



the six months ended June 30, 1998

Note to Unaudited Financial Statements

(b) Pro Forma Financial Information(unaudited):

Introduction to Pro Forma Financial Statements

Pro Forma Balance Sheet

Pro Forma Statement of Earnings

Notes to Pro Forma Financial Statements

(c) Exhibit:

2.1 Purchase and Sale Agreement dated as of June 22, 1998 among Techne Corporation, Research and Diagnostic Systems, Inc. and Genzyme Corporation--incorporated by reference to Exhibit 2.1 to Form 8-K dated July 1, 1998.

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION

STATEMENTS OF ASSETS SOLD AS  
OF DECEMBER 31, 1997 and 1996  
AND  
STATEMENTS OF REVENUE AND DIRECT OPERATING EXPENSES  
FOR THE YEARS ENDED  
DECEMBER 31, 1997, 1996 and 1995

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors of  
Genzyme Corporation:

We have audited the accompanying statements of assets sold of the Research Products Business of Genzyme Corporation (the "Business") as of December 31, 1996 and 1997 and the related statements of revenues and direct operating expenses for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of Genzyme Corporation's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the assets of the Business sold to Techne Corporation pursuant to the acquisition agreement described in Note 1 and the revenues and direct operating expenses of the Business, and are not intended to be a complete presentation of the Business' financial position, results of operations or cash flows.

In our opinion, the aforementioned financial statements present fairly the

assets related to the Business, which were sold to Techne Corporation pursuant to the acquisition agreement described in Note 1, as of December 31, 1996 and 1997 and the revenues and direct operating expenses of the Business for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
August 26, 1998

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
STATEMENTS OF ASSETS SOLD

<TABLE>  
<CAPTION>

	December 31, 1997	December 31, 1996
	----	----
	(in thousands)	
<S>	<C>	<C>
Inventory	\$4,113	\$4,376
Equipment, net	277	198
	-----	-----
Total assets sold	\$4,390	\$4,574
	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

<TABLE>  
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995
	----	----	----
	(in thousands)		
<S>	<C>	<C>	<C>
Revenue:			
External revenue	\$14,278	\$14,201	\$13,652
Intercompany revenue	296	292	299
	-----	-----	-----
Total revenue	14,574	14,493	13,951
Expenses:			
Cost of sales	7,686	6,562	6,919
Selling and marketing	3,929	4,087	3,967
General and administrative	1,698	1,511	1,306
Research and development	2,652	2,449	2,567
	-----	-----	-----
Total direct operating expenses	15,965	14,609	14,759
	-----	-----	-----
Direct operating expenses in excess of revenues	\$(1,391)	\$ (116)	\$ (808)
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
NOTES TO FINANCIAL STATEMENTS

(1) Background

Pursuant to a Purchase and Sale Agreement (the "Agreement") between Genzyme Corporation ("Genzyme") and Research and Diagnostic Systems, Inc. and Techne Corporation (collectively, "Techne"), dated June 22, 1998, Genzyme sold to Techne certain assets consisting principally of inventory and equipment plus the intellectual property and contractual rights (carried at zero book value) of Genzyme's Research Products Business (the "Business"). Assets related to Genzyme's Research Products Business which are owned by Genzyme Srl, Genzyme's wholly-owned subsidiary based in Italy, were not sold to Techne and, accordingly such assets and revenues and expenses from Genzyme Srl are excluded from these statements. The Business develops, manufactures and sells a line of cytokines, growth factors, antibodies, proteins, cytokine and apoptosis ELISA systems and other research products used in the areas of immunology and cellular biology.

(2) Basis of Presentation

The statements of assets sold and the statements of revenue and direct operating expenses (the "Statements") are derived from the historical books and records of Genzyme and present assets sold and revenue and direct operating expenses of the Business. This Business has never been operated as a separate business entity but rather as an integral part of Genzyme Corporation.

The statements of revenue and direct operating expenses of the Business include the cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses that substantially relate directly to the Business to be acquired by Techne. Certain direct operating expenses presented in these statements have been allocated based on management's estimates of the cost of services provided to the Business by Genzyme. General and administrative expenses allocated include a corporate allocation of costs, consisting principally of MIS, legal, corporate finance, telecommunications, purchasing, security, human resources and information services based on the Business' revenues as a percentage of Genzyme's revenues. These allocations are believed by management to be reasonable allocations. However, there can be no assurance that such allocations will be indicative of future results of operations. Management of Genzyme cannot estimate what expenses would have been if the Business had been operated on a stand alone basis.

The Business is not a separate taxable entity for federal, state or local income tax purposes and its operations are included in the consolidated Genzyme tax returns. No income tax provision or benefit has been allocated to the Business. Genzyme does not allocate interest income or interest expense to its business units and, accordingly, no interest income or expense is reflected in these Statements. As a result of the foregoing, the Statements presented may not be indicative of the results of operations that would have been achieved had the Business been operated as an unaffiliated entity.

(3) Summary of Significant Accounting Policies

Inventories

Inventories are stated at the lower of cost (first in, first out) or market. Inventories are routinely subject to changes in value resulting from technological change, price competition and changes in customer demand patterns. The assessment of market value of inventory is based on Genzyme's analysis of the Business's inventory and is not necessarily indicative of the market value that Techne would ascribe to the inventory. In addition, the carrying value of inventories, as reflected in the accompanying statement of assets to be acquired, does not include any adjustments which may result on the date of acquisition. Marketing and promotional

materials, samples and display inventory are charged to selling and marketing expense when purchased. Packaging materials are included in inventory and expensed as cost of sales upon shipment of related product.

#### Revenue Recognition

Revenue from external sales is recognized upon shipment of the product. Allowances for sales returns, discounts, and rebates are provided for based on the volume of sales and actual experience. Revenue from intercompany sales is recognized at the point of transfer to affiliates at a transfer price negotiated by the business unit of Genzyme.

#### Research and Development Costs

Research and development costs are charged to expense when incurred.

#### Equipment

Equipment is stated at cost. Depreciation expense is computed on a straight-line basis over the useful life of the equipment (3 to 7 years). Depreciation expense was approximately \$59,000 and \$48,000 for the years ended December 31, 1997 and 1996, respectively. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in the results of operations.

<TABLE>  
<CAPTION>

	(in thousands)	
	December 31, 1997	December 31, 1996
<S>	<C>	<C>
Equipment	\$503	\$365
Accumulated depreciation	(226)	(167)
Net equipment	\$277	\$198

</TABLE>

#### Use of Estimates

The preparation of the Statements requires management to make estimates and judgments that affect the reported assets sold of the Business and its revenues and direct operating expense related disclosures. Such estimates include inventory reserves and amortization of manufacturing variances. Actual results could differ from those estimates.

#### Translation of Foreign Currencies

For non-U.S. operations, the local currency is the functional currency. Assets and liabilities are translated into U.S. dollars at current exchange rates. Income and expense items are translated at average exchange rates prevailing during the year. Transaction gains and losses are included in corporate general and administrative expenses, a portion of which has been allocated to the Business (see Note 2).

#### (4) Inventories

The components of inventories were as follows (in thousands):

<TABLE>  
<CAPTION>

	December 31, 1997	December 31, 1996
<S>	<C>	<C>
Raw materials	\$1,697	\$1,564
Work in process	864	914
Finished goods	1,552	1,898
Total inventory	\$4,113	\$4,376

</TABLE>

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
STATEMENT OF ASSETS SOLD (UNAUDITED)  
(in thousands)

<TABLE>  
<CAPTION>

	June 30, 1998
	----
<S>	<C>
Inventory	\$4,352
Equipment, net	266
	-----
Total assets sold	\$4,618
	=====

</TABLE>

The accompanying note is an integral part of these unaudited financial statements.

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
STATEMENT OF REVENUES AND DIRECT OPERATING EXPENSES  
(UNAUDITED)  
(in thousands)

<TABLE>  
<CAPTION>

	SIX MONTHS ENDED June 30, 1998
	-----
<S>	<C>
Revenue:	
External revenue	\$ 7,044
Intercompany revenue	119
	-----
Total revenue	7,163
Expenses:	
Cost of sales	4,523
Selling and marketing	2,218
General and administrative	888
Research and development	1,448
	-----
Total direct operating expenses	9,076
	-----
Direct operating expenses in excess of revenues	\$(1,913)
	=====

</TABLE>

The accompanying note is an integral part of these unaudited financial statements.

RESEARCH PRODUCTS BUSINESS OF GENZYME CORPORATION  
NOTE TO UNAUDITED FINANCIAL STATEMENTS

(1) Basis of Presentation

The unaudited statement of assets sold and unaudited statement of revenues and direct operating expenses have been prepared in accordance with generally accepted accounting principles. The unaudited statements reflect all adjustments which are, in the opinion of management, necessary to a fair presentation of the results for the interim period presented. All such adjustments are of a normal recurring nature.

A summary of significant accounting policies followed in preparing the unaudited statements is detailed in the audited financial statements of the Research Products Business of Genzyme Corporation, which are presented elsewhere in this Form 8-K/A. It is suggested that the unaudited financial statements be read in conjunction with the accompanying audited financial statements.

TECHNE CORPORATION  
INTRODUCTION TO PRO FORMA FINANCIAL STATEMENTS  
(UNAUDITED)

The following unaudited Pro Forma Balance Sheet as of June 30, 1998 and the unaudited Pro Forma Statement of Earnings for the year ended June 30, 1998 have been prepared to illustrate the effect of the acquisition of the Research Products Business of Genzyme Corporation as though the acquisition had occurred on June 30, 1998 in the Pro Forma Balance Sheet and as of July 1, 1997 in the Pro Forma Statement of Earnings. The pro forma information is based upon Techne Corporation's audited Consolidated Financial Statements and the unaudited historical Financial Statements of the Research Product Business of Genzyme Corporation, giving effect to the acquisition under the purchase method of accounting and the assumptions and adjustments in the accompanying Notes.

The Techne Corporation Pro Forma Financial Statements are presented for illustrative purposes only and are not necessarily indicative of the consolidated financial position or consolidated results of operations of Techne Corporation that would have been reported had the acquisition occurred on the dates indicated, nor do they represent a forecast of the consolidated financial position of Techne Corporation at any future date or the consolidated earnings of Techne Corporation at any future period. Furthermore, no effect has been given in the Techne Corporation Pro Forma Financial Statements for operating and synergistic benefits that may be realized by the combination of the entities. The Techne Corporation Pro Forma Balance Sheet adjustments are based on the estimated fair values of the assets acquired. The Techne Corporation Pro Forma Financial Statements, including Notes thereto, should be read in conjunction with the historical Consolidated Financial Statements of Techne Corporation contained in the 1998 Annual Report on Form 10-K and the audited and unaudited financial statements of the Research Products Business of Genzyme Corporation presented elsewhere in this Form 8-K/A.

TECHNE CORPORATION  
PRO FORMA BALANCE SHEET  
AS OF JUNE 30, 1998  
(UNAUDITED)

(In thousands)

<TABLE>  
<CAPTION>

GENZYME  
RESEARCH PRODUCTS    PRO FORMA  
TECHNE PRODUCTS    ADJUSTMENTS    PRO FORMA

	<C>	<C>	<C>	<C>
<b>ASSETS</b>				
Cash and equivalents	\$27,372	\$ -	\$(24,760) (1)	\$ 2,612
Short-term investments	15,322	-	-	15,322
Accounts receivable	10,002	-	-	10,002

Inventories	3,811	4,352	1,308 (1)	9,471
Deferred income taxes	1,583	-	-	1,583
Prepaid expenses	431	-	-	431
	-----	-----	-----	-----
Total current assets	58,521	4,352	(23,452)	39,421
Equipment (net)	11,687	266	54 (1)	12,007
Intangible assets (net)	491	-	54,620 (1)	55,111
Deferred income taxes	1,798	-	-	1,798
Other-long term assets	422	-	-	422
	-----	-----	-----	-----
	\$72,919	\$ 4,618	\$ 31,222	\$108,759
	=====	=====	=====	=====

LIABILITIES AND EQUITY

Trade accounts payable	\$ 2,203	\$ -	\$ -	\$ 2,203
Salary and related accounts payable	2,005	-	-	2,005
Other payables	1,040	-	3,612 (1)	4,652
Income taxes payable	2,185	-	-	2,185
	-----	-----	-----	-----
Total current liabilities	7,433	-	3,612	11,045
Deferred rent	1,655	-	-	1,655
Royalties payable	-	-	15,228 (1)	15,228
Net assets of acquired entity	-	4,618	(4,618) (1)	-
Common stock	191	-	10 (1)	201
Additional paid-in capital	13,810	-	16,990 (1)	30,800
Retained earnings	49,351	-	-	49,351
Foreign currency adjust.	479	-	-	479
	-----	-----	-----	-----
Total equity	63,831	-	17,000	80,831
	-----	-----	-----	-----
	\$72,919	\$ 4,618	\$ 31,222	\$108,759
	=====	=====	=====	=====

</TABLE>

See accompanying Notes to Pro Forma Financial Statements

TECHNE CORPORATION  
PRO FORMA STATEMENT OF EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1998  
(UNAUDITED)

(In thousands except per share data)

<TABLE>

<CAPTION>

	GENZYME			
	RESEARCH		PRO FORMA	
	TECHNE	PRODUCTS	ADJUSTMENTS	PRO FORMA
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Net sales	\$67,291	\$14,236	\$ -	\$81,527
Cost of sales	20,009	8,737	32 (2)	28,778
	-----	-----	-----	-----
Gross margin	47,282	5,499	(32)	52,749
Selling, general & admin.	15,368	5,875	-	21,243
Research & development	10,638	2,820	-	13,458
Intangible amortization	71	-	9,500 (3)	9,571
Interest income	(1,206)	-	990 (4)	(216)
	-----	-----	-----	-----
	24,871	8,695	10,490	44,056
	-----	-----	-----	-----



Earnings (loss) before				
income taxes	22,411	(3,196)	(10,522)	8,693
Income taxes	7,228	-	(4,073)(5)	3,155
	-----	-----	-----	-----
Net earnings (loss)	\$15,183	\$(3,196)	\$(6,449)	\$ 5,538
	=====	=====	=====	=====

Basic earnings per share	\$ 0.80		\$ 0.28
Diluted earnings			
per share	\$ 0.77		\$ 0.27

Weighted average common			
shares	18,953	987	19,940
Weighted average common			
and dilutive shares	19,608	987	20,595

</TABLE>

See accompanying Notes to Pro Forma Financial Statements

TECHNE CORPORATION  
NOTES TO PRO FORMA FINANCIAL STATEMENTS

- (1) Purchase of inventory, equipment and intangible assets, including the write-up of inventory (\$1,308,000), equipment (\$54,000) and intangible assets (\$54,620,000) to current estimates of fair value, which are subject final determinations, and the recognition of the purchase price paid and payable as follows: 987,206 shares of Techne Corporation common stock valued at \$17 million, \$24.76 million of cash and \$18.84 million of royalties (present value of an estimated \$23.7 million payable over five years.)
- (2) Depreciation on equipment acquired.
- (3) Amortization of intangible assets acquired over an estimated economic life of 5 to 6 years.
- (4) Reduction of interest income due to payment of cash purchase price.
- (5) Income tax effect of the operating loss by the Research Products Business of Genzyme Corporation and the pro forma adjustments for depreciation and intangible amortization, at an effective rate of 32%.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned thereunto duly authorized.

Techne Corporation.  
(Registrant)

Date: September 14, 1998 By: /s/ Thomas E. Oland

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Thomas E. Oland, President