QIAGEN N.V., VENLO, THE NETHERLANDS

Annual Report 2006

CONTENTS

REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

To our Shareholders

The Supervisory Board thanks QIAGEN's Managing Board and employees for their contributions to QIAGEN's success in 2006.

The Supervisory Board exercised supervision over the Managing Board's policies and business conduct throughout the financial year. Acting in the best interests of the Company and its business and consistent with past practice, the Supervisory Board monitored the Company's activities, including its strategic, economic, and market developments, R&D investments, acquisitions and alliances, and the human resources management. In particular and as requested by the Dutch Corporate Governance Code, the Supervisory Board discussed the corporate strategy, the risks of the business and the result of the assessment by the Managing Board of the structure and operation of the internal risk management and control systems as well as any significant changes thereto. Further, the Supervisory Board discussed its own functioning and that of its individual members as well as the functioning of the Managing Board and the performance of its individual members in the absence of the members of the Managing Board and came to the conclusion that both the Supervisory Board and Managing Board appropriately functioned and that the current profile, composition and competence of the members of the Supervisory Board are appropriate. Through its Compensation Committee, the Supervisory Board executed and monitored compliance with the Company's Remuneration Policy approved by the Annual General Meeting held on June 14, 2005. The Remuneration Policy and the various aspects of the compensation of the Managing Board are summarized in the Remuneration Report and published on the Company's website. Information on the Company's activities was communicated by the Managing Board to the Supervisory Board through regular meetings and business reports. The Supervisory Board considers all members to be independent in accordance with the best practice provision III.2.2 of the Dutch Code, with the exception of Mr. Colpan as he was a member of the Managing Board of QIAGEN until 2003.

QIAGEN N.V. is a company under the laws of The Netherlands and has an international network of subsidiaries. The Supervisory Board follows the principle of increasing shareholder value to further represent the interests of all shareholders and has always placed the highest standards on its Corporate Governance principles. Since 1997, QIAGEN has endorsed the 40 recommendations made in the report of the Netherlands' Committee on Corporate Governance, which was replaced by the Dutch Corporate Governance Code effective January 1, 2004. It is the Company's policy to follow the guidelines of Good Practice of Corporate Governance as described in the Code although some minor deviations may result from effects such as legal requirements imposed on QIAGEN or industry standards. QIAGEN is also subject to the rules regarding Corporate Governance set by NASDAQ, where the Company's common shares have been listed since 1996. In addition, QIAGEN has adopted the standards set by the Corporate Governance Code of Germany, where the Company's common shares have been listed since 1997. QIAGEN provides detailed updates regarding compliance with the German and the Dutch Corporate Governance Code in the chapter on "Corporate Governance" in this Annual Report.

QIAGEN N.V. is a limited liability company incorporated under the laws of The Netherlands. All Company operations are carried out in accordance with Dutch Corporate Law, U.S. Federal Securities Law and Regulations, and the laws of the German capital market, in particular the Wertpapierhandelsgesetz. The common shares of the Company are registered and traded in the United States of America on the NASDAQ Global Select Market emanated from the NASDAQ National Market in July 2006 and in Germany on the Frankfurt Stock Exchange. Since January 1, 2003, QIAGEN's common shares are accepted for trading in the Prime Standard segment, a premium segment created by Deutsche Börse AG in late 2002. Shareholders in the United States and in Europe hold the majority of the Company's shares. The Company has used its funds to fuel internal growth and to finance acquisitions. The Supervisory Board proposes to retain 2006 earnings to address these goals. We strongly believe that this policy of increasing shareholder value benefits our shareholders.

In this Annual Report, the financial statements for the year 2006 are presented as prepared by the Managing Board, audited by Ernst & Young Accountants, and examined and approved by the Supervisory Board. We recommend that the Annual General Meeting adopts these financial statements, including allocation of profits to retained earnings.

Supervisory Board Members:

Name	Age	Position
Prof. Dr. Detlev H. Riesner (German)	65	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Heinrich Hornef (German)	75	Deputy Chairman of the Supervisory Board, Supervisory Director, Chairman of the Audit Committee and Member of the Selection and Appointment Committee
Dr. Metin Colpan (German)	52	Supervisory Director
Jochen Walter (German)	59	Supervisory Director and Member of the Audit Committee until the last Annual General Meeting of Shareholders in June 2006
Dr. Franz A. Wirtz (German)	74	Supervisory Director, Chairman of the Compensation Committee and member of the Audit Committee
Erik Hornnaess (German)	69	Supervisory Director, Member of the Audit Committee and Member of the Compensation Committee
Prof. Dr. Manfred Karobath (German)	66	Supervisory Director and Member of the Compensation Committee

Prof. Dr. jur Carsten P. Claussen was appointed as non-voting Special Advisor to the Supervisory Board and Honorary Chairman in 1999.

The following is a brief summary of the background of each of the Supervisory Directors:

Professor Dr. Detlev H. Riesner is a co-founder of QIAGEN. He has been on our Supervisory Board since 1984 and was appointed Chairman of the Supervisory Board in 1999. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980. In 1996, he was also appointed to the position of Vice President of Research, and in 1999, he was nominated Director of Technology at the University of Düsseldorf. Prior to that, he was Professor of Biophysical Chemistry at the Darmstadt Institute of Technology and, from 1975 to 1977, Lecturer of Biophysical Chemistry at Hannover Medical School. He has held guest professorships at the Institute of Microbiology, Academia Sinica, Beijing, and the Department of Neurology at the University of California, San Francisco. He received his M.S. in Physics from Hannover Institute of Technology and his Ph.D. from the University of Braunschweig, with post-graduate work at Princeton University. Professor Riesner is either a member of the supervisory board or a director of New Lab Bioquality AG, Erkrath, AC Immune S.A., Lausanne and Neuraxo GmbH, Düsseldorf. Professor Riesner is also a member of the scientific advisory boards of the RiNA network, Berlin, the Friedrich-Loeffler-Institut, Isle of Riems, and PrioNet, Canada.
Dr. Heinrich Hornef has been on our Supervisory Board since 2000 and was appointed Deputy Chairman of the Supervisory Board and Audit Committee Chairman in 2001. He also serves as a chairman on the supervisory board of Heidelberg Innovation GmbH, a biotechnology and life-science venture capital company in Heidelberg, Germany. He was chairman of the supervisory board of the pharmaceutical company Merck KGaA, in Darmstadt, Germany until December 2003 and a member of the supervisory board until March 2004, as well as a member of the partners' counsel of E. Merck, in Darmstadt, Germany until June 2004. Prior to his retirement in December 1996, Dr. Hornef served as CFO of Boehringer Mannheim GmbH (1973-1991), as CFO of the Berlin-based Treuhandanstalt, the privatization agency in East-Germany (1992-1994), and as president of its successor organization, BvS (1995-1996).

Dr. Metin Colpan is a co-founder of QIAGEN and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan obtained his Ph.D. and M.Sc. in Organic Chemistry and Chemical Engineering from the Darmstadt Institute of Technology in 1983. Prior to founding QIAGEN, Dr. Colpan was an Assistant Investigator at the Institute for Biophysics at the University of Düsseldorf. Dr. Colpan has had wide experience in separation techniques, and in the separation and purification of nucleic acids in particular, and has filed many patents in the field. Dr. Colpan currently serves as a supervisory board member of GenPat77 Pharmacogenetics AG, GPC Biotech AG and Morphosys AG, each in Munich, Germany. Until 2006, he was a member of the supervisory board of Ingenium Pharmaceuticals AG in Munich, Germany.
Dr. Franz A. Wirtz has been a member of our Supervisory Board since 1989. Dr. Wirtz was managing director of Grünenthal GmbH, Aachen, Germany, a large, private pharmaceutical company from 1962-1997 and a member of its advisory board from 1998-2001. He is Vice Chairman of Paion AG, Aachen and Vice Chairman of Dasgip AG, Jülich, two young German biotech companies. For ten years Dr. Wirtz was treasurer of the German pharmaceutical industry association. Dr. Wirtz holds a doctorate degree in chemistry from the Rheinisch-Westfälische Technische Hochschule in Aachen where he became an honorary citizen in 2001.

Erik Hornnaess has been a member of our Supervisory Board since 1998 and joined the Audit Committee in 2002 and the Compensation Committee in 2005. Mr. Hornnaess worked for Astra Pharmaceuticals, Sweden from 1965 until 1979 in various management positions in Sweden, Australia, and Canada and, for the last three years of this period, as the General Manager for the Benelux region (Belgium, The Netherlands and Luxembourg). In 1979, he joined Abbott Laboratories European Headquarters in Paris, France, and from 1982, he was the Area Vice-President of Abbott Diagnostic Division in Europe, Middle-East and Africa, with headquarters in Wiesbaden, Germany. Mr. Hornnaess retired from Abbott Laboratories on March 1, 1997 and currently serves as non-executive director of AXIS-SHIELDS Group, Scotland. Additionally, Mr. Hornnaess served as the Vice-President of European Diagnostic Manufacturers Association (EDMA), Brussels in the period 1995 through 1997. Mr. Hornnaess graduated from Aarhus Handelshojskole, Denmark with an M.B.A. and obtained a P.M.D. from the Harvard Business School.

Professor Dr. Manfred Karobath has been a member of our Supervisory Board since 2000. Dr. Karobath studied medicine, and from 1967 to 1980 he worked first in the Dept. of Biochemistry of the University of Vienna and, after a stage as postdoctoral fellow, he joined the Dept. of Psychiatry where he became professor of biological Psychiatry. In 1980, he joined Sandoz Pharma in Basel, first, in drug discovery, and later, he became Senior Vice President and head of R&D. In 1992, Prof. Dr. Karobath joined Rhone Poulenc Rorer ("RPR") as President of R&D and Executive Vice President, and later, he became a member of the boards of directors of RPR, Pasteur Mérieux Connought, Centeon and Rhone Poulenc Pharma. He has received several scientific awards and has published 92 scientific papers. Dr. Karobath also serves as a member of the board of directors of Coley Pharmaceutical Group.

Professor Dr. jur. Carsten P. Claussen was Chairman of our Supervisory Board from 1988 to June 1999 and was appointed as a Special Advisor and Honorary Chairman in 1999. This position is not required by Dutch law, and Professor Claussen is no longer a voting member of the Supervisory Board. For many years he has pursued a career in private banking. Between 1976 and 1987, Professor Claussen was a member of the executive board of Norddeutsche Landesbank, Hannover, and Chairman of the Hannover Stock Exchange. Since 1987, he has been a lawyer in Düsseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. At present, he is a partner in the law firm of Hoffmann Liebs and Partner and specializes in corporate law and capital market transactions. He is Chairman of the Board of TON ART AG, Düsseldorf; Flossbach & v. Storch Vermögensmanagement AG, Cologne; and WAS Worldwide Analytical Systems AG, Cleve and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne.

Further information regarding the organization of the Supervisory Board and its Commitees is being provided in the Corporate Governance Report under ‘Supervisory Board’.

Venlo, The Netherlands, May 2007

Prof. Dr. Detlev H. Riesner
Chairman of the Supervisory Board

M A N A G I N G D I R E C T O R S ’ R E P O R T

MANAGING DIRECTORS' REPORT

Dear Shareholder,

For QIAGEN, 2006 was another very successful year. It was one more year in which we achieved and exceeded the targets we had set for ourselves and QIAGEN: to expand our leadership position in sample and assay technologies and to expand their use in existing and extend their use into new markets. We are proud to report that the execution of our strategy has also resulted in industry-leading financial performance. We achieved consolidated net sales of US$ 466 million for the year ending December 31, 2006 - a 17% increase in net sales compared to the previous period. Our innovation engine continues to deliver impressive performance and contributed 4% to our organic growth of 11%. Net income increased 52% to US$ 73,3 million from US$ 48,1 million and diluted earnings per share increased 50% to US$ 0,48 per share from US$ 0,32 per share in 2005. Excluding certain charges*, described below, adjusted net income increased 21% to US$ 88,1 million and adjusted diluted earnings per share increased 21% to US$ 0,58 per share in 2006.

Footnote:
* Charges in fiscal 2006 included amortization on acquisition-related intangibles of US$ 8,5 million (US$ 5,5 million net of tax), acquisition, integration and related costs of US$ 8,1 million (US$ 6,1 million net of tax), relocation and restructuring costs of US$ 4,9 million (US$ 3,0 million net of tax), as well as share-based compensation according to IFRS 2 of US$ 0,3 million (US$ 0,2 million net of tax). Charges in fiscal year 2005 had included amortization on acquisition-related intangibles of US$ 3,7 million (US$ 2,4 million net of tax), acquisition, integration and related costs of US$ 3,7 million (US$ 2,4 million net of tax) and share-based compensation according to IFRS 2 of US$ 23,1 million (US$ 19,9 million net of tax)..

Once again, we outperformed our industry and demonstrated that our commitment to focusing on an innovation strategy around sample and assay technologies is clearly delivering results. We executed well-prepared plans and roadmaps to address multiple markets with what we do best – providing solutions which allow processing and isolation of target analytes from biological samples and making them visible.

Our formula with which we execute our strategy is a blend of innovation-driven organic growth, catalytic acquisitions and active partnering.

To catalyze our organic initiatives, among our 2006 acquisitions were two companies through which we gained access to new opportunities in highly attractive markets. The acquisition of Gentra Systems, Inc. expanded our sample technology portfolio into the field of processing large-scale blood samples in the emerging biobanking and DNA archiving markets. By acquiring Genaco Biomedical Products, Inc., we now hold one of the most innovative assay technologies which provides a solution to the much sought after goal of multiplexing, a diagnostic approach which allows for screening multiple targets in one single test. Both companies' product lines are very much in our focus as they represent sample and assay technologies. They are also highly synergistic with our product portfolio and allow us to further leverage our capabilities in sample and assay technologies in our target markets, including research in life sciences, applied testing and molecular diagnostics.

The integration of acquisitions is always a challenge for any organization. We are very pleased to report that our significant attention to integrations yielded positive results. Since 2005, ten companies were added to QIAGEN which provided significant catalytic impacts and led to a 6% contribution to our overall growth. We expect to continue this focused, strategy-driven acquisition strategy.

In 2006, we continued to establish and expand numerous partnerships, collaborations and license agreements. Our value to the molecular diagnostics and applied testing industries is growing tremendously. In the areas of pharmaceutical, biotechnology and biomedical research, QIAGEN today is a premium partner for solutions for discovery as well as the development of new drugs. This area has been a central point of our partnering and marketing efforts in 2006. Our products are used in over 100 clinical trials and our ability to provide to our customers a continuum from research tools to routine molecular diagnostics is a very significant value proposition in this new era of molecular testing-driven drug development, monitoring and personalized medicine.

Developing for and together with our customers gives us a competitive edge and fuels our powerful innovation engine. In 2006, we launched 67 exciting new products, which accounted for 4% of our Company's net sales. We also finalized the development of QIAcube, a revolutionary platform which created a completely new dimension of utility and opportunities for our customers in laboratories worldwide. Introduced in early 2007, the QIAcube allows our customers to fully automate the processing of QIAGEN products which they use manually today. And there is so much more in our product pipeline yet to come: consumables, reagents, assays, instruments.

The innovative, standardized solutions which we provide enable our customers to achieve significant scientific breakthroughs and increase dissemination of molecular biology by facilitating its application. For example, in 2006, Craig C. Mello, Ph.D., and Andrew Z. Fire, Ph.D., earned the Nobel Prize in Medicine for their discoveries in RNA interference – a mechanism in molecular biology to "silence" genes. QIAGEN is a leading innovator supplier of RNAi assay technologies and it gives us great pride to have participated in their discoveries as a supplier to their laboratories.

A major step for QIAGEN is to leverage our well-established expertise and proven capabilities gained in life sciences research into the rapidly developing, but very specialized diagnostics and applied testing markets. Clinical laboratories are increasingly offering molecular diagnostic tests, allowing new diagnostic possibilities or replacing older technologies with state-of-the-art molecular methods which allow for faster, more reliable disease detection and treatments. QIAGEN is driving this trend by offering a portfolio of comprehensive sample and assay technologies for molecular diagnostics which is the broadest in the world. In 2007, we expect to further widen our panel and scope by seeking FDA approval in the United States for a range of products including two of our novel multiplexing assays and begin to add CE marking in Europe for all our panels. Regulatory clearances will allow us to offer more solutions for use in clinical applications.

A strategic goal for QIAGEN is to reinforce our global reach by addressing and further penetrating emerging and fast-growing markets including markets in Asia. In 2006, we significantly strengthened our presence in Asia. We developed our extensive network of distributors, established a new subsidiary in Korea, and set up our Asian headquarters in Shenzen, China. We invested heavily and doubled our headcount in this region to 340. Our strategy in Asia, which was recognized by Frost & Sullivan's renowned Competitive Strategy Leadership Award, is clearly delivering results. This year, the region is set to contribute 10% of QIAGEN's net sales which will add to the substantial growth delivered by our other regions – North America, Europe and the rest of the world.

We believe that our growth strategy offers considerable value to our shareholders and employees. We also understand that all areas of our business require adequate investments if we want to achieve our goals. In 2006, we invested significantly into the development of dedicated sales channels, with a strong focus on the molecular diagnostics and applied testing segments – a step which we are convinced will yield reasonable results in the very near future. We will further invest in technological expertise, in research and development capabilities as well as QIAGEN's greatest source of its success: its employees. Responses from internal and external surveys and awards which we received in the United States and in Germany for being an employer of choice prove that these investments are well acknowledged and promise high returns.

I would like to thank you, our shareholder, for the trust and support you continue to give us. In 2006, we celebrated the tenth anniversary of our listing on NASDAQ. In this decade, the share price increased ten-fold; in 2006 alone, our share price on NASDAQ grew by 27% and we outperformed the leading and relevant stock indices. We are committed to further creating sustainable value for you and our great Company.

I would also like to thank our more than 1.950 employees for their enthusiasm and dedication which makes our success possible. At QIAGEN, we are very proud of what we are doing, because our work helps to improve people's health and lives. And we believe that the best is yet to come.

Risk Factors

Note regarding Forward-Looking Statements and Risk Factors

Our future operating results may be affected by various risk factors, many of which are beyond our control. Certain of the statements included in this Annual Report and the documents incorporated herein by reference may be forward-looking statements, including statements regarding potential future net sales, gross profit, net income and liquidity. These statements can be identified by the use of forward-looking terminology such as "believe," "hope," "plan," "intend," "seek," "may," "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth in the risk factors below. As a result, our future development efforts involve a high degree of risk. When considering forward-looking statements, you should keep in mind that the risk factors could cause our actual results to differ significantly from those contained in any forward-looking statement.

Risks Related to Our Business

An inability to manage our growth, manage the expansion of our operations, or successfully integrate acquired businesses could adversely affect our business.

Our business has grown rapidly, with total net revenues increasing from US$216.8 million in 2000 to US$465.8 million in 2006. In 2002, we opened a research and manufacturing facility in Germantown, Maryland and manufacturing and administration facilities in Germany. Additionally, we have made several acquisitions and are likely to make more. The successful integration of acquired businesses requires a significant effort and expense across all operational areas, including sales and marketing, research and development, manufacturing, finance and administration and information technologies.

In 2003 and 2004 as part of a restructuring of our U.S operations, we relocated certain administrative, sales and marketing functions to our Maryland facility. Our earlier expansion of facilities in Maryland and Germany added production capacity and increased fixed costs. These higher fixed costs will continue to be a cost of production in the future, and until we more fully utilize the additional capacity of the facilities, our gross profit will be negatively impacted. We have also upgraded our operating and financial systems and expanded the geographic area of our operations, resulting in the hiring of new employees, as well as increased responsibility for both existing and new management personnel. The rapid expansion of our business and addition of new personnel may place a strain on our management and operational systems.

Our future operating results will depend on the ability of our management to continue to implement and improve our research, product development, manufacturing, sales and marketing and customer support programs, enhance our operational and financial control systems, expand, train and manage our employee base, integrate acquired businesses, and effectively address new issues related to our growth as they arise. There can be no assurance that we will be able to manage our recent or any future expansion or acquisition successfully, and any inability to do so could have a material adverse effect on our results of operations.

We may not achieve the anticipated benefits of acquisitions of technologies and businesses.

During the past several years we have acquired a number of companies, through which we have gained access to technologies and products that complement our internally developed product lines. In the future, we may acquire additional technologies, products or businesses to expand our existing and planned business. Acquisitions would expose us to the addition of new operating and other risks including the risks associated with the:

- assimilation of new technologies, operations, sites and personnel;
- application for and obtaining of regulatory approvals or other clearances;
- diversion of resources from our existing business and technologies;
- inability to generate revenues to offset associated acquisition costs;
- inability to maintain uniform standards, controls, and procedures;
- inability to maintain relationships with employees and customers as a result of any integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- additional expenses associated with future amortization or impairment of acquired intangible assets or potential businesses; or
- assumption of liabilities or exposure to claims against acquired entities.

Our failure to address the above risks successfully in the future may prevent us from achieving the anticipated benefits from any acquisition in a reasonable time frame, or at all.

Our continued growth is dependent on the development and success of new products.

The market for certain of our products and services is only about fifteen years old. Rapid technological change and frequent new product introductions are typical in this market. Our future success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product, and are reluctant to switch thereafter. To the extent that we fail to introduce new and innovative products, we may lose market share to our competitors, which will be difficult or impossible to regain. An inability, for technological or other reasons, to successfully develop and introduce new products could reduce our growth rate or otherwise damage our business. In the past, we have experienced, and are likely to experience in the future, delays in the development and introduction of products. We cannot assure you that we will keep pace with the rapid rate of change in life sciences research, or that our new products will adequately meet the requirements of the marketplace or achieve market acceptance. Some of the factors affecting market acceptance of new products include:

- availability, quality and price relative to competitive products;
- the timing of introduction of the product relative to competitive products;
- scientists' opinions of the products' utility;
- citation of the product in published research;
- regulatory trends; and
- general trends in life sciences research, applied markets and molecular diagnostics.

The expenses or losses associated with unsuccessful product development activities or lack of market acceptance of our new products could materially adversely affect our business, financial condition and results of operations.

Our operating results may vary significantly from period to period.

Our operating results may vary significantly from quarter to quarter and from year to year, depending on factors such as the level and timing of our customers' research and commercialization efforts, timing of our customers' funding, the timing of our research and development and sales and marketing expenses, the introduction of new products by us or our competitors, competitive conditions, exchange rate fluctuations and general economic conditions. Our expense levels are based in part on our expectations as to future revenues. Consequently, revenues or profits may vary significantly from quarter to quarter or from year to year, and revenues and profits in any interim period will not necessarily be indicative of results in subsequent periods.

We depend on patents and proprietary rights that may fail to protect our business.

Our success will depend to a large extent on our ability to develop proprietary products and technologies and to establish and protect our patent and trademark rights in these products and technologies. As of December 31, 2006, we owned 89 issued patents in the United States, 56 issued patents in Germany and 327 issued patents in other major industrialized countries. In addition, at December 31, 2006, we had 452 pending patent applications and we intend to file applications for additional patents as our products and technologies are developed. However, the patent positions of technology-based companies, including QIAGEN, involve complex legal and factual questions and may be uncertain, and the laws governing the scope of patent coverage and the periods of enforceability of patent protection are subject to change. In addition, patent applications in the United States are maintained in secrecy until patents issue, and publication of discoveries in the scientific or patent literature tend to lag behind actual discoveries by several months. Therefore, no assurance can be given that patents will issue from any patent applications that we own or license or, if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, no assurance can be given that any issued patents that we own or license will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us competitive advantages.

Certain of our products incorporate patents and technologies that are licensed from third parties. These licenses impose various commercialization, sublicensing and other obligations on us. Our failure to comply with these requirements could result in the conversion of the applicable license from being exclusive to non-exclusive in nature or, in some cases, termination of the license.

We also rely on trade secrets and proprietary know-how, which we seek to protect through confidentiality agreements with our employees and consultants. There can be no assurance that any confidentiality agreements that we have with our employees, consultants, outside scientific collaborators and sponsored researchers and other advisors will provide meaningful protection for our trade secrets or adequate remedies in the event of unauthorized use or disclosure of such information. There also can be no assurance that our trade secrets will not otherwise become known or be independently developed by competitors.

We currently engage in, and may continue to engage in, collaborations with academic researchers and institutions. There can be no assurance that under the terms of such collaborations, third parties will not acquire rights in certain inventions developed during the course of the performance of such collaborations.

We are subject to risks associated with patent litigation.

The biotechnology industry has been characterized by extensive litigation regarding patents and other intellectual property rights. We are aware that patents have been applied for and/or issued to third parties claiming technologies for the separation and purification of nucleic acids that are closely related to those we use. From time to time we receive inquiries requesting confirmation that we do not infringe patents of third parties. We endeavor to follow developments in this field, and we do not believe that our technologies or products infringe any proprietary rights of third parties. However, there can be no assurance that third parties will not challenge our activities and, if so challenged, that we will prevail. In addition, the patent and proprietary rights of others could require that we alter our products or processes, pay licensing fees or cease certain activities, and there can be no assurance that we will be able to license any technologies that we may require on acceptable terms. In addition, litigation, including proceedings that may be declared by the U.S. Patent and Trademark Office or the International Trade Commission, may be necessary to respond to any assertions of infringement, enforce our patent rights and/or determine the scope and validity of our proprietary rights or those of third parties. Litigation could involve substantial cost, and there can be no assurance that we would prevail in any such proceedings.

Exchange rate fluctuations may adversely affect our business.

Since we currently market our products in over 40 countries throughout the world, a significant portion of our business is conducted in currencies other than the U.S. dollar, our reporting currency. As a result, fluctuations in value relative to the U.S. dollar of the currencies in which we conduct our business have caused and will continue to cause foreign currency transaction gains and losses. Foreign currency transaction gains and losses arising from normal business operations are charged against earnings in the period when incurred. We hedge a portion of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effects of exchange rate fluctuations upon future operating results. While we engage in foreign exchange hedging transactions to manage our foreign currency exposure, there can be no assurance that our hedging strategy will adequately protect our operating results from the effects of future exchange rate fluctuations.

Our ability to accurately forecast our results during each quarter may be negatively impacted by the fact that a substantial percentage of our sales may be recorded in the final weeks or days of the quarter.

The markets we serve are characterized by a high percentage of purchase orders being received in the final few weeks or even days of each quarter. Although this varies from quarter to quarter, many customers make a large portion of their purchase decisions late in each fiscal quarter, as both their budgets and requirements for the coming quarter become clearer. As a result, even late in each fiscal quarter, we cannot predict with certainty whether our revenue forecasts for the quarter will be achieved. Historically, we have been able to rely on the overall pattern of customer purchase orders during prior periods to project with reasonable accuracy our anticipated sales for the current or coming quarters. However, if our customers' purchases during a quarter vary from historical patterns, our final quarterly results could deviate significantly from our projections. Consequently, our revenue forecasts for any given quarter may prove not to have been accurate. We may not have enough information as a result of such patterns to confirm or revise our sales projections during a quarter. If we fail to achieve our forecasted revenues for a particular quarter, our stock price could be adversely affected.

Competition in the Life Sciences market could reduce sales.

Our primary competition stems from traditional separation, purification and handling methods ("traditional" or "home-brew" methods) that utilize widely available reagents and other chemicals. The success of our business depends in part on the continued conversion of current users of such traditional methods to our nucleic acid separation and purification technologies and products. There can be no assurance, however, as to how quickly such conversion will occur.

We also have experienced, and expect to continue to experience, increasing competition in various segments of our business from companies providing pre-analytical products and other products we offer. The markets for certain of our products are very competitive and price sensitive. Other life science research product suppliers have significant financial, operational, sales and marketing resources, and experience in research and development. These and other companies may have developed or could in the future develop new technologies that compete with our products or even render our products obsolete. If a competitor develops superior technology or cost-effective alternatives to our kits and other products, our business, operating results and financial condition could be materially adversely affected.

We believe that customers in the market for preanalytical solutions and assay technologies display a significant amount of loyalty to their initial supplier of a particular product. Therefore, it may be difficult to generate sales to customers who have purchased products from competitors. To the extent we are unable to be the first to develop and supply new products, our competitive position will suffer.

Reduction in research and development budgets and government funding may result in reduced sales.

Our customers include researchers at pharmaceutical and biotechnology companies, academic institutions and government and private laboratories. Fluctuations in the research and development budgets of these researchers and their organizations for applications in which our products are used could have a significant effect on the demand for our products. Research and development budgets fluctuate due to changes in available resources, mergers of pharmaceutical and biotechnology companies, spending priorities and institutional budgetary policies. Our business could be seriously damaged by any significant decrease in life sciences research and development expenditures by pharmaceutical and biotechnology companies, academic institutions or government and private laboratories. In addition, short term changes in administrative, regulatory or purchasing-related procedures can create uncertainties or other impediments which can contribute to lower sales.

In recent years, the pharmaceutical biotech industries have undergone substantial restructuring and consolidation. Additional mergers or corporate consolidations in the pharmaceutical industry could cause us to lose existing customers and potential future customers, which could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our sales have been to researchers, universities, government laboratories and private foundations whose funding is dependent upon grants from government agencies such as the U.S. National Institutes of Health (NIH) and similar domestic and international agencies. Although the level of research funding has increased during the past several years, we cannot assure you that this trend will continue. Government funding of research and development is subject to the political process, which is inherently fluid and unpredictable. The predictability of our revenues may be adversely affected if our customers delay purchases as a result of uncertainties surrounding the approval of government or industrial budget proposals. Also, government proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and other government agencies that fund research and development activities. A reduction in government funding for the NIH or other government research agencies could seriously and negatively impact our business.

We heavily rely on air cargo carriers and other overnight logistics services.

Our customers within the scientific research markets typically do not keep a significant inventory of QIAGEN products and consequently require overnight delivery of purchases. As such, we heavily rely on air cargo carriers such as DHL, FedEx and Panalpina. If overnight services are suspended or delayed and other delivery carriers cannot provide satisfactory services, customers may suspend a significant amount of work requiring nucleic acid purification. If there are no adequate delivery alternatives available, sales levels could be negatively affected.

We depend on suppliers and if shipments from these suppliers are delayed or interrupted, we will be unable to manufacture our products.

We buy materials for our products from many suppliers, and are not dependent on any one supplier or group of suppliers for our business as a whole. However, key components of certain products, including certain instrumentation components and chemicals, are available only from a single source. If supplies from these vendors were delayed or interrupted for any reason, we may not be able to obtain these materials timely or in sufficient quantities or qualities in order to produce certain products and our sales levels could be negatively affected.

We rely on collaborative commercial relationships to develop some of our products.

Our long-term business strategy has included entering into strategic alliances and marketing and distribution arrangements with academic, corporate and other partners relating to the development, commercialization, marketing and distribution of certain of our existing and potential products. There can be no assurance that we will continue to be able to negotiate such collaborative arrangements on acceptable terms, or that any such relationships will be scientifically or commercially successful. In addition, there can be no assurance that we will be able to maintain such relationships or that our collaborative partners will not pursue or develop competing products or technologies, either on their own or in collaboration with others.

Doing business internationally creates certain risks for our business.

Our business involves operations in several countries outside of the United States. Our consumable manufacturing facilities are located in Germany, China, Canada and the United States, and our instrumentation facility is located in Switzerland. We also have established sales subsidiaries in the United States, Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, Austria, The Netherlands, Sweden, and Italy. In addition, our products are sold through independent distributors serving more than 40 other countries. We operate U.S. facilities in West Chester, Pennsylvania (sales and research and development), Valencia, California (customer service and technical service), Germantown, Maryland and San Francisco, California (manufacturing and research and development). Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. We use SAP as our business information system to integrate most of our North American, European, and Japanese subsidiaries.

Our operations are also subject to other risks inherent in international business activities, such as general economic conditions in the countries in which we operate, overlap of different tax structures, unexpected changes in regulatory requirements, compliance with a variety of foreign laws and regulations, and longer accounts receivable payment cycles in certain countries. Other risks associated with international operations include import and export licensing requirements, trade restrictions, exchange controls and changes in tariff and freight rates. As a result of these conditions, an inability to successfully manage our international operations could have a material adverse impact on our operations.

We have made investments in and are expanding our business into emerging markets and regions, which exposes us to new risks.

During 2006 and 2005 we began expanding our business in emerging markets in Asia and we expect to continue to focus on growing our business in these regions. In addition to the currency and international operation risks described above, our international operations are subject to a variety of risks including risks arising out of the economy, the political outlook and the language and cultural barriers in countries where we have operations or do business. In many of these emerging markets, we may be faced with several risks that are more significant than in the other countries in which we have a history of doing business. These risks include economies that may be dependent on only a few products and are therefore subject to significant fluctuations, weak legal systems which may affect our ability to enforce contractual rights, possible exchange controls, unstable governments, privatization actions or other government actions affecting the flow of goods and currency. In conducting our business we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that may have significant negative impacts on our financial condition and operating results.

Our business in countries with a history of corruption and transactions with foreign governments increases the risks associated with our international activities.

As we operate and sell internationally, we are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have operations, agreements with third parties and make sales in countries known to experience corruption. Further international expansion may involve more exposure to such practices. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or distributors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. It is our policy to implement safeguards to discourage these practices by our employees. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

Our success depends on the continued employment of our key personnel, any of whom we may lose at any time.

Our senior management consists of an Executive Committee comprised of our most senior executives responsible for core functions, the Chairman of which is Mr. Peer Schatz, our Chief Executive Officer. The loss of Mr. Schatz or any of our Managing Directors could have a material adverse effect on us. Further, although we have not experienced any difficulties attracting or retaining key management and scientific staff, our ability to recruit and retain qualified skilled personnel will also be critical to our success. Due to the intense competition for experienced scientists from numerous pharmaceutical and biotechnology companies and academic and other research institutions, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms. Our planned activities will also require additional personnel, including management, with expertise in areas such as manufacturing and marketing, and the development of such expertise by existing management personnel. The inability to recruit such personnel or develop such expertise could have a material adverse impact on our operations.

Our business may require substantial additional capital, which we may not be able to obtain on terms acceptable to us, if at all.

Our future capital requirements and level of expenses will depend upon numerous factors, including the costs associated with:

- our marketing, sales and customer support efforts;
- our research and development activities;
- the expansion of our facilities;
- the consummation of possible future acquisitions of technologies, products or businesses;
- the demand for our products and services; and
- the refinancing of debt.

We currently anticipate that our short-term capital requirements will be satisfied by the results of operations. However, we have outstanding loan facilities at December 31, 2006 of approximately US$496 million, of which US$6.6 million is due in June 2008, US$39.6 million is due in annual installments from June 2006 through June 2011, US$150.0 million which will become due in August 2011, and US$300.0 million which will become due in May 2013. To the extent that our existing resources are insufficient to fund our activities, we may need to raise funds through public or private debt or equity financings. No assurance can be given that such additional funds will be available or, if available, can be obtained on terms acceptable to us. If adequate funds are not available, we may have to reduce expenditures for research and development, production or marketing, which could have a material adverse effect on our business. To the extent that additional capital is raised through the sale of equity or convertible securities, the issuance of such securities could result in dilution to our shareholders.

Our strategic equity investments may result in losses.

We have made and may continue to make strategic investments in complementary businesses as the opportunities arise. We periodically review the carrying value of these investments for impairment, considering factors such as the most recent stock transactions, book values from the most recent financial statements, and forecasts and expectations of the investee. The results of these valuations may fluctuate due to market conditions and other conditions over which we have no control. Estimating the fair value of non-marketable equity investments in life science companies is inherently subjective. If actual events differ from our assumptions and other than temporary unfavorable fluctuations in the valuations of the investments are indicated, it could require a write-down of the investment. This could result in future charges on our earnings that could materially impact our results of operations. It is uncertain whether or not we will realize any long term benefits from these strategic investments.

We have a significant amount of long-term debt which may adversely affect our financial condition.

We have a significant amount of debt which carries with it significant debt service obligations. A high level of indebtedness increases the risk that we may default on our debt obligations. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on our debt or that future working capital, borrowings or equity financing will be available to repay or refinance such debt. If we are unable to generate sufficient cash flow to pay the interest on our debt, we may have to delay or curtail our research and development programs. The level of our indebtedness among other things could:

- make it difficult for us to make required payments on our debt;
- make it difficult for us to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements or other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- make us more vulnerable in the event of a downturn in our business.

Changing government regulations may adversely impact our business.

We and our customers operate in a highly regulated environment characterized by continuous changes in the governing regulatory framework. Genetic research activities as well as products commonly referred to as "genetically engineered," such as certain food and therapeutic products, are subject to governmental regulation in most developed countries, especially in the major markets for pharmaceutical and diagnostic products (i.e., the European Union, the United States, and Japan). In the recent past, several highly publicized scientific successes (most notably in the areas of genomic research and "cloning") have stirred a public debate in which ethical, philosophical and religious arguments have been raised against an unlimited expansion of genetic research and the use of products developed thereby. As a result of this debate, some key countries might increase the existing regulatory barriers; this, in turn, could adversely affect the demand for our products and prevent us from fulfilling our growth expectations. Furthermore, there can be no assurance that any future changes of applicable regulations will not require further expenditures or an alteration, suspension or liquidation of our operations in certain areas, or even in their entirety.

Changes in the existing regulations or adoption of new requirements or policies could adversely affect our ability to sell our approved products or to seek to introduce new products in other countries in the world. Sales volumes of certain of our products in development may be dependent on commercial sales by us or by our customers of diagnostic and pharmaceutical products, which will require pre-clinical studies and clinical trials and other regulatory clearance. Such trials will be subject to extensive regulation by governmental authorities in the United States, including the Food and Drug Administration (FDA), international agencies and agencies in other countries with comparable responsibilities. These trials involve substantial uncertainties and could impact customer demand for our products. In addition, certain of our products, especially products intended for use in in-vitro diagnostics applications, are dependent on regulatory or other clearance. For example, since the European Union Directive 98/79/EC on in vitro diagnostic medical devices, or EU-IvD-D, went into effect on December 7, 2003, all products and kits which are used for in vitro diagnostic applications and which are sold after this date have to be compliant with this European directive. In addition to high risk products such as HIV testing systems (list A of Annex II of the directive) or blood glucose testing systems (list B of Annex II of the directive), nucleic acid purification products which are used in diagnostic workflows are affected by this new regulatory framework. The major goals of this directive are to standardize the diagnostic procedures within the European Union, to increase reliability of diagnostic analysis and to enhance patients' safety through the highest level of product safety. These goals are expected to be achieved by the enactment of a large number of mandatory regulations for product development, production, quality control and life cycle surveillance. Our failing to obtain any required clearance or approvals may significantly damage our business in such segments. Additionally, we may be required to incur significant costs to comply with laws and regulations in the future, and changes or additions to existing laws or regulations may have a material adverse effect upon our business, financial condition and results of operations.

We are subject to various laws and regulations generally applicable to businesses in the different jurisdictions in which we operate, including laws and regulations applicable to the handling and disposal of hazardous substances. We do not expect compliance with such laws to have a material effect on our capital expenditures, earnings or competitive position. Although we believe that our procedures for handling and disposing of hazardous materials comply with the standards prescribed by applicable regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could have a material adverse effect on us.

Risk of price controls is a threat to our profitability.

The ability of many of our customers to successfully market their products depends in part on the extent to which reimbursement for the costs of these products is available from governmental health administrations, private health insurers and other organizations. Governmental and other third party payers are increasingly seeking to contain health care costs and to reduce the price of medical products and services. Therefore, the biotechnology, diagnostics and pharmaceutical industries are exposed to the potential risk of price controls by these entities. If there are not adequate reimbursement levels, the commercial success of our customers and, hence, of QIAGEN itself, could be adversely affected.

Our business exposes us to potential liability.

The marketing and sale of our products and services for certain applications entail a potential risk of product liability, and, although we are not currently subject to any material product liability claims, there can be no assurance that product liability claims will not be brought against us. Further, there can be no assurance that our products will not be included in unethical, illegal or inappropriate research or applications, which may in turn put us at risk of litigation. We currently carry product liability insurance coverage, which is limited in scope and amount, but which we believe is currently appropriate for our purposes. There can be no assurance, however, that we will be able to maintain such insurance at reasonable cost and on reasonable terms, or that such insurance will be adequate to protect us against any or all potential claims or losses.

Our holding company structure makes us dependent on the operations of our subsidiaries.

We were incorporated under Dutch law as a public limited liability company (naamloze venootschap) and we are organized as a holding company. Currently, our material assets are the outstanding shares of our subsidiaries. We, therefore, are dependent upon payments, dividends and distributions from our subsidiaries for funds to pay our operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our common shares. The lending arrangements entered into by QIAGEN GmbH limits the amount of distributions that can be made by QIAGEN GmbH to QIAGEN N.V. during the period the borrowings are outstanding. This facility will expire in June 2011. Dividends or distributions by subsidiaries to us in a currency other than the U.S. dollar may result in a loss upon a subsequent conversion or disposition of such foreign currency, including a subsequent conversion into U.S. dollars.

Risks Related to Our Common Shares

Our common shares may have a volatile public trading price.

The market price of the common shares since our initial public offering in September 1996 has increased significantly and been highly volatile. In the past two fiscal years, the closing price of our common shares has ranged from a high of US$16.15 to a low of US$10.56 on the NASDAQ National Market System, and a high of EUR 13.09 to a low of EUR 8.20 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors which may have a significant impact on the market price of the common shares include:

- announcements of technological innovations or the introduction of new products by us or our competitors;
- developments in our relationships with collaborative partners;
- quarterly variations in our operating results or those of companies related to us;
- changes in government regulations or patent laws;
- developments in patent or other proprietary rights;
- developments in government spending for life sciences related research; and
- general market conditions relating to the diagnostics, applied testing, pharmaceutical and biotechnology industries.

The stock market has from time to time experienced extreme price and trading volume fluctuations that have particularly affected the market for technology-based companies and that have not necessarily been related to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of our common shares.

Holders of our common shares will not receive dividend income.

We have not paid cash dividends since our inception and do not anticipate paying any cash dividends on our common shares for the foreseeable future. Although we do not anticipate paying any cash dividends, any cash dividends paid in a currency other than the U.S. dollar will be subject to the risk of foreign currency transaction losses. Investors should not invest in our common shares if they are seeking dividend income; the only return that may be realized through investing in our common shares is through the appreciation in value of such shares.

Shareholders who are United States residents could be subject to unfavorable tax treatment.

We may be classified as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if certain tests are met. Our treatment as a PFIC could result in a reduction in the after-tax return to the holders of common shares and would likely cause a reduction in the value of such shares. If we were determined to be a PFIC for U.S. federal income tax purposes, highly complex rules would apply to our U.S. shareholders. We would be considered a PFIC with respect to a U.S. shareholder if for any taxable year in which the U.S. shareholder held the common shares, either (i) 75% or more of our gross income for the taxable year is passive income; or (ii) the average value of our assets (during the taxable year) which produce or are held for the production of passive income is at least 50% of the average value of all assets for such year. Based on our current income, assets and activities, we do not believe that we are currently a PFIC. No assurances can be made, however, that the IRS will not challenge this position or that we will not subsequently become a PFIC.

Future sales of our common shares could adversely affect our stock price.

Future sales of substantial amounts of our common shares in the public market, or the perception that such sales may occur, could adversely affect the market price of the common shares. As of December 31, 2006, we had outstanding 150,167,540 common shares plus 11.7 million additional shares subject to outstanding stock options, of which 11.5 million were then exercisable. A total of approximately 17.7 million common shares are reserved and available for issuances under our stock plan, including those shares subject to outstanding stock options. The resale of common shares issued in connection with the exercise of certain stock options are subject to some restrictions. All of our outstanding common shares are freely saleable except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26.9 million common shares, subject to adjustments in certain cases.

Provisions of our Articles of Association and Dutch law and an option we have granted may make it difficult to replace or remove management and may inhibit or delay a takeover.

Our Articles of Association, or Articles, provide that our shareholders may only suspend or dismiss our managing and supervisory directors against their wishes with a vote of two-thirds of the votes cast representing more than 50% of the outstanding shares unless the proposal was made by the joint meeting of the Supervisory Board and the Managing Board in which case a simple majority is sufficient. They also provide that if the members of our Supervisory Board and our Managing Board have been nominated by the joint meeting of the Supervisory Board and Managing Board, shareholders may only overrule this nomination with a vote of two-thirds of the votes cast representing more than 50% of the outstanding shares. Certain other provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our shares by issuing preference shares. Pursuant to these provisions and pursuant to the resolution adopted by our general meeting on June 16, 2004, our Supervisory Board is authorized to issue preference shares or grant rights to subscribe for preference shares if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire, more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in our share capital has been designated as a hostile person by our Supervisory Board. If the Supervisory Board opposes an intended take-over and authorizes the issuance of preference shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and /or Supervisory Board and agree on a higher bid price for our shares.

In 2004 we also granted an option to a Foundation (Stichting), subject to the conditions described in the paragraph above, which allows the Foundation to acquire preference shares from us. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders. See “Description of Share Capital—Preference Shares.”

United States civil liabilities may not be enforceable against us.

We are incorporated under the laws of The Netherlands and substantial portions of our assets are located outside of the United States. In addition, certain members of our Managing and Supervisory Boards, our officers and certain experts named herein reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons, or to enforce outside the U.S. judgments obtained against such persons in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. securities laws. There is no treaty between the United States and The Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would not be directly enforceable in The Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in The Netherlands, such party may submit to the Dutch court the final judgment which has been rendered in the United States. If the Dutch court finds that the jurisdiction of the federal or state court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in the United States unless such judgment contravenes Dutch principles of public policy. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us, members of our Managing or Supervisory Boards, officers or certain experts named herein who are residents of The Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the federal securities laws. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our Managing or Supervisory Boards, our officers or certain experts named herein in an original action predicated solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in The Netherlands against us or such members, officers or experts, respectively.

Controls and Procedures

Our Managing Directors, with the assistance of other members of management, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, within 90 days of the date of this report. Based on that evaluation, they concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in this report is recorded, processed, summarized and reported on a timely basis.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, no matter how well designed, such as the possibility of human error and the circumvention or overriding of the controls and procedures. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance of achieving their control objectives. In addition, any determination of effectiveness of controls is not a projection of any effectiveness of those controls to future periods, as those controls may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate.

The Managing Board has developed and implemented strategies, controls and mitigation measures to identify current and developing risks as part of the Company's risk management system. The risk management and control systems are adequate for the size and nature of QIAGEN's business and effectively contribute to identify risk exposures. Regarding the operation of the internal risk management and control system reference is made to 'Risk Management' in the Corporate Governance Report.

Reporting in accordance with Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004, on takeover bids

Structure of our capital, including securities which are not admitted to trading on a regulated market in a Member State of the European Union

The authorized classes of our shares consist of Common Shares, Financing Preference Shares and Preference Shares. No Financing Preference Shares or Preference Shares have been issued.

As of December 31, 2006, we had outstanding 150.167.540 common shares plus 11,7 million additional common shares subject to outstanding stock options, of which 11,5 million were then exercisable. A total of approximately 17,7 million common shares are reserved and available for issuances under our stock plan, including those shares subject to outstanding stock options. The resale of common shares issued in connection with the exercise of certain stock options are subject to some restrictions. All of our outstanding common shares are freely saleable except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26,9 million common shares, subject to adjustments in certain cases.

Restrictions on the transfer of securities

Common Shares are issued in registered form only. Common Shares are available either without issue of a share certificate, or Type I shares, or with issue of a share certificate, or Type II shares, in either case in the form of an entry in the shareholders register of the Company. At the discretion of the Supervisory Board, Type I shares shall be made available and the holders of such Type I shares will be registered in the shareholders register of QIAGEN, which is administered by TMF Management B.V. in Amsterdam, The Netherlands. The Type II shares are registered with American Stock Transfer & Trust Company, or New York Transfer Agent, our transfer agent and registrar in New York.

The transfer of registered shares requires that we issue a written instrument of transfer and the written acknowledgment of such transfer (or, in the case of Type II shares, the New York Transfer Agent (in our name)), and surrender of the share certificates, if any, to us or (in our name) to the New York Transfer Agent. Upon surrender of a share certificate for the purpose of transfer of the relevant shares, we (or the New York Transfer Agent in our name) acknowledge the transfer by endorsement on the share certificate or by issuance of a new share certificate to the transferee, at the discretion of the Managing Board.

Significant direct and indirect shareholdings

The following table sets forth certain information as of December 31, 2006, concerning the ownership of Common Shares of each holder of greater than five percent ownership. None of these holders have any different voting rights than other holders of our Common Shares.

Name and Country of Residence	Shares Beneficially Owned Number		Percent Ownership (1)
FMR Corp. United States	18.425.233	(2)	12,27 %

(1) The percentage ownership was calculated based on 150.167.540 Common Shares issued and outstanding as of December 31, 2006.

(2) Of the 18.425.233 shares attributed to FMR Corp., it has sole voting power over 9.863.533 shares and sole dispositive power of all 18.425.233 shares. Such voting and dispositive power is also attributable to Edward C. Johnson III by virtue of his position, Chairman, and ownership interests in FMR Corp, and to members of Mr. Johnson's family by virtue of their ownership interests in FMR Corp. This information is based solely on the Schedule 13G filed jointly by FMR Corp., Edward C. Johnson III, and Fidelity Management and Research Company with the Securities and Exchange Commission on February 15, 2007, which reported ownership as of December 31, 2006. At December 31, 2005, FMR Corp. beneficially owned 19.391.037 shares representing 13,06% of the total Common Shares issued and outstanding at that time.

Holders of any securities with special control rights

Not applicable.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Not applicable.

Restrictions on voting rights

At the General Meeting, each share shall confer the right to cast one vote, unless otherwise provided by law or the Articles. No votes may be cast in respect of shares that we or our subsidiaries hold, or by usufructuaries and pledges of shares. All shareholders and other persons entitled to vote at General Meetings are entitled to attend General Meetings, to address the meeting and to vote. They must notify the Managing Board in writing of their intention to be present or represented not later than on the third day prior to the day of the meeting, unless the Managing Board permits notification within a shorter period of time prior to any such meeting. Subject to certain exceptions, resolutions may be passed by a simple majority of the votes cast.

Agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights

Not applicable.

Rules governing the appointment and replacement of board members and the amendment of the articles of association

Supervisory Directors and Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year.

Managing Directors shall be appointed by the general meeting upon the joint meeting of the Supervisory board and the Managing Board, or Joint Meeting, having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which give the directors of a corporation greater authority in choosing the executive officers of a corporation. Under our Articles, the general meeting may suspend or dismiss a managing director at any time. The Supervisory Board shall also at all times be entitled to suspend (but not to dismiss) a Managing Director. The Articles provide that the Supervisory Board may adopt management rules governing the internal organization of the Managing Board.

The Supervisory Directors shall be appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-third majority of the votes, if such majority represents more than one half of the issued share capital If during a financial year a vacancy occurs in the Supervisory Board, the Supervisory Board may appoint a Supervisory Director who will cease to hold office at the next Annual General Meeting up to a maximum of one-third of the Supervisory Directors as determined by the Joint Meeting. Under our Articles, the General Meeting may suspend or dismiss a Supervisory Director at any time. The Articles provide that the Supervisory Board may adopt rules governing their internal organization.

The Selection and Appointment Committee prepares the selection criteria and appointment procedures for members of the Company's Supervisory Board and the Managing Board; periodically evaluates the scope and composition of the Managing Board and Supervisory Board and proposes the profile of the Supervisory Board in relation thereto. Additionally, the Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board and reports the results thereof to the Supervisory Board and proposes the (re-)appointments of members of the Company's Managing Board and Supervisory Board. The Committee prepares and submits to the Supervisory Board on an annual basis a report of its deliberations and findings.

A resolution of the General Meeting to amend the Articles, dissolve QIAGEN, issue shares or grant rights to subscribe for shares or limit or exclude any pre-emptive rights to which shareholders shall be entitled is valid only if proposed to the General Meeting by the Supervisory Board.

A resolution of the General Meeting to amend the Articles is further only valid if the complete proposal has been made available for inspection by the shareholders and the other persons entitled to attend General Meetings at our offices as from the day of notice convening such meeting until the end of the meeting. A resolution to amend the Articles to change the rights attached to the shares of a specific class requires the approval of the relevant class meeting.

Powers of board members, and in particular the power to issue or buy back shares;

The Managing Board manages QIAGEN and is responsible for achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations, for managing the risks associated with the activities of QIAGEN and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders. The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders.

The members of our Supervisory Board have the powers assigned to them by Dutch law and the Articles. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. In particular, the Supervisory Board has the authority to issue ordinary shares up to its presently authorized capital of 260 million common shares and to exclude or limit the preemptive rights of existing shareholders with respect to such issuances by authorization by the General Meeting of Shareholders. Such authority has been granted by the General Meeting to the Supervisory Board during their meeting on June 16, 2004.

We may acquire our own shares, subject to certain provisions of Dutch law and the Articles, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called up capital and any reserves required by Dutch law or the Articles and (ii) we and our subsidiaries would not thereafter hold shares with an aggregate par value exceeding one-tenth of our issued share capital. Shares that we hold in our own capital or shares held by one of our subsidiaries may not be voted. The Managing Board, subject to the approval of the Supervisory Board, may effect our acquisition of shares in our own capital. Our acquisitions of shares in our own capital may only take place if the General Meeting has granted to the Managing Board the authority to effect such acquisitions. Such authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. On June 22, 2006 the General Meeting resolved to extend the authorization of the Managing Board in such manner that the Managing Board may cause us to acquire shares in our own share capital for an 18-month period from the date until December 22, 2007, without limitation against a price between one Euro cent (Euro 0,01) and one hundred ten percent (110%) of the price for such shares on a stock market, or, with respect to preference and finance preference shares, against a price between one Euro cent (Euro 0,01) and three times the issuance price and in accordance with applicable provisions of Dutch law and our Articles.

Significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid

Certain provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our shares by issuing preference shares. Pursuant to these provisions and pursuant to the resolution adopted by our general meeting on June 16, 2004, our Supervisory Board is authorized to issue preference shares or grant rights to subscribe for preference shares if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire, more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in our share capital has been designated as a hostile person by our Supervisory Board. If the Supervisory Board opposes an intended take-over and authorizes the issuance of preference shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and /or Supervisory Board and agree on a higher bid price for our shares.

In 2004 we also granted an option to a Foundation (Stichting), subject to the conditions described in the paragraph above, which allows the Foundation to acquire preference shares from us. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders.

During 2005, the Company adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) which was approved by our shareholders on June 14, 2005. Pursuant to the Plan, stock rights, which include options to purchase our Common Shares, stock grants and stock based awards, may be granted to employees and consultants of QIAGEN and its subsidiaries and to Supervisory Directors. An aggregate of 17,7 million Common Shares have been reserved for issuance pursuant to the Plan, subject to certain antidilution adjustments. Options granted pursuant to the Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the option, the length of time the option will remain outstanding, the manner and time of the option's exercise, the exercise price per share subject to the option and other terms and conditions of the option consistent with the Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control. A "Change of Control" means the occurrence of a merger or consolidation of QIAGEN, whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of QIAGEN outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of QIAGEN or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation, or

the stockholders of QIAGEN approve an agreement for the sale or disposition by QIAGEN of all or substantially all of QIAGEN's assets.

Certain of our executive employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2006, the Company's commitment under these agreements totaled US$17,0 million.

Agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

The members of the Managing Board are appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. Further, the members of the Managing Board have entered into employment agreements with QIAGEN N.V. and other QIAGEN affiliates. The term of these agreements varies for each Managing Board member due to individual arrangements and goes beyond the one year term of appointment by the General Meeting of Shareholders. These agreements cannot be terminated without cause and, absent such cause, have to be fulfilled during their stated term. There are no arrangements for any extra compensation in case of resignation or redundancy.

The members of the Supervisory Board are also appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. There are no additional employments in place and there are no arrangements for any extra compensation in case of resignation or redundancy. The General Meeting determines the remuneration of the members of the Supervisory Board.

Certain of our executive employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control regardless of any termination, as defined as defined in those agreements. At December 31, 2006, the Company's commitment under these agreements totaled US$17,0 million.

We have built a great platform with which we can proudly step forward into 2007. It is up to us to take on our many opportunities.

Venlo, The Netherlands, May 2007

Peer M. Schatz
Chief Executive Officer

Corporate Governance Report

The Dutch Corporate Governance Code

In the Netherlands, the Dutch Corporate Governance Code (the "Code") became effective on January 1, 2004. The Code is applicable to QIAGEN N.V. (in the following also referred to as the "Company"), as it is a publicly listed company under the laws of the Netherlands with a registered seat in Venlo, The Netherlands. The Code contains a set of principles and a number of best practice provisions, creating a set of standards governing the conduct of the members of the Managing Board and the Supervisory Board and shareholders.

QIAGEN recognizes the importance of clear and straightforward rules on corporate governance and, where appropriate, has adapted its internal organization to these new rules.

Corporate Structure

QIAGEN is a 'Naamloze Vennootschap' ("N.V."), a Dutch limited liability company similar to a 'Corporation' (Inc.) in the United States. QIAGEN has a two-tier board structure. QIAGEN is managed by a Managing Board under the supervision of a Supervisory Board. It is in the interest of QIAGEN and all its stakeholders that each Board performs its functions appropriately and that there is a clear division of responsibilities between the Managing Board, the Supervisory Board, the Annual General Meeting and the external auditor in a well-functioning system of checks and balances.

Managing Board

The Managing Board manages QIAGEN and is responsible for achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations as well as for managing the risks associated with the business activities and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and its Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the Annual General Meeting. The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprises and all parties involved in QIAGEN, including shareholders and other stakeholders.

QIAGEN has also established an Executive Committee, of which four members currently serve as Managing Directors of QIAGEN.

Resolutions to enter into transactions under which members of the Managing Board could have a conflict of interest with QIAGEN that are of material significance to QIAGEN and/or the relevant member of the Managing Board require the approval of the Supervisory Board. QIAGEN has not entered into any such transactions in 2006.

The Managing Board consists of one or more members as determined by the Supervisory Board. The members of the Managing Board are appointed by the Annual General Meeting upon the joint meeting of the Supervisory Board and the Managing Board (the "Joint Meeting") having made a binding nomination for each vacancy. However, the Annual General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year.

Members of the Managing Board may be suspended and dismissed by the Annual General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Joint Meeting in which case a simple majority of votes cast is sufficient. Furthermore, members of the Managing Board may be suspended (but not dismissed) by the Supervisory Board.

The remuneration of the members of the Managing Board will, with due observance of the Remuneration Policy, be determined by the Supervisory Board, on a proposal by its Compensation Committee. The current Remuneration Policy was adopted by the Annual General Meeting on June 14, 2005. Details on this Policy, which has been drafted taking into account the principles and best practice provisions of the Code, are published on the Company's website at www.qiagen.com.

Supervisory Board

The Supervisory Board supervises the policies of the Managing Board, the general course of QIAGEN's affairs and the business enterprises which it operates. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. The Supervisory Board is responsible for the quality of its own performance. In this respect, the Supervisory Board conducts a self-evaluation on an annual basis.

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with QIAGEN that are of material significance to QIAGEN and/or the relevant member of the Supervisory Board require the approval of the Supervisory Board plenum. In 2006, neither QIAGEN nor its Supervisory Board members have entered into any such transactions.

The Supervisory Board consists of at least three members or such higher number as to be determined by the Joint Meeting. The members of the Supervisory Board are appointed by the Annual General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. However, the Annual General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital.

The Supervisory Board shall be composed in a way that enables it to carry out its duties properly and that its members are enabled to act critically and independently of one another and of the Managing Board and any particular interests. To that effect, the Supervisory Board has adopted a profile of its size and composition which takes into account the nature of our business, our activities and the desired expertise and background of the members of the Supervisory Board. The current profile of the Supervisory Board can be found on our website. The Supervisory Board has appointed a chairman from its members who has the duties assigned to him by the Articles of Association and the Code.

Members of the Supervisory Board are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year. Members of the Supervisory Board may be suspended and dismissed by the Annual General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Joint Meeting in which case a simple majority of votes cast is sufficient.

The Supervisory Board has appointed an Audit Committee, a Compensation Committee and a Selection and Appointment Committee from among its members and can appoint other committees as deemed beneficial. The Supervisory Board has approved charters pursuant to which each of the committees operate. The charters are published on QIAGEN’s website.

Among other things, the Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor QIAGEN's accounting and financial reporting process and internal control system, be directly responsible for the proposal of the external auditor to the Supervisory Board which proposes the appointment of the external auditor to the Annual General Meeting. Further, the Audit Committee is responsible for the compensation and oversight of QIAGEN’s external auditor and to provide an open avenue of communication among the external auditor as well as the Management Board and the Supervisory Board. QIAGEN’s internal audit department operates under the direct responsibility of the Audit Committee. The Audit Committee consists of three members: Dr. Hornef (Chairman), Dr. Wirtz, and Mr. Hornnaess. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. The Supervisory Board has designated Dr. Hornef as a “financial expert” as that term is defined in the provision III.3.2 and III 5.7 of the Code. The Audit Committee met seven times in fiscal year 2006, whereof one meeting took place together with the external auditor and without the members of the Managing Board. Further, the Audit Committee had several telephone conferences with and without the external auditor. Among other things, the Audit Committee discussed the selection of the external auditor to audit the consolidated financial statements and accounting and records of QIAGEN and its subsidiaries, along with the pre-approval of the fees for such services. Further, it reviewed QIAGEN’s compliance with policies such as the Code of

Conduct; discussed the performance of the external auditor with management; discussed on a quarterly basis the scope and results of the reviews and audits with the external auditor; and discussed QIAGEN's financial accounting and reporting principles and policies and the adequacy of QIAGEN's internal accounting, financial and operating controls and procedures with the external auditor and management. The Audit Committee considered and approved any recommendations regarding changes to QIAGEN's accounting policies and processes, reviewed with management and the external auditor QIAGEN's quarterly reports prior to their release to the press; and reviewed the quarterly and annual reports to be filed with or furnished to the Securities and Exchange Commission in the United States and the Deutsche Börse in Germany. The Audit Committee performs a self-evaluation of its activities on an annual basis.

The Compensation Committee's primary duties and responsibilities include, among other things, the preparation of a proposal for the Supervisory Board concerning the Remuneration Policy for the Managing Board to be adopted by the Annual General Meeting, the preparation of a proposal concerning the individual compensation of members of the Managing Board to be adopted by the Supervisory Board and the preparation of the Remuneration Report on the compensation policies for the Managing Board to be adopted by the Supervisory Board. The Remuneration Report comprises a report on the way in which the Remuneration Policy was implemented in the most recent financial year and comprises an outline of the Remuneration Policy going forward.

The Compensation Committee consists of three members: Dr. Wirtz (Chairman), Professor Karobath, and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met fourteen times in fiscal year 2006. It reviewed, approved and made recommendations on QIAGEN's compensation and benefits policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Supervisory Board and the Managing Board are carried out. Further, the Compensation Committee approved stock rights or stock option grants on a monthly basis.

Inter alia, the Selection and Appointment Committee is primarily responsible for the preparation of selection criteria and appointment procedures for members of QIAGEN's Supervisory Board and Managing Board as well as the periodic evaluation of the scope and composition of the Managing Board and the Supervisory Board and the functioning of their individual members. The Selection and Appointment Committee is chaired by Professor Riesner with Mr. Hornef acting as vice chairman. The other members are individually involved on a case-by-case basis. The Selection and Appointment Committee met four times in fiscal year 2006. Qualifications and profiles of candidates for potential members of the Supervisory Board positions were discussed and proposed to the Supervisory Board and candidates for key functions within QIAGEN were evaluated.

Shareholders

Our shareholders exercise their voting rights through the Annual General Meeting. Resolutions are adopted by the Annual General Meeting by an absolute majority of votes cast, unless a different majority of votes or quorum is required by Dutch law or our Articles of Association. At the Annual General Meeting, each share confers the right to cast one vote, unless the law or the Articles of Association provide otherwise.

Furthermore, the Managing Board, or where appropriate, the Supervisory Board, shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence QIAGEN's share price.

The notice convening an Annual General Meeting accompanied by the agenda for that meeting shall be sent no later than on the fifteenth day prior to the meeting. QIAGEN informs the Annual General Meeting by means of explanatory notes to the agenda of all facts and circumstances relevant to the proposed resolutions.

The Audit of Financial Reporting

The external auditor is appointed at the Annual General Meeting, based on a nomination drawn up by the Supervisory Board. The external auditor is invited to attend the meeting of the Supervisory Board at which the financial statements shall be approved and is furthermore invited to attend the Annual General Meeting at which the financial statements are adopted and may be questioned by the Annual General Meeting on its statement on the fairness of our annual accounts.

Risk Management

The Company has identified various risk factors for its business which are set forth in detail in the 2006 Annual Report. There may be current risks that the Company has not yet fully assessed or which are currently qualified as minor but which could have a material impact on the performance of the Company at a later stage. The Managing Board has developed and implemented strategies, controls and mitigation measures to identify current and developing risks as part of the Company's risk management system. The Company has a variety of functional experts to evaluate and attempt to mitigate and manage its business risks. These groups and their respective main areas of focus are as follows:

Functional Group	Risk Management Focus
Corporate Strategy	Monitoring of competitive threats to the business
Intellectual Property and Licensing	Monitoring of intellectual property infringements and recommendations to enhance the Company's IP protection through new patents
Operations, Engineering and QA/QC	Monitoring of production risks (i.e. - contamination prevention, high-quality product assurance and existence of appropriate redundancy of operations)
Health, Safety and Environment	Monitor safety in operations and environmental hazard risks
Sales and Business Development	Monitor demand risks
Legal	Monitor legal exposures

The senior level individuals that manage the aforementioned functional groups report either to the Chief Executive Officer or to another Executive Committee member, who, in connection with the Chief Financial Officer, make strategic determinations as to the proper risk management procedures to be employed by the Company based on their assessment of the level of these risks.

As a publicly listed Company in the United States, QIAGEN is subject to Section 404 of the Sarbanes Oxley Act. The Company has enacted internal controls and procedures over its financial reporting in 2006. In its report on its audit of the Company's internal controls over financial reporting the external auditor Ernst & Young expressed the opinion that QIAGEN has maintained effective internal control over financial reporting as of December 31, 2006, under the applied criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission.

At least once a year, the Supervisory Board will discuss the corporate strategy and the risks of the business as well as the result of the assessment by the Managing Board and the Audit Committee of the structure and operation of the internal risk management and control systems and any significant changes thereto.

Whistleblower Policy and Code of Conduct

QIAGEN adopted a Whistleblower Policy concerning the reporting of alleged irregularities within QIAGEN of a general, operational or financial nature. Furthermore, a Code of Conduct, including business principles for our employees and rules of conduct, was adopted. The Code of Conduct can be found on our website.

Anti-Takeover Measures

In 2004, the Company granted an option to a Foundation (Stichting) which allows the Foundation to acquire preference shares from the Company if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in the share capital has been designated as a hostile person by our Supervisory Board. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in the interest of the Company and the interests of the Company's stakeholders.

Comply or Explain

The Company's corporate governance structure and compliance with the Code is the joint responsibility of the Managing Board and the Supervisory Board. They are accountable for this to the Annual General Meeting.

Nonapplication of a specific best practice provision is not in itself considered objectionable by the Code and may well be justified because of particular circumstances relevant to a company. Pursuant to the Decree of December 23, 2004, on the adoption of further regulations regarding the contents of the Annual Report, however, we disclose in our Annual Report the application of the principles and best practice provisions of the Code. To the extent we do not apply certain principles and best practice provisions or do not intend to apply these in the current or the subsequent financial year, we state the reasons therefore.

In this chapter, we will therefore indicate which specific provisions of the Code we do not apply and why. QIAGEN is positively disposed towards the Code and applies nearly all best practice provisions. However, a few best practice provisions we prefer not to apply, due to the international character of our Company and to the fact – acknowledged by the Commission that drafted the Code – that existing contractual agreements between QIAGEN and individual members of the Managing Board cannot be set aside at will.

1. Best practise provision II.1.1 recommends that a management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.

   The members of the Managing Board are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following year. The employment agreements of Peer M. Schatz and Roland Sackers with the Company have an indefinite term, but can be terminated with three months notice by the Managing Director and with six months notice by the Company. These agreements were entered into before the Code became applicable and their term was not re-negotiated as this was not considered to be in the interest of the

Company. All members of the Managing Board have additional employment agreements with other QIAGEN affiliates which have a term deviating from the term set forth in the employment agreements with the Company..

2. Best practice provision II.2.1 recommends that options to acquire shares are a conditional remuneration component and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date. Further, best practice provision II.2.2 provides that if a company grants unconditional options to management board members, it shall apply performance criteria.

   From time to time, the members of our Managing Board are granted options to acquire QIAGEN common shares with an exercise price that is higher than the market price as of the grant date (as determined by reference to an organized trading market or association). Since the holder cannot realize any value from these options unless the value of QIAGEN's common shares is increased above the exercise price, increasing shareholder value in that quantifiable manner is the "performance criteria" that must be fulfilled for these options.

3. Best practice provision II.2.6 recommends that the supervisory board shall draw up regulations concerning ownership of and transactions in securities in Dutch listed companies by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A Management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

   Since QIAGEN is a company which is not listed in The Netherlands we do not see a conflict with potential trades by Managing Board members in securities in Dutch listed companies. Further, QIAGEN is subject to several rules in Germany and the United States regarding the ownership and transactions by Managing Board members in QIAGEN shares the compliance of which we consider sufficient.

4. Best practice provision III.7.1 recommends that a supervisory board member should not be granted any shares and/or rights to shares by way of remuneration.

   QIAGEN has granted stock options to the members of its Supervisory Board as a remuneration component since its establishment. This practise is in compliance with international business practise in our industry and we consider the grant of stock options or stock rights as an important incentive to attract individuals with the required skills and expertise to serve on our Supervisory Board.

5. Best practice provision III.7.3 recommends that the supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

   See our statement to best practice provision II.2.6 above.

6. Pursuant to best practice provision IV.1.1, a general meeting of Shareholders is empowered to cancel binding nominations of candidates for the management board and supervisory board, and to dismiss members of either board by a simple majority of votes of those in attendance, although the company may require a quorum of at least one third of the voting rights outstanding for such vote to have force. If such quorum is not represented, but a majority of those in attendance votes in favour of the proposal, a second meeting may be convened and its vote will be binding, even without a one-third quorum.

   Our Articles of Association currently state that the General Meeting of Shareholders may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although a deviation from provision IV.1.1 of the Code, the Supervisory Board and the Managing Board hold the view that these provisions will enhance the continuity of QIAGEN's management and policies.

7. Best practice provision IV.1.7 recommends that the company shall determine a registration date for the exercise of the voting rights relating to meetings.

QIAGEN does not make use of a registration date. All of QIAGEN´s shares are registered shares and all shareholders are welcome to a shareholders meeting, provided that a shareholder needs to inform the Company of his intention to do so per the date mentioned in the notice of the meeting. As shareholders are not obliged to block their shares to participate in a meeting, this has the same effect as a registration date, be it that a shareholder can only vote a number of shares held by him at the date of the meeting. QIAGEN does make use of a notional record date, only to enable QIAGEN to distribute documentation regarding the meeting to shareholders.

F I N A N C I A L S T A T E M E N T S

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	Notes	December 31, 2006 US$	December 31, 2005 US$
Assets			
Current Assets:			
Cash and cash equivalents	(12)	430.871.000	191.978.000
Current available-for-sale assets	(13)	52.782.000	15.000.000
Notes receivable		4.247.000	4.283.000
Trade accounts receivable	(14)	80.429.000	63.538.000
Inventories	(15)	64.085.000	53.653.000
Income taxes receivable		2.901.000	4.161.000
Prepaid expenses and other current assets	(16)	24.906.000	23.812.000
Total current assets		660.221.000	356.425.000
Non-Current Assets:			
Property, plant and equipment	(17)	214.410.000	188.796.000
Goodwill	(18)	149.816.000	82.734.000
Intangible assets	(19)	153.971.000	97.288.000
Non-current available-for-sale assets	(13)	6.801.000	10.504.000
Deferred income taxes	(11)	37.223.000	26.271.000
Investments in equity-accounted investees	(20)	3.169.000	1.457.000
Other non-current assets	(21)	8.761.000	10.405.000
Total non-current assets		574.151.000	417.455.000
Total assets		1.234.372.000	773.880.000
Liabilities and Shareholders' Equity			
Current Liabilities:			
Current financial debts	(22)	8.642.000	6.746.000
Current finance lease obligations	(28)	823.000	995.000
Trade accounts payable		23.249.000	15.934.000
Provisions	(23)	5.017.000	1.971.000
Income taxes payable		14.142.000	15.173.000
Accrued expenses and other current liabilities	(24)	55.169.000	43.866.000
Total current liabilities		107.042.000	84.685.000
Non-Current Liabilities:			
Non-current financial debts	(22)	403.547.000	159.821.000
Non-current finance lease obligations	(28)	12.009.000	11.101.000
Deferred income taxes	(11)	62.129.000	31.909.000
Other non-current liabilities		5.725.000	3.108.000
Total non-current liabilities		483.410.000	205.939.000
Shareholders' Equity Attributable to Equity Holders of the Parent:	(25)		
Common shares, EUR 0,01 par value: Authorized--260.000.000 shares Issued and outstanding--150.167.540 shares in 2006 and 148.455.864 shares in 2005		1.535.000	1.513.000
Share premium		327.226.000	265.143.000
Retained earnings	(26)	273.312.000	199.999.000
Other reserves		1.114.000	1.096.000
Cumulative foreign currency translation adjustments		40.733.000	15.505.000
Total shareholders' equity attributable to equity holders of the parent		643.920.000	483.256.000
Total liabilities and shareholders' equity		1.234.372.000	773.880.000

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	Notes	Year ended December 31, 2006 US$	Year ended December 31 2005 US$
Revenues	(5)	465.778.000	398.395.000
Cost of sales		(139.122.000)	(123.503.000)
Cost of sales-restructuring related		(2.046.000)	(439.000)
Gross profit		324.610.000	274.453.000
Operating Expenses:			
Research and development		(38.441.000)	(36.228.000)
Sales and marketing		(118.028.000)	(101.845.000)
General and administrative		(48.597.000)	(50.364.000)
Acquisition, integration and related costs	(4)	(6.061.000)	(3.213.000)
Relocation and restructuring costs	(7)	(4.943.000)	0
Total operating expenses		(216.070.000)	(191.650.000)
Income from operations		108.540.000	82.803.000
Other Income (Expense):			
Financial income	(8)	16.424.000	7.557.000
Financial expense	(8)	(21.227.000)	(9.641.000)
Foreign currency losses, net	(8)	(660.000)	(157.000)
Gain (loss) from investments in equity-accounted investees	(20)	981.000	(1.076.000)
Other income		602.000	857.000
Other expense		(966.000)	(181.000)
Total other income (expense)		(4.846.000)	(2.641.000)
Income before income taxes		103.694.000	80.162.000
Income taxes	(11)	(30.381.000)	(32.040.000)
Profit for the year		73.313.000	48.122.000
Profit attributable to			
Equity holders of the parent		73.313.000	48.122.000
Weighted average number of common shares			
- basic	(3)	149.504.000	147.837.000
- diluted	(3)	152.139.000	150.106.000
Earnings per common share			
- basic	(3)	0,49	0,33
- diluted	(3)	0,48	0,32

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Common Shares Shares	Common Shares Amount US$	Share Premium US$	Retained Earnings US$	Other Reserves US$	Cumulative Foreign Currency Translation Adjustments US$	Total US$
BALANCE - December 31, 2004		147.020.207	1.495.000	234.144.000	151.877.000	(838.000)	41.161.000	427.839.000
Unrealized loss, net on forward contracts	(31)	0	0	0	0	(1.373.000)	0	(1.373.000)
Unrealized gain, net on marketable securities	(13)	0	0	0	0	2.800.000	0	2.800.000
Realized loss, net on marketable securities	(13)	0	0	0	0	507.000	0	507.000
Translation adjustment		0	0	0	0	0	(25.656.000)	(25.656.000)
Total income and expense for the year directly recognized in equity		0	0	0	0	1.934.000	(25.656.000)	(23.722.000)
Profit for the year		0	0	0	48.122.000	0	0	48.122.000
Total income and expense for the year		0	0	0	48.122.000	1.934.000	(25.656.000)	24.400.000
Stock options	(27)	1.435.657	18.000	30.999.000	0	0	0	31.017.000
BALANCE - December 31, 2005		**148.455.864**	**1.513.000**	**265.143.000**	**199.999.000**	**1.096.000**	**15.505.000**	**483.256.000**
Unrealized loss, net on forward contracts	(31)	0	0	0	0	(539.000)	0	(539.000)
Realized loss, net on forward contracts	(31)	0	0	0	0	2.122.000	0	2.122.000
Unrealized loss, net on marketable securities	(13)	0	0	0	0	(1.565.000)	0	(1.565.000)
Translation adjustment		0	0	0	0	0	25.228.000	25.228.000
Total income and expense for the year directly recognized in equity		0	0	0	0	18.000	25.228.000	25.246.000
Profit for the year		0	0	0	73.313.000	0	0	73.313.000
Total income and expense for the year		0	0	0	73.313.000	18.000	25.228.000	98.559.000
Issue of convertible debt	(22)	0	0	41.540.000	0	0	0	41.540.000
Stock issued for Genaco Biomedical Products, Inc. acquisition	(4)	125.000	2.000	1.846.000	0	0	0	1.848.000
Stock options	(27)	1.586.676	20.000	18.697.000	0	0	0	18.717.000
BALANCE - December 31, 2006		**150.167.540**	**1.535.000**	**327.226.000**	**273.312.000**	**1.114.000**	**40.733.000**	**643.920.000**

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2006 US$	Year ended December 31, 2005 US$
Cash Flows From Operating Activities:			
Net income		73.313.000	48.122.000
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization	(17/19)	31.958.000	26.491.000
Acquisition and restructure costs		4.745.000	2.114.000
Capitalization of development expenses and purchased in-process research and development		(10.383.000)	(7.762.000)
Provision for losses on accounts receivable		378.000	54.000
Deferred income taxes		11.457.000	(1.107.000)
Stock option expenses	(27)	326.000	23.058.000
(Gain) loss on disposition of property and equipment		1.262.000	(97.000)
(Gain) loss on sale of marketable securities	(13)	0	507.000
(Gain) loss on investments in equity-accounted investees	(20)	(981.000)	1.076.000
Other		500.000	(123.000)
(Increase) decrease in:			
Notes receivable		346.000	(33.000)
Accounts receivable		(3.621.000)	(131.000)
Income taxes receivable		(5.385.000)	1.897.000
Inventories		(4.202.000)	3.764.000
Prepaid expenses and other assets		940.000	(5.534.000)
Other assets		362.000	365.000
Increase (decrease) in:			
Accounts payable		2.162.000	(3.814.000)
Accrued and other liabilities		2.426.000	(1.274.000)
Income taxes payable		682.000	5.807.000
Other liabilties		3.090.000	(1.719.000)
Net cash provided by operating activities		109.375.000	91.661.000
Cash Flows From Investing Activities:			
Purchases of property, plant and equipment		(28.995.000)	(13.728.000)
Proceeds from sale of equipment		1.256.000	1.738.000
Purchases of intangible assets		(6.358.000)	(15.276.000)
Purchases of investments in equity-accounted investees and available-for-sale financial assets		0	(4.981.000)
Proceeds from disposition of synthetic DNA business unit		652.000	757.000
Purchases of marketable securities		(56.606.000)	(40.445.000)
Sales of marketable securitities	(13)	20.000.000	55.430.000
Cash paid for acquisitions	(4)	(99.396.000)	(83.597.000)
Cash acquired through acquisitions	(4)	4.017.000	1.601.000
Net cash used in investing activities		(165.430.000)	(98.501.000)
Cash Flows From Financing Activities:			
Repayment of lines of credit		0	(67.000)
Proceeds from debt		295.022.000	6.299.000
Repayments of debt		(9.825.000)	(10.638.000)
Principal payments on finance leases		(745.000)	(1.053.000)
Issuance of common shares		11.006.000	7.959.000
Net cash provided by financing activities		295.458.000	2.500.000
Effect of exchange rate changes on cash and cash equivalents		(510.000)	(366.000)
Net increase (decrease) in cash and cash equivalents		238.893.000	(4.706.000)
Cash and Cash Equivalents, beginning of year		191.978.000	196.684.000
Cash and Cash Equivalents, end of year		430.871.000	191.978.000
Supplemental Cash Flow Disclosures:			
Cash paid for interest		11.244.000	5.238.000
Cash received for interest		16.002.000	7.557.000
Cash paid for taxes		36.384.000	21.582.000

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

QIAGEN N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. Description of Business

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with registered office at Spoorstraat 50, Venlo, The Netherlands. QIAGEN N.V. as the holding company and Subsidiaries (the Company, Group or 'QIAGEN') is a leading provider of innovative technologies and products for preanalytical sample preparation and linked molecular assay solutions. The Company has developed a comprehensive portfolio of more than 500 proprietary, consumable products and automated solutions for sample collection and nucleic acid and protein handling, separation and purification as well as open and target specific assays. The Company also supplies diagnostic kits, tests and assays for human and veterinary molecular diagnostics. Products are sold to academic research markets, to leading pharmaceutical and biotechnology companies, to applied testing customers (such as in forensics, veterinary, biodefense and industrial applications) as well as to molecular diagnostics laboratories. In addition, the Company sells and/or licenses technologies to others. Similar to most companies in similar lines of business, the Company's products are subject to rapid technological change. Because of these technological changes, the Company needs to continuously expend resources toward research and development. Products are sold through a dedicated sales force and a global network of distributors in more than 40 countries.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the QIAGEN Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention as modified by available-for-sale financial assets and certain financial assets and liabilities (including derivative instruments) at fair value. In view of the international nature of the Group's activities and due to the fact that more of the Group's revenues are denominated in U.S. dollars (US$) than in any other single currency, the consolidated financial statements are presented in that currency (if roundings have been used, this has been displayed).

The Company has adopted all IFRSs in these consolidated financial statements that were issued and became effective before December 31, 2006, and are relevant to its operations. No material impact resulted from the adoption of new standards, amendments and interpretations in 2006.

QIAGEN did not opt for early adoption of the following new standards, amendments and interpretations which will be mandatory for QIAGEN for annual periods beginning on or after January 1, 2007, or later years:

- IFRS 7: Financial Instruments – Disclosures
- IFRS 8: Operating Segments
- IAS 1 (Amendment): Presentation of Financial Statements – Capital Disclosures
- IFRIC 7: Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
- IFRIC 8: Scope of IFRS 2
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 11: Group and Treasury Share Transactions

QIAGEN will only adopt new standards, amendments and interpretations which have been endorsed by the European Union (EU). QIAGEN expects that the adoption of these new standards, amendments and interpretations in future periods will have no material impact on its consolidated financial statements.

As provided in section 402 of the Dutch Civil Code, Book 2, the company income statement of QIAGEN N.V. includes only the net income from group companies and affiliates after tax and other income after tax, as the Company's figures are included in these consolidated financial statements.

2.2 Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of Assets

Assets are tested or reviewed for impairment in accordance with the accounting policy stated under 2.20 'Impairment of Assets'. Considerable management judgment is necessary to identify impairment indicators and to estimate future sales and expenses, which underlie the discounted future cash flow projection. Factors such as changes in the planned use of buildings, machinery and equipment, closing of facilities, lower than anticipated sales for products with capitalized rights, changes in the legal framework covering patents, technology rights or licenses could result in shortened useful lives or impairment losses to be recognized in the period in which such determination is made.

Development Costs

Development costs are capitalized in accordance with the accounting policy stated under 2.6 'Research and Development'. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining provisions for income taxes. Some of these estimates are based on interpretations of existing laws or regulations. Various internal and external factors, such as changes in tax laws, regulations and rates, changing interpretations of existing tax laws or regulations, future level of research and development spending and changes in overall levels of pre-tax income may have favourable or unfavourable effects on the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized in accordance with the accounting policy stated under 2.11 'Taxation'. Deferred tax assets are recognized for net operating loss carry-forwards to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits.

Stock Option Plan

The Company utilizes the Black-Scholes-Merton valuation model for estimating the fair value of its stock options as stated under 27. 'Stock Option Plan'. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award:

- Risk-Free Interest Rate: This is the average U.S. Treasury rate (having a term that most closely resembles the expected life of the option) at the date the option was granted.
- Dividend Yield: These are the dividends expected on the shares (if appropriate).
- Expected Volatility: Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company uses a combination of the historical volatility of its stock price and the implied volatility of market-traded options of the Company's stock to estimate the expected volatility assumption input to the Black-Scholes model in accordance with IFRS 2: Share-based Payment. In prior periods, the Company relied solely on the historical volatility of its stock price for its volatility assumption input to the Black-Scholes model. The Company's decision to use a combination of historical and implied volatility is based upon the availability of actively traded options of its stock and its assessment that such a combination is more representative of future expected stock price trends.
- Expected Life of the Option: This is the period of time that the options granted are expected to remain outstanding.
- Forfeiture Rate: This is the estimated percentage of options granted that are expected to be forfeited or cancelled on an annual basis before becoming fully vested. The Company estimated the forfeiture rate based on historical forfeiture experience.

2.3 Consolidation

The consolidated financial statements include all companies in which the Group, directly or indirectly, has more than 50% of the voting rights or over which it exercises control. Companies are included in the consolidation as from the date on which control is transferred to the Group, while companies sold are excluded from the consolidation as from the date that control ceases. The purchase method is used to account for acquisitions. The cost of an acquisition is measured as the fair value of the assets given, shares issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the company acquired is recorded as goodwill. Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Investments in companies over which the Group is able to exercise significant influence (investments in associates), generally participations of 20% or more of the voting power, but over which it does not exercise management control, and joint ventures are accounted for by using the equity method. Such investments are initially recognized at cost and subsequently adjusted for the Group's share of net income and equity.

2.4 Foreign Currency Translation

The Company's presentation currency is the U.S. dollar (US$). The subsidiaries' functional currencies are the local currency of the respective country with the exception of QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. which functional currencies is the U.S. dollar. Balance sheets prepared in their functional currencies are translated to the presentation currency at exchange rates in effect at the end of the accounting period except for shareholders' equity accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated at a weighted average of exchange rates during the period. The cumulative effect of translation is included in shareholders' equity. On disposal of the Group company, such translation differences are recognized in the income statement as part of the gain or loss on sale.

Foreign currency transactions are translated using the exchange rate prevailing at the dates of the transactions. Foreign currency transaction gains and losses are included in the income statement, except for those related to intercompany transactions of a long-term investment nature which represent in substance part of the reporting entity's net investment in a foreign entity; such gains and losses are included in the cumulative foreign currency translation adjustments component of shareholders' equity.

2.5 Revenue Recognition

Revenue from the sale of products and from the sale and/or licensing of technologies is recognized upon transfer of significant risks and rewards of ownership to the customer. For instrumentation equipment sales that contain other obligations, such as providing consumables, advanced training, extended warranty services or preventative maintenance contracts, revenue is allocated based on the relative fair values of the individual components as determined by list prices. Revenues for extended warranty services or product maintenance contracts are recognized on a straight-line basis over the contract period.

Revenue from the sales of products is reported net of sales and value added taxes, rebates and discounts and after eliminating sales within the Group. Provisions for rebates and discounts are recognized in the same period that the related sales are recorded, based on the contract terms and historical experience. Provisions for product returns are made based on historical trends and specific knowledge of any customer's intent to return products. Royalty and licensing incomes are recognized on an accrual basis in accordance with the economic substance of the agreement. Revenue from the rendering of services is recognized as the service is rendered over the contract period and reported as part of revenue from the sale of products.

Consumable Products

More than 90% of total revenues represent sales of consumable products. Revenue from consumable product sales is generally recognized upon transfer of title consistent with the shipping terms. Per the Company's usual shipping terms, title and risk of loss pass to the customer upon delivery of product to the shipping location. The Company maintains a small amount of consignment inventory at certain customer locations. Revenues for the consumable products which are consigned in this manner are recognized upon consumption. The Company generally allows returns of consumable products if the product is returned in a timely manner and in good condition. Allowances for returns are provided for based upon the historical pattern of returns and Management's evaluation of specific factors that impact the risk of returns.

Instrumentation

Revenue from instrumentation equipment is generally recognized when title passes to the customer, upon either shipment, in the case of sales to distributors, or written customer acceptance in the case of sales to end users, after satisfying any installation and training requirements. For instrumentation equipment sales that contain other obligations, such as providing consumables, advanced training, extended warranty services or preventative maintenance contracts, revenue is allocated based on the relative fair values of the individual components. The price charged when the element is sold separately generally determines its fair value.

Warranty and Product Maintenance

Revenues for extended warranty services or product maintenance contracts are deferred and recognized on a straight-line basis over the contract period.

License Fees

License fees from research collaborations include payments for technology transfer and access rights. Non-refundable, up-front payments received in connection with collaborative research and development agreements are generally deferred and recognized on a straight-line basis over the contract period during which there is any continuing obligation.

Milestones

Payments for milestones are generally based on the achievement of substantive and at-risk performance criteria are recognized in full at such time as the specified milestone has been achieved according to the terms of the agreement.

2.6 Research and Development

Expenditure on research activities is recognized in the income statement as an expense as incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The capitalized expenses are amortized on a straight-line basis over their estimated useful lives (between two and twelve years) and are tested for impairment in accordance with the accounting policy stated in 2.20 'Impairment of Assets'.

2.7 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Otherwise, payments received under Government grants are recorded as liabilities in the balance sheet. When the grant relates to an expense item, it is recognized over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value of the grant is deducted from the carrying amount of the asset, resulting in a reduction of the depreciation of the asset.

2.8 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized for qualifying assets of property, plant and equipment.

2.9 Pension Obligations

The Group operates a number of defined benefit and defined contribution plans. For defined benefit plans, the Group companies provide for benefits payable to their employees on retirement by charging current service costs to income. The defined benefit liability comprises the present value of the defined benefit obligation less past service cost and actuarial gains and losses not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. Defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, which reflects services rendered by employees to the date of valuation, incorporates assumptions concerning employees' projected salaries and uses interest rates of highly liquid corporate bonds which have terms to maturity approximating the terms of the related liability. Significant actuarial gains or losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average service life of the related employees when they exceed the corridor. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

2.10 Stock Option Plan

The Company has a stock option plan, which is described in detail under 27. 'Stock Option Plan'. A compensation charge is calculated at the date the options are granted. This charge is recognized over the stock option's vesting period. When the option is exercised, the proceeds received net of any transaction costs are credited to share capital and share premium.

2.11 Taxation

Taxes reported in the consolidated income statements include current and deferred income taxes. Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.12 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and deposits with banks that have a maturity of three months or less from the date of acquisition and which are readily convertible to known amounts of cash. This definition is also used for the consolidated statements of cash flows. The Company maintains its cash accounts in highly qualified institutions.

2.13 Trade Accounts Receivable

Trade accounts receivable are carried at the original invoice amount, subsequently at amortized cost, less provisions made for doubtful accounts. Provisions for doubtful accounts are established when there is objective evidence that the Group will not be able to collect all amounts due and are estimated based on a review of all outstanding invoice amounts. Bad debts are written off in the year they are identified.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. The first-in, first-out (FIFO) method of valuation is used. The cost of work in process and finished goods includes raw materials, direct labor and production overhead expenditure based upon normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the cost of completion and distribution expenses. Provisions are established for slow-moving and obsolete inventory.

2.15 Property, Plant and Equipment

Property, plant and equipment, including equipment under finance lease, are stated at cost of acquisition or construction cost less accumulated depreciation and accumulated impairment in value. Depreciation is computed using the straight-line and declining balance methods over the following estimated useful lives of the assets:

Buildings	one to fourty years
Machinery and equipment	five to ten years
Computer software	one to five years
Furniture and office equipment	two to ten years
Leasehold improvements	over the shorter of the lease term and the useful life of the asset

Land is not depreciated. Construction costs include borrowing costs and operating expenses that are directly attributable to items of property, plant and equipment capitalized during construction. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure on an item of property, plant and equipment is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are expensed as incurred. Gains and losses on disposal or retirement of items of property, plant and equipment are determined by comparing the proceeds received with the carrying amounts and are included in the consolidated income statements.

2.16 Leases

Leases of items of property, plant and equipment under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments as property, plant and equipment. The items of property, plant and equipment which are acquired under finance leases are depreciated over the shorter of the useful life of the asset in accordance with the Group's depreciation policy and the lease term. The corresponding liabilities, net of financing charges, are included in the current and non-current portions of financial debts. The interest element of the financing cost is charged to the income statement over the lease period. Leases under which the lessor effectively retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. There are no material lease agreements in which the Company acts as a lessor.

At the inception of all material arrangements an assessment is performed based on all available facts and circumstances whether the respective arrangements contain leases. A reassessment is performed only, if specified indicators are apparent.

2.17 Goodwill

Goodwill represents the excess of the acquisition cost over the Group's share of the fair value of the net assets acquired, at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually.

2.18 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Expenditure on acquired technology rights, patents, trademarks and licenses are capitalized as intangible assets when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Technology rights, patents, trademarks and licenses are amortized on a straight-line basis over their estimated useful lives (between one and twenty years). The amortization expense on intangible assets is recognized in the income statement in the expense category consistent with the function of the intangible asset.

2.19 Financial Assets

The Group has classified all its investments in debt and equity securities as available-for-sale securities, as they are not acquired to generate profit from short-term fluctuations in price. Available-for-sale securities are reported as current and non-current financial assets, depending on their remaining maturities. Purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell an asset. Investments are initially recognized at purchase cost including transaction costs and subsequently carried at fair value except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, which are measured at cost. Unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recognized in equity. When the available-for-sale investments are sold, impaired or otherwise disposed of, the cumulative gains and losses previously recognized in equity are included in the income statement for the period. The fair values of marketable investments that are traded in active markets are determined by reference to stock exchange quoted bid prices.

Reversals in respect of equity instruments classified as available for sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired, the Group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or the Group has transferred its rights to receive cash flows from the assets and either (a) has transferred substantially all the risks and rewards of the assets or (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from assets and has neither transferred nor retained substantially all the risks and rewards of the assets nor transferred control of the assets, the assets are recognized to the extent of the Group's continuing involvement in the assets. Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the assets and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and / or purchased option (including a cash settled option or similar provision) on the transferred assets, the extent of the Group's continuing involvement is the amount of the transferred assets that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on assets measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred assets and the option exercise price.

2.20 Impairment of Assets

Items of property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed at least annually for impairment losses, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Value in use is calculated based on estimated future cash flows expected to result from the use of the asset and its eventual disposition, discounted using an appropriate long-term pre-tax interest rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.21 Provisions

Provisions are recognized by the Group when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

Restructuring provisions are recorded in the period in which management has committed to a detailed formal plan, has raised a valid expectation in those affected that it will carry out the restructuring and it becomes probable that a liability will be incurred and the amount can be reasonably estimated. Restructuring provisions comprise lease termination penalties, other penalties and employee termination payments.

2.22 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognized in the balance sheet at cost, representing the fair value at inception, and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on whether the derivative is designated to hedge a specific risk and qualifies for hedge accounting. The Group designates certain derivatives which qualify as hedges for accounting purposes as a hedge of a forecasted transaction or a firm commitment (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously included in equity are included in the initial measurement of the asset or liability. Otherwise, amounts recorded in equity are transferred to the income statement and classified as income or expense in the same period in which the forecasted transaction affects the income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivatives transactions do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement as part of the financial result. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

2.23 Financial Debts

Financial debts are recognized initially at fair value of the proceeds received, net of transaction costs incurred. In subsequent periods, financial debts are stated at amortized cost using the effective yield method; any difference between the proceeds and the redemption value is recognized in the income statement in the period of the borrowings. Financial debts are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. When convertible bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a liability on the amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Financial liabilities are derecognized when the obligations under the liabilities are discharged or cancelled or expire.

Where existing financial liabilities are replaced by other liabilities from the same lender on substantially different terms, or the terms of existing liabilities are substantially modified, such exchanges or modifications are treated as a derecognition of the original liabilities and the recognition of new liabilities, and the difference in the respective carrying amounts is recognized in the income statement.

2.24 Segment Reporting

The Group's primary reporting format for segment reporting is geographical segments and the secondary reporting format is business segment. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. The risk and return of the Group's operations are primarily determined by the geographical location of the operations. This is reflected by the Group's organizational structure and internal financial reporting system.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. The consumables business segment and the instruments business segment have been identified as the Companies business segments. The consumables business segment makes up for more than 90% of the revenues of the Group, for more than 90 % of the combined result of the Group and for more than 90% of the total assets of the Group as of December 31, 2006 and 2005, respectively. Accordingly, the consumables business segment is considered to be the dominant business segment and any secondary segment reporting is omitted in accordance with materiality considerations.

2.25 Cash Flow Statement

The cash flow statement provides an explanation of the changes in cash and cash equivalents. It is prepared on the basis of a comparison of the balance sheets as of January 1 and December 31. Investing and financing transactions that do not require the use of cash or cash equivalents have been excluded from the cash flow statement. In 2005 and 2006 such eliminations primarily related to non-cash impacts from the convertible bonds.

3. Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the year.

Basic Earnings Per Share (US$)	2006	2005
Total net income	73.313.000	48.122.000
Weighted average number of common shares used to compute basic net income per common share	149.504.000	147.837.000
Basic earnings per share	0,49	0,33

Diluted earnings per share

For diluted earnings per share, the weighted average number of common shares outstanding is adjusted to assume conversion of all potential dilutive shares arising from outstanding stock options and the convertible bond. For stock options, a calculation is made to determine the number of shares that could have been acquired at fair value based on proceeds from the exercise of stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options. The difference is added to the denominator as additional shares for no consideration. There is no adjustment made to the numerator. In 2006, share equivalents of 2.635.000 common shares (2005: 2.269.000 common shares) arising from stock options granted to employees and directors were included in calculating diluted earnings per share. In 2006, 3.309.000 outstanding stock options (2005: 5.235.000 stock options) were not considered in the calculation as they were anti-dilutive.

For the convertible bonds, the number of shares into which the bonds are assumed to be fully convertible is added to the denominator. The numerator is increased by eliminating the interest expense, net of tax, that would not be incurred if the bonds were converted. In 2006 and 2005, the effect of the convertible bonds was excluded from calculating diluted earnings per share as it was antidilutive.

(US$)	2006	2005
Total net income (adjusted)	73.313.000	48.122.000
Weighted average number of common shares used to compute diluted net income per common share	152.139.000	150.106.000
Diluted earnings per share	0,48	0,32

4. Acquisitions

4.1 Acquisitions in 2006

During 2006, the Company completed seven acquisitions which individually were not significant to the overall consolidated financial statements. The aggregate purchase price of these 2006 acquisitions, net of cash acquired was US$ 88,3 million, including the issuance of 125.000 shares of QIAGEN common stock valued at US$ 1,8 million (determined based on the published price of the shares at the date of exchange).

- In the fourth quarter of 2006, the Company completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama, USA. Genaco is an early-stage company applying a proprietary PCR-based multiplexing technology, Tem-PCR, to develop TemplexTM molecular diagnostic tests. Multiplexing is a rapidly emerging segment in molecular diagnostics and is also highly synergistic with the Company's portfolio of qPCR-based molecular diagnostic assays which in the segment of infectious disease diagnostics is considered to be the broadest in the world. The Company also acquired former distributors PhileKorea Technology Inc., located in Daejeon, South Korea, and ATC Health Products Ltd., located in Ankara, Turkey.

- In the second quarter of 2006, the Company completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, USA, Singapore-based Research Biolabs Pte. Ltd. and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expands the Company's position as a leading provider of preanalytical and molecular diagnostics solutions to research and diagnostic customers. The acquisition of Research Biolabs, previously our distributor, expands the Company's direct presence in one of the most dynamic regions of the Company's global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.

- During the first quarter of 2006, the Company completed two acquisitions: PG Biotech Co. Ltd. (PG Biotech) is a leading developer, manufacturer and supplier of polymerase chain reaction (PCR)-based molecular diagnostic kits in China. The acquisition will support the Company's position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. The Company also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes products produced by artus, which we acquired in 2005, in Italy.

The Company's acquisitions have historically been made at prices above the fair value of the acquired assets, resulting in goodwill, due to expectations of synergies of combining the businesses. These synergies include:

- use of the Company's existing infrastructure such as sales force, distribution channels and customer relations to expand sales of the acquired businesses' products;
- use of the infrastructure of the acquired businesses to cost effectively expand sales of Company products;
- and elimination of duplicative facilities, functions and staffing.

These acquisitions have been accounted for using the purchase method of accounting, and the acquired companies' results have been included in the accompanying financial statements from their respective dates of acquisition. Allocation of the purchase price for acquisitions was based on estimates of the fair value of the net assets acquired and, for acquisitions completed in 2006, is subject to adjustment upon finalization of the purchase price allocation. The Company has gathered no information that indicates the final purchase price allocations will differ materially from the preliminary estimates other than for the final determination of deferred tax assets acquired with the acquisitions of Gentra Systems, Inc. and Genaco Biomedical Products, Inc. and the resolution of the final amount for the early termination of a lease obligation acquired with the acquisition of Gentra.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Using the results of independent and internally prepared appraisals, the purchase prices for the 2006 and acquisitions have been allocated as follows:

2006 Acquisitions (US$)	Total
Purchase price	
Cash (including direct costs)	90.454.000
Stock issued (125.000 common shares)	1.847.000
Cash acquired	(4.017.000)
	88.284.000
Allocation	
Working capital	6.256.000
Property, plant and equipment and other non-current assets	5.580.000
Developed technology	26.600.000
In-process R&D	2.200.000
Customer relationships	10.887.000
Tradenames	2.000.000
Non-compete agreements	1.525.000
Goodwill	48.324.000
Liabilities assumed	(3.233.000)
Deferred tax liabilities	(11.855.000)
	88.284.000

The amortization periods for intangible assets acquired are between 10 and 14 years for developed technology and in-process R&D, between 8 and 10 years for customer relationships, between 5 and 10 years for tradenames and between 3 and 4 years for non-compete agreements.

In 2006 acquisition related intangible amortization in the amount of US$ 6,4 million is included in R&D expenses (2005: US$ 3,4 million) and acquisition related intangible amortization in the amount of US$ 2,1 million is included in S&M expenses (2005: US$ 0,4 million).

The following table states the carrying amounts of each class of the acquired assets and liabilities at the acquisition date:

Carrying Values and Fair Values at Acquisition Date (US$)	Fair Value	Carrying Value
Working Capital		
Marketable securities	500.000	500.000
Trade accounts receivable	9.679.000	9.679.000
Inventories	3.646.000	3.646.000
Other receivables	3.775.000	3.775.000
Prepaid expenses	160.000	160.000
Trade accounts payable	(3.255.000)	(3.255.000)
Provisions and accrued expenses	(838.000)	(838.000)
Other liabilities	(6.478.000)	(5.593.000)
Income taxes payable	(933.000)	(933.000)
	6.256.000	7.141.000
Property, plant and equipment and other non-current assets	5.580.000	5.580.000

4.2 Acquisitions in 2005

In May 2005, the Company acquired all of the outstanding capital stock of artus Gesellschaft für molekularbiologische Diagnostik und Entwicklung mbH (artus), an established leader in PCR-based molecular diagnostic tests for pathogenenic, genotyping and pharmacogenomic testing. The Company believes that this acquisition is an excellent fit in its strategy to increase the Company's value as a partner to the molecular diagnostics industry. In addition to its leading position in preanalytical sample preparation in molecular diagnostics, the Company is now able to offer optimized and synchronized combinations of preanalytical sample preparation and diagnostic assay solutions to its partners in molecular diagnostics. By providing the opportunity for partners in molecular diagnostics to expand their portfolio by adding artus' validated assays, the Company intends to further contribute to accelerating the growth of molecular diagnostics by broadening the menu of tests available on today's diagnostic platforms. The purchase price, including direct acquisition costs and adjusted as per the terms of the share purchase agreement, paid by the Company was approximately EUR 26,4 million (approximately US$ 32,6 million at May 31, 2005) in cash. A total of EUR 9,3 million (approximately US$ 11,5 million at May 31, 2005), of which EUR 2,7 million was considered as purchase price, was paid into escrow and will be released subject to certain milestones being met. During 2006, EUR 7,65 million of the escrow amount was released with EUR 6,3 million recorded as additional purchase price resulting in an increase to goodwill.

During 2005, the Company completed five other acquisitions which were not individually significant to the overall consolidated financial statements. The aggregate purchase price of the 2005 acquisitions, net of cash acquired was US$ 42,5 million.

- At the end of the fourth quarter of 2005, we completed the acquisition of Eppendorf AG's reagent business which includes the Eppendorf "5-Prime" nucleic acid sample preparation and PCR reagent product lines and related intellectual property. The acquisition adds to our core strategic focus, represents an attractive addition to our portfolio of preanalytical and nucleic acid amplification consumables and adds a very promising pipeline of proprietary technologies for nucleic acid handling, separation, purification and amplification.

- During the third quarter of 2005, we completed three acquisitions. We acquired Tianwei Times, located in Beijing, China, which is a leading developer, manufacturer and supplier of nucleic acid sample preparation consumables in China. We acquired substantially all assets of Tianwei Times through our new wholly owned subsidiary Tiangen Biotech Beijing Co. Ltd. (Tiangen). The Tiangen acquisition expands QIAGEN's position as the leading supplier for products and technologies for preanalytical sample preparation in the rapidly growing market in China. In August we acquired the business of LumiCyte, Inc., which has developed and recently initiated marketing of the first products based on its proprietary STS- (Surface Tension Segmented) Biochip sample preparation solution for MALDI (Matrix-Assisted Laser Desorption/Ionization)-Mass Spectrometry (MS), and SuNyx GmbH which has developed and recently initiated marketing of its proprietary platforms for sample preparation of peptide and protein samples for analysis on Liquid Chromatography (LC)-MALDI Mass Spectrometry.

- During the second quarter of 2005, we acquired Nextal Biotechnology, Inc. (Nextal), subsequently renamed QIAGEN Canada, Inc., which is located in Canada and is a fast-growing provider of proprietary sample preparation tools which make protein crystallization more accessible.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Using the results of independent and internally prepared appraisals, the purchase prices for the 2005 and acquisitions have been allocated as follows:

2005 Acquisitions (US$ millions)	artus	others
Purchase price		
Cash (including direct costs)	32,6	43,0
Cash acquired	(1,3)	(0,5)
	31,3	42,5
Allocation		
Working capital	4,1	2,5
Property, plant and equipment and other non-current assets	0,3	4,2
Acquired intangibles	25,2	23,7
Goodwill	24,1	15,5
Liabilities assumed	(16,3)	0,0
Deferred tax liabilities	(6,1)	(3,4)
	31,3	42,5

4.3 Pro Forma Results

The following unaudited pro forma information assumes that the above acquisitions occurred at the beginning of the periods presented. For the years ended December 31, 2006 and 2005, pro forma net sales would have been US$ 478,8 million and US$ 447,5 million and pro forma net income would have been US$ 82,8 million and US$ 47,0 million, respectively. The pro forma data excludes the 2006 and 2005 acquisition related costs including a US$ 2,0 million charge to cost of sales related to inventory (2005: US$ 439.000) and US$ 6,1 million of acquisition and related costs (2005: US$ 3,2 million), which includes US$ 2,3 million (2005: US$ 1,8 million) related to the impairment of fixed and other assets as a result of the acquisitions. These unaudited pro forma results are intended for informational purposes only and are not necessarily indicative of the results of operations that would have occurred had the acquisitions been in effect at the beginning of the periods presented, or of future results of the combined operations.

Due to the integration of the acquired entities into the existing structure of the Group it is impracticable to disclose the amount of the acquirees' profit or loss which relates to the period subsequently to the acquisition and which is included in the profit of the Company for fiscal years 2006 and 2005.

4.4 Acquisition, Integration and Related Costs

Acquisition, integration and related costs amount to US$ 6.061.000 in fiscal year 2006 (2005: US$ 3.213.000). This position primarily contains integration expenses, write-offs of certain assets and employee related expenses arising as a consequence of acquisitions of the Company.

During 2006, in connection with the acquisition of Gentra, the Company's US$ 2,1 million investment in Protedyne was fully impaired based on management's assessment of the recoverability of the invested amount.

5. Revenues

Revenues

(US$)	2006	2005
Product sales	462.823.000	396.000.000
Royalty and license income	2.955.000	2.395.000
	465.778.000	398.395.000

6. Government Grants

The Company has received cost grants and investment grants. In 2006 the Company recorded income from Government grants in the amount of US$ 795.000 (2005: US$ 1.541.000). As of December 31, 2006, liabilities in the amount of US$ 456.000 (December 31, 2005: USD 1.086.000) are recorded with respect to grants which have been received but for which not all conditions have been met.

7. Relocation and Restructuring Costs

Relocation and restructuring costs amount to US$ 4.943.000 in 2006 (2005: US$ 0). These costs are primarily related to the restructuring of acquired businesses located in Norway and North America. With respect to changes in the provision for relocation and restructuring for the year ended December 31, 2006, reference is made to 23. 'Provisions'.

8. Financial Income (Expense), Net

Financial Income (Expense), Net

(US$)	2006	2005
Financial income	16.424.000	7.557.000
Financial expense	(21.227.000)	(9.641.000)
Foreign currency gains (losses), net	(660.000)	(157.000)
	(5.463.000)	(2.241.000)

The increase of financial income and financial expense primarily relates to the issuance of convertible notes in the amount of US$ 300,0 million in 2006.

9. Other Income / Other Expense

Other income and other expense include income and expense resulting from transactions that are outside the core Group business such as non-operating unrealized losses and losses on disposal of available-for-sale equity investments, donations to charitable and other foundations and rental income and expense earned and paid on certain leases.

10. Personnel Costs

Personnel costs amounted to US$ 133,0 million in 2005 (2005: US$ 129,8 million). As of December 31, 2005, there were 1.954 employees within the Group (December 31, 2005: 1.589).

Personnel Costs

(US$)	2006	2005
Salaries and wages	87.797.000	73.949.000
Social security	19.082.000	15.907.000
Other	26.165.000	39.966.000
	133.044.000	129.822.000

11. Income Taxes

Major components of income tax expense for the years ended December 31, 2006 and 2005, are:

Income tax provision (US$)	2006	2005
Current income tax		
Current income tax charge	21.690.000	28.816.000
Adjustment in respect of current income tax of previous years	51.000	483.000
Deferred income tax		
Relating to origination and reversal of temporary differences	8.441.000	2.990.000
Relating to changes in tax rates	199.000	(249.000)
	30.381.000	32.040.000

The applicable statutory income tax rate in The Netherlands decreased from 31,5% in 2005 to 29,6% in 2006 due to changes in the tax laws. A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended December 31, 2006 and 2005, is as follows:

Reconciliation of income tax expense ('000 US$)	2006	2005
Accounting profit before tax	103.694	80.162
At Dutch statutory income tax rate of 29,6% (2005: 31,5%)	30.693	25.251
Income from tax rate differences	6.916	4.429
Income taxes related to prior years	51	482
Income taxes related to changes in tax rates	199	(249)
Income tax impact from exempt income	(1.944)	(1.804)
Income tax impact related to Stock Option Plan (stock price fluctuations)	(6.390)	3.687
Other	856	244
	30.381	32.040

The effective income tax rate amounts to 29,3% in 2006 (40,0% in 2005).

Certain countries benefit from tax holidays which represent a tax exemption period aimed to attract foreign investment in certain tax jurisdictions. These agreements include programs that reduce up to 100% of taxes in years covered by the agreements. The Company's tax holidays expire at various dates through 2011.

Deferred income tax at December 31, 2006 and 2005, relates to the following:

Deferred taxes (US$)	Dec. 31, 2006	Dec. 31, 2005	Change
Deferred tax assets			
Allowance for bad debts	625.000	690.000	(65.000)
Bonus/Commission accrual	592.000	220.000	372.000
Vacation accrual	381.000	319.000	62.000
Warranty accrual	455.000	244.000	211.000
Accrued liabilities	1.895.000	1.479.000	416.000
Depreciation and amortization	288.000	317.000	(29.000)
Tax credits	618.000	744.000	(126.000)
NOL carryforward	8.861.000	5.505.000	3.356.000
Inventories	5.618.000	3.864.000	1.754.000
Deferred revenue	1.301.000	1.212.000	89.000
Capitalized start-up costs	76.000	1.214.000	(1.138.000)
Finance lease	749.000	623.000	126.000
US state income taxes	313.000	383.000	(70.000)
Intangibles	4.691.000	3.311.000	1.380.000
Stock options	15.643.000	9.252.000	6.391.000
Other	532.000	239.000	293.000
Gross deferred income tax asset	42.638.000	29.616.000	
Deferred tax liabilities			
Allowance for bad debts	(221.000)	0	(221.000)
Bonus/Commission accrual	0	(17.000)	17.000
Warranty accrual	(67.000)	(55.000)	(12.000)
Accrued liabilities	(691.000)	(519.000)	(172.000)
Depreciation and amortization	(9.950.000)	(9.486.000)	(464.000)
Devaluation intercompany loan	(4.894.000)	0	(4.894.000)
Inventories	(542.000)	(407.000)	(135.000)
Deferred revenue	0	(22.000)	22.000
US state income taxes	(1.017.000)	(34.000)	(983.000)
Intangibles	(26.297.000)	(15.689.000)	(10.608.000)
Bifurcation of convertible debt	(23.449.000)	(8.658.000)	(14.791.000)
Other	(416.000)	(367.000)	(49.000)
Gross deferred income tax liability	(67.544.000)	(35.254.000)	
Net deferred tax assets (liabilities)	(24.906.000)	(5.638.000)	
Change in deferred taxes			
thereof deferred income tax provision	(8.640.000)	(2.741.000)	
thereof booked during purchase accounting	(10.766.000)	(3.222.000)	
thereof booked through equity	138.000	1.138.000	
other changes	0	2.490.000	
	(19.268.000)	(2.335.000)	

The net deferred tax asset and liability are reflected on the Company's consolidated balance sheets at December 31, 2006 and 2005, as follows:

Deferred taxes
(US$)

	Dec. 31, 2006	Dec. 31, 2005
Deferred tax assets	37.223.000	26.271.000
Deferred tax liabilities	(62.129.000)	(31.909.000)
Net deferred tax assets (liabilities)	(24.906.000)	(5.638.000)

As of December 31, 2006 and 2005, the Company had NOL carryforwards in The Netherlands totalling approximately US$ 5,5 million and US$ 5,6 million, respectively, which expire in various years through 2011. As of December 31, 2006 and 2005, the Company had foreign NOL carryforwards totalling approximately US$ 27,0 million and US$ 15,8 million, respectively. These NOL's were primarily generated from the revaluation of liquid assets and operating losses from the Company's subsidiaries. A portion of these NOL's, approximately US$ 4,5 million at December 31, 2006, expire in various years through 2013. The balance does not expire. Deferred tax assets have been recognized to the extent that it is probable that future taxable profits will be available against which these NOL carryforwards can be utilized. For NOL carryforwards resulting in deferred tax assets amounting to US$ 10,7 million and US$ 1,1 million as of December 31, 2006 and 2005, respectively, no deferred tax assets were recognized as the future utilization was not probable. In case these NOL carryforwards could be used in future periods, deferred tax assets of US$ 9,3 million would reduce goodwill of an acquired business.

At December 31, 2006 and 2005, there were no deferred income tax liabilities recognized for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Company has either no liability to additional taxation should any amounts be remitted due to the availability of double taxation relief or such remittance is not expected to occur and the tax impact would be insignificant.

There are no income tax consequences for the Company regarding payment of dividends to the shareholders of the Company. To date, the Company has never paid dividends.

The Company periodically performs a comprehensive review of its tax positions and accrues amounts for tax contingencies. Based upon these reviews, the status of ongoing tax audits, and the expiration of applicable statute of limitations, accruals are adjusted as necessary. The resolution of tax audits is unpredictable and could result in tax liabilities that are significantly different than those which have been estimated and accrued by the Company. Present obligations that are probable to result in an outflow of resources are included in income taxes payable.

12. Cash and Cash Equivalents

Cash and Cash Equivalents
(US$)

	Dec. 31, 2006	Dec. 31, 2005
Cash at bank and on hand	324.812.000	78.423.000
Short-term bank deposits	106.059.000	113.555.000
	430.871.000	191.978.000

Short-term bank deposits have a maturity of three months or less. All funds are placed with banks with a high credit rating (minimum rating A).

13. Available-For-Sale Financial Assets

Available-For-Sale Financial Assets

(US$)	Dec. 31, 2006	Dec. 31, 2005
Available-for-sale equity securities	6.801.000	10.504.000
Available-for-sale debt securities	52.782.000	15.000.000
Total available-for-sale financial assets	59.583.000	25.504.000
- thereof current available-for-sale financial assets	52.782.000	15.000.000
- thereof non-current available-for-sale financial assets	6.801.000	10.504.000

Available-For-Sale Financial Assets

(US$)	Cost Dec. 31, 2006	Gross unrealized gains Dec. 31, 2006	Gross unrealized losses Dec. 31, 2006	Dec. 31, 2006
Available-for-sale equity securities	5.413.000	1.388.000	0	6.801.000
Available-for-sale debt securities	52.754.000	92.000	(64.000)	52.782.000
	58.167.000	1.480.000	(64.000)	59.583.000

The Company has made strategic investments in certain companies that are classified as available-for-sale equity securities. These investments are carried at fair value. Investments in unquoted equity instruments are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is estimated that the carrying amounts of these investment approximate their fair values.

The Company holds 289.096 shares in Coley Pharmaceutical Group, Inc. (CPG). In 2005 CPG completed its IPO. At December 31, 2006, the shares in CPG have a fair market value of US$ 2,8 million and a cost of US$ 1,4 million (December 31, 2005: fair market value of US$ 4,4 million and a cost of US$ 1,4 million). The Company was restricted from selling the shares until February 2006.

At December 31, 2006 and 2005, the Company had investments in available-for-sale debt securities which are classified as current, as the Company's plan is generally not to hold its investments in such securities until maturity in order to take advantage of market conditions. Interest income from these investments amounted to USD 422.000 in 2006.

Unrealized gains and losses on available-for-sale equity and debt securities, net of any realized amounts are included in other reserves.

For the years ended December 31, 2006 and 2005, proceeds from sales of available-for-sale equity and debt securities totaled US$ 20,0 million and US$ 55,4 million, respectively. There were no realized gains or losses during 2006 (2005: realized losses of US$ 507.000).

The Company periodically reviews the carrying value of its investments for impairment, considering factors such as the most recent stock transactions and book values from the most recent financial statements. During 2006, the Company's investment in Protedyne was fully impaired based on management's assessment of the recoverability of the invested amount.

14. Trade Accounts Receivable

Trade Accounts Receivable

(US$)	Dec. 31, 2006	Dec. 31, 2005
Trade accounts receivable, gross	84.596.000	65.926.000
Provision for doubtful accounts	(4.167.000)	(2.388.000)
	80.429.000	63.538.000

The Group sells its products worldwide through sales subsidiaries and distributors. There is no concentration of credit risk with respect to trade accounts receivable as the Group has a large number of internationally dispersed customers. Trade accounts receivable are non-interest bearing and mostly have payment terms of 30-90 days.

15. Inventories

Inventories

(US$)	Dec. 31, 2006	Dec. 31, 2005
Raw materials	22.376.000	18.200.000
Work in process	23.229.000	18.064.000
Finished goods	18.480.000	17.389.000
	64.085.000	53.653.000

Included in inventories as of December 31, 2006, are US$ 7,2 million (2005: US$ 4,9 million) of inventory provisions. The movement in inventory provisions was recorded as a write-down under cost of sales. During 2006 inventories in the amount of US$ 73,7 million have been recognized as cost of sales (2005: US$ 63,5 million).

16. Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets

(US$)	Dec. 31, 2006	Dec. 31, 2005
Prepaid expenses and prepayments	15.561.000	14.991.000
Escrow funds	1.500.000	3.908.000
VAT	1.073.000	958.000
Receivables against Operon Biotechnologies Inc.	871.000	652.000
Loan Operon GmbH	0	760.000
Employee advances	0	282.000
Other	5.901.000	2.261.000
	24.906.000	23.812.000

17. Property, Plant and Equipment

Property, Plant and Equipment

(US$)	Total	Land and Buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in process
Net book value						
Jan. 1, 2006	188.796.000	128.277.000	29.947.000	9.681.000	15.502.000	5.389.000
Cost						
Jan. 1, 2006	276.737.000	139.604.000	67.527.000	33.915.000	30.302.000	5.389.000
Additions	28.930.000	1.350.000	11.564.000	4.237.000	325.000	11.454.000
Additions from business combinations	3.000.000	1.003.000	1.830.000	105.000	62.000	0
Disposals	(6.740.000)	0	(4.540.000)	(1.055.000)	(1.015.000)	(130.000)
Reclassifications	0	1.087.000	1.905.000	485.000	0	(3.477.000)
Currency adjustments	22.314.000	10.004.000	4.858.000	3.283.000	3.343.000	826.000
Dec. 31, 2006	324.241.000	153.048.000	83.144.000	40.970.000	33.017.000	14.062.000
Accumulated depreciation						
Jan. 1, 2006	87.941.000	11.327.000	37.580.000	24.234.000	14.800.000	0
Additions	17.134.000	4.382.000	7.430.000	4.006.000	1.316.000	0
Disposals	(3.530.000)	0	(2.035.000)	(490.000)	(1.005.000)	0
Reclassifications	0	0	0	0	0	0
Currency adjustments	8.286.000	998.000	3.543.000	2.000.000	1.745.000	0
Dec. 31, 2006	109.831.000	16.707.000	46.518.000	29.750.000	16.856.000	0
Net book value						
Dec. 31, 2006	214.410.000	136.341.000	36.626.000	11.220.000	16.161.000	14.062.000

Property, plant and equipment pledged as security against non-current financial debts amounts to US$ 81,8 million at December 31, 2006 (December 31, 2005: US$ 74,1 million). The net carrying amount of property, plant and equipment under finance lease contracts amounts to US$ 10,7 million as of December 31, 2006 (December 31, 2005: US$ 10,4 million).

Construction on a new logistics facility in Germany began in August 2006 and will be completed by the second quarter in 2007. The new facility is estimated to cost approximately EUR 9,0 million, of which EUR 6,4 million (approximately US$ 8,2 million) has been incurred and is included in construction in progress at December 31, 2006. Of the amount incurred, approximately US$ 89.000 represents capitalized interest.

The information for the comparative period is provided below:

Property, Plant and Equipment

(US$)	Total	Land and Buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in process
Net book value						
Jan. 1, 2005	209.004.000	138.504.000	31.850.000	12.854.000	19.554.000	6.242.000
Cost						
Jan. 1, 2005	294.134.000	147.138.000	69.073.000	37.025.000	34.656.000	6.242.000
Additions	15.968.000	2.298.000	2.708.000	3.813.000	335.000	6.814.000
Additions from business combinations	2.984.000	0	2.309.000	408.000	267.000	0
Disposals	(10.014.000)	0	(1.452.000)	(4.249.000)	(683.000)	(3.630.000)
Reclassifications	0	2.163.000	882.000	342.000	48.000	(3.435.000)
Currency adjustments	(26.335.000)	(11.995.000)	(5.993.000)	(3.424.000)	(4.321.000)	(602.000)
Dec. 31, 2005	276.737.000	139.604.000	67.527.000	33.915.000	30.302.000	5.389.000
Accumulated depreciation						
Jan. 1, 2005	85.130.000	8.634.000	37.223.000	24.171.000	15.102.000	0
Additions	15.767.000	3.486.000	4.870.000	5.325.000	2.086.000	0
Disposals	(3.906.000)	0	(702.000)	(2.781.000)	(423.000)	0
Reclassifications	0	0	0	0	0	0
Currency adjustments	(9.050.000)	(793.000)	(3.811.000)	(2.481.000)	(1.965.000)	0
Dec. 31, 2005	87.941.000	11.327.000	37.580.000	24.234.000	14.800.000	0
Net book value						
Dec. 31, 2005	188.796.000	128.277.000	29.947.000	9.681.000	15.502.000	5.389.000

18. Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2006, are as follows:

Goodwill

(US$)	Total
January 1, 2006	82.734.000
Goodwill acquired during the year	48.324.000
Purchase price adjustments for earn-out payments	12.626.000
Other goodwill adjustments	(958.000)
Foreign currency translation	7.090.000
December 31, 2006	149.816.000

With respect to additions to goodwill reference is made to 4. ‘Acquisitions’. Other goodwill adjustments relate to purchase adjustments which represent the final allocation of purchase prices.

The information for the comparative period is provided below:

Goodwill (US$)	Total
January 1, 2005	47.497.000
Goodwill acquired during the year	39.586.000
Purchase price adjustments for earn-out payments	1.271.000
Foreign currency translation	(5.620.000)
December 31, 2005	82.734.000

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units or groups of cash generating units that are expected to benefit from that business combination. For this purpose operating segments were identified which generate cash flows which are separable from the cash flows of other operating segments. While in most cases this determination is based on products and technologies, in some cases the determination is based on subsidiaries. For impairment testing, the recoverable amount of goodwill allocated to a cash generating unit (higher of the cash generating unit's fair value less selling costs and its value in use) is compared to the carrying amount of the net assets employed (including goodwill) of the cash generating units. Value in use is normally assumed to be higher than the fair value less selling costs, therefore, fair value less selling costs is only investigated when value in use is lower than the carrying amount of the cash generating unit. The value in use is calculated based on estimated future cash flow projections expected to result from the use of the cash generating unit, discounted using an appropriate long-term pre-tax discount rate. The value in use calculations use cash flow projections based on financial budgets and models over the projection period (six to seven years). The growth rates used are based on industry growth forecasts for the projected period as well as for the subsequent period. The discount rates used are based on the weighted average cost of capital (7,30%).

In the fourth quarter of 2006, we performed our annual impairment assessment of goodwill (using data as of October 1, 2005) in accordance with the provisions of IAS 38. In testing for potential impairment, we measured the estimated fair value of our cash generating units based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds. Differences in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts. In estimating future cash flows, we used our internal budgets. Our budgets were based on recent sales data for existing products, planned timing of new product launches or capital projects, and customer commitments related to new and existing products. These budgets also included assumptions of future production volumes and pricing. We concluded that no impairment existed. Even if our estimates of projected future cash flows were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2006. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the cash generating units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

The allocation of the carrying amount of goodwill as of December 31, 2006, to the cash generating units and key assumptions used for the value in use calculations is presented below:

Cash Generating Units
(US$)

Cash generating unit	Carrying amount of goodwill
IVD Assays	34.671.000
Large Scale Sampling	24.275.000
Whole Genome Amplification	21.418.000
Mag Attract	20.191.000
Multiplex Assays	14.768.000
Amplification	7.849.000
Christalization	6.692.000
PCR Diagnostics	5.639.000
siRNA	4.836.000
Research Biolabs	5.033.000
Tiangen	1.828.000
MSSP	1.458.000
QIAGEN KK	857.000
Molecular Diagnostics	301.000
	149.816.000

19. Intangible Assets

Intangible Assets

(US$)	Jan. 1, 2006	Additions	Additions from Business Combinations	Disposals	Currency Adjustments	Dec. 31, 2006
Cost						
Technology rights and patents	78.152.000	6.841.000	27.471.000	226.000	6.369.000	118.607.000
Computer software	23.650.000	3.867.000	10.000	356.000	1.514.000	28.685.000
Development expenses	18.016.000	10.333.000	2.200.000	0	1.932.000	32.481.000
Other intellectual properties	10.226.000	2.653.000	12.034.000	0	875.000	25.788.000
	130.044.000	23.694.000	41.715.000	582.000	10.690.000	205.561.000

	Jan. 1, 2006	Additions	Disposals	Currency Adjustments	Dec. 31, 2006
Accumulated amortization					
Technology rights and patents	13.350.000	8.596.000	5.000	1.325.000	23.266.000
Computer software	17.247.000	3.566.000	111.000	1.116.000	21.818.000
Development expenses	1.697.000	1.920.000	0	253.000	3.870.000
Other intellectual properties	462.000	2.075.000	0	99.000	2.636.000
	32.756.000	16.157.000	116.000	2.793.000	51.590.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Technology rights and patents	95.341.000	64.802.000
Computer software	6.867.000	6.403.000
Development expenses	28.611.000	16.319.000
Other intellectual properties	23.152.000	9.764.000
	153.971.000	97.288.000

The amortization on intangible assets is allocated to the functional areas in which the respective intangible assets are used (primarily R&D). In 2006 acquisition related intangible amortization in the amount of US$ 6,4 million is included in R&D expenses (2005: US$ 3,4 million) and acquisition related intangible amortization in the amount of US$ 2,1 million is included in S&M expenses (2005: US$ 0,4 million).

The information for the comparative period is provided below:

Intangible Assets

(US$)	Jan. 1, 2005	Additions	Additions from Business Combinations	Disposals	Currency Adjustments	Dec. 31, 2005
Cost						
Technology rights and patents	42.004.000	6.007.000	35.991.000	937.000	(4.913.000)	78.152.000
Computer software	23.329.000	2.051.000	36.000	121.000	(1.645.000)	23.650.000
Development expenses	8.735.000	10.647.000	0	0	(1.366.000)	18.016.000
Other intellectual properties	1.567.000	946.000	8.182.000	0	(469.000)	10.226.000
	75.635.000	19.651.000	44.209.000	1.058.000	(8.393.000)	130.044.000

	Jan. 1, 2005	Additions	Disposals	Currency Adjustments	Dec. 31, 2005
Accumulated amortization					
Technology rights and patents	8.740.000	5.811.000	257.000	(944.000)	13.350.000
Computer software	15.225.000	3.349.000	193.000	(1.134.000)	17.247.000
Development expenses	673.000	1.129.000	0	(105.000)	1.697.000
Other intellectual properties	77.000	435.000	0	(50.000)	462.000
	24.715.000	10.724.000	450.000	(2.233.000)	32.756.000

	Dec. 31, 2005	Dec. 31, 2004
Net book value		
Technology rights and patents	64.802.000	33.264.000
Computer software	6.403.000	8.104.000
Development expenses	16.319.000	8.062.000
Other intellectual properties	9.764.000	1.490.000
	97.288.000	50.920.000

20. Investments in Equity-Accounted Investees

Investments in Equity-Accounted Investees (US$)	Ownership Percentage	Dec. 31, 2006	Dec. 31, 2005
PreAnalytiX GmbH	50,0%	2.623.000	883.000
QBM Cell Science	19,5%	546.000	574.000
		3.169.000	1.457.000

Gain (Loss) from Investments in Equity-Accounted Investees	2006	2005
PreAnalytiX GmbH	1.009.000	(1.079.000)
QBM Cell Science	(28.000)	3.000
	981.000	(1.076.000)

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH (PreAnalytiX). The investment is accounted for under the equity method. The Company has been a 50% joint venture partner in PreAnalytiX since November 1999, when the joint venture was formed. PreAnalytiX develops, manufactures and markets integrated systems for the collection, stabilization and purification of nucleic acids for molecular diagnostic testing.

In 2005 both joint venture partners converted outstanding loans into equity and additionally made payments into the equity of PreAnalytix. For further information on PreAnalytix reference is made to 30. 'Related Party Transactions'.

As of December 31, 2006, total assets of PreAnalytix amount to US$ 7.540.000 (December 31, 2005: US$ 4.073.000) and shareholders' equity amounts to US$ 7.006.000 (December 31, 2005: US$ 3.399.000). In 2006 the Company generated revenues of US$ 7.751.000 (2005: US$ 4.730.000) and net income of US$ 3.247.252 (2005: USD 97.000).

As a QIAGEN representative has a board seat at QBM Cell Science, QIAGEN has significant influence on that company. Accordingly, the share in QBM Cell Science is recorded at equity in spite of the fact that QIAGEN's share is below 20%.

As of December 31, 2006, total assets of QBM Cell Science amount to US$ 576.000 (December 31, 2005: US$ 522.000) and shareholders' equity amounts to US$ 518.000 (December 31, 2005: US$ 451.000). In 2006 the Company recorded revenues of US$ 523.000 and a net loss of US$ 37.000 (2005: net loss of US$ 107.000).

21. Other Non-Current Assets

Other Non-Current Assets (US$)	Dec. 31, 2006	Dec. 31, 2005
Notes receivable Operon Biotechnologies Inc.	4.235.000	4.886.000
Escrow funds	2.500.000	4.458.000
Other	2.026.000	1.061.000
	8.761.000	10.405.000

22. Financial Debts

Financial Debts

(US$)	Dec. 31, 2006	Dec. 31, 2005
USD 300,0 million 3,25% convertible bond 2006/2026 bearing interest at a rate of 3,25%	241.768.000	0
USD 150,0 million 1,5% convertible bond 2004/2024 bearing interest at a rate of 1,50%	124.231.000	119.199.000
EUR 30,0 million (2005: EUR 35,0 million) note payable bearing interest at EURIBOR (4,37% and 2,40% at Dec. 31, 2006 and 2005, respectively) plus 0,75%, due annually through June 2011	39.591.000	41.447.000
EUR 5,0 million note payable bearing interest at EURIBOR plus 0,75% due in June 2008	6.599.000	5.921.000
Total financial debts, non-current and current	412.189.000	166.567.000
Less current portion of non-current financial debts	8.642.000	6.746.000
Total non-current financial debts	403.547.000	159.821.000
Breakdown by maturities		
2006	0	6.746.000
2007	8.642.000	5.921.000
2008	13.197.000	11.842.000
2009	6.599.000	5.921.000
2010	6.599.000	5.921.000
2011	136.602.000	130.216.000
Thereafter	240.550.000	0
	412.189.000	166.567.000
Total amount of secured financial debts	39.591.000	41.447.000
Unused lines of credit for short-term financing	12.400.000	11.000.000

The carrying amounts of current and non-current financial debts, excluding the convertible bonds, approximate their fair values. The fair values are based on future cash flows using market rate of interests for borrowings with similar credit status and maturities. As of December 31, 2006 and 2005, there were no fixed rate financial debts besides the convertible bonds.

The loan agreement related to the note payable of EUR 30,0 million contains certain financial and non-financial covenants, including but not limited to restrictions on the encumbrance of land, restrictions on the transfer of any patents to third parties and the maintenance of certain financial ratios. The Company was in compliance with these covenants at December 31, 2006 and 2005.

The Company has five separate lines of credit amounting to US$ 12,4 million, with interest rates ranging from 6,19% to 7,75%, none of which was utilized at December 31, 2006. There were no current borrowings outstanding at December 31, 2006 and 2005. Interest expense on line of credit and current borrowings was US$ 0 for the years ended December 31, 2006 and 2005.

Interest expense on non-current debt was US$ 19,9 million for the year ended December 31, 2006 (2005: US$ 7,5 million).

Convertible Bond 2004/2024

(US$)	Dec. 31, 2006	Dec. 31, 2005
Face value of convertible bond issued in August 2004	150.000.000	150.000.000
Transaction costs	(3.300.000)	(3.300.000)
Equity conversion component	(35.584.000)	(35.584.000)
Liability component on initial recognition in August 2004	111.116.000	111.116.000
Accrued interest expense	13.115.000	8.083.000
	124.231.000	119.199.000

In August 2004, the Company completed the sale of US$ 150,0 million principal amount of 1,50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11,9 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 12,6449 per share, subject to adjustment. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2006, was approximately US$ 200,0 million (December 31, 2005: US$ 162,8 million). The effective interest rate of the Notes amounts to 5,20%. The Company has reserved 11,9 million shares of common stock for issuance in the event of conversion.

Convertible Bond 2006/2026

(US$)	Dec. 31, 2006	Dec. 31, 2005
Face value of convertible bond issued in August 2004	300.000.000	0
Transaction costs	(4.788.000)	0
Equity conversion component	(60.561.000)	0
Liability component on initial recognition in May 2006	234.651.000	0
Accrued interest expense	7.117.000	0
	241.768.000	0

In May 2006, the Company completed the sale of US$ 300,0 million principal amount of 3,25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes is payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15,0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 20,00 per share, subject to adjustment. The 2006 Notes cannot be called for the first 7 years and are callable thereafter subject to a provisional call trigger of 130% of the conversion price. In addition, the holders of the 2006 Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on May 16, 2013, 2017 and 2022. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2006, was approximately US$ 316,5 million. The effective interest rate of the Notes amounts to 7,3%. The Company has reserved 15,0 million shares of common stock for issuance in the event of conversion.

23. Provisions

Provisions

(US$)	Jan. 1, 2006	Utilization	Reversal	Additions	Currency Adjustments	Dec. 31, 2006
Warranty	1.332.000	(823.000)	(223.000)	1.071.000	56.000	1.413.000
Acquisition and related costs	519.000	(514.000)	0	3.139.000	134.000	3.278.000
Relocation and restructuring costs	120.000	(120.000)	0	324.000	2.000	326.000
	1.971.000	(1.457.000)	(223.000)	4.534.000	192.000	5.017.000

The Company warrants its products against defects in materials and workmanship for a period of one year. A provision for estimated future warranty costs is recorded when consumables are shipped and when title on instrumentation equipment passes to the customer.

The provision for acquisition and related costs primarily relates to severance and employee related costs as well as to lease and related costs.

For all provisions it is expected that the respective costs will be incurred in the next financial year.

In prior year this position included other provisions of USD 5.318.000 which was retrospectively reclassified to accrued expenses and other current liabilities.

24. Accrued Expenses and Other Current Liabilities

Accrued Expenses and Other Current Liabilities

(US$)	Dec. 31, 2006	Dec. 31, 2005
Royalties	9.392.000	9.045.000
Payroll and related accrued liabilities	15.150.000	8.605.000
Deferred revenue	5.562.000	4.198.000
Professional and other fees	1.897.000	2.887.000
Sales and other taxes	2.123.000	1.922.000
Management bonuses	727.000	1.231.000
Other liabilities	20.318.000	15.978.000
	55.169.000	43.866.000

Revenues for extended warranty services or product maintenance contracts are deferred and recognized on a straight-line basis over the contract period.

Provisions for professional and other fees are recorded when the respective services are received.

The Company records provisions for sales and other taxes when the exposure item becomes probable and reasonably estimable.

Accrued expenses and other current liabilities are non-interest bearing and have an average term of six months.

25. Shareholders' Equity

Shareholders' Equity (US$)	Dec. 31, 2006	Dec. 31, 2005
Common shares, EUR 0,01 par value: Authorized--260.000.000 shares Issued and outstanding - 150.167.540 shares in 2006 and 148.455.864 shares in 2005	1.535.000	1.513.000
Share premium	327.226.000	265.143.000
Retained earnings	273.312.000	199.999.000
Other reserves	1.114.000	1.096.000
Cumulative foreign currency translation adjustments	40.733.000	15.505.000
Total shareholders' equity attributable to equity holders of the parent	643.920.000	483.256.000

Other Reserves

Other Reserves (US$)	Total	Cash Flow Hedges	Marketable Securities
January 1, 2005	(838.000)	(500.000)	(338.000)
Unrealized loss on cash flow hedges	(1.373.000)	(1.373.000)	0
Unrealized gain on marketable securities	2.800.000	0	2.800.000
Realized loss on marketable securities	507.000	0	507.000
December 31, 2005	1.096.000	(1.873.000)	2.969.000
Unrealized loss on cash flow hedges	(539.000)	(539.000)	0
Realized loss on cash flow hedges	2.122.000	2.122.000	0
Unrealized loss on marketable securities	(1.565.000)	0	(1.565.000)
December 31, 2006	1.114.000	(290.000)	1.404.000

26. Retained Earnings

At the Annual General Meeting of Shareholders on June 20, 2007, the Board of Directors will propose to carry forward the profit for the year of QIAGEN N.V., the holding company of the Group, which is determined in accordance with the legal provisions of the Dutch Civil Code.

27. Stock Option Plan

On April 30, 1996, the Company adopted the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan and during 2005 the Company adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan). The Plan allows for the granting of stock rights, incentive stock options, as well as for non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, the options granted prior to October 2004 vested over a three-year period. During 2004 and 2005 the Company accelerated the vesting of certain options. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date all grants have been at the market value on the grant date or at a premium above the closing market price on the grant date. The settlement of the Plan is accomplished by the issuance of common stock to the bearers of the options. In this respect the Company has approximately 17,7 million shares of common stock reserved and available for issuance under this plan at December 31, 2006.

During the years ended December 31, 2006 and 2005, 201.500 and 2.7 million stock options were granted, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following assumptions used for the grants: weighted average risk-free interest rates of 4,74% and 4,02% and a weighted average expected life of 6,00 years and 4,26 years for the years ended December 31, 2006 and 2005, respectively. The weighted average expected volatility which was determined based on market volatility for QIAGEN shares was 43%, and 52% for the years ended December 31, 2006 and 2005, respectively. It is assumed that no dividends would be issued during the option term. For the year ended December 31, 2006, the estimated forfeiture rate was 9%.

Information regarding the Plan as of December 31, 2006 and 2005, and changes during the years then ended is summarized as follows:

Stock Options (US$)	Stock Options	Weighted Average Exercise Price
January 1, 2005	13.047.739	12,36
Granted	2.749.456	12,04
Exercised	(1.435.657)	5,62
Forfeited	(776.243)	16,55
December 31, 2005	13.585.295	12,75
Granted	201.500	15,55
Exercised	(1.586.676)	6,93
Forfeited	(483.580)	16,51
December 31, 2006	11.716.539	13,43

At December 31, 2006 and 2005, options were exercisable with respect to 11,5 million and 13,4 million shares at a weighted average price of US$ 13,40 and US$ 12,81 per share, respectively. The options outstanding at December 31, 2006, expire in various years through 2016. Information about stock options outstanding at December 31, 2006, is summarized as follows:

Stock Options					
Range of Exercise Prices (US$)	Number Outstanding at Dec. 31, 2006	Weighted Average Remaining Contract Life (years)	Weighted Average Exercise Price (US$)	Number Exercisable at Dec. 31, 2006	Weighted Average Exercise Price (US$)
1,06-6,02	1.751.672	4,92	5,39	1.751.672	5,39
6,02-8,94	1.289.563	4,17	8,28	1.289.563	8,28
9,00-10,43	1.312.244	6,60	10,16	1.296.569	10,16
10,61-11,75	1.233.310	7,96	11,34	1.233.310	11,34
11,85-11,99	1.181.469	8,35	11,97	1.181.469	11,97
12,11-13,15	1.171.411	7,68	12,79	1.171.411	12,79
13,28-15,48	1.473.714	5,89	14,83	1.423.714	14,83
15,81-20,56	1.278.561	4,89	18,89	1.127.061	19,93
20,80-47,75	994.925	3,80	33,45	994.925	33,45
49,75-49,75	29.670	3,58	49,75	29.670	49,75
1,06-49,75	11.716.539	5,99	13,43	11.499.364	13,40

During 2006, 1.586.676 stock options (2005: 1.435.657 stock options) were exercised yielding proceeds of US$ 11,0 million (2005: US$ 8,0 million). Stock options cancelled in all years since inception of the plan are the result of options forfeited by participants upon their departure from the Group.

In 2006 a compensation charge of US$ 326.000 (2005: US$ 23,1 million) has been recognized. The compensation charge related to stock options granted is being expensed over the three-year vesting period.

During the fourth quarter of 2005, the Company accelerated the vesting of 1,2 million stock options. The acceleration applied to certain in-the-money options and options held by Supervisory and Managing Board members. The accelerated options were given a sales restriction, such that any shares held through the exercise of an accelerated option could not be sold, prior to the original vesting date. The after tax expense resulting from the acceleration amounted to US$ 1,4 million in 2005.

28. Commitments and Contingencies

Lease Commitments

The Company leases facilities and equipment under operating lease arrangements expiring in various years through 2011. Certain facility and equipment leases constitute finance leases expiring in various years through 2018. The accompanying consolidated financial statements include the assets and liabilities arising from these finance lease obligations.

Minimum future obligations under finance and operating leases at December 31, 2006, are as follows:

Finance and Operating Leases (US$)	Finance Leases	Operating Leases
2007	1.488.000	8.396.000
2008	1.563.000	6.426.000
2009	1.534.000	3.833.000
2010	1.550.000	2.975.000
2011	1.491.000	1.652.000
Thereafter	10.366.000	140.000
	17.992.000	23.422.000
Less: amount representing interest	(5.160.000)	
	12.832.000	
Less: current portion	(823.000)	
	12.009.000	

There are no material renewal or purchase options and escalation clauses included in the lease agreements.

Rent expense under non-cancelable operating lease agreements was US$ 9,1 million in 2006 and US$ 7,5 million in 2005.

Licensing and Purchase Commitments

The Company has licensing agreements with companies, universities and individuals, some of which require certain up-front payments. Royalty payments are required on net product sales ranging from one to 20% of covered products. Several of these agreements have minimum royalty requirements. The accompanying consolidated financial statements include accrued royalties relating to these agreements in the amount of US$ 9,3 million and US$ 9,0 million at December 31, 2006 and 2005, respectively. Royalty expense relating to these agreements amounted to US$ 24,0 million and US$ 21,8 million for the years ended December 31, 2006 and 2005, respectively. Royalty expense is primarily recorded in cost of sales, with a small portion recorded as research and development expense depending on the use of the technology under license. Some of these agreements also have minimum raw material purchase requirements and requirements to perform specific types of research.

At December 31, 2006, the Company had commitments with several vendors to purchase certain products, and for future minimum guaranteed royalties. They are as follows:

Purchase and Royalties Commitments (US$)	Purchase Commitments	Royalty Commitments
2007	13.810.000	635.000
2008	9.355.000	413.000
2009	172.000	413.000
2010	172.000	413.000
2011	172.000	413.000
Thereafter	1.438.000	888.000
	25.119.000	3.175.000

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in detail under 4. 'Acquisitions' the Company could be required to make additional contingent cash payments totaling up to US$ 44,6 million based on the achievement of certain revenue and operating results milestones as follows: US$ 16,9 million in 2007, US$ 6,7 million in 2008, US$ 4,0 million in 2009, and US$ 17,0 million payable in any 12 month period from now until 2010 if revenues exceed a certain amount and US$ 1,0 million payable upon the grant of certain patent rights.

Employment Agreements

Certain of our executive employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2006, the commitment under these agreements totaled US$ 17,0 million.

Contingencies

From time to time the Company may be party to legal proceedings incidental to its business. As of December 31, 2006 and 2005, certain claims, suits or complaints arising out of the normal course of business have been filed or were pending against the Company. Although it is not possible to predict the outcome of such litigation, based on the facts known to the Company and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on its financial position or results of operations.

In the ordinary course of business, the Company warrants to customers that its products are free of defect and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, the Company typically provides limited warranties with respect to its services. From time to time, the Company also makes other warranties to customers, including warranties that its products are manufactured in accordance with applicable laws and not in violation of third party rights. The Company provides for estimated warranty costs at the time of the product sale. The Company believes its warranty reserves as of December 31, 2006 and 2005, appropriately reflect the estimated cost of such warranty obligations.

29. Employee Benefits

The Company maintains various benefit plans, including defined contribution and defined benefit plans. The Company's U.S. defined contribution plan is qualified under Section 401(k) of the Internal Revenue Code, and covers substantially all U.S. employees. Participants may contribute a portion of their compensation not exceeding a limit set annually by the Internal Revenue Service. This plan includes a provision for the Company to match a portion of employee contributions. Total expense under the 401(k) plan was US$ 881.000 and US$ 782.000 for the years ended December 31, 2006 and 2005, respectively. The Company also has a defined contribution plan which covers certain German executives. The Company makes matching contributions up to an established maximum. In 2006 and 2005, matching contributions to the plan totaled approximately US$ 295.000 and US$ 82.000, respectively.

The Company has four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, the Company calculates the vested benefits to which employees are entitled if they separate immediately as of December 2006. The benefits accrued on a pro-rata basis during the employees' employment period are based on the individuals' salaries, adjusted for inflation. The liability under the defined benefit plans was US$ 1,7 million at December 31, 2006, and US$ 1,4 million at December 31, 2005.

30. Related Party Transactions

From time to time, the Company has transactions with companies in which the Company holds an interest all of which are individually and in aggregate immaterial except for certain transactions with PreAnalytiX GmbH and Operon Biotechnologies, Inc.

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH, which is accounted for under the equity method. In 2005 both joint venture partners converted outstanding loans into equity and additionally made payments into the equity of PreAnalytix GmbH. Amounts due to/from PreAnalytiX GmbH at year end are summarized as follows:

PreAnalytiX GmbH (US$)	Dec. 31, 2006	Dec. 31, 2005
Accounts receivable	46.000	359.000
Accounts payable	(335.000)	(960.000)
	(289.000)	(601.000)

In 2004, the Company sold a significant portion of its synthetic DNA business unit to Operon Biotechnologies, Inc. (OBI) and agreed to provide certain transition services for a period of six months. The Company also has a Manufacturing and Supply Agreement with OBI, wherein QIAGEN granted to OBI an exclusive license to manufacture and supply certain RNA products to the Company. During the years ended December 31, 2006 and 2005, the Company had sales to OBI of US$ 1,1 million and US$ 645.000, respectively. As of December 31, 2006 and 2005, the Company had a loan receivable from OBI of US$ 5,2 million and US$ 6,3 million, accounts receivable from OBI of US$ 1,1 million and US$ 35.000, and accounts payable to OBI of US$ 1,8 million and US$ 265.000, respectively.

In 2004, QIAGEN entered into a consulting agreement with Dr. Metin Colpan, the Company's former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan shall be paid a fee of EUR 2.750 per day for consulting services less the amount received as member of the Supervisory Board. During 2006 and 2005, the Company paid approximately US$ 524.000 and US$ 447.000, respectively, to Dr. Colpan for scientific consulting services under this agreement.

Compensation of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2006. The variable component is based on performance relative to personal goals and corporate goals agreed by the Supervisory Board.

The compensation granted to the members of the Managing Board in 2006 consists of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses), as well as long-term incentives containing risk elements, including, but not limited to, stock options or other equity-based compensation and pension plans. The variable part of the compensation is designed to strengthen the Board members' commitment to the Company and its objectives.

Year Ended December 31, 2006	Annual Compensation (US$)			
Name	Fixed Salary	Variable Cash Bonus	Other*	Total
Peer M. Schatz	942.000	373.000	1.000	1.316.000
Roland Sackers	377.000	128.000	157.000	662.000
Dr. Joachim Schorr	259.000	104.000	38.000	401.000
Bernd Uder	276.000	104.000	10.000	390.000

* Amounts include, among others, inventor bonus and expatriate fringe pay. Does not include the reimbursement of certain expenses relating to travel incurred at the request of the Company or other reimbursements or payments that in total did not exceed the lesser of $50,000 or 10% or the total salary and bonus reported for the officer.

The Supervisory Board compensation for 2006 consists of fixed compensation for Board members, an additional amount for Chairman and Vice Chairman, and committee membership fees. Supervisory Directors receive variable compensation which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5.000 per year. We did not pay any agency or advisory service fees to members of the Supervisory Board other than US$ 524.000 to Dr. Colpan for his scientific consulting services.

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.000	45.500
Dr. Heinrich Hornef	15.000	10.000	11.000	5.000	7.000	48.000
Dr. Metin Colpan	15.000	—	5.000	—	7.000	27.000
Jochen Walter*	15.000	—	5.000	1.250	7.000	28.250
Dr. Franz A. Wirtz	15.000	5.000	8.000	3.750	7.000	38.750
Erik Hornnaess	15.000	—	10.000	5.000	7.000	37.000
Prof. Dr. Manfred Karobath	15.000	—	4.500	2.500	7.000	29.000

* Mr. Jochen Walter was a member of our Supervisory Board from 1988 until 2006 during which time he served on the Audit Committee from 1996 until 2006.

Board members also receive a variable component, in the form of stock options. Stock options granted to the Managing and Supervisory Boards must have an exercise price that is higher than the market price at the time of grant. During 2006, no options were granted to the members of the Managing and Supervisory Board.

Year Ended December 31, 2006	Long-Term Compensation (US$)	
Name	Defined Contribution Benefit Plan	Stock Options
Peer M. Schatz	73.000	—
Roland Sackers	63.000	—
Dr. Joachim Schorr	23.000	—
Bernd Uder	23.000	—

The following table sets forth the vested and unvested options of officers and directors as of February 1, 2007:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)
Peer M. Schatz	2.399.876	—	1/2008 to 12/2015	4,590 to $20,563
Roland Sackers	375.925	—	9/2009 to 12/2015	8,940 to $20,563
Dr. Joachim Schorr	241.444	—	10/2011 to 12/2015	8,940 to $17,900
Bernd Uder	192.607	—	3/2011 to 12/2015	8,940 to $20,563
Prof. Dr. Detlev H. Riesner	90.667	—	1/2010 to 12/2015	6,018 to $20,563
Dr. Heinrich Hornef	76.000	—	1/2010 to 12/2015	11,985 to $20,563
Dr. Metin Colpan	1.128.150	—	2/2007 to 12/2015	3,219 to $20,563
Dr. Franz A. Wirtz	128.000	—	1/2008 to 12/2015	5,625 to $20,563
Erik Hornnaess	122.300	—	1/2008 to 12/2015	5,625 to $20,563
Prof. Dr. Manfred Karobath	90.000	—	1/2010 to 12/2015	6,018 to $20,563

31. Derivative Financial Instruments

Market risk

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates and the market value of investments in financial assets and equity securities. These exposures are actively managed in accordance with a written policy approved by the Board of Directors and subject to internal controls. The objective is to minimize, where deemed to be appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates, interest rates and the market value of investments in financial assets and equity securities. To manage the volatility relating to these exposures and to enhance the yield on the investment in financial assets, the Group uses derivative financial instruments. The Group does not use financial derivatives for trading or speculative reasons, or for purposes unrelated to the normal business activities. Any loss in value on a financial derivative would normally be offset by an increase in the value of the underlying transaction.

Foreign currency exchange rates

The Group presents its consolidated financial statements in U.S. dollar. As a consequence of the global nature of QIAGEN's business, the Group is exposed to foreign currency exchange rate movements, primarily in European and Asian countries. The Group uses foreign currency options and forward foreign exchange contracts to hedge certain anticipated cash flows in currencies other than the U.S. dollar to achieve relatively stable and predictable cash flows. Net investments in QIAGEN affiliates with a functional currency other than the U.S. dollar are of long-term nature and the Group does not hedge such foreign currency translation exposures.

Interest rates

The Group manages the exposure to interest rate risk through the proportion of fixed rate debt and floating rate debt, as well as the maturity profile of fixed rate financial assets. Net financial income earned on the Group's net financial assets is generally affected by changes in the level of interest rates, principally the Euro and the U.S. dollar interest rate. The Group's exposure to fluctuations in net financial income is managed by making investments in high quality financial assets which pay a fixed interest rate until maturity.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers. At balance sheet date there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Counterparty risk

Counterparty risk includes issuer risk on debt securities, settlement risk on derivative and money market transactions, and credit risk on cash and fixed term deposits. Issuer risk is limited by buying debt securities which are at least A rated. Settlement and credit risk is reduced by entering into transactions with counterparties that are usually at least A rated banks or financial institutions. Exposure to these risks and compliance with the risk parameters approved by the Board of Directors is closely monitored. The Group does not expect any losses due to non-performance by these counterparties, and the diverse portfolio of investments limits the exposure to any single counterparty or sector.

Fair values

The carrying amounts of financial assets and financial liabilities currently approximate their fair values. Investments in unquoted equity instruments are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is estimated that the carrying amounts of these investment approximate their fair values. Fair values of different classes of financial assets and financial liabilities are determined based on exchanges of assets and settlements of liabilities in past transactions.

Equity prices

The Group is exposed to equity price risks on the marketable portion of the available-for-sale equity securities. Equity securities typically relate to other biotechnology and research companies. Equity securities are not purchased as part of the normal day-to-day management of financial assets but must be authorized by the Board of Directors and managed by the Group treasury department.

Commodities

The Group has exposures to price risk related to anticipated purchases of certain commodities used as raw materials in its business. A change in commodity prices may alter the gross margin, but due to the limited exposure to any single raw material, a price change is unlikely to have a material unforeseen impact on the Group's earnings.

During 2004, the Company entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006 and 2005, these forward contracts totaled US$ 44,0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011 and have fair market values of approximately US$ -2,8 million and US$ 61.000, which are included in other non-current liabilities and other non-current assets in the accompanying consolidated balance sheet at December 31, 2006 (fair value of US$ 663.000 at December 31, 2005).

During 2006, the Company also entered into two additional forward arrangements which qualify as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, the Company held a contract for CAD 8,0 million which matures in February 2007 and has a fair market value of US$ 126.000 at December 31, 2006. Additionally the Company held a contract for JPY 200,0 million which matures in April 2007 and has a fair market value of US$ 190.000 at December 31, 2006. The fair values of these forwards are included in prepaid and other assets at December 31, 2006.

At December 31, 2005, the Company held a contract for CAD 9,0 million which matured in February 2006 and had a fair market value of US$ -377,000 which was included in accrued and other current liabilities at December 31, 2005.

The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in other reserves, a component of shareholders' equity. These contracts effectively fix the exchange rate at which the intercompany loans will be settled, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans. The Company has determined that no ineffectiveness exists related to these derivatives. Unrealized losses which have been recorded in equity amount to US$ 539.000 in 2006 (unrealized losses of US$ 1.373.000 in 2005). Realized losses recorded through the income statement amount to US$ 2.122.000 in 2006.

In the ordinary course of business, the Company purchases foreign currency exchange options to manage potential losses from foreign currency exposures. These options give the Company the right, but not the requirement, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. The principal objective of such options is to minimize the risks and/or costs associated with global financial and operating activities. The Company does not utilize financial instruments for trading or other speculative purposes. The fair values of these options were not significant at December 31, 2006 and 2005.

The fair values of derivative financial instruments, if all the instruments were closed out at year end, are as follows as of December 31, 2006 and 2005:

Derivative Financial Instruments

(US$)	Positive fair values Dec. 31, 2006	Negative fair values Dec. 31, 2006	Positive fair values Dec. 31, 2005	Negative fair values Dec. 31, 2005
Forward contracts	377.000	(2.818.000)	189.000	(1.211.000)

32. Segment Information

Primary Reporting Format – Geographical Segments

The Company manages its business based on the locations of its subsidiaries. Therefore, reportable segments are based on the geographic locations of the subsidiaries. The Company's reportable segments include the Company's production, manufacturing and sales facilities located throughout the world. In addition, the Company's Corporate segment includes its holding company located in The Netherlands and two subsidiaries located in Germany which operate only in a corporate support function. The reportable segments derive revenues from the Company's entire product and service offerings. It is not practicable to provide a detail of revenues for each group of similar products and services offered by the Company.

In accordance with the increase of the number of consolidated companies within the QIAGEN Group we reassessed the composition of our reportable segments during 2006. In the prior year we had provided segment information for the United States, Germany, Switzerland, Japan, the United Kingdom, Norway, The Netherlands and other countries.

Based on the reassessment we came to the conclusion that our reportable segments are properly reflected as:

- North America
- Germany
- Switzerland
- Asia
- Rest of World
- Corporate, which includes QIAGEN N.V. in the Netherlands and two German subsidiaries

The prior year segment information presented for comparative purposes has been restated accordingly.

Summarized financial information concerning the Company's reportable geographical segments is shown in the following tables:

Revenues

(US$)	2006	2005
North America	318.865.000	285.242.000
Germany	220.325.000	187.381.000
Switzerland	40.044.000	36.957.000
Asia	49.875.000	35.266.000
Rest of World	109.025.000	88.924.000
Corporate	525.000	985.000
	738.659.000	634.755.000
Intersegment elimination	(272.881.000)	(236.360.000)
	465.778.000	398.395.000

Revenues are attributed to countries based on the location of the Company's subsidiary. During 2006 and 2005, no single customer represented more than ten percent of consolidated revenues. United States export revenues did not exceed ten percent of consolidated revenues during fiscal year 2006 or 2005.

Intersegment Revenues

(US$)	2006	2005
North America	(115.924.000)	(103.357.000)
Germany	(129.438.000)	(107.882.000)
Switzerland	(26.518.000)	(25.058.000)
Asia	(784.000)	0
Rest of World	(188.000)	(15.000)
Corporate	(29.000)	(48.000)
	(272.881.000)	(236.360.000)

All intersegment sales are accounted for by a formula based on local list prices and manufacturing costs and are eliminated in consolidation.

Income (Loss) from Operations

(US$)	2006	2005
North America	29.714.000	34.564.000
Germany	59.276.000	34.555.000
Switzerland	2.600.000	1.909.000
Asia	8.485.000	6.603.000
Rest of World	15.572.000	13.317.000
Corporate	(6.550.000)	(6.554.000)
	109.097.000	84.394.000
Intersegment elimination	(557.000)	(1.591.000)
	108.540.000	82.803.000

The Corporate component of operating income (loss) is primarily general and administrative expenses. The intersegment elimination represents primarily the elimination of intercompany profit.

Depreciation and Amortization

(US$)	2006	2005
North America	10.283.000	6.538.000
Germany	15.420.000	14.687.000
Switzerland	1.982.000	1.976.000
Asia	1.643.000	231.000
Rest of World	1.850.000	2.096.000
Corporate	780.000	963.000
	31.958.000	26.491.000

Assets

(US$)	Dec. 31., 2006	Dec. 31, 2005
North America	313.495.000	292.376.000
Germany	375.797.000	367.942.000
Switzerland	93.164.000	83.389.000
Asia	71.437.000	26.181.000
Rest of World	96.636.000	69.589.000
Corporate	1.366.254.000	253.347.000
	2.316.783.000	1.092.824.000
Intersegment elimination	(1.082.411.000)	(318.944.000)
	1.234.372.000	773.880.000

Assets of Corporate include cash and cash equivalents, investments, prepaid assets and certain intangibles. The intersegment elimination represents intercompany investments and advances.

At December 31, 2006, for Switzerland, the net investment in equity-accounted investees was US$ 2.623.000 (December 31, 2005: US$ 883.000). The Netherlands had a net investment in equity-accounted investees of US$ 546.000 as of December 31, 2006 (December 31, 2005: US$ 574.000).

Capital Expenditures

(US$)	2006	2005
North America	4.206.000	3.258.000
Germany	20.638.000	8.093.000
Switzerland	2.211.000	1.468.000
Asia	804.000	232.000
Rest of World	1.130.000	671.000
Corporate	6.000	6.000
	28.995.000	13.728.000

Long-Lived Assets (Excluding Deferred Income Taxes)

(US$)	Dec. 31, 2006	Dec. 31, 2005
North America	189.575.000	127.130.000
Germany	269.442.000	208.982.000
Switzerland	9.323.000	14.533.000
Asia	30.484.000	4.434.000
Rest of World	31.363.000	32.857.000
Corporate	6.741.000	3.248.000
	536.928.000	391.184.000

Liabilities

(US$)	Dec. 31, 2006	Dec. 31, 2005
North America	45.150.000	24.335.000
Germany	112.604.000	106.791.000
Switzerland	14.122.000	7.805.000
Asia	9.185.000	3.189.000
Rest of World	400.809.000	141.953.000
Corporate	8.582.000	6.551.000
	590.452.000	290.624.000

Stock Option Expenses

(US$)	2006	2005
North America	(65.000)	(3.941.000)
Germany	(197.000)	(13.383.000)
Switzerland	(19.000)	(1.327.000)
Asia	(7.000)	(580.000)
Rest of World	(38.000)	(1.232.000)
Corporate	0	(2.595.000)
	(326.000)	(23.058.000)

Impairment Losses

(US$)	2006	2005
North America	(401.000)	0
Germany	(714.000)	(1.925.000)
Switzerland	(1.509.000)	0
Asia	0	0
Rest of World	0	0
Corporate	(2.121.000)	(665.000)
	(4.745.000)	(2.590.000)

Secondary Reporting Format – Business Segments

The consumables business segment and the instruments business segment have been identified as the Companies business segments. The consumables business segment makes up for more than 90% of the revenues of the Group, for more than 90% of the combined result of the Group and for more than 90% of the total assets of the Group as of December 31, 2006 and 2005, respectively. Accordingly, the consumables business segment is considered to be the dominant business segment and any secondary segment reporting is omitted in accordance with materiality considerations.

33. Subsequent Events

Dated April 12, 2007, the Company's fully owned subsidiary QIAGEN North American Holdings Inc. has signed a definitive merger agreement with eGene Inc., Irvine, California, USA, pursuant to which eGene would become a fully owned subsidiary of QIAGEN North American Holdings Inc.

eGene is an early-stage company that has developed and is commercializing a patented sample separation and analysis technology based on capillary electrophoresis. The transaction has been approved by the boards of directors of both companies and is expected to close, subject to regulatory and stockholder approvals and customary closing conditions in the third quarter of 2007.

Under the terms of the agreement, QIAGEN North American Holdings Inc. will offer US$ 0,65 in cash and 0,0416 common shares of QIAGEN stock per share of eGene stock. The aggregate purchase consideration amounts to approximately US$ 34,0 million (based on the average closing prices of QIAGEN stock on the NASDAQ Global Select Market for the 20 trading days ending on April 12, 2007).

No other events or transactions have occurred subsequently to December 31, 2006, that would have a material impact on the financial statements as presented.

34. Authorisation for Issue

The consolidated financial statements for the period ended December 31, 2006, were authorized for issue on April 25, 2007 by the Board of Directors.

35. List of Consolidated Companies

The following is a list of the Company's subsidiaries as of December 31, 2006, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

As of December 31, 2006					
Company	Country	Currency	Capital	Ownership	Activity
Genaco Biomedical Products, Inc.	USA	USD	5.000	100%	P/R&D/S
Gentra Systems, Inc.	USA	USD	161.000	100%	P/R&D/S
QIAGEN BV	Netherlands	EUR	18.000	100%	S
QIAGEN Deutschland Holding GmbH	Germany	EUR	25.000	100%	H
QIAGEN Euro Finance (Luxembourg) S.A.	Luxemburg	USD	25.000	100%	Finance
QIAGEN Finance Deutschland GmbH	Germany	EUR	25.000	100%	Finance
QIAGEN Finance (Luxembourg) S.A.	Luxemburg	EUR	125.000	100%	Finance
QIAGEN GmbH	Germany	EUR	210.000	100%	P/R&D/S
QIAGEN Hamburg GmbH	Germany	EUR	178.000	100%	P/R&D/S
QIAGEN, Inc. (Canada)	Canada	CAD	50.000	100%	S
QIAGEN, Inc. (USA)	USA	USD	15.000	100%	S
QIAGEN Instruments AG	Switzerland	CHF	14.939.000	100%	P/R&D
QIAGEN KK	Japan	JPY	10.000.000	100%	S
QIAGEN Ltd.	UK	GBP	105.000	100%	S
QIAGEN North American Holding Inc.	USA	USD	0	100%	H
QIAGEN NV	Netherlands	USD	1.535.000	100%	H
QIAGEN Pty. Ltd.	Australia	AUD	160.000	100%	S
QIAGEN S.A.	France	EUR	240.000	100%	S
QIAGEN Sciences, Inc.	USA	USD	0	100%	P/R&D
QIAGEN Shared Services, Inc.	USA	USD	3.185.000	100%	H
QIAGEN SpA	Italy	EUR	100.000	100%	S
QIAGEN Vertriebsges. mbH	Austria	EUR	18.000	100%	S
Nextal Biotechnology Inc.	Canada	CAD	3.000	100%	P
Shenzhen PG Biotech Co. Ltd.	China	CNY	20.400.000	100%	P/R&D/S

Activities: P (production): this company performs manufacturing and/or production activities for the Group.

R&D (research and development): this company performs research and development activities for the Group.

S (sales): this company performs marketing, export and trading activities for the Group.

H (headquarters): this company serves as headquarter of the Group or in a certain country.

Venlo, The Netherlands, May 14, 2007

Peer M. Schatz
Chief Executive Officer

QIAGEN N.V.
COMPANY BALANCE SHEETS
(Before proposed appropriation of net income)

	Notes	December 31, 2006 US$	December 31, 2005 US$
Assets			
Fixed Assets			
Intangible fixed assets	(3)	43.131.000	28.613.000
Tangible fixed assets	(4)	10.000	6.000
Financial fixed assets	(5)	542.068.000	406.099.000
Total fixed assets		585.209.000	434.718.000
Current Assets			
Receivables	(6)	1.643.000	4.418.000
Cash		109.524.000	87.087.000
Total current assets		111.167.000	91.505.000
Total assets		696.376.000	526.223.000
Shareholders' Equity and Liabilities			
Shareholders' Equity:	(7)		
Common shares		1.535.000	1.513.000
Share premium		327.226.000	265.143.000
Retained earnings		176.524.000	138.698.000
Net income		73.313.000	48.122.000
Legal reserves		23.475.000	13.179.000
Other reserves		1.114.000	1.096.000
Cumulative foreign currency translation adjustments		40.733.000	15.505.000
Total shareholders' equity		643.920.000	483.256.000
Non-Current Liabilities:			
Non-current liabilities		0	0
Total non-current liabilities		0	0
Current liabilities			
Trade accounts payable		482.000	56.000
Payables to group companies		49.083.000	37.633.000
Accrued liabilities		2.891.000	5.278.000
Total current liabilities		52.456.000	42.967.000
Total shareholders' equity and liabilities		696.376.000	526.223.000

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

QIAGEN N.V.
COMPANY INCOME STATEMENTS

	Notes	Year ended December 31, 2006 US$	Year ended December 31 2005 US$
Net income from investments (after income tax)	(2)	59.124.000	50.147.000
Other income (after income tax)	(2)	14.189.000	(2.025.000)
Net income		73.313.000	48.122.000

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

QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. Accounting Policies

As from 2005, Dutch law allows companies that apply IFRS as adopted in the European Union in their consolidated financial statements to use the same accounting principles in the financial statements of the Company. Financial statements that are based on this provision qualify as financial statements under Dutch law. The financial statements of QIAGEN N.V. (the 'Company') included in this section are prepared in accordance with IFRS accounting principles as used in the consolidated financial statements in order to maintain the consistency between the figures in the consolidated financial statements and the financial statements of the Company.

Subsidiaries of QIAGEN N.V. are accounted for using the equity method.

As provided in section 402 of the Dutch Civil Code, Book 2, the income statement of QIAGEN N.V. includes only the net income from investments after tax and other income after tax, as the Company's figures are included in the consolidated financial statements.

2. Net Income from Investments / Other Income

Net income from investments relates to QIAGEN N.V.'s share in the earnings of its subsidiaries and affiliates.

3. Intangible Fixed Assets

Intangible Fixed Assets

(US$)	Dec. 31, 2006	Dec. 31, 2005
Goodwill	39.627.000	24.290.000
Other intangible assets	3.504.000	4.323.000
	43.131.000	28.613.000

The changes in the carrying amount of goodwill for the year are as follows:

Goodwill

(US$)	Total
December 31, 2005	24.290.000
Additions	13.973.000
Foreign currency translation	1.364.000
December 31, 2005	39.627.000

The movements of other intangible assets for the year are as follows:

Other intangible assets (US$)	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Cost				
Patent rights and licenses	5.454.000	2.000	0	5.456.000
Computer software	1.601.000	0	0	1.601.000
	7.055.000	2.000	0	7.057.000

	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Accumulated depreciation				
Patent rights and licenses	1.931.000	501.000	0	2.432.000
Computer software	801.000	320.000	0	1.121.000
	2.732.000	821.000	0	3.553.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Patent rights and licenses	3.024.000	3.523.000
Computer software	480.000	800.000
	3.504.000	4.323.000

For the comparative period the movements are as follows:

Other intangible assets (US$)	Jan. 1, 2005	Additions	Disposals	Dec. 31, 2005
Cost				
Patent rights and licenses	5.430.000	24.000	0	5.454.000
Computer software	1.601.000	0	0	1.601.000
	7.031.000	24.000	0	7.055.000

	Jan. 1, 2005	Additions	Disposals	Dec. 31, 2005
Accumulated depreciation				
Patent rights and licenses	739.000	1.192.000	0	1.931.000
Computer software	481.000	320.000	0	801.000
	1.220.000	1.512.000	0	2.732.000

	Dec. 31, 2005	Dec. 31, 2004
Net book value		
Patent rights and licenses	3.523.000	4.691.000
Computer software	800.000	1.120.000
	4.323.000	5.811.000

4. Tangible Fixed Assets

Tangible Fixed Assets

(US$)	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Cost				
Furniture and office equipment	42.000	6.000	0	48.000
	42.000	6.000	0	48.000

	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Accumulated depreciation				
Furniture and office equipment	36.000	2.000	0	38.000
	36.000	2.000	0	38.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Furniture and office equipment	10.000	6.000
	10.000	6.000

For the comparative period the movements are as follows:

Tangible Fixed Assets

(US$)	Jan. 1, 2005	Additions	Disposals	Dec. 31, 2005
Cost				
Furniture and office equipment	36.000	6.000	0	42.000
	36.000	6.000	0	42.000

	Jan. 1, 2005	Additions	Disposals	Dec. 31, 2005
Accumulated depreciation				
Furniture and office equipment	36.000	0	0	36.000
	36.000	0	0	36.000

	Dec. 31, 2005	Dec. 31, 2004
Net book value		
Furniture and office equipment	6.000	0
	6.000	0

5. Financial Fixed Assets

Financial Fixed Assets

(US$)	Dec. 31, 2006	Dec. 31, 2005
Investments in subsidiary companies	537.843.000	399.021.000
Participating interests	3.320.000	7.078.000
Loans receivable	905.000	0
	542.068.000	406.099.000

Financial Fixed Assets (US$)	Investments in subsidiary companies	Participating interests	Loans receivable	Total
Balance as of January 1, 2005	328.957.000	1.985.000	500.000	331.442.000
Additions / disposals	70.095.000	5.090.000	(500.000)	74.685.000
Dividends received	(25.481.000)	0	0	(25.481.000)
Share of net profit	50.144.000	3.000	0	50.147.000
Translation adjustments	(24.694.000)	0	0	(24.694.000)
Balance as of December 31, 2005	399.021.000	7.078.000	0	406.099.000
Additions / disposals	132.223.000	(3.730.000)	905.000	129.398.000
Dividends received	(78.422.000)	0	0	(78.422.000)
Share of net profit	59.152.000	(28.000)	0	59.124.000
Translation adjustments	25.869.000	0	0	25.869.000
Balance as of December 31, 2006	537.843.000	3.320.000	905.000	542.068.000

At December 31, 2006, the Company's investments comprise (exclusive of insignificant investments and participating interests):

Name	Registered office	% owned
Subsidiary companies:		
• QIAGEN BV	Venlo, The Netherlands	100%
• QIAGEN Deutschland Holding GmbH*	Hilden, Germany	100%
• QIAGEN Euro Finance (Luxembourg) S.A.	Luxembourg	100%
• QIAGEN Finance (Luxembourg) S.A.	Luxembourg	100%
• QIAGEN Inc. (Canada)****	Mississauga, Canada	100%
• QIAGEN Instruments AG	Hombrechtikon, Switzerland	100%
• QIAGEN KK	Tokyo, Japan	100%
• QIAGEN Ltd.	Crawley, England	100%
• QIAGEN Pty. Ltd.	Victoria, Australia	100%
• QIAGEN S.A.	Courtaboeuf Cedex, France	100%
• QIAGEN SpA**	Milan, Italy	100%
• QIAGEN NAH Inc.***	Valencia, United States	100%
• QIAGEN Vertriebsgesellschaft mbH****	Vienna, Austria	100%
• Shenzen PG Biotech Co. Ltd.	Shenzen, China	100%

* and subsidiaries QIAGEN GmbH, QIAGEN Finance Deutschland GmbH and QIAGEN Hamburg GmbH (all 100 % owned).

** 75 % owned by QIAGEN N.V. and 25 % owned by QIAGEN GmbH.

*** and subsidiaries Genaco Biomedical Products Inc., Gentra Systems Inc., QIAGEN Inc. (USA), QIAGEN Sciences Inc. and QIAGEN Shared Services, Inc (all 100 % owned).

**** and subsidiary Nextal Biotechnology Inc. (Canada) (100 % owned).

6. Receivables

Receivables

(US$)	Dec. 31, 2006	Dec. 31, 2005
Marketable securities	0	0
Receivables	128.000	450.000
Prepaid expenses and other	1.515.000	3.968.000
	1.643.000	4.418.000

7. Shareholders' Equity

Shareholders' Equity

(US$ '000)

	Common Shares US$	Share Premium US$	Retained Earnings US$	Net Income US$	Legal Reserves US$	Cumulative Foreign Currency Other Reserves US$	Translation Adjustments US$	Total US$
December 31, 2005	1.513	265.143	138.698	48.122	13.179	1.096	15.505	483.256
Appropriation of prior year net income	-	-	48.122	(48.122)	-	-	-	-
Income and expense directly recognized in equity	-	-	-	-	-	18	25.228	25.246
Profit for the year	-	-		73.313	-	-	-	73.313
Allocation to legal reserves	-	-	(10.296)	-	10.296	-	-	-
Issue of convertible debt	-	41.540	-	-	-	-	-	41.540
Share issue for acquisition	2	1.846	-	-	-	-	-	1.848
Stock options	20	18.697	-	-	-	-	-	18.717
December 31, 2006	1.535	327.226	176.524	73.313	23.475	1.114	40.733	643.920

Legal reserves in the amount of US$ 23.475.000 (2005: US$ 13.179.000) were set up in connection with capitalized development expenses.

8. Employee information

The average number of employees during the year was five (2005: four).

9. Remuneration of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2006. The variable component is based on performance relative to personal goals and corporate goals agreed by the Supervisory Board.

The compensation granted to the members of the Managing Board in 2006 consists of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses). The variable part of the compensation is designed to strengthen the Board members' commitment to the Company and its objectives.

Year Ended December 31, 2006	Annual Compensation (US$)		
Name	Fixed Salary	Variable Cash Bonus	Total
Peer M. Schatz	188.000	69.000	257.000
Roland Sackers	95.000	38.000	133.000
Dr. Joachim Schorr	28.000	9.000	37.000
Bernd Uder	26.000	9.000	35.000

The Supervisory Board compensation for 2006 consists of fixed compensation for Board members, an additional amount for Chairman and Vice Chairman, and committee membership fees. Supervisory Directors receive variable compensation which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5,000 per year.

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.000	45.500
Dr. Heinrich Hornef	15.000	10.000	11.000	5.000	7.000	48.000
Dr. Metin Colpan	15.000	—	5.000	—	7.000	27.000
Jochen Walter*	15.000	—	5.000	1.250	7.000	28.250
Dr. Franz A. Wirtz	15.000	5.000	8.000	3.750	7.000	38.750
Erik Hornnaess	15.000	—	10.000	5.000	7.000	37.000
Prof. Dr. Manfred Karobath	15.000	—	4.500	2.500	7.000	29.000

* Mr. Jochen Walter was a member of our Supervisory Board from 1988 until 2006 during which time he served on the Audit Committee from 1996 until 2006.

Supervisory Board members also receive a variable component, in the form of stock options. Stock options granted to the Managing and Supervisory Boards must have an exercise price that is higher than the market price at the time of grant.

The following table sets forth the vested and unvested options of directors as of February 1, 2007:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)
Prof. Dr. Detlev H. Riesner	90.667	—	1/2010 to 12/2015	6,018 to $20,563
Dr. Heinrich Hornef	76.000	—	1/2010 to 12/2015	11,985 to $20,563
Dr. Metin Colpan	1.128.150	—	2/2007 to 12/2015	3,219 to $20,563
Dr. Franz A. Wirtz	128.000	—	1/2008 to 12/2015	5,625 to $20,563
Erik Hornnaess	122.300	—	1/2008 to 12/2015	5,625 to $20,563
Prof. Dr. Manfred Karobath	90.000	—	1/2010 to 12/2015	6,018 to $20,563

10. Guarantees

In connection with the issuance of convertible notes in the amount of US$ 150 million by QIAGEN Finance (Luxembourg) S.A. in 2004 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

In connection with the issuance of convertible notes in the amount of US$ 300 million by QIAGEN Euro Finance (Luxembourg) S.A. in 2006 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

The Company has granted guarantees to banks as security for credit facilities of certain of its foreign subsidiaries amounting to RMB 30.000.000 at December 31, 2006.

Venlo, The Netherlands, May 14, 2007

Peer M. Schatz
Chief Executive Officer

O T H E R I N F O R M A T I O N

Appropriation of Net Income

According to Article 40 till 42 of the articles of association, the allocation of net income will be as follows. Subject to certain exceptions, dividends may only be paid out of profits as shown in our annual report as adopted by the General Meeting of Shareholders. Distributions may not be made if the distribution would reduce the shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch Law or the Articles.

Out of profits, dividends must first be paid on any outstanding Preference Shares (the "Preference Share Dividend") in a percentage (the "Preference Share Dividend Percentage") of the obligatory amount (call) paid up on such shares at the beginning of the fiscal year in respect of which the distribution is made. The Preference Share Dividend Percentage is equal to the Average Main Refinancing Rates during the financial year for which the distribution is made. Average Main Refinancing Rate shall be made understood to mean the average value on each individual day during the financial year for which the distribution is made of the Main Refinancing Rates prevailing on such day. Main Refinancing Rate shall be understood to mean the rate of the Main Refinancing Operation as determined and published from time to time by the European Central Bank. If and to the extent that profits are not sufficient to pay the Preference Share Dividend in full, the deficit shall be paid out of the reserves, with the exception of any reserve, which was formed as share premium reserve upon the issue of Financing Preference Shares. If in any fiscal year the profit is not sufficient to make the distributions referred to above and if no distribution or only a partial distribution is made from the reserves referred to above, such that the deficit is not fully made good no further distributions will be made as described below until the deficit has been made good.

Out of profits remaining after payment of any dividends on Preference Shares such amounts shall be kept in reserve as determined by the Supervisory Board. Out of any remaining profits not allocated to reserve, a dividend shall be paid on the Financing Preference Shares in a percentage over the par value, increased by the amount of share premium that was paid upon the first issue of Financing Preference Shares, which percentage is related to the average effective yield on the prime interest rate on corporate loans in the United States as quoted in the Wall Street Journal. If and to the extent that the profits are not sufficient to pay the Financing Preference Share Dividend in full, the deficit may be paid out of the reserves if the Managing Board so decides with the approval of the Supervisory Board, with the exception of the reserve which was formed as share premium upon the issue of Financing Preference Shares.

Insofar as the profits have not been distributed or allocated to the reserves as specified above, they are at the free disposal of the General Meeting of Shareholders, provided that no further dividends will be distributed on the Preference Shares or the Financing Preference Shares.

The General Meeting may resolve, on the proposal of the Supervisory Board, to distribute dividends or reserves, wholly or partially, in the form of QIAGEN shares.

Subsequent Events

Dated April 12, 2007, the Company's fully owned subsidiary QIAGEN North American Holdings Inc. has signed a definitive merger agreement with eGene Inc., Irvine, California, USA, pursuant to which eGene would become a fully owned subsidiary of QIAGEN North American Holdings Inc.

eGene is an early-stage company that has developed and is commercializing a patented sample separation and analysis technology based on capillary electrophoresis. The transaction has been approved by the boards of directors of both companies and is expected to close, subject to regulatory and stockholder approvals and customary closing conditions in the third quarter of 2007.

Under the terms of the agreement, QIAGEN North American Holdings Inc. will offer US$ 0,65 in cash and 0,0416 common shares of QIAGEN stock per share of eGene stock. The aggregate purchase consideration amounts to approximately US$ 34,0 million (based on the average closing prices of QIAGEN stock on the NASDAQ Global Select Market for the 20 trading days ending on April 12, 2007).

No other events or transactions have occurred subsequently to December 31, 2006, that would have a material impact on the financial statements as presented.

To: Shareholders, Supervisory Board and Management of Qiagen N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying (as set out on pages F-1 to F-68) financial statements for the year 2006 of Qiagen N.V., Venlo, The Netherlands. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the managing directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Qiagen N.V. as at December 31, 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Qiagen N.V. as at December 31, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the managing directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, May 14, 2007

for Ernst & Young Accountants

was signed by W.J. Spijker