is the European distributor of R&D Systems' biotechnology products. In fiscal 1996, R&D Europe incorporated a sales subsidiary, R&D Systems GmbH, in Germany. The Company also has a foreign sales corporation, Techne Export Inc.

RESULTS OF OPERATIONS

Net sales for fiscal 1997 were $60,923,750, an increase of $6,334,696 (12%) from fiscal 1996. Sales by R&D Europe for the period increased $2,555,914 (16%), while sales by R&D Systems increased $3,778,782 (10%). Approximately 74% of the increase in consolidated sales for the fiscal year was due to the increase in sales of R&D Systems' proteins and antibodies. Sales of proteins and antibodies by R&D Systems and R&D Europe for fiscal 1997 were $18,757,307 compared to $14,062,891 in fiscal 1996. Offsetting the increase in sales of biotechnology products, sales of hematology products decreased $683,481 as

a result of the loss of an OEM customer at the end of fiscal 1996. This loss was partially offset by higher retail sales and increased sales to several other OEM customers in fiscal 1997.

Net sales for fiscal 1996 were $54,589,054, an increase of $6,872,888 (14%) from fiscal 1995. Sales by R&D Europe for the period increased $2,482,778 (18%), while sales by R&D Systems increased $4,390,110 (13%). Approximately 43% of the increase in consolidated sales for the fiscal year was due to the increase in sales of R&D Systems' immunoassay (Quantikine) kits. Sales of immunoassay kits by R&D Systems and R&D Europe for fiscal 1996 were $21,502,403 compared to $18,568,719 in fiscal 1995. In addition, 14% of the increase in consolidated sales for the fiscal year was due to increased sales of other R&D Systems' products by R&D Europe and another 13% of the increase was from an increase in sales of R&D Europe in-house developed products.

Net sales for fiscal 1995 were $47,716,166, an increase of $7,386,534 (18%) from fiscal 1994. Sales by R&D Europe for the period increased $3,405,455 (33%), while sales by R&D Systems increased $3,981,079 (13%). Approximately 59% of the increase in consolidated sales for the fiscal year was due to the increase in sales of R&D Systems' Quantikine kits. Sales of these kits by R&D Systems and R&D Europe for fiscal 1995 were $18,568,719 compared to $14,242,364 in fiscal 1994. In addition, 10% of the increase in consolidated sales for the fiscal year was due to increased sales of other R&D Systems' products by R&D Europe and another 10% of the increase was due to increased distribution of products from non-affiliated companies by R&D Europe.

Gross margins, as a percentage of sales, increased from 65.2% in fiscal 1996 to 68.7% in fiscal 1997. R&D Europe gross margins increased from 51.2% to 52.5% due to favorable exchange rate variances on purchases from R&D Systems as a result of a weakening dollar. Biotechnology Division gross margins increased from 69.3% to 71.8% due to lower royalty expense as a result of the conclusion of royalty payments to Amgen Inc. and lower manufacturing costs due to increased production volumes. Hematology Division gross margins increased from 40.1% in fiscal 1996 to 42.9% in fiscal 1997. This increase in gross margin for the Hematology Division was the result of changes in product mix.

Gross margins, as a percentage of sales, increased from 61.3% in fiscal 1995 to 65.2% in fiscal 1996. R&D Europe gross margins increased from 47.5% to 51.2% as a result of a change in product mix and increased margins on products sold through its German subsidiary. Biotechnology Division gross margins increased from 67.4% to 69.3% due to lower packaging costs and lower manufacturing costs due to increased production volumes. Hematology Division gross margins increased from 36.4% in fiscal 1995 to 40.1% in fiscal 1996. This increase in gross margin for the Hematology Division was the result of changes in product mix and lower raw material costs.

Gross margins, as a percentage of sales, increased from 57.9% in fiscal 1994 to 61.3% in fiscal 1995. The increase was primarily due to an increase in R&D Europe gross margins from 44.7% to 47.5%. This increase was due to favorable exchange rate variances on purchases from R&D Systems as result of a weakening dollar. Biotechnology Division gross margins increased slightly from 66.6% to 67.4% and Hematology Division gross margins increased from 33.1% in fiscal 1994 to 36.4% in fiscal 1995. This increase in gross margin for the Hematology Division was the result of increased higher margin retail sales and manufacturing efficiencies.

Selling, general and administrative expenses increased $1,634,862 (13%) in fiscal 1997. Included in selling, general and administrative expenses for fiscal 1997 was a restructuring charge of approximately $450,000 related to R&D Europe. The restructuring involved the withdrawal from the molecular biology market, the transfer of all major marketing and advertising activities to R&D Systems and the transfer of immunoassay kit development and manufacturing activities from R&D Europe to R&D Systems. R&D Europe's sales function was not affected by the restructuring. In addition to the restructure charge, R&D Europe's selling, general and administrative expenses increased $250,000 as a result of an increase in the exchange rate used to convert R&D Europe financial statements into U.S. dollars. The increase was due to the declining value of the dollar. During fiscal 1997 and 1996 the average exchange rate was 1.63 and 1.55 dollars per British pound, respectively. The increase in consolidated selling, general and administrative expenses in fiscal 1997 was also the result of a $340,000 increase in

Biotechnology Division sales and marketing expenses as a result of additional staff and increased advertising and promotion activities.

Selling, general and administrative expenses increased $1,776,325 (16%) in fiscal 1996. The largest increase in selling, general and administrative expenses was attributable to R&D Europe operations. During fiscal 1996, R&D Europe opened a sales subsidiary in Germany and costs associated with start-up and operations were approximately $735,000. In addition, $339,000 of the increase in selling, general and administrative expenses was due to R&D Europe's increase in sales and marketing staff in England and increased advertising.

Selling, general and administrative expenses increased $1,939,004 (21%) in fiscal 1995. Approximately $845,000 of the increase in selling, general, and administrative expenses for the fiscal year was due to wages and benefits related to the Biotechnology and Hematology Division administrative and sales staff added since the prior year. In addition, approximately $537,000 ofthe increase was due to marketing costs related to additional advertising, promotional materials and catalog printing costs incurred by R&D Systems' Biotechnology Division and R&D Europe.

Research and development expenses increased $1,288,558, $1,808,866 and $2,133,647 in fiscal 1997, 1996, and 1995, respectively. The increases in research and development expenses were primarily the result of the development and release of new cytokines, antibodies and Quantikine kits by R&D Systems' Biotechnology Division and the development and release of several new Hematology Division control products. Included in research and development expenses for fiscal 1997, 1996 and 1995 were $1,400,000, $1,250,000 and $1,250,000 related to payments made under a Joint Biological Research Agreement with British Bio-technology Group plc, R&D Europe's former parent. In June 1997, the Joint Research Agreement was extended an additional five years for 100,000 British Pounds (approximately $165,000 at June 30, 1997) per year. Also included in research and development in fiscal 1997 and 1996 is $400,000 per year related to a Research and Development Agreement with Cistron Biotechnology, Inc. Management of the Company believes that R&D Systems will continue to develop new products.

Earnings before taxes increased from $12,591,870 in fiscal 1996 to $15,987,662 in fiscal 1997. This increase in earnings was primarily the result of a $3,312,156 increase in R&D Systems' Biotechnology Division earnings and a $329,872 increase in R&D Europe earnings. These increases in earnings before taxes were due to increased sales and gross margins, partially offset by higher expenses. Hematology Division earnings before taxes were slightly less than fiscal 1996 as a result of lower sales.

Earnings before taxes increased from $9,648,042 in fiscal 1995 to $12,591,870 in fiscal 1996. This increase in earnings was primarily the result of a $2,203,098 increase in R&D Systems' Biotechnology Division earnings and a $786,053 increase in Hematology Division earnings. The increase in earnings before taxes was due to increased sales and gross margins, partially offset by higher expenses.

Earnings before taxes increased from $7,222,662 in fiscal 1994 to $9,648,042 in fiscal 1995. This increase in earnings was primarily the result of a $1,082,547 increase in R&D Systems' Biotechnology Division earnings and a $1,299,464 increase in R&D Europe earnings, partially offset by a $72,047 decrease in Hematology Division earnings. The increase in Biotechnology Division and R&D Europe earnings before taxes was due to increased sales and gross margins, partially offset by higher expenses. The decrease in Hematology Division earnings before taxes was the result of increased sales and gross margins offset by higher expenses.

Income taxes for fiscal 1997 were provided at a rate of approximately 32% of consolidated pretax earnings. U.S. federal and state taxes have been reduced as a result of tax exempt interest income, the benefit of the foreign sales corporation, and the federal and state credit for research and development expenditures. Foreign income taxes have been provided at a rate of 36% of pretax earnings from United Kingdom operations slightly offset by a tax benefit as a result of a loss from German operations.

Income taxes for fiscal 1996 were provided at a rate of approximately 31% of consolidated pretax earnings. U.S. federal and state taxes have been reduced as a result of tax exempt interest income, the benefit of the foreign sales

corporation, and the state credit for research and development expenditures. Foreign income taxes have been provided at a rate of 36% of pretax earnings from United Kingdom operations partially offset by a tax benefit as a result of a loss from German operations.

Income taxes for fiscal 1995 were provided at a rate of approximately 30% of consolidated pretax earnings. U.S. federal and state taxes have been reduced as a result of the federal and state credit for research and development expenditures and the benefit of the foreign sales corporation. Foreign income taxes have been provided at a rate of 33%.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and short-term investments at June 30, 1997, were $24,752,257, an increase of 29% from the prior year. At June 30, 1996, cash, equivalents and short-term investments were $19,249,535 compared to $15,945,223 at June 30, 1995, an increase of 21%. The Company has an unsecured line of credit of $750,000 available at June 30, 1997. The interest rate on the line of credit is at the prime rate of 8.50% at June 30, 1997.

Management of the Company expects to be able to meet its future cash and working capital requirements for operations and capital additions through currently available funds and cash generated from operations.

Cash flows from operating activities

The Company generated cash from operations of $12,476,548, $9,759,549 and $7,313,658 in fiscal 1997, 1996 and 1995, respectively. The majority of cash generated from operating activities in all three years resulted from an increase in net earnings after adjustment for noncash expenses, partially offset by an increase in accounts receivable due to increased sales.

Cash flows from investing activities

Capital additions were $4,243,156, $6,376,922 and $1,311,371 in fiscal 1997, 1996 and 1995, respectively. Included in fiscal 1997 and 1996 capital additions are leasehold improvements of $2,935,000 and $4,329,000 related to R&D Systems' expansion into an adjacent building. The remaining capital additions in fiscal 1997, 1996, and 1995 were for laboratory, manufacturing and computer equipment. Total capital additions for equipment and leasehold improvements planned for fiscal 1998 are expected to be approximately $3 million (including $1 million for R&D Systems' building remodeling). All capital additions are expected to be financed through currently available cash, cash generated from operations and maturities of short-term investments.

The Company invested a net $4,326,439, $1,199,721 and $5,529,371 in short-term investments in fiscal 1997, 1996 and 1995, respectively. The Company's investment policy is to place excess cash in tax-exempt bonds with the objective of obtaining the highest possible return with the lowest risk, while keeping funds accessible.

Subsequent to June 30, 1997, the Company signed a letter of intent to purchase up to 5 million shares of Convertible Preferred Stock of a start-up company organized principally for the purpose of developing therapeutics based on the biology of chemokines and chemokine receptors. Subject to the completion of definitive agreements and certain performance milestones by the start-up company, the Company will invest $5 million over two years in exchange for ownership of approximately 40%. The investment is expected to be financed through currently available cash and maturities of short-term investments.

In fiscal 1995, the Company made a $1,000,000 payment to Cistron Biotechnology, Inc. under a License and Supply Agreement. The agreement grants the Company a sublicense to sell recombinant interleukin-1 beta protein and interleukin-1 precursor assays made by Cistron to the research market worldwide. The payment is being amortized over five years. The Company and Cistron also signed a Research and Development Agreement under which the Company will support Cistron's development of an interleukin-1 beta assay kit for the detection and monitoring of periodontal disease in humans, in exchange for co-exclusive marketing rights to such product. Payments under the research agreement will be made in quarterly installments of $100,000

through December 31, 1997 and are expected to be financed through cash generated from operations.

Cash flows from financing activities

The Company received $582,846, $569,125 and $211,962 for the exercise of options for 45,500, 95,000 and 84,604 shares of common stock in fiscal 1997, 1996 and 1995, respectively.

In fiscal 1997, 1996 and 1995, the Company purchased and retired 127,300, 36,200 and 45,000 shares of Company common stock at a market value of $3,225,205, $676,206 and $630,752, respectively. In May 1995, the Company announced a plan to purchase and retire up to $5 million of its common stock. In April 1997, this was increased an additional $5 million, subject to market conditions. Any such purchases will be funded from currently available cash.

Net cash of $29,875 was used to reduce short and long term debt in fiscal 1995.

The Company has never paid dividends and has no plans to do so in fiscal 1998. The Company's earnings will be retained for reinvestment in the business.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF EARNINGS
TECHNE Corporation and Subsidiaries

<TABLE>
<CAPTION>

	Year Ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Net sales	$60,923,750	$54,589,054	$47,716,166
Cost of sales	19,094,827	18,998,931	18,463,597
Gross margin	41,828,923	35,590,123	29,252,569
Operating expenses (income):			
Selling, general and administrative	14,585,334	12,950,472	11,174,147
Research and development (Note E)	11,701,822	10,413,264	8,604,398
Amortization of intangible assets (Note A)	235,508	235,508	291,619
Interest expense	29,357	2,242	8,641
Interest income	(710,760)	(603,233)	(474,278)
	25,841,261	22,998,253	19,604,527
Earnings before income taxes	15,987,662	12,591,870	9,648,042
Income taxes (Note H)	5,106,000	3,954,000	2,942,000
Net earnings	$10,881,662	$ 8,637,870	$ 6,706,042
Net earnings per common and common equivalent share	$ 1.12	$ .89	$ .70
Average common and common equivalent shares outstanding	9,731,266	9,721,425	9,521,956

</TABLE>

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS
TECHNE Corporation and Subsidiaries

<TABLE>
<CAPTION>

	June 30, 1997	1996
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,598,367	$ 7,422,084
Short-term available-for-sale investments (Note A)	16,153,890	11,827,451
Trade accounts receivable, less allowance for doubtful accounts of $52,000 and $113,000, respectively	9,114,447	8,379,531
Inventories (Note B)	4,087,161	3,653,117
Deferred income taxes (Note H)	1,322,000	1,262,000
Prepaid expenses	521,493	744,824
Total current assets	39,797,358	33,289,007
Equipment and leasehold improvements (Note C)	11,252,741	9,045,267
Intangible assets (Note A)	365,311	600,819
Prepaid license fee	250,800	409,200
Deferred income taxes (Note H)	1,703,000	1,049,000
Other long-term assets (Note K)	552,500	--
	$53,921,710	$44,393,293
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 1,609,362	$ 1,720,873
Salaries, wages and related accounts	1,790,035	1,725,124
Other accounts payable and accrued expenses	498,873	876,346
Income taxes payable	1,000,096	706,679
Total current liabilities	4,898,366	5,029,022
Deferred rent	942,300	490,200
Contingencies and commitments (Note E)	--	--
Stockholders' equity (Note F):		
Undesignated capital stock, no par; authorized 5,000,000 shares; none issued or outstanding	--	--
Common stock, par value $.01 a share; authorized 50,000,000 shares; issued and outstanding 9,437,728 and 9,519,528 shares, respectively	94,377	95,195
Additional paid-in capital	12,653,449	11,448,558
Retained earnings	34,903,146	27,245,416
Accumulated foreign currency translation adjustments	430,072	84,902
Total stockholders' equity	48,081,044	38,874,071
	$53,921,710	$44,393,293

</TABLE>

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
TECHNE Corporation and Subsidiaries

<TABLE>
<CAPTION>

	Common Stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Foreign Currency Translation Adjustment
<S>	<C>	<C>	<C>	<C>	<C>
Balances at June 30, 1994	9,329,151	$93,292	$ 8,110,798	$14,677,038	$ 73,578
Net earnings	--	--	--	6,706,042	--
Common stock issued: Exercise of options (Note F)	93,695	936	236,026	--	--

Surrender and retirement of stock to exercise options (Note K)	(2,500)	(25)	(6,850)	(18,125)	--
Repurchase and retirement of common stock	(45,000)	(450)	--	(630,302)	--
Tax benefit from exercise of stock options	--	--	207,000	--	--
Change in foreign currency translation adjustments (Note A)	--	--	--	--	71,137
Balances at June 30, 1995	9,375,346	93,753	8,546,974	20,734,653	144,715
Net earnings	--	--	--	8,637,870	--
Common stock issued: Exercise of options (Note F)	239,689	2,397	2,018,584	--	--
Surrender and retirement of stock to exercise options (Note K)	(59,307)	(593)	--	(1,451,263)	--
Repurchase and retirement of common stock	(36,200)	(362)	--	(675,844)	--
Tax benefit from exercise of stock options	--	--	883,000	--	--
Change in foreign currency translation adjustments (Note A)	--	--	--	--	(59,813)
Balances at June 30, 1996	9,519,528	95,195	11,448,558	27,245,416	84,902
Net earnings	--	--	--	10,881,662	--
Common stock issued: Exercise of options (Note F)	45,500	455	582,391	--	--
Repurchase and retirement of common stock	(127,300)	(1,273)	--	(3,223,932)	--
Tax benefit from exercise of stock options	--	--	151,000	--	--
Fair value of options granted (Note K)	--	--	471,500	--	--
Change in foreign currency translation adjustments (Note A)	--	--	--	--	345,170
Balances at June 30, 1997	9,437,728	$94,377	$12,653,449	$34,903,146	$430,072

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (NOTE K)
TECHNE Corporation and Subsidiaries

	Year Ended June 30,		
	1997	1996	1995
Cash flows from operating activities:			
Net earnings	$ 10,881,662	$ 8,637,870	$ 6,706,042

Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,321,963	1,872,176	1,654,814
Deferred income taxes	(662,000)	(974,000)	(188,000)
Tax benefit from exercise of options	151,000	883,000	207,000
Decrease in prepaid license fee	158,400	158,400	--
Increase in deferred rent	452,100	67,000	130,800
Other	183,670	90,025	(45,134)
Change in current assets and current liabilities:			
(Increase) decrease in:			
Trade and other accounts receivable	(626,936)	(1,151,878)	(791,147)
Inventories	(379,051)	(406,752)	(732,090)
Prepaid expenses	233,617	(351,486)	(193,473)
Increase (decrease) in:			
Trade and other accounts payable	(527,435)	404,125	338,131
Salaries, wages and related accounts	60,284	376,333	208,268
Income taxes payable	229,274	154,736	18,447
Total adjustments	1,594,886	1,121,679	607,616
Net cash provided by operating activities	12,476,548	9,759,549	7,313,658
Cash flows from investing activities:			
Additions to equipment and leasehold improvements	(4,243,156)	(6,376,922)	(1,311,371)
Purchase of short-term available-for-sale investments	(15,967,440)	(11,859,797)	(10,438,674)
Proceeds from sale of short-term available-for-sale investments	11,641,001	10,660,076	4,909,303
Increase in other assets	(250,000)	--	--
Increase in prepaid license fee	--	--	(567,600)
Net cash used in investing activities	(8,819,595)	(7,576,643)	(7,408,342)
Cash flows from financing activities:			
Issuance of common stock	582,846	569,125	211,962
Repurchase of common stock	(3,225,205)	(676,206)	(630,752)
Payments on long-term debt	--	--	(29,875)
Net cash used in financing activities	(2,642,359)	(107,081)	(448,665)
Effect of exchange rate changes on cash	161,689	28,766	(17,504)
Net increase (decrease) in cash and cash equivalents	1,176,283	2,104,591	(560,853)
Cash and cash equivalents at beginning of year	7,422,084	5,317,493	5,878,346
Cash and cash equivalents at end of year	$ 8,598,367	$ 7,422,084	$ 5,317,493

</TABLE>

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
TECHNE Corporation and Subsidiaries

Years Ended June 30, 1997, 1996 and 1995

A. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF BUSINESS: The Company is engaged domestically in the development and manufacture of biotechnology products and hematology calibrators and controls through its wholly-owned subsidiary, Research and Diagnostic Systems, Inc. Through its wholly-owned English subsidiary, R&D Systems Europe Ltd., the Company distributes biotechnology products throughout Europe. In fiscal 1996, R&D Systems Europe Ltd. incorporated a sales subsidiary, R&D Systems GmbH, in Germany. The Company also has a foreign sales corporation, Techne Export Inc.

ESTIMATES: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES: There are no concentrations of business transacted with a particular customer or supplier nor 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 material intercompany accounts and transactions have been eliminated.

REVENUE RECOGNITION: The Company recognizes revenues upon shipment of products. Revenues are reduced to reflect estimated returns.

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.

TRANSLATION OF FOREIGN FINANCIAL STATEMENTS: Assets and liabilities of the Company's foreign operations are translated at year end rates of exchange and the foreign statements of earnings are translated at the average rate of exchange for the year. Gains and losses resulting from translating foreign currency financial statements are not included in operations but are accumulated in a separate component of stockholders' equity. Foreign currency transaction gains and losses are included in operations.

SHORT-TERM INVESTMENTS: Short-term investments consist of tax-exempt bonds with original maturities of generally three months to one year.

The Company reports marketable securities at fair market value. Unrealized gains and losses on available-for-sale securities are excluded from income, but are included in a separate component of stockholders' equity. The Company considers all of its marketable securities available-for-sale. Fair market values are based on quoted market prices.

Proceeds from sales of available-for-sale securities were $11,641,001, $10,660,076 and $4,909,303 during fiscal 1997, 1996 and 1995, respectively. There were no material gross realized gains or losses on these sales. Realized gains and losses are determined on the specific identification method. Unrealized gains and losses at June 30, 1997, 1996 and 1995 were not material.

INVENTORIES: Inventories are stated at the lower of cost (first-in, first-out method) or market.

DEPRECIATION AND AMORTIZATION: Equipment is being depreciated using the straight-line method over an estimated useful life of five years. Leasehold improvements are being amortized over estimated useful lives of five to fifteen years.

INTANGIBLES: Intangible assets, related to the acquisition of Amgen Inc.'s research reagent and diagnostic kit business in fiscal 1992 and the acquisition of R&D Systems Europe Ltd. in fiscal 1994, are being amortized on a straight-line basis over the estimated useful lives and

consist of the following:

<TABLE>
<CAPTION>

		June 30,	
	Useful Life	1997	1996
<S>	<C>	<C>	<C>
Customer list	3 years	$1,010,000	$1,010,000
Technology licensing agreements	16 years	500,000	500,000
Goodwill	6 years	1,225,547	1,225,547
		2,735,547	2,735,547
Less accumulated amortization		2,370,236	2,134,728
		$ 365,311	$ 600,819

</TABLE>

IMPAIRMENT OF LONG-LIVED ASSETS: Management periodically reviews the carrying value of long-term assets based on the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the expected future net cash flows be less than the carrying value, an impairment loss would be recognized. An impairment loss would be measured by the amount by which the carrying value of the asset exceeds the fair value of the asset based on discounted estimated future cash flows. To date, management has determined that no impairment exists.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents include cash on hand and highly liquid investments with original maturities less than three months.

STOCK OPTIONS: As permitted by SFAS 123, the Company has elected to continue following the guidance of APB 25 for measurement and recognition of stock-based transactions with employees. No compensation cost has been recognized for stock options granted to employees under the plans because the exercise price of all options granted was at least equal to the fair value of the common stock at the date of grant.

EARNINGS PER SHARE: Earnings per share are based on the weighted average number of common shares outstanding, including common share equivalents of stock options and warrants outstanding. Net earnings per share assuming full dilution would be substantially the same.

RECENT ACCOUNTING STANDARD: Earnings per share for the years ended June 30, 1997, 1996 and 1995 are calculated using Accounting Principles Board (APB) No. 15 "Earnings Per Share." In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (SFAS 128) "Earnings Per Share," which is effective for periods ending after December 15, 1997. SFAS 128 revises the standards for computing and presenting earnings per share (EPS). The Company will continue to apply APB Opinion No. 15 to compute the EPS through the effective date. EPS for the year ended June 30, 1997 computed under SFAS 128 would have resulted in basic and diluted EPS of $1.15 and $1.12, respectively.

RECLASSIFICATIONS: Certain reclassifications have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no impact on net earnings or stockholders' equity as previously reported.

B. INVENTORIES:

Inventories consist of:

<TABLE>
<CAPTION>

	June 30,	
	1997	1996
<S>	<C>	<C>
Raw materials	$2,105,836	$1,808,605

Finished goods	1,770,742	1,710,272
Work in process	89,100	34,917
Supplies	121,483	99,323
	$4,087,161	$3,653,117

C. EQUIPMENT AND LEASEHOLD IMPROVEMENTS:

Equipment and leasehold improvements consist of:

	June 30, 1997	1996
Cost:		
Leasehold improvements	$ 9,063,354	$ 6,114,009
Laboratory equipment	9,513,329	8,463,653
Office and computer equipment	2,671,947	2,417,311
	21,248,630	16,994,973
Less accumulated depreciation and amortization	9,995,889	7,949,706
	$11,252,741	$ 9,045,267

D. DEBT:

The Company's short-term line of credit facility consists of an unsecured line of credit of $750,000 at June 30, 1997. The interest rate charged on the line of credit is at the prime rate of 8.50% at June 30, 1997. There were no borrowings on the line in the current year.

E. CONTINGENCIES AND COMMITMENTS:

The Company leases buildings, vehicles and various data processing, office and laboratory equipment under operating leases. These leases provide for renewal or purchase options during or at the end of the lease periods. At June 30, 1997, aggregate net minimum rental commitments under noncancelable leases having an initial or remaining term of more than one year are payable as follows:

Year Ending June 30:	
1998	$ 1,924,689
1999	2,001,866
2000	2,309,498
2001	2,517,570
2002	2,144,408
Thereafter	42,768,809
	$53,666,840

Total rent expense was approximately $1,893,000, $1,489,000, and $1,180,000 for the years ended June 30, 1997, 1996 and 1995, respectively.

In fiscal 1994, the Company entered into a four year Joint Biological Research Agreement with British Bio-technology Group plc. Under the agreement, R&D Systems Europe Ltd. received the exclusive right to develop, manufacture, market and sell biomolecules developed by British Bio-technology Group, plc. or its subsidiaries and any resulting diagnostic kits in the research reagent and diagnostic markets. R&D Systems Europe Ltd. will pay a total of $5 million over the term of the agreement, plus royalties for a period of 14 years at rates of 3% to 10% on sales of all products licensed

under the agreement. Research and development expenses include $1,400,000, $1,250,000, and $1,250,000 for the years ended June 30, 1997, 1996, and 1995, respectively, under this agreement. In June 1997, the agreement was extended an additional five years for 100,000 British Pounds (approximately $165,000 at June 30, 1997) per year plus royalties.

In fiscal 1995, the Company entered into a Research and Development Agreement with Cistron Biotechnology, Inc. under which the Company will pay $1,000,000 in support of Cistron's development of an interleukin-1 beta assay kit for the detection and monitoring of periodontal disease in humans, in exchange for co-exclusive marketing rights to the assay kit. Payments under the agreement of $400,000, which are included in research and development expenses, were made during each of the years ended June 30, 1997 and 1996. Remaining payments under this agreement are $200,000 for the year ending June 30, 1998.

F. STOCK OPTIONS AND WARRANTS:

The Company has stock option plans which provide for the granting of stock options to employees (the TECHNE Corporation 1987 Incentive Stock Option Plan) and to employees, officers, directors and consultants (the TECHNE Corporation 1988 Nonqualified Stock Option Plan). The plans are administered by the Board of Directors, or a committee designated by the Board, which determines 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 both plans is ten years. The number of shares of common stock authorized to be issued are 800,000 and 500,000 under TECHNE Corporation 1987 Incentive Stock Option Plan and the TECHNE Corporation 1988 Nonqualified Stock Option Plan, respectively.

Stock option activity consists of the following:

<TABLE>
<CAPTION>

	Year Ended June 30					
	1997		1996		1995	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	532,625	$12.89	552,814	$ 9.82	524,447	$ 8.23
Granted	226,776	23.27	219,500	15.77	125,000	11.12
Exercised	(45,500)	12.81	(239,689)	8.43	(93,695)	2.53
Canceled	(71,000)	13.32	--	--	(2,938)	13.44
Outstanding at end of year	642,901	$16.51	532,625	$12.89	552,814	$ 9.82
Options exercisable at end of year	362,251	$13.78	242,277	$11.09	346,590	$ 8.73

</TABLE>

<TABLE>
<CAPTION>

Exercise Prices	Options Outstanding at 6/30/97	Wgtd. Avg. Contractual Life (Yrs.)	Wgtd. Avg. Exer. Price	Options Exercisable at 6/30/97	Wgtd. Avg. Exer. Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 7.00-11.25	195,458	3.62	$ 9.41	163,458	$ 9.17
13.50-18.25	223,667	6.31	15.93	134,667	14.47
22.00-25.00	220,150	8.02	23.19	60,500	23.78
29.25	3,626	6.00	29.25	3,626	29.25
	642,901	6.08	$16.51	362,251	$13.78

</TABLE>

In 1997, the Company adopted Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation." Total compensation cost recognized for the year ended June 30, 1997 for stock options granted to non-employees was $169,000. If compensation cost for employee options granted in 1997 and 1996 under the Company's stock option plans had been determined based on the fair value at the grant dates, consistent with the methods provided in SFAS 123, the Company's net income and earnings per share would have been as follows:

<TABLE>
<CAPTION>

	Year Ended June 30, 1997	1996
<S>	<C>	<C>
Net income:		
As reported	$10,881,662	$8,637,870
Pro forma	8,764,829	7,836,675
Earnings per share:		
As reported	$ 1.12	$ .89
Pro forma	.90	.81

</TABLE>

The fair value of options granted under the Company's stock option plans during 1997 and 1996 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used: no dividend yield, expected volatility of between 35% and 45%, risk-free interest rates between 5.8% and 6.9% and expected lives between 7 and 10 years.

In fiscal 1994, the Company issued a warrant, expiring in July 1998, to purchase 50,000 shares of the Company's common stock at $13.76 as part of the acquisition of R&D Systems Europe Ltd.

G. CUSTOMERS:

No customer accounted for more than 10% of the Company's revenues for the years ended June 30, 1997, 1996 and 1995.

H. INCOME TAXES:

The Company follows Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The provisions for income taxes consist of the following:

<TABLE>
<CAPTION>

	Year Ended June 30, 1997	1996	1995
<S>	<C>	<C>	<C>
Earnings before income taxes consist of:			
Domestic	$14,731,035	$11,664,658	$ 8,766,494
Foreign	1,256,627	927,212	881,548
	$15,987,662	$12,591,870	$ 9,648,042
Taxes on income consist of:			
Currently payable:			
Federal	$ 4,584,000	$ 2,922,000	$ 2,485,000
State	65,000	217,000	176,000
Foreign	1,020,000	906,000	262,000
Tax benefit from exercise of stock options	151,000	883,000	207,000
Net deferred	(714,000)	(974,000)	(188,000)
	$ 5,106,000	$ 3,954,000	$ 2,942,000

</TABLE>

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

<TABLE>
<CAPTION>

	Year Ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Computed expected federal income tax expense	$5,596,000	$4,407,000	$3,377,000
State income taxes, net of federal benefit	223,000	263,000	192,000
Foreign sales corporation	(318,000)	(288,000)	(163,000)
Research and development credits	(317,000)	(70,000)	(366,000)
Tax exempt interest	(186,000)	(150,000)	(101,000)
Graduated income tax rate	(113,000)	(126,000)	(97,000)
Other	221,000	(82,000)	100,000
	$5,106,000	$3,954,000	$2,942,000

</TABLE>

Deferred income taxes are provided to record the income tax effect of temporary differences between the tax basis and financial reporting basis of assets and liabilities. Temporary differences comprising deferred taxes on the consolidated balance sheets are as follows:

<TABLE>
<CAPTION>

	June 30,	
	1997	1996
<S>	<C>	<C>
Inventory reserves	$ 501,000	$ 427,000
Inventory costs capitalized	385,000	348,000
Foreign net operating loss carryforward	167,000	144,000
Unrealized profit on intercompany sales	193,000	169,000
Other	76,000	174,000
Current asset	1,322,000	1,262,000
Excess of book over tax intangible asset amortization	439,000	458,000
Excess of book over tax research expense	907,000	392,000
Deferred rent	320,000	181,000
Other	37,000	18,000
Noncurrent asset	1,703,000	1,049,000
	$3,025,000	$2,311,000

</TABLE>

At June 30, 1997, approximately $523,000 of non-U.S. tax losses were available for carryforward indefinitely.

The Company's tax returns are subject to audit by various governmental entities in the normal course of business. The Company does not believe that such audits will have a material impact on the Company's financial position or results of operations.

I. FOREIGN OPERATIONS AND EXPORT SALES:

Net sales of the Company's foreign subsidiaries are primarily made to unaffiliated customers in Europe. The consolidated financial statements include amounts for the Company's foreign subsidiaries as of and for the years ended June 30 as follows:

<TABLE>
<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Net sales	$18,914,942	$16,359,028	$13,876,250
Net income	774,627	557,212	477,548
Total assets	7,162,322	6,011,726	4,911,259
Net assets	4,306,065	3,188,114	2,686,667
Capital expenditures	173,359	635,290	280,664
Depreciation expense	406,441	315,800	235,684

</TABLE>

Export sales consist of the following:

<TABLE>
<CAPTION>

	Year Ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Europe	$2,542,588	$3,009,550	$3,243,569
Asia	3,184,624	2,807,082	1,884,997
Canada	1,000,654	935,327	666,516
Other	598,826	482,151	250,786
	$7,326,692	$7,234,110	$6,045,868

</TABLE>

J. BENEFIT PLANS:

PROFIT SHARING PLAN: The Company has a Profit Sharing and Savings Plan for non-union employees, which conforms 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 plan of $525,500, $485,000 and $407,500 for the years ended June 30, 1997, 1996 and 1995, respectively.

STOCK BONUS PLAN: The Company also has a Stock Bonus Plan covering non-union employees. The Company may make contributions to the plan in the form of common stock, cash or other property at the discretion of the Board of Directors. Operations have been charged for contributions to the plan of $525,500, $485,000 and $407,500 for the years ended June 30, 1997, 1996 and 1995, respectively.

PERFORMANCE INCENTIVE PROGRAM: Under certain employment agreements with executive officers, the Company recorded bonuses of $90,500, $106,000 and $80,000 for the years ended June 30, 1997, 1996 and 1995, respectively. In addition, options for 3,626, 197,000 and 45,000 shares of common stock were granted to the executive officers during fiscal 1997, 1996 and 1995, respectively.

K. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND OF NONCASH INVESTING AND FINANCING ACTIVITIES:

The Company paid and received cash for the following items:

<TABLE>
<CAPTION>

	Year Ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Income taxes paid	$5,388,789	$3,888,409	$2,933,578
Interest paid	29,357	2,242	8,641
Interest received	781,886	665,214	380,316

</TABLE>

Noncash transactions during the years ended June 30, 1997, 1996 and 1995 consisted of:

In 1997, stock options with a fair value of $471,500 were granted to non-employees for services provided to the Company. At June 30, 1997, deferred compensation of $302,500 related to the grants is included in other long-term assets.

In 1996, stock options for 144,689 shares of common stock were exercised by surrender of 59,307 shares of common stock at fair market value of $1,451,856. In 1995, stock options for 9,091 shares of common stock were exercised by the surrender of 2,500 shares of common stock at fair market value of $25,000.

L. SUBSEQUENT EVENT:

Subsequent to June 30, 1997, the Company signed a letter of intent to purchase up to 5 million shares of Convertible Preferred Stock of a start-up company organized principally for the purpose of developing therapeutics based on the biology of chemokines and chemokine receptors. Subject to the completion of definitive agreements and certain performance milestones by the start-up company, the Company will invest $5 million over two years in exchange for ownership of approximately 40%.

<AUDIT-REPORT>

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
TECHNE Corporation
Minneapolis, Minnesota

We have audited the accompanying consolidated balance sheets of TECHNE Corporation and subsidiaries as of June 30, 1997 and 1996, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended June 30, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of TECHNE Corporation and subsidiaries at June 30, 1997 and 1996 and the results of their operations and cash flows for each of the three years in the period ended June 30, 1997, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Minneapolis, Minnesota
September 3, 1997

</AUDIT-REPORT>

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Other than "Executive Officers of the Company" which is set forth at the end of Part I of this Form 10-K, the information required by Item 10 is incorporated herein by reference to the sections entitled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's proxy statement for its 1997 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 "Executive Compensation" in the Company's proxy statement for its 1997 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

The 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 1997 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

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

A. (1) List of Financial Statements.

The following Consolidated Financial Statements are filed as part of this Report:

Consolidated Statements of Earnings for the Years Ended June 30, 1997, 1996 and 1995

Consolidated Balance Sheets as of June 30, 1997 and 1996

Consolidated Statements of Stockholders' Equity for the Years Ended June 30, 1997, 1996 and 1995

Consolidated Statements of Cash Flows for the Years Ended June 30, 1997, 1996 and 1995

Notes to Consolidated Financial Statements for the Years Ended June 30, 1997, 1996 and 1995

Independent Auditors' Report on Consolidated Financial Statements

(2) Financial Statement Schedules.

None.

(3) Exhibits.

See Exhibit Index immediately following signature page.

B. Reports on Form 8-K:

No report on Form 8-K was filed during the quarter ended June 30, 1997.

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.

TECHNE CORPORATION

Date: September 25, 1997 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
September 25, 1997	Thomas E. Oland --- Thomas E. Oland President, Treasurer and Director (principal executive officer and principal financial and accounting officer)
September 25, 1997	Roger C. Lucas --- Dr. Roger C. Lucas, Director
September 25, 1997	Howard V. O'Connell --- Howard V. O'Connell, Director
September 25, 1997	G. Arthur Herbert --- G. Arthur Herbert, Director
September 25, 1997	Randolph C. Steer --- Dr. Randolph C. Steer, Director
September 25, 1997	Lowell E. Sears --- Lowell E. Sears, Director
September 25, 1997	Christopher S. Henney --- Dr. Christopher S. Henney, Director

EXHIBIT INDEX
for Form 10-K for the 1997 Fiscal Year

Exhibit Number	Description
3.1	Restated Articles of Incorporation of Company, as amended to date--incorporated by reference to Exhibit 19.1 of the Company's Form 10-Q for the quarter ended September 30, 1991*
3.2	Restated Bylaws, as amended to date--incorporated by reference to Exhibit 3.2 of the Company's Form 10, dated October 27, 1988*
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**	1987 Incentive Stock Option Plan--incorporated by reference to Exhibit 10.14 of the Company's Form 10, dated October 27, 1988*
10.5	Form of Stock Option Agreement for 1987 Incentive Stock Option Plan--incorporated by reference to Exhibit 10.15 of the Company's Form 10, dated October 27, 1988*
10.6**	1988 Nonqualified Stock Option Plan--incorporated by reference to Exhibit 10.16 of the Company's Form 10, dated October 27, 1988*
10.7	Form of Stock Option Agreement for Nonqualified Stock Option Plan--incorporated by reference to Exhibit 10.17 of the Company's Form 10, dated October 27, 1988*
10.8	Purchase and Sale Agreement dated as of August 19, 1991 by and among Amgen Inc., Research and Diagnostic Systems, Inc. and Techne Corporation--incorporated by reference to Exhibit 10.29 of the Company's Form 8-K dated August 30, 1991, as amended by Form 8 dated November 1, 1991*
10.9	International Distributor Agreement dated October 1, 1991 between Research and Diagnostic Systems, Inc. and Hycel, S.A. --incorporated by reference to Exhibit 28.2 of the Company's Form 8-K dated September 30, 1991, as amended by Forms 8 dated November 1, 1991 and November 25, 1991*
10.10	Lease between The Craig Lyle Limited Partnership and R & D Systems, Inc.--incorporated by reference to Exhibit 10.29 of the Company's Form 10-K for the year ended June 30, 1992*
10.11	Stock Purchase Agreement dated July 30, 1993 between the Company and British Bio-technology Group plc--incorporated by reference to Exhibit 1 of the Company's Form 8-K dated August 11, 1993*
10.12	Joint Biological Research Agreement dated July 30, 1993 between the Company and British Bio-technology Group plc--incorporated by reference to Exhibit 2 of the Company's Form 8-K dated August 11, 1993*
10.13	Stock Purchase Warrant dated July 30, 1993 for 50,000 shares of the Company's Common Stock--incorporated by reference to Exhibit 3 of the Company's Form 8-K dated August 11, 1993*
10.14	Non-Enforcement of Patent Rights dated March 15, 1995 by New England Medical Center Hospitals, Inc., Tufts University,

Massachusetts Institute of Technology and Wellesley College in favor of R & D Systems, Inc.--incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the Quarter ended March 31, 1995*

10.15 Non-Enforcement of Patent Rights dated March 21, 1995 by Cistron Biotechnology, Inc. ("Cistron") in favor of R & D Systems, Inc.--incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q for the Quarter ended March 31, 1995*

10.16 License and Supply Agreement dated March 21, 1995 between Cistron and R & D Systems--incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q for the Quarter ended March 31, 1995*

10.17 Research and Development Agreement dated April 10, 1995 between Cistron and R & D Systems, Inc.--incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q for the Quarter ended March 31, 1995*

10.18 Agreement, dated October 27, 1995 for the first amendment to a lease agreement between Craig Lyle Limited Partnership (Hillcrest Development) and R&D Systems, Inc.--incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended September 30, 1995*

10.19 Agreement, dated July 3, 1996 for the second amendment to a lease agreement between Hillcrest Development and R&D Systems, Inc.--incorporated by reference to Exhibit 10.23 of the Company's Form 10-K for the year ended June 30, 1996*

10.20** Employment Agreement, dated March 6, 1996, with James A. Weatherbee--incorporated by reference to Exhibit 10.24 of the Company's Form 10-K for the year ended June 30, 1996*

10.21** Employment Agreement, dated March 6, 1996, with Monica Tsang--incorporated by reference to Exhibit 10.25 of the Company's Form 10-K for the year ended June 30, 1996*

10.22** Employment Agreement, dated December 28, 1995, with Thomas Detwiler--incorporated by reference to Exhibit 10.26 of the Company's Form 10-K for the year ended June 30, 1996*

10.23 Agreement, dated December 19, 1996 for the third amendment to a lease agreement between Hillcrest Development and R&D Systems, Inc.--incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended December 31, 1996*

10.24** 1997 Incentive Stock Option Plan

10.25** Form of Stock Option Agreement for 1997 Incentive Stock Option Plan

11 Calculation of Earnings Per Share

21 Subsidiaries of the Company:

Name	State/Country of Incorporation
Research and Diagnostic Systems, Inc.	Minnesota
Techne Export Inc.	Barbados
R&D Systems Europe Ltd.	Great Britain
R&D Systems GmbH	Germany

23 Independent Auditors' Consent

27 Financial Data Schedule

- ----------

*Incorporated by reference; SEC File No. 0-17272

**Management contract or compensatory plan or arrangement

TECHNE CORPORATION

1997 INCENTIVE STOCK OPTION PLAN

SECTION 1.

DEFINITIONS

As used herein, the following terms shall have the meanings indicated below:

(a) "Committee" shall mean a Committee of two or more directors who shall be appointed by and serve at the pleasure of the Board. As long as the Company's securities are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, then, to the extent necessary for compliance with Rule 16b-3, or any successor provision, each of the members of the Committee shall be a "Non-Employee Director."

(b) The "Company" shall mean Techne Corporation, a Minnesota corporation.

(c) "Fair Market Value" shall mean (i) if such stock is reported by the Nasdaq National Market or Nasdaq SmallCap Market or is listed upon an established stock exchange or exchanges, the reported closing price of such stock by the Nasdaq National Market or Nasdaq SmallCap Market or on such stock exchange or exchanges on the date the option is granted or, if no sale of such stock shall have occurred on that date, on the next preceding day on which there was a sale of stock; (ii) if such stock is not so reported by the Nasdaq National Market or Nasdaq SmallCap Market or listed upon an established stock exchange, the average of the closing "bid" and "asked" prices quoted by the National Quotation Bureau, Inc. (or any comparable reporting service) on the date the option is granted, or if there are no quoted "bid" and "asked" prices on such date, on the next preceding date for which there are such quotes; or (iii) if such stock is not publicly traded as of the date the option is granted, the per share value as determined by the Board, or the Committee, in its sole discretion by applying principles of valuation with respect to all such options.

(d) The "Internal Revenue Code" is the Internal Revenue Code of 1986, as amended from time to time.

(e) "Non-Employee Director" for purposes of this Plan shall have the same meaning as set forth in Rule 16b-3, or any successor provision, as then in effect, of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(f) "Option Stock" shall mean Common Stock of the Company (subject to adjustment as described in Section 11) reserved for options pursuant to this Plan.

(g) "Parent" shall mean any corporation which owns, directly or indirectly in an unbroken chain, fifty percent (50%) or more of the total voting power of the Company's outstanding stock.

(h) The "Plan" means the Techne Corporation 1997 Incentive Stock Option Plan, as amended hereafter from time to time, including the form of Option Agreements as they may be modified by the Board from time to time.

(i) A "Subsidiary" shall mean any corporation of which fifty percent (50%) or more of the total voting power of outstanding stock is owned, directly or indirectly in an unbroken chain, by the Company.

SECTION 2.

PURPOSE

The purpose of the Plan is to promote the success of the Company and its Subsidiaries by facilitating the retention of competent personnel and

by furnishing incentive to employees upon whose efforts the success of the Company and its Subsidiaries will depend to a large degree. It is the intention of the Company to carry out the Plan through the granting of stock options which will qualify as "incentive stock options" under the provisions of Section 422 of the Internal Revenue Code, or any successor provision, pursuant to Section 9 of this Plan. Any options granted after adoption of the Plan by the Board of Directors shall be treated as nonqualified stock options if shareholder approval is not obtained within twelve months after the adoption of the Plan by the Board. The Administrator may provide for the continuation of options originally granted as incentive stock options as nonqualified stock options, under such circumstances, including a change in control of the Company, as the Administrator shall determine.

SECTION 3.

EFFECTIVE DATE OF PLAN

The Plan shall be effective as of the date of adoption by the Board of Directors, subject to approval by the shareholders of the Company as required in Section 2.

SECTION 4.

ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company (hereinafter referred to as the "Board") or by a Committee which may be appointed by the Board from time to time (collectively referred to as the "Administrator"). The Administrator shall have all of the powers vested in it under the provisions of the Plan, including but not limited to exclusive authority (where applicable and within the limitations described herein) to determine, in its sole discretion, whether an option shall be granted, the individuals to whom, and the time or times at which, options shall be granted, the number of shares subject to each option and the option price and terms and conditions of each option. The Administrator shall have full power and authority to administer and interpret the Plan, to make and amend rules, regulations and guidelines for administering the Plan, to prescribe the form and conditions of the respective stock option agreements (which may vary from Optionee to Optionee) evidencing each option and to make all other determinations necessary or advisable for the administration of the Plan. The Administrator's interpretation of the Plan, and all actions taken and determinations made by the Administrator pursuant to the power vested in it hereunder, shall be conclusive and binding on all parties concerned. Notwithstanding anything in the Plan to the contrary, an Optionee shall not, in any calendar year, be granted options which, in total, provide for the purchase of more than 200,000 shares of Option Stock.

No member of the Board or the Committee shall be liable for any action taken or determination made in good faith in connection with the administration of the Plan. In the event the Board appoints a Committee as provided hereunder, any action of the Committee with respect to the administration of the Plan shall be taken pursuant to a majority vote of the Committee members or pursuant to the written resolution of all Committee members.

SECTION 5.

PARTICIPANTS

The Administrator shall, from time to time, at its discretion and without approval of the shareholders, designate those employees of the Company or any Subsidiary to whom options shall be granted under this Plan. The Administrator may grant additional options under this Plan to some or all participants then holding options or may grant options solely or partially to new participants. In designating participants, the Administrator shall also determine the number of shares to be optioned to each such participant. The Board may from time to time designate individuals as being ineligible to participate in the Plan.

SECTION 6.

STOCK

The Stock to be optioned under this Plan shall consist of authorized but unissued shares of Option Stock. Three hundred thousand (300,000) shares of Option Stock shall be reserved and available for options under the Plan; provided, however, that the total number of shares of Option Stock reserved for options under this Plan shall be subject to adjustment as provided in Section 11 of the Plan. In the event that any outstanding option under the Plan for any reason expires or is terminated prior to the exercise thereof, the shares of Option Stock allocable to the unexercised portion of such option shall continue to be reserved for options under the Plan and may be optioned hereunder.

SECTION 7.

DURATION OF PLAN

Options may be granted pursuant to the Plan from time to time during a period of ten (10) years from the effective date as defined in Section 3. Any option granted during such ten-year period shall remain in full force and effect until the expiration of the option as specified in the written stock option agreement and shall remain subject to the terms and conditions of this Plan.

SECTION 8.

PAYMENT

Optionees may pay for shares upon exercise of options granted pursuant to this Plan with cash, personal check, certified check or, if approved by the Administrator in its sole discretion, Common Stock of the Company valued at such Stock's then Fair Market Value, or such other form of payment as may be authorized by the Administrator. The Administrator may, in its sole discretion, limit the forms of payment available to the Optionee and may exercise such discretion any time prior to the termination of the option granted to the Optionee or upon any exercise of the option by the Optionee.

With respect to payment in the form of Common Stock of the Company, the Administrator may require advance approval or adopt such rules as it deems necessary to assure compliance with Rule 16b-3, or any successor provision, as then in effect, of the General Rules and Regulations under the Securities Exchange Act of 1934, if applicable.

SECTION 9.

TERMS AND CONDITIONS OF OPTIONS

Each option granted pursuant to this Section 9 shall be evidenced by a written stock option agreement (the "Option Agreement"). The Option Agreement shall be in such form as may be approved from time to time by the Administrator and may vary from Optionee to Optionee; provided, however, that each Optionee and each Option Agreement shall comply with and be subject to the following terms and conditions:

(a) Number of Shares and Option Price. The Option Agreement shall state the total number of shares covered by the option. To the extent required to qualify the Option as an incentive stock option under Section 422 of the Internal Revenue Code, or any successor provision, the option price per share shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock per share on the date the Administrator grants the option; provided, however, that if an Optionee owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Parent or any Subsidiary, the option price per share of an incentive stock option granted to such Optionee shall not be less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock per share on the date of the grant of the option. The Administrator shall have full authority and discretion in establishing the option price and shall be fully protected in so doing.

(b) Term and Exercisability of Option. The term during which any option granted under the Plan may be exercised shall be established in each case by the Administrator. To the extent required to qualify the Option as an incentive stock option under Section 422 of the Internal Revenue Code, or any successor provision, in no event shall any incentive stock option be exercisable during a term of more than ten (10) years after the date on which it is granted; provided, however, that if an Optionee owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or any Subsidiary, the incentive stock option granted to such Optionee shall be exercisable during a term of not more than five (5) years after the date on which it is granted.

The Option Agreement shall state when the option becomes exercisable and shall also state the maximum term during which the option may be exercised. In the event an option is exercisable immediately, the manner of exercise of the option in the event it is not exercised in full immediately shall be specified in the Option Agreement. The Administrator may accelerate the exercisability of any option granted hereunder which is not immediately exercisable as of the date of grant.

(c) Other Provisions. The Option Agreement authorized under this Section 9 shall contain such other provisions as the Administrator shall deem advisable.

SECTION 10.

TRANSFER OF OPTION

No option granted under this Plan shall be transferable, in whole or in part, by the Optionee other than by will or by the laws of descent and distribution and, during the Optionee's lifetime, the option may be exercised only by the Optionee. If the Optionee shall attempt any transfer of any option granted under this Plan during the Optionee's lifetime, such transfer shall be void and the option, to the extent not fully exercised, shall terminate.

SECTION 11.

RECAPITALIZATION, SALE, MERGER, EXCHANGE OR LIQUIDATION

In the event of an increase or decrease in the number of shares of Common Stock resulting from a subdivision or consolidation of shares or the payment of a stock dividend or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company, the number of shares of Option Stock reserved under Section 6 hereof and the number of shares of Option Stock covered by each outstanding option and the price per share thereof shall be adjusted by the Board to reflect such change. Additional shares which may be credited pursuant to such adjustment shall be subject to the same restrictions as are applicable to the shares with respect to which the adjustment relates.

Unless otherwise provided in the stock option agreement, in the event of an acquisition of the Company through the sale of substantially all of the Company's assets and the consequent discontinuance of its business or through a merger, consolidation, exchange, reorganization, reclassification, extraordinary dividend, divestiture or liquidation of the Company (collectively referred to as a "change in control transaction" or "transaction"), all outstanding options shall become immediately exercisable, whether or not such options had become exercisable prior to the transaction; provided, however, that if the acquiring party seeks to have the transaction accounted for on a "pooling of interests" basis and, in the opinion of the Company's independent certified public accountants, accelerating the exercisability of such options would preclude a pooling of interests under generally accepted accounting principles, the exercisability of such options shall not accelerate. In addition to the foregoing, in the event of such a transaction, the Board may provide for one or more of the following:

(a) the complete termination of this Plan and cancellation of outstanding options not exercised prior to a date specified by the Board (which date shall give Optionees a reasonable period of time in which to exercise the options prior to or simultaneously with the effectiveness of such transaction);

(b) that Optionees holding outstanding options shall receive, with respect to each share of Option Stock subject to such options, as of the effective date of any such transaction, cash in an amount equal to the excess of the Fair Market Value of such Option Stock on the date immediately preceding the effective date of such transaction over the option price per share of such options; provided that the Board may, in lieu of such cash payment, distribute to such Optionees shares of stock of the Company or shares of stock of any corporation succeeding the Company by reason of such transaction, such shares having a value equal to the cash payment herein; or

(c) the continuance of the Plan with respect to the exercise of options which were outstanding as of the date of adoption by the Board of such plan for such transaction and provide to Optionees holding such options the right to exercise their respective options as to an equivalent number of shares of stock of the corporation succeeding the Company by reason of such transaction.

The Board may restrict the rights of or the applicability of this Section 11 to the extent necessary to comply with Section 16(b) of the Securities Exchange Act of 1934, the Internal Revenue Code or any other applicable law or regulation. The grant of an option pursuant to the Plan shall not limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, exchange or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 12.

SECURITIES LAW COMPLIANCE

No shares of Common Stock shall be issued pursuant to the Plan unless and until there has been compliance, in the opinion of Company's counsel, with all applicable legal requirements, including without limitation, those relating to securities laws and stock exchange listing requirements. As a condition to the issuance of Option Stock to Optionee, the Administrator may require Optionee (i) in the absence of an effective registration statement under the Securities Act of 1933, to represent that the shares of Option Stock are being acquired for investment and not resale and to make such other representations as the Administrator shall deem necessary or appropriate to qualify the issuance of the shares as exempt from the Securities Act of 1933 and any other applicable securities laws, and (ii) to represent that Optionee shall not dispose of the shares of Option Stock in violation of the Securities Act of 1933 or any other applicable securities laws.

As a further condition to the grant of any option or the issuance of Option Stock to Optionee, Optionee agrees to the following:

(a) In the event the Company advises Optionee that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Optionee will not, for a period not to exceed 180 days from the prospectus, sell or contract to sell or grant an option to buy or otherwise dispose of any option granted to Optionee pursuant to the Plan or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

(b) In the event of a transaction (as defined in Section 11 of the Plan) which is treated as a "pooling of interests" under generally accepted accounting principles, Optionee will comply with Rule 145 of the Securities Act of 1933 and any other restrictions imposed under

other applicable legal or accounting principles if Optionee is an "affiliate" (as defined in such applicable legal and accounting principles) at the time of the transaction, and Optionee will execute any documents necessary to ensure compliance with such rules.

The Company reserves the right to place a legend on any stock certificate issued upon exercise of an option granted pursuant to the Plan to assure compliance with this Section 12.

SECTION 13.

RIGHTS AS A SHAREHOLDER

An Optionee (or the Optionee's successor or successors) shall have no rights as a shareholder with respect to any shares covered by an option until the date of the issuance of a stock certificate evidencing such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such stock certificate is actually issued (except as otherwise provided in Section 11 of the Plan).

SECTION 14.

AMENDMENT OF THE PLAN

The Board may from time to time, insofar as permitted by law, suspend or discontinue the Plan or revise or amend it in any respect; provided, however, that no such revision or amendment, except as is authorized in Section 11 or Section 12, shall impair the terms and conditions of any option which is outstanding on the date of such revision or amendment to the material detriment of the Optionee without the consent of the Optionee. Notwithstanding the foregoing, no such revision or amendment shall (i) materially increase the number of shares subject to the Plan except as provided in Section 13 hereof, (ii) change the designation of the class of employees eligible to receive options, (iii) decrease the price at which options may be granted, or (iv) materially increase the benefits accruing to Optionees under the Plan without the approval of the shareholders of the Company if such approval is required for compliance with the requirements of any applicable law or regulation.

SECTION 15.

NO OBLIGATION TO EXERCISE OPTION

The granting of an option shall impose no obligation upon the Optionee to exercise such option. Further, the granting of an option hereunder shall not impose upon the Company or any Subsidiary any obligation to retain the Optionee in its employ for any period.

INCENTIVE STOCK OPTION AGREEMENT
UNDER THE
TECHNE CORPORATION
1997 INCENTIVE STOCK OPTION PLAN

THIS AGREEMENT, made effective as of this _____ day of _____, 19____, by and between Techne Corporation, a Minnesota corporation (the "Company"), and_____ ("Optionee").

W I T N E S S E T H:

WHEREAS, Optionee on the date hereof is a key employee or officer of the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant an incentive stock option to Optionee to purchase shares of the Company's Common Stock pursuant to the Company's 1997 Stock Option Plan (the "Plan"); and

WHEREAS, the Administrator of the Plan has authorized the grant of an incentive stock option to Optionee and has determined that, as of the effective date of this Agreement, the fair market value of the Company's Common Stock is $_____ per share;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Grant of Option. The Company hereby grants to Optionee on the date set forth above (the "Date of Grant"), the right and option (the "Option") to purchase all or portions of an aggregate of _____ (_____)shares of Common Stock at a per share price of $_____ on the terms and conditions set forth herein, and subject to adjustment pursuant to Section 11 of the Plan. Except as otherwise provided in Paragraphs 2(b) and 2(c) below, this Option is intended to be an incentive stock option within the meaning of Section 422, or any successor provision, of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder.

2. Duration and Exercisability.

a. The term during which this Option may be exercised shall terminate on _____, _____ except as otherwise provided in Section 11 of the Plan and Paragraphs 2(b) through 2(e) below. This Option shall become exercisable according to the following schedule:

Vesting Date	Percentage/Number of Shares
----------	----------

In the event of a "change in control transaction" this option shall become immediately exercisable as to all shares unless such transaction is accounted for on a pooling of interests basis as provided in Section 11 of the Plan. If Optionee does not purchase upon an exercise of this Option the full number of shares which Optionee is then entitled to purchase, Optionee may purchase upon any subsequent exercise prior to this Option's termination such previously unpurchased shares in addition to those Optionee is otherwise entitled to purchase.

For purposes of this Agreement, a "change of control transaction" means an acquisition of the Company through the sale of substantially all of the Company's assets and the consequent discontinuance of its business or through a merger, consolidation, exchange, reorganization, reclassification, extraordinary dividend, divestiture (including a spin-off) or liquidation of the Company.

b. Termination of Employment (other than Change of Control, Disability or Death). If Optionee's employment with the Company or any Subsidiary is terminated for any reason other than because of a "change of control transaction" as described in Paragraph 2(c) or because of

disability or death, this Option shall completely terminate on the earlier of (i) the close of business on the three-month anniversary date of such termination of employment, and (ii) the expiration date of this Option stated in Paragraph 2 above. In such period following the termination of Optionee's employment or, if applicable, such other relationship, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding such termination of employment or such other relationship, but had not previously been exercised. To the extent this Option was not exercisable upon such termination of employment or such other relationship, or if Optionee does not exercise the Option within the time specified in this Paragraph 2(b), all rights of Optionee under this Option shall be forfeited.

c. Change of Control. Subject to the provisions of Section 11 of the Plan, if (i) Optionee's employment with the Company or any Subsidiary is terminated because of a "change of control transaction," (ii) such transaction is treated as a "pooling of interests" under generally accepted accounting principles, and (iii) Optionee is an "affiliate" of the Company or Subsidiary under applicable legal and accounting principles, this Option shall completely terminate on the later of (A) the close of business on the three-month anniversary date of such termination of employment or (B) the close of business on the date that is sixty (60) days after the date on which affiliates are no longer restricted from selling, transferring or otherwise disposing of the shares of stock received in the change of control transaction. Notwithstanding the foregoing, if, upon such termination of employment, Optionee continues to serve as a consultant, advisor or nonemployee director of the Company or Subsidiary, this Option shall terminate on the later of (X) the close of business on the three-month anniversary date of the termination of all of Optionee's relationships with the Company or Subsidiary, and (Y) the close of business on the date that is sixty (60) days after the date on which affiliates are no longer restricted from selling, transferring or otherwise disposing of the shares of stock received in the change of control transaction, and this Option shall not, upon Optionee's termination of employment, be treated as an incentive stock option within the meaning of Code Section 422.

In such period following the termination of Optionee's employment or, if applicable, such other relationship, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding such termination of employment or such other relationship, but had not previously been exercised, unless the exercisability of this Option has been accelerated as provided in Section 11 of the Plan. To the extent this Option was not exercisable upon such termination of employment or such other relationship, or if Optionee does not exercise the Option within the time specified in this Paragraph 2(c), all rights of Optionee under this Option shall be forfeited. If Optionee exercises this Option on a date that is after the three-month anniversary of the termination of Optionee's employment or on a date that is more than ten years (or five years, if applicable) after the Date of Grant, this Option shall not be treated as an incentive stock option within the meaning of Code Section 422.

d. Disability. If Optionee ceases to be an employee of the Company or any Subsidiary due to disability (as such term is defined in Code Section 22(e)(3), or any successor provision), this Option shall completely terminate on the earlier of (i) the close of business on the six-month anniversary date of such termination of employment, and (ii) the expiration date under this Option stated in Paragraph 2(a) above. In such period following such termination of employment, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding the date of Optionee's termination of employment. If Optionee does not exercise the Option within the time specified in this Paragraph 2(d), all rights of Optionee under this Option shall be forfeited.

e. Death. In the event of Optionee's death, this Option shall terminate on the earlier of (i) the close of business on the six-month anniversary date of the date of Optionee's death, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following Optionee's death, this Option shall be exercisable by the person or persons to whom Optionee's rights under this Option shall have passed by Optionee's will or by the laws of descent and distribution only to the extent the Option was exercisable on the vesting date immediately preceding

the date of Optionee's death. If such person or persons do not exercise this Option within the time specified in this Paragraph 2(e), all rights under this Option shall be forfeited.

3. Manner of Exercise.

a. General. The Option may be exercised only by Optionee (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and subject to such other administrative rules as the Administrator may deem advisable, by delivering within the Option Period written notice of exercise to the Company at its principal office. The notice shall state the number of shares as to which the Option is being exercised and shall be accompanied by payment in full of the Option price for all shares designated in the notice. The exercise of the Option shall be deemed effective upon receipt of such notice by the Company and upon payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares any number of times during the Option period as provided herein.

b. Form of Payment. Subject to approval by the Administrator, payment of the Option price by Optionee shall be in the form of cash, personal check, certified check or previously acquired shares of Common Stock of the Company, or any combination thereof. Any stock so tendered as part of such payment shall be valued at its Fair Market Value as provided in the Plan. For purposes of this Agreement, "previously acquired shares of Common Stock" shall include shares of Common Stock that are already owned by Optionee at the time of exercise.

c. Stock Transfer Records. As soon as practicable after the effective exercise of all or any part of the Option, Optionee shall be recorded on the stock transfer books of the Company as the owner of the shares purchased, and the Company shall deliver to Optionee one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company.

4. Miscellaneous.

a. Employment; Rights as Shareholder. This Agreement shall not confer on Optionee any right with respect to continuance of employment by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment. Optionee shall have no rights as a shareholder with respect to shares subject to this Option until such shares have been issued to Optionee upon exercise of this Option. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 10 of the Plan.

b. Securities Law Compliance. The exercise of all or any parts of this Option shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of Common Stock pursuant to such exercise will not violate any state or federal securities or other laws. Optionee may be required by the Company, as a condition of the effectiveness of any exercise of this Option, to agree in writing that all Common Stock to be acquired pursuant to such exercise shall be held, until such time that such Common Stock is registered and freely tradable under applicable state and federal securities laws, for Optionee's own account without a view to any further distribution thereof, that the certificates for such shares shall bear an appropriate legend to that effect and that such shares will be not transferred or disposed of except in compliance with applicable state and federal securities laws.

c. Mergers, Recapitalizations, Stock Splits, Etc. Pursuant and subject to Section 11 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Optionee's rights with respect to any unexercised portion of the Option (i.e., Optionee shall have such "anti-dilution" rights under

the Option with respect to such events, but shall not have "preemptive" rights).

d. Shares Reserved. The Company shall at all times during the option period reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

e. Withholding Taxes on Disqualifying Disposition. In the event of a disqualifying disposition of the shares acquired through the exercise of this Option, Optionee hereby agrees to inform the Company of such disposition. Upon notice of a disqualifying disposition, the Company may take such action as it deems appropriate to insure that, if necessary to comply with all applicable federal or state income tax laws or regulations, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Optionee. If the Company is unable to withhold such federal and state taxes, for whatever reason, Optionee hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. Optionee may, subject to the approval and discretion of the Administrator or such administrative rules it may deem advisable, elect to have all or a portion of such tax withholding obligations satisfied by delivering shares of the Company's Common Stock having a fair market value equal to such obligations.

f. Nontransferability. During the lifetime of Optionee, the accrued Option shall be exercisable only by Optionee or by the Optionee's guardian or other legal representative, and shall not be assignable or transferable by Optionee, in whole or in part, other than by will or by the laws of descent and distribution.

g. 1997 Incentive Stock Option Plan. The Option evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Optionee and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

h. Lockup Period Limitation. Optionee agrees that in the event the Company advises Optionee that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Optionee hereby agrees that for a period not to exceed 180 days from the prospectus, Optionee will not sell or contract to sell or grant an option to buy or otherwise dispose of this option or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

i. Accounting Compliance. Optionee agrees that, in the event a "change of control transaction" (as defined in Paragraph 2(a) above) is treated as a "pooling of interests" under generally accepted accounting principles and Optionee is an "affiliate" of the Company or any Subsidiary (as defined in applicable legal and accounting principles) at the time of such change of control transaction, Optionee will comply with all requirements of pooling accounting rules and Rule 145 under the Securities Act of 1933, as amended, and the requirements of such other legal or accounting principles as may be applicable, and will execute any documents necessary to ensure such compliance.

j. Stock Legend. The certificates for any shares of Common Stock purchased by Optionee (or, in the case of death, Optionee's successors) shall bear an appropriate legend to reflect the restrictions of Paragraphs 4(b), 4(h) and 4(i) of this Agreement.

k. Scope of Agreement. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Optionee and any successor or successors of Optionee permitted by Paragraph 4(f) above.

l. Arbitration. Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement,

including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement, but without submission of the dispute to such Association. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

TECHNE CORPORATION

By:_____
Its:_____

_____
Optionee

TECHNE CORPORATION

CALCULATION OF PRIMARY EARNINGS PER SHARE

<TABLE>
<CAPTION>

	Year ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Net earnings	$10,881,662	$8,637,870	$6,706,042
Weighted average number of common shares	9,455,304	9,436,403	9,365,533
Dilutive effect of stock options and warrants	275,962	285,022	156,423
Average common and common equivalent shares outstanding	9,731,266	9,721,425	9,551,956
Net earnings per share	$ 1.12	$ 0.89	$ 0.70

</TABLE>

CALCULATION OF FULLY-DILUTED EARNINGS PER SHARE (1)

<TABLE>
<CAPTION>

	Year ended June 30,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Net earnings	$10,881,662	$8,637,870	$6,706,042
Weighted average number of common shares	9,455,304	9,436,403	9,365,533
Dilutive effect of stock options and warrants	294,834	317,812	166,637
Average common and common equivalent shares outstanding	9,750,138	9,754,215	9,532,170
Net earnings per share	$ 1.12	$ 0.89	$ 0.70

</TABLE>

(1) Not separately reported since effect of dilution is less than 3%.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-42992, 33-49160, 33-86728, 33-86732 and 333-14211 of Techne Corporation on Form S-8, of our report dated September 3, 1997, included in this Annual Report on Form 10-K of Techne Corporation for the year ended June 30, 1997.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
September 22, 1997

<TABLE> <S> <C>

<ARTICLE> 5

<S> <C>
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