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

For the quarterly period ended December 31, 2013, or

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

For the transition period from _______ to _______

Commission file number 0-17272

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

Minnesota  41-1427402
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

614 McKinley Place N.E.  (612) 379-8854
Minneapolis, MN 55413  (Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant 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 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 ☐ Smaller reporting company ☐

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

At January 31, 2014, 36,900,781 shares of the Company’s Common Stock (par value $0.01) were outstanding.
# TABLE OF CONTENTS

## PART I. FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financial Statements (Unaudited)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Condensed Consolidated Statements of Earnings and Comprehensive Income for the Quarters and Six Months Ended December 31, 2013 and 2012</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Condensed Consolidated Balance Sheets as of December 31, 2013 and June 30, 2013</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Notes to Condensed Consolidated Financial Statements</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Management’s Discussion and Analysis of Financial Condition and Results of Operations</td>
<td>8</td>
</tr>
<tr>
<td>3.</td>
<td>Quantitative and Qualitative Disclosures about Market Risk</td>
<td>14</td>
</tr>
<tr>
<td>4.</td>
<td>Controls and Procedures</td>
<td>15</td>
</tr>
</tbody>
</table>

## PART II: OTHER INFORMATION

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Legal Proceedings</td>
<td>16</td>
</tr>
<tr>
<td>1A.</td>
<td>Risk Factors</td>
<td>16</td>
</tr>
<tr>
<td>2.</td>
<td>Unregistered Sales of Equity Securities and Use of Proceeds</td>
<td>17</td>
</tr>
<tr>
<td>3.</td>
<td>Defaults Upon Senior Securities</td>
<td>17</td>
</tr>
<tr>
<td>4.</td>
<td>Mine Safety Disclosures</td>
<td>17</td>
</tr>
<tr>
<td>5.</td>
<td>Other Information</td>
<td>17</td>
</tr>
<tr>
<td>6.</td>
<td>Exhibits</td>
<td>17</td>
</tr>
</tbody>
</table>

SIGNATURES
# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

**TECHNE Corporation and Subsidiaries**  
*(in thousands, except per share data) (unaudited)*

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
<td>2013</td>
<td>December 31,</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td>$84,017</td>
<td>$75,083</td>
<td>$169,685</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td>25,424</td>
<td>19,820</td>
<td>49,978</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td></td>
<td>58,593</td>
<td>55,263</td>
<td>119,707</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and</td>
<td></td>
<td>14,926</td>
<td>10,956</td>
<td>28,947</td>
</tr>
<tr>
<td>administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td></td>
<td>7,923</td>
<td>7,403</td>
<td>15,625</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
<td>22,849</td>
<td>18,359</td>
<td>44,572</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>35,744</td>
<td>36,904</td>
<td>75,135</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>545</td>
<td>677</td>
<td>1,112</td>
</tr>
<tr>
<td>Other non-operating expense, net</td>
<td></td>
<td>(71)</td>
<td>(135)</td>
<td>(375)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td></td>
<td>474</td>
<td>542</td>
<td>737</td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td></td>
<td>36,218</td>
<td>37,446</td>
<td>75,872</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td></td>
<td>11,163</td>
<td>12,082</td>
<td>23,389</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td></td>
<td>25,055</td>
<td>25,364</td>
<td>52,483</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>3,344</td>
<td>1,107</td>
<td>11,246</td>
<td>5,032</td>
</tr>
<tr>
<td>Unrealized gains (losses) on available-for-sale investments, net of tax of $467, ($1,680), ($16,929) and ($9,269), respectively</td>
<td>1,024</td>
<td>(2,998)</td>
<td>(35,752)</td>
<td>(16,557)</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss)</strong></td>
<td>4,368</td>
<td>(1,891)</td>
<td>(24,506)</td>
<td>(11,525)</td>
</tr>
<tr>
<td><strong>Comprehensive (loss) income</strong></td>
<td>$29,423</td>
<td>$23,473</td>
<td>$27,977</td>
<td>$39,507</td>
</tr>
<tr>
<td><strong>Earnings per share:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ 0.68</td>
<td>$ 0.69</td>
<td>$ 1.42</td>
<td>$ 1.39</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ 0.68</td>
<td>$ 0.69</td>
<td>$ 1.42</td>
<td>$ 1.38</td>
</tr>
<tr>
<td><strong>Cash dividends per common share:</strong></td>
<td>$ 0.31</td>
<td>$ 0.30</td>
<td>$ 0.61</td>
<td>$ 0.58</td>
</tr>
<tr>
<td><strong>Weighted average common shares outstanding:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>36,882</td>
<td>36,834</td>
<td>36,862</td>
<td>36,831</td>
</tr>
<tr>
<td>Diluted</td>
<td>37,015</td>
<td>36,900</td>
<td>36,968</td>
<td>36,897</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements.
### CONDENSED CONSOLIDATED BALANCE SHEETS
**TECHNE Corporation and Subsidiaries**
*(in thousands, except share and per share data)*

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013 (unaudited)</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$98,402</td>
<td>$163,786</td>
</tr>
<tr>
<td>Short-term available-for-sale investments</td>
<td>88,454</td>
<td>169,151</td>
</tr>
<tr>
<td>Trade accounts receivable, less allowance for doubtful accounts of $494 and $428, respectively</td>
<td>38,306</td>
<td>38,183</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,129</td>
<td>1,992</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>9,878</td>
<td>0</td>
</tr>
<tr>
<td>Inventories</td>
<td>39,992</td>
<td>34,877</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,980</td>
<td>1,527</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>279,141</strong></td>
<td><strong>409,516</strong></td>
</tr>
<tr>
<td>Available-for-sale investments</td>
<td>162,590</td>
<td>132,376</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>115,159</td>
<td>108,756</td>
</tr>
<tr>
<td>Goodwill</td>
<td>144,361</td>
<td>84,336</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>98,546</td>
<td>40,552</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,368</td>
<td>2,562</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$802,165</strong></td>
<td><strong>$778,098</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>LIABILITIES AND SHAREHOLDERS’ EQUITY</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>$7,163</td>
<td>$6,236</td>
</tr>
<tr>
<td>Salaries, wages and related accruals</td>
<td>5,174</td>
<td>4,025</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>7,954</td>
<td>9,603</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,818</td>
<td>2,276</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>0</td>
<td>9,944</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>22,109</strong></td>
<td><strong>32,084</strong></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>31,528</td>
<td>8,473</td>
</tr>
<tr>
<td><strong>Shareholders’ equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, par value $.01 per share; authorized 100,000,000; issued and outstanding 36,900,781 and 36,834,678, respectively</td>
<td>369</td>
<td>368</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>140,390</td>
<td>134,895</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>617,722</td>
<td>587,725</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(9,953)</td>
<td>14,553</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>748,528</strong></td>
<td><strong>737,541</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td><strong>$802,165</strong></td>
<td><strong>$778,098</strong></td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements.
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

**TECHNE Corporation and Subsidiaries**  
(in thousands)  
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2013</td>
<td>December 31, 2012</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$52,483</td>
<td>$51,032</td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>8,946</td>
<td>6,278</td>
<td></td>
</tr>
<tr>
<td>Costs recognized on sale of acquired inventory</td>
<td>3,135</td>
<td>2,464</td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(3,006)</td>
<td>(1,487)</td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>1,895</td>
<td>1,088</td>
<td></td>
</tr>
<tr>
<td>Excess tax benefit from stock option exercises</td>
<td>(40)</td>
<td>(64)</td>
<td></td>
</tr>
<tr>
<td>Losses by equity method investees</td>
<td>0</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>316</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>Change in operating assets and operating liabilities, net of acquisition:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts and other receivables</td>
<td>2,891</td>
<td>3,645</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(1,243)</td>
<td>(1,362)</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>31</td>
<td>193</td>
<td></td>
</tr>
<tr>
<td>Trade accounts payable and accrued expenses</td>
<td>(994)</td>
<td>260</td>
<td></td>
</tr>
<tr>
<td>Salaries, wages and related accruals</td>
<td>143</td>
<td>390</td>
<td></td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>(650)</td>
<td>(1,016)</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$63,907</td>
<td>$60,550</td>
<td></td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |                   |           |           |
| Acquisition, net of cash acquired | (103,149)         | 0         |
| Purchase of available-for-sale investments | (71,877)         | (42,620)  |
| Proceeds from sales of available-for-sale investments | 34,345           | 16,537    |
| Proceeds from maturities of available-for-sale investments | 34,193           | 22,322    |
| Additions to property and equipment | (7,458)          | (10,735)  |
| Distribution from unconsolidated entity | 85               | 0         |
| Increase in other long-term assets | (55)             | (424)     |
| Net cash used in investing activities | (113,916)        | (14,920)  |

| **CASH FLOWS FROM FINANCING ACTIVITIES:** |                   |           |           |
| Cash dividends           | (22,485)          | (21,360)  |
| Proceeds from stock option exercises | 3,560            | 824       |
| Excess tax benefit from stock option exercises | 40              | 64        |
| Purchase of common stock for stock bonus plans | 0               | (373)     |
| Net cash used in financing activities | (18,885)         | (21,045)  |
| Effect of exchange rate changes on cash and cash equivalents | 3,510           | 2,026     |
| Net increase in cash and cash equivalents | (65,384)         | 26,611    |
| Cash and cash equivalents at beginning of period | 163,786          | 116,675   |
| Cash and cash equivalents at end of period | $98,402          | $143,286  |

See Notes to Condensed Consolidated Financial Statements.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TECHNE Corporation and Subsidiaries
(unaudited)

A. Basis of Presentation:
The interim unaudited condensed consolidated financial statements of Techne Corporation and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America and with instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying interim unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

A summary of significant accounting policies followed by the Company is detailed in the Company’s Annual Report on Form 10-K for fiscal 2013. The Company follows these policies in preparation of the interim unaudited condensed consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Consolidated Financial Statements and Notes thereto for the fiscal year ended June 30, 2013, included in the Company’s Annual Report on Form 10-K for fiscal 2013.

B. Acquisition

On July 22, 2013, the Company’s R&D Systems subsidiary acquired for cash all of the outstanding shares of 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. Bionostics is included in the Company’s Clinical Controls segment.

In connection with the Bionostics acquisition, the Company recorded $14.4 million of developed technology intangible assets that have an estimated useful life of 9 years, $2.7 million of trade name intangible assets that have an estimated useful life of 5 years, $2.4 million related to non-compete agreements that have an estimated useful life of 3 years, and $41.0 million related to customer relationships that have an estimated useful life of 14 years. The intangible asset amortization is not deductible for income tax purposes.

The goodwill recorded as a result of the Bionostics 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 $532,000 and $607,000 were included in the Company’s selling, general and administrative costs during the quarters ended September 30, 2013 and June 30, 2013, respectively.

The aggregate purchase price of the acquisition was allocated to the assets acquired and liabilities assumed based on their preliminarily estimated fair values at the date of acquisition. The preliminary estimate of the excess of purchase price over the fair value of net tangible assets acquired was allocated to identifiable intangible assets and goodwill. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as a result of the Bionostics acquisition (in thousands):

4
Tangible assets acquired, net of liabilities assumed, were stated at fair value at the date of acquisition based on management’s assessment. The purchase price allocated to developed technology, trade names, non-compete agreements and customer relationships was based on management’s forecasted cash inflows and outflows and using a relief-from-royalty and a multi-period excess earnings method to calculate the fair value of assets purchased. The developed technology is being amortized with the expense reflected in cost of goods sold in the Condensed Consolidated Statement of Earnings and Comprehensive Income. Amortization expense related to trade names, the non-compete agreement and customer relationships is reflected in selling, general and administrative expenses in the Consolidated Statement of Earnings and Comprehensive Income. The deferred income tax liability represents the estimated future impact of adjustments for the cost to be recognized upon the sale of acquired inventory that was written up to fair value and intangible asset amortization, both of which are not deductible for income tax purposes.

The Company’s condensed consolidated financial statements for the quarter and six months ended December 31, 2013, include Bionostics net sales of $8.0 million and $14.2 million, respectively, and net income of $292,000 and $276,000, respectively. Included in Bionostics results for the quarter and six months ended December 31, 2013 were amortization of intangibles of $1.5 million and $2.6 million, respectively and costs recognized on the sales of acquired inventory of $458,000 and $1.1 million, respectively.

C. Available-For-Sale Investments:

The Company’s available-for-sale securities are carried at fair value using Level 1 and Level 2 inputs. The fair value of the Company’s available-for-sale investments at December 31, 2013 and June 30, 2013 were $251 million and $302 million, respectively. The amortized cost basis of the Company’s available-for-sale investments at December 31, 2013 and June 30, 2013 were $243 million and $241 million, respectively.

Included in the Company’s available-for-sale securities is an investment in the common stock and warrants of ChemoCentryx (CCXI). The fair value of the Company’s investment was $36.7 million and $89.6 million at December 31, 2013 and June 30, 2013, respectively. The cost basis of the Company’s investment in CCXI was $29.5 million at both December 31, 2013 and June 30, 2013.

D. Inventories:

Inventories consist of (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>$ 9,121</td>
<td>$ 5,885</td>
</tr>
<tr>
<td>Finished goods</td>
<td>30,871</td>
<td>28,992</td>
</tr>
<tr>
<td></td>
<td>$ 39,992</td>
<td>$34,877</td>
</tr>
</tbody>
</table>
## E. Property and Equipment:

Property and equipment consist of (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$7,429</td>
<td>$7,438</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>147,652</td>
<td>142,656</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>50,049</td>
<td>39,706</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>205,130</td>
<td>189,800</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>(89,971)</td>
<td>(81,044)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$115,159</td>
<td>$108,756</td>
</tr>
</tbody>
</table>

## F. Intangible Assets and Goodwill:

Intangible assets and goodwill consist of (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed technology</td>
<td>$45,115</td>
<td>$28,656</td>
</tr>
<tr>
<td>Trade names</td>
<td>20,939</td>
<td>17,659</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>49,883</td>
<td>8,613</td>
</tr>
<tr>
<td>Non-compete agreement</td>
<td>2,800</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total Intangible Assets</strong></td>
<td>118,737</td>
<td>55,328</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(20,191)</td>
<td>(14,776)</td>
</tr>
<tr>
<td><strong>Total Intangible Assets</strong></td>
<td>$98,546</td>
<td>$40,552</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$144,361</td>
<td>$84,336</td>
</tr>
</tbody>
</table>

Changes to the carrying amount of net intangible assets for the six months ended December 31, 2013 consists of (in thousands):

- Beginning balance: $40,552
- Acquisition: $60,500
- Amortization expense: $(4,775)
- Currency translation: $2,269
- **Ending balance**: $98,546

The estimated future amortization expense for intangible assets as of December 31, 2013 is as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,211</td>
<td>10,421</td>
<td>10,401</td>
<td>9,591</td>
<td>9,542</td>
<td>53,380</td>
<td>$98,546</td>
</tr>
</tbody>
</table>

The change in the carrying amount of goodwill for the six months ended December 31, 2013 resulted from the Bionostics acquisition and currency translation.
G. Earnings Per Share:

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

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Weighted average common shares outstanding-basic</td>
<td>36,882</td>
<td>36,834</td>
</tr>
<tr>
<td>Dilutive effect of stock options</td>
<td>133</td>
<td>66</td>
</tr>
<tr>
<td>Weighted average common shares outstanding-diluted</td>
<td>37,015</td>
<td>36,900</td>
</tr>
</tbody>
</table>

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 167,000 and 193,000 for the quarter and six months ended December 31, 2013. The number of potentially dilutive option shares excluded from the calculation was 214,000 for both the quarter and six months ended December 31, 2012.

H. Segment Information:

The Company has two reportable segments based on the nature of products (biotechnology and clinical controls). Following is financial information relating to the Company’s reportable segments (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>External sales</td>
<td></td>
</tr>
<tr>
<td>Biotechnology</td>
<td>$70,557</td>
<td>$69,628</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>13,460</td>
<td>5,455</td>
</tr>
<tr>
<td></td>
<td>Consolidated net sales</td>
<td>$84,017</td>
</tr>
<tr>
<td></td>
<td>Earnings before income taxes</td>
<td></td>
</tr>
<tr>
<td>Biotechnology</td>
<td>$36,618</td>
<td>$36,833</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>1,783</td>
<td>2,148</td>
</tr>
<tr>
<td></td>
<td>Segment earnings before income taxes</td>
<td>38,401</td>
</tr>
<tr>
<td></td>
<td>Unallocated corporate expenses and equity method investee losses</td>
<td>(2,183)</td>
</tr>
<tr>
<td></td>
<td>Consolidated earnings before income taxes</td>
<td>$36,218</td>
</tr>
</tbody>
</table>

I. Accumulated Other Comprehensive Income:

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

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2013</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency translation adjustments</td>
<td>$ (13,035)</td>
<td>$(24,281)</td>
</tr>
<tr>
<td>Net unrealized gain on available-for-sale investments, net of tax</td>
<td>3,082</td>
<td>38,834</td>
</tr>
<tr>
<td></td>
<td>$ (9,953)</td>
<td>$ 14,553</td>
</tr>
</tbody>
</table>
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 Techno Corporation’s wholly-owned subsidiaries, R&D Systems, Inc. (R&D Systems), Boston Biochem, Inc. (Boston Biochem), BiosPacific, Inc. (BiosPacific) and Bionostics, Inc. (Bionostics). Techno Corporation’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. Techno Corporation 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 operating segments 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 and Bionostics, develops and manufactures controls and calibrators for sale world-wide.

RESULTS OF OPERATIONS

Consolidated net sales increased 11.9% and 13.0% for the quarter and six months ended December 31, 2013, respectively, compared to the quarter and six months ended December 31, 2012. Consolidated net earnings decreased 1.2% and increased 2.8% for the quarter and six months ended December 31, 2013, respectively, compared to the same prior-year periods. Consolidated net sales for the quarter and six months ended December 31, 2013 were affected by the Bionostics acquisition, which closed in July 2013, and changes in foreign currency exchange rates from the same prior-year periods. Included in consolidated net sales for the quarter and six months ended December 31 were $8.0 million and $14.2 million of acquisition-related net sales. A weaker U.S. dollar as compared to foreign currencies increased sales by $643,000 and $1.3 million in the quarter and six months ended December 31, 2013, respectively, from the comparable prior-year periods.

Net Sales

Consolidated organic net sales, excluding the impact of the acquisition 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):

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th></th>
<th>Six Months Ended December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Consolidated net sales</td>
<td>$84,017</td>
<td>$75,083</td>
<td>$169,685</td>
<td>$150,108</td>
</tr>
<tr>
<td>Organic sales adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition</td>
<td>(7,975)</td>
<td>0</td>
<td>(14,195)</td>
<td>0</td>
</tr>
<tr>
<td>Impact of foreign currency fluctuations</td>
<td>(643)</td>
<td>0</td>
<td>(1,253)</td>
<td>0</td>
</tr>
<tr>
<td>Consolidated organic net sales</td>
<td>$75,399</td>
<td>$75,083</td>
<td>$154,237</td>
<td>$150,108</td>
</tr>
<tr>
<td>Organic sales growth</td>
<td>0.4%</td>
<td>1.3%</td>
<td>2.8%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Net sales by reportable segment were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology</td>
<td>$70,557</td>
<td>$69,628</td>
<td>$143,747</td>
<td>$139,131</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>13,460</td>
<td>5,455</td>
<td>25,938</td>
<td>10,977</td>
</tr>
<tr>
<td><strong>Consolidated net sales</strong></td>
<td><strong>$84,017</strong></td>
<td><strong>$75,083</strong></td>
<td><strong>$169,685</strong></td>
<td><strong>$150,108</strong></td>
</tr>
</tbody>
</table>

Biotechnology segment net sales increased $929,000 (1.3%) and $4.6 million (3.3%) for the quarter and six months ended December 31, 2013 compared to the same prior-year periods. The increase in net sales for the quarter and six months ended December 31, 2013 was affected by changes in exchange rates from the comparable prior-year periods, which increased sales by $643,000 and $1.3 million for the quarter and six months ended December 31, 2013, as noted above. Included in consolidated net sales for the quarter and six months ended December 31, 2013 were $676,000 and $900,000, respectively, of sales of new biotechnology products that had their first sale in fiscal 2014.

Biotechnology segment sales growth (decline) from the same prior-year periods were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Reported Quarter Ended December 31, 2013</th>
<th>Excluding Currency Impact Quarter Ended December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. industrial, pharmaceutical and biotechnology</td>
<td>2.6% (5.2%)</td>
<td>2.6% (5.2%)</td>
</tr>
<tr>
<td>U.S. academic</td>
<td>(4.6%) (3.9%)</td>
<td>(4.6%) (3.9%)</td>
</tr>
<tr>
<td>Europe</td>
<td>1.7% (0.5%)</td>
<td>2.0% (2.4%)</td>
</tr>
<tr>
<td>China</td>
<td>35.3% (13.2%)</td>
<td>31.7% (12.6%)</td>
</tr>
<tr>
<td>Pacific rim distributors, excluding China</td>
<td>7.5% (3.3%)</td>
<td>7.5% (3.3%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. industrial, pharmaceutical and biotechnology</td>
<td>4.5% (5.1%)</td>
<td>4.5% (5.1%)</td>
</tr>
<tr>
<td>U.S. academic</td>
<td>(8.5%) (3.9%)</td>
<td>(8.5%) (3.9%)</td>
</tr>
<tr>
<td>Europe</td>
<td>3.4% (3.5%)</td>
<td>(0.3%) (2.7%)</td>
</tr>
<tr>
<td>China</td>
<td>38.3% (17.6%)</td>
<td>34.7% (16.5%)</td>
</tr>
<tr>
<td>Pacific rim distributors, excluding China</td>
<td>10.5% (1.7%)</td>
<td>10.5% (1.7%)</td>
</tr>
</tbody>
</table>

Biotechnology segment net sales consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States:</td>
<td></td>
</tr>
<tr>
<td>Industrial, pharmaceutical and biotechnology</td>
<td>29%</td>
</tr>
<tr>
<td>Academic</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53%</td>
</tr>
<tr>
<td>Europe</td>
<td>29%</td>
</tr>
<tr>
<td>China</td>
<td>6%</td>
</tr>
<tr>
<td>Pacific rim distributors, excluding China</td>
<td>10%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>
The Clinical Controls segment net sales increased $8.0 million and $15.0 million for the quarter and six months ended December 31, 2013, respectively, compared to the same prior-year periods. The increase in net sales for the quarter and six months ended December 31, 2013 was affected by the acquisition of Bionostics in July 2013. Excluding Bionostics sales, Clinical Controls segment sales growth was $29,000 (0.5%) and $765,000 (7.0%) for the quarter and six months ended December 31, 2013, respectively. This increase was a result of the timing of shipments at the beginning and end of the first fiscal quarter and volume increases.

**Gross Margins**

Fluctuations in gross margins, as a percentage of net sales, are typically the result of changes in foreign currency exchange rates, changes in product mix and seasonality. Such fluctuations are normal and expected to continue in future periods.

Consolidated gross margins for the quarters and six months ended December 31, 2013 and 2012 were negatively impacted as a result of purchase accounting related to inventory and intangible assets acquired in the current and prior fiscal years. 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:

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Consolidated gross margin percentage</td>
<td>69.7%</td>
<td>73.6%</td>
</tr>
<tr>
<td>Identified adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs recognized upon sale of acquired inventory</td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>1.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Adjusted gross margin percentage</td>
<td>72.7%</td>
<td>76.2%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>76.5%</td>
<td>75.5%</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>34.6%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Consolidated</td>
<td>69.7%</td>
<td>73.6%</td>
</tr>
</tbody>
</table>

The Biotechnology segment gross margin percentages for the quarter and six months ended December 31, 2013 increased from the same prior-year periods primarily due to a decline in the costs recognized upon the sale of inventory acquired in fiscal 2011 which was written-up to fair value. The Clinical Controls segment gross margin percentages for the quarter and six months ended December 31, 2013 decreased from the comparable prior-year period mainly as a result of intangible amortization and cost recognized upon the sale of inventory acquired in July 2013.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses increased $4.0 million (36.2%) and $7.7 million (36.0%) for the quarter and six months ended December 31, 2013, respectively, from the same prior-year periods. The increase for the quarter and six months ended December 31, 2013 was mainly a result of the Bionostics acquisition, including $1.0 million and $2.1 million, respectively, of selling, general and administrative expense by Bionostics, and increases of $1.1 million and $1.5 million of intangible amortization for the quarter and six months ended December 31, 2013, respectively. Selling, general and administrative expenses also included a $541,000 and $807,000 increase in stock compensation expense for the quarter and six months ended December 31, 2013, respectively. The six months ended December 31, 2013 also included $532,000 of acquisition related professional fees. The remainder of the increase in selling, general and administrative expense was due primarily to increased executive compensation and additional sales staff added since the first half of fiscal 2013.
Consolidated selling, general and administrative expenses were composed of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>10,338</td>
<td>9,223</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>2,473</td>
<td>379</td>
</tr>
<tr>
<td>Unallocated corporate expenses</td>
<td>2,115</td>
<td>1,354</td>
</tr>
<tr>
<td><strong>Consolidated selling, general and administrative expenses</strong></td>
<td><strong>14,926</strong></td>
<td><strong>10,956</strong></td>
</tr>
</tbody>
</table>

**Research and Development Expenses**

Research and development expenses for the quarter and six months ended December 31, 2013 increased $520,000 (7.0%) and $770,000 (5.2%) from the same prior-year periods. Included in research and development expenses for the quarter and six months ended December 31, 2013 were $192,000 and $386,000, respectively, of expenses by Bionostics. The remainder of the increase in research and development expense for the quarter and six months was due to personnel and supply costs associated with the continuous development and release of new high-quality biotechnology products. The Company expects research and development expenses to continue to increase in future periods as a result of its ongoing product development program.

Research and development expenses were composed of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>7,505</td>
<td>7,196</td>
</tr>
<tr>
<td>Clinical Controls</td>
<td>418</td>
<td>207</td>
</tr>
<tr>
<td><strong>Consolidated research and development expenses</strong></td>
<td><strong>7,923</strong></td>
<td><strong>7,403</strong></td>
</tr>
</tbody>
</table>

**Interest Income**

Interest income for the quarter and six months ended December 31, 2013 was $545,000 and $1.1 million, respectively, compared to $677,000 and $1.3 million, respectively, for the quarter and six months ended December 31, 2012. The decrease was primarily due to lower cash balances as a result of the Bionostics acquisition in July 2013.

**Other Non-operating Expense, Net**

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

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Foreign currency gains</td>
<td>34</td>
<td>149</td>
</tr>
<tr>
<td>Rental income</td>
<td>279</td>
<td>215</td>
</tr>
<tr>
<td>Building expenses related to rental property</td>
<td>(384)</td>
<td>(457)</td>
</tr>
<tr>
<td>Losses by equity method investees</td>
<td>0</td>
<td>(42)</td>
</tr>
<tr>
<td><strong>Other non-operating expense, net</strong></td>
<td><strong>(71)</strong></td>
<td><strong>(135)</strong></td>
</tr>
</tbody>
</table>
Income Taxes
Income taxes for both the quarter and six months ended December 31, 2013 were provided at rates of 30.8% of consolidated earnings before income taxes compared to 32.3% for both the quarter and six months ended December 31, 2012. The decrease in the effective tax rate was primarily the result of decreased tax rates in the U.K. and the increased percentage of pretax income from foreign operations, which are subject to lower income tax rates than U.S. operations. The Company expects the income tax rate for the remainder of fiscal 2014 to range from 30% to 32%.

Net Earnings
Adjusted consolidated net earnings are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31,</th>
<th>Six Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$25,055</td>
<td>$25,364</td>
</tr>
<tr>
<td>Identified adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs recognized upon sale of acquired inventory</td>
<td>1,404</td>
<td>1,196</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>2,587</td>
<td>1,282</td>
</tr>
<tr>
<td>Acquisition related professional fees</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tax impact of above adjustments</td>
<td>(1,210)</td>
<td>(667)</td>
</tr>
<tr>
<td>Net earnings - adjusted</td>
<td>$27,836</td>
<td>$27,175</td>
</tr>
<tr>
<td>Adjusted net earnings growth</td>
<td>2.4%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

LIQUIDITY AND CAPITAL RESOURCES
At December 31, 2013, cash and cash equivalents and available-for-sale investments were $349 million compared to $465 million at June 30, 2013. Included in available-for-sale-investments at December 31, 2013 was the fair value of the Company’s investment in ChemoCentryx, Inc. (CCXI) of $36.7 million. The fair value of the Company’s CCXI investment at June 30, 2013 was $89.6 million.

At December 31, 2013, approximately 47%, 50%, and 3% of the Company’s cash and cash equivalents of $98.4 million are located in the U.S., United Kingdom and China, respectively. At December 31, 2013, approximately 93% of the Company’s available-for-sale investment accounts are located in the U.S., with the remaining 7% in China. The Company has either paid U.S. income taxes on its undistributed foreign earnings or intends to indefinitely reinvest the undistributed earnings in the foreign operations.

The Company believes it can meet its cash and working capital requirements, facility expansion and capital addition needs and share repurchase, cash dividend, investment and acquisition strategies for at least the next twelve months through currently available funds, cash generated from operations and maturities or sales of available-for-sale investments.

Cash Flows From Operating Activities
The Company generated cash of $63.9 million from operating activities in the first six months of fiscal 2014 compared to $60.6 million in the first six months of fiscal 2013. The increase from the prior year was primarily due to increased net earnings for the six months adjusted for non-cash expenses related to depreciation and amortization.
Cash Flows From Investing Activities

On July 22, 2013, the Company’s R&D Systems subsidiary acquired, for a net purchase price of $103 million cash, all of the outstanding shares of 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. The acquisition was financed through cash and cash equivalents on hand.

During the six months ended December 31, 2013, the Company purchased $71.9 million and had sales or maturities of $68.5 million of available-for-sale investments. During the six months ended December 31, 2012, the Company purchased $42.6 million and had sales or maturities of $38.9 million of available-for-sale investments. The Company’s investment policy is to place excess cash in municipal and corporate bonds and other investments with maturities of less than three years. The objective of this policy is to obtain the highest possible return while minimizing risk and keeping the funds accessible.

Capital expenditures for fixed assets for the first six months of fiscal 2014 and 2013 were $7.5 million and $10.7 million, respectively. Included in capital expenditures for the first six months of fiscal 2014 and 2013 was $4.1 million and $9.6 million, respectively, related to expansion and remodeling of office and laboratory space at the Company’s Minneapolis, Minnesota facility. The remaining capital additions were mainly for laboratory and computer equipment. Capital expenditures in the remainder of fiscal 2014 are expected to be approximately $8.4 million. Capital expenditures are expected to be financed through currently available funds and cash generated from operating activities.

Cash Flows From Financing Activities

During the first six months of fiscal 2014 and 2013, the Company paid cash dividends of $22.5 million and $21.4 million, respectively, to all common shareholders. On February 4, 2014, the Company announced the payment of a $0.31 per share cash dividend. The dividend of approximately $11.5 million will be payable February 28, 2014 to all common shareholders of record on February 14, 2014.

Cash of $3.6 million and $824,000 was received during the first six months of fiscal 2014 and 2013, respectively, from the exercise of stock options. The Company also recognized excess tax benefits from stock option exercises of $40,000 and $64,000 for the six months ended December 31, 2013 and 2012, respectively.

During the first six months of fiscal 2013, the Company repurchased 8,324 shares of common stock for its employee stock bonus plans at a cost of $573,000. No contribution to the employee stock bonus plan was made during the first six months of fiscal 2014.

CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of business in the Company’s contractual obligations during the quarter ended December 31, 2013.

CRITICAL ACCOUNTING POLICIES

The Company’s significant accounting policies are discussed in the Company’s Annual Report on Form 10-K for fiscal 2013 and are incorporated herein by reference. The application of certain of these policies requires judgments and estimates that can affect the results of operations and financial position of the Company. Judgments and estimates are used for, but not limited to, valuation of available-for-sale investments, inventory valuation and allowances, valuation of intangible assets and goodwill and valuation of investments in unconsolidated entities. There have been no significant changes in estimates in fiscal 2014 that would require disclosure. There have been no changes to the Company’s policies in fiscal 2014.
FORWARD LOOKING INFORMATION AND CAUTIONARY STATEMENTS

This quarterly report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those regarding the Company’s expectations as to the effect of changes to accounting policies, the amount of capital expenditures for the remainder of the fiscal year, the source of funding for capital expenditure requirements, the sufficiency of currently available funds for meeting the Company’s needs, the impact of fluctuations in foreign currency exchange rates, and expectations regarding gross margin fluctuations, increasing research and development expenses, increasing selling, general and administrative expenses and income tax rates. These statements involve risks and uncertainties that may affect the actual results of operations. The following important factors, among others, have affected and, in the future, could affect the Company’s actual results: the introduction and acceptance of new products, general national and international economic conditions, increased competition, the reliance on internal manufacturing and related operations, the impact of currency exchange rate fluctuations, economic instability in Eurozone countries, the recruitment and retention of qualified personnel, the impact of governmental regulation, maintenance of intellectual property rights, credit risk and fluctuation in the market value of the Company’s investment portfolio, unseen delays and expenses related to facility improvements, and the success of financing efforts by companies in which the Company has invested. For additional information concerning such factors, see the Company’s Annual Report on Form 10-K for fiscal 2013 as filed with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 31, 2013, the Company had a portfolio of fixed income debt securities, excluding those classified as cash and cash equivalents, of $197 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. As the Company’s fixed income securities are classified as available-for-sale, no gains or losses are recognized by the Company in its consolidated statements of earnings due to changes in interest rates unless such securities are sold prior to maturity. The Company generally holds its fixed income securities until maturity and, historically, has not recorded any material gains or losses on any sale prior to maturity.

At December 31, 2013, the Company held an investment in the common stock of CCXI. The investment was included in short-term available-for-sale investments at its fair value of $36.7 million. At December 31, 2013, the potential loss in fair value due to a 10% decrease in the market value of CCXI was $3.7 million.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency exchange rates. For the six months ended December 31, 2013, approximately 31% of consolidated net sales were made in foreign currencies, including 14% in euros, 6% in British pound sterling, 5% in Chinese yuan and the remaining 6% 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 average 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:

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended December 31</th>
<th></th>
<th>Six Months Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Euro</td>
<td>$1.36</td>
<td>$1.30</td>
<td>$1.35</td>
</tr>
<tr>
<td>British pound sterling</td>
<td>1.63</td>
<td>1.61</td>
<td>1.60</td>
</tr>
<tr>
<td>Chinese yuan</td>
<td>.164</td>
<td>.160</td>
<td>.164</td>
</tr>
</tbody>
</table>

14
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 December 31, 2013, the Company had the following trade receivable and intercompany payables denominated in one currency but receivable or payable in another currency (in thousands):

<table>
<thead>
<tr>
<th>Accounts receivable in:</th>
<th>Denominated Currency</th>
<th>U.S. Dollar Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euros</td>
<td>£ 1,035</td>
<td>$ 1,676</td>
</tr>
<tr>
<td>Other European currencies</td>
<td>£ 842</td>
<td>$ 1,362</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intercompany payable in:</th>
<th>Denominated Currency</th>
<th>U.S. Dollar Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euros</td>
<td>£ 117</td>
<td>$ 189</td>
</tr>
<tr>
<td>U.S. dollars</td>
<td>£ 2,299</td>
<td>$ 3,721</td>
</tr>
<tr>
<td>U.S. dollars</td>
<td>yuan 10,429</td>
<td>$ 1,711</td>
</tr>
</tbody>
</table>

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 exchange forward contracts to reduce its exposure to foreign currency rate changes on forecasted intercompany foreign currency denominated balance sheet positions. Foreign currency transaction gains and losses are included in “Other non-operating expense” 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.”

The effects of a hypothetical simultaneous 10% appreciation in the U.S. dollar from December 31, 2013 levels against the euro, British pound sterling and Chinese yuan are as follows (in thousands):

- Decrease in translation of 2014 earnings into U.S. dollars (annualized) $ 2,615
- Decrease in translation of net assets of foreign subsidiaries 16,021
- Additional transaction losses 543

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company’s management conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the Exchange Act)).

Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were not effective as a result of the previously identified material weakness in internal control over financial reporting, the nature of which is summarized below.

Previously Reported Material Weakness in Internal Control Over Financial Reporting

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 Efforts in Fiscal 2014

Promptly following the identification of the material weakness as described above, management, with the oversight of the Audit Committee of the Board of Directors, began taking steps to remediate the material weakness.

During the six months ended December 31, 2013, the Company enhanced its internal testing approach, including performing additional procedures and expanding the documentation for select controls, to ensure the completeness, existence and accuracy of system generated information used to support the operation of the controls. The Company anticipates that the enhanced testing and documentation, in addition to possible expansion of human resources to improve segregation of duties, will be adequate to remediate the material weakness in future quarters, and that testing to confirm elimination of the material weakness will be complete by the end of the 2014 fiscal year.

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 quarter and six months ended December 31, 2013. As a result, notwithstanding the material weakness as described above, management concluded that the consolidated financial statements included in this Form 10-Q present fairly, in all material respects, the Company’s 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.

Changes in Internal Control over Financial Reporting

There was no change in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company’s most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting, except for the remediation steps to address the material weakness in internal control over financial reporting described above.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of February 3, 2014, 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 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, “Risk Factors,” of the Company’s Annual Report on Form 10-K for the year ended June 30, 2013.
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth the repurchases of Company common stock for the quarter ended December 31, 2013:

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased</th>
<th>Average Price Paid Per Share</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</th>
<th>Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/1/13-10/31/13</td>
<td>0</td>
<td>$ 0</td>
<td>0</td>
<td>$ 125.2 million</td>
</tr>
<tr>
<td>11/1/13-11/30/13</td>
<td>0</td>
<td>$ 0</td>
<td>0</td>
<td>$ 125.2 million</td>
</tr>
<tr>
<td>12/1/13-12/31/13</td>
<td>0</td>
<td>$ 0</td>
<td>0</td>
<td>$ 125.2 million</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>$ 0</td>
<td>0</td>
<td>$ 125.2 million</td>
</tr>
</tbody>
</table>

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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See “exhibit index” following the signature page.
SIGNATURES

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

TECHNE CORPORATION
(Company)

Date: February 4, 2014
/s/ Charles R. Kummeth
Charles R. Kummeth
Principal Executive Officer

Date: February 4, 2014
/s/ Gregory J. Melsen
Gregory J. Melsen
Principal Financial Officer

EXHIBIT INDEX
TO
FORM 10-Q

TECHNE CORPORATION

<table>
<thead>
<tr>
<th>Exhibit #</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.1</td>
<td>Section 302 Certification</td>
</tr>
<tr>
<td>31.2</td>
<td>Section 302 Certification</td>
</tr>
<tr>
<td>32.1</td>
<td>Section 906 Certification</td>
</tr>
<tr>
<td>32.2</td>
<td>Section 906 Certification</td>
</tr>
<tr>
<td>101</td>
<td>The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Earnings and Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to the Condensed Consolidated Financial Statements.</td>
</tr>
</tbody>
</table>
CERTIFICATION

I, Charles R. Kummeth, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 reasonably likely to materially affect, the registrant’s internal control over financial reporting;

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: February 4, 2014

/s/ Charles R. Kummeth

Charles R. Kummeth
Principle Executive Officer
CERTIFICATION

1, Gregory J. Melsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: February 4, 2014

/s/ Gregory J. Melsen
Gregory J. Melsen
Principle Financial Officer
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 Quarterly Report of Techne Corporation (the “Company”) On Form 10-Q for the quarter ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles R. Kummeth, Principle 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 R. Kummeth
Principle Executive Officer
February 4, 2014
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 Quarterly Report of Techne Corporation (the “Company”) On Form 10-Q for the quarter ended December 31, 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
Principal Financial Officer
February 4, 2014