Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended June 30, 2013

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

For the transition period from _____ to _____

Commission File Number: 000-17272

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

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

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

Securities registered pursuant to Section 12(b) of the Act: Common Stock, $0.01 par value
Name of each exchange on which registered: The Nasdaq Stock Market LLC
(Nasdaq Global Select Market)

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Small reporting company ☐

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

The aggregate market value of the Common Stock held by non-affiliates of the Registrant, based upon the closing sale price on December 31, 2012 as reported on The Nasdaq Stock Market ($68.34 per share) was approximately $2.2 billion. Shares of Common Stock

held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded.

Shares of $0.01 par value Common Stock outstanding at August 23, 2013: 36,844,944

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders are incorporated by reference into Part III.

TABLE OF CONTENTS

Table of Contents

PART I

ITEM 1. BUSINESS

OVERVIEW

Techne Corporation and subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and clinical diagnostic controls. These activities are conducted domestically through its wholly-owned subsidiaries, R&D Systems, Inc. (R&D Systems), Boston Biochem, Inc. (Boston Biochem), and BiosPacific, Inc. (BiosPacific). The Company's European biotechnology operations are conducted through its wholly-owned U.K. subsidiaries, R&D Systems Europe Ltd. (R&D Europe) and Tocris Holdings Limited (Tocris). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes its biotechnology products in China through its wholly-owned subsidiary, R&D Systems China Co., Ltd. (R&D China). R&D China has a sales subsidiary, R&D Systems Hong Kong Ltd., in Hong Kong.

The Company has two reportable segments based on the nature of its products (biotechnology and clinical controls). R&D Systems' Biotechnology Division, R&D Europe, Tocris, R&D China, BiosPacific and Boston Biochem are included in the biotechnology reporting segment. The Company's biotechnology reporting segment develops, manufactures and sells biotechnology research and diagnostic products world-wide. The Company's clinical controls reporting segment (formerly hematology), which consists of R&D Systems' Clinical Controls Division, develops and manufactures controls and calibrators for sale world-wide.

On July 22, 2013, the Company acquired Bionostics Holdings Limited (Bionostics) and its U.S. operating subsidiary, Bionostics, Inc. Bionostics is a global leader in the development, manufacture and distribution of clinical control solutions that verify the proper operation of *in-vitro* diagnostic devices primarily utilized in point of care blood glucose and blood gas testing. All of the shares of Bionostics were acquired for approximately $104 million in cash, subject to adjustment following closing based on the final level of working capital of Bionostics. Bionostics will become part of the Company's clinical controls segment.

THE MARKET

The Company manufactures and sells products for the biotechnology research market and the clinical diagnostics market. In fiscal 2013, 2012 and 2011, net sales from the Company's biotechnology segment were 93% of consolidated net sales in each year. The Company's clinical controls segment net sales were 7% of consolidated net sales for each of fiscal 2013, 2012 and 2011. Financial information relating to the Company's segments is incorporated herein by reference to Note L to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Biotechnology Segment

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

The growing interest by academic and commercial researchers in cytokines is largely due to the profound effect that a tiny amount of a cytokine can have on cells and tissues. Cytokines are intercellular messengers. They act as signaling agents by interacting with specific receptors on the affected cells and trigger events that can lead to significant changes in a cell, tissue or organ. For example, cytokines can induce cells to acquire more specialized functions and features. Another example of the beneficial action of cytokines is their key role played in attracting cells at the site of injury, inducing them to grow and divide and initiate the healing process. Unregulated cytokine production and action can have non-beneficial effects and lead to various pathologies.

The Company also produces and markets enzymes and intracellular signaling reagents. Enzymes are proteins which act as biological catalysts that accelerate a variety of chemical reactions in cells. Most enzymes, including proteases, kinases and phosphatases, are proteins that modify the structure and function of other proteins. Additionally, both enzymes and cytokines have the potential to serve as predictive biomarkers and therapeutic targets for a variety of diseases and conditions including cancer, Alzheimer's, arthritis, autoimmunity, diabetes, hypertension, obesity, inflammation, AIDS and influenza.

The Company markets a variety of immunoassays on different testing platforms, including a microtiter plated based kit sold under the trade name Quantikine®, immunoassays based on encoded beads technology and immunoassays based on spotted surfaces. All of these immunoassay products are used by researchers to quantify the level of a specific protein in biological fluids, such as serum, plasma, or urine. Protein quantification is an integral component of basic research and as a valuable indicator of the effects of new therapeutic compounds in the pharmaceutical drug discovery and development process.

With the acquisition of Tocris in April 2011, the Company added chemically-based products to its biotechnology segment. Tocris products are small compounds, sold in highly purified forms typically with agonistic or antagonistic properties in a variety of biological processes. The addition of Tocris products to the Company's product lines allows customers to have access to the broadest range of compounds and biological reagents to meet their life science research needs. The Company's combined chemical and biological reagents portfolio provide new tools which customers can use in solving the complexity of important biological pathways and glean knowledge which may lead to a fuller understanding of biological processes and ultimately to the development of novel strategies to address different pathologies.

The Company currently manufactures and sells approximately 24,000 biotechnology products.

Biotechnology Products

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

Antibodies. Antibodies are specialized proteins produced by the immune system of an animal that recognize and bind to target molecules. The Company's polyclonal antibodies are produced in animals (primarily goats, sheep and rabbits) and purified from the animals' blood. Monoclonal antibodies are derived from immortalized rodent cell lines and are isolated from cell culture medium.

Immunoassays. The immunoassay product line includes Quantikine kits for the detection of human and animal proteins using 96-well plates, along with immunoassays on other testing platforms, which allow researchers to quantify the amount of a specific analyte (typically a cytokine, adhesion molecule or an enzyme) in a sample derived from any biological fluid.

Clinical Diagnostic Immunoassay Kits. The Company has received Food and Drug Administration (FDA) marketing clearance for its erythropoietin (EPO), transferrin receptor (TfR) and Beta2-microglobulin (ß2M) immunoassays for use as *in vitro* diagnostic devices.

Flow Cytometry Products. This product line includes fluorochrome labeled antibodies and kits, which are used to determine the immuno-phenotypic properties of cells from different tissues.

Intracellular Signaling Products. This diverse product line provides reagents to elucidate signal transduction pathways within cells. Products include antibodies, phospho-specific antibodies, antibody arrays, active caspases, kinases, phosphatases, and enzyme-linked immunosorbant assay (ELISA) assays to measure the activity of apoptotic and signaling molecules.

Small Molecule Chemically-based Products. These products include small natural or synthetic chemical compounds used by investigators as agonists, antagonists and/or inhibitors of various biological functions. Used in concert with other Company products, they provide additional tools to elucidate key pathways of cellular functions and can provide insight into the drug discovery process.

The Company sells its biotechnology products directly to customers in North America, most of Western Europe and to certain customers in China. Third party distributors are used in the remainder of China and Europe and in the rest of the world.

Clinical Controls Segment (formerly the Hematology Segment)

Proper diagnosis of many illnesses requires a thorough and accurate analysis of a patient's blood cells, which is usually done with automated or semi-automated hematology instruments. One of the most frequently performed laboratory tests on a blood sample is a complete blood count (CBC). Doctors use this test in disease screening and diagnosis.

Hematology controls and calibrators are products derived from various cellular components of blood which have been stabilized. Control and calibrator products can be utilized to ensure that hematology instruments are performing accurately and reliably. Ordinarily, a hematology control is used once to several times a day to make sure the instrument is reading accurately. In addition, most instruments need to be calibrated periodically. Hematology calibrators are similar to controls, but undergo additional testing to ensure that the calibration values assigned are within tight specifications and can be used to calibrate the instrument.

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

Original Equipment Manufacturer (OEM) agreements represent the largest market for clinical controls made by the Company. In fiscal 2013, 2012 and 2011, OEM agreements accounted for $10.8 million, $9.7 million and $8.7 million, respectively, or 3% of total consolidated net sales in each fiscal year. The Company sells its clinical control products directly to customers in the United States and through distributors in the rest of the world.

PRODUCTS UNDER DEVELOPMENT

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

In fiscal 2013, the Company introduced 2,100 new biotechnology products. The Company is planning to release new proteins, antibodies, immunoassay products and chemically-based research reagents in the coming year. All of these products will be for research use only and therefore do not require FDA clearance. The Company also developed several new clinical diagnostic products in fiscal 2013 and is continuously working to expand these product lines along with ongoing product improvements and enhancements. However, there is no assurance that any of the products in the research and development phase can be successfully completed or, if completed, can be successfully introduced into the marketplace.

	Year Ended June 30,		
	2013	*2012*	*2011*
Research expense (in thousands):			
Biotechnology	$28,441	$27,112	$25,176
Clinical Controls	816	800	809
	$29,257	$27,912	$25,985
Percent of net sales	9.4%	8.9%	9.0%

INVESTMENTS

The Company has an approximately 15.0% equity investment in ChemoCentryx, Inc. (CCXI). CCXI is a technology and drug development company working in the area of chemokines. Chemokines are cytokines which regulate the trafficking patterns of leukocytes, the effector cells of the human immune system. At June 30, 2011, the Company had a $14.3 million investment in the preferred stock of CCXI and accounted for the investment on a cost basis. The investment was included in "Investments in unconsolidated entities" at June 30, 2011. In September 2011, the Company entered into a $10.0 million loan agreement with CCXI. The loan agreement contained a number of conversion features contingent upon CCXI obtaining future debt or equity financing. The agreement also included a $5.0 million commitment by the Company to participate in a private placement in the event of a successful public offering of CCXI shares. On February 8, 2012, CCXI completed its initial public offering (IPO) at $10 per share. Upon the close of the IPO, the Company's investment in CCXI's preferred shares and the loan, plus accrued interest, converted into CCXI common stock. The Company invested an additional $5.0 million in the private placement, as discussed above, and received ten year warrants to purchase 150,000 shares of CCXI common stock at $20 per share. The Company's investment in CCXI is included in "Short-term available-for-sale investments" at June 30, 2013 and 2012 at fair values of $89.6 million and $94.7 million, respectively.

The Company has a 6.5% ownership percentage in H2Equity, LLC (formerly Hemerus Medical, LLC). The Company accounts for its investment in H2Equity under the equity method of accounting as H2Equity is a limited liability company. During fiscal 2012, H2Equity entered into an agreement to sell substantially all of its assets. The sale closed in April 2013. The Company received a $1.1 million distribution at closing and recorded a gain of $708,000. The Company's net investment in H2Equity was $26,000 and $551,000 at June 30, 2013 and 2012, respectively.

The Company has a 16.8% ownership interest in Nephromics LLC (Nephromics). The Company accounts for its investment in Nephromics under the equity method of accounting as Nephromics is a limited liability company. During fiscal 2012, Nephromics signed an agreement to sell substantially all of its assets. The sale price included a payment at closing, future payment contingent upon the issuance of certain patents, and royalties on future sublicense income. As a result of the agreement, the Company determined that a portion of its investment in Nephromics was other-than-temporarily impaired and wrote off $2.4 million of this investment in fiscal 2012. The Company's net investment in Nephromics was $505,000 at both June 30, 2013 and 2012.

The Company held an ownership interest in ACTGen, Inc. (ACTGen), a development stage biotechnology company located in Japan through October 2012. During fiscal 2012, the Company determined that the Company's investment in ACTGen was other-than-temporarily impaired and wrote off its remaining investment of $854,000.

GOVERNMENT REGULATION

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

Three of the Company's immunoassay kits, EPO, TfR and ß2M, have FDA clearance to be sold for clinical diagnostic use. The Company must comply with QSR for the manufacture of these kits. Biotechnology products manufactured in the United States and sold for use in the research market do not require FDA clearance. Tocris products are used as research tools and require no regulatory approval for commercialization. Some of Tocris' products are considered controlled substances and require government permits to stock such products and to ship them to end-users. The Company has no reason to believe that these annual permits will not be re-issued.

Some of the Company's research groups use small amounts of radioactive materials in the form of radioisotopes in their product development activities. Thus, the Company is subject to regulation and inspection by the Minnesota Department of Health and has been granted a license through August 2014. The license is renewable annually. The Company has had no difficulties in renewing this license in prior years and has no reason to believe it will not be renewed in the future. If, however, the license was not renewed, it would have minimal effect on the Company's business since there are other technologies the research groups could use to replace the use of radioisotopes.

Beginning January 1, 2013, the Company was subject to the medical device excise tax which was included as part of the Affordable Care Act. The tax applies to the sale of medical devices by a manufacturer, producer or importer of the device and is 2.3% of the sale price. The tax applies to the Company's *in vitro* diagnostic products, including its clinical control products and biotechnology clinical diagnostic immunoassay kits. The Company's medical device excise tax for fiscal 2013 was $91,000.

AVAILABILITY OF RAW MATERIALS

The primary raw material for the Company's clinical controls is whole blood. Human blood is purchased from commercial blood banks, while porcine and bovine blood is purchased from nearby meat processing plants. After raw blood is received, it is separated into its components, processed and stabilized. Although the cost of human blood has increased due to the requirement that it be tested for certain diseases and pathogens, the higher cost of these materials has not had a material adverse effect on the Company's business. The Company does not perform its own pathogen testing as the supplier tests all human blood purchased.

R&D Systems' Biotechnology Division develops and manufactures the majority of its cytokines from synthetic genes developed in-house, thus significantly reducing its reliance on outside resources. R&D Systems typically has several outside sources for all critical raw materials necessary for the manufacture of products. Tocris sources its raw material from multiple world-wide sources. Many of the starting components used in the chemical synthesis are widely available products and no single source of raw reagents poses a supply risk to this business.

PATENTS AND TRADEMARKS

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

The Company 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 the Company's products do not infringe upon patents or proprietary rights owned or claimed by others, particularly for genetically engineered products. The Company has not conducted a patent infringement study for each of its products. For more information on patent litigation, see Item 3 "Legal Proceedings" in this Annual Report on Form 10-K.

The Company has a number of licensing agreements with patent holders under which it has the non-exclusive right to use patented technology or the non-exclusive right to manufacture and sell certain patented proteins and related products to the research market. For fiscal 2013, 2012 and 2011, total royalties expensed under these licenses were approximately $3.3 million, $3.2 million and $3.4 million, respectively.

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

SEASONALITY OF BUSINESS

Biotechnology segment products marketed by the Company historically experience a slowing of sales or of the rate of sales growth during the summer months. The Company also usually experiences a slowing of sales in both of its reportable segments during the Thanksgiving to New Year holiday period. The Company believes this seasonality is a result of vacation schedules in Europe and Japan and of academic schedules in the United States.

SIGNIFICANT CUSTOMERS

No single customer in either reportable segment accounted for more than 10% of the Company's consolidated net sales during fiscal 2013, 2012 or 2011.

BACKLOG

There was no significant backlog of orders for the Company's products as of the date of this Annual Report on Form 10-K or as of a comparable date for fiscal 2012. The majority of the Company's biotechnology products are shipped within one day of receipt of the customers' orders. The majority of the Company's clinical control products are shipped based on a preset, recurring schedule.

COMPETITION

The worldwide market for protein related and chemically-based research reagents is being supplied by a number of companies, including GE Healthcare Life Sciences, BD Biosciences, Merck KGaA/EMD Chemicals, Inc., Life Technologies Corporation, Millipore Corporation, PeproTech, Inc., Santa Cruz Biotechnology, Inc., Abcam plc., Sigma-Aldrich Corporation, Thermo Fisher Scientific, Inc., Cayman Chemical Company and Enzo Biochem, Inc. The Company believes that it is one of the leading world-wide suppliers of cytokine related products in the research marketplace. The Company further believes that the expanding line of its products, their recognized quality, and the growing demand for protein related and chemically-based research reagents will allow the Company to remain competitive in the growing biotechnology research and diagnostic market.

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

EMPLOYEES

Through its subsidiaries, the Company employed 789 full-time and 65 part-time employees as of June 30, 2013, as follows:

	Full-time	*Part-time*
U.S.	665	35
Europe	105	29
Asia	19	1
	789	65

ENVIRONMENT

Compliance with federal, state and local environmental protection laws in the United States, United Kingdom, Germany, China and Hong Kong had no material effect on the Company in fiscal 2013.

Table of Contents

GEOGRAPHIC AREA FINANICAL INFORMATION

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

	Year Ended June 30,		
	2013	2012	2011
External sales			
United States	$164,308	$172,310	$159,857
Europe	88,297	90,142	83,676
China	14,106	11,378	8,299
Other Asia	28,608	25,988	24,715
Rest of world	15,256	14,742	13,415
Total external sales	$310,575	$314,560	$289,962

	As of June 30,		
	2013	2012	2011
Long-lived assets			
United States	$103,541	$ 87,968	$ 88,802
Europe	7,129	7,528	7,819
China	117	141	96
Total long-lived assets	$110,787	$ 95,637	$ 96,717

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

INVESTOR INFORMATION

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

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

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name	Age	Position	Officer Since
Charles Kummeth	52	President, Chief Executive Officer and Director	2013
Gregory J. Melsen	61	Vice President of Finance, Treasurer and Chief Financial Officer	2004
Marcel Veronneau	59	Senior Vice President, Clinical Controls	1995
Kevin Reagan	61	Senior Vice President, Biotech	2013
J. Fernando Bazan	53	Chief Technical Officer	2013

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

Charles Kummeth has been President and Chief Executive Officer of the Company since April 1, 2013. Prior to joining the Company, he served as President of Mass Spectrometry and Chromatography at Thermo Fisher Scientific Inc. from September 2011. He was President of that company's Laboratory Consumables Division from 2009 to September 2011. Prior to joining Thermo Fisher, Mr. Kummeth served in various roles at 3M Corporation, most recently as the Vice President of the company's Medical Division from 2006 to 2008.

Gregory J. Melsen joined the Company in December 2004 as Vice President of Finance and Chief Financial Officer. In October 2010, he also assumed the role of Treasurer. Prior to 2004, he held various vice president and chief financial officer positions at several publicly traded companies and was employed by a public accounting firm for 19 years, including nine years as an audit partner.

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

Dr. Kevin Reagan was appointed Senior Vice President, Biotech on August 1, 2013. Dr. Reagan joined the Company in January 2012 as R&D Systems' Vice President of Immunology. Prior to joining the Company, Dr. Reagan served as Managing Director of Calbiotech Veterinary Diagnostics from 2010 through 2011 and Senior Vice President of Calbiotech, Inc from 2009 through 2011. From 2005 through 2009, he served as Vice President, R&D, Immunological Systems at Invitrogen, Corp,, a division of Life Technologies Corporation.

Dr. J. Fernando Bazan was appointed Chief Technical Officer when he joined the Company on August 1, 2013. Dr. Bazan is an adjunct profession at the University of Minnesota School of Medicine and served as Chief Scientific Officer at Neuroscience, Inc., a neuroimmunology startup from 2010 to 2012. From 2003 through 2010, Dr. Bazan served as Senior Scientist at Genentech, Inc. (Roche).

ITEM 1A. RISK FACTORS

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

The following risk factors should be read carefully in connection with evaluation of the Company's business and any forward-looking statements made in this Annual Report on Form 10-K and elsewhere. Any of the following risks or others discussed in this Annual Report on Form 10-K or the Company's other SEC filings, could materially adversely affect the Company's business, operating results and financial condition.

The Company's future growth is dependent on the development of new products in a rapidly changing technological environment.

A major element of the Company's growth strategy is to increase revenues through new product releases. As a result, the Company must anticipate industry trends and develop products in advance of customer needs. New product development requires planning, designing and testing at both technological and manufacturing-process levels and may require significant research and development expenditures. There can be no assurance that any products now in development, or that the Company may seek to develop in the future, will achieve feasibility or gain market acceptance. There can also 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.

Changes in economic conditions could negatively impact the Company's revenues and earnings.

The Company's biotechnology products are sold primarily to research scientists at pharmaceutical and biotechnology companies and at university and government research institutions. Research and development spending by the Company's customers and the availability of government research funding can fluctuate based on spending priorities and general economic conditions. An economic downturn or a reduction or delay in governmental funding could cause customers to delay or forego purchases of the Company's products. The Company carries essentially no backlog of orders and changes in the level of orders received and filled daily can cause fluctuations in quarterly revenues and earnings.

The biotechnology and clinical control industries are very competitive.

The Company faces significant competition across all of its product lines and in each market in which it operates. Competitors include companies ranging from start-up companies, who may be able to more quickly respond to customers' needs, to large multinational companies, which may have greater financial and marketing resources than the Company. In addition consolidation trends in the pharmaceutical and biotechnology industries have served to create fewer customer accounts and/or to concentrate purchasing decisions for some customers, resulting in increased pricing pressure on the Company. The entry into the market of manufacturers in China and other low-cost manufacturing locations is also creating increased pricing pressures, particularly in developing markets. Failure to anticipate and respond to competitors' actions may impact the Company's future sales and earnings.

The Company relies heavily on internal manufacturing and related operations to produce, package and distribute its products.

The Company manufactures the majority of the products it sells at its Minneapolis, Minnesota facility. Quality control, packaging and distribution operations support all of the Company's sales. Since the Company creates value for its customers through the development of high-quality products, any significant decline in quality or disruption of operations for any reason could adversely affect sales and customer relationships, and therefore adversely affect the business. While the Company has taken certain steps to manage these operational risks, and while insurance coverage may reimburse, in whole or in part, for losses related to such disruptions, the Company's ability to provide products in the longer term could adversely affect future sales growth and earnings.

The design and manufacture of products involves certain inherent risks. Manufacturing or design defects could lead to recalls, litigation or alerts relating to the Company's products. A recall could result in significant costs and damage to the Company's reputation which could reduce demand for its products.

The Company is significantly dependent on sales made through foreign subsidiaries which are subject to changes in exchange rates.

Approximately 31% of the Company's sales are made through its foreign subsidiaries, which transact their sales in foreign currencies. The Company's revenues and earnings are, therefore, affected by fluctuations in currency exchange rates. Any adverse movement in foreign currency exchange rates could negatively affect the Company's revenues and earnings.

The Company conducts and plans to grow its business in developing markets.

The Company's efforts to grow its businesses depends, to a degree, on its success in developing market share in additional geographic markets including, but not limited to, China. In some cases, these countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than the Company's other markets. Operating and seeking to expand business in a number of different regions and countries exposes the Company to multiple and potentially conflicting cultural practices, business practices and legal and regulatory requirements.

The Company faces risk resulting from the economic instability in the Eurozone countries.

Sales in Europe made up approximately 28% of the Company's net sales in fiscal 2013. As a result of several Eurozone countries facing fiscal crises and uncertainty about the continued viability of the Euro as a single currency, the Company's European sales may be adversely affected by reduced spending on health care and research by Eurozone governments and general economic instability in the region. Such reduced sales would adversely affect the Company's revenues, financial condition and results of operations.

The Company's success will be dependent on recruiting and retaining highly qualified personnel.

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

The Company's business is subject to governmental laws and regulations.

The Company's operations are subject to regulation by various U.S. federal, state and international agencies. Laws and regulations enacted and enforced by these agencies impact all aspects of the Company's operations including design, development, manufacturing, labeling, selling and the importing and exporting of products across international borders. Any changes to laws and regulations governing such activities could have an effect on the Company's operations. If the Company fails to comply with any of these regulations, it may become subject to fines, penalties or actions that could impact development, manufacturing and distribution and/or increase costs or reduce sales. The approval process applicable to clinical control products of the type that may be developed by the Company may take a year or more. Delays in obtaining approvals could adversely affect the marketing of new products developed by the Company, and negatively affect the Company's revenues.

As a multinational corporation, the Company is subject to the tax laws and regulations of the U.S. federal, state and local governments and of several international jurisdictions. From time to time, new tax legislation may be implemented which could adversely affect current or future tax filings or negatively impact the Company's effective tax rate and thus increase future tax payments.

The Company is dependent on maintaining its intellectual property 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 obtained and continues to negotiate licenses to produce a number of products claimed to be owned by others. Since the Company has not conducted a patent infringement study for each of its products, it is possible that products of the Company may unintentionally infringe patents of third parties or that the Company may have to alter its products or processes, pay licensing fees or cease certain activities because of patent rights of third parties, thereby causing additional unexpected costs and delays which may have a material adverse effect on the Company.

The Company is exposed to credit risk and fluctuations in the market values of its investment portfolio.

The Company has investments in marketable securities that are classified and accounted for as available-for-sale. These securities may include U.S. government and agency securities, state and municipal securities, foreign government securities, U.S. and foreign corporate debt and equity securities and certificates of deposit. These investments may experience reduced liquidity due to changes in market conditions and investor demand. Although the Company has not recognized any significant losses to date on its available-for-sale securities, any significant future declines in their market values could materially adversely affect the Company's financial condition and operating results. Given the global nature of its business, the Company has investments both domestically and internationally. Credit ratings and pricing of these investments can be negatively impacted by liquidity, credit deterioration or losses, financial results, or other factors. As a result, the value or liquidity of the Company's available-for-sale investments could decline and result in a material impairment, which could materially adversely affect the Company's financial condition and operating results.

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

The Company's expansion strategies include collaborations, investments in joint ventures and companies developing new products related to the Company's business, and the acquisition of businesses for new products, technologies and additional customer base. These strategies carry risks that objectives will not be achieved and future earnings will be adversely affected.

The Company has an approximate 15.0% equity investment in ChemoCentryx, Inc. (CCXI) that is valued at $89.6 million on the Company's June 30, 2013 Balance Sheet. CCXI is a biopharmaceutical company focused on discovering, developing and commercializing orally-administered therapeutics to treat autoimmune diseases, inflammatory diseases and cancers. The development of new drugs is a highly risky undertaking. CCXI is dependent on a limited number of products, must achieve favorable clinical trial results, obtain regulatory and marketing approval for these products and is reliant on a strategic alliance with GlaxoSmithKline. CCXI has also incurred significant losses and has yet to achieve profitability.

The ownership of CCXI shares is very concentrated, the share price is highly volatile and there is limited trading of the shares. These factors make it possible that the Company could experience future dilution or a substantial decline in the $60.2 million unrealized gain it has on its CCXI investment and/or its $29.5 million investment in CCXI. At August 26, 2013, the market value of the Company's investment in CCXI was $51.2 million and its unrealized gain declined to $21.8 million.

We have identified a material weakness in our internal controls that, if not properly corrected, could adversely affect our operations and result in material misstatements in our financial statements.

As described in "Item 9A. Controls and Procedures", we have identified a material weakness in our system of internal control over financial reporting as of June 30, 2013. A material weakness is a deficiency, or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has identified a material weakness in the design, implementation and operating effectiveness of general IT controls (GITCs) intended to ensure that access to financial applications and data was adequately restricted to appropriate personnel, and that program changes to particular financial applications are documented, tested, and moved into the production environment only by individuals separate from the development function. As a result, certain classes of transactions subject to controls that rely upon information generated by the Company's IT systems that are subject to the operation of the GITCs, including the completeness, existence, and accuracy of revenue and accounts receivable, allow for a reasonable possibility that a misstatement is not adequately prevented or detected through the operation of management's system of internal control over financial reporting.

In response to the material weakness we have developed a plan to enhance our internal testing approach, including related procedures, documentation, and possible expansion of human resources, for select controls to ensure that we have adequately addressed the completeness and accuracy of system-generated information used to support the operation of the controls and to improve segregation of duties.

Although there can be no assurances, we believe these enhancements and improvements, when repeated in future periods, will remediate the material weakness described above. However, if we are not able to remedy the material weakness in a timely manner, we may be unable to provide holders of our securities with the required financial information in a timely and reliable manner and we may incorrectly report financial information. Either of these events could subject us to regulatory enforcement and other actions, and could have a material adverse effect on our operations, investor, supplier and customer confidence in our reported financial information and the trading price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. PROPERTIES

The Company owns the facilities that its headquarters and R&D Systems subsidiary occupy in Minneapolis, Minnesota. The Minneapolis facilities are utilized by both the Company's clinical controls and biotechnology segments.

The Minneapolis complex includes approximately 800,000 square feet of space in several adjoining buildings. R&D Systems uses approximately 600,000 square feet of the complex for administrative, research, manufacturing, shipping and warehousing activities. The Company is currently leasing or plans to lease the remaining space in the complex as retail and office space.

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

Rental income from the above properties was $830,000, $693,000 and $549,000 in fiscal 2013, 2012 and 2011, respectively.

The Company owns the 17,000 square foot facility that its R&D Europe subsidiary occupies in Abingdon, England. This facility is utilized by the Company's biotechnology segment.

The Company leases the following facilities, all of which are utilized by the Company's biotechnology segment:

Subsidiary	*Location*	*Type*	*Square Feet*
R&D GmbH	Wiesbaden-Nordenstadt, Germany	Office space	4,200
BiosPacific	Emeryville, California	Office space	3,000
R&D China	Shanghai, China	Office/warehouse	5,600
R&D Hong Kong	Hong Kong	Office space	1,200
Boston Biochem	Cambridge, Massachusetts	Office/lab	7,400
Tocris	Bristol, United Kingdom	Office/manufacturing/lab/warehouse	11,000

The Company is currently analyzing options related to upgrading the Tocris facility. The Company is also pursuing a lease for warehouse space near Heathrow airport in London to simplify logistics for the European marketplace.

The Company believes the owned and leased properties, other than the Tocris facility, are adequate to meet its occupancy needs in the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

As of August 23, 2013, the Company is not a party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

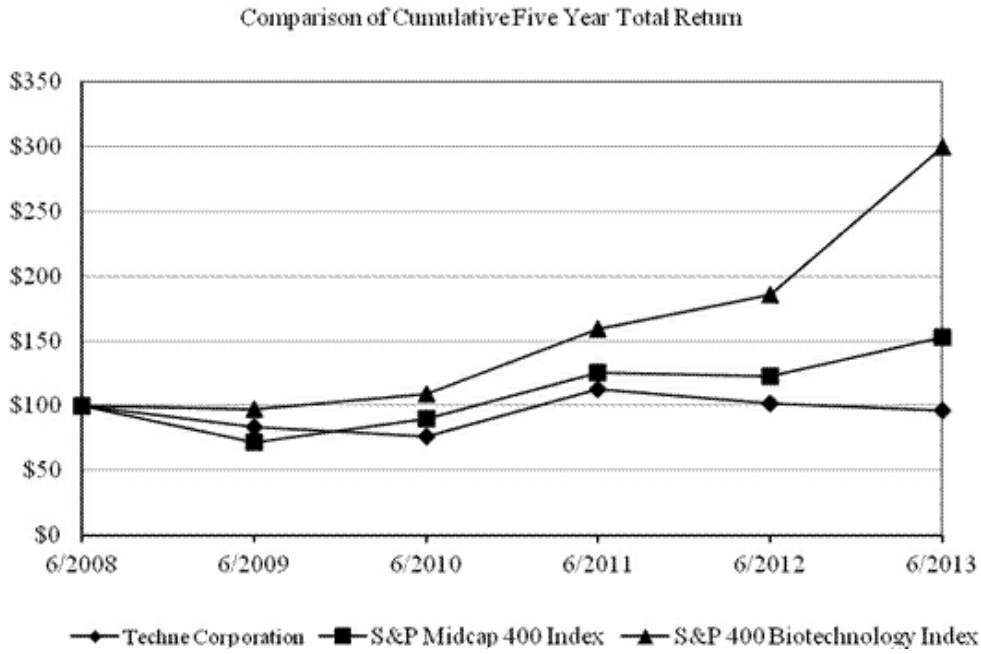
ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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

	Fiscal 2013 Price		*Fiscal 2012 Price*	
	High	*Low*	*High*	*Low*
1st Quarter	$76.02	$66.26	$86.43	$66.34
2nd Quarter	74.17	65.37	73.55	62.04
3rd Quarter	72.20	65.67	72.20	65.25
4th Quarter	70.00	62.55	74.79	63.08

As of August 23, 2013, there were over 29,000 beneficial shareholders of the Company's common stock and over 150 shareholders of record. The Company paid quarterly cash dividends totaling $43.5 million, $41.0 million and $39.7 million in fiscal 2013, 2012 and 2011, respectively. Its Board of Directors periodically considers the payment of cash dividends, and there is no guarantee that the Company will pay cash dividends in the future.

The following chart compares the cumulative total shareholder return on the Company's common stock with the S&P Midcap 400 Index and the S&P 400 Biotechnology Index. The comparison assumes $100 was invested on the last trading day before July 1, 2008 in the Company's common stock and in each of the foregoing indices and assumes reinvestment of dividends.



The following table sets forth the repurchases of Company common stock for the quarter ended June 30, 2013.

Period	*Total Number of Shares Purchased*	*Average Price Paid Per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs*
4/1/13 - 4/30/13	24,000	64.29	24,000	$ 125.5 million
5/1/13 - 5/31/13	4,300	64.85	4,300	$ 125.2 million
6/1/13 - 6/30/13	0	0	0	$ 125.2 million

In April 2009, the Company authorized a plan for the repurchase and retirement of $60 million of its common stock. The plan does not have an expiration date. In October 2012, the Company increased the amount authorized under the plan by $100 million.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

(dollars in thousands, except per share data)

Income and Share Data:	*2013*	*2012*	*2011 (1)*	*2010*	*2009*
Net sales	$310,575	$314,560	$289,962	$269,047	$263,956
Gross margin(2)	74.4%	75.0%	77.6%	79.6%	78.8%
Selling, general and administrative expenses(2)	14.0%	13.3%	12.4%	12.2%	12.8%
Research and development expenses(2)	9.4%	8.9%	9.0%	9.3%	8.9%
Operating income(2)	51.0%	52.8%	56.2%	58.1%	57.1%
Earnings before income taxes(2)	51.7%	51.6%	56.9%	58.1%	58.9%
Net earnings(2)	36.2%	35.7%	38.7%	40.8%	39.9%
Net earnings	$112,561	$112,331	$112,302	$109,776	$105,242
Diluted earnings per share	$ 3.05	$ 3.04	$ 3.02	$ 2.94	$ 2.78
Average common and common equivalent shares—diluted (in thousands)	36,900	37,006	37,172	37,347	37,900
Closing price per share:					
High	$ 76.02	$ 85.13	$ 83.37	$ 69.65	$ 81.90
Low	$ 63.42	$ 62.37	$ 56.14	$ 57.10	$ 45.64

Balance Sheet Data as of June 30:	*2013*	*2012*	*2011*	*2010*	*2009*
Cash, cash equivalents and short-term available-for-sale investments	$332,937	$268,986	$140,813	$138,811	$202,887
Receivables	40,175	37,741	37,860	34,137	31,153
Inventories	34,877	38,277	44,906	13,737	11,269
Working capital	377,432	310,757	212,229	184,016	239,944
Total assets	778,098	719,324	617,670	518,816	472,005

Cash Flow Data:	*2013*	*2012*	*2011*	*2010*	*2009*
Net cash provided by operating activities	$123,562	$126,746	$127,194	$111,260	$111,321
Capital expenditures	22,454	6,017	3,630	4,644	6,556
Cash dividends paid per common share(3)	1.18	1.11	1.07	1.03	0.75

Financial Ratios:	*2013*	*2012*	*2011*	*2010*	*2009*
Return on average equity	15.9%	17.8%	20.6%	22.9%	22.3%
Return on average assets	15.0%	16.8%	19.8%	22.2%	21.5%
Current ratio	12.8	9.7	12.7	11.8	16.5
Price to earnings ratio(4)	23	24	28	20	23

Employee Data as of June 30:	*2013*	*2012*	*2011*	*2010*	*2009*
Full-time employees	789	783	763	684	687

(1) The Company acquired Boston Biochem, Inc. on April 1, 2011 and Tocris Holdings Limited and subsidiaries on April 28, 2011.
(2) As a percent of net sales.
(3) The Company's Board of Directors periodically considers the payment of cash dividends.
(4) Common share price at end of fiscal year (June 30) divided by the diluted earnings per share for the respective fiscal year.

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

FORWARD-LOOKING INFORMATION

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

All such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although the Company believes there is a reasonable basis for the forward-looking statements, the Company's actual results could be materially different. The most important factors which could cause the Company's actual results to differ from forward-looking statements are set forth in the Company's description of risk factors in Item 1A to this Annual Report on Form 10-K.

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

USE OF ADJUSTED FINANCIAL MEASURES:

The adjusted financial measures used in this Annual Report on Form 10-K quantify the impact the following events had on reported net sales, gross margin percentages and net earnings for fiscal 2013 as compared to fiscal 2012 and 2011:

- fluctuations in exchange rates used to convert transactions in foreign currencies (primarily the Euro, British pound sterling and Chinese yuan) to U.S. dollars;
- the acquisitions of Boston Biochem, Inc. on April 1, 2011 and Tocris Holdings Limited on April 28, 2011, including the impact of amortizing intangible assets and the recognition of costs upon the sale of inventory written-up to fair value;
- professional fees and other costs incurred as part of the acquisitions of Boston Biochem, Inc. and Tocris Holdings Limited in fiscal 2011 and the acquisition of Bionostics Holdings Limited in July 2013;
- impairment losses related to the Company's investments in unconsolidated entities; and
- income tax adjustments related to the reversal of valuation allowances on deferred tax assets and the reinstatement of the U.S. credit for research and development expenditures.

These adjusted financial measures are not prepared in accordance with generally accepted accounting principles (GAAP) and may be different from adjusted financial measures used by other companies. Adjusted financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The Company views these adjusted financial measures to be helpful in assessing the Company's ongoing operating results. In addition, these adjusted financial measures facilitate our internal comparisons to historical operating results and comparisons to competitors' operating results. These adjusted financial measures are included in this Annual Report on Form 10-K because the Company believes they are useful to investors in allowing for greater transparency related to supplemental information used in the Company's financial and operational analysis. Investors are encouraged to review the reconciliations of adjusted financial measures used in this Annual Report on Form 10-K to their most directly comparable GAAP financial measures.

OVERVIEW

Techne Corporation and subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and clinical diagnostic controls. These activities are conducted domestically through its wholly-owned subsidiaries, R&D Systems, Inc. (R&D Systems), Boston Biochem, Inc. (Boston Biochem) and BiosPacific, Inc. (BiosPacific). The Company's European biotechnology operations are conducted through its wholly-owned U.K. subsidiaries, R&D Systems Europe Ltd. (R&D Europe) and Tocris Holdings Limited (Tocris). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes its biotechnology products in China through its wholly-owned subsidiary, R&D Systems China Co., Ltd. (R&D China). R&D China has a sales subsidiary, R&D Systems Hong Kong Ltd., in Hong Kong.

The Company has two reportable segments based on the nature of its products (biotechnology and clinical controls). R&D Systems' Biotechnology Division, R&D Europe, Tocris, R&D China, BiosPacific and Boston Biochem are included in the biotechnology reporting segment. The Company's biotechnology reporting segment develops, manufactures and sells biotechnology research and diagnostic products world-wide. The Company's clinical controls reporting segment, which consists of R&D Systems' Clinical Controls Division, develops and manufactures controls and calibrators for sale world-wide.

OVERALL RESULTS

Consolidated net sales decreased 1.3% and consolidated net earnings were flat for fiscal 2013 as compared to fiscal 2012. Consolidated net earnings for fiscal 2013 included $4.5 million of costs recognized upon the sale of inventory acquired in fiscal 2011 that was written-up to fair value compared to $7.6 million in fiscal 2012. Consolidated net earnings in fiscal 2012 included impairment losses of $3.3 million recorded on two of the Company's investments in unconsolidated entities and a $3.0 million tax benefit from the reversal of deferred tax valuation allowances.

Consolidated net sales increased 8.5% and consolidated net earnings were flat for fiscal 2012 as compared to fiscal 2011. Consolidated net sales in fiscal 2012 were impacted by the acquisitions of Boston Biochem and Tocris during the fourth quarter of fiscal 2011. Included in fiscal 2012 and fiscal 2011 consolidated net sales were $19.4 million and $4.7 million, respectively, of acquisition-related net sales. Consolidated net earnings for fiscal 2012 included $7.6 million of costs recognized upon the sale of inventory that was written-up to fair value at the time of the acquisitions and $5.1 million amortization of intangible assets compared to $1.8 million and $1.5 million, respectively, in fiscal 2011.

RESULTS OF OPERATIONS

Net Sales

Consolidated organic net sales, excluding the impact of the acquisitions in fiscal 2011 and the effect of the change from the prior year in exchange rates used to convert sales in foreign currencies (primarily British pound sterling, euros and Chinese yuan) into U.S. dollars, were as follows (in thousands):

	Year Ended June 30,	
	2013	*2012*
Consolidated net sales	$310,575	$314,560
Organic sales adjustments:		
Impact of foreign currency fluctuations	2,637	0
Consolidated organic net sales	$313,212	$314,560
Organic sales growth	(0.4%)	

	Year Ended June 30, 2012	2011
Consolidated net sales	$314,560	$289,962
Organic sales adjustments:		
Acquisitions	(19,385)	0
Impact of foreign currency fluctuations	27	0
Consolidated organic net sales	$295,202	$289,962
Organic sales growth	1.8%	

Net sales by reportable segment were as follows (in thousands):

	Year Ended June 30, 2013	2012	2011
Biotechnology	$288,156	$293,274	$270,287
Clinical Controls	22,419	21,286	19,675
	$310,575	$314,560	$289,962

Biotechnology segment net sales decreased $5.1 million (1.8%) and increased $23.0 million (8.5%), respectively, in fiscal 2013 and fiscal 2012 from each of the prior fiscal years. Biotechnology segment organic net sales decreased $2.5 million (0.8%) in fiscal 2013 primarily as a result of decreased sales volume in the U.S. Biotechnology segment organic net sales increased $3.6 million (1.3%) in fiscal 2012, primarily as a result of increased sales volume. Included in fiscal 2013 and 2012 net sales were $2.8 million and $2.7 million, respectively, of sales of new biotechnology products which had their first sale in each of the fiscal years.

Biotechnology segment organic sales growth from the same prior-year periods was as follows:

	Year Ended June 30, 2013	2012
U.S. industrial, pharmaceutical and biotechnology	(2.6%)	3.2%
U.S. academic	(5.9%)	(5.1%)
Europe	0.1%	(1.5%)
China	18.9%	21.6%
Pacific rim distributors, excluding China	3.5%	7.0%

Biotechnology segment net sales consisted of the following:

	Year Ended June 30, 2013
United States	
Industrial, pharmaceutical and biotechnology	29%
Academic	13%
Other	13%
	55%
Europe	28%
China	5%
Pacific rim distributors, excluding China	9%
Rest of world	3%
	100%

Clinical controls segment net sales increased $1.1 million (5.3%) and $1.6 million (8.2%), respectively, in fiscal 2013 and 2012 from each of the prior fiscal years, primarily as a result of increased sales volume.

Gross Margins

Fluctuations in gross margins, as a percentage of net sales, are typically the result of changes in foreign currency exchange rates and changes in product mix. Such fluctuations are normal and expected to continue in future periods. Gross margins have also been affected by acquisitions completed in prior years.

Consolidated gross margins for fiscal 2013 and 2012 were negatively impacted as a result of purchase accounting related to inventory and intangible assets acquired during the fourth quarter of fiscal 2011. Under purchase accounting, inventory is valued at fair value less expected selling and marketing costs, resulting in reduced margins in future periods as the inventory is sold.

A reconciliation of the reported consolidated gross margin percentages, adjusted for acquired inventory sold and intangible amortization included in cost of sales, is as follows:

	Year Ended June 30,		
	2013	2012	2011
Consolidated gross margin percentage	74.4%	75.0%	77.6%
Identified adjustments:			
Costs recognized upon sale of acquired inventory	1.4%	2.4%	0.6%
Amortization of intangibles	1.0%	1.0%	0.3%
Adjusted gross margin percentage	76.8%	78.4%	78.5%

Segment gross margins, as a percentage of net sales, were as follows:

	Year Ended June 30,		
	2013	2012	2011
Biotechnology	76.4%	76.9%	79.8%
Clinical Controls	49.0%	48.6%	47.0%
Consolidated	74.4%	75.0%	77.6%

The Biotechnology segment gross margin percentages for fiscal 2013 and 2012 were negatively impacted by purchase accounting and intangible asset amortization as discussed above. The clinical controls segment gross margin percentages changed from the comparable prior-year periods as a result of changes in product mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $1.7 million (4.1%) and $5.8 million (16.1%) in fiscal 2013 and 2012, respectively. The increase in fiscal 2013 was the results of $607,000 of professional fees related to the acquisition of Bionostics Holdings Limited, which was completed in early fiscal 2014 and $500,000 of professional fees related to the design and engineering for a new facility in the U.K. A decision was made in late fiscal 2013 to pursue other options related to the facilities in the U.K. These increases in fiscal 2013 were offset by a decrease of $1.1 million in profit sharing and bonuses as compared to fiscal 2012. The remaining increase in fiscal 2013 was the result of increased executive compensation and marketing wages and consulting related to upgrading the Company’s website. The increase in fiscal 2012 resulted primarily from $3.3 million of additional expenses of the companies acquired in late fiscal 2011 and an increase in customer relationships and trade name amortization of $1.5 million as a result of the acquisitions. The remainder of the change in selling, general and administrative expenses for fiscal 2012 was mainly the result of annual wage, salary and benefit increases.

Consolidated selling, general and administrative expenses were composed of the following (in thousands):

	Year Ended June 30,		
	2013	2012	2011
Biotechnology	$37,421	$36,453	$30,058
Clinical Controls	1,561	1,697	1,451
Unallocated corporate expenses	4,402	3,533	4,388
	$43,384	$41,683	$35,897

Research and Development Expenses

Research and development expenses increased $1.3 million (4.8%) and $1.9 million (7.4%) in fiscal 2013 and 2012, respectively, as compared to prior-year periods. The increases were primarily the result of the development of new proteins, antibodies and assay kits by R&D Systems' Biotechnology Division and product development by Boston Biochem and Tocris. The Company introduced approximately 2,100 and 1,800 new biotechnology products in fiscal 2013 and 2012, respectively. Research and development expenses are composed of the following (in thousands):

	Year Ended June 30,		
	2013	2012	2011
Biotechnology	$28,441	$27,112	$25,176
Clinical Controls	816	800	809
	$29,257	$27,912	$25,985

Interest Income

Interest income for fiscal 2013, 2012 and 2011 was $2.6 million, $2.6 million and $3.8 million, respectively. Interest income in fiscal 2013 remained flat from fiscal 2012 as a result of increased cash balances offset by lower interest rates. The decrease in fiscal 2012 from the prior fiscal year was primarily the result of lower cash and available-for-sale debt securities as a result of the acquisitions in late fiscal 2011.

Impairment Loss on Investments in Unconsolidated Entities

The Company has a 16.8% ownership interest in Nephromics LLC (Nephromics). The Company accounts for its investment in Nephromics under the equity method of accounting as Nephromics is a limited liability company. During fiscal 2012, Nephromics signed an agreement to sell substantially all of its assets. The sale price included a payment at closing, future payment contingent upon the issuance of certain patents, and royalties on future sublicense income. As a result of the agreement, the Company determined that a portion of its investment in Nephromics was other-than-temporarily impaired and wrote off $2.4 million of this investment in fiscal 2012. The Company's net investment in Nephromics was $505,000 at both June 30, 2013 and 2012, respectively.

The Company held an ownership interest in ACTGen, Inc. (ACTGen), a development stage biotechnology company located in Japan through October 2012. During fiscal 2012, the Company determined that the Company's investment in ACTGen was other-than-temporarily impaired and wrote off its remaining investment of $854,000.

Other Non-operating Expense, Net

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

	Year Ended June 30,		
	2013	2012	2011
Foreign currency gains (losses)	$ 339	$(1,362)	$ 844
Rental income	830	693	549
Real estate taxes, depreciation and utilities	(2,192)	(2,127)	(2,293)
Net gain (loss) from equity method investees	570	(603)	(926)
	$ (453)	$(3,399)	$(1,826)

The Company has a 6.5% ownership percentage in H2Equity (formerly Hemerus Medical, LLC). The Company accounts for its investment in H2Equity under the equity method of accounting as H2Equity is a limited liability company. During fiscal 2012, H2Equity entered into an agreement to sell substantially all of its assets. The sale closed in April 2013. The Company received a $1.1 million distribution at closing and recorded a gain of $708,000 which is included in "Net gain (loss) from equity investments" above.

Income Taxes

Income taxes for fiscal 2013, 2012 and 2011 were provided at rates of 29.9%, 30.7% and 31.9%, respectively, of consolidated earnings before income taxes. In January 2013, the U.S. federal credit for research and development was reinstated for the period of January 2012 through December 2013. As a result, a credit of $431,000 for January 2012 to June 2012 was included in fiscal 2013 income taxes.

Included in income taxes in fiscal 2012 was a $3.0 million benefit due to the reversal of a deferred tax valuation allowance on the excess tax basis in the Company's investments in unconsolidated entities. The Company determined such valuation allowance was no longer necessary and included the benefit in fiscal 2012 income taxes. Excluding this benefit, the effective tax rate for fiscal 2012 would have been 32.6%. In addition, the fiscal 2012 consolidated tax rate was negatively impacted by the expiration of the U.S. research and development credit on December 31, 2011.

The fiscal 2011 consolidated tax rate was positively impacted by the renewal of the U.S. research and development credit for the January to December 2011 period. Fiscal 2011 included $431,000 of credit for research and development for the January to June 2010 period.

U.S. federal taxes have been reduced by the manufacturer's deduction provided for under the American Jobs Creation Act of 2004 and the U.S. federal credit for research and development. Foreign income taxes have been provided at rates which approximate the tax rates in the countries in which R&D Europe, Tocris and R&D China operate. The Company expects income tax rates for fiscal 2014 to range from 30% to 32%.

Net Earnings

Adjusted consolidated net earnings are as follows (in thousands):

	Year Ended June 30,		
	2013	*2012*	*2011*
Net earnings	$112,561	$112,331	$112,302
Identified adjustments:			
Costs recognized upon sale of acquired inventory	4,501	7,573	1,835
Amortization of intangibles	5,061	5,094	1,465
Professional and other acquisition related costs	607	0	1,735
Impairment loss on investments	0	3,254	0
Tax impact of above adjustments	(2,596)	(4,668)	(1,119)
Tax impact of research and development credit	(1,392)	(465)	(1,329)
Tax impact of foreign source income	(710)	1,058	1,130
Tax benefit from reversal of valuation allowance	0	(3,016)	0
Adjusted net earnings	$118,032	$121,161	$116,019
Adjusted net earnings growth	(2.6%)	4.4%	9.5%

QUARTERLY FINANCIAL INFORMATION (Unaudited)

(in thousands, except per share data)

	Fiscal 2013				*Fiscal 2012*			
	First Qtr.	*Second Qtr.*	*Third Qtr.*	*Fourth Qtr.*	*First Qtr.*	*Second Qtr.*	*Third Qtr.*	*Fourth Qtr.*
Net sales	$75,025	$75,083	$80,992	$79,475	$77,596	$74,662	$83,621	$78,681
Gross margin	55,583	55,263	61,147	59,117	58,387	55,170	63,383	58,864
Earnings before taxes	37,986	37,446	44,466	40,764	40,500	37,873	43,205(1)	40,617
Income taxes	12,318	12,082	11,348	12,353	12,979	12,060	11,449(2)	13,376
Net earnings	25,668	25,364	33,118	28,411	27,521	25,813	31,756	27,241
Basic earnings per share	0.70	0.69	0.90	0.77	0.74	0.70	0.86	0.74
Diluted earnings per share	0.70	0.69	0.90	0.77	0.74	0.70	0.86	0.74

(1) Includes $3.3 million impairment loss on investments in unconsolidated entities.
(2) Includes $3.0 million benefit from reversal of deferred tax valuation allowance.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and available-for-sale investments at June 30, 2013 were $465 million compared to $413 million at June 30, 2012. Included in available-for-sale investments at June 30, 2013 and 2012 was the fair value of the Company's investment in ChemoCentryx, Inc. (CCXI) of $89.6 million and $94.7 million, respectively.

At June 30, 2013, approximately 78%, 21%, and 1% of the Company's cash and equivalent account balances of $164 million are located in the U.S., United Kingdom and China, respectively. At June 30, 2013, approximately 95% of the Company's available-for-sale investment accounts are located in the U.S., with the remaining 5% in China. The Company has either paid U.S. taxes on its undistributed foreign earnings or intends to indefinitely reinvest the undistributed earnings in the foreign operations. Management of the Company expects to be able to meet its foreseeable future cash and working capital requirements for operations, facility expansion, capital additions and acquisitions at each of its geographical locations through currently available funds, cash generated from operations and maturities of available-for-sale investments.

Cash Flows From Operating Activities

The Company generated cash from operations of $124 million, $127 million and $127 million in fiscal 2013, 2012 and 2011, respectively. The decrease in cash generated from operating activities in fiscal 2013 as compared to fiscal 2012 was mainly the result of decrease in net earnings and changes in working capital.

The slight decrease in cash generated from operating activities in fiscal 2012 as compared to fiscal 2011 was mainly the result of an increase in net earnings after adjustment for non-cash expenses, offset by a decrease in income taxes payable due to the timing of tax deposits.

Cash Flows From Investing Activities

The Company's net purchases (sales) of available-for-sale investments in fiscal 2013, 2012 and 2011 were $9.1 million, $15.3 million and ($22.2) million, respectively. The Company's investment policy is to place excess cash in municipal and corporate bonds with the objective of obtaining the highest possible return while minimizing risk and keeping the funds accessible.

Capital additions consist of the following (in thousands):

	Year Ended June 30,		
	2013	*2012*	*2011*
Laboratory, manufacturing, and computer equipment	$ 2,882	$2,521	$2,605
Construction/renovation	19,572	3,496	1,025
	$22,454	$6,017	$3,630

Construction/renovation for fiscal 2013 included $18.0 million related to the renovation of a building on the Company's Minneapolis campus which is expected to be completed by mid-fiscal 2014.

Capital additions planned for fiscal 2014 are as follows (in millions):

Laboratory, manufacturing, and computer equipment	$ 6.7
Renovation in Minneapolis, Minnesota	9.3
	$16.0

Capital additions are expected to be financed through currently available cash and cash generated from operations.

In fiscal 2013 the Company received a $1.1 million distribution from H2Equity due to the sale by H2Equity of substantially all of its assets. The Company's investment in H2Equity was $26,000 and $551,000 at June 30, 2013 and 2012, respectively. In fiscal 2012 the Company received $463,000 in distributions from Nephromics. At both June 30, 2013 and 2012, the Company's net investment in Nephromics was $505,000.

On April 1, 2011, the Company acquired the assets of Boston Biochem, a leading developer and manufacturer of innovative ubiquitin-related biotechnology research products, for approximately $7.9 million. On April 28, 2011, the Company acquired 100% ownership of Tocris, a leading supplier of reagents for non-clinical life science research for £75 million (approximately $124 million). The acquisitions were financed through cash and cash equivalents on hand and sales of available-for-sale investments.

Subsequent to June 30, 2013, the Company acquired 100% ownership of Bionostics Holdings Limited for approximately $104 million cash. The acquisition was financed through cash on hand at June 30, 2013.

Cash Flows From Financing Activities

In fiscal 2013, 2012 and 2011, the Company paid cash dividends of $43.5 million, $41.0 million and $39.7 million, respectively. The Board of Directors periodically considers the payment of cash dividends.

The Company received $1.1 million, $847,000 and $4.8 million for the exercise of options for 22,000, 17,000 and 114,000 shares of common stock in fiscal 2013, 2012 and 2011, respectively. The Company recognized excess tax benefits from stock option exercises of $75,000, $51,000 and $847,000 in fiscal 2013, 2012 and 2011, respectively.

In fiscal 2013, 2012 and 2011, the Company purchased 8,324, 13,140 and 4,923 shares of common stock, respectively, for its employee stock bonus plans at a cost of $573,000, $907,000 and $294,000, respectively.

In April 2009, the Board of Directors authorized a plan for the repurchase and retirement of $60 million of its common stock. In October 2012, the Board of Directors increased the amount authorized under the plan by $100 million. The plan does not have an expiration date. In fiscal 2013 and 2012, the Company purchased and retired 28,000 and 344,000 shares of common stock, respectively, at market values of $1.8 million and $23.6 million. There were no stock repurchases in fiscal 2011. At June 30, 2013, approximately $125 million remained available for purchase under the above authorizations.

CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations and commercial commitments as of June 30, 2013 (in thousands):

		Payments Due by Period			
	Total	*Less than 1 Year*	*1-3 Years*	*3-5 Years*	*After 5 Years*
Operating leases	$3,039	$ 712	$1,079	$965	$ 283
Minimum royalty payments	169	169	0	0	0
	$3,208	$ 881	$1,079	$965	$ 283

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

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

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

Valuation of Available-For-Sale Investments

The Company considers all of its marketable securities available-for-sale and reports them at fair market value. Fair market values are based on quoted market prices. Unrealized gains and losses on available-for-sale investments are excluded from income, but are included, net of taxes, in other comprehensive income. If an "other-than-temporary" impairment is determined to exist, the difference between the value of the investment recorded in the financial statements and the Company's current estimate of fair value is recognized as a charge to earnings in the period in which the impairment is determined. Net unrealized gains on available-for-sale investments at June 30, 2013 were $60.5 million.

Valuation of Inventory

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

To meet strict customer quality standards, the Company has established a highly controlled manufacturing process for proteins, antibodies and its chemically-based products. These products require the initial manufacture of multiple batches to determine if quality standards can be consistently met. In addition, the Company will produce larger batches of established products than current sales requirements due to economies of scale. The manufacturing process for these products, therefore, has and will continue to produce quantities in excess of forecasted usage. The Company values its manufactured protein and antibody inventory based on a two-year forecast and its chemically-based products on a five-year forecast. The establishment of a two-year or five-year forecast requires considerable judgment. Inventory quantities in excess of the forecast are not valued due to uncertainty over salability. The value of protein, antibody and chemically-based product inventory not valued at June 30, 2013 was $26.0 million.

The fair value of inventory purchased in fiscal 2011 through the acquisitions of Boston Biochem and Tocris were determined based on quantities acquired, selling prices at the date of acquisition and management's assumptions regarding inventory having future value and the costs to sell such inventories. At the acquisition dates, the value of acquired inventory was increased $25.7 million for a total acquired inventory value of $33.0 million. In addition, the Company acquired inventory that was not valued as part of the purchase price allocation as it was in excess of forecasted usage. The increase in value of the acquired inventory remaining at June 30, 2013 was $10.3 million.

Valuation of Intangible Assets and Goodwill

When a business is acquired, the purchase price is allocated, as applicable, between tangible assets, identifiable intangible assets and goodwill. Determining the portion of the purchase price allocated to intangible assets requires significant estimates. The fair value of intangible assets acquired in fiscal 2011, including developed technologies, trade names, customer relationships and a non-compete agreement, were based on management's forecasted cash inflows and outflows using a relief-from-royalty and multi-period excess earnings method with consideration to other factors including an independent valuation of management's assumptions. Intangible assets are being amortized over their estimated useful lives, ranging from 5 to 15 years. The Company reviews the carrying amount of intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Intangible assets, net of accumulated amortization, were $40.6 million at June 30, 2013.

Goodwill recognized in connection with a business acquisition represents the excess of the aggregate purchase price over the fair value of net assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstance or the occurrence of events suggest impairment exists. Assessing the impairment of goodwill requires the Company to make judgments regarding the fair value of the net assets of its reporting units and the allocation of the carrying amount of shared assets to the reporting units. The Company's annual assessment included a qualitative assessment of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying value. A significant change in the Company's market capitalization or in the carrying amount of net assets of a reporting unit could result in an impairment charge in future periods. The Company completed its annual impairment testing of goodwill and concluded that no impairment existed as of June 30, 2013, as the fair values of the Company's reporting units exceeded their carrying values. Goodwill at June 30, 2013 was $84.3 million.

Valuation of Investments

The Company has made equity investments in several start-up and early development stage companies, among them Nephromics, H2Equity, and ACTGen, Inc (ACTGen). The accounting treatment of each investment (cost method or equity method) is dependent upon a number of factors, including, but not limited to, the Company's share in the equity of the investee and the Company's ability to exercise significant influence over the operating and financial policies of the investee. In determining which accounting treatment to apply, the Company must make judgments based upon the quantitative and qualitative aspects of the investment.

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

In fiscal 2012, the Company determined that its investment in Nephromics was partially impaired and wrote off $2.4 million as an impairment loss. The Company's net investment in Nephromics was $505,000 at June 30, 2013. The Company also determined that its investment in ACTGen was fully impaired and wrote off $854,000 as an impairment loss in fiscal 2012. During fiscal 2012, H2Equity entered into an agreement to sell substantially all of its assets. The sale closed in April 2013. The Company received a $1.1 million distribution at closing and recorded a gain of $708,000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At the end of fiscal 2013, the Company had a portfolio of fixed income debt securities, excluding those classified as cash and cash equivalents, of $212 million (see Note C to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K). These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. The Company's investment policy requires all investment in short-term and long-term securities to have at least debt ratings of A1 or A3 (or the equivalent), respectively. As the Company's fixed income securities are classified as available-for-sale, unrealized gains or losses are recognized by the Company in "Other comprehensive income (loss)" on the Consolidated Statement of Earnings and Comprehensive Income. The Company generally holds its fixed income securities until maturity and, historically, has not recorded any material gains or losses on any sale prior to maturity.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency exchange rates. Approximately 31% of consolidated net sales are made in foreign currencies, including 15% in euro, 7% in British pound sterling, 4% in Chinese yuan and the remaining 5% in other European currencies. As a result, the Company is exposed to market risk mainly from foreign exchange rate fluctuations of the euro, British pound sterling, and the Chinese yuan as compared to the U.S. dollar as the financial position and operating results of the Company's foreign operations are translated into U.S. dollars for consolidation.

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

	Year Ended June 30, 2013	2012	2011
British pound:			
High	$1.62	$1.64	$1.67
Low	1.52	1.54	1.53
Average	1.57	1.59	1.59
Euro:			
High	$1.36	$1.44	$1.48
Low	1.23	1.24	1.27
Average	1.30	1.34	1.37
Chinese yuan:			
High	$.163	$.159	$.155
Low	.157	.155	.148
Average	.160	.158	.151

The Company's exposure to foreign exchange rate fluctuations also arises from trade receivables and intercompany payables denominated in one currency in the financial statements, but receivable or payable in another currency. At June 30, 2013, the Company had the following trade receivable and intercompany payables denominated in one currency but receivable or payable in another currency (in thousands):

	Denominated Currency		U. S. Dollar Equivalent
Accounts receivable in:			
Euros	£	1,304	$ 1,984
Other European currencies	£	1,150	$ 1,749
Intercompany payable in:			
Euros	£	304	$ 463
U.S. dollars	£	2,777	$ 4,223
U.S. dollars	yuan	5,906	$ 956

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

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

The effects of a hypothetical simultaneous 10% appreciation in the U.S. dollar from June 30, 2013 levels against the euro, British pound sterling and Chinese yuan are as follows (in thousands):

Decrease in translation of 2013 earnings into U.S. dollars	$ 2,445
Decrease in translation of net assets of foreign subsidiaries	13,778
Additional transaction losses	518

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

Techne Corporation and Subsidiaries
(in thousands, except per share data)

	Year Ended June 30,		
	2013	2012	2011
Net sales	$310,575	$314,560	$289,962
Cost of sales	79,465	78,756	65,025
Gross margin	231,110	235,804	224,937
Operating expenses:			
Selling, general and administrative	43,384	41,683	35,897
Research and development	29,257	27,912	25,985
Total operating expenses	72,641	69,595	61,882
Operating income	158,469	166,209	163,055
Other income (expense):			
Interest income	2,646	2,639	3,752
Impairment losses on investments	0	(3,254)	0
Other non-operating expense, net	(453)	(3,399)	(1,826)
Total other income (expense)	2,193	(4,014)	1,926
Earnings before income taxes	160,662	162,195	164,981
Income taxes	48,101	49,864	52,679
Net earnings	112,561	112,331	112,302
Other comprehensive income (loss):			
Foreign currency translation adjustments	(3,538)	(3,804)	5,028
Unrealized (losses) gains on available-for-sale investments, net of tax of ($2,129), $23,422 and ($44), respectively	(3,684)	41,870	(85)
Other comprehensive income (loss)	(7,222)	38,066	4,943
Comprehensive income	$105,339	$150,397	$117,245
Earnings per share:			
Basic	$ 3.06	$ 3.04	$ 3.03
Diluted	$ 3.05	$ 3.04	$ 3.02
Cash dividends per common share:	$ 1.18	$ 1.11	$ 1.07
Weighted average common shares outstanding:			
Basic	36,836	36,939	37,098
Diluted	36,900	37,006	37,172

See Notes to Consolidated Financial Statements.

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

	June 30, 2013	June 30, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$163,786	$116,675
Short-term available-for-sale investments	169,151	152,311
Trade accounts receivable, less allowance for doubtful accounts of $428 and $455, respectively	38,183	35,668
Other receivables	1,992	2,073
Inventories	34,877	38,277
Prepaid expenses	1,527	1,503
Total current assets	409,516	346,507
Available-for-sale investments	132,376	143,966
Property and equipment, net	108,756	93,788
Goodwill	84,336	85,682
Intangible assets, net	40,552	46,476
Investments in unconsolidated entities	531	1,056
Other assets	2,031	1,849
	$778,098	$719,324
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 6,236	$ 6,291
Salaries, wages and related accruals	4,025	4,699
Accrued expenses	9,603	7,275
Income taxes payable	2,276	3,251
Deferred income taxes	9,944	14,234
Total current liabilities	32,084	35,750
Deferred income taxes	8,473	9,132
Commitments and contingencies (Note I)		
Shareholders' equity:		
Undesignated capital stock, no par; authorized 5,000,000 shares; none issued or outstanding	0	0
Common stock, par value $.01 a share; authorized 100,000,000 shares; issued and outstanding 36,834,678 and 36,826,364 shares, respectively	368	368
Additional paid-in capital	134,895	131,851
Retained earnings	587,725	520,448
Accumulated other comprehensive income	14,553	21,775
Total shareholders' equity	737,541	674,442
	$778,098	$719,324

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Techne Corporation and Subsidiaries
(in thousands)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Compre-hensive	
	Shares	Amount	Capital	Earnings	Income(Loss)	Total
Balances at June 30, 2010	37,033	$ 370	$122,537	$400,119	$ (21,234)	$501,792
Net earnings				112,302		112,302
Other comprehensive income					4,943	4,943
Common stock issued for exercise of options	129	1	5,351			5,352
Surrender and retirement of stock to exercise options	(9)	(0)	(561)			(561)
Cash dividends				(39,691)		(39,691)
Stock-based compensation expense			1,138			1,138
Tax benefit from exercise of stock options			847			847
Balances at June 30, 2011	37,153	371	129,312	472,730	(16,291)	586,122
Net earnings				112,331		112,331
Other comprehensive income					38,066	38,066
Common stock issued for exercise of options	17	0	847			847
Repurchase of common stock	(344)	(3)		(23,595)		(23,598)
Cash dividends				(41,018)		(41,018)
Stock-based compensation expense			1,641			1,641
Tax benefit from exercise of stock options			51			51
Balances at June 30, 2012	36,826	368	131,851	520,448	21,775	674,442
Net earnings				112,561		112,561
Other comprehensive income					(7,222)	(7,222)
Common stock issued for exercise of options	22	0	1,105			1,105
Common stock issued for restricted stock award	15	0				0
Repurchase of common stock	(28)	(0)		(1,821)		(1,821)
Cash dividends				(43,463)		(43,463)
Stock-based compensation expense			1,864			1,864
Tax benefit from exercise of stock options			75			75
Balances at June 30, 2013	36,835	$ 368	$134,895	$587,725	$ 14,553	$737,541

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Techne Corporation and Subsidiaries
(in thousands)

	Year Ended June 30,		
	2013	2012	2011
Cash flows from operating activities:			
Net earnings	$ 112,561	$ 112,331	$ 112,302
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	12,321	12,467	8,700
Costs recognized on sale of acquired inventory	4,501	7,573	1,835
Deferred income taxes	(2,534)	(7,363)	3,194
Stock-based compensation expense	1,864	1,641	1,138
Excess tax benefit from stock option exercises	(75)	(51)	(847)
Impairment losses on investments	0	3,254	0
Net (gain) loss from equity method investees	(570)	603	926
Other	763	230	225
Change in operating assets and liabilities, net of acquisitions:			
Trade accounts and other receivables	(2,334)	(2,096)	(3,624)
Inventories	(2,216)	(1,577)	(1,021)
Prepaid expenses	(33)	(476)	256
Trade accounts payable and accrued expenses	243	1,581	(591)
Salaries, wages and related accruals	(92)	686	1,268
Income taxes payable	(837)	(2,057)	3,433
Net cash provided by operating activities	123,562	126,746	127,194
Cash flows from investing activities:			
Purchase of available-for-sale investments	(112,712)	(147,011)	(151,366)
Proceeds from sale of available-for-sale investments	41,507	64,291	134,019
Proceeds from maturities of available-for-sale investments	62,103	67,435	39,501
Additions to property and equipment	(22,454)	(6,017)	(3,630)
Distribution from unconsolidated entity	1,095	463	0
Acquisitions, net of cash acquired	0	0	(131,766)
Increase in other long-term assets	(743)	(829)	(943)
Net cash used in investing activities	(31,204)	(21,668)	(114,185)
Cash flows from financing activities:			
Cash dividends	(43,463)	(41,018)	(39,691)
Proceeds from stock option exercises	1,105	847	4,790
Excess tax benefit from stock option exercises	75	51	847
Purchase of common stock for stock bonus plans	(573)	(907)	(294)
Repurchase of common stock	(1,821)	(23,598)	(1,940)
Net cash used in financing activities	(44,677)	(64,625)	(36,288)
Effect of exchange rate changes on cash and cash equivalents	(570)	(1,391)	6,753
Net change in cash and cash equivalents	47,111	39,062	(16,526)
Cash and cash equivalents at beginning of year	116,675	77,613	94,139
Cash and cash equivalents at end of year	$ 163,786	$ 116,675	$ 77,613

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Techne Corporation and Subsidiaries

Years ended June 30, 2013, 2012 and 2011

A. Description of Business and Summary of Significant Accounting Policies:

Description of business: Techne Corporation and subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and clinical diagnostic controls. These activities are conducted domestically through its wholly-owned subsidiaries, R&D Systems, Inc. (R&D Systems), Boston Biochem, Inc. (Boston Biochem) and BiosPacific, Inc. (BiosPacific). The Company develops, manufactures and distributes biotechnology products in Europe through its wholly-owned U.K. subsidiaries, R&D Systems Europe Ltd. (R&D Europe) and Tocris Holdings Limited (Tocris). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. The Company distributes biotechnology products in China through its wholly-owned subsidiary, R&D Systems China Co., Ltd. (R&D China). R&D China has a sales subsidiary, R&D Systems Hong Kong, Ltd., in Hong Kong.

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

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

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

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

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

Advertising costs: Advertising expenses (including production and communication costs) were $3.2 million, $3.4 million and $2.9 million for fiscal 2013, 2012 and 2011, respectively. The Company expenses advertising expenses as incurred.

Share-based compensation: The cost of employee services received in exchange for the award of equity instruments is based on the fair value of the award at the date of grant. Separate groups of employees that have similar historical exercise behavior with regard to option exercise timing and forfeiture rates are considered separately in determining option fair value. Compensation cost is recognized using a straight-line method over the vesting period and is net of estimated forfeitures. Stock option exercises and stock awards are satisfied through the issuance of new shares.

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

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

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

Available-for-sale investments: Available-for-sale investments consist of debt instruments with original maturities of generally three months to three years and equity securities. Available-for-sale investments are recorded based on trade-date. The Company considers all of its marketable securities available-for-sale and reports them at fair value. The Company utilizes valuation techniques for determining fair market value which maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Unrealized gains and losses on available-for-sale securities are excluded from income, but are included, net of taxes, in other comprehensive income. If an "other-than-temporary" impairment is determined to exist, the difference between the value of the investment security recorded in the financial statements and the Company's current estimate of the fair value is recognized as a charge to earnings in the period in which the impairment is determined.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market. The Company regularly reviews inventory on hand for slow-moving and obsolete inventory, inventory not meeting quality control standards and inventory subject to expiration. To meet strict customer quality standards, the Company has established a highly controlled manufacturing process for proteins, antibodies and its chemically-based products. These products require the initial manufacture of multiple batches to determine if quality standards can be consistently met. In addition, the Company will produce larger batches of established products than current sales requirements due to economies of scale. The manufacturing process for these products, therefore, has and will continue to produce quantities in excess of forecasted usage. The Company values its manufactured protein and antibody inventory based on a two-year forecast and its chemically-based products on a five-year forecast. Inventory quantities in excess of the forecast are not valued due to uncertainty over salability. Sales of previously unvalued protein, antibody and chemically-based inventory for fiscal years 2013, 2012 and 2011 were not material. Manufacturing costs charged directly to cost of sales were $14.3 million, $13.3 million and $13.7 million for fiscal 2013, 2012 and 2011, respectively.

Depreciation and amortization: Equipment is depreciated using the straight-line method over an estimated useful life of five years. Buildings, building improvements and leasehold improvements are amortized over estimated useful lives of 5 to 40 years.

Goodwill: At June 30, 2013 and 2012, the Company had recorded goodwill of $84.3 million and $85.7 million, respectively. All of the goodwill recorded is within the Company's biotechnology segment. The Company tests goodwill at least annually for impairment. The Company completed its annual impairment testing of goodwill and concluded that no impairment existed as of June 30, 2013.

Intangible assets: Intangible assets are being amortized over their estimated useful lives. As of June 30, 2013, the Company has determined that no impairment of its intangible assets exists.

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

B. Acquisitions:

Boston Biochem, Inc.: On April 1, 2011, the Company's R&D Systems subsidiary acquired for cash the assets of Boston Biochem, Inc., a developer and manufacturer of innovative ubiquitin-related research products based in Cambridge, Massachusetts. These products provide biomedical researchers tools that facilitate and accelerate basic research and drug discovery efforts. R&D Europe simultaneously acquired for cash the assets of Boston Biochem Limited, a United Kingdom based company that served as the European distributor of Boston Biochem, Inc. products.

In connection with the Boston Biochem acquisition, the Company recorded $1.9 million of developed technology intangible assets that have an estimated useful life of 12 years, $1.7 million of trade name intangible assets that have an estimated useful life of 12 years, $400,000 related to a non-compete agreement that has an estimated useful life of 5 years, and $300,000 related to customer relationships that have an estimated useful life of 12 years. The intangible asset amortization is deductible for income tax purposes.

The goodwill recorded as a result of the Boston Biochem acquisition represents the strategic benefits of enhancing and supplementing the depth and breadth of the Company's biotechnology product offering and augmenting its ability to serve research scientists, as well as leveraging its marketing, sales and distribution capabilities with this important product class. The goodwill is deductible for income tax purposes.

Transaction costs of approximately $148,000 were expensed as incurred and were included in the Company's selling, general and administrative costs during the fiscal year ended June 30, 2011.

Tocris Holdings Limited: On April 28, 2011, the Company's subsidiaries, R&D Systems and R&D Europe, acquired for cash all of the outstanding shares of Tocris Holdings Limited and subsidiaries (Tocris). Tocris is a leading supplier of biologically active neuro- and bio-chemical reagents for non-clinical life science research. Its products are used in both in-vitro and in-vivo experiments to understand biological processes and diseases as part of the initial drug discovery process. Tocris is based in Bristol, United Kingdom.

In connection with the acquisition of Tocris, the Company recorded $25.3 million of developed technology intangible assets that have an estimated useful life of 15 years, $16.5 million of trade name intangible assets that have an estimated useful life of 10 years, and $6.6 million related to customer relationships that have an estimated useful life of 13 years. The intangible asset amortization is not deductible for income tax purposes.

The goodwill recorded as a result of the Tocris acquisition represents the strategic benefits of growing the Company's product portfolio and the expected revenue growth from increased market penetration from future products and customers. The goodwill is not deductible for income tax purposes.

Transaction costs of approximately $1.6 million were expensed as incurred and were included in the Company's selling, general and administrative costs during the fiscal year ended June 30, 2011.

C. Available-For-Sale Investments:

At June 30, 2013 and 2012, the amortized cost and market value of the Company's available-for-sale securities by major security type were as follows (in thousands):

	June 30,			
	2013		2012	
	Cost	Market	Cost	Market
State and municipal debt securities	$179,463	$179,764	$161,761	$162,740
Corporate debt securities	12,804	12,817	22,693	22,802
Foreign corporate debt securities	4,484	4,490	6,080	6,110
Certificates of deposit	14,809	14,809	9,961	9,961
Equity securities	29,472	89,647	29,472	94,664
	$241,032	$301,527	$229,967	$296,277

At June 30, 2013 and 2012, all of the Company's available-for-sale debt securities were valued using Level 2 inputs, while its equity securities were valued using Level 1 inputs. The Company had previously disclosed that available-for-sale debt securities were valued using Level 1 inputs and has determined that such securities should have been categorized as Level 2 securities. Certificates of deposit are carried at cost and are not subject to the fair value hierarchy. There were no transfers between Level 1 and Level 2 securities during fiscal 2013. Gross unrealized gains and unrealized losses on available-for-sale investments were $60.7 million and $218,000, respectively, at June 30, 2013. Gross unrealized gains and unrealized losses on available-for-sale investments were $66.3 million and $33,000, respectively, at June 30, 2012.

The Company's investment in equity securities consists of investments in the common stock and warrants of ChemoCentryx, Inc. (CCXI). The warrants are to purchase 150,000 shares of CCXI common stock at $20 per share and expire in February, 2022. The fair value of the warrants as of June 30, 2013 and 2012 were $1.5 million and $1.1 million, respectively, and were valued using Level 2 inputs. At June 30, 2013, the Company holds an approximate 15% interest in CCXI. Subsequent to June 30, 2013 the share price of CCXI has experienced a significant decline in value.

Unrealized gains and losses on the Company's available-for-sale debt securities are caused by interest rate changes. The Company has the ability and intent to hold its available-for-sale investments that are in an unrealized loss position until a recovery of fair value. The Company does not consider these investments to be other-than-temporarily impaired at June 30, 2013.

At June 30, 2013, the Company's investments in an unrealized loss position that have been determined to be temporarily impaired were as follows (in thousands):

Period of Unrealized Loss:	*Fair Value*	*Unrealized Losses*
Less than one year	$54,257	$ 218
Greater than one year	0	0
	$54,257	$ 218

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

Year Ending June 30, 2013:	
Due within one year	$ 79,504
Due one to five years	132,376
	$211,880

Proceeds from maturities or sales of available-for-sale securities were $103.6 million, $131.7 million and $173.5 million during fiscal 2013, 2012 and 2011, respectively. There were no material realized gains or losses on these sales. Realized gains and losses are determined on the specific identification method.

D. Inventories:

Inventories consist of (in thousands):

	June 30, 2013	2012
Raw materials	$ 5,885	$ 5,678
Finished goods	28,992	32,599
	$34,877	$38,277

At June 30, 2013 and 2012, the Company had $26.0 million and $23.3 million, respectively, of excess protein, antibody and chemically-based inventory on hand which was not valued.

E. Property and Equipment:

Property and equipment consist of (in thousands):

	June 30, 2013	2012
Cost:		
Land	$ 7,438	$ 7,473
Buildings and improvements	142,656	123,257
Machinery and equipment	39,706	37,368
	189,800	168,098
Accumulated depreciation and amortization	(81,044)	(74,310)
	$108,756	$ 93,788

F. Intangible Assets and Goodwill:

Intangible assets and goodwill consist of (in thousands):

	Useful Life	June 30, 2013	2012
Developed technology	8-12 years	$ 28,656	$29,410
Trade names	12-15 years	17,659	17,871
Customer relationships	8-14 years	8,613	8,712
Non-compete agreement	5 years	400	400
		55,328	56,393
Accumulated amortization		(14,776)	(9,917)
		$ 40,552	$46,476
Goodwill		$ 84,336	$85,682

The change in the carrying amount of goodwill for in fiscal 2013 resulted from currency translation.

Changes to the carrying amount of net intangible assets consists of (in thousands)

	Year Ended June 30, 2013	2012
Beginning balance	$46,476	$52,282
Amortization expense	(5,061)	(5,094)
Currency translation	(863)	(712)
Ending balance	$40,552	$46,476

Amortization expense related to technologies included in cost of sales was $3.0 million, $3.0 million and $890,000 in fiscal 2013, 2012 and 2011, respectively. Amortization expense related to trade names, customer relationships, and the non-compete agreement included in selling, general and administrative expense was $2.1 million, $2.1 million and $574,000 in fiscal 2013, 2012 and 2011, respectively.

The estimated future amortization expense for intangible assets as of June 30, 2013 is as follows (in thousands):

Year Ending June 30:	
2014	$ 4,289
2015	4,289
2016	4,269
2017	4,209
2018	4,209
Thereafter	19,287
	$40,552

G. Investments in Unconsolidated Entities:

The Company has a 16.8% ownership interest in Nephromics, LLC (Nephromics) at June 30, 2013. The Company accounts for its investment in Nephromics under the equity method of accounting as Nephromics is a limited liability company. During fiscal 2012, Nephromics signed an agreement to sell substantially all of its assets. The sale price included a payment at closing, future payment contingent upon the issuance of certain patents, and royalties on future sublicense income. As a result of the agreement, the Company determined that a portion of its investment in Nephromics was other than temporarily impaired and wrote off $2.4 million of this investment. The Company's net investment in Nephromics was $505,000 at both June 30, 2013 and 2012.

The Company has a 6.5% ownership percentage in H2Equity, LLC (formerly Hemerus Medical, LLC) at June 30, 2013. The Company accounts for its investment in H2Equity under the equity method of accounting as H2Equity is a limited liability company. During fiscal 2012, H2Equity entered into an agreement to sell substantially all of its assets. The sale closed in April 2013. The Company received a $1.1 million distribution at closing and recorded a gain of $708,000. The Company received an additional distribution in July 2013 of $26,000. The Company's net investment in H2Equity was $26,000 and $551,000 at June 30, 2013 and 2012.

The Company held an ownership percentage in ACTGen, a development stage biotechnology company located in Japan through October, 2012. During fiscal 2012, the Company determined that its investment in ACTGen was other-than-temporarily impaired and wrote off its remaining investment of $854,000.

The Company does not currently provide loans, guarantees or other financial assistance to Nephromics, H2Equity, or ACTGen and has no obligation to provide additional funding.

H. Commitments and Contingencies:

The Company leases office and warehouse space, vehicles and various office equipment under operating leases. At June 30, 2013, aggregate net minimum rental commitments under non-cancelable leases having an initial or remaining term of more than one year are payable as follows (in thousands):

Year Ending June 30:	
2014	$ 712
2015	562
2016	517
2017	487
2018	478
Thereafter	283
	$3,039

Total rent expense was approximately $747,000, $793,000 and $416,000 for the years ended June 30, 2013, 2012 and 2011, respectively.

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

I. Share-based Compensation and Other Benefit Plans:

Equity incentive plan: The Company's 2010 Equity Incentive Plan (the 2010 Plan) provides for the granting of incentive and nonqualified stock options, restricted stock, restricted stock units, performance shares, performance units and stock appreciation rights. There are 3.0 million shares of common stock authorized for grant under the 2010 Plan. At June 30, 2013, there were 2.5 million shares of common stock available for grant under the 2010 Plan. The maximum term of incentive options granted under the 2010 Plan is ten years. The 2010 Plan replaced the Company's 1998 Nonqualified Stock Option Plan (the 1998 Plan) and 1997 Incentive Stock Option Plan (the 1997 Plan). The 2010 Plan, the 1998 Plan and the 1997 Plan (collectively, the Plans) are administered by the Board of Directors and its Compensation Committee, which determine the persons who are to receive awards under the Plans, the number of shares subject to each award and the term and exercise price of each award. The number of shares of common stock subject to outstanding awards at June 30, 2013 under the 2010 Plan, the 1998 Plan and the 1997 Plan were 453,000, 234,000, and 43,000, respectively.

Stock option activity, under the Plans for the three years ended June 30, 2013, consists of the following (shares in thousands):

	Shares	*Weighted Average Exercise Price*	*Weighted Avg. Contractual Life (Yrs.)*	*Aggregate Intrinsic Value*
Outstanding at June 30, 2010	440	$56.26		
Granted	188	71.71		
Exercised	(129)	41.48		
Outstanding at June 30, 2011	499	64.15		
Granted	95	71.94		
Forfeited	(2)	76.15		
Exercised	(17)	50.98		
Outstanding at June 30, 2012	575	65.78		
Granted	175	67.80		
Exercised	(22)	51.17		
Outstanding at June 30, 2013	728	$66.70	5.5	$2.8 million
Exercisable at June 30:				
2011	309	$58.80		
2012	403	62.67		
2013	497	65.04	5.3	$2.6 million

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

	Year Ended June 30,		
	2013	*2012*	*2011*
Dividend yield	1.8%	1.5%	1.5%
Expected volatility	18%-23%	22%-23%	22%-27%
Risk-free interest rates	0.4%-1.4%	0.9%-2.0%	1.3%-2.3%
Expected lives	5 years	6 years	5 years

The dividend yield is based on the Company's historical annual cash dividend divided by the market value of the Company's common stock. The expected annualized volatility is based on the Company's historical stock price over a period equivalent to the expected life of the option granted. The risk-free interest rate is based on U.S. Treasury constant maturity interest rates with a term consistent with the expected life of the options granted.

The weighted average fair value of options granted during fiscal 2013, 2012 and 2011 was $9.72, $14.14 and $14.58, respectively. The total intrinsic value of options exercised during fiscal 2013, 2012 and 2011 were $405,000, $338,000 and $3.1 million, respectively. The total fair value of options vested during fiscal 2013, 2012 and 2011 were $1.5 million, $1.6 million and $1.0 million, respectively.

Fifteen thousand restricted common stock shares were issued in fiscal 2013 at a grant date fair value of $67.46 per share. Five thousand of the restricted shares vest in each of fiscal 2014 to 2016.

Stock-based compensation cost of $1.9 million, $1.6 million and $1.1 million was included in selling, general and administrative expense in fiscal 2013, 2012 and 2011, respectively. As of June 30, 2013, there was $3.0 million of unrecognized compensation cost related to non-vested stock options and restricted stock which will be expensed in fiscal 2014 through 2017. The weighted average period over which the compensation cost is expected to be recognized is 1.1 years.

Profit sharing plans: The Company has profit sharing and savings plans for its U.S. employees, which conform to IRS provisions for 401(k) plans. The Company may make profit sharing contributions at the discretion of the Board of Directors. Operations have been charged for contributions to the plans of $754,000 and $718,000 for the years ended June 30, 2012 and 2011, respectively. No contribution was charged to operations for fiscal 2013. The Company operates defined contribution pension plans for employees of R&D Europe and Tocris. Operations have been charged for contributions to the plans of $603,000, $499,000 and $240,000 for the years ended June 30, 2013, 2012 and 2011, respectively.

Stock bonus plans: The Company may make contributions to its stock bonus plans in the form of common stock, cash or other property at the discretion of the Board of Directors. The Company purchases its common stock at market value for contribution to the plans. For the years ended June 30, 2012 and 2011 operations have been charged for contributions to the plan of $715,000 and $690,000, respectively. No contribution to the plan was charged to operations in fiscal 2013.

Performance incentive program: Under certain employment agreements with executive officers, the Company recorded cash bonuses of $334,000, $31,000 and $39,000 and granted options for 132,852, 22,932 and 3,364 shares of common stock for the years ended June 30, 2013, 2012 and 2011, respectively. In addition, 15,000 restricted common stock shares were issued in fiscal 2013.

J. Income Taxes:

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

	Year Ended June 30,		
	2013	*2012*	*2011*
Earnings before income taxes consist of:			
Domestic	$127,491	$130,009	$131,080
Foreign	33,171	32,186	33,901
	$160,662	$162,195	$164,981
Taxes on income consist of:			
Currently payable:			
Federal	$ 37,666	$ 42,288	$ 36,600
State	2,012	3,065	2,302
Foreign	10,758	8,891	9,854
Net deferred:			
Federal	(595)	(4,318)	3,893
State	(7)	(149)	19
Foreign	(1,733)	87	11
	$ 48,101	$ 49,864	$ 52,679

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

	Year Ended June 30,		
	2013	2012	2011
Computed expected federal income tax expense	$56,232	$56,768	$57,743
State income taxes, net of federal benefit	1,300	2,038	1,463
Qualified production activity deduction	(3,774)	(3,917)	(3,889)
Research and development tax credit	(1,392)	(465)	(1,329)
Tax-exempt interest	(568)	(565)	(858)
Foreign tax rate differences	(2,587)	(2,276)	(1,975)
Change in deferred tax valuation allowance	0	(3,016)	60
Other	(1,110)	1,297	1,464
	$48,101	$49,864	$52,679

Temporary differences comprising deferred taxes on the Consolidated Balance Sheets are as follows (in thousands):

	June 30	
	2013	2012
Inventory	$ 9,049	$ 6,893
Unrealized profit on intercompany sales	1,973	1,686
Excess tax basis in equity investments	4,760	4,776
Deferred compensation	3,161	2,651
Other	885	891
Net deferred tax assets	19,828	16,897
Net unrealized gain on available-for-sale investments	(21,662)	(23,791)
Goodwill and intangible asset amortization	(15,195)	(15,123)
Depreciation	(701)	(847)
Other	(687)	(502)
Deferred tax liabilities	(38,245)	(40,263)
Net deferred tax liabilities	$(18,417)	$(23,366)

A deferred tax valuation allowance is required when it is more likely than not that all or a portion of deferred tax assets will not be realized. At June 30, 2011, the Company had provided a valuation allowance for potential capital loss carryovers resulting from excess tax basis in certain of its equity investments. During fiscal 2012, the Company determined that the valuation allowance was no longer necessary as a result of the Company's unrealized gain on its CCXI investment. The Company has the intent and ability to sell a portion of its CCXI investment and realize a long-term capital gain to offset losses on its investments in unconsolidated entities. The Company believes that it is more likely than not that the recorded deferred tax assets will be realized.

During fiscal 2013, the Company's R&D Europe subsidiary declared and paid a dividend of £20 million ($30.7 million) to the Company. The £20 million R&D Europe earnings had previously been taxed in the U.S. and therefore, no additional U.S. tax resulted from the repatriation. Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $144 million as of June 30, 2013. Deferred taxes have not been provided on such undistributed earnings, as the Company has either paid U.S. taxes on the undistributed earnings or intends to indefinitely reinvest the undistributed earnings in the foreign operations.

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

	June 30	
	2013	2012
Beginning balance	$23	$34
Change due to tax positions related to the current year	11	(4)
Decrease due to lapse of statute of limitations	(4)	(7)
Ending balance	$30	$23

The gross unrecognized tax benefit balance as of June 30, 2013, 2012 and 2011 includes $1,000, $2,000 and $3,000, respectively, of unrecognized tax benefits that, if recognized, would affect the effective tax rate. Accrued interest and penalties were not material at June 30, 2013 and 2012.

The Company does not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease in the next twelve months. The Company has files income tax returns in the U.S federal tax jurisdiction, the states of Minnesota, Massachusetts and California, and several jurisdictions outside the U.S. U.S. tax returns for 2010 and subsequent years remain open to examination by the tax authorities. The Company's major non-U.S. tax jurisdictions are the United Kingdom, France and Germany, which have tax years open to examination for 2010 and subsequent years, and China, which has calendar year 2013 open to examination.

K. Earnings Per Share:

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

	Year Ended June 30,		
	2013	2012	2011
Net earnings used for basic and diluted earnings per share	$112,561	$112,331	$112,302
Weighted average shares used in basic computation	36,836	36,939	37,098
Dilutive stock options	64	67	74
Weighted average shares used in diluted computation	36,900	37,006	37,172
Basic EPS	$ 3.06	$ 3.04	$ 3.03
Diluted EPS	$ 3.05	$ 3.04	$ 3.02

The dilutive effect of stock options in the above table excludes all options for which the aggregate exercise proceeds exceeded the average market price for the period. The number of potentially dilutive option shares excluded from the calculation was 329,000, 94,000 and 77,000 at June 30, 2013, 2012 and 2011, respectively.

L. Segment Information:

The Company has two reportable segments based on the nature of its products. R&D Systems' Biotechnology Division, R&D Europe, Tocris, R&D China, BiosPacific and Boston Biochem are included in the biotechnology reporting segment. The Company's biotechnology reporting segment develops, manufactures and sells biotechnology research and diagnostic products world-wide. The Company's clinical controls reporting segment, which consists of R&D Systems' Clinical Controls Division, develops and manufactures controls and calibrators for sale world-wide. No customer of either segment accounted for more than 10% of the Company's consolidated net sales for the years ended June 30, 2013, 2012 and 2011. There are no concentrations of business transacted with a particular customer or supplier or concentrations of revenue from a particular product or geographic area that would severely impact the Company in the near term.

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

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

	Year Ended June 30,		
	2013	2012	2011
External sales			
Biotechnology	$288,156	$293,274	$270,287
Clinical Controls	22,419	21,286	19,675
Consolidated net sales	$310,575	$314,560	$289,962
Earnings before taxes			
Biotechnology	$156,910	$162,763	$164,332
Clinical Controls	8,746	8,002	7,222
Segment earnings before taxes	165,656	170,765	171,554
Other	(4,994)	(8,570)	(6,573)
Consolidated earnings before taxes	$160,662	$162,195	$164,981
Goodwill			
Biotechnology	$ 84,336	$ 85,682	$ 86,633
Clinical Controls	0	0	0
Consolidated goodwill	$ 84,336	$ 85,682	$ 86,633
Intangible assets, net			
Biotechnology	$ 40,552	$ 46,476	$ 52,282
Clinical Controls	0	0	0
Consolidated intangible assets, net	$ 40,552	$ 46,476	$ 52,282
Assets			
Biotechnology	$580,085	$529,392	$505,087
Clinical Controls	24,887	22,135	21,046
Segment assets	604,972	551,527	526,133
Other	173,126	167,797	91,537
Consolidated assets	$778,098	$719,324	$617,670
Depreciation and amortization			
Biotechnology	$ 10,781	$ 10,920	$ 7,165
Clinical Controls	389	411	417
Segment depreciation and amortization	11,170	11,331	7,582
Other	1,151	1,136	1,118
Consolidated depreciation and amortization	$ 12,321	$ 12,467	$ 8,700
Capital purchases			
Biotechnology	$ 3,248	$ 4,021	$ 2,707
Clinical Controls	6,914	597	149
Segment capital purchases	10,162	4,618	2,856
Other	12,292	1,399	774
Consolidated capital purchases	$ 22,454	$ 6,017	$ 3,630

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

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

	Year Ended June 30, 2013	2012	2011
External sales			
United States	$164,308	$172,310	$159,857
Europe	88,297	90,142	83,676
China	14,106	11,378	8,299
Other Asia	28,608	25,988	24,715
Rest of world	15,256	14,742	13,415
Total external sales	$310,575	$314,560	$289,962
Long-lived assets			
United States	$103,541	$ 87,968	$ 88,802
Europe	7,129	7,528	7,819
China	117	141	96
Total long-lived assets	$110,787	$ 95,637	$ 96,717

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

M. Supplemental Disclosures of Cash Flow Information and Noncash Investing and Financing Activities:

In fiscal 2013, 2012 and 2011, the Company paid cash for income taxes of $51.6 million, $58.7 million and $46.2 million, respectively.

In fiscal 2011, stock options for 14,834 shares of common stock were exercised by the surrender of 9,096 shares of common stock at fair market value of $561,000.

During fiscal 2012, the Company's cost basis investment in CCXI was converted to an available-for-sale investment carried at fair value.

N. Accumulated Other Comprehensive Income:

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

	June 30, 2013	2012	2011
Foreign currency translation adjustments	$(24,281)	$(20,743)	$(16,939)
Net unrealized gain on available-for-sale investments, net of tax	38,834	42,518	648
	$ 14,553	$ 21,775	$(16,291)

O. Subsequent Event:

On July 22, 2013, the Company, through its R&D Systems subsidiary, acquired Bionostics Holdings, Ltd. (Bionostics) and its U.S. operating subsidiary Bionostics, Inc. Bionostics is a global leader in the development, manufacture and distribution of control solutions that verify the proper operation of *in-vitro* diagnostic devices primarily utilized in point of care blood glucose and blood gas testing. All of the shares of Bionostics, Holdings, Ltd were acquired for approximately $104 million in cash, subject to adjustment following closing based on the final level of working capital of Bionostics. Bionostics will become part of the Company's Clinical Controls segment.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Techne Corporation:

We have audited the accompanying consolidated balance sheets of Techne Corporation and subsidiaries (The Company) as of June 30, 2013 and 2012, and the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2013. We also have audited Techne Corporation's internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Techne Corporation's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to the Company's IT general controls has been identified and included in management's assessment (Item 9A(b)). This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Techne Corporation and subsidiaries as of June 30, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2013, in conformity with U.S. generally accepted accounting principles. Also in our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, Techne Corporation has not maintained effective internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

KPMG LLP

Minneapolis, Minnesota
August 29, 2013

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that due to the material weakness in our internal control over financial reporting that is described below in Management's Report on Internal Control over Financial Reporting, our disclosure controls and procedures were not effective as of June 30, 2013.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of June 30, 2013. In making this assessment, our management used the criteria for effective internal control over financial reporting described in "Internal Control—Integrated Framework (1992)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that due to the material weaknesses described below, our internal control over financial reporting was not effective as of June 30, 2013.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The Company has identified a material weakness in the design, implementation and operating effectiveness of general IT controls (GITCs) intended to ensure that access to financial applications and data was adequately restricted to appropriate personnel, and that program changes to particular financial applications are documented, tested, and moved into the production environment only by individuals separate from the development function. As a result, certain classes of transactions subject to controls that rely upon information generated by the Company's IT systems that are subject to the operation of the GITCs, including the completeness, existence, and accuracy of revenue and accounts receivable, allow for a reasonable possibility that a misstatement is not adequately prevented or detected through the operation of management's system of internal control over financial reporting.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

In light of the material weakness identified above, the Company performed additional analysis and other post-closing procedures to ensure that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles and accurately reflect its financial position and results of operation as of and for the year ended June 30, 2013. As a result, notwithstanding the material weakness as described above, management concluded that the consolidated financial statements included in this Form 10-K present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented.

In response to the material weakness we have developed a plan with the oversight of the Audit Committee of the Board of Directors to remediate the material weakness.

We will enhance our internal testing approach, including related procedures, documentation, and possible expansion of human resources, for select controls to ensure that we have adequately addressed the completeness and accuracy of system generated information used to support the operation of the controls and to improve segregation of duties.

The Company's internal control over financial reporting as of June 30, 2013 has been audited by KPMG LLP, as stated in their report which is included elsewhere herein.

With the actions described in this Item 9A, we conclude that the consolidated financial statements included in this 2013 Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Changes in Internal Control over Financial Reporting

There were no other material changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(e) that occurred during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than "Executive Officers of the Registrant" which is set forth at the end of Item 1 in Part I of this report, the information required by Item 10 is incorporated herein by reference to the sections entitled "Election of Directors," "Corporate Governance" and "Compliance With Section 16(a) of the Exchange Act" in the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the section entitled "Corporate Governance" and "Executive Compensation Discussion and Analysis" in the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

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

Information about the Company's equity compensation plans at June 30, 2013 is as follows:

Plan Category	*Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights*	*Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights*	*Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans*
Equity compensation plans approved by Shareholders (1)	728,000	$ 66.70	2.5 million
Equity compensation plans not approved by Shareholders	0	0	0

(1) Includes the Company's 2010 Equity Incentive Plan, 1997 Incentive Stock Option Plan and 1998 Nonqualified Stock Option Plan.

The remaining information required by Item 12 is incorporated by reference to the sections entitled "Principal Shareholders" and "Management Shareholdings" in the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

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

The information required by Item 13 is incorporated by reference to the sections entitled "Corporate Governance" in the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section entitled "Audit Matters" in the Company's Proxy Statement for its 2013 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the close of the fiscal year for which this report is filed.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

A. (1) List of Financial Statements.

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

A. (2) Financial Statement Schedules.

All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the Consolidated Financial Statements or Notes thereto.

A. (3) Exhibits.

See "Exhibit Index" immediately following signature page.

Table of Contents

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: August 29, 2013

/s/ Charles Kummeth
By: Charles Kummeth
Its: President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date	Signature and Title
August 29, 2013	/s/ Robert V. Baumgartner Robert V. Baumgartner Chairman of the Board and Director
August 29, 2013	/s/ Roger C. Lucas, Ph.D. Dr. Roger C. Lucas Vice Chairman and Director
August 29, 2013	/s/ Howard V. O'Connell Howard V. O'Connell, Director
August 29, 2013	/s/ Randolph C. Steer, Ph.D., M.D. Dr. Randolph C. Steer, Director
August 29, 2013	/s/ Charles A. Dinarello, M.D. Dr. Charles A. Dinarello, Director
August 29, 2013	/s/ Karen A. Holbrook, Ph.D. Dr. Karen A. Holbrook, Director
August 29, 2013	/s/ John L. Higgins John L. Higgins, Director
August 29, 2013	/s/ Roeland Nusse, Ph.D. Dr. Roeland Nusse, Director
August 29, 2013	/s/ Charles Kummeth Charles Kummeth, Chief Executive Officer (principal executive officer)
August 29, 2013	/s/ Gregory J. Melsen Gregory J. Melsen, Chief Financial Officer (principal financial officer)
August 29, 2013	/s/ Kathleen M. Backes Kathleen M. Backes, Controller

Table of Contents

EXHIBIT INDEX
for Form 10-K for the 2013 Fiscal Year

Exhibit Number	Description
3.1	Restated Bylaws of Company, as amended to date—incorporated by reference to Exhibit 3.1 of the Company's Form 8-K dated October 25, 2012.*
3.2	Restated Articles of Incorporation of the Company, as amended to date—incorporated by reference to Exhibit 3.2 of the Company's Form 8-K, dated October 25, 2012.*
10.1**	Agreement with Respect to Inventions, Proprietary Information, and Unfair Competition with Thomas E. Oland—incorporated by reference to Exhibit 10.2 of the Company's Form 10, dated October 27, 1988.*
10.2**	Company's Profit Sharing Plan—incorporated by reference to Exhibit 10.6 of the Company's Form 10, dated October 27, 1988.*
10.3**	Company's Stock Bonus Plan—incorporated by reference to Exhibit 10.7 of the Company's Form 10, dated October 27, 1988.*
10.4**	1997 Incentive Stock Option Plan—incorporated by reference to Exhibit 10.24 of the Company's Form 10-K for the year ended June 30, 1997.*
10.5**	Form of Stock Option Agreement for 1997 Incentive Stock Option Plan—incorporated by reference to Exhibit 10.25 of the Company's Form 10-K for the year ended June 30, 1997.*
10.6	Investment Agreement between ChemoCentryx, Inc. and Techne Corporation dated November 18, 1997—incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended December 31, 1997.*
10.7**	1998 Nonqualified Stock Option Plan—incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended September 30, 1998.*
10.8**	Form of Stock Option Agreement for 1998 Nonqualified Stock Option Plan—incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the quarter ended September 30, 1998.*
10.9	Investors Rights Agreement dated February 2, 2001 among ChemoCentryx, Inc., the Company and certain investors amending the Investment Agreement between ChemoCentryx, Inc. and the Company dated November 18, 1997—incorporated by reference to Exhibit 10.32 of the Company's 10-K for the year ended June 30, 2001.*
10.10	Letter Agreement dated February 2, 2001 between ChemoCentryx, Inc. and the Company amending the terms of warrants held by the Company—incorporated by reference to Exhibit 10.33 of the Company's 10-K for the year ended June 30, 2001.*
10.11**	Form of Indemnification Agreement entered into with each director and executive officer of the Company—incorporated by reference to Exhibit 10.1 of the Company's 10-Q for the quarter ended December 31, 2002.*

Exhibit Number	Description
10.12	Amended and Restated Investors Rights Agreement dated June 13, 2006 among ChemoCentryx, Inc and the Company and certain investors—incorporated by reference to Exhibit 10.31 of the Company's 10-K for the year ended June 30, 2006.*
10.13**	Description of Management Incentive Bonus Under the Techne Corporation 2010 Equity Incentive Plan.
10.14**	2010 Equity Incentive Plan—incorporated by reference to Exhibit 10.1 of the Company's 8-K dated October 28, 2010.*
10.15**	Form of Nonqualified Stock Option Agreement for the 2010 Equity Incentive Plan—incorporated by reference to Exhibit 10.2 of the Company's 8-K dated October 28, 2010.*
10.16**	Form of Incentive Stock Option Agreement for the 2010 Equity Incentive Plan—incorporated by reference to Exhibit 10.3 of the Company's 8-K dated October 28, 2010.*
10.17	Share Purchase Agreement by and among Research and Diagnostic Systems, Inc., R&D Systems Europe Ltd., and the shareholders of Tocris Holdings Ltd., dated April 28, 2011—incorporated by reference to Exhibit 2.1 of the Company's 8-K dated April 28, 2011.*
10.18**	Amended and Restated Employment Agreement, dated July 1, 2011, with Marcel Veronneau—incorporated by reference to Exhibit 10.19 of the Company's 10-K for the year ended June 30, 2011.*
10.19	Deed of Assignment and Novation dated January 23, 2012 in connection with a share purchase agreement relating to Tocris Holdings Limited—incorporated by reference to Exhibit 10.1 of the Company's 10-Q for the quarter ended December 31, 2011.*
10.20**	Amended and Restated Employment Agreement, dated November 30, 2012, with Gregory J. Melsen —incorporated by reference to Exhibit 99.1 of the Company's 8-K Amendment dated October 31, 2012.*
10.21**	Employment Agreement by and between the Company and Charles Kummeth—incorporated by reference to Exhibit 10.1 of the Company's 8-K dated March 16, 2013.*
10.22**	Form of Restricted Stock Agreement for the 2010 Equity Incentive Plan—incorporated by reference to Exhibit 10.1 of the Company's 10-Q for the quarter ended March 31, 2013.*
10.23**	Amendment No. 2 to Amended and Restated Employment Agreement, dated April 12, 2013, with Gregory J. Melsen.
10.24	Share Purchase Agreement by and among Research and Diagnostic Systems, Inc., Bionostics Holdings Limited, Bionostics, Inc., the shareholders of Bionostics Holdings Limited, and Harwood Capital, LLP as Sellers' Representative, dated June 17, 2013—incorporated by reference to Exhibit 2.1 of the Company's 8-K dated June 17, 2013.*
10.25**	Description of Non-employee Director Compensation Plan.
10.26**	Employment Agreement by and between the Company and Kevin Reagan, dated January 24, 2012.
10.27**	Employment Agreement by and between the Company and Dr. J. Fernando Bazan, dated August 1, 2013.
10.28**	Compensation Arrangement for the Executive Officers for Fiscal Year 2014.

Exhibit Number	Description
21	Subsidiaries of the Company:

Name	State/Country of Incorporation
Research and Diagnostic Systems, Inc. (R&D Systems)	Minnesota
BiosPacific, Inc.	Minnesota
Boston Biochem, Inc.	Minnesota
Tocris Cookson, Inc. (inactive)	Delaware
Tocris Holdings Limited (inactive)	United Kingdom
Tocris Investments Limited (inactive)	United Kingdom
Tocris Cookson Limited	United Kingdom
R&D Systems Europe Ltd.	United Kingdom
R&D Systems GmbH	Germany
R&D Systems China Co., Ltd.	China
R&D Systems Hong Kong Ltd.	Hong Kong
Bionostics Holdings Limited	United Kingdom
Bionostics Investments Limited	United Kingdom
Bionostics, Inc.	Massachusetts

23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Consolidated Financial Statements of Tocris Holdings Limited—incorporated by reference to Exhibit 99.1 of the Company's Amended 8-K/A dated April 28, 2011.*
99.2	Pro forma financial information related to Techne's acquisition of Tocris Holdings Limited—incorporated by reference to Exhibit 99.2 of the Company's Amended 8-K/A dated April 28, 2011.*
101	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Earnings and Comprehensive Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

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

Exhibit 10.13

Techne Corporation
Description of Management Incentive Bonus Under the
Techne Corporation 2010 Equity Incentive Plan

Techne Corporation's Management Incentive Bonus (the "Bonus") is designed to motivate and reward certain members of management of Techne and its subsidiaries ("Participants"), including Techne's executive officers, for the improvement of Techne's performance and to attract and retain key employees essential to the success of the organization by providing a competitive compensation package. The Bonus has two components, the Short Term Incentive Plan (the "STIP") and the Long Term Incentive Plan (the "LTIP") for the executive officers. The Bonus is awarded under, and is subject to all of the terms and conditions contained in, the Techne Corporation 2010 Equity Incentive Plan (the "Plan").

Short Term Incentive Plan

The STIP is intended to reward performance based on the achievement of annual goals through cash bonuses. Currently, a Participant is eligible for an annual bonus equal to a percentage of his or her base salary in effect at the beginning of the fiscal year. The maximum annual bonus varies for each Participant, and for the executive officers ranges from a maximum of 40% to a maximum of 150% of such Participant's base salary. The STIP provides that 50% of the eligible bonus is based upon EBITDA goal achievement by Techne (or, for some Participants, Techne and the applicable Techne division) and 50% of the eligible bonus is based on revenue goal achievement by Techne (or, for some Participants, Techne and the applicable Techne division). The bonus amounts further depend on whether Techne (or, for some Participants, the applicable division) achieves the threshold, target or maximum level of achievement.

The Executive Compensation Committee of Techne's Board of Directors may adjust the bonus amounts and criteria for current Participants from time to time and will determine the bonus amounts and criteria for any new Participants.

The Participant must be employed on the last day of the fiscal year to receive any portion of the bonus. If the Participant terminates employment for any reason before the end of the fiscal year, the Participant will forfeit the entire bonus. Any bonus that may be earned will be paid within sixty (60) days after the end of the fiscal year.

Long Term Incentive Plan

The LTIP is intended to reward improvement in the long-term performance of Techne, thereby aligning the financial interest of Participants with the financial interests of Techne shareholders. Compensation under the LTIP generally consists of stock-based compensation. Grants of stock-based compensation are determined annually by the Executive Compensation Committee.

Exhibit 10.23

AMENDMENT NO. 2
TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amendment is made effective as of this 12th day of April, 2013, by and between Techne Corporation (the "Company") and Gregory J. Melsen ("Employee").

WHEREAS, the Company and Employee entered into an Amended and Restated Employment Agreement dated November 30, 2012, (the "Agreement"), which provides the terms of Employee's employment as Chief Executive Officer on an interim basis, Chief Financial Officer and Vice President of Finance and Employee's severance;

WHEREAS, Employee's position as Chief Executive Officer on an interim basis ceased on March 31, 2013, but Employee continues employment as Chief Financial Officer and Vice President of Finance; and

WHEREAS, the Company and Employee desire to alter certain terms of the Agreement in light of the appointment of a new Chief Executive Officer of the Company.

NOW, THEREFORE, the parties agree as follows:

1. Section 1.2 of the Agreement is hereby amended in its entirety to read as follows:

"Term of Employment. The Company hereby agrees to continue to employ Employee as the Company's Chief Financial Officer and Vice President of Finance through June 30, 2014, unless earlier terminated as provided in Article 5 hereof."

1. Section 2.1 of the Agreement is hereby amended in its entirety to read as follows:

"Salary. During the period of December 1, 2012 through June 30, 2013, the Company will pay Employee as base compensation for services to be rendered hereunder such amount as is commensurate with an annualized salary of $425,000, to be paid bi-weekly or in accordance with the usual payroll practices of the Company. Each subsequent fiscal year (July 1 – June 30) during the term of Employee's employment by the Company under this Agreement, Employee's annual base salary shall be reviewed and adjusted by Company's Compensation Committee in its sole discretion; provided that Employee's annual base salary commencing July 1, 2013 will be $375,000."

2. Section 2.2 of the Agreement is hereby amended in its entirety to read as follows:

"Cash Bonus. On June 30, 2013, the Company will pay Employee a cash bonus of $225,000, by cash, check or wire transfer of immediately available funds, which shall be taxed at the bonus rate. Unless Employee has terminated his employment voluntarily for reasons other than death or disability, the cash bonus is to be paid regardless of Employee's employment status with the Company on June 30, 2013. In addition, Employee will be eligible to receive a cash bonus equivalent to 50% of base annual salary and such bonus will be prorated and paid at the end of each month the Employee is retained after July 1, 2013 through June 30, 2014."

3. Section 5.1(C) of the Agreement is hereby amended in its entirety to read as follows:

"Employee may terminate his employment at any time upon written notice provided to the Board of Directors at least 30 days prior to the effective date of termination; provided that, if Employee wishes to terminate prior to July 1, 2013, Employee will provide such written notice at least 90 days prior to the effective date of termination."

4. Except as set forth herein, all provisions of the Agreement shall remain in full force and effect without modification. Further, nothing in this Amendment is intended to modify the amount, timing or form of payment for the deferred compensation benefits described in the Agreement, and this Amendment shall, at all times, be construed in compliance with Code Section 409A.

5. Capitalized terms used in this Amendment, but not otherwise defined, shall have the meanings assigned to them under the Agreement.

[Signature Page Follows]

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

TECHNE CORPORATION

/s/ Charles R. Kummeth
By: Charles R. Kummeth
Its: Chief Executive Officer

"Company"

/s/ Gregory J. Melsen
Gregory J. Melsen

"Employee"

Exhibit 10.25

Techne Corporation
Description of Non-Employee Director Compensation Plan

Each non-employee member of the Board of Directors (the "Board") of Techne Corporation ("Techne") shall receive an annual fee of $40,000. The Board chair will receive an additional annual fee of $20,000, the Audit Committee chair will receive an additional annual fee of $15,000, and each other committee chair will receive an additional annual fee of $12,000.

Each non-employee director who waives the grant of an option to purchase 5,000 shares of Techne common stock that would otherwise be granted under Techne's 2010 Equity Incentive Plan, will receive an annual grant of a fully vested option to purchase 4,000 shares of Techne common stock, with an exercise price equal to the fair market value of Techne's common stock on the grant date, and 1,000 shares of restricted stock, which vest after one year. Non-employee directors are also eligible for reimbursement of reasonable expenses incurred in connection with his services as a director.

Exhibit 10.26

EMPLOYMENT AGREEMENT

DATE: January 24, 2012

PARTIES: Techne Corporation, a Minnesota corporation
614 McKinley Place N.E.
Minneapolis, Minnesota 55413 "Company"

Kevin Reagan "Employee"

RECITALS:

A. Employee has been offered and has accepted the position of Vice President of Immunology, pursuant to the terms of a written offer letter, dated December 6, 2011; and

B. Pursuant to such offer and acceptance, the Company and Employee desire to enter into this Employment Agreement ("Agreement") regarding Employee's position as Vice President of Immunology.

AGREEMENTS:

ARTICLE 1.
TERM OF EMPLOYMENT: DUTIES AND SUPERVISION

1.1) Parties. The parties to this Agreement are Kevin Reagan ("Employee") and Techne Corporation ("Company"). As used herein, Company refers to Techne Corporation and its subsidiaries including Research and Diagnostic Systems, Inc. ("R&D"), unless specifically provided otherwise. All of the rights and obligations created by this Agreement may be performed by or enforced by or against the Company or R&D or other appropriate subsidiary.

1.2) Term of Employment. The Company hereby agrees to employ Employee as Vice President of Immunology of the Company effective [ ], 201[] (the "Effective Date") and continuing through June 30, 2015 unless earlier terminated as provided in Article 5 hereof.

1.3) Duties and Supervision. During the term of this Agreement, Employee agrees to devote his full time and best efforts to the business and affairs of the Company, and to perform such services and duties Employee may from time to time be assigned by the Company, and specifically its President.

ARTICLE 2.
COMPENSATION

2.1) Salary. The Company will pay Employee an initial annualized base salary of $260,000 for services to be rendered hereunder, less required and authorized withholding and deductions under all applicable laws and regulations (including but not limited to taxes on the value of the monthly apartment rent paid by the Company on behalf of Employee pursuant to Section 3.2 of this Agreement). Employee shall be paid bi-weekly or in accordance with the usual payroll practices of the Company. Each fiscal year (July 1 – June 30) during the term of Employee's employment by the Company under this Agreement, Employee's annual base salary shall be reviewed and may be adjusted by Company's Compensation Committee in its sole discretion. The first such review and potential adjustment shall occur no earlier than September 1, 2012.

2.2) Management Incentive Bonus Plan. During each fiscal year of the term of Employee's employment (beginning with the fiscal year ending June 30, 2012), Employee shall be eligible to earn a bonus in accordance with the then-existing terms of the Company's management incentive plan, as may be adopted by the Company's Compensation Committee from time-to-time. The bonus amount, if any, the performance standards for earning such bonus, and the determination of whether the standards have been met shall be established and made annually by the Compensation Committee of the Company. The Company may, but is not required to, pay some or all of any bonus earned by Employee in the form of stock options. Such options are to be granted after the receipt of the Company's final audit report of the applicable fiscal year and the exercise price is to be based on the fair market value of the Company's common stock on the date of grant.

2.3) Options. On the Effective Date, the Company shall issue to Employee, pursuant to the Company's 2010 Equity Incentive Plan, incentive stock options to purchase an aggregate of 15,000 shares of the Company's common stock. Except as otherwise provided in the agreement governing the award, the options will have a seven (7) year term and will vest annually in equal portions over a period of three (3) years beginning on the one-year anniversary date of the Effective Date. The exercise price of the options will be equal to the fair market value of the Company's shares on the date the options are issued. If the number of shares vesting for a Participant in any single year exceeds the limit established by Section 422 of the Internal Revenue Code for incentive stock option treatment, the option shall be deemed an incentive stock option to the extent of the number of shares within the limit and a nonqualified stock option the extent of the number of shares that exceed the limit.

2.4) Start-Up Bonus. On the Effective Date, the Company shall pay to Employee $25,000 by cash, check or wire transfer of immediately available funds, which shall be taxed at the bonus rate.

2.5) Other Employee Compensation and Benefits. In addition to the compensation and benefits provided to Employee in Sections 2.1 through 2.4 hereof, Employee shall be entitled to participate in other employee compensation and benefit plans from time to time established by the Company and made available generally to all employees to the extent that Employee's age, tenure and title make him eligible to receive those benefits. Employee shall participate in such compensation and benefit plans on an appropriate and comparable basis determined by the Board of Directors by reference to all other employees eligible for participation. With regard to all insured benefits to be provided to Employee, benefits shall be subject to due application by Employee. The Company has no obligation to pay insured benefits directly and such benefits are payable to Employee only by the insurers in accordance with their policies.

2.6) Paid Time Off. Employee shall be entitled to accrue up to four weeks of PTO per fiscal year (prorated for partial years of service). Such PTO shall be subject to the Company's PTO policies as they may exist from time to time. Employee shall not be reimbursed for unused personal days or sick days upon his termination from employment regardless of the reason, whether voluntary or involuntary.

ARTICLE 3.
PAYMENT OF CERTAIN EXPENSES

3.1) Business Expenses. In order to enable Employee to better perform the services required of him hereunder, the Company shall pay or reimburse Employee for business expenses in accordance with policies to be determined from time to time by the Board of Directors. Employee agrees to submit documentation of such expenses as may be reasonably required by Company.

3.2) Temporary Housing and Relocation Expenses. The Company shall pay, on behalf of Employee, up to $3,000 per month in rent for a two-bedroom furnished apartment for up to twelve (12) months. The Employee agrees to provide the Human Resources Department of the Company with written 60-day notice prior to vacating such apartment. The Company shall also provide Employee with six round trip paid airline tickets from California to Minnesota. Additionally, the Company shall reimburse Employee up to $40,000 of Employee's moving expenses from California to Minnesota, within a reasonable period of time after Employee's proper submission of receipts for non-taxable expenses.

ARTICLE 4.
INVENTIONS, PROPRIETARY INFORMATION AND COMPETITION

4.1) Prior Agreement. Neither the execution of this Agreement nor any provision in it shall be interpreted as rescinding or revoking the Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition previously entered into between the Company and Employee as of [ ], 2011 (the "Prior Inventions, Proprietary Information, and Unfair Competition Agreement"). The Company and Employee hereby agree that the terms and conditions of such Prior Inventions, Proprietary Information, and Unfair Competition Agreement shall continue in full force and effect and shall apply to all businesses of the Company, including not only business conducted by the Company but also to business conducted through the Company or any subsidiary or venture of the Company now existing or hereafter created. The termination of this Agreement or Employee's employment shall not terminate Employee's obligations under the Prior Inventions, Proprietary Information, and Unfair Competition Agreement, the terms and conditions of which shall survive termination of this Agreement and termination of Employee's employment for any reason, whether voluntary or involuntary.

ARTICLE 5.
TERMINATION

5.1) Events of Termination. Employee's employment with the Company shall be "at will," meaning either Employee or the Company may terminate this Agreement and the employment relationship at any time, with or without cause, and with or without advance notice. In addition, Employee's employment shall terminate as follows:

(A) By mutual written agreement of the parties;

(B) Upon death of Employee;

(C) Upon written notice by the Company to Employee in connection with the merger, sale of the business, or change in control of the Company, provided that the salary and bonus continuation provisions of Article 6.1 of this Agreement are met;

(D) Upon written notice by the Company to Employee in connection with the occurrence of physical or mental disability of Employee to such an extent that Employee is unable to carry on the essential functions of Employee's position, with or without reasonable accommodation, and such inability continues for a period of three months or such other period as may be required by applicable law. Nothing in this Section 5.1(D) shall limit the right of either Party to terminate Employee's employment under one of the other provisions of this Section 5.1.

5.2) Records and Files. In the event of termination of employment of Employee for any reason (whether voluntary or involuntary and whether by Company, any successor or assign of the Company, or Employee), possession of each corporate file and record shall be retained by the Company, and Employee or his heirs, assigns and legal representatives shall have no right whatsoever in any such material, information or property. To the extent such material, information or property is in the possession of Employee, Employee shall return such material, information or property to the Company within five business days of termination of employment.

ARTICLE 6.
TERMINATION BENEFITS

6.1) Termination Benefits. In the event Employee's employment by the Company is terminated by the Company or an acquirer of the Company in connection with a merger, sale or "change in control" of the Company, Employee shall be paid at the time of such termination a lump sum amount equal to the base salary and cost of benefits which would otherwise have been paid under the terms of this Agreement had this Agreement continued to be enforced for twelve (12) months from the date of termination and a pro-rata portion of the management incentive bonus Employee would have been entitled to receive pursuant to Section 2.2 hereof, if any, during the fiscal year in which termination occurred; provided, however, that Employee shall be entitled to the payment set forth in this Section 6.1 only if he executes and does not rescind a release agreement in a form supplied by the Company, which will include, but not be limited to, a comprehensive release of claims against the Company and all related parties, in their official

and individual capacities. For purposes of this Section 6.1, "change in control" means the acquisition in one or more transactions by a single party, or any number of parties acting in concert, of a majority of the outstanding shares of voting stock of the Company. Notwithstanding anything in this Agreement to the contrary, if the payment described in this Section 6.1 is subject to the requirements of Internal Revenue Code Section 409A and the Company determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment, such payment shall not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment.

ARTICLE 7.
MODIFICATIONS

7.1 Modifications. Except as provided in Section 4.1 above, this Agreement supersedes all prior agreements and understandings between the parties relating to the employment of Employee by the Company and it may not be changed or terminated orally. No modification, termination, or attempted waiver of any of the provisions of this Agreement shall be valid unless in writing signed by the party against whom the same is sought to be enforced. Notwithstanding anything in this Agreement to the contrary, the Company expressly reserves the right to amend this Agreement without Employee's consent to the extent necessary to comply with Code Section 409A, as it may be amended from time to time, and the regulations, notices and other guidance of general applicability issued thereunder.

ARTICLE 8.
GOVERNING LAW AND SEVERABILITY

8.1) Governing Law. The validity, enforceability, construction and interpretation of this Agreement shall be governed by the laws of the State of Minnesota.

8.2) Severability. If any term of this Agreement is deemed unenforceable, void, voidable, or illegal, such unenforceable, void, voidable or illegal term shall be deemed severable from all other terms of this Agreement, which shall continue in full force and effect and the Company and Employee expressly acknowledge that a court of competent jurisdiction may, at the Company's request, modify and thereafter enforce any of the terms, conditions, and covenants contained in this Agreement.

ARTICLE 9.
BINDING EFFECT

9.1) Binding Effect. The breach by the Company of any other agreement or instrument between the Company and Employee shall not excuse or waive Employee's performance under, or compliance with, this Agreement. This Agreement shall be assignable by the Company and shall be binding upon and inure to the benefit of Company, its successors and assigns. The rights of Employee hereunder are personal and may not be assigned or transferred except as may be agreed to in writing by the Company.

ARTICLE 10.
ARBITRATION

10.1) Arbitration. Any dispute arising out of or relating to (i) this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, or (ii) Employee's application or candidacy for employment, employment and/or termination of employment with Company including, but not limited to, any and all disputes, claims or controversies relating to discrimination, harassment, retaliation, wrongful discharge, and any and all other claims of any type under any federal or state constitution or any federal, state, or local statutory or common law 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 the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota. This agreement to arbitrate does not include worker's compensation claims, claims for unemployment compensation, or any injunctive or other relief to which the Company may be entitled in accordance with the Prior Inventions, Proprietary Information, and Unfair Competition Agreement referred to in Section 4.1 herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused it to be dated as of the day and year first above written.

TECHNE CORPORATION

By /s/ Thomas E Oland
Its President

"Company"

/s/ Kevin Reagan
Kevin Reagan

"Employee"

Exhibit 10.27

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into between Techne Corporation, a Minnesota corporation (hereinafter "Techne"), and Dr. J. Fernando Bazan (hereinafter "Employee") (each may be referred to individually as a "Party" and collectively as the "Parties").

RECITALS

Whereas, Techne wishes to employ Employee under the terms and conditions set forth in this Agreement, and Employee wishes to accept such employment under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, Techne and Employee agree as follows:

ARTICLE 1.
TERM OF EMPLOYMENT: DUTIES AND SUPERVISION

1.1) Parties. The Parties to this Agreement are Dr. J. Fernando Bazan ("Employee") and Techne Corporation ("Techne"). As used herein, Techne refers to Techne Corporation and its subsidiaries including Research and Diagnostic Systems, Inc. ("R&D"), unless specifically provided otherwise. All of the rights and obligations created by this Agreement may be performed by or enforced by or against Techne or R&D or other appropriate subsidiary.

1.2) Employment and Term of Employment. Techne hereby employs Employee and Employee hereby accepts employment as Chief Technical Officer on the terms and conditions set forth in this Agreement. Employee's employment hereunder will commence on August 1, 2013 and continue through July 31, 2016 (hereinafter the "Term") unless earlier terminated as provided in Article 4 hereof.

1.3) Duties and Supervision.

A. During the term of his employment, Employee agrees to devote his full business and professional time, energy, diligence and best efforts to the business and affairs of Techne, and to perform such services and duties Employee may from time to time be assigned by Techne, and specifically its Chief Executive Officer.

B. Employee agrees to be subject to Techne's control, rules, regulations, policies and programs. Employee further agrees that he will carry on all correspondence, publicity and advertising in Techne's name and he shall not enter into any contract on behalf of Techne except as expressly authorized by Techne.

C. Notwithstanding Sections 1.3(A) and 1.3(B), Techne agrees that Employee may serve as a member of the Board of Directors for for-profit or nonprofit entities,

provided that those entities would not qualify as competitive business under Employee's separate "Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition" previously entered into between Techne and Employee as of July 30, 2013 and referred to in Section 3.1 below.

ARTICLE 2.
COMPENSATION AND BENEFITS

2.1) Base Salary. During the period of August 1, 2013 through July 31, 2014, Techne will pay Employee as base compensation for services to be rendered hereunder an annual base salary of Two Hundred, Fifty Thousand and 00/100 Dollars ($250,000.00), to be paid bi-weekly or in accordance with the usual payroll practices of Techne. The base annual salary amount will be reviewed and adjusted by Techne's Compensation Committee from time to time but no less than annually in its sole discretion. The base annual salary will be inclusive of all applicable income, Social Security, and other taxes and charges that are required by law to be withheld by Techne or that are requested to be withheld by Employee.

2.2) Incentive Bonus Plan. During each fiscal year (July 1 – June 30) of the Term of Employee's employment, Employee shall be eligible to earn a potential cash bonus of up to twenty-five percent (25%) of his base salary and up to fifteen thousand (15,000) Techne stock options, based on achievement of targets to be established annually by Techne's Board of Directors or Compensation Committee and subject to determination and approval by the Techne Board of Directors (hereinafter referred to as the "Incentive Bonus Plan"). After receipt of Techne's final audit report of the applicable fiscal year, Techne's Compensation Committee will determine and certify in writing the degree to which the annual targets have been achieved and calculate Employee's cash and equity bonus (if any). If earned, any such cash bonus will be paid and any such option will be granted as soon as administratively practicable thereafter, but in no event later than would be permitted under the short-term deferral period defined by Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A"). If earned, such options would vest annually in one-quarter increments beginning on the grant date. Any options granted under the Incentive Bonus Plan will be non-qualified options, at an exercise price equal to the fair market value of Techne common stock on the date of grant, and will have a seven-year term.

2.3) Techne Stock Options. In addition to any Techne stock options Employee earns pursuant to the Incentive Bonus Plan, following commencement of employment under Section 1.2 of this Agreement, Techne will grant Employee a time-vested stock option to purchase an aggregate of ten thousand (10,000) shares of Techne common stock, with a seven-year term and a three-year vesting schedule. This equity grant award shall be in substantially the form attached as Exhibit A to this Agreement.

2.4) Miscellaneous Benefits. Techne will provide Employee the following additional benefits:

A. Reimbursement in accordance with Techne's standard reimbursement policies in effect from time to time for ordinary, necessary and reasonable out-of-pocket business expenses incurred by Employee in performing his duties for Techne so long as properly substantiated.

B. Paid vacation of three (3) weeks per calendar year, prorated for partial years of service, to be taken at such times as selected by Employee and as approved by the Chief Executive Officer or his designee. Carryover, forfeiture or payout of unused vacation time from period to period or upon termination of employment shall be in accordance with Techne's policies that may be in effect from time to time.

2.5) Other Employee Compensation and Benefits. In addition to the compensation and benefits provided to Employee in Sections 2.1 through 2.4 hereof, Employee will be entitled to participate in other employee compensation and benefit plans from time to time established by Techne and made available generally to all employees to the extent that Employee's age, tenure and title make him eligible to receive those benefits. Employee will participate in such compensation and benefit plans on an appropriate and comparable basis determined by the Board of Directors by reference to all other employees eligible for participation. With regard to all insured benefits to be provided to Employee, benefits shall be subject to due application by Employee. Techne has no obligation to pay insured benefits directly and such benefits are payable to Employee only by the insurers in accordance with their policies. Nothing in this Agreement is intended to or shall in any way restrict Techne's right to amend, modify or terminate any of its benefits or benefit plans during the term of Employee's employment. Employee shall not be reimbursed for unused personal days or sick days upon his termination from employment regardless of the reason, whether voluntary or involuntary.

ARTICLE 3.
INVENTIONS, PROPRIETARY INFORMATION AND UNFAIR COMPETITION

3.1) Prior Agreement. Neither the execution of this Agreement nor any provision in it shall be interpreted as rescinding or revoking the "Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition" previously entered into between Techne and Employee as of July 30, 2013 (the "Prior Inventions, Proprietary Information, and Unfair Competition Agreement"). Techne and Employee hereby agree that the terms and conditions of such Prior Inventions, Proprietary Information, and Unfair Competition Agreement shall continue in full force and effect and shall apply to all businesses of Techne, including not only business conducted by Techne but also to business conducted through Techne or any subsidiary or venture of Techne now existing or hereafter created. The termination of this Agreement or Employee's employment shall not terminate Employee's obligations under the Prior Inventions, Proprietary Information, and Unfair Competition Agreement, the terms and conditions of which shall survive termination of this Agreement and termination of Employee's employment for any reason, whether voluntary or involuntary.

ARTICLE 4.
TERMINATION

4.1) Events of Termination. Notwithstanding any other provision of this Agreement to the contrary or appearing to be to the contrary, Employee's employment may be terminated as follows:

A. By mutual written agreement of the parties;

B. Upon Employee's death;

C. Upon Employee's inability to perform the essential functions of his position due to physical or mental disability, with or without reasonable accommodation, as determined in the good faith judgment of the Techne Board of Directors, and such inability continues for a period of ninety (90) calendar days or as may otherwise be required by applicable law. Nothing in this Section 4.1(C) shall limit the right of either Party to terminate Employee's employment under one of the other sections of this Section 4.1;

D. Upon written notice to the other Party;

E. Upon the insolvency or bankruptcy of Techne;

F. In the event of a Change in Control, as set forth in Section 5.1, provided that the severance provisions of Section 5.1 of this Agreement are met;

G. Techne shall have the right to terminate Employee's employment immediately for "Cause." For purposes of this Agreement, "Cause" shall include, but not be limited to, the following:

i. Habitual neglect of, or the willful or material failure to perform the duties of employment hereunder, as determined in good faith by the Board of Directors of Techne and/or its designee;

ii. Embezzlement or any act of fraud;

iii. Commission of acts that can be charged as a felony, whether or not committed during the term hereof or in the course of employment hereunder;

iv. Dishonesty in dealing between Employee and Techne or between Employee and other employees of Techne;

v. Use of or dependence on any controlled substance without a prescription, or any illegal or narcotic drug; or use of alcohol in a manner, regardless of time or place, which either adversely affects Employee's job performance or otherwise reflects negatively on Techne or Employee;

vi. Habitual absenteeism; or

vii. Willfully acting in a manner materially adverse to the best interests of Techne.

4.2) Return of Property. At such time that Employee's employment with Techne ends (the "Termination Date") or at such earlier time as Techne may notify Employee, Employee will immediately cease doing business upon Techne's premises and will immediately deliver to Techne all of its property and all property to be held by Techne in his possession or control, including, but not limited to, all work in progress, data, equipment, originals and copies of documents and software, customer and supplier information and lists, financial information, and all other materials. In addition, if Employee has used any personal computer, server, or email system (including, but not limited to, computers, Blackberries, PDA's, cell phones, Smart Phones, iPhones, iPads, etc.) to receive, store, review, prepare or transmit any Techne information, including but not limited to Confidential Information (as defined below), Employee agrees to provide Techne with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such information from those systems. Employee also agrees to certify, within ten (10) days after the Termination Date, in writing to Techne that he has complied with his obligation to return Techne property.

A. For purposes of this Agreement, "Confidential Information" means information which is not generally known and which Techne holds in confidence, including, without limitation, the following: all information and data developed or acquired by Employee in the course of employment with Techne; data or conclusions or opinions formed by Employee in the course of employment; policies and procedures; manuals; trade secrets; methods, procedures, or techniques pertaining to the business of Techne or any customer of Techne; specifications for products or services; systems; price lists; marketing plans; sales or service analyses; financial information; customer names or other information; vendor names or other information; employee names or other information; research and development data; diagrams; drawings; media; notes, memoranda, notebooks, and all other records or documents that are handled, seen, or used by Employee in the course of employment.

B. Notwithstanding anything to the contrary, "Confidential Information" does not include any information that is (i) in the public domain or enters the public domain through no violation of obligations Employee owes to Techne; (ii) disclosed to Employee other than as a result of Employee's capacity as an employee of Techne by a third-party not subject to maintain the information in confidence; or (iii) already known by Employee other than as a result of Employee's past relationship with Techne (or its predecessors) and is evidenced by written documentation existing prior to such disclosure. Specific technical and business information shall not be deemed to be within the preceding exceptions merely because it is embraced by more general technical or business information within such exceptions, nor shall a combination of features be deemed to be within such exceptions merely because the individual features are within such exceptions.

ARTICLE 5.
TERMINATION BENEFITS

5.1) Termination Benefits. In the event Employee's employment is terminated by Techne as a result of a "Change in Control" of Techne and Employee has less than twelve (12) months before the expiration of the Term of this Agreement, Employee will be paid an amount equal to one (1) year of his then-current base annual salary (but not any incentive bonus) (hereinafter the "CIC Severance Payment"); provided, however, that Employee will be entitled to the CIC Severance Payment set forth in this Section 5.1 only if he executes and does not rescind a release agreement in a form supplied by Techne, which will include, but not be limited to, a comprehensive release of claims against Techne and all related parties, in their official and individual capacities. For purposes of this Section 5.1, "Change in Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the events in subsections A through C below. For purposes of this definition, a person, entity or group shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person, entity or group directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

A. Any person, entity or group becomes the Owner, directly or indirectly, of securities of Techne representing more than fifty percent (50%) of the combined voting power of Techne's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of Techne by an investor, any affiliate thereof or any other person, entity or group from Techne in a transaction or series of related transactions the primary purpose of which is to obtain financing for Techne through the issuance of equity securities or (B) solely because the level of Ownership held by any person, entity or group (the "Subject Person") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by Techne reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by Techne, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

B. There is consummated a merger, consolidation or similar transaction involving (directly or indirectly) Techne and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of Techne immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of Techne immediately prior to such transaction; or

C. There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the total gross value of the consolidated assets of Techne and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of total gross value of the consolidated assets of Techne and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of Techne in substantially the same proportions as their Ownership of the outstanding voting securities of Techne immediately prior to such sale, lease, license or other disposition (for purposes of this Section 5.1(C), "gross value" means the value of the assets of Techne or the value of the assets being disposed of, as the case may be, determined without regard to any liabilities associated with such assets).

For the avoidance of doubt, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of Techne. To the extent required, the determination of whether a Change in Control has occurred shall be made in accordance with Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder.

5.2) Timing of CIC Severance Payment. Any CIC Severance Payment pursuant to Section 5.1 will be paid to Employee monthly over the course of a one-year period beginning after expiration of any applicable rescission periods set forth in the required release agreement; provided, however, that notwithstanding anything in this Agreement to the contrary, if the CIC Severance Payment described in Section 5.1 is subject to the requirements of Code Section 409A and Techne determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment, such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment and on such date any amounts that would have been paid during the first six months following the termination but for operation of this proviso will be paid in one lump sum with the remaining payments made monthly over the remainder of the specified one-year period. In addition, all payments made to Employee pursuant to Section 5.1 will be reduced by amounts (A) required to be withheld in accordance with federal, state and local laws and regulations in effect at the time of payment, or (B) owed to Techne by Employee for any amounts advanced, loaned or misappropriated. Such offset will be made in the manner permitted by and will be subject to the limitations of all applicable laws, including but not limited to Code Section 409A, and the regulations, notices and other guidance of general applicability issued thereunder.

5.3 No Other Payments. Except as provided in Section 5.1, including but not limited to if Employee is terminated with Cause or voluntarily terminates his employment at any time, Employee will not be entitled to any compensation or benefits other than that which was due to him as of the date of termination, regardless of any claim by Employee for compensation, salary, bonus, severance benefits or other payments.

5.4 Board Resignation. If at the time of any termination of Employee's employment with Techne, Employee is a member of Techne's Board of Directors, Employee agrees to immediately submit his resignation from Techne's Board of Directors effective upon such termination of employment unless otherwise determined by Techne's Board of Directors in its sole discretion.

ARTICLE 6.
ARBITRATION

6.1) Arbitration. Any dispute arising out of or relating to (i) this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, or (ii) Employee's application or candidacy for employment, employment and/or termination of employment with Techne including, but not limited to, any and all disputes, claims or controversies relating to discrimination, harassment, retaliation, wrongful discharge, and any and all other claims of any type under any federal or state constitution or any federal, state, or local statutory or common law 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 the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the Parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota. This agreement to arbitrate does not include worker's compensation claims, claims for unemployment compensation, or any injunctive or other relief to which the Techne may be entitled in accordance with the Prior Inventions, Proprietary Information, and Unfair Competition Agreement referred to in Section 4.1 herein.

ARTICLE 7.
MISCELLANEOUS PROVISIONS

7.1 Modifications. Except as provided in Section 3.1 above, this Agreement supersedes all prior agreements and understandings between the Parties relating to the employment of Employee by Techne and it may not be changed or terminated orally. No modification, termination, or attempted waiver of any of the provisions of this Agreement will be valid unless in writing signed by the Party against whom the same is sought to be enforced.

7.2) Binding Effect. The breach by Techne of any other agreement or instrument between Techne and Employee will not excuse or waive Employee's performance under, or compliance with, this Agreement.

7.3 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to conflicts of law principles that would require the application of any other law.

7.4 Successors and Assigns. This Agreement is personal to Employee and Employee may not assign or transfer any part of his rights or duties hereunder, or any compensation due to him hereunder, to any other person. This Agreement may be assigned by Techne. This Agreement is binding on any successors or assigns of Techne.

7.5 Captions. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and conditions hereof.

7.6 No Conflicting Obligations. Employee represents and warrants to Techne that he is not under, or bound to be under in the future, any obligation to any person, firm, or corporation that is or would be inconsistent or in conflict with this Agreement or would prevent, limit, or impair in any way the performance by him of his obligations hereunder. If Employee possesses any information that he knows or should know is considered by any third party, such as a former employer of Employee's to be confidential, trade secret, or otherwise proprietary, Employee shall not disclose such information to Techne or use such information to benefit Techne in any way.

7.7 Waivers. The failure of any Party to require the performance or satisfaction of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, will not prevent subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

7.8 Severability. In the event that any provision hereof is held invalid or unenforceable by a court of competent jurisdiction, Techne and Employee agree that part should modified by the court to make it enforceable to the maximum extent possible. If the part cannot be modified, then that part may be severed and the other parts of this Agreement shall remain enforceable.

7.9 Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, the Parties to this Agreement intend that this Agreement will satisfy the applicable requirements, if any, of Code Section 409A in a manner that will preclude the imposition of additional taxes and interest imposed under Code Section 409A. The Parties agree that this Agreement will be amended (as determined by Techne in its sole discretion) to the extent necessary to comply with Code Section 409A, as amended from time to time, and the notices and other guidance of general applicability issued thereunder. Further, if any of the payments described in this Agreement are subject to the requirements of Code Section 409A and Techne determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment (which will have the same meaning as

"separation from service" as defined in Code Section 409A), all or a portion of such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment, but only to the extent such delay is required for compliance with Code Section 409A.

7.10 Notices. All notices given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered and received (A) upon personal delivery to the Party to be notified; (B) when sent by facsimile if sent during normal business hours of the recipient, and if not sent during normal business hours then on the next business day; (C) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (D) one (1) business day after the business day of deposit with a nationally recognized overnight courier, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses set forth below, or to such facsimile numbers, or addresses as subsequently modified by written notice given in accordance with this Section:

(a) If to Techne:

Techne Corporation
Attention: Chair, Board of Directors
614 McKinley Place Northeast
Minneapolis, MN 55413

(b) If to the Employee:

Dr. J. Fernando Bazan
924 4th Street North
Stillwater, MN 55082

7.11 Construction. The Parties agree that the terms and provisions of this Agreement embody their mutual intent, each Party has had the opportunity to negotiate its provisions and contribute to its drafting, and therefore, it is not to be construed more liberally in favor of, or more strictly against, any Party hereto.

7.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Electronically transmitted (e.g., by facsimile or pdf) signed copies of this Agreement shall be deemed to be original signed versions of this Agreement.

7.13 Section 280G. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Employee and the Techne (collectively, the "Payments") constitute a "parachute payment" within the meaning of Section 280G of the Code and, but for this Section 7.13, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of such Payments being subject to excise tax under Section 4999 of the Code; whichever of the foregoing amounts, taking into account the

applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the Employee's receipt on an after-tax basis, of the greatest amount of economic benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Employee and Techne otherwise agree in writing, any determination required under this Section 7.13 shall be made in writing by Techne's independent public accountants (the "Accountants"), whose reasonable determination shall be conclusive and binding upon Employee and Techne for all purposes. For purposes of making the calculations required by this Section 7.13, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Sections 280G and 4999 of the Code. Employee and Techne shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 7.13.

(Signatures follow on the next page(s).)

THE PARTIES HAVE executed this Agreement in the manner appropriate to each as of the dates set forth below.

TECHNE CORPORATION

By Charles R. Kummeth — August 23, 2013
Its Chief Executive Officer — Date

EMPLOYEE

J. Fernando Bazan — August 23, 2013
Dr. J. Fernando Bazan — Date

Exhibit 10.28

TECHNE CORPORATION
COMPENSATION ARRANGEMENT FOR THE EXECUTIVE OFFICERS
FOR FISCAL YEAR 2014

The Executive Compensation Committee of the Board of Directors of Techne Corporation approved the 2014 fiscal year base salary for the executive officers as set forth below.

Executive Officer and Title	2014 Annual Base Salary
Charles R. Kummeth Chief Executive Officer	$ 575,000
Gregory J. Melsen Vice Preisdent of Finance, Treasurer, and Chief Financial Officer	$ 375,000
J. Fernando Bazan Chief Technical Officer	$ 250,000
Marcel Veronneau Senior Vice President, Clinical Controls	$ 225,013
Kevin J. Reagan Senior Vice President Biotech	$ 276,504

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
TECHNE Corporation:

We consent to the incorporation by reference in the registration statement (No. 333-37263, 333-88885, and 333-49962) on Form S-8 of TECHNE Corporation of our report dated August 29, 2013, with respect to the consolidated balance sheets of TECHNE Corporation as of June 30, 2013 and 2012, and the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2013, and all related financial statement schedules, and the effectiveness of internal control over financial reporting as of June 30, 2013, which report appears in the June 30, 2013 annual report on Form 10-K of TECHNE Corporation.

Our report dated August 29, 2013, on the effectiveness of internal control over financial reporting as of June 30, 2013, expresses our opinion that TECHNE Corporation did not maintain effective internal control over financial reporting as of June 30, 2013, because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states a material weakness related to general IT controls has been identified and included in management's assessment.

/s/ KPMG LLP

Minneapolis, Minnesota
August 29, 2013

EXHIBIT 31.1

CERTIFICATION

I, Charles Kummeth, certify that:

1. I have reviewed this annual report on Form 10-K of Techne Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 29, 2013

/s/ Charles Kummeth

Charles Kummeth
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Gregory J. Melsen, certify that:

1. I have reviewed this annual report on Form 10-K of Techne Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 29, 2013

/s/ Gregory J. Melsen
Gregory J. Melsen
Chief Financial Officer

EXHIBIT 32.1

TECHNE CORPORATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Techne Corporation (the "Company") on Form 10-K for the year ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles Kummeth, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles Kummeth
Charles Kummeth
Chief Executive Officer
August 29, 2013

EXHIBIT 32.2

TECHNE CORPORATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Techne Corporation (the "Company") on Form 10-K for the year ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory J. Melsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory J. Melsen
Gregory J. Melsen
Chief Financial Officer
August 29, 2013