TECHNE CORP /MN/
Form 10-Q
May 09, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2006, or

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

For the transition period from __________to___________

Commission file number 0-17272

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

MINNESOTA (State or other jurisdiction of incorporation or organization)	41-1427402 (I.R.S. Employer Identification No.)
614 MCKINLEY PLACE N.E. MINNEAPOLIS, MN 55413 (Address of principal executive offices) (Zip Code)	(612) 379-8854 (Registrant's telephone number, including area code)

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

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

Large accelerated filer (X) Accelerated filer ( ) Non-accelerated filer ( )

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

At May 3, 2006, 39,372,384 shares of the Company's Common Stock (par value $.01) were outstanding.

TECHNE CORPORATION
FORM 10-Q

MARCH 31, 2006

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PART I. FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

TECHNE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	3/31/06	6/30/05
ASSETS		
Cash and cash equivalents	$ 83,596	$ 80,344
Short-term available-for-sale investments	16,166	16,790
Trade accounts receivable, net	26,024	22,041

Other receivables	911	1,681
Inventories	9,605	7,758
Deferred income taxes	5,897	5,467
Prepaid expenses	901	900
Total current assets	143,100	134,981
Available-for-sale investments	64,540	41,871
Property and equipment, net	88,203	89,036
Goodwill, net	25,316	12,540
Intangible assets, net	7,205	1,598
Deferred income taxes	5,035	6,524
Investments	8,281	8,096
Other long-term assets	442	617
	$342,122	$295,263
LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade accounts payable	$ 3,402	$ 2,715
Salaries, wages and related accruals	3,980	4,895
Other accounts payable and accrued expenses	1,729	1,360
Income taxes payable	2,922	3,808
Current portion of long-term debt	1,229	1,238
Total current liabilities	13,262	14,016
Long-term debt, less current portion	12,490	13,378
Total liabilities	25,752	27,394
Commitments and contingencies		
Common stock, par value $.01 per share; authorized 100,000,000; issued and outstanding 39,368,701 and 38,636,658, respectively	394	386
Additional paid-in capital	101,516	78,804
Retained earnings	212,930	185,049
Accumulated other comprehensive income	1,530	3,630
Total stockholders' equity	316,370	267,869
	$342,122	$295,263

See notes to condensed consolidated financial statements (unaudited).

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TECHNE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per share data)
(unaudited)

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Net sales	$ 54,813	$ 47,935	$150,551	$131,101
Cost of sales	12,105	9,138	33,896	26,966

Gross margin	42,708	38,797	116,655	104,135
Operating expenses:				
Selling, general and administrative	6,901	6,379	21,335	18,303
Research and development	4,761	4,631	14,052	13,938
Amortization of intangible assets	492	305	1,476	916
Total operating expenses	12,154	11,315	36,863	33,157
Operating income	30,554	27,482	79,792	70,978
Other expense (income):				
Interest expense	245	193	706	616
Interest income	(1,082)	(938)	(3,186)	(3,180)
Other, net	229	323	721	1,205
Total other income	(608)	(422)	(1,759)	(1,359)
Earnings before income taxes	31,162	27,904	81,551	72,337
Income taxes	10,815	9,465	27,689	24,772
Net earnings	$ 20,347	$ 18,439	$ 53,862	$ 47,565
Earnings per share:				
Basic	$ 0.52	$ 0.46	$ 1.38	$ 1.16
Diluted	$ 0.52	$ 0.45	$ 1.36	$ 1.15
Weighted average common shares outstanding:				
Basic	39,199	40,423	38,941	40,961
Diluted	39,425	40,896	39,631	41,423

See notes to condensed consolidated financial statements (unaudited).

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TECHNE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	NINE MONTHS ENDED	
	3/31/06	3/31/05
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 53,862	$ 47,565
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	5,168	4,551
Deferred income taxes	(1,120)	374
Stock-based compensation expense	1,516	--
Losses by equity method investee	247	232
Other	175	128
Change in operating assets and operating liabilities, net of acquisitions:		
Trade accounts and other receivables	(4,431)	(1,573)
Inventories	438	(718)
Prepaid expenses	4	51
Trade, other accounts payable and		

accrued expenses	(17)	1,208
Salaries, wages and related accruals	407	1,711
Income taxes payable	(798)	1,193
Net cash provided by operating activities	55,451	54,722
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(2,785)	(10,229)
Purchase of available-for-sale investments	(73,825)	(124,035)
Proceeds from sales of available-for-sale investments	45,963	157,815
Proceeds from maturities of available-for-sale investments	7,420	30,911
Increase in investments	(750)	--
Increase in other long-term assets	--	(496)
Acquisitions, net of cash acquired	(19,587)	--
Net cash (used in) provided by investing activities	(43,564)	53,966
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	12,377	2,779
Tax benefit from stock option exercises	8,827	153
Purchase of common stock for stock bonus plans	(1,292)	(260)
Repurchase of common stock	(25,981)	(103,674)
Payments on long-term debt	(897)	(939)
Net cash used by financing activities	(6,966)	(101,941)
Effect of exchange rate changes on cash	(1,669)	1,804
Net increase in cash and cash equivalents	3,252	8,551
Cash and cash equivalents at beginning of period	80,344	51,201
Cash and cash equivalents at end of period	$ 83,596	$ 59,752

See notes to condensed consolidated financial statements (unaudited).

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TECHNE CORPORATION & SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

A. BASIS OF PRESENTATION:

The 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 unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

A summary of significant accounting policies followed by the Company is detailed in the Company's Annual Report on Form 10-K for fiscal 2005. 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 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, 2005 included in the Company's Annual Report to Shareholders for fiscal 2005.

In future periods the Company will change its method for accounting for protein and antibody inventory. To meet strict customer quality standards, the Company has established a highly-controlled manufacturing process for proteins and antibodies. New protein and antibody 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 proteins and antibodies, 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. Protein and antibody quantities in excess of the two-year usage forecast are considered impaired and not included in the inventory value. Due to changes in the Company's forecast, reserves for previously written off inventories may be reversed in subsequent years. Inventory reserves reversed through March 31, 2006 were not material to the Company's consolidated results of operations, consolidated financial position, assets or stockholders' equity as of and for each of the periods presented. In future periods, the Company will change its policy and will not write up previously unvalued inventories. This change in valuation methods is not expected to materially impact the Company's consolidated financial statements.

Effective July 1, 2005, the Company, through its R&D Systems subsidiary, acquired Fortron Bio Science, Inc., a developer and manufacturer of monoclonal and polyclonal antibodies, antigens and other biological reagents located in Morrisville, North Carolina. R&D Systems simultaneously acquired BiosPacific, Inc., a worldwide supplier of biologics to manufacturers of in vitro diagnostic systems (IVDs) and immunodiagnostic kits, located in Emeryville, California. BiosPacific is the primary distributor of Fortron products. Fortron and BiosPacific had shared a unique strategic relationship since 1992 that combined Fortron's development and manufacturing excellence with BiosPacific's marketing and sales expertise. Fortron and BiosPacific generated combined revenues of approximately $8.7 million in calendar 2004. The acquisitions will enhance R&D Systems' ability to serve the diagnostics industry. All of the shares of privately-held Fortron and substantially all of the assets of privately-held BiosPacific were acquired for an aggregate $20.0 million in cash. R&D Systems also assumed certain liabilities of BiosPacific, and incurred transaction expenses. The acquisition was accounted for under the purchase method. The fair value of tangible assets acquired, net of liabilities assumed, was approximately $141,000. The Company allocated approximately $12.8 million of the purchase price to goodwill and $7.1 million to other intangible assets.

Recent Accounting Pronouncements:

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Accounting Standards No. 123 (Revised 2004) (SFAS No. 123R), Share-Based Payment. SFAS No. 123R is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services through stock-based payment transactions. The Company adopted the standard as of July 1, 2005 (see Note D).

In November 2004, the FASB issued SFAS No. 151, Inventory Costs. The Statement amends Accounting Research Bulletin No. 43 to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. The Statement also requires the allocation of fixed production overheads to inventory be based on normal production capacity. The Company adopted the standard as of July 1, 2005. The adoption did not have an impact on the Company's consolidated financial statements.

In December 2004, the FASB issued Staff Position No. 109-1, Application of FASB Statement No. 109 (SFAS 109), Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 (FSP 109-1). FSP 109-1 clarifies that the manufacturer's deduction provided for under the American Jobs Creation Act of 2004 (AJCA) should be accounted for as a special deduction in accordance with SFAS 109 and not as a tax rate reduction. The Company accounted for the manufacturer's deduction for the quarter and nine months ended March 31, 2006 as provided for in FSP 109-1. The deduction reduced income tax expense approximately $240,000 and $635,000 for the quarter and nine months ended March 31, 2006, respectively.

The FASB also issued Staff Position No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (FSP 109-2). The AJCA introduces a special one-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer provided certain criteria are met. The Company periodically evaluates the possibility of repatriating foreign earnings. At the present time, deferred taxes have not been recorded on undistributed earnings of foreign subsidiaries as the amounts are considered permanently invested. If the Company decides to repatriate foreign earnings, a one-time charge may be recorded for the deferred taxes.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections. The Statement replaces APB Opinion No. 20, Accounting Changes and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements. SFAS No. 154 requires companies to apply voluntary changes in accounting principles retrospectively whenever practicable. The requirements are effective for the Company beginning in fiscal 2007. The impact on the Company's consolidated financial statements of SFAS No. 154 will depend on accounting changes, if any, made in future periods.

Reclassifications:

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

Certain consolidated balance sheet captions appearing in this interim report are as follows (in thousands):

	3/31/06	6/30/05
TRADE ACCOUNTS RECEIVABLE		
Trade accounts receivable	$ 26,141	$ 22,159
Less allowance for doubtful accounts	117	118

NET TRADE ACCOUNTS RECEIVABLE	$ 26,024	$ 22,041
INVENTORIES		
Raw materials	$ 3,430	$ 3,127
Supplies	128	135
Finished goods	6,047	4,496
TOTAL INVENTORIES	$ 9,605	$ 7,758
PROPERTY AND EQUIPMENT		
Land	$ 4,214	$ 4,214
Buildings and improvements	88,466	87,232
Building construction in progress	9,245	9,195
Laboratory equipment	19,248	17,926
Office equipment	3,683	3,545
Leasehold improvements	756	711
	125,612	122,823
Less accumulated depreciation and amortization	37,409	33,787
NET PROPERTY AND EQUIPMENT	$ 88,203	$ 89,036
GOODWILL	$ 51,622	$ 38,846
Less accumulated amortization	26,306	26,306
NET GOODWILL	$ 25,316	$ 12,540
INTANGIBLE ASSETS		
Customer relationships	$ 20,200	$ 18,010
Technology	4,213	730
Trade names and trademarks	1,396	--
Supplier relationships	14	--
	25,823	18,740
Less accumulated amortization	18,618	17,142
NET INTANGIBLE ASSETS	$ 7,205	$ 1,598
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Foreign currency translation adjustments	$ 2,230	$ 3,983
Unrealized losses on available-for-sale investments	(700)	(353)
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME	$ 1,530	$ 3,630

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B. EARNINGS PER SHARE:

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

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Weighted average common shares outstanding-basic	39,199	40,423	38,941	40,961
Dilutive effect of forward contract (see Note E)	--	115	334	38
Dilutive effect of stock options				

and warrants	226	358	356	424
Weighted average common shares outstanding-diluted	39,425	40,896	39,631	41,423

The dilutive effect of stock options and warrants in the above table excludes all options for which the exercise price was higher than the average market price for the period. The number of potentially dilutive option shares excluded from the calculation was 1,000 for both the quarter and nine months ended March 31, 2006, and 686,000 and 269,000, respectively, for the same prior-year periods.

C. SEGMENT INFORMATION:

The Company has three reportable operating segments based on the nature of products and geographic location: biotechnology, R&D Systems Europe and hematology. The biotechnology segment consists of R&D Systems' Biotechnology Division, Fortron Bio Science, Inc. and BiosPacific, Inc., which develop, manufacture and sell biotechnology research and diagnostic products world-wide. R&D Systems Europe distributes Biotechnology Division products throughout Europe. The hematology segment develops and manufactures hematology controls and calibrators for sale world-wide.

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

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
External sales				
Biotechnology	$ 36,617	$ 30,740	$100,059	$ 81,495
R&D Systems Europe	14,496	13,543	39,477	37,426
Hematology	3,700	3,652	11,015	12,180
Total external sales	54,813	47,935	150,551	131,101
Intersegment sales - Biotechnology	6,394	5,598	18,248	15,606
Total sales	61,207	53,533	168,799	146,707
Less intersegment sales	(6,394)	(5,598)	(18,248)	(15,606)
Total consolidated net sales	$ 54,813	$ 47,935	$150,551	$131,101
Earnings before income taxes				
Biotechnology	$ 24,971	$ 21,722	$ 66,147	$ 55,311
R&D Systems Europe	5,946	5,980	15,765	15,709
Hematology	1,031	869	3,031	3,925
Corporate and other	(786)	(667	(3,392)	(2,608)
Total earnings before income taxes	$ 31,162	$ 27,904	$ 81,551	$ 72,337

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D. STOCK OPTIONS:

As permitted through June 30, 2005 by SFAS No. 123, the Company elected to continue following the guidance of APB Opinion No. 25 for measurement and recognition of stock-based transactions with employees. Through June 30, 2005, no compensation cost had been recognized for stock options granted to employees under the plans because the exercise price of all options granted was at least equal to the fair value of the common stock at the date of grant. In December 2004, the FASB issued SFAS No. 123R which is a revision of SFAS No. 123 and supersedes APB Opinion No. 25 and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services through stock-based payment transactions. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award at the date of grant. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award.

The Company adopted SFAS No. 123R as of July 1, 2005 using the modified prospective transition method. Under that transition method, compensation cost recognized in the first nine months of fiscal 2006 includes: (1) compensation cost for all stock-based payments granted prior to, but not yet vested as of June 30, 2005, based on the grant date fair value calculated in accordance with the original provisions of SFAS No. 123, and (2) compensation cost for all stock-based payments granted subsequent to June 30, 2005, based on the grant-date fair value calculated in accordance with the provisions of SFAS No. 123R. Results for prior periods have not been restated.

As a result of adopting SFAS No. 123R, the Company's earnings before income taxes for the quarter and nine months ended March 31, 2006 were $140,000 and $1.5 million, respectively, less than if it had continued to account for stock-based compensation under APB Opinion No. 25. Net earnings for the quarter and nine months ended March 31, 2006 were $111,000 and $1.1 million, respectively, less than would have been reported under APB Opinion No. 25. The adoption of SFAS No. 123R had less than a $.01 impact on basic and diluted earnings per share for the quarter ended March 31, 2006 and a $0.03 negative impact on basic and diluted earnings per share for the nine months ended March 31, 2006. Estimated total compensation expense of approximately $1.6 million or $0.03 per diluted share is anticipated for fiscal 2006. As of March 31, 2006, there was $384,000 of total unrecognized compensation cost related to nonvested stock options of which approximately $100,000 will be expensed in the last three months of fiscal 2006. The remainder will be expensed in fiscal 2007 and the first half of fiscal 2008. No options were granted during the quarters ended March 31, 2006 and 2005. The fair value of options granted under the Company's stock option plans were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used:

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Dividend yield	--	--	--	--
Expected annualized volatility	N/A	N/A	37%-53%	52%-56%
Risk free interest rate	N/A	N/A	4.0%-4.4%	3.2%-3.9%
Expected life	N/A	N/A	6 years	6 years
Weighted average fair value of options granted	N/A	N/A	$30.03	$21.41

The Company has not paid cash dividends and does not have any plans to do so, therefore an expected dividend yield of zero was used to estimate fair value of options granted. 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 rate with a term consistent with the expected life of the options granted. 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.

Option activity under the Company's stock option plans as of March 31, 2006 and changes during the nine months ended March 31, 2006 were as follows:

	SHARES (in 000's)	WEIGHTED AVG. EXERCISE PRICE	WEIGHTED AVG. CONTRACTUAL LIFE (Yrs.)	AGGREGATE INTRINSIC VALUE
Outstanding at July 1, 2005	1,130	$24.11		
Granted	37	54.55		
Exercised	(732)	16.91		
Forfeited	(11)	52.41		
Outstanding at March 31, 2006	424	38.47	4.9	$9.2 million
Exercisable at March 31, 2006	388	$38.06	4.8	$8.6 million

The aggregate intrinsic value in the above table is the in-the-money options at March 31, 2006 multiplied by the difference between the Company's closing stock price on March 31, 2006 and the option exercise price. The amount represents the pre-tax value that would have been received by the option holders had all the option holders exercised their options on March 31, 2006. The amount of the intrinsic value will change based on the fair market value of the Company's stock.

The aggregate intrinsic value of options exercised during the three and nine months ended March 31, 2006 was $22.8 million and $28.3 million, respectively. For the three and nine months ended March 31, 2005, the aggregate intrinsic value of options exercised was $683,000 and $1.4 million, respectively. Stock option exercises are satisfied through the issuance of new shares.

If compensation cost for employee options granted under the Company's stock option plans had been determined based on the fair value at the grant dates, consistent with the methods provided in SFAS No. 123 for periods prior to the adoption of SFAS No. 123R, the Company's net earnings and earnings per share would have been as follows (in thousands, except per share data):

	QUARTER ENDED 3/31/05	NINE MONTHS ENDED 3/31/05
Net earnings:		
As reported	$ 18,439	$ 47,565
Plus employee stock-based compensation expense included in net earnings	--	--
Less employee stock-based compensation, net of tax effect	161	1,359
Pro forma	$ 18,278	$ 46,206
Basic earnings per share:		
As reported	$ 0.46	$ 1.16

Plus employee stock-based compensation expense included in net earnings	--	--
Less employee stock-based compensation, net of tax effect	0.01	0.03
Pro forma	$ 0.45	$ 1.13
Diluted earnings per share:		
As reported	$ 0.45	$ 1.15
Plus employee stock-based compensation expense included in net earnings	--	--
Less employee stock-based compensation, net of tax effect	--	0.03
Pro forma	$ 0.45	$ 1.12

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E. STOCK REPURCHASE:

In March 2005, the Company repurchased approximately 2.9 million shares of its common stock under an accelerated stock buyback ("ASB") transaction for an initial value of approximately $100 million ($34.45 per share). The transaction was completed under a privately negotiated contract with an investment bank. The investment bank borrowed the 2.9 million shares to complete the transaction and purchased the replacement shares in the open market over a nine-month period beginning in March 2005. The ASB agreement was subject to a market price adjustment provision based upon the volume weighted average price during the nine-month period. Approximately 1.8 million of the shares repurchased were subject to a collar, which effectively set a minimum and maximum price the Company was obligated to pay for such shares. The collar was established in exchange for an up-front payment of $3.5 million. The Company had the option to settle the ASB agreement in cash or shares of the Company's common stock and, accordingly the contract was classified as equity. The ASB agreement was settled in December 2005 for a cash payment of $26.0 million, which resulted in a total price paid per share of approximately $44.67.

The positive effect of the reduction in outstanding shares on earnings per diluted share was $0.03 and $0.08 for the quarter and nine months ended March 31, 2006, respectively.

F. COMPREHENSIVE INCOME:

Comprehensive income and the components of other comprehensive income (loss) were as follows (in thousands):

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Net earnings	$ 20,347	$ 18,439	$ 53,862	$ 47,565
Other comprehensive gain (loss), net of tax effect:				
Foreign currency translation adjustments	617	(979)	(1,753)	1,971
Unrealized loss on available-for-sale investments	(178)	(155)	(347)	(281)

Comprehensive income	$ 20,786	$ 17,305	$ 51,762	$ 49,255
	========	========	========	========

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

Results of Operations for the Quarter and Nine Months Ended March 31, 2006 and the Quarter and Nine Months Ended March 31, 2005

Overview

TECHNE Corporation (the Company) has two operating subsidiaries: Research and Diagnostic Systems, Inc. (R&D Systems) and R&D Systems Europe Ltd. (R&D Europe). R&D Systems, located in Minneapolis, Minnesota, has two divisions: its Biotechnology Division and its Hematology Division. The Biotechnology Division develops and manufactures purified cytokines (proteins), antibodies and assay kits which are sold to biomedical researchers and clinical research laboratories. The Hematology Division develops and manufactures whole blood hematology controls and calibrators which are sold to hospitals and clinical laboratories to check the performance of hematology instruments to assure the accuracy of hematology test results. R&D Systems acquired two subsidiaries effective July 1, 2005, Fortron Bio Science, Inc., (Fortron) a developer and manufacturer of monoclonal and polyclonal antibodies, antigens and other biological reagents, located in Morrisville, North Carolina and BiosPacific, Inc., (BiosPacific) a worldwide supplier of biologics to manufacturers of in vitro diagnostic systems (IVDs) and immunodiagnostic kits, located in Emeryville, California. The operations of Fortron were transferred to the Company's Minneapolis facility during the quarter ended September 30, 2005. R&D Europe, located in Abingdon, England, is the European distributor of R&D Systems' biotechnology products. R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France.

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Overall Results

Consolidated net earnings increased 10.3% and 13.2% for the quarter and nine months ended March 31, 2006, respectively, compared to the quarter and nine months ended March 31, 2005. The primary reason for the increase was increased net sales. Consolidated net sales for the quarter and nine months ended March 31, 2006, increased 14.3% and 14.8%, respectively, from the same periods in the prior year. The acquisitions of Fortron and BiosPacific on July 1, 2005 increased sales approximately $2.6 million and $7.3 million, respectively, for the quarter and nine months ended March 31, 2006. The acquisitions positive impact on net earnings was $103,000 and $386,000 for the quarter and nine months ended March 31, 2006, respectively. The unfavorable impact on consolidated net sales of the change from the prior year in exchange rates used to convert R&D Europe results from British pound sterling to U.S. dollars was $1.2 million and $2.5 million for the quarter and nine months ended March 31, 2006, respectively. The unfavorable impact on consolidated net earnings of the change in exchange rates was $323,000 and $676,000 for the quarter and nine months ended March 31, 2006, respectively. The Company generated cash of $55.5 million from operating activities in the first nine months of fiscal 2006 and cash, cash equivalents and available-for-sale investments were $164.3 million at March 31, 2006 compared to $139.0 million at June 30, 2005.

Net Sales

Consolidated net sales for the quarter ended March 31, 2006 were $54.8 million, an increase of $6.9 million (14.3%) from the quarter ended March 31, 2005. Consolidated net sales for the nine months ended March 31, 2006 were $150.6 million, an increase of $19.4 million (14.8%) from the prior-year period. Included in consolidated net sales for the quarter and nine months ended March 31, 2006 were $2.6 million and $7.3 million, respectively, from Fortron and BiosPacific, which were acquired effective July 1, 2005.

R&D Systems' Biotechnology Division net sales increased $3.3 million (10.8%) and $11.2 million (13.8%), respectively, for the quarter and nine months ended March 31, 2006. The Biotechnology Division sales increase for the quarter and nine months was mainly the result of $1.7 million and $8.0 million increased U.S. retail sales volume. Sales for the quarter and nine months to pharmaceutical/biotechnology customers and academic customers, the two largest segments of the U.S. market, showed the greatest revenue growth over the prior year. Approximately $600,000 of the increase in Biotechnology Division net sales for both the quarter and nine months ended March 31, 2006 was the result of price increases.

R&D Europe net sales increased $953,000 (7.1%) and $2.1 million (5.5%) for the quarter and nine months ended March 31, 2006, respectively, from the quarter and nine months ended March 31, 2005. The effect of changes from the prior year in foreign currency exchange rates used to convert British pounds to U.S. dollars reduced R&D Europe net sales approximately $1.2 million and $2.5 million for the quarter and nine months ended March 31, 2006. In British pounds, R&D Europe net sales increased 15.8% and 12.3% for the quarter and nine months ended March 31, 2006, respectively, mainly as a result of increased sales volume.

R&D Systems' Hematology Division net sales increased $48,000 (1.3%) and decreased $1.2 million (9.6%) for the quarter and nine months ended March 31, 2006, respectively, compared to the same prior-year periods. During the second quarter of fiscal 2005, a large OEM customer notified the Hematology Division that they were changing to a new primary vendor for certain controls and calibrators. Sales to this customer in the quarter and nine months ended March 31, 2006 decreased $173,000 and $1.6 million, respectively, from the same prior-year periods.

Gross Margins

Gross margins, as a percentage of net sales, were as follows:

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Biotechnology	78.8%	82.5%	78.2%	80.9%
R&D Systems Europe	49.2%	54.8%	50.0%	53.6%
Hematology	43.2%	41.9%	42.5%	46.6%
Consolidated gross margin	77.9%	80.9%	77.5%	79.4%

Consolidated gross margin percentages for the quarter and nine months ended March 31, 2006 were negatively impacted 2.4% and 2.3%, respectively, by the inclusion of Fortron and BiosPacific gross margins. Gross margin percentages for Fortron and BiosPacific, which were negatively affected by purchase accounting related to inventory acquired, were 29.7% and 33.2% for the quarter and nine months ended March 31, 2006, respectively. Under purchase accounting, inventory acquired is valued at fair market value less expected selling and marketing costs. As of the date of acquisition, the value of the acquired inventory was increased $2.1 million. Included in Fortron and BiosPacific cost of sales for the quarter and nine months was approximately $397,000 and $1.3 million related to the write up of acquired inventory, representing a 15.6% and 17.1% reduction in Fortron and BiosPacific gross margin percentages for the quarter and nine months, respectively. The remaining inventory valuation adjustment of $865,000 is expected to be expensed as the acquired inventory is sold over approximately the next nine months.

R&D Europe's gross margin percentages for the quarter and nine months ended March 31, 2006 were less than the comparable prior-year periods as a result of less favorable exchange rates. The higher gross margin percentage by the Hematology Division for the quarter ended March 31, 2006 as compared to the same quarter of the prior year was the a result of changes in product mix, while the lower gross margin percentage for the nine month period ended March 31, 2006 as compared to the prior year was the result of lower incremental sales to offset fixed costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the quarter and nine months ended March 31, 2006, increased $522,000 (8.2%) and $3.0 million (16.6%), respectively, from the same periods of last year. Selling, general and administrative expenses are composed of the following (in thousands):

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Biotechnology	$ 4,199	$ 3,712	$ 12,032	$ 10,100
R&D Europe	1,879	1,939	5,720	5,855
Hematology	441	505	1,249	1,350
Corporate	382	223	2,334	998
Total selling, general and administrative expenses	$ 6,901	$ 6,379	$ 21,335	$ 18,303

Biotechnology selling, general and administrative expenses increased $487,000 (13.1%) and $1.9 million (19.1%) for the quarter and nine months ended March 31, 2006, respectively. Included in these amount were $302,000 and $976,000 for the quarter and nine months ended March 31, 2006, respectively, of Fortron and BiosPacific selling, general and administrative expenses.

Included in Corporate selling, general and administrative expenses for the quarter and nine months ended March 31, 2006 was $140,000 and $1.5 million, respectively, of employee stock-based compensation expense.

Research and Development Expenses

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

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Biotechnology	$ 4,593	$ 4,432	$ 13,529	$ 13,362
Hematology	168	199	523	576

Total research and development expenses	$ 4,761	$ 4,631	$ 14,052	$ 13,938

Amortization of Intangible Assets

The Company allocated approximately $12.8 million to goodwill and $7.1 million to other intangible assets arising from the acquisitions of Fortron and BiosPacific. The other intangible assets, mainly technologies, trade names and customer and supplier relationships, are being amortized over lives of one to eight years and amortization expense of $271,000 and $814,000 was recorded for the quarter and nine months ended March 31, 2006, respectively, related to these assets.

Other Non-operating Expense and Income

Other non-operating expense and income consists mainly of foreign currency transaction gains and losses, rental income, building expenses related to properties not used in operations, and the Company's share of losses by Hemerus Medical, LLC (Hemerus). The Company accounts for its investment in Hemerus using the equity method of accounting as Hemerus is a limited liability corporation.

	QUARTER ENDED		NINE MONTHS ENDED	
	3/31/06	3/31/05	3/31/06	3/31/05
Foreign currency losses (gains)	$ (87)	$ 29	$ (13)	$ (6)
Rental income	(287)	(318)	(966)	(390)
Real estate taxes, depreciation and utilities	520	527	1,453	1,369
Hemerus Medical, LLC losses	83	85	247	232
Total other non-operating expense (income)	$ 229	$ 323	$ 721	$ 1,205

Through February 2006, the Company had a 10% equity interest in Hemerus. On March 1, 2006, the Company invested an additional $750,000, increasing its ownership to 15%. At March 31, 2006, the Company's net investment in Hemerus was $3.1 million. The Company has financial exposure to the losses of Hemerus to the extent of its net investment in the company. Hemerus' success is dependent, in part, upon its ability to raise financing and to receiving Federal Drug Administration (FDA) clearance to market its products. If such financing or FDA clearance is not received, the Company would potentially recognize an impairment loss to the extent of its remaining net investment.

Income Taxes

Income taxes for the quarter and nine months ended March 31, 2006 were provided at rates of approximately 34.7% and 34.0%, respectively, of consolidated earnings before income taxes compared to 33.9% and 34.2% for the quarter and nine months ended March 31, 2005, respectively. U.S. federal taxes have been reduced by the credit for research and development expenditures through December 2005, the benefit for extraterritorial income and, for the quarter and nine months ended March 31, 2006, the manufacturer's deduction provided for under the American Jobs Creation Act of 2004. Foreign income taxes have been provided at rates which approximate the tax rates in the countries in which R&D Europe operates. Without significant business developments, the Company expects income tax rates for the remainder of fiscal 2006 to range from 33.5% to 34.5%.

Liquidity and Capital Resources

At March 31, 2006, cash and cash equivalents and available-for-sale investments were $164.3 million compared to $139.0 million at June 30, 2005. The Company believes it can meet its future cash, working capital and capital addition requirements through currently available funds, cash generated from operations and maturities of available-for-sale investments. The Company has an unsecured line of credit of $750,000. The interest rate on the line of credit is at prime. There were no borrowings on the line in the prior or current fiscal year.

Cash Flows From Operating Activities

The Company generated cash of $55.5 million from operating activities in the first nine months of fiscal 2006 compared to $54.7 million in the first nine months of fiscal 2005. The increase from the prior year was mainly the result of increased net earnings in the current year of $6.3 million offset by a larger increase in trade accounts and other receivables (a $4.4 million increase compared to a $1.6 million increase in the prior year) as a result of increased sales and the Fortron and BiosPacific acquisitions. Cash provided by operating activities for the nine months ended March 31, 2006, was also reduced due to a decrease in income taxes payable as a result of stock option exercises.

Cash Flows From Investing Activities

Capital expenditures for fixed assets for the first nine months of fiscal 2006 and 2005 were $2.8 million and $10.2 million, respectively. Included in capital expenditures for the first nine months of fiscal 2006 and 2005 were $1.2 million and $331,000, respectively, for building renovation and construction. Also included in fiscal 2005 capital expenditures was $8.4 million for property acquired in Minneapolis in January 2005. The remaining capital additions in the first nine months of fiscal 2006 and 2005 were for laboratory and computer equipment. Remaining expenditures in fiscal 2006 for laboratory and computer equipment are expected to be approximately $400,000. The Company is currently constructing additional laboratory space at its Minneapolis facility. The remaining construction cost is estimated at $8.5 million and is expected to be complete in approximately six months. These expenditures are expected to be financed through currently available funds and cash generated from operating activities.

During the nine months ended March 31, 2006, the Company purchased $73.8 million and had sales or maturities of $53.4 million of available-for-sale investments. During the nine months ended March 31, 2005, the Company purchased $124.0 million and had sales or maturities of $188.7 million of available-for-sale investment. The Company's investment policy is to place excess cash in bonds and other investments with maturities of less than three years. The objective of this policy is to obtain the highest possible return with minimal risk, while keeping the funds accessible.

As discussed previously, the Company acquired Fortron and BiosPacific effective July 1, 2005 for an aggregate purchase price of $20 million. Cash acquired in the transactions was $413,000. The net acquisition cost of $19.6 million was financed through cash and equivalents on hand at July 1, 2005.

The Company currently owns a 19.3% equity interest in ChemoCentryx, Inc., (CCX) a technology and drug development company, and accounts for its investment under the cost method of accounting. As a development stage company, CCX, is dependent on its ability to raise additional funds to continue research and development efforts. If such funding were unavailable or inadequate, the Company would potentially recognize an impairment loss to the extent of its remaining net investment. At March 31, 2006, the Company's net investment in CCX was $5.1 million. In April 2006, the Company made an additional $9 million investment in CCX in the form of a 5% convertible note subject to the limitation that the Company's holdings in CCX will not exceed 19.9% of CCX voting shares. The additional investment was financed through cash and equivalents on hand.

Cash Flows From Financing Activities

Cash of $12.4 million and $1.4 million was received during the nine months ended March 31, 2006 and 2005, respectively, for the exercise of stock options for 732,000 and 57,000 shares of common stock. Cash of $1.4 million was received during the nine months ended March 31, 2005 for the exercise of warrants to purchase 120,000 shares of common stock. The Company also recognized a tax benefit from stock option exercises of $8.8 million and $153,000 for the nine months ended March 31, 2006 and 2005, respectively.

During the first nine months of fiscal 2005, options for 16,120 shares of common stock were exercised by the surrender of 3,326 shares of the Company's common stock with a fair market value of $131,000.

In the first nine months of fiscal 2006 and 2005, the Company purchased 22,541 shares and 6,410 shares of common stock, respectively, for its employee Stock Bonus Plans at a cost of $1.3 million and $260,000, respectively.

In March 2005, the Company repurchased approximately 2.9 million shares of its common stock under an accelerated stock buyback ("ASB") transaction for an initial value of approximately $100 million ($34.45 per share). The ASB agreement was subject to a market price adjustment provision based upon the volume weighted average price during the nine-month period ending in December 2005. In December 2005, the Company settled the ASB agreement with a payment of $26.0 million using cash and equivalents on hand as of the settlement date.

The Company has never paid cash dividends and has no plans to do so in fiscal 2006.

Critical Accounting Policies

The Company's significant accounting policies are discussed in the Company's Annual Report on Form 10-K for fiscal 2005. The application of certain of these policies require judgments and estimates that can affect the results of operations and financial position of the Company. Judgements and estimates are used for, but not limited to, accounting for the allowance for doubtful accounts, inventory valuation and allowances, impairment of goodwill, intangibles and other long-lived assets, accounting for investments and income taxes. There have been no changes in estimates in fiscal 2006 which would require disclosure. There have been no changes to the Company's policies in fiscal 2006 except for the Company's method of accounting for protein and antibody inventory.

The manufacturing process for proteins and antibodies 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. Protein and antibody quantities in excess of the two-year usage forecast are considered impaired and not included in the inventory value. Due to changes in the Company's forecast, reserves for previously written off inventories may be reversed in subsequent years. Inventory reserves reversed through March 31, 2006 were not material to the Company's consolidated results of operations, consolidated financial position, assets or stockholders' equity. In future periods, the Company will change its policy and will not write up previously unvalued inventories. This change in valuation methods is not expected to materially impact the Company's consolidated financial statements.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Accounting Standards No. 123 (Revised 2004) (SFAS No. 123R), Share-Based Payment. SFAS No. 123R is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services through stock-based payment transactions. The Company adopted the standard as of July 1, 2005. See Note D to the accompanying condensed consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs. The Statement amends Accounting Research Bulletin No. 43 to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. The Statement also requires the allocation of fixed production overheads to inventory be based on normal production capacity. The Company adopted the standard as of July 1, 2005. The adoption did not have an impact on the Company's consolidated financial statements.

In December 2004, the FASB issued Staff Position No. 109-1, Application of FASB Statement No. 109 (SFAS 109), Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 (FSP 109-1). FSP 109-1 clarifies that the manufacturer's deduction provided for under the American Jobs Creation Act of 2004 (AJCA) should be accounted for as a special deduction in accordance with SFAS 109 and not as a tax rate reduction. The Company accounted for the manufacturer's deduction for the quarter and nine months ended March 31, 2006 as provided for in FSP 109-1. The deduction reduced income tax expense approximately $240,000 and $635,000 for the quarter and nine months ended March 31, 2006, respectively.

The FASB also issued Staff Position No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (FSP 109-2). The AJCA introduces a special one-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer provided certain criteria are met. The Company periodically evaluates the possibility of repatriating foreign earnings. At the present time, deferred taxes have not been recorded on undistributed earnings of foreign subsidiaries as the amounts are considered permanently invested. If the Company decides to repatriate foreign earnings, a one-time charge may be recorded for the deferred taxes.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections. The Statement replaces APB Opinion No. 20, Accounting Changes and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements. SFAS No. 154 requires companies to apply voluntary changes in accounting principles retrospectively whenever practicable. The requirements are effective for the Company beginning in fiscal 2007. The impact on the Company's consolidated financial statements of SFAS No. 154 will depend on accounting changes, if any, made in future periods.

Forward Looking Information and Cautionary Statements

This filing contains forward-looking statements within the meaning of the Private Litigation Reform Act. These statements, including the Company's expectations as to compensation expense resulting from stock option expensing, the effective tax rate, capital expenditures, expense related to acquired inventory, and the impact of the change in protein and antibody valuation methods, involve risks and uncertainties which may affect the actual results of operations. The following important factors, among others, have affected and, in the future, could affect the Company's actual results: the integration of the recent acquisitions, the introduction and acceptance of new biotechnology and hematology products, the levels and particular directions of research by the Company's customers, the impact of the growing number of producers of biotechnology research products and related price competition, the retention of hematology OEM (private label) and proficiency survey business, the impact of currency exchange rate fluctuations, the costs and results of research and product development efforts of the Company and of companies in which the Company has invested or with which it has formed strategic relationships, 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 as filed with the Securities and Exchange Commission.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2006, the Company had a professionally managed investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $80.4 million. 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 operates internationally, and thus is subject to potentially adverse movements in foreign currency rate changes. The Company is exposed to market risk from foreign exchange rate fluctuations of the euro and the British pound to the U.S. dollar as the financial position and operating results of the Company's U.K. subsidiary and European operations are translated into U.S. dollars for consolidation. At the current level of R&D Europe operating results, a 10% increase or decrease in the average exchange rate used to translate operating results into U.S. dollars would have an approximate $1.3 million effect on consolidated operating income annually.

The Company's exposure to foreign exchange rate fluctuations also arises from transferring funds from the U.K. subsidiary to the U.S. subsidiary and from transferring funds from the German subsidiary and French sales office to the U.K. subsidiary. At March 31, 2006 and 2005, the Company had $1.1 million and $31,000, respectively, of dollar denominated intercompany debt at its U.K. subsidiary. At March 31, 2006 and 2005, the U.K. subsidiary had $729,000 and $326,000, respectively, of dollar denominated intercompany debt from its European operations. These intercompany balances are revolving in nature and are not deemed to be long-term balances. The Company's U.K. subsidiary recognized a net foreign currency gain of 50,000 pounds ($87,000) and a net foreign currency loss of 38,000 pounds ($71,000) for the quarters ended March

31, 2006 and 2005, respectively. The Company's German subsidiary recognized a net foreign currency gain of 32,000 euro ($42,000) for the quarter ended March 31, 2005. For the nine months ended March 31, 2006 and 2005, the Company's U.K. subsidiary recognized net foreign currency gains of 8,000 pounds ($13,000) and 84,000 pounds ($156,000), respectively. The Company's German subsidiary recognized a net foreign currency loss of 121,000 euro ($150,000) for the nine months ended March 31, 2005. The Company does not enter into foreign exchange forward contracts to reduce its exposure to foreign currency rate changes on intercompany foreign currency denominated balance sheet positions.

As of March 31, 2006, the Company's long-term debt of $12.5 million consisted of a mortgage note payable with a floating interest rate at the one-month LIBOR rate plus 2.5% with a floor of 4%. The floating interest rate on the mortgage note payable was 7.1% as of March 31, 2006.

ITEM 4 - CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company 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 (the "Exchange Act")). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There was no changes in the Company's internal control over financial reporting 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.

PART II. OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Item 3 of the Registrant's Annual Report of Form 10-K for the fiscal year ended June 30, 2005.

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 March 31, 2006:

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
1/1/06 - 3/31/06	0	--	0	$6.8 million

2/1/06 - 2/28/06	0	--	0	$6.8 million
3/1/06 - 3/31/06	0	--	0	$6.8 million

In May 1995, the Company announced a plan to purchase and retire its common stock. Repurchases of $40 million were authorized as follows: May 1995 - $5 million; April 1997 - $5 million; January 2001 - $10 million; October 2002 - $20 million. The plan does not have an expiration date.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO VOTE OF SHAREHOLDERS

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS

See exhibit index following.

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: May 9, 2006 /s/ Thomas E. Oland
President, Chief Executive Officer

May 9, 2006 /s/ Gregory J. Melsen
Chief Financial Officer

EXHIBIT INDEX

TO
FORM 10-Q

TECHNE CORPORATION

Exhibit #	Description
31.1	Section 302 Certification
31.2	Section 302 Certification
32.1	Section 906 Certification
32.2	Section 906 Certification