cellestis

Measuring the other side of immunity

17 June 2011

Cellestis Limited
Level 1, Office Tower 2
PO Box 169
Chadstone Centre
VIC 3148 Australia

Mr James Gerraty
ASX Limited
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Dear Sir,

Release of Scheme Booklet

Cellestis Limited announces that the Australian Securities and Investments Commission (***ASIC***) has registered the Scheme Booklet in relation to the previously announced scheme of Arrangement involving QIAGEN N.V. (***Scheme***). Printed copies of the Scheme Booklet will be mailed to Cellestis shareholders shortly. A copy of the Scheme Booklet accompanies this announcement.

The Scheme Booklet includes an independent expert's report, prepared by Deloitte Corporate Finance Pty Ltd, which has assessed the fair market value of a Cellestis share to be in the range of **$3.00 to $3.52** per Cellestis share. Total Cash Payments of **$3.55** per Cellestis share to be paid to Cellestis shareholders if the Scheme proceeds are above the assessed fair market value range determined by the independent expert. Accordingly, the independent expert has concluded that the proposed Scheme is fair and reasonable and in the best interests of Cellestis shareholders. The Scheme Booklet also includes a supplementary report prepared by the independent expert, opining on a private valuation of Cellestis prepared by a group named the Cellestis Shareholders Action Group. After reviewing this private valuation, the independent expert has confirmed that it remains of the view that its valuation opinion expressed in the independent expert's report holds and that the offer by QIAGEN N.V. is in the best interests of Cellestis shareholders.

The Cellestis Directors unanimously recommend that, in the absence of superior proposal, Cellestis shareholders vote in favour of the Scheme at the upcoming Scheme Meeting. Subject to that same qualification, the Directors intend to vote all Cellestis Shares respectively held or controlled by them at the date of the Scheme Meeting in favour of the Scheme.

The Scheme Meeting will be held at 1.30 pm on 20 July 2011at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria. All shareholders are encouraged to vote either by attending the Scheme Meeting in person, or by lodging a proxy vote by 1.30pm on 18 July 2011.

Yours sincerely,

Brian Manuel
Chief Financial Officer and Company Secretary
Cellestis Limited

Cellestis Limited

Scheme Booklet

For a proposed scheme of arrangement between Cellestis Limited (ACN 094 962 133) and the holders of fully paid ordinary shares in Cellestis Limited (other than Excluded Shareholders) in relation to the proposed acquisition of all of the fully paid ordinary shares in Cellestis Limited by QIAGEN Australia Holding Pty Limited (ACN 131 756 995), a wholly owned subsidiary of QIAGEN N.V.

Your Directors unanimously recommend that, in the absence of a superior proposal, you

vote in favour of the Scheme

This Scheme Booklet includes a Notice of Meeting for Cellestis Shareholders (other than Excluded Shareholders) to be held on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria at 1.30pm.

Legal Adviser to Cellestis

BAKER & MCKENZIE

Financial Adviser to Cellestis

CREDIT SUISSE

This is an important document and requires your immediate attention. You should read it in its entirety before voting on the Scheme. If you are in any doubt about how to deal with this document, please consult your professional adviser.

Table of Contents

Important Dates and Times

First Court Date at which the Court made orders convening the Scheme Meeting
Date of this Scheme Booklet
14 June 2011

Latest time and date for lodgement of proxies
1.30 pm (Melbourne time) on 18 July 2011

Time and date for determining eligibility to vote at the Scheme Meeting
7.00pm (Melbourne time) on 18 July 2011

Scheme Meeting of Cellestis Shareholders (other than Excluded Shareholders)
20 July 2011, at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria at 1.30pm

If the Scheme is approved by Cellestis Shareholders (other than Excluded Shareholders):

Special Dividend declared or determined to be payable*
21 July 2011

Second Court Date for approval of the Scheme
27 July 2011

Scheme Effective Date
28 July 2011

Suspension of Cellestis Shares from trading
7.00pm (Melbourne time) on 28 July 2011

Special Dividend Record Date for determining entitlements to Special Dividend*
5.00pm (Melbourne time) on 5 August 2011

Scheme Record Date for determining entitlements to Scheme Consideration
5.00pm (Melbourne time) on 9 August 2011

Implementation Date
Payment of Scheme Consideration
Payment of Special Dividend*
Transfer of Cellestis Shares to QIAGEN
16 August 2011

** Subject to the receipt of a favourable ATO ruling, the Scheme being implemented and the determination of the Cellestis Board.*

All dates subsequent to the Scheme Meeting are indicative only and may change. All times are Melbourne time unless stated otherwise.

Overview of this Scheme Booklet

What is the purpose of this Scheme Booklet?

This Scheme Booklet contains information about the proposed scheme of arrangement (referred to in this Scheme Booklet as the Scheme) under which it is proposed that QIAGEN Australia will acquire all of the fully paid ordinary shares in Cellestis for $3.55 cash per Cellestis Share less the cash amount of the Special Dividend, if it is declared and payable before the Scheme is implemented.

Under the terms of the Scheme Implementation Deed, Cellestis has reserved the right to pay a fully franked Special Dividend subject to certain conditions, including the receipt of a favourable ATO tax ruling. There is no certainty that the ATO will issue a favourable ruling. It is expected that the Special Dividend will be up to 7 cents per Cellestis Share fully franked. However, the exact amount of the Special Dividend (if any) will only be finally determined at the time of its declaration, after analysis of the financial position of Cellestis at the time. The Scheme is not conditional on the payment of the proposed Special Dividend, so the Scheme can be approved even if the Cellestis Board does not declare or determine to pay the Special Dividend.

If paid, the Special Dividend would reduce the Scheme Consideration by the same amount. For example, if a Special Dividend of 7 cents cash per Cellestis Share is declared or determined to be paid, you will receive $3.48 cash per Cellestis Share under the Scheme. This would result in Total Cash Payments of $3.55 per Cellestis Share. If the Special Dividend is not determined to be paid by the Cellestis Board then you will receive $3.55 per Cellestis Share under the Scheme. If the Scheme is not implemented, the Special Dividend will not be paid.

The Scheme is subject to the approval of Cellestis Shareholders (other than Excluded Shareholders). Accordingly, this Scheme Booklet provides you with information to consider before voting on the Scheme.

The Scheme Meeting will take place on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria 3000 commencing at 1.30pm (referred to in this Booklet as the Scheme Meeting).

Why you should vote?

As a Cellestis Shareholder (other than an Excluded Shareholder), you will have a say on whether the Scheme is implemented. Your vote is important to ensure that the Scheme is successful.

What do your Directors recommend?

Your Directors unanimously recommend that, in the absence of a superior proposal, Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme. Your Directors intend to vote all Cellestis Shares they hold or control at the time of the Scheme Meeting in favour of the Scheme, in the absence of a superior proposal.

The Independent Expert has assessed the fair market value of a Cellestis Share to be in the range of between **$3.00 to $3.52.** Specifically, the Independent Expert noted that the *"consideration offered by QIAGEN is above the range of our estimate. Accordingly it is our opinion that the Proposed Scheme is fair"*. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders. The Independent Expert's Report is included in Annexure 1 of this Scheme Booklet and you are encouraged to read it.

However, you are not obliged to follow the recommendation of the Cellestis Directors or the conclusions of the Independent Expert.

What if I have questions in relation to the Scheme?

If you have questions in relation to the Scheme, you should refer to the Frequently Asked Questions section of this Scheme Booklet or contact 1300 893 956. Alternatively, you can contact your financial, legal, taxation or other professional adviser.

What you should do

1. Read this document carefully

You should carefully consider the information included in this Scheme Booklet to help you make an informed decision in relation to your Cellestis Shares and how to vote on the Scheme. **You should read it in full before voting on the Scheme.** Answers to some frequently asked questions are contained in the Frequently Asked Questions section of this Scheme Booklet.

If you have any questions about the Scheme proposal you should call 1300 893 956.

If you are in any doubt about what to do, please contact your financial, legal, taxation or other professional adviser.

2. Vote on the Scheme

You can vote on the Scheme by doing one of the following:

- by attending the Scheme Meeting in person;
- by appointing an attorney to vote on your behalf;
- by appointing a proxy to vote on your behalf; or
- in the case of a corporation which is a Cellestis Shareholder, by appointing an authorised corporate representative to attend on its behalf.

If you choose to vote by proxy or power of attorney, your completed proxy form or power of attorney needs to be received by Computershare Investor Services Pty Limited, or registered online at www.investorvote.com.au or www.intermediaryonline.com (for custodian subscribers only), by no later than 1.30pm on 18 July 2011. Please refer to Section 2 for details on how to vote.

Your vote is important

Your Cellestis Directors unanimously recommend that, in the absence of a superior proposal, you vote in favour of the Scheme.

Important Notices

Purpose of this document

This Scheme Booklet provides information to Cellestis Shareholders (other than Excluded Shareholders) necessary for them to make a decision as to how to vote on the Resolution to be considered at the Scheme Meeting. This Scheme Booklet is provided pursuant to Section 412(1) of the Corporations Act to explain the effect of the Scheme and disclose such other information in relation to the Scheme as is required by the Corporations Act and Corporations Regulations.

Read the entire Scheme Booklet

You should read this Scheme Booklet in its entirety before making your decision. If you have any queries you should refer to the Frequently Asked Questions section of this Scheme Booklet or contact 1300 893 956. Alternatively, you should contact your financial, legal, taxation or other professional adviser.

References to defined terms, time and currency

A number of terms used in this Scheme Booklet have special meanings. These are listed in the Glossary in Section 10. The documents reproduced in some of the Annexures to this Scheme Booklet each have their own defined terms which are sometimes different from those in the Glossary. Unless otherwise specified, all data contained in charts, graphs and tables is based on information available at the date of this Scheme Booklet. All references to time in this Scheme Booklet are to Melbourne time. All references to $, A$ or AUD in this Scheme Booklet are to Australian dollars, unless otherwise specified.

Investment decisions

This Scheme Booklet is intended for all Cellestis Shareholders (other than Excluded Shareholders) collectively and does not take into account the investment objectives, financial situation or particular needs of each Cellestis Shareholder or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your Cellestis Shares. Before making any investment decision in relation to the Scheme or your Cellestis Shares, including any decision to vote for or against the Scheme, you should consider whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should seek independent financial, legal, taxation or other professional advice before making any investment decision.

Responsibility for information

The information concerning Cellestis and the intentions, views and opinions of Cellestis and its Directors contained in this Scheme Booklet has been prepared by Cellestis and its Directors and is the sole responsibility of Cellestis. Cellestis has been solely responsible for preparing the information contained in this Scheme Booklet other than the information concerning QIAGEN (as set out below) and the Independent Expert's Report and the Independent Expert's Supplementary Report (*Cellestis Information*). QIAGEN and its related bodies corporate, directors, officers, employees and advisers do not assume any responsibility for the accuracy and completeness of the Cellestis Information. The information concerning QIAGEN (including QIAGEN Australia and each of QIAGEN's Related Bodies Corporate) and the intentions, views and opinions of QIAGEN and its directors contained in this Scheme Booklet has been prepared by QIAGEN and is the sole responsibility of QIAGEN. QIAGEN has been solely responsible for preparing the information contained in Section 5 (*QIAGEN Information*). Cellestis and its related bodies corporate, directors, officers, employees and advisers do not assume any responsibility for the accuracy and completeness of the QIAGEN Information. Deloitte Corporate Finance Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure 1 and the Independent Expert's Supplementary Report contained in Annexure 2 and takes responsibility for those reports. None of Cellestis, QIAGEN and their respective related bodies corporate, directors, officers, employees and advisers assume any responsibility for the accuracy or completeness of the information contained in those reports.

ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act. ASIC has examined a copy of this Scheme Booklet. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet. A copy of this Scheme Booklet has been lodged with ASX and with the Court to obtain an order of the Court approving the calling of the Scheme Meeting. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Forward looking statements

This Scheme Booklet contains various forward-looking statements. Statements other than statements of historical fact may be forward looking statements. Cellestis Shareholders should note that such statements are subject to inherent risks and uncertainties as they may be affected by a variety of known and unknown risks, assumptions, variables and other factors, many of which are beyond the control of Cellestis. Actual results, values, performance or achievement may differ materially from results, values, performance or achievement expressed or implied in any forward looking statement. None of Cellestis, QIAGEN, or their related bodies corporate, directors, officers, employees or advisers or any person named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievement expressed or implied in any forward looking statement, except to the extent required by law. Cellestis Shareholders should not place undue reliance on any such statement. The forward looking statements in this Scheme Booklet only reflect views held as at the date of this Scheme Booklet.

Privacy

Cellestis may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of Cellestis Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Cellestis to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the Cellestis Share Registry, print and mail service providers and authorised securities brokers. Cellestis Shareholders have certain rights to access personal information that has been collected. Cellestis Shareholders should contact the Cellestis Share Registry in the first instance, if they wish to access their personal information. Cellestis Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Foreign shareholders

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements and they may be different from those applicable in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer to buy securities in any place in which, or to any person whom, it would not be lawful to make such an offer. Cellestis Shareholders residing outside Australia for tax purposes should seek specific taxation advice in relation to the Australian and overseas taxation implications of the Scheme.

Date of this Scheme Booklet

This Scheme Booklet is dated 14 June 2011.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT 2001

The fact that under section 411(1) of the Corporations Act 2001 the Court ordered on 14 June 2011 that a meeting of Cellestis Shareholders (other than Excluded Shareholders) be convened by Cellestis to consider and vote on the Scheme and has approved this Scheme Booklet does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how Cellestis Shareholders (other than Excluded Shareholders) should vote (on this matter Cellestis Shareholders (other than Excluded Shareholders) must reach their own decision); or

(b) has prepared, or is responsible for, the content of this Scheme Booklet.

Summary of key reasons to vote for or against the Scheme

You should read this Scheme Booklet in full before deciding how to vote.

Section 3 of this Scheme Booklet contains a more detailed assessment of the matters which the Cellestis Directors consider are important in relation to your decision whether or not to vote in favour of the Scheme.

The Cellestis Directors unanimously recommend that, in the absence of a superior proposal, Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme for the following key reasons:

Key reasons to vote in favour of the Scheme

✔	The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of Cellestis Shareholders
✔	Total Cash Payments of $3.55 per Cellestis Share represent an attractive premium for your Cellestis Shares
✔	Total Cash Payments of $3.55 per Cellestis Share is above the assessed fair market value range determined by the Independent Expert
✔	There is timing and value certainty around the Total Cash Payments of $3.55 per Cellestis Share which you will receive if the Scheme proceeds
✔	No superior proposal has emerged to the date of this Scheme Booklet
✔	If the Scheme is not approved, it is likely that the Cellestis Share price will fall

Although the Scheme is recommended by the Cellestis Directors, in the absence of a superior proposal, and the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders, there may be factors which may lead you to vote against the Scheme, including those set out below:

Key reasons why you may choose to vote against the Scheme

✗	You may disagree with the recommendation of the Cellestis Directors and the conclusion of the Independent Expert
✗	You will lose the ability to participate in any potential upside that may result from being a Cellestis Shareholder
✗	You may consider that there is the potential for a superior proposal to be made in the foreseeable future, although as at the date of this Scheme Booklet, no superior proposal has been made
✗	There may be tax consequences for Cellestis Shareholders if the Scheme proceeds
✗	You may wish to maintain your current investment profile
✗	You will lose your entitlement to potential future dividend income

If you have any questions or require further information, you can contact 1300 893 956. If you are in any doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.

Letter from the Chairman

14 June 2011

Dear fellow Shareholder,

I am pleased to provide this Scheme Booklet to you which sets out the material aspects of the proposed acquisition of all of the Cellestis Shares by QIAGEN Australia by way of a scheme of arrangement.

Background

As you may be aware, on 4 April 2011 the Cellestis Board announced that it had entered into a Scheme Implementation Deed with QIAGEN and QIAGEN Australia under which it is proposed that QIAGEN Australia will acquire all of the Cellestis Shares by way of a scheme of arrangement, subject to the approval by the required majorities of Cellestis Shareholders (other than Excluded Shareholders) and certain other conditions including approval of the Court.

If the Scheme proceeds, you will receive $3.55 cash for each Cellestis Share you hold at 5.00pm on the Scheme Record Date, scheduled to be 9 August 2011, less the cash amount of the Special Dividend, if it is declared or determined to be paid by the Cellestis Board.

Under the Scheme Implementation Deed, Cellestis has reserved the right to pay a fully franked Special Dividend, subject to certain conditions including the receipt of a favourable ATO tax ruling.[1] It is expected that the Special Dividend will be up to 7 cents per Cellestis Share fully franked. However, the exact amount of the Special Dividend (if any) will only be finally determined at the time of its declaration, after analysis of the financial position of Cellestis at the time. If the Scheme is not implemented, the proposed Special Dividend will not be paid.

For example, if a Special Dividend of 7 cents is declared or determined, Cellestis Shareholders (other than Excluded Shareholders) will also receive $3.48 cash per Cellestis Share from QIAGEN Australia as the Scheme Consideration, representing Total Cash Payments of $3.55 per Cellestis Share.

The Scheme is not, however, conditional on the payment of the Special Dividend and the Cellestis Board may decide not to declare or determine to pay the Special Dividend.

Cellestis Directors' recommendation

The Cellestis Board unanimously recommends that, in the absence of a superior proposal, you vote in favour of the Resolution to approve the Scheme and the Cellestis Directors propose to do so in respect of their own shareholdings.

Immediately following the announcement on 4 April 2011, Deloitte Corporate Finance Pty Ltd was appointed by the Cellestis Board to prepare an Independent Expert's Report on the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Cellestis Shareholders.

The Cellestis Directors' recommendation is supported by the Independent Expert's conclusion.

The Independent Expert has estimated that the fair market value of a Cellestis Share, on a control basis, is between **$3.00 to $3.52**. The Total Cash Payments of $3.55 is above the estimated fair market value determined by the Independent Expert.

An attractive premium received by Cellestis Shareholders (other than Excluded Shareholders)

Based on the Cellestis Share price on 1 April 2011, being the last full trading day prior to the announcement of the Scheme, the Total Cash Payments of $3.55 cash per Cellestis Share represent an attractive premium to the recent Cellestis Share price, being a:

- 24.3% premium to the one month volume weighted average price of Cellestis Shares;
- 31.5% premium to the three month volume weighted average price of Cellestis Shares;
- 39.2% premium to the six month volume weighted average price of Cellestis Shares; and
- 35.8% premium to the twelve month volume weighted average price of Cellestis Shares.

[1] There is no certainty that the ATO will issue a favourable ruling. Cellestis will issue an announcement to ASX when the ATO issues its final ruling.

Upon assessing other financial based metrics, the Total Cash Payments of $3.55 cash per Cellestis Share also represents a:

- 7.6x revenue multiple[2] for the 12 months ending December 2010; and
- 37.1x price to earnings multiple[3] for the 12 months ending December 2010.

There are a number of additional reasons why the Cellestis Board unanimously recommends that, in the absence of a superior proposal, Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme.

Additional reasons for your Directors' recommendation

In assessing the merits of the Scheme, the Cellestis Board evaluated a range of strategic alternatives, including the merits of continuing as a standalone business.

As you would be aware from the recent market updates delivered with the results for the half-year ended 31 December 2010 and the 2010 Annual General Meeting, we have continued to organically grow the business through investing in our people, our sales and marketing capabilities, as well as in new support infrastructure and IT systems. We have also continued to invest in our research and development activities.

In order to sustain growth, considerable increased investment will be required to solidify our position in latent tuberculosis diagnosis as well as diversify our portfolio of products, and may require considerably more research and development expenditure than Cellestis has historically made.

Such expenditure would be focussed on endeavours to develop and commercialise new products and to enhance Cellestis' intellectual property.

There is no guarantee of success in these endeavours given the possibility of emerging technologies and potentially generic competition at the end of the life of each of the various patents.

[2] Based on revenue of $44.7 million calculated as follows:
- *revenue from the Company's audited accounts for the 12 months to 30 June 2010 ($40.4 million)*
- *less revenue from the Company's reviewed accounts for the 6 months to 31 December 2009 ($18.2 million)*
- *plus revenue from the Company's reviewed accounts for the 6 months to 31 December 2010 ($22.5 million)*

[3] Based on net profit after tax from continuing operations of $9.2 million calculated as follows:
- *NPAT from the Company's audited accounts for the 12 months to 30 June 2010 ($8.3 million)*
- *less NPAT from the Company's reviewed accounts for the 6 months to 31 December 2009 ($3.2 million)*
- *plus NPAT from the Company's reviewed accounts for the 6 months to 31 December 2010 ($4.1 million)*

On 18 April 2011, I wrote to you, on behalf of the Cellestis Board, to provide you with additional information regarding some of the activities completed by the Cellestis Board in its assessment of the QIAGEN proposal. The result of these activities, which included a global canvassing of potential alternative bidder interest, enabled the Cellestis Board to make an informed decision on the merits of QIAGEN's proposal.

In particular:

- Total Cash Payments of $3.55 per Cellestis Share represents an attractive premium for your Cellestis Shares;
- there is timing and value certainty around the Total Cash Payments of $3.55 per Cellestis Share which you will receive if the Scheme proceeds; and
- no superior proposal has emerged to the date of this Scheme Booklet.

Section 3 provides further details of the key reasons to vote for or against the Scheme to Cellestis Shareholders (other than Excluded Shareholders).

The Cellestis Board notes that although no superior proposal has been received as at the date of this Scheme Booklet, a superior proposal could be made at any time up to the completion of the Scheme. Should a third party approach the Cellestis Board with a superior proposal, the Cellestis Board will, consistent with its fiduciary duties, consider the merits of any third party proposal received and advise Cellestis Shareholders accordingly.

Having regard to the above considerations, the Cellestis Board determined that the immediate and certain cash value available to Cellestis Shareholders (other than Excluded Shareholders) under the Scheme, on balance, is likely to provide a superior outcome to the risk and time adjusted returns that could be delivered from the longer term alternatives considered by the Cellestis Board.

Independent Expert

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Cellestis Shareholders.

A full copy of the Independent Expert's Report is provided in Annexure 1 and we encourage you to read the Independent Expert's Report in full. The key points raised by the Independent Expert in reaching its conclusion include:

- the $3.55 cash consideration offered by QIAGEN is above the estimated fair market value of **$3.00 to $3.52** per Cellestis Share, on a control basis;
- Cellestis Shareholders are receiving a premium to the Cellestis Share price prior to the announcement of the Scheme;

- Cellestis Shareholders will receive the certainty of cash consideration;
- Cellestis Shares are thinly traded and Cellestis Shareholders face limited opportunities to achieve liquidity at a premium to prices at which Cellestis Shares were trading prior to the announcement of the Scheme;
- no other offers for Cellestis have emerged to the date of this Scheme Booklet; and
- in the absence of the Scheme, the Independent Expert expects Cellestis Shares to trade below the prices observed since the announcement of the proposed Scheme.

Statements made by CSAG

The Cellestis Board is aware that certain Cellestis Shareholders who have stated that they are opposed to the Scheme have formed an action group named the Cellestis Shareholders Action Group (**CSAG**). CSAG is not in any way affiliated with the Cellestis Board.

The Cellestis Board became aware that CSAG wrote a letter to Cellestis Shareholders suggesting that shareholders should visit the website www.csag-blog.com and read what is described as an "independently produced Cellestis research report" and CSAG's "private valuation of Cellestis". These communications of CSAG were not prepared, authorised or disseminated by or on behalf of Cellestis. The Cellestis Board had concerns about the reasonableness of these materials and requested the Independent Expert to consider the CSAG letter, the documents referred to in the letter and any other material that it regarded as appropriate, and to prepare the Independent Expert's Supplementary Report opining on the CSAG materials. The specific matters considered by the Independent Expert in completing this review are set out in the Independent Expert's Supplementary Report which is included in Annexure 2 of this Scheme Booklet and you are encouraged to read it.

The Independent Expert has expressed the following opinions in the Independent Expert's Supplementary Report:

- having considered CSAG's valuation, the Independent Expert is still of the view that its valuation opinion as expressed in the Independent Expert's Report holds and the offer by QIAGEN is in the best interests of shareholders of Cellestis;
- the discounted cash flow methodology used in the CSAG valuation is not considered to be an appropriate primary valuation methodology for the valuation of Cellestis due to the inherent uncertainties around the key drivers of Cellestis' business, which can lead to a wide range of possible future cash flows and valuation outcomes;
- the application of the discounted cash flow methodology in the CSAG valuation contains a number of material assumptions that appear to be optimistic or unreasonable. In particular the rate of revenue growth, future operating profit margins and discount rate assumptions that have been applied to future cash flows estimates, in the Independent Expert's opinion, are either unrealistic or inconsistent with the underlying risk profile of Cellestis;
- the analysis that has been performed by CSAG does not utilise any alternative market based assessments to cross check the conclusions reached by its analysis. Upon performing suitable cross checks, the conclusions reached by CSAG imply valuation multiples which are significantly higher than those implied by the historical trading of Cellestis Shares as well as being significantly higher than the trading multiples and recent transaction multiples identified by the Independent Expert in its Independent Expert's Report; and
- the value of a Cellestis Share as determined by CSAG is 340% to 360% of the recent trading levels of Cellestis with no adequate explanation provided by CSAG.

A full copy of the Independent Expert's Supplementary Report has been included in Annexure 2 of this Scheme Booklet and you are encouraged to read it.

Option Deeds

Pursuant to the Option Deeds dated 3 April 2011 between QIAGEN Australia, Dr Anthony Radford and others, QIAGEN Australia has been granted a call option over Cellestis Shares equating to 19.9% of the issued capital of Cellestis. As at the date of this Scheme Booklet, no event has occurred that enables QIAGEN to exercise its rights in relation to the Option Deeds. Details of the call options, including the circumstances in which they may be exercised, are set out in Section 8.4.

Scheme Meeting

The proposal by QIAGEN Australia to acquire all of the Cellestis Shares is proposed to occur by way of a scheme of arrangement. The scheme of arrangement requires approval from both Cellestis Shareholders (other than Excluded Shareholders) and the Court. On 14 June 2011, the Court ordered that a meeting of Cellestis Shareholders (other than Excluded Shareholders) be convened for the purposes of Cellestis Shareholders (other than Excluded Shareholders) considering the Scheme, which will take place on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria 3000 commencing at 1.30pm.

Your vote is important in determining whether or not the Scheme proceeds. If the Scheme is not approved by the requisite majorities of Cellestis Shareholders (other than

Excluded Shareholders) at the Scheme Meeting, the Scheme will not proceed. The Cellestis Directors urge you to read this Scheme Booklet in full.

You do not need to attend the Scheme Meeting to vote as your vote can be made by proxy. A form of proxy is enclosed with this Scheme Booklet and, if you wish to vote by proxy, you must return the completed proxy form in accordance with the directions on the proxy form to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001 or by facsimile on (03) 9473 2555 so that it is received by the Cellestis Share Registry no later than 1.30pm on 18 July 2011.

Alternatively, you may log-on to www.investorvote.com.au and follow the relevant instructions to appoint a proxy (to use this facility you will need your Cellestis Shareholder Reference ID and control number) or www.intermediaryonline.com (for custodian subscribers only). Your proxy must be received by no later than 1.30pm on 18 July 2011.

If you have any queries in relation to the Scheme, please consult your own independent professional adviser or contact 1300 893 956.

Yours sincerely,

Ronald Pitcher
Chairman

Frequently asked questions

This Scheme Booklet contains detailed information on the proposed Scheme. The following Section provides summary answers to some questions you may have in relation to the Scheme and will assist you to locate further detailed information in this Scheme Booklet.

Question	Answer
AN OVERVIEW OF THE SCHEME	
What is the Scheme?	The Scheme is a legal mechanism pursuant to which Cellestis is asking Cellestis Shareholders (other than Excluded Shareholders) to consider and vote on a proposal to transfer all of their Cellestis Shares to QIAGEN Australia in exchange for QIAGEN Australia paying the Scheme Consideration.
What is the effect of the Scheme?	If the Scheme becomes Effective, QIAGEN Australia will acquire all of the Cellestis Shares in return for paying the Scheme Consideration.
What do the Cellestis Directors recommend?	**The Cellestis Directors unanimously recommend that, in the absence of a superior proposal, you vote in favour of the Scheme.** The Cellestis Directors have carefully considered the potential advantages and disadvantages of the Scheme, as set out in Section 3, and believe that the Scheme is in the best interests of Cellestis Shareholders (other than Excluded Shareholders).
What is the Independent Expert's role in relation to the Independent Expert's Report?	The Independent Expert's role in respect of the Independent Expert's Report is to prepare a report for the Cellestis Directors opining on whether the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders.
What is the Independent Expert's conclusion in the Independent Expert's Report?	The Independent Expert has concluded in the Independent Expert's Report that the Scheme is fair and reasonable and is in the best interests of Cellestis Shareholders. The Independent Expert has determined that the fair market value of a Cellestis Share, on a control basis, is between **$3.00 to $3.52** per Cellestis Share. The Total Cash Payments of $3.55 cash per Cellestis Share is above the value range determined by the Independent Expert. The Independent Expert's Report is included in Annexure 1 of this Scheme Booklet and you are encouraged to read it.
What is the Independent Expert's role in relation to the Independent Expert's Supplementary Report?	The Independent Expert's role in respect of the Independent Expert's Supplementary Report is to complete a review of a letter distributed by CSAG and related documents referred to in that letter, and to prepare a report for the Cellestis Directors opining on the CSAG materials. The specific matters considered by the Independent Expert in completing this review are set out in the Independent Expert's Supplementary Report which is included in Annexure 2 of this Scheme Booklet and you are encouraged to read it.
What is the Independent Expert's conclusion in the Independent Expert's Supplementary Report?	The Independent Expert concluded in the Independent Expert's Supplementary Report that having considered the CSAG materials, the Independent Expert is still of the view that its valuation opinion expressed in the Independent Expert's Report holds and the offer by QIAGEN is in the best interests of Cellestis Shareholders. Additional conclusions of the Independent Expert contained within the Independent Expert's Supplementary Report are summarised in the Letter from the Chairman commencing on page 6 of this Scheme Booklet. A copy of the Independent Expert's Supplementary Report is included in Annexure 2 of this Scheme Booklet and you are encouraged to read it.
What happens if a superior proposal for Cellestis emerges?	If a superior proposal for Cellestis emerges, Cellestis Shareholders will be notified by way of an announcement to ASX. Your Cellestis Directors will carefully consider the proposal and advise you of their recommendation.

Question	Answer
What is the effect of the Option Deeds?	The two founding Cellestis Shareholders and current executive directors of Cellestis, Dr Anthony Radford and Dr James Rothel, have each entered into a separate Option Deed with QIAGEN Australia. These Option Deeds permit QIAGEN Australia to exercise options to acquire up to 19,134,721 Cellestis Shares (representing 19.9% of the issued share capital of Cellestis) in certain circumstances. As at the date of this Scheme Booklet, no event has occurred that enables QIAGEN to exercise its rights in relation to the Option Deeds. The Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN Australia as Annexures A and B to its notice of initial substantial holder. Section 8.4 provides further information about the Option Deeds.
Who is QIAGEN and what are its intentions regarding Cellestis?	QIAGEN is a sample and assay technology company registered in the Netherlands and listed on the NASDAQ New York Stock Exchange and the Prime Standard Frankfurt Stock Exchange. Further information about QIAGEN and its intention regarding Cellestis' business if the Scheme is implemented is set out in Section 5.
Do I have to sign anything to transfer my Cellestis Shares?	No. If the Scheme is approved, Cellestis will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will then be paid to you. However, you should be aware that under the Scheme, you are deemed to have warranted to Cellestis that (in summary): • all your Cellestis Shares are fully paid and not encumbered; and • you have full power and capacity to sell and transfer your Cellestis Shares. Therefore, you should ensure that these warranties can be given by you before the Implementation Date. Please refer to Section 1.6 of this Scheme Booklet for further information.
THE SCHEME CONSIDERATION AND THE SPECIAL DIVIDEND	
Will I be entitled to participate in the Scheme?	Yes, provided: • all approvals and conditions for the Scheme are satisfied or waived (as applicable); and • you are registered as a Cellestis Shareholder (other than an Excluded Shareholder) at 5.00pm on the Scheme Record Date (currently scheduled to be 9 August 2011).
What will I receive for my Cellestis Shares?	If the Scheme is approved and implemented, you will receive from QIAGEN Australia $3.55 cash for each Cellestis Share you hold at 5.00pm on the Scheme Record Date, scheduled to be 9 August 2011 (less the amount of the Special Dividend, if its is declared and paid to Cellestis Shareholders before the Scheme is implemented). For example, if the Cellestis Board declares a Special Dividend of 7 cents per Cellestis Share, you will receive from QIAGEN Australia $3.48 for each Cellestis Share as well as from Cellestis the 7 cent Special Dividend for each Cellestis Share. This will result in Total Cash Payments to you of $3.55 per Cellestis Share.
Will I be entitled to the Special Dividend (if it is declared)?	Yes, provided: • all approvals and conditions for the Special Dividend are satisfied or waived (as applicable); and • you are registered as a Cellestis Shareholder at 5.00pm on the Special Dividend Record Date (currently scheduled to be 5 August 2011).
What is the expected amount of the proposed Special Dividend?	The Special Dividend is subject to a favourable ATO tax ruling. The Cellestis Directors' current view is that it is likely to be up to 7 cents per Cellestis Share fully franked. However, the exact amount of the Special Dividend (if any) will only be finally determined at the time of its declaration, after analysis of the financial position of Cellestis at the time. There is no certainty that the ATO will issue a favourable ruling and, therefore, there is also no certainty that the Special Dividend will be paid. Cellestis will issue an announcement to ASX when the ATO issues its final ruling.
When will I receive the Scheme Consideration?	If the Scheme is approved and implemented, payment of the Scheme Consideration will occur within 3 Business Days of the Implementation Date (which is currently scheduled to be 16 August 2011). On the current indicative timetable, that means that payment will be dispatched between 16 August 2011 and 19 August 2011.

Question	Answer
When will I receive the Special Dividend?	If the Cellestis Board declares the Special Dividend, this is expected to be paid within 3 Business Days after the Implementation Date (currently scheduled to be 16 August 2011). On the current indicative timetable, that means that payment will be dispatched between 16 August 2011 and 19 August 2011.
If the Scheme is implemented, how will I be paid my money?	Payment of the Scheme Consideration and the Special Dividend (if it is declared) will be made by making a deposit into your nominated bank account, as advised to the Cellestis Share Registry. If you do not have a nominated bank account, a cheque will be sent to you on the Implementation Date to the registered address as shown in the Register.
What are the tax consequences of the Scheme for me?	Section 6 provides a description of the general tax implications of the Scheme and the Special Dividend. You should consult with your own tax adviser regarding the consequences of disposing of Cellestis Shares in light of current tax laws and your particular investment circumstances.
Will I have to pay brokerage fees?	No, you will not have to pay any brokerage fees in connection with the Scheme.
SCHEME MEETING, VOTING AND APPROVALS	
When and where will the Scheme Meeting be held?	A meeting of Cellestis Shareholders (other than Excluded Shareholders) will be held on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria at 1.30pm for the purpose of Cellestis Shareholders (other than Excluded Shareholders) considering the Scheme.
What vote is required to approve the Scheme?	For the Scheme to proceed, votes in favour of the Scheme must be received from: • unless the Court otherwise orders, a majority in number (more than 50%) of Cellestis Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (in person or by proxy, attorney or corporate representative); and • at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Cellestis Shareholders (other than Excluded Shareholders) entitled to vote on the Resolution.
Who is entitled to vote?	To be entitled to vote on the Resolution at the Scheme Meeting, you will need to be registered as a Cellestis Shareholder (other than an Excluded Shareholder) at 7.00pm on 18 July 2011. Excluded Shareholders are not entitled to vote on the Resolution at the Scheme Meeting.
Is QIAGEN or QIAGEN Australia entitled to vote?	Each of QIAGEN, QIAGEN Australia and each QIAGEN Group Member are Excluded Shareholders in that each of them is excluded from voting any Cellestis Shares held at the Scheme Meeting. As at the date of this Scheme Booklet, neither QIAGEN, QIAGEN Australia nor any QIAGEN Group Member hold any Cellestis Shares.
How will the Cellestis Directors be voting?	Your Directors intend to vote all Cellestis Shares held or controlled by them in favour of the Scheme.
How do I vote?	You can vote on the Scheme by doing one of the following: • by attending the Scheme Meeting in person; • by appointing an attorney to vote on your behalf; • by appointing a proxy to vote on your behalf; or • in the case of a corporation which is a Cellestis Shareholder, by appointing an authorised corporate representative to attend on its behalf. If you choose to vote by proxy or power of attorney, your completed proxy form or power of attorney needs to be received by Computershare Investor Services Pty Limited, or registered online at www.investorvote.com.au or www.intermediaryonline.com (for custodian subscribers only), by no later than 1.30pm on 18 July 2011. Please refer to Section 2 for details on how to vote.

Question	Answer
Is voting compulsory?	No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting, you should complete and return the proxy form sent to you with this Scheme Booklet in accordance with the direction on the proxy form. Alternatively, you may log-on to www.investorvote.com.au and follow the relevant instructions to appoint a proxy (to use this facility you will need your Cellestis Shareholder Reference ID and control number) or www.intermediaryonline.com (for custodian subscribers only). Your proxy must be received by the Cellestis Share Registry by no later than 1.30pm on 18 July 2011. For further details regarding voting and submitting proxy forms for the Scheme Meeting, see Section 2.
What happens if I do not vote?	If you are a Cellestis Shareholder (other than an Excluded Shareholder) at 5.00pm on the Scheme Record Date and the Scheme is approved, your Cellestis Shares will be transferred to QIAGEN Australia under the Scheme and you will receive the Total Cash Payments of $3.55 cash per Cellestis Share (representing the Scheme Consideration or the Scheme Consideration plus the Special Dividend if it is declared or determined to be paid by the Cellestis Board). This is so, even if you do not vote or vote against the Scheme. If the Scheme is not approved, you will remain a Cellestis Shareholder and you will not receive Total Cash Payments of $3.55 cash per Cellestis Share.
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be publicly available during or shortly after the conclusion of the meeting.
APPROVALS AND CONDITIONS OF THE SCHEME	
Is the Scheme subject to any conditions precedent?	Implementation of the Scheme is subject to a number of conditions that must be satisfied or waived for the Scheme to proceed, commonly referred to as 'conditions precedent'. The key conditions precedent are summarised in Section 7.2 and set out in full in the Scheme Implementation Deed.
Are any regulatory approvals required?	Implementation of the Scheme is subject to a number of regulatory approvals. All regulatory approvals are set out in full in the Scheme Implementation Deed, and a summary is provided in Section 7. For a summary of the status of these approvals, please refer to section 1.3.
Are any other approvals required?	The Scheme must be approved by the Court in addition to being approved by Cellestis Shareholders (other than Excluded Shareholders). If the Scheme is approved at the Scheme Meeting, Cellestis will apply to the Court for approval as soon as practicable. Further details of the approval process are set out in Section 1.
What happens if the Scheme is not approved by Cellestis Shareholders (other than Excluded Shareholders) or the Court?	If the Scheme is not approved by Cellestis Shareholders (other than Excluded Shareholders) or the Court and no superior proposal emerges: • you will not receive the Scheme Consideration; • you will not receive the Special Dividend (if any), as the Special Dividend will not be paid if the Scheme is not implemented; • you will retain your investment in Cellestis Shares and continue to be exposed to the benefits and risks presently associated with this investment; • the Cellestis Share price is likely to trade at or below the prices observed prior to the announcement of the proposed Scheme in the absence of a superior offer; • the Cellestis Board and the management team will continue in their current roles and will, as in the ordinary course, continue to review the operations and strategy of Cellestis; and • Cellestis will remain a company listed on ASX. In addition, a Reimbursement Fee of $3.5 million is payable by Cellestis to QIAGEN in certain circumstances including in some cases if the Scheme is not approved by Cellestis Shareholders (other than Excluded Shareholders) or the Court (see below).

Question	Answer

When is the Reimbursement Fee payable by Cellestis?	The Reimbursement Fee of $3.5 million will be payable by Cellestis to QIAGEN if:
	• prior to the Scheme Meeting, any member of the Cellestis Board fails to recommend the Scheme or makes a public statement that they support a Competing Transaction, other than where:
	  • Cellestis is entitled to terminate the Scheme Implementation Deed due to a failure of a condition precedent or due to a material breach by QIAGEN; or
	  • the Independent Expert concludes in any revised or supplementary report that the Scheme is anything other than fair and reasonable and in the best interests of the Cellestis Shareholders;
	• during the Exclusivity Period, a Competing Transaction is announced and within 9 months of that announcement, the Competing Transaction results in a third party gaining control of Cellestis, acquiring an economic interest in all or a material part of the Cellestis Group, or otherwise acquire or merge with Cellestis, or the relevant third party acquires a relevant interest in more than 50% of the Cellestis Shares and the Competing Transaction is (or becomes) free of defeating conditions; or
	• QIAGEN is entitled to terminate the Scheme Implementation Deed, and has terminated the Scheme Implementation Deed due to a material breach of a Cellestis representation and warranty, or QIAGEN terminates the Scheme Implementation Deed due to a Cellestis Prescribed Occurrence occurring prior to 8.00am on the Second Court Date.
	The Reimbursement Fee is not payable by Cellestis merely because Cellestis Shareholders (other than Excluded Shareholders) fail to approve the Scheme at the Scheme Meeting. Rather, if Cellestis Shareholders (other than Excluded Shareholders) do fail to approve the Scheme at the Scheme Meeting, the Reimbursement Fee would only be payable if an event referred to above also occurred. Full details of the circumstances in which the Reimbursement Fee is payable is set out in clause 11 of the Scheme Implementation Deed.

What are the risks associated with an investment in Cellestis if the Scheme is not approved?	Cellestis shareholders will continue to be exposed to the general and specific risks associated with an investment in Cellestis, as set out in Section 4.8. Cellestis is exposed to regulatory risks, foreign exchange risks, intellectual property and patent risks as well as the possibility of new market entrants or generic competition.
What happens to the Cellestis Board if the Scheme is approved?	If the Scheme is implemented, QIAGEN Australia intends to reconstitute the Cellestis Board. QIAGEN Australia's current intention is that the Cellestis Board after the Implementation Date will comprise Roland Sackers, Peer Schatz, Laurent Daprémont and one other director that is an Australian resident. It is likely that the additional director will be a member of the Cellestis executive team.
OTHER QUESTIONS	
Can I sell my Cellestis Shares now?	You can sell your Cellestis Shares on or off market at any time before the close of trading on the Effective Date at the prevailing market price. At this stage, the Effective Date is expected to be 28 July 2011.
What happens to the Employee Share Options on issue?	The Scheme Implementation Deed contemplates that, if the Scheme proceeds, all of the outstanding Employee Share Options will be cancelled and that the holders of those options will be paid a cash price determined using the Black-Scholes Valuation Methodology. Each holder of the Employee Share Options has agreed, in accordance with the Option Cancellation Deed, that, conditional upon the Scheme becoming Effective and subject to the terms of the Option Cancellation Deed, each holder of the Employee Share Options will receive a cash consideration in exchange for cancelling the Employee Share Options that they hold. Refer to section 8.2 of this Booklet for further details of the Employee Share Options arrangements.
Where can I get further information?	This Scheme Booklet provides detailed information in relation to the Scheme that Cellestis Shareholders should read. If you have any questions or require further information, you can call 1300 893 956 during business hours. Alternatively, please contact your financial, legal, taxation or other professional adviser. For additional copies of this Scheme Booklet, please visit the Cellestis website at **www.cellestis.com**.

Section 1
Summary of the Scheme

1.1 The Scheme

On 4 April 2011, the Cellestis Board announced that it had entered into a Scheme Implementation Deed with QIAGEN and QIAGEN Australia under which it is proposed that QIAGEN Australia will acquire all of the Cellestis Shares on issue by way of a scheme of arrangement, subject to your approval as Cellestis Shareholders (other than Excluded Shareholders) and certain other conditions including approval of the Court.

1.2 What you will receive

If the Scheme proceeds, you will receive from QIAGEN Australia $3.55 cash for each Cellestis Share you hold at 5.00pm on the Scheme Record Date less the cash amount of the Special Dividend, if it is declared or determined to be paid by the Cellestis Board.

Under the Scheme Implementation Deed, Cellestis has reserved the right to pay a fully franked Special Dividend subject to certain conditions including the receipt of a favourable ATO tax ruling.[4] It is expected that the Special Dividend will be up to 7 cents per Cellestis Share fully franked. However, the exact amount of the Special Dividend (if any) will only be finally determined at the time of its declaration, after analysis of the financial position of Cellestis at the time. If the Scheme is not implemented, the proposed Special Dividend will not be paid.

For example, if a Special Dividend of 7 cents is declared or determined, Cellestis Shareholders will receive $3.48 cash per Cellestis Share from QIAGEN Australia under the Scheme and 7 cents per Cellestis Share from Cellestis as a Special Dividend, representing Total Cash Payments of $3.55 per Cellestis Share.

The Scheme is not conditional on the payment of the Special Dividend and the Cellestis Board may decide not to declare or determine to pay the Special Dividend.

If the Scheme is implemented, all of your Cellestis Shares will be transferred to QIAGEN Australia, and Cellestis will become a wholly owned subsidiary of QIAGEN and QIAGEN Australia. Cellestis will then be de-listed from ASX.

1.3 Key conditions precedent

The key conditions precedent under the Scheme Implementation Deed that must be satisfied or waived in order for the Scheme to proceed are:

a. all regulatory consents or approvals required to implement the Scheme are obtained from FIRB, ASIC, ASX and any Government Agency;

b. the Scheme is approved by Cellestis Shareholders (other than Excluded Shareholders) at the Scheme Meeting by the requisite majorities under the Corporations Act;

c. the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;

d. no injunction, legal restraint or other prohibition preventing the Scheme being in effect as at 8.00am on the Second Court Date;

e. the Independent Expert concludes that the Scheme is in the best interests of Cellestis Shareholders and does not change that conclusion prior to 8.00am on the Second Court Date;

f. no Cellestis Prescribed Occurrence occurs as at 8.00am on the Second Court Date;

g. no Cellestis Material Adverse Change occurs as at 8.00am on the Second Court Date; and

h. neither QIAGEN nor Cellestis becoming entitled to terminate the Scheme Implementation Deed as a result of a material breach of representation or warranty.

As at the date of this Scheme Booklet, Cellestis is not aware of the occurrence of a Cellestis Material Adverse Change or a Cellestis Prescribed Occurrence. Between the date of the Scheme Implementation Deed and the date of this Scheme Booklet, none of the conditions precedent summarised in paragraphs (d), (e) or (h) above had been triggered.

QIAGEN has applied for the approvals required in paragraph (a) above. In particular, QIAGEN has applied for FIRB approval for the Scheme. As part of its approval process, FIRB has referred the transaction to the ACCC for its consideration, and as a result of that referral the ACCC is conducting an informal review of the acquisition under section 50 of the Competition and Consumer Act, including market inquiries. As at the date of this Scheme Booklet QIAGEN is not expecting any issues to arise that would result in FIRB approval or ACCC merger clearance not being given (and therefore the relevant condition precedent so far as it relates to FIRB approval not being satisfied) in due course.

[4] There is no certainty that the ATO will issue a favourable ruling. Cellestis will issue an announcement to ASX when the ATO issues its final ruling.

Further key conditions precedent under the Scheme that must be satisfied or waived in order for the Scheme to proceed are:

a. neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

b. approval of the Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to QIAGEN and Cellestis; and

c. the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before 31 August 2011 (or any later date Cellestis and QIAGEN agree in writing).

These conditions precedent are discussed in more detail in Section 7 and are set out in full in the Scheme Implementation Deed which is reproduced in Annexure 6 and the Scheme which is set out in Annexure 4.

1.4 Scheme Meeting

On 14 June 2011, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Meeting and ordered Mr Ronald Pitcher to chair the Scheme Meeting, or if he is unable to attend, Dr Anthony Radford.

The Scheme Meeting will be held at 1.30pm on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria.

Further details on how to vote are provided in Section 2 and in the Notice of Meeting included as Annexure 3.

1.5 Payment of Total Cash Payments

The Total Cash Payments of $3.55 (representing the Scheme Consideration or the Scheme Consideration plus the Special Dividend if it is declared or determined to be paid by the Cellestis Board) will be made by making a deposit into your nominated bank account (being the bank account nominated by you to receive dividend payments), as advised to the Cellestis Share Registry as at the Scheme Record Date and the Special Dividend Record Date (as appropriate). If you do not have a nominated bank account, payment will be made by cheque.

Payment of the Scheme Consideration will be made within 3 Business Days after the Implementation Date (currently scheduled to be 16 August 2011). If the Special Dividend is declared, payment is also expected to be made within 3 Business Days after the Implementation Date. On the current indicative timetable, that means that payment of the Scheme Consideration and Special Dividend, if declared, will be dispatched between 16 August 2011 and 19 August 2011.

1.6 Cellestis Shareholder warranties under the Scheme

To the extent permitted by law, the Cellestis Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

Each Scheme Shareholder is taken to have warranted to Cellestis and QIAGEN, and appointed and authorised Cellestis as its attorney and agent to warrant to QIAGEN, that all their Cellestis Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and that they have full power and capacity to transfer their Cellestis Shares to QIAGEN together with any rights attaching to those shares.

1.7 Reimbursement Fee and Exclusivity Arrangements

Under the terms of the Scheme Implementation Deed, Cellestis has agreed to pay QIAGEN a Reimbursement Fee of $3.5 million in certain circumstances if the Scheme does not proceed. In addition, The Scheme Implementation Deed contains exclusivity arrangements. Further details about these arrangements is set out in Sections 7.3 and 7.4 of this Scheme Booklet.

1.8 Tax consequences

Tax considerations for Cellestis Shareholders are set out in Section 6.

1.9 No brokerage

No brokerage will be payable by you on the consideration you receive under the Scheme.

1.10 Deed Poll

On 9 June 2011, QIAGEN Australia executed the Deed Poll in which it acknowledges and confirms, for the benefit of Cellestis Shareholders (other than Excluded Shareholders), its obligation to pay them the Scheme Consideration. Further details in relation to the payment of the Scheme Consideration are set out in Section 8.1. A copy of the Deed Poll is set out in Annexure 5 of this Scheme Booklet.

1.11 Cellestis Employee Share Options

The Scheme Implementation Deed contemplates that, if the Scheme proceeds, all of the outstanding Employee Share Options will be cancelled and that the holders of those options will be paid a cash price determined using the Black-Scholes Valuation Methodology.

Cellestis, QIAGEN Australia and each holder of the Employee Share Options has agreed, in accordance with the Option Cancellation Deed, that, conditional upon the Scheme becoming Effective and subject to the terms of the Option Cancellation Deed, each holder of the Employee Share Options will receive a cash consideration in exchange for cancelling the Employee Share Options that they hold. Refer to section 8.2 of this Booklet for further details of the Employee Share Options arrangements.

1.12 Option Deeds

The two founding Cellestis Shareholders and current executive directors of Cellestis, Dr Anthony Radford and Dr James Rothel, have each entered into a separate Option Deed with QIAGEN Australia. These Option Deeds permit QIAGEN to exercise options to acquire up to 19,134,721 Cellestis Shares (representing 19.9% of the issued share capital of Cellestis) in certain circumstances.

As at the date of this Scheme Booklet, no event has occurred that enables QIAGEN to exercise its rights in relation to the Option Deeds. The Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN Australia as Annexures A and B to its notice of initial substantial holder. Section 8.4 provides further information about the Option Deeds.

Section 2
How to Vote

2.1 The Scheme Meeting

The Scheme Meeting of Cellestis Shareholders (other than Excluded Shareholders) will be held at 1.30pm on 20 July 2011 at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria. Notice of the Scheme Meeting is set out in Annexure 3 of this Scheme Booklet.

2.2 Requisite majorities

For the Scheme to be implemented, Cellestis Shareholders (other than Excluded Shareholders) must approve the Scheme by:

a. unless the Court otherwise orders, a majority in number (more than 50%) of Cellestis Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (in person or by proxy, attorney or corporate representative); and

b. at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Cellestis Shareholders (other than Excluded Shareholders) entitled to vote on the Resolution.

If the Scheme is approved at the Scheme Meeting, the Court will be asked to approve the Scheme on the Second Court Date.

2.3 Exercise your vote

Cellestis Shareholders (other than Excluded Shareholders) may vote by attending the Scheme Meeting in person or by proxy, attorney or, in the case of a corporation which is a Cellestis Shareholder, by corporate representative.

2.4 Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting. A Cellestis Shareholder (other than an Excluded Shareholder) who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure at the point of entry to the Scheme Meeting of their name and address.

2.5 Voting by proxy

If you wish to appoint a proxy in respect of the Scheme Meeting, you are requested to complete and sign the personalised proxy form sent to you with this Scheme Booklet. Proxy forms should be provided to the Cellestis Share Registry in any of the following ways:

- **By post** in the enclosed reply paid envelope to:
  Computershare Investor Services Pty Limited
  GPO BOX 242
  Melbourne Victoria 8060
- **By hand delivery** (during business hours, 8.30am-5.00pm) to:
  Computershare Investor Services Pty Limited
  Yarra Falls, 452 Johnston Street
  Abbotsford Victoria 3067
- **By fax** to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +613 9473 2555 (outside Australia); or
- **By internet** by visiting www.investorvote.com.au and following the relevant instructions (to use this facility you will need your Cellestis Shareholder Reference ID and control number) or www.intermediaryonline.com (for custodian subscribers only).

Proxy forms must be received by the Cellestis Share Registry (whether in person or by mail, facsimile or internet) by no later than 1.30pm on 18 July 2011 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). A proxy will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their name and address. The sending of a proxy form will not preclude a Cellestis Shareholder (other than an Excluded Shareholder) from attending in person and voting at the Scheme Meeting at which the Cellestis Shareholder (other than an Excluded Shareholder) is entitled to attend and vote.

2.6 Voting by attorney

Powers of attorney and authorities should be provided to the Cellestis Share Registry using the reply paid envelope provided, or as indicated in the proxy form. Alternatively, you may visit www.investorvote.com.au and follow the relevant instructions (to use this facility you will need your Cellestis Shareholder Reference ID) or www.intermediaryonline.com (for custodian subscribers only).

Powers of attorney must be received by the Cellestis Share Registry (whether in person or by mail, facsimile or internet) by no later than 1.30pm on 18 July 2011 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). An attorney will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

2.7 Voting by corporate representative

To vote at the meeting (other than by proxy or attorney), a corporation that is a Cellestis Shareholder must appoint a person to act as its representative. The appointment must comply with the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

2.8 Voting entitlement

Each Cellestis Shareholder (other than Excluded Shareholders) who is registered on the Register at 7.00pm on 18 July 2011 is entitled to attend the Scheme Meeting. Excluded Shareholders will not be entitled to vote at the Scheme Meeting. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

In the case of Cellestis Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Cellestis Shares, only the vote of the shareholder whose name appears first in the Register will be counted.

2.9 Further Information

If you have any questions or require further information about how to vote, you can call the Cellestis Share Registry on (03) 9415 5000. If you are in any doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.

Section 3
Key reasons to vote for or against the Scheme

3.1 Key reasons to vote in favour of the Scheme

The following is a discussion of the key reasons to vote in favour of the Scheme. This section should be read in conjunction with Section 3.2, which sets out the key reasons why you may consider voting against the Scheme, and Section 3.3 which sets out other considerations.

Your Directors consider the key reasons to vote in favour of the Scheme are as follows:

a) Your Directors unanimously recommend that, in the absence of a superior proposal, you vote in favour of the Scheme

Having regard to the considerations discussed in this Section, your Directors unanimously recommend that, in the absence of a superior proposal, Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting.

In forming their recommendation with respect to the Scheme, your Directors have carefully considered Cellestis' growth strategy, market position, historical financial performance, likely future performance and growth prospects. The Board also evaluated a range of strategic alternatives which included:

- a potential sale of Cellestis to a third party on superior terms to the Scheme via a canvassing process;
- Cellestis continuing to operate its business in the ordinary course; and
- Cellestis seeking to grow its business through the acquisition of complementary businesses or through the development of new products streams or services.

Prior to execution of the Scheme Implementation Deed, the Cellestis Board actively canvassed alternative bidders for Cellestis. The approaches did not result in Cellestis receiving an offer that was superior to the QIAGEN offer. There are no current proposals other than the Scheme and the Cellestis Directors presently consider a possibility of a superior proposal emerging to be low.

Additional matters considered by the Board in assessing strategic alternatives to the Scheme included:

- the risks associated with the Cellestis business set out in Section 4.8 of this Scheme Booklet and the impact that those risks could have on Cellestis' growth prospects;

- that opportunities for growth through the acquisition of quality complementary businesses would likely be limited in the foreseeable future; and
- that any sizeable acquisitions of complementary businesses by Cellestis would require Cellestis to secure debt or equity funding, which may be challenging to obtain.

Having regard to these considerations, the Board considers that the immediate and certain cash value available to Cellestis Shareholders (other than Excluded Shareholders) under the Scheme, on balance, is likely to provide a superior outcome to the risk and time adjusted returns that could be delivered from the other alternatives considered by the Cellestis Board.

Accordingly, your Directors:

- unanimously recommend that, in the absence of a superior proposal, you vote in favour of the Scheme; and
- intend to vote all the Cellestis Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme.

b) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Cellestis Shareholders

The Independent Expert has completed an independent assessment of the Scheme and has concluded that the Scheme is fair and reasonable and is in the best interests of Cellestis Shareholders. Your Directors recommend you read the Independent Expert's Report before voting at the Scheme Meeting.

Total Cash Payments of $3.55 cash per Cellestis Share is above the estimated fair market value of **$3.00 to $3.52** per Cellestis Share, on a control basis.

In assessing the fair market value of Cellestis, the Independent Expert has used the capitalisation of future maintainable earnings methodology as its primary valuation approach.

The Independent Expert has cross checked its valuation using a high level, discounted cash flow valuation and also with reference to the recent share trading of Cellestis Shares. It is noted by the Independent Expert that, due to the inherent uncertainties around the key drivers of the business, it is difficult to establish a reasonable basis for certain key assumptions that would underpin a discounted cash flow analysis.

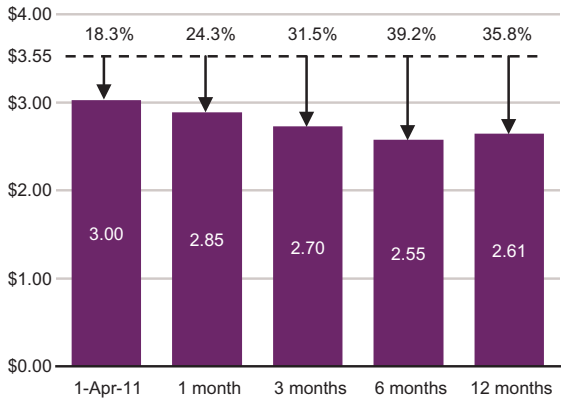
c) Total Cash Payments of $3.55 per Cellestis Share represents an attractive premium for your Cellestis Shares

At the time the Scheme was announced, the Total Cash Payments of $3.55 cash per Cellestis Share represented an attractive premium over the price your Cellestis Shares traded in the market leading up to the Scheme proposal.

Based on the closing price of Cellestis Shares of $3.00 on 1 April 2011, being the date prior to the announcement of the Scheme, the Total Cash Payments of $3.55 for every Cellestis Share, represents an:

- 18.3% premium to the last traded price of Cellestis Shares;
- 24.3% premium to the one month volume weighted average price of Cellestis Shares;
- 31.5% premium to the three month volume weighted average price of Cellestis Shares;
- 39.2% premium to the six month volume weighted average price of Cellestis Shares; and
- 35.8% premium to the twelve month volume weighted average price of Cellestis Shares.

Figure 1: Cellestis Share price premium comparisons



Source - Bloomberg Financial Services

In assessing the fair market value of Cellestis, the Independent Expert has also assessed the control premium. The Independent Expert has:

- made reference to other observable control premiums paid;
- considered the net cash position of Cellestis; and
- assessed the ability for a potential acquirer to increase sales beyond the levels that could currently be achieved by Cellestis.

d) Total Cash Payments of $3.55 per Cellestis Share is above the assessed fair market value determined by the Independent Expert

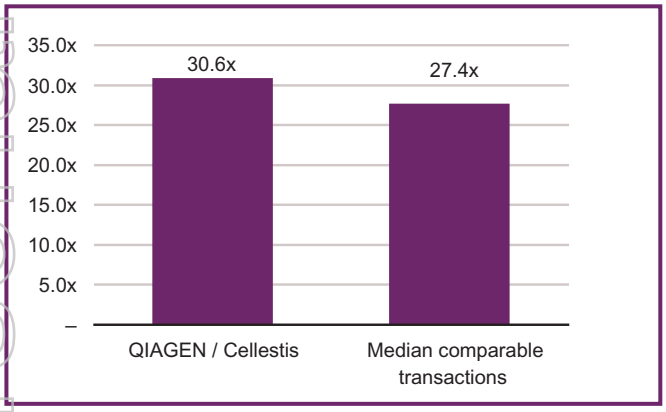
Total Cash Payments of $3.55 cash per Cellestis Share is above the estimated fair market value of **$3.00 to $3.52** per Cellestis Share, on a control basis.

In terms of other market based financial metrics, Total Cash Payments of $3.55 cash per Cellestis Share represent:

- a 7.6x revenue multiple[5] for the 12 months ending December 2010;
- a 30.6x historical EV / EBIT multiple[6] for the 12 months ending December 2010; and
- a 37.1x historical price to earnings multiple[7] for the 12 months ending December 2010.

The following chart depicts the implied EV/EBIT multiple of the QIAGEN proposal relative to the median historical EV/EBIT multiple assessed by the Independent Expert.

Figure 2: Cellestis LTM EV / EBIT relative to historical, comparable trading multiples[8]



[5] *Based on revenue of $44.7 million calvulated as follows:*
- *revenue from the Company's audited accounts for the 12 months to 30 June 2010 ($40.4 million)*
- *less revenue from the Company's reviewed accounts for the 6 months to 31 December 2009 ($18.2 million)*
- *plus revenue from the Company's reviewed accounts for the 6 months to 31 December 2010 ($22.5 million)*

[6] *Based on EBIT of $11.1 million calculated as follows:*
- *EBIT from the Company's audited accounts for the 12 months to 30 June 2010 (PBT of $10.2 million less interest income of $0.7 million)*
- *less EBIT from the Company's reviewed accounts for the 6 months to 31 December 2009 (PBT of $3.9 million less interest income of $0.3 million)*
- *plus EBIT from the Company's reviewed accounts for the 6 months to 31 December 2010 (PBT of $5.7 million less interest income of $0.5 million)*

[7] *Based on net profit after tax from continuing operations of $9.2 million calculated as follows:*
- *NPAT from the Company's audited accounts for the 12 months to 30 June 2010 ($8.3 million)*
- *less NPAT from the Company's reviewed accounts for the 6 months to 31 December 2009 ($3.2 million)*
- *plus NPAT from the Company's reviewed accounts for the 6 months to 31 December 2010 ($4.1 million)*

[8] *Comparison based upon a selection of comparable transactions assessed by the Independent Expert. Refer to Appendix 3 of the Independent Expert's Report.*

e) There is timing and value certainty around the Total Cash Payments of $3.55 cash per Cellestis Share you will receive if the Scheme proceeds

The Total Cash Payments of $3.55 per Cellestis Share provides Scheme Shareholders with the certainty of receiving a full cash payment within 3 Business Days after the Implementation Date, which is expected to be on or about 16 August 2011. On the current indicative timetable, that means that payment will be dispatched between 16 August 2011 and 19 August 2011.

While there may be potential future value upside beyond Total Cash Payments of $3.55 cash per Cellestis Share, it is reasonable to conclude that the achievement of that value is uncertain due to the business and other risks that Cellestis is exposed to in the ordinary course. An assessment of the risks associated with delivering future value upside is provided in Section 4.8.

The Scheme represents an opportunity for all Scheme Shareholders to realise their investment in cash, at a premium to the recent trading of Cellestis Shares on ASX and at a clearly identifiable time.

f) No superior proposal has emerged to the date of this Scheme Booklet

Since the Scheme was announced on 4 April 2011, to the date of this Scheme Booklet, no superior proposal has emerged. The Cellestis Board presently consider it unlikely that a superior proposal will emerge prior to the Scheme Meeting. Prior to execution of the Scheme Implementation Deed, the Cellestis Board actively canvassed alternative bidders for Cellestis. The approaches did not result in Cellestis receiving an offer that was superior to the QIAGEN offer.

In assessing the fair market value of Cellestis, the Independent Expert had regard to the fact that Cellestis had canvassed potential alternative global interest and, as at the date of the Scheme Booklet, no superior proposal had emerged.

g) Cellestis has reserved the right to pay a Special Dividend

Under the Scheme Implementation Deed, Cellestis has reserved the right to pay a fully franked Special Dividend subject to certain conditions including the receipt of a favourable ATO tax ruling. There is no certainty that the ATO will issue a favourable ruling. Cellestis will issue an announcement to ASX when it receives the ATO's final ruling.

It is expected that the Special Dividend will be up to 7 cents per Cellestis Share fully franked. If the Scheme is not implemented, the proposed Special Dividend will not be paid.

If paid, the Special Dividend will reduce the Scheme Consideration by the same amount. For example, if a Special Dividend of 7 cents cash per Cellestis Share is declared or determined to be paid, you will receive $3.48 cash per Cellestis Share under the Scheme. This would result in Total Cash Payments of $3.55 per Cellestis Share.

A Special Dividend may be marginally advantageous or disadvantageous from a taxation perspective for certain Cellestis Shareholders, depending on their individual circumstances. Cellestis Shareholders should seek professional tax advice with respect to their individual tax situation. Further information of the tax implications of receiving the Special Dividend is set out in Section 6.

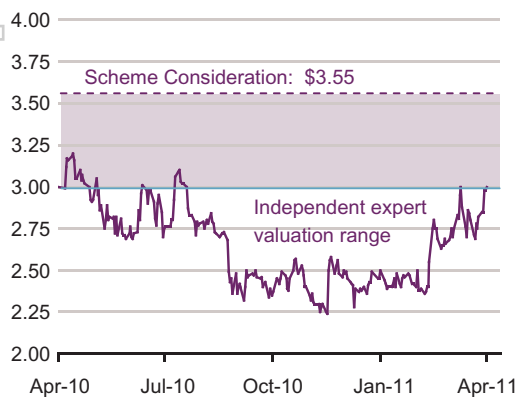
The Scheme is not conditional on the payment of the Special Dividend and the Cellestis Board may decide not to declare or determine to pay the Special Dividend.

h) If the Scheme is not approved, it is likely that the Cellestis Share price will fall

It is difficult to predict the effect on the Cellestis Share price if the Scheme is not implemented and there is no alternative proposal. The Cellestis Board considers that, if the Scheme is not implemented and there is no alternative proposal, there is a risk that the Cellestis Share price will fall to levels at or below the price of Cellestis Shares immediately prior to the announcement of the Scheme, which is significantly lower than the current market price.

In assessing the fair market value of Cellestis, the Independent Expert has noted that, in the absence of the proposed Scheme, shares in Cellestis would likely trade at or below the prices observed since the announcement of the Scheme.

Figure 3: Scheme Consideration and Independent Expert valuation range



Source - Bloomberg Financial Services

i) No brokerage fees will be payable by you on the transfer of your Cellestis Shares

You will not incur any brokerage fees on the transfer of your Cellestis Shares to QIAGEN Australia pursuant to the Scheme.

3.2 Key reasons to vote against the Scheme

Your Directors unanimously recommend that, in the absence of a superior proposal, you vote in favour of the Scheme and the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders. You may, however, be influenced by other factors, including those set out below, as potential reasons to vote against the Scheme:

a) You may disagree with the recommendation of the Directors and the conclusion of the Independent Expert

You may disagree with the Directors and the opinion of the Independent Expert, which has concluded that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders.

In particular, you may believe that Cellestis will deliver greater returns over the long term by remaining an independent company and that the future growth prospects of Cellestis have not been fully reflected in the Total Cash Payments.

b) You will lose the ability to participate in any potential upside that may result from being a Cellestis Shareholder

If the Scheme is implemented, you will no longer be a Cellestis Shareholder. This will mean that you will not be able to participate in any potential upside that may result from being a Cellestis Shareholder.

Cellestis Shareholders will also cease to have the right to influence the future direction of Cellestis through voting rights as a Cellestis Shareholder.

c) You may consider that there is the potential for a superior proposal to be made in the foreseeable future

You may consider that there is a possibility that a superior proposal could emerge in the foreseeable future.

As set out in the Chairman's letter on 18 April 2011, the Cellestis Board canvassed global potential alternative bidder interest, and since the announcement of the Scheme Implementation Deed on 4 April 2011 and up to the date of this Scheme Booklet, no superior proposal has been received.

You should be aware that the Scheme Implementation Deed prohibits Cellestis from soliciting, inviting or initiating any expression of interest, offer or proposal by any person which would reasonably be expected to lead to the making of a Competing Transaction.

The Scheme Implementation Deed also prevents Cellestis from participating in any discussions or disclosing any non-public information about the business of Cellestis which would reasonably be expected to lead to the receipt of a Competing Transaction. These restrictions do not apply in circumstances where the Cellestis Board forms the opinion in good faith, after having received written legal advice, that such restrictions constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the Cellestis Directors.

QIAGEN also has a right under the Scheme Implementation Deed to match an unsolicited Competing Transaction or superior proposal if one is received by Cellestis.

Please refer to section 7.3 of this Scheme Booklet for further details on these restrictions.

d) There may be tax consequences for Cellestis Shareholders if the Scheme proceeds

The Scheme may have general adverse tax consequences for individual Scheme Shareholders. Section 6 provides a description of the general Australian tax implications of the Scheme and the proposed Special Dividend for Cellestis Shareholders.

You should consult with your own professional tax adviser regarding the consequences of acquiring, holding or disposing of Cellestis Shares in light of current tax laws as they apply to you and your particular circumstances.

e) You may wish to maintain your current investment profile

You may wish to maintain your investment in Cellestis in order to have an investment in a publicly listed company with the specific characteristics of Cellestis in terms of industry, operational profile, size and other aspects. Implementation of the Scheme may result in a disadvantage to those who wish to maintain that investment profile.

f) You will lose your entitlement to potential future dividend income

Cellestis has only recently commenced paying dividends to Cellestis Shareholders. You may be concerned about the potential loss of future dividend income should the Scheme become Effective, although any future dividend payments are not certain and are subject to the performance and investment requirements of Cellestis and the approval of the Cellestis Board.

The table below sets out the dividends paid by Cellestis.

Dividend Record date	Declared dividend	Franking	Type
27 February 2009	1.0 cps	0%	Interim
25 September 2009	2.0 cps	100%	Final
26 February 2010	1.5 cps	100%	Interim
1 October 2010	3.5 cps	100%	Final
25 February 2011	2.0 cps	100%	Interim

3.3 Other considerations

a) All or nothing proposal

The Scheme is an all or nothing proposal to Cellestis Shareholders (other than Excluded Shareholders).

If all of the conditions and approvals for the Scheme are satisfied or waived (as applicable):

- the Scheme will bind all persons registered as Cellestis Shareholders (other than Excluded Shareholders) as at the Scheme Record Date, including those who do not vote on the Scheme and those who vote against it; and
- Cellestis will become wholly owned and controlled by QIAGEN.

Conversely, if any of the conditions and approvals for the Scheme are not satisfied or waived (as applicable), Cellestis Shareholders will retain all of their Cellestis Shares and the Company will remain listed on the ASX.

b) Costs

Cellestis has incurred significant costs in developing the Scheme (including in negotiations with QIAGEN, retention of advisers, engagement of the Independent Expert and preparation of this Scheme Booklet). If the Scheme is approved and implemented, these costs will effectively be met by QIAGEN (as the sole shareholder of Cellestis following implementation of the Scheme).

If the Scheme is not approved and implemented and if a Competing Proposal does not emerge and become effective, Cellestis will be required to bear transaction costs of approximately $1.9 million which will be included in the 2011 results. In certain circumstances, there may be further costs incurred by Cellestis as summarised below.

c) Reimbursement Fee

Under the terms of the Scheme Implementation Deed, Cellestis has agreed to pay QIAGEN a Reimbursement Fee of $3.5 million in certain circumstances if the Scheme does not proceed. The Reimbursement Fee will be payable by Cellestis to QIAGEN if:

- prior to the Scheme Meeting, any member of the Cellestis Board fails to recommend the Scheme or makes a public statement that they support a Competing Transaction, other than where:
  - Cellestis is entitled to terminate the Scheme Implementation Deed due to a failure of a condition precedent or due to a material breach by QIAGEN; or
  - the Independent Expert concludes in its report (or in any revised or supplementary report) that the Scheme is anything other than fair and reasonable and in the best interests of the Cellestis Shareholders;
- during the Exclusivity Period, a Competing Transaction is announced and within 9 months of that announcement, the Competing Transaction results in a third party gaining control of Cellestis, acquiring an economic interest in all or a material part of the Cellestis Group, or otherwise acquire or merge with Cellestis, or the relevant third party acquires a relevant interest in more than 50% of the Cellestis Shares and the Competing Transaction is (or becomes) free of defeating conditions; or
- QIAGEN is entitled to terminate the Scheme Implementation Deed, and has terminated the Scheme Implementation Deed due to a material breach of a Cellestis representation and warranty, or QIAGEN terminates the Scheme Implementation Deed due to a Cellestis Prescribed Occurrence occurring prior to 8.00am on the Second Court Date.

The Reimbursement Fee is not payable by Cellestis merely because Cellestis Shareholders (other than Excluded Shareholders) fail to approve the Scheme at the Scheme Meeting. Rather, if Cellestis Shareholders (other than Excluded Shareholders) do fail to approve the Scheme at the Scheme Meeting, the Reimbursement Fee would only be payable if an event referred to above also occurred.

Full details of the circumstances in which the Reimbursement Fee is payable is set out in clause 11 of the Scheme Implementation Deed included as Annexure 6 for complete descriptions.

d) Deed Poll

On 9 June 2011, QIAGEN Australia executed the Deed Poll in which it acknowledges and confirms, for the benefit of Cellestis Shareholders (other than Excluded Shareholders), its obligation to pay them the Scheme Consideration. Further details in relation to the payment of the Scheme Consideration are set out in Section 8.1. A copy of the Deed Poll is set out in Annexure 5 of this Scheme Booklet.

e) Cellestis Employee Share Options

The Scheme Implementation Deed contemplates that, if the Scheme proceeds, all of the outstanding Employee Share Options will be cancelled and that the holders of those options will be paid a cash price determined using the Black-Scholes Valuation Methodology.

Cellestis, QIAGEN Australia and each holder of the Employee Share Options has agreed, in accordance with the Option Cancellation Deed, that, conditional upon the Scheme becoming Effective and subject to the terms of the Option Cancellation Deed, each holder of the Employee Share Options will receive a cash consideration in exchange for cancelling the Employee Share Options that they hold. Refer to section 8.2 of this Booklet for further details of the Employee Share Options arrangements.

f) Option Deeds

The two founding Cellestis Shareholders and current executive directors of Cellestis, Dr Anthony Radford and Dr James Rothel, have each entered into a separate Option Deed with QIAGEN Australia. These Option Deeds permit QIAGEN to exercise options to acquire up to 19,134,721 Cellestis Shares (representing 19.9% of the issued share capital of Cellestis) in certain circumstances.

As at the date of this Scheme Booklet, no event has occurred that enables QIAGEN to exercise its rights in relation to the Option Deeds. The Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN Australia as Annexures A and B to its notice of initial substantial holder. Section 8.4 provides further information about the Option Deeds.

Section 4
Overview of Cellestis

4.1 Background

Cellestis is an Australian based company principally engaged in developing, manufacturing and marketing medical diagnostic products. The Company's head office is located in Australia, with operations across the United States of America, Europe and Japan.

4.1.1 Overview of the QuantiFERON® technology

Cellestis' flagship technology, QuantiFERON®, is a patented, whole blood method for detecting cell mediated immune responses of T-cell lymphocytes using whole blood samples. The diagnosis of tuberculosis infection is the first example of in vitro cell mediated immune diagnosis.

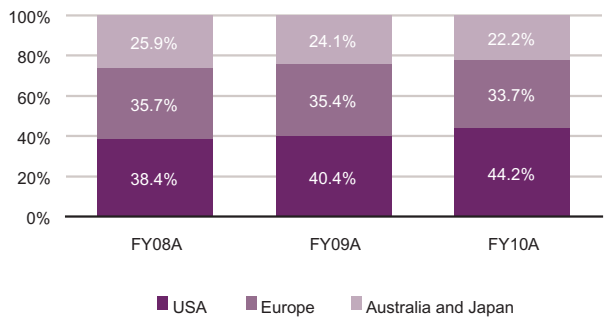
Cellestis' third generation product, QuantiFERON®-TB Gold-In-Tube, also known as QFT, enables clinicians to perform diagnostic testing for latent tuberculosis infection via a simple blood test.

QFT is more accurate, faster, provides an improved patient experience and is more cost efficient compared with traditional means of diagnosing latent tuberculosis infection utilised in developed countries.

QFT is a fully commercialised product, with sales generated from in excess of 60 countries. The figure below depicts the proportion of sales generated from each key region as disclosed in the Cellestis 2008, 2009 and 2010 Annual Reports.

For the full year ending 30 June 2010, QFT sales represented approximately 98% of total revenue.

Figure 4: QFT sales by major markets



Source: Cellestis 2008, 2009 and 2010 Annual Reports
Note: Based on reported segment information in AUD

In addition to QFT, Cellestis has developed and markets QuantiFERON®-CMI, a test for the measurement of cell mediated immune responses in humans using whole blood. Cellestis is also developing QuantiFERON®-CMV to monitor a common and problematic viral infection in solid organ transplant recipients.

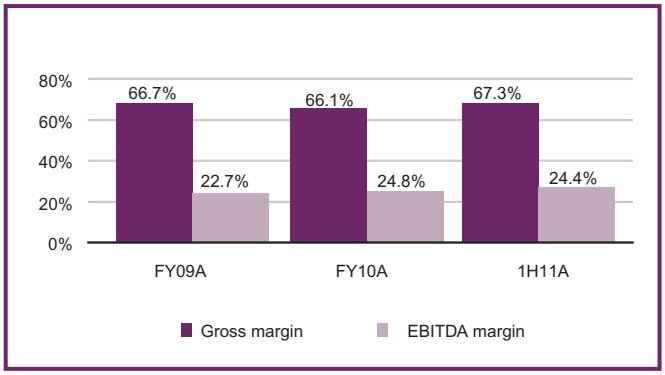
4.1.2 Operating results

Cellestis has generated considerable sales growth for QFT in its key market segments. The following table depicts historical external sales and sales growth rates by key regions as disclosed in the Cellestis 2008, 2009 and 2010 Annual Reports.

AUD ($'000s)	30 June 2008	30 June 2009	30 June 2010
External sales			
USA	7,226	13,927	17,842
Europe	6,730	12,213	13,592
Australia / Japan	4,873	8,321	8,949
Consolidated	18,829	34,461	40,383
Regional growth rate			
USA	92.2%	92.7%	28.1%
Europe	87.0%	81.5%	11.3%
Australia / Japan	47.8%	70.8%	7.5%
Consolidated	76.7%	83.0%	17.2%

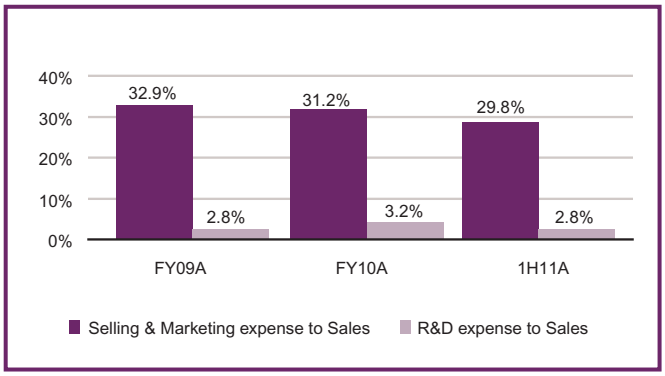
Cellestis has achieved steady EBITDA margin expansion since FY2009. The following chart depicts the historical gross margin and EBITDA margin levels as disclosed in the Cellestis Half Year Financial Report for the half year ended 31 December 2010, the 2010 Annual Report and the 2009 Annual Report.

Figure 5: Historical EBITDA margins



Cellestis requires continued investment in its selling and marketing functions and research & development capabilities to support revenue expansion. The following chart depicts these expenses (as disclosed in the Cellestis Half Year Financial Report for the half year ended 31 December 2010, the 2010 Annual Report and the 2009 Annual Report) as a ratio to reported sales.

Figure 6: Key expense to sales ratio



4.1.3 Operational overview

Typical customers using QFT include clinicians in the public health sector, public and private hospitals and pathology units. Tests are also performed for persons who are health care workers, aged care workers, education professionals, immunocompromised persons, military groups and schools.

Manufacturing is performed at contracted facilities in California, USA and in Austria. All manufacturing processes comply with FDA CGMP, ISO 13485, CE, Japan PMDA, Health Canada and other regulatory requirements.

4.1.4 Research and development

Cellestis is committed to an active R&D program and considers R&D as a key strategy for growth and enhancing the overall protection of its product portfolio.

Cellestis' R&D laboratories are based in Melbourne with work focused on both new product development activities, all of which are at an early research phase, as well as ongoing life-cycle improvements to the existing QuantiFERON® product portfolio.

4.2 Information on the Cellestis Directors

The current Cellestis Directors as at the date of this Scheme Booklet are:

- **Ronald Pitcher** – Non-Executive Chairman
- **Anthony Radford** – Managing Director and Chief Executive Officer
- **James Rothel** – Executive Director
- **John Bennetts** – Non-Executive Director
- **Antonino Catanzaro** – Non-Executive Director

Brian Manuel is the Company's Chief Financial Officer and Company Secretary.

4.3 Cellestis' Financial Information

Set out below is a summary of recent financial information relating to Cellestis extracted from the Cellestis Half Year Financial Report for the half year ended 31 December 2010 and the Cellestis 2010 and 2009 Annual reports. The Cellestis Half Year Financial Report for the half year ended 31 December 2010 was released to ASX on 14 February 2011, and the Cellestis 2010 and 2009 Annual Reports were announced to ASX on 29 September 2010 and 23 September 2009 respectively. Those reports contain details on the accounting policies and detailed discussion and analysis by Cellestis' management of the financial results for the respective periods.

Copies of the Cellestis Half Year Financial Report for the half year ended 31 December 2010, 2010 Annual Report, 2009 Annual Report and other previous Financial Reports are available on Cellestis' website: www.cellestis.com.

4.3.1 Basis of preparation

The financial information has been prepared in accordance with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act.

4.3.2 Income Statements

Summarised below are Cellestis' consolidated income statements for the half year ending 31 December 2010 and the full years ending 30 June 2010 and 30 June 2009 respectively:

A$000	30 June 2009	30 June 2010	31 Dec 2010
Revenue	34,461	40,383	22,531
Cost of sales	(11,491)	(13,690)	(7,375)
Gross profit	22,970	26,693	15,156
Other revenue	780	727	455
Selling, marketing and distribution	(11,351)	(12,604)	(6,722)
Administration, finance and corporate	(2,214)	(1,939)	(1,363)
Share options	(208)	(362)	(179)
Research and development	(963)	(1,309)	(628)
Legal, insurance, patents and regulatory	(416)	(480)	(201)
Foreign exchange losses	-	-	(563)
Depreciation and amortisation	(487)	(503)	(289)
Profit from operations before tax	8,111	10,223	5,666
Foreign exchange gain on intercompany payments	1,411	-	-
Profit before income tax	9,522	10,223	5,666
Income tax	(1,290)	(1,970)	(1,535)
Net profit after tax[9]	**8,232**	**8,253**	**4,131**

4.3.3 Balance Sheets

Set out below are Cellestis' consolidated balance sheets as at the half year ending 31 December 2010 and the full years ending 30 June 2010 and 30 June 2009 respectively:

A$000	30 June 2009	30 June 2010	31 Dec 2010
Cash	19,695	22,576	22,318
Receivables	6,058	7,515	4,469
Inventories	1,832	1,594	2,089
Prepayments	29	450	460
Current assets	**27,614**	**32,135**	**29,336**
Plant & equipment	767	1,145	1,185
Deferred tax assets	887	2,173	2,260
Intangible assets	321	203	144
Non-current assets	**1,975**	**3,521**	**3,589**
Payables	4,981	6,071	3,824
Current tax liabilities	1,871	1,630	972
Provisions	370	456	405
Current liabilities	**7,222**	**8,157**	**5,201**
Provisions	136	187	209
Non-current liabilities	**136**	**187**	**209**
Net assets	**22,231**	**27,312**	**27,515**

[9] *Based on net profit after tax from continuing operations*

4.3.4 Cash Flow Statements

Set out below are Cellestis' consolidated statements of cash flow for the half year ending 31 December 2010 and the full years ending 30 June 2010 and 30 June 2009 respectively:

A$000	30 June 2009	30 June 2010	31 Dec 2010
Receipts	32,923	40,027	26,209
Payments	(26,513)	(30,456)	20,336
Interest received	756	713	463
Income tax paid	(310)	(3,494)	(2,281)
Operating cash flows	**6,856**	**6,790**	**4,055**
Purchase of Plant & Equipment	(630)	(763)	(270)
Investment in Information Technology	-	-	(287)
Investing cash flows	**(630)**	**(763)**	**(557)**
Share issue proceeds	-	476	-
Dividends paid	(960)	(3,363)	(3,365)
Financing cash flows	**(960)**	**(2,887)**	**(3,365)**
Net increase in cash	**5,266**	**3,140**	**133**
Foreign cash FX effect	288	(259)	(391)
Closing Cash balance	**19,695**	**22,576**	**22,318**

4.4 Material changes in Cellestis' financial position since 30 June 2010

Except as disclosed in this Scheme Booklet, there has been no material change to the financial position of Cellestis since 30 June 2010 (being the date of its last full year financial accounts).

The Cellestis Half Year Financial Report for the half year ended 31 December 2010 was released to ASX on 14 February 2011.

4.5 Capital Structure and Ownership

As at the date of this Scheme Booklet, Cellestis' capital comprises 96,151,778 Cellestis Shares on issue and 2,420,000 Employee Share Options with the following terms:

Number	Exercise Price	Expiry
2,100,000	$2.50	16 Apr 14
200,000	$2.80	30 Apr 14
120,000	$3.32	27 Nov 13

As at the date of this Scheme Booklet, the substantial Cellestis Shareholders (as disclosed to ASX) and their interests in Cellestis were:

Shareholder	Ordinary Shares	% of Ordinary Shares
Anthony Radford and associates	11,449,690	11.9%
James Rothel and associates	11,449,689	11.9%
Centaurus Capital Limited	7,739,581	8.05%

As at the date of this Scheme Booklet, QIAGEN Australia has a relevant interest (as defined in the Corporations Act) in 19.90% (19,134,721) of the ordinary shares of Cellestis as a result of entering into the Option Deeds. The Option Deeds do not give QIAGEN, QIAGEN Australia or any of its associates voting power over any Cellestis Shares.

The Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN as Annexures A and B to its notice of initial substantial holder. Section 8.4 provides further information about the Option Deeds.

4.6 Litigation

As at the date of this Scheme Booklet, Cellestis is not a party to any material litigation.

4.7 Hedging

Foreign exchange fluctuations on trading activities did have a negative impact to the first half 2010 financial year financial performance of Cellestis (refer to Section 4.3.2). Cellestis typically utilises natural hedging whereby the Cellestis Group makes procurements, wherever reasonable and effective, in currencies in which revenues are earned.

4.8 Business risks

In considering the Scheme, Cellestis Shareholders should be aware that there are a number of risk factors, general and specific, which may affect the future operating and financial performance of Cellestis and the value of Cellestis Shares. Many of these risk factors are relevant to existing Cellestis Shareholders and may be relevant to Cellestis Shareholders who remain as Cellestis Shareholders if the Scheme does not become Effective.

Many of these risk factors are outside the control of Cellestis and the Cellestis Board. For example, there can be no certainty that Cellestis will achieve its business and commercial objectives or that any forward looking statements will eventuate.

Additional risks and uncertainties not currently known to Cellestis may also have a material adverse effect on Cellestis' business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Cellestis.

In deciding whether to vote in favour of the Scheme, Cellestis Shareholders (other than Excluded Shareholders) should carefully consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Cellestis Shareholders.

4.8.1 Macro economic risks

Changes to the general economic outlook both in Australia and internationally which might result in a material adverse effect on Cellestis and its ability to generate future earnings could include, and may not be limited to, any or all of the following:

- fluctuations in the international and domestic economic conditions (including fluctuations in interest rates, exchange rates and the level of inflation) which may affect Cellestis' business directly or indirectly;
- changes in law and government policy affecting the markets and use of QFT;
- changes in the regulatory environment that directly impacts upon Cellestis' ability to manufacture, market and distribute QFT in existing markets or new markets;
- changes to accounting standards which affect the financial performance and position reported in Cellestis' financial statements; or
- abnormal stoppages in the delivery of Cellestis products due to factors such as industrial disruption, infrastructure failure, war, political or civil unrest.

4.8.2 Specific risks relating to Cellestis

Cellestis is exposed to a number of specific risks that could materially adversely affect its assets and liabilities, financial position, profits, prospects and share price. This may include, and may not be limited to, the following specific risks relating to Cellestis:

a. **(Customer renewal risk)** Cellestis has entered into a large number of customer and distributor contracts in order to facilitate the delivery of QFT. The customer contracts have customary renewal requirements, which Cellestis negotiates from time to time and, as such, may be exposed to customers not renewing their contracts, renewing them on less favourable terms or otherwise losing customers, which may negatively impact the Cellestis business;

b. **(Expansion of foreign operations)** Cellestis has global operations and may continue to expand its global operations into new markets. Cellestis Shareholders should be aware of the inherent risks of managing international operations, including changes in regulatory requirements, tariffs, customs, duties, trade barriers, difficulties in staffing and practically managing foreign operations from an Australian head office location. Cellestis will also continue to be exposed to foreign currency fluctuations;

c. **(Medical authority and key opinion leader support for QFT)** although QFT has achieved significant medical authority and key opinion leader support since its commercialisation in 2007 (and some countries recommend IGRAs, of which QFT is one, as the preferred test in certain situations),[10] many key industry participants continue to recommend the tuberculin skin test as the primary test, with IGRAs only used in those who are identified as positive. The continuation of this position by medical authorities and key opinion leaders may impact upon the growth of QFT in the future and its ability to increase rapidly the number of QFT tests performed annually;

d. **(Higher customer acquisition costs)** Cellestis operates in a market where QFT is an alternative diagnostic test to the incumbent 110 year old tuberculin skin test. The costs associated to acquire additional customers in the future may be different to those costs currently incurred by Cellestis to date;

e. **(Entry of a new competitor)** while there are a limited number of direct competitors in the market at present, there can be no assurance that this will remain the case in the future, and what impact, if any, that a new competitor (providing a unique or generic alternative to the QuantiFERON® technology) will have upon Cellestis' ability to achieve its growth objectives;

f. **(Enforcement of intellectual property)** while Cellestis has taken reasonable steps to protect its proprietary intellectual property position, there can be no certainty that Cellestis will be able to fully enforce its intellectual property rights in all circumstances in the future;

g. **(Intellectual property and patents)** Cellestis' major licensed patents with respect to the use of antigens within the QuantiFERON® technology are due to expire in 2014, 2016 and 2019 respectively. Cellestis also has a patent related to the QuantiFERON®-TB Gold-In-Tube testing process that is due to expire in 2023. There can be no certainty that Cellestis will be able to secure additional intellectual property protection to replace these expired patents. As each of these key patents used in the QuantiFERON® technology expires, Cellestis will be subject to increasing risk of third parties developing a unique or generic product that competes with QFT. All or any of these patents may be circumvented by technical advances by third parties using technology not covered by the patents. This risk is mitigated in part by the current requirement that any third party seeking to develop and market a unique or generic product that competed with QFT would need to satisfy applicable regulatory requirements associated with the release of the product. These regulatory requirements are currently relatively strict in numerous countries into which Cellestis presently distributes QFT, most notably in the United States, Australia and Japan. However, some countries into which Cellestis distributes QFT do not presently have relatively high regulatory

[10] *i.e. for BCG vaccinated individuals.*

barriers to the release of potentially QFT competitive generic products within those countries;

h. **(Regulatory approvals)** QFT is approved for use by the US Food and Drug Administration and has been CE marked for the European Union. QFT has also been granted regulatory approval in Japan, Canada, Korea, Taiwan, Russia, the Baltic States and some African countries. Changes to the existing regulatory regime or new regulatory requirements may negatively impact or restrict upon the potential profitability of Cellestis;

i. **(Research and development)** Cellestis performs ongoing research and development activities at considerable annual expense, and no certainty can be provided, at this stage, that any of the research and development activities commenced or contemplated will generate a commercially viable product for future customer use;

j. **(Dependence upon key personnel)** Cellestis depends on the talent and experience of its key management and staff. It is essential that appropriately skilled persons, in sufficient numbers be available to support Cellestis. While Cellestis has initiatives to mitigate the risk of any loss of key personnel, the loss of any number of key personnel might have a materially adverse effect on the Cellestis operations; and

k. **(Operational risks)** Cellestis could be materially adversely affected by disruptions to the operation of the business caused by any one of or all of the following singularly or in combination:

a) the breakdown or shortage of equipment and labour necessary to manufacture Cellestis' products;

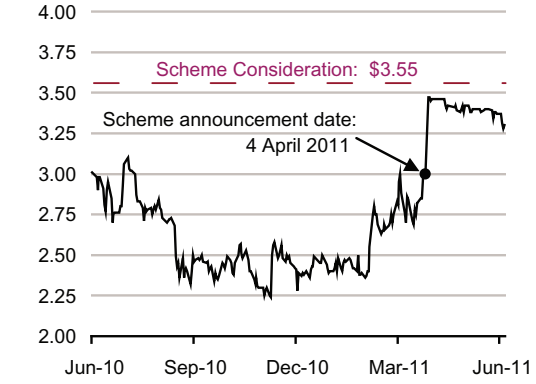
b) higher than budgeted costs associated with the provision of Cellestis' products; or

c) failure of Cellestis' manufacturing and distribution partners to meet their obligations under their contracts.

4.9 Recent Cellestis Share Price Performance

The following chart shows the closing price of Cellestis Shares on ASX over the past 12 months:

Figure 7: Closing price of Cellestis Shares



Source: Bloomberg Financial Services

The closing price of Cellestis Shares on ASX shortly before the date of this Scheme Booklet was $3.30 on 10 June 2011. During the three months ended on 4 April 2011, the highest recorded daily closing price for Cellestis Shares on ASX was $3.47 on 4 April 2011 and the lowest recorded daily closing price for Cellestis Shares on ASX was $2.36 on 7 February 2011. The last recorded sale price for Cellestis Shares on ASX before the public announcement of the Scheme was $3.00 on 1 April 2011.

4.10 Documents available for inspection

Cellestis is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Cellestis announcements are available on its website (www.cellestis.com), as well as ASX's website (www.asx.com.au). Cellestis will provide a copy of each of the following documents, free of charge, to any person on request prior to the Scheme Meeting (or they can be obtained from the websites described above):

- the annual financial report of Cellestis for the financial year ended 30 June 2010 (being the last financial statements for a financial year of Cellestis lodged with ASIC before the date of this Scheme Booklet); and
- any ASX announcements made by Cellestis after the date of the lodgement of the annual financial report referred to above on 22 September 2010 and before the lodgement of a copy of this Scheme Booklet with ASIC, details of which are set out below:

Date	Description of Announcement
1 June 2011	Letter to Shareholders
30 May 2011	Change in substantial holding
20 May 2011	Letter to Shareholders
18 May 2011	Becoming a substantial holder
12 May 2011	Increase of Interests in Equity Derivatives
11 May 2011	Notice of Interests in Equity Derivatives
18 Apr 2011	Chairman's Letter to Shareholders
5 Apr 2011	Becoming a substantial holder
4 Apr 2011	Cellestis Recommends Proposed Acquisition by QIAGEN NV
15 Feb 2011	Company Briefing
14 Feb 2011	Half Yearly Report and Accounts
24 Dec 2010	Share Trading Policy
15 Nov 2010	Results of Meeting
15 Nov 2010	AGM Presentation 2010
15 Nov 2010	Chairman's Address to Shareholders
3 Nov 2010	Lapse of Share Options
4 Oct 2010	Notice of Annual General Meeting/Proxy Form

Section 5
Overview of QIAGEN

5.1 Background

QIAGEN, is a sample and assay technology company registered in the Netherlands and listed on the NASDAQ New York Stock Exchange under symbol 'QGEN' and the Prime Standard Frankfurt Stock Exchange under symbol 'QIA'. QIAGEN's head office is located at Spoorstraat 50, 5011 KJ Venlo, The Netherlands. As at 3 June 2011, QIAGEN had a market capitalisation in excess of €3 billion.

QIAGEN Australia is the entity that will acquire your Cellestis Shares under the Scheme and to pay the Scheme Consideration if the Scheme is Implemented. QIAGEN Australia is a wholly-owned subsidiary of QIAGEN.

5.2 Business overview

QIAGEN is a leading global provider of sample and assay technologies. QIAGEN operates in 36 locations worldwide with direct subsidiaries located throughout the world including in Europe, Japan, Australia, the Americas and East Asia, and employs approximately 3,600 people.

a) QIAGEN products

- **Sample technologies:** QIAGEN has developed and advanced a broad range of technologies to extract and purify molecules of interest including DNA, RNA and proteins from biological samples such as blood, bone and tissue. QIAGEN technologies ensure that a biological sample is consistently processed in a highly reproducible, standardized method with the highest level of quality before entering subsequent analysis with assay technologies.
- **Assay technologies:** QIAGEN has developed assay technologies that enable the analysis of various kinds of molecules from virtually any biological sample. Assay technologies make information contained in isolated molecules visible and available for interpretation. Assays are tailor-made to address the specific demands of various research areas and commercial applications. Open assay technologies include reagents that, when applied to a purified sample, allow the detection of molecules so targeted by design of the customer. Closed assay technologies are preconfigured by QIAGEN to test for specific infectious disease targets such as influenza, hepatitis and herpes viruses, HIV or HPV.

QIAGEN's products provide two main categories of revenue streams:

- **Revenues from consumables and related sales contributed approximately 86% of QIAGEN's sales in the year ended 31 December 2010:** consumable products, typically sample preparation or test kits, account for 85-90% of QIAGEN's business.
- **Automated systems and instruments contributed** approximately **14% of QIAGEN's sales in the year ended 31 December 2010:** QIAGEN's instrumentation systems automate the use of sample and assay technologies into efficient solutions for low-, medium- or high-throughput scale laboratories. These systems enable customers to perform reliable nucleic acid sample preparation, assay setup, target detection and other laboratory tasks. QIAGEN systems are highly flexible, but customers often use QIAGEN consumables for sample processing and molecular testing with our instruments.

b) QIAGEN customers

QIAGEN focuses on four principal customer classes for sample and assay technologies:

- **Molecular diagnostics laboratories:** Providing human healthcare tools enabling hospitals, physicians and other providers to save and improve lives and fight disease.
- **Pharmaceutical and biotechnology companies:** Supporting gene-based drug discovery and development by pharmaceutical and biotechnology companies, including the development of companion tests that can evolve into commercialised molecular diagnostic products.

- **Academia:** Providing tools for life sciences research, including major academic institutions and governmental laboratories, such as the National Institutes of Health (NIH) in the U.S. and major research-based universities and institutes around the world.
- **Applied testing:** supporting molecular information testing in fields not related to human healthcare, such as forensics, food and water testing, veterinary medicine, environmental testing and biosecurity.

The majority of QIAGEN technologies, whether automated platforms or consumables are used by more than one of these customer classes.

Further information on QIAGEN can be found on the website: www.qiagen.com.

5.3 Group and organisational structure

QIAGEN is the holding company for more than 50 consolidated subsidiaries, the majority of which have the primary function of the distribution of QIAGEN products and services on a regional basis. Certain subsidiaries also have research and development or production activities.

5.4 QIAGEN's Board of Directors

The current directors of QIAGEN as at the date of this Scheme Booklet are:

Managing directors:

- **Peer Michael Schatz** - Managing Director, Chief Executive Officer
- **Roland Sackers** - Managing Director, Chief Financial Officer
- **Dr. Joachim Schorr** - Managing Director, Senior Vice President, Research and Development
- **Bernd Uder** - Managing Director, Senior Vice President, Global Sales and Service Solutions

Supervisory directors:

- **Prof. Dr. Detlev H. Riesner** - Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
- **Dr. Werner Brandt** - Supervisory Director and Chairman of the Audit Committee
- **Dr. Metin Colpan** - Supervisory Director
- **Erik Hornnaess** - Deputy Chairman of the Supervisory Board, Supervisory Director, Chairman of the Compensation Committee, Member of the Audit Committee and Member of the Selection and Appointment Committee
- **Prof. Dr. Manfred Karobath** - Supervisory Director and Member of the Compensation Committee
- **Heino von Prondzynski** - Supervisory Director and Member of the Audit Committee

The current directors of QIAGEN Australia as at the date of this Scheme Booklet are:

- **Peer Michael Schatz**
- **Roland Sackers**
- **Laurent Jean Paul Fernand Dapremont**

5.5 QIAGEN financial background

5.5.1 Consolidated balance sheets

Set out below are the consolidated balance sheets of QIAGEN as at 31 December 2010 and 31 December 2009. All amounts are stated in USD:

	As of December 31	
Assets	**2010 US$000**	**2009 US$000**
Current Assets:		
Cash and cash equivalents	828,407	825,557
Short-term investments	106,077	40,000
Accounts receivable, net of allowance for doubtful accounts of $3,227 and $3,402 in 2010 and 2009, respectively	197,418	193,737
Income taxes receivable	10,920	12,907
Inventories, net	126,633	130,851
Prepaid expenses and other current assets	64,402	96,893
Deferred income taxes	30,731	33,525
Total current assets	1,364,588	1,333,470
Long-Term Assets:		
Property, plant and equipment, net	345,664	317,467
Goodwill	1,352,281	1,337,064
Intangible assets, net of accumulated amortization of $312,326 and $219,731 in 2010 and 2009, respectively	753,327	752,296
Deferred income taxes	37,182	26,387
Other long-term assets	60,953	29,780
Total long-term assets	2,549,407	2,462,994
Total Assets	3,913,995	3,796,464

Liabilities and Shareholders' Equity	As of December 31 2010 US$000	2009 US$000
Current Liabilities:		
Accounts payable	47,803	43,775
Accrued and other liabilities (of which $6,296 in 2010 and 2009 due to related parties)	209,054	252,116
Income taxes payable	25,211	10,727
Current portion of long-term debt	75,835	50,000
Deferred income taxes	30,504	18,912
Total current liabilities	388,407	375,530
Long-Term Liabilities:		
Long-term debt, net of current portion (of which $445,000 in 2010 and 2009 due to related parties)	797,171	870,000
Deferred income taxes	200,667	212,690
Other	51,397	47,075
Total long-term liabilities	1,049,235	1,129,765
Commitments and Contingencies		
Shareholders' Equity:		
Preference shares, 0.01 EUR par value, authorized—450,000 shares, no shares issued and outstanding	-	-
Financing preference shares, 0.01 EUR par value, authorized—40,000 shares, no shares issued and outstanding	-	-
Common Shares, 0.01 EUR par value, authorized—410,000 shares, issued and outstanding—233,115 and 232,074 shares at December 31, 2010 and 2009, respectively	2,724	2,711
Additional paid-in capital	1,648,985	1,622,733
Retained earnings	759,890	615,579
Accumulated other comprehensive income	64,754	50,146
Total shareholders' equity	2,476,353	2,291,169
Total liabilities and shareholders' equity	3,913,995	3,796,464

5.5.2 Consolidated income statements

Set out below are the consolidated income statements of QIAGEN as at 31 December 2010, 31 December 2009 and 31 December 2008. All amounts are stated in USD:

	As of December 31 2010 US$000	2009 US$000	2008 US$000
Net sales	1,087,431	1,009,825	892,975
Cost of sales	371,869	342,752	293,285
Gross profit	715,562	667,073	599,690
Operating Expenses:			
Research and development	126,040	107,900	97,331
Sales and marketing	267,484	244,814	227,408
General and administrative, integration and other	110,009	115,933	113,936
Acquisition-related intangible amortization	23,492	18,221	14,368
Purchased in-process research and development	-	-	985
Total operating expenses	527,025	486,868	454,028
Income from operations	188,537	180,205	145,662
Other Income (Expense):			
Interest income	4,457	3,522	9,511
Interest income	(27,815)	(29,641)	(37,527)
Interest expense	7,942	18,244	1,640
Other income, net	(15,416)	(7,875)	(26,376)
Income before provision for income taxes and noncontrolling interest	173,121	172,330	119,286
Provision for income taxes	28,810	34,563	29,762
Net income	144,311	137,767	89,524
Less: Non controlling interest	-	-	491
Net income attributable to the owners of QIAGEN N.V.	144,311	137,767	89,033
Basic net income per common share attributable to the owners of QIAGEN N.V.	0.62	0.67	0.45
Diluted net income per common share attributable to the owners of QIAGEN N.V.	0.60	0.64	0.44
Shares used in computing basic net income per common share	232,635	206,928	196,804
Shares used in computing diluted net income per common share	240,483	213,612	204,259

5.5.3 Consolidated statements of comprehensive income

Set out below are the consolidated statements of comprehensive income of QIAGEN as at 31 December 2010, 31 December 2009 and 31 December 2008. All amounts are stated in USD:

	As of December 31		
	2010 US$000	2009 US$000	2008 US$000
Net income	144,311	137,767	89,033
Gains (losses) on cash flow hedges, before tax	14,636	(12,741)	(6,010)
Reclassification adjustments on cash flow hedges, before tax	(8,874)	8,367	567
Cash flow hedges, before tax	5,762	(4,374)	(5,443)
Available-for-sale short-term investments, before tax	-	-	(900)
Gains (losses) on pensions, before tax	(184)	300	93
Foreign currency translation adjustments, before tax	10,920	42,001	(64,046)
Other comprehensive income, before tax	16,498	37,927	(70,296)
Income tax relating to components of other comprehensive income	(1,890)	(2,936)	10,427
Other comprehensive income, after tax	14,608	34,991	(59,869)
Total comprehensive income	158,919	172,758	29,164

5.6 Funding arrangements

The consideration for the acquisition of the Cellestis Shares pursuant to the Scheme will be satisfied wholly with cash from QIAGEN's existing reserves.

Based on Cellestis' issued share capital as at the date of this Scheme Booklet, the maximum amount of cash required to be paid by QIAGEN Australia to Shareholders (other than Excluded Shareholders) under the Scheme (assuming the Special Dividend is not paid) is therefore approximately $341 million.

As at 3 June 2011, QIAGEN had cash, cash equivalents and short term investments of approximately US$848.1 million.

5.7 QIAGEN's Intentions if the Scheme is implemented

This section 5.7 sets out the intentions of QIAGEN in relation to the continuation of Cellestis' business, any major changes to be made to Cellestis' business, including the redeployment of fixed assets and the future employment of the present employees of Cellestis, in each case if the Scheme is implemented.

The following statements of QIAGEN's current intentions are based on information concerning Cellestis, its business and the general business environment available to QIAGEN at the time of preparation of this Scheme Booklet (including certain non-public information made available to QIAGEN by Cellestis during the course of its due diligence in connection with the transaction). Final decisions on these matters will only be made once QIAGEN has had an opportunity to conduct a detailed review of the operations of Cellestis after implementation of the Scheme. Accordingly, the statements of current intentions below may change as new information becomes available or circumstances change.

5.7.1 Rationale

QIAGEN views Cellestis as an attractive asset, with a strong brand, good management of client relationships and a proven ability to grow its business. QIAGEN believes that the implementation of the Scheme would result in a strong strategic and cultural fit between QIAGEN's strong global network and Cellestis' local capabilities.

The acquisition of Cellestis will provide QIAGEN with exclusive rights to QuantiFERON® technology, a proprietary approach for disease detection and monitoring. QuantiFERON® is complementary to QIAGEN's portfolio of molecular diagnostics. Its high sensitivity and ability to provide clinically relevant information means that this technology can be used ahead of DNA- or RNA-based molecular testing. Greater use of QuantiFERON® technology can help guide and drive the use of traditional DNA- and RNA-based molecular diagnostics.

5.7.2 Cellestis to be delisted

If the Scheme is implemented, QIAGEN Australia will apply to ASX for Cellestis to be removed from its official list after the Implementation Date.

5.7.3 Head office

If the Scheme is implemented, it is the intention of QIAGEN that Cellestis' head office will remain located in Victoria, Australia.

5.7.4 Business continuity/no major changes

Given the high degree to which the Cellestis business complements that of QIAGEN, QIAGEN has no current intention to make any significant changes to the way in which Cellestis does business, including any disposal of any parts of the business or redeployment of any fixed assets.

QIAGEN will undertake a detailed review of Cellestis post implementation of the Scheme to determine the optimum manner of operating the business. QIAGEN's mission is to enable its customers to achieve outstanding success and breakthroughs in life sciences, applied testing, pharmaceuticals and molecular diagnostics.

5.7.5 Directors

If the Scheme is implemented, QIAGEN Australia intends to reconstitute the Cellestis Board. QIAGEN Australia's current intention is that the Cellestis Board after the Implementation Date will comprise Roland Sackers, Peer Schatz, Laurent Daprémont and one other director that is an Australian resident. It is likely that the additional director will be a member of the Cellestis executive team.

5.7.6 Employees and management

QIAGEN recognises that Cellestis has a deep pool of operational and scientific talent and the combination with QIAGEN's own business is an attractive prospect.

A functional review of all of the activities of the combined group will be undertaken following implementation of the Scheme and QIAGEN currently does not have any definitive plans in relation to Cellestis' employees.

It is intended that key team members, including Dr. Anthony Radford and Dr. James Rothel, will continue in their current roles.

5.8 QIAGEN's interest in Cellestis Shares

5.8.1 Interests in Cellestis Shares

As at the date of this Scheme Booklet, QIAGEN Australia has a relevant interest (as defined in the Corporations Act) in 19.90% of the ordinary shares of Cellestis as a result of entering into the Option Deeds. These arrangements do not give QIAGEN, QIAGEN Australia or any of its associates voting power in any Cellestis Shares.

The Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN Australia as Annexures A and B to its notice of initial substantial holder. Section 8.4 provides further information about the Option Deeds.

5.8.2 Dealings in Cellestis Shares

Other than in respect of the Option Deeds and under the Scheme, during the period of four months ending on the date of this Scheme Booklet neither QIAGEN, QIAGEN Australia nor any of their associates has provided or agreed to provide any consideration for any Cellestis Shares under any purchase or agreement.

5.8.3 Benefits to holders of Cellestis Shares

Other than as set out above, neither of QIAGEN, QIAGEN Australia nor their associates has given, or agreed to give, a benefit to another person that might induce that person or an associate of that person to:

- vote in favour of the Scheme; or
- dispose of their Cellestis Shares,

during the period of four months ending on the date of this Scheme Booklet and which was not offered to all other Scheme Shareholders.

Section 6
Taxation Implications

6.1 Introduction

Cellestis has applied to the ATO for a Class Ruling in relation to the Australian tax implications of the Scheme. At the date this Scheme Booklet was issued, the ATO's final response to the issues raised in the application has not been received. Once published the Class Ruling will be available on the ATO's website at www.ato.gov.au and Cellestis will make an announcement to the ASX.

The following is a general summary of the principal Australian tax consequences generally applicable to Cellestis Shareholders who dispose of their Cellestis Shares under the Scheme and hold their Cellestis Shares on capital account for the purposes of investment. You should make your own inquiries and seek independent professional advice on your circumstances.

In particular, this outline does not apply to Cellestis Shareholders who hold their Cellestis Shares on revenue account or as trading stock, acquired their Cellestis Shares pursuant to an employee option plan, or who are a bank, insurance company, tax exempt organisation or superannuation fund that is subject to special tax rules or who are non-resident shareholders that hold their Cellestis Shares as an asset of a permanent establishment in Australia.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Scheme Booklet. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Cellestis Shareholder. This outline is general in nature and does not constitute taxation advice and should not be relied upon as such. Each Cellestis Shareholder is advised to consult with their own tax adviser regarding the consequences of acquiring, holding or disposing of Cellestis Shares in light of current tax laws and their particular investment circumstances.

6.2 Australian resident Cellestis Shareholders

The Class Ruling application seeks confirmation that the Commissioner will not make a determination under certain integrity provisions in the Income Tax Assessment Act to deny Australian resident Cellestis Shareholders the benefit of the franking credit to be attached to the Special Dividend if paid. The comments in this Section are based on a favourable Class Ruling issuing in relation to the application of those provisions.

Assuming a favourable Class Ruling is issued:

a. A Cellestis Shareholder who directly receives the Special Dividend if paid will, subject to compliance with the 'holding period rules', include the amount of that dividend plus the amount of the attached franking credit in their assessable income and be entitled to a tax offset equal to the amount of the franking credit.

b. A Cellestis Shareholder will satisfy the holding period rules if they have held their Cellestis Shares 'at risk' for at least 45 days during the period ending on the Record Date for the Special Dividend.

c. A Cellestis Shareholder will not be taken to have held their Cellestis Shares 'at risk' where the Cellestis Shareholder holds 'positions' (such as options or other hedging arrangements) which materially diminish the risk of loss or opportunities for gain in respect of those shares.

d. A Cellestis Shareholder who satisfies the holding period rules and who is an individual, a complying superannuation fund or registered charity (in certain circumstances) will generally be entitled to a refund to the extent that the franking credit attached to the Special Dividend if paid exceeds the Cellestis Shareholder's tax liability for the income year.

e. A Cellestis Shareholder who satisfies the holding period rules and that is a company will generally be entitled to a carry forward tax loss to the extent that the franking credit attached to the dividend exceeds the shareholder's tax liability for the income year. Receipt of a franked Special Dividend if paid will also give rise to a credit to the franking account of a Cellestis Shareholder that is a company.

If the Commissioner determines that the Special Dividend breaches section 177EA, he may either require Cellestis to make a further debit to the company's franking account or deny Cellestis Shareholders the benefit of the franking credit. If the Commissioner requires a further debit to the company's franking account, Cellestis would likely become liable to pay franking deficit tax in respect of the 2010/11 income year and the amount thereof would not be able to be wholly offset against company tax subsequently assessed to the company. If the Commissioner determines to deny the benefit of the franking credit, Cellestis Shareholders would not be required to include the amount of the franking credit attached to the Special Dividend in their assessable income and would not be entitled to a tax offset.

If the Scheme is implemented, the disposal of the Cellestis Shares will be a CGT event for Cellestis Shareholders. The time of the CGT event will be the Implementation Date. In summary, the consequences of the CGT event that takes place in respect of the Cellestis Shares are as follows:

a. A capital gain (or capital loss) arising to a Cellestis Shareholder is determined as the capital proceeds received less the CGT cost base (or reduced cost base) of the Cellestis Shares.

b. The capital proceeds for the disposal of the Cellestis Shares will be equal to the Scheme Consideration payable pursuant to the Scheme for each Cellestis Share. The CGT cost base of the Cellestis Shares will generally include the actual (or deemed) cost of acquisition plus incidental costs associated with the acquisition and disposal of the Cellestis Shares.

c. Any capital gain made (after offsetting any capital losses) will be included in the Cellestis Shareholder's assessable income. A capital loss that arises on the disposal of the Cellestis Shares can generally be offset against any other capital gains that arise in the same year. Any unutilised capital losses can generally be carried forward and offset against capital gains in future years, subject to satisfying the relevant loss utilisation rules.

d. A Cellestis Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their Cellestis Shares 12 months or more before the Scheme Implementation Date. The CGT discount is not available to companies, nor does it apply to Cellestis Shares owned (or deemed to be owned) for less than the relevant 12 month period.

e. For Cellestis Shares that were acquired at or before 21 September 1999, an indexation method may be available to determine the amount of any capital gain. In summary, the cost base of the Cellestis Shares may be adjusted to include an indexation component. Cellestis Shareholders should seek their own advice regarding these rules. If the indexation method is applied, the CGT discount method referred to in (d) above may not be applied.

6.3 Non-Australian resident Cellestis Shareholders

Under current rules, Cellestis Shareholders that are non-residents of Australia for taxation purposes and who do not hold their Cellestis Shares as an asset of a permanent establishment in Australia, will generally not have to pay Australian tax on any capital gain that arises on the disposal of their Cellestis Shares. Non-Australian resident Cellestis Shareholders should seek their own taxation advice as to the taxation implications of the Scheme in their country of residence.

6.4 Stamp duty and GST

No stamp duty or GST will be payable by Cellestis Shareholders in respect of their disposal of Cellestis Shares. The extent to which a Cellestis Shareholder is entitled to recover any GST incurred on costs relating to the disposal of Cellestis Shares will depend on the individual circumstances of each Cellestis Shareholder.

Section 7
Key terms of the Scheme Implementation Deed

7.1 Overview

Cellestis, QIAGEN and QIAGEN Australia entered into the Scheme Implementation Deed on 3 April 2011. The Scheme Implementation Deed sets out each party's rights and obligations in connection with the implementation of the Scheme. This Section outlines certain key terms of the Scheme Implementation Deed.

The full terms of the Scheme Implementation Deed (excluding annexures) is contained in Annexure 6.

7.2 Conditions precedent

The Scheme Implementation Deed contains the following conditions precedent:

a. **(Regulatory approvals)** before 5.00pm on the Business Day before the Second Court Date, all regulatory consents or approvals required to implement the Scheme are obtained from FIRB, ASIC, ASX and any Government Agency which QIAGEN and Cellestis have agreed are necessary or desirable to implement the Scheme;

b. **(Shareholder approval)** the Scheme is approved by Cellestis Shareholders (other than Excluded Shareholders) at the Scheme Meeting by the requisite majorities under the Corporations Act;

c. **(Court approval)** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;

d. **(Restraints)** as at 8.00am on the Second Court Date, no injunction, legal restraint or other prohibition preventing the Scheme is in effect;

e. **(Independent Expert)** the Independent Expert issues a report which concludes that the Scheme is in the best interests of Cellestis Shareholders and does not change that conclusion prior to 8.00am on the Second Court Date;

f. **(No Cellestis Prescribed Occurrence)** no Cellestis Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;

g. **(No Cellestis Material Adverse Change)** no Cellestis Material Adverse Change occurs or otherwise becomes known to QIAGEN between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;

h. **(Cellestis representations and warranties)** as at 8.00am on the Second Court Date, QIAGEN is not entitled to terminate the Scheme Implementation Deed as a result of a material breach of a Cellestis representation or warranty; and

i. **(QIAGEN representations and warranties)** as at 8.00am on the Second Court Date, Cellestis is not entitled to terminate the Scheme Implementation Deed as a result of a material breach of a QIAGEN representation or warranty.

The Scheme also contains the following conditions precedent:

a. all the conditions in clause 3.1 of the Scheme Implementation Deed (other than the condition in the Scheme Implementation Deed relating to Court approval of the Scheme) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8.00am on the Second Court Date;

b. neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

c. approval of the Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to QIAGEN and Cellestis;

d. such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to QIAGEN and Cellestis; and

e. the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Cellestis and QIAGEN agree in writing).

Full details of the conditions are set out in clause 3 of the Scheme Implementation Deed and clause 3.1 of the Scheme.

7.3 Exclusivity arrangements

The Scheme Implementation Deed contains exclusivity arrangements. A summary of these arrangements is set out below:

a. **(No existing discussions)** as at the date of the Scheme Implementation Deed, Cellestis warranted that it was not in discussions or negotiations with any party, other than QIAGEN, in respect of a Competing Transaction;

b. **(No shop)** during the Exclusivity Period, Cellestis must not solicit, invite or initiate any expression of interest, offer or proposal by any person which would reasonably be expected to lead to the making of a Competing Transaction;

c. **(No talk)** during the Exclusivity Period and subject to the fiduciary exception described below, Cellestis must not participate in any discussions or disclose any non-public information about the business of Cellestis which would reasonably be expected to lead to the receipt of a Competing Transaction, or negotiate or enter into any agreement regarding an actual, proposed or potential Competing Transaction;

d. **(Notification)** during the Exclusivity Period and subject to the fiduciary exception described below, Cellestis must as soon as possible notify QIAGEN if it becomes aware of any direct or indirect:

   i) approach or attempt to initiate any negotiations in relation to a potential Competing Transaction;

   ii) proposal made in connection with, or in respect of completion of a Competing Transaction; or

   iii) provision by Cellestis of any material confidential information to any person relating to a Competing Transaction or a proposed or potential Competing Transaction.

   Such notification must include the identity of the relevant person making or proposing to make the proposed or potential Competing Transaction, together with all material terms of such proposal;

e. **(Matching right)** Cellestis must not enter into any agreement to give effect to a Competing Transaction unless Cellestis has provided QIAGEN with the material terms of the Competing Transaction and provided QIAGEN 5 Business Days to provide a matching or superior proposal to the terms of the Competing Transaction; and

f. **(Fiduciary exception to no talk and notification obligations)** the no talk and notification restrictions summarised above do not apply to the extent that they prohibit any action by Cellestis in relation to a Competing Transaction if compliance with those restrictions would constitute or be likely to constitute a breach of the fiduciary or statutory duties of the Cellestis Directors, provided that the Competing Transaction was not brought about by a breach of the no-shop restriction summarised above.

Full details of the exclusivity arrangements are set in clause 10 of the Scheme Implementation Deed.

7.4 Reimbursement fee

Cellestis has agreed to pay QIAGEN a Reimbursement Fee of $3.5 million (exclusive of GST) in certain circumstances. In summary, the Reimbursement Fee will be payable by Cellestis if:

a. prior to the Scheme Meeting, any member of the Cellestis Board fails to recommend the Scheme to Cellestis Shareholders (other than Excluded Shareholders) or makes a public statement that they support a Competing Transaction, other than where:

   i) Cellestis is entitled to terminate the Scheme Implementation Deed due to a failure of a condition precedent or due to a material breach by QIAGEN; or

   ii) the Independent Expert concludes in its report (or in any revised or supplementary report) that the Scheme is anything other than fair and reasonable and in the best interests of the Cellestis Shareholders;

b. during the Exclusivity Period, a Competing Transaction is announced and within nine months of that announcement, the Competing Transaction results in a third party gaining control of Cellestis, acquiring an economic interest in all or a material part of the Cellestis Group, or otherwise acquire or merge with Cellestis, or the relevant third party acquires a relevant interest in more than 50% of the Cellestis Shares and the Competing Transaction is (or becomes) free of defeating conditions; or

c. QIAGEN is entitled to terminate the Scheme Implementation Deed, and has terminated the Scheme Implementation Deed due to a material breach of a Cellestis representation and warranty, or QIAGEN terminates the Scheme Implementation Deed due to a Cellestis Prescribed Occurrence occurring prior to 8.00am on the Second Court Date.

If the Reimbursement Fee becomes payable to QIAGEN, QIAGEN is prohibited from making a claim against Cellestis for any other loss arising from the Scheme not proceeding. That is, the Reimbursement Fee is QIAGEN's exclusive remedy for any loss suffered as a result of the Scheme not proceeding.

There is no reciprocal reimbursement fee payable by QIAGEN to Cellestis if the Scheme does not proceed. However, Cellestis' recourse against QIAGEN for any loss suffered as a result of the Scheme not proceeding is not limited under the Scheme Implementation Deed in the same way as QIAGEN (i.e. by the amount of the Reimbursement Fee).

Full details of the circumstances in which the Reimbursement Fee is payable is set out in clause 11 of the Scheme Implementation Deed.

7.5 Termination

Either Cellestis or QIAGEN may terminate the Scheme Implementation Deed in any of the following circumstances:

a. the other party has materially breached any provision of the Scheme Implementation Deed (other than a breach of the representations and warranties) where the breach is not remedied within a prescribed period;
b. Cellestis Shareholders (other than Excluded Shareholders) fail to approve the Scheme by the required majorities;
c. any of the conditions precedent are not satisfied or waived and the parties cannot resolve the failure in order to satisfy the condition precedent following consultation with each other in accordance with the terms of the Scheme Implementation Deed;
d. the Court fails to approve the convening of Scheme Meeting or the Court fails to approve the implementation of the Scheme;
e. prior to 8.00am on the Second Court Date, either a Cellestis entity or a QIAGEN entity becomes insolvent;
f. the Cellestis Board or a majority of the Cellestis Board has withdrawn or adversely changes or modifies their recommendation of the Scheme; or
g. the Scheme is not approved by the Court by the End Date.

In addition, QIAGEN may terminate the Scheme Implementation Deed at any time prior to 8.00am on the Second Court Date, if:

a. a Cellestis Material Adverse Change occurs or is announced or otherwise becomes apparent to QIAGEN; or
b. a Cellestis Prescribed Occurrence occurs, is announced or otherwise becomes apparent to QIAGEN.

7.6 Representations and warranties

Each of Cellestis and QIAGEN has given representations and warranties to the other. Schedule 1 and Schedule 2 of the Scheme Implementation Deed set out in full the representations and warranties provided by the parties.

Cellestis and QIAGEN may only terminate the Scheme Implementation Deed for a material breach of a representation or warranty provided by the other party if:

a. written notice has been provided to the other party;
b. the relevant material breach continues to exist 5 Business Days after written notice has been provided; and
c. the loss that could be reasonably expected to follow from such a material breach would exceed $3 million in aggregate.

7.7 Stamp duty

No stamp duty should be payable by Cellestis Shareholders on the disposal of their Cellestis Shares under the Scheme. If stamp duty is payable in connection with the Scheme, QIAGEN has the obligation under the Scheme Implementation Deed to pay the applicable stamp duty.

7.8 End Date

Cellestis and QIAGEN have committed to implement the Scheme by the End Date, being 31 August 2011. The End Date may be otherwise agreed in writing between Cellestis and QIAGEN in certain circumstances.

Section 8
Scheme Implementation Procedures

8.1 Implementation of the Scheme

The steps to implement the Scheme are set out below:

a. on 3 April 2011, Cellestis, QIAGEN and QIAGEN Australia entered into the Scheme Implementation Deed in relation to the Scheme under which Cellestis agreed to propose the Scheme;
b. on 9 June 2011, QIAGEN and QIAGEN Australia executed the Deed Poll pursuant to which they agreed, subject to the Scheme becoming Effective, to provide to each Scheme Shareholder the consideration to which such Scheme Shareholder is entitled under the terms of the Scheme. A copy of the Deed Poll is included in Annexure 5;
c. on 14 June 2011, the Court ordered that Cellestis convene the Scheme Meeting at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria commencing at 1.30pm on 20 July 2011, for the purposes of considering the Scheme;
d. Cellestis Shareholders on the Register as at 7.00pm on 18 July 2011 (with the exception of the Excluded Shareholders) are entitled to vote at the Scheme Meeting;

e. Cellestis will apply to the Court for an order approving the Scheme if the Scheme is approved by the requisite majority of Cellestis Shareholders (other than Excluded Shareholders) at the Scheme Meeting. Each Cellestis Shareholder has the right to appear at Court at the application by Cellestis for orders approving the Scheme. A Cellestis Shareholder wishing to appear at Court to oppose the approval of the Scheme can do so by filing with the Court and serving on Cellestis a notice of appearance in the prescribed form together with any affidavit on which you may wish to rely at the hearing. The Court has a discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the requisite majority of Cellestis Shareholders (other than Excluded Shareholders);

f. if the Court order approving the Scheme is obtained, then Cellestis will lodge with ASIC an office copy of the Court order under Section 411 of the Corporations Act. The date on which this occurs will become the Effective Date;

g. no dealings in Cellestis Shares will be permitted after the Effective Date, although the process to register dealings that took place on or before the Effective Date will continue until 7.00pm on the Scheme Record Date;

h. if the Scheme becomes Effective, Cellestis will immediately give notice of that event to ASX. Once the Scheme becomes Effective, Cellestis, QIAGEN and QIAGEN Australia will become bound to implement the Scheme in accordance with its terms;

i. if the Scheme becomes Effective:

i) all of the Scheme Shares will be transferred to QIAGEN Australia on the Implementation Date without the need for any further act by any Scheme Shareholder, by:

- Cellestis procuring the delivery to QIAGEN Australia of duly completed and executed transfer form or forms to transfer all of the Scheme Shares to QIAGEN Australia; and
- Cellestis entering the name of QIAGEN Australia in the Register as the holder of all of the Scheme Shares;

ii) you will receive from QIAGEN Australia $3.55 cash for each Cellestis Share you hold less the cash amount of the Special Dividend, if it is declared or determined to be paid by the Cellestis Board. If the Special Dividend is declared or determined, it is expected that the Special Dividend will be up to 7 cents per Cellestis Share fully franked. However, the exact amount of the Special Dividend (if any) will only be finally determined at the time of its declaration, after analysis of the financial position of Cellestis at the time. If the Scheme is not implemented, the proposed Special Dividend will not be paid

For example, if a Special Dividend of 7 cents is declared or determined, Cellestis Shareholders will receive $3.48 cash per Cellestis Share from QIAGEN Australia under the Scheme and 7 cents per Cellestis Share from Cellestis as a Special Dividend, as the Scheme Consideration, representing Total Cash Payments of $3.55 per Cellestis Share. The Scheme is not conditional on the payment of the Special Dividend and the Cellestis Board may decide not to declare or determine to pay the Special Dividend.

Cellestis has filed the necessary application for a tax ruling with the ATO in relation to the Special Dividend. If a favourable ATO ruling is received, it is expected that the Special Dividend will be declared on 21 July 2011 and paid within 3 Business Days after the Implementation Date, which is currently anticipated to be 16 August. Payment of the Scheme Consideration is also expected to be made within 3 Business Days after the Implementation Date. On the current indicative timetable, that means that payment of the Scheme Consideration and Special Dividend, if declared, will be dispatched between 16 August 2011 and 19 August 2011;

iii) all payments will be made by making a deposit into Scheme Shareholders' nominated bank accounts (being the bank accounts nominated by Scheme Shareholders to receive dividend payments) as advised to the Cellestis Share Registry. If Scheme Shareholders do not have a nominated bank account, a cheque will be sent to each Scheme Shareholder within 3 Business Days after the Implementation Date to the registered address as shown in the Register; and

iv) in the case of Cellestis Shares held in joint names, the payments will be made or forwarded to the registered address of this joint holding as at the Scheme Record Date or the Special Dividend Record Date (as appropriate).

j. The Scheme will not become Effective if the Scheme Implementation Deed is terminated or if the other conditions precedent, referred to in Section 7, are not satisfied or waived.

k. If the Scheme becomes Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Cellestis and all of the Cellestis Directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any

document necessary to give effect to the Scheme including a proper instrument of transfer of its Cellestis Shares.

8.2 Cellestis Employee Share Options

Under the Scheme Implementation Deed, it is proposed that, if the Scheme proceeds, all of the outstanding Employee Share Options will be cancelled and that the holders of those options will be paid a cash price determined using the Black-Scholes Valuation Methodology. The amount to be paid by Cellestis for cancellation of the various tranches of the Employee Share Options is set out below:

Exercise Price	$2.50	$2.80	$3.32
Number	2,100,000	200,000	120,000
Expiry	16 Apr 14	30 Apr 14	27 Nov 13
Cancellation Price per Employee Share Option	$1.60	$1.46	$1.18
Total consideration	$3,360,000	$292,000	$141,600

Each holder of the Employee Share Options has agreed, in accordance with the Option Cancellation Deed, that, conditional upon the Scheme becoming Effective and subject to the terms of the Option Cancellation Deed, each holder of the Employee Share Options will receive a cash consideration in exchange for cancelling the Employee Share Options that they hold.

8.3 Conditions of the Scheme

The Scheme is conditional upon various requirements summarised in Section 7. For further details please refer to the summary of the key terms of the Scheme Implementation Deed in Section 7.

8.4 Option Deeds with founding Cellestis Shareholders

The two founding Cellestis Shareholders and current executive Cellestis Directors, Dr Anthony Radford and Dr James Rothel, have each entered into a separate Option Deed with QIAGEN Australia.

The Option Deeds permit QIAGEN Australia to exercise options to acquire up to 19.9% of Cellestis Shares (comprising the "Tranche A Shares" in respect of 14.9% of the Cellestis Shares and the "Tranche B Shares" in respect of 5% of the Cellestis Shares) at any time during the "Offer Period" (as defined in the Option Deeds) in the circumstances set out in clause 3.1 of the Option Deeds. The exercise of the options over the Tranche B Shares is subject to QIAGEN Australia obtaining FIRB approval. In addition to QIAGEN Australia needing to obtain FIRB approval to exercise the options over the Tranche B Shares, the circumstances in which the options can be exercised are as follows:

a. a Competing Transaction has been announced or received by Cellestis and QIAGEN Australia has elected to match or better the terms of that Competing Transaction;

b. a Competing Transaction that is superior to the Scheme has been announced or received by Cellestis and QIAGEN Australia has elected not to match or better the terms of that Competing Transaction and QIAGEN Australia forms the view that the Competing Transaction is likely to be successful if the Cellestis Shares that are the subject of the option arrangements participate in the Competing Transaction; or

c. during the Offer Period, Dr Radford or Dr Rothel deal with any of the Option Shares or with any of the rights or interests in relation to those Option Shares except as contemplated by the Option Deeds.

If QIAGEN Australia has exercised the options where:

a. the circumstances in paragraph (a) above applied and after the exercise of the options, a Competing Transaction that is superior to QIAGEN's matching or superior proposal is announced or otherwise received by Cellestis and QIAGEN has not provided a further matching or superior proposal to that Competing Transaction in the manner contemplated by the Scheme Implementation Deed; or

b. the circumstances in paragraph (b) above applied,

then QIAGEN Australia must accept or otherwise participate in, including voting in favour of, the Competing Transaction in respect of all of the Cellestis Shares which it receives upon exercise of the options.

The exercise price under the Option Deeds in respect of each option is $3.55 per Cellestis Share. The Option Deeds do not provide QIAGEN Australia with any ability to control voting rights attaching to Cellestis Shares held by Dr Radford or Dr Rothel before the Options are exercised. Each of Dr Radford and Dr Rothel was provided with only nominal consideration ($10) for granting the options to QIAGEN Australia.

As at the date of this Scheme Booklet, no event has occurred that enables QIAGEN Australia to exercise its rights in relation to these arrangements. Full copies of the Option Deeds were lodged with ASX on 5 April 2011 by QIAGEN as Annexures A and B to its substantial holder notice and are available from ASX's website (www.asx.com.au).

8.5 Effective Date

The Scheme will become Effective on the date on which an office copy of the Court order approving the Scheme is lodged with ASIC. If the Scheme becomes Effective, Cellestis will give notice of that event to ASX. On the Effective Date, Cellestis, QIAGEN and QIAGEN Australia will become bound to implement the Scheme in accordance with its terms.

8.6 Dealings in Cellestis Shares

If the Scheme becomes Effective, Cellestis will apply to ASX for suspension of trading in Cellestis Shares on ASX from close of trading on the Effective Date. Cellestis will close the Register at the Scheme Record Date. Any transfer or transmissions application in respect of Cellestis Shares received after the Scheme Record Date (other than those set out in Section 8 will be recognised if received by the registrar after the Scheme Record Date.

Section 9
Additional Information

9.1 Restrictions in the Constitution of Cellestis

There are no restrictions in the Cellestis Constitution on the right to transfer Cellestis Shares pursuant to the Scheme.

9.2 Creditors of Cellestis

The Scheme, if implemented, will not materially prejudice the ability of Cellestis to pay its creditors as it involves the purchase of the Scheme Shares rather than Cellestis' underlying assets. No new liability (other than costs associated with the Scheme) is expected to be incurred by Cellestis as a consequence of the implementation of the Scheme.

9.3 Cellestis Directors' recommendations

After considering the Scheme Implementation Deed, the information in this Scheme Booklet, the Independent Expert's Report and the Independent Expert's Supplementary Report, each of your Directors recommends that you, in the absence of a superior proposal, vote in favour of the Scheme at the Scheme Meeting and intend to do so in respect of their own holdings.

9.4 Cellestis Directors' intentions

If the Scheme is implemented, it is intended that the Cellestis Board will be reconstituted. It is for the reconstituted Cellestis Board to determine its intentions as to the continuation of the business of Cellestis and any major changes (if any) to Cellestis' business and the future employment of the present employees of Cellestis.

The current intentions of QIAGEN with respect to these matters are set out in Section 5.7.

If the Scheme is not implemented, the Cellestis Directors intend to operate Cellestis' business in the ordinary course, which includes reviewing the strategy and operations of Cellestis in accordance with usual Board responsibilities.

9.5 Cellestis Directors' Interests

The Directors of Cellestis and their relevant interests, as at the date of this Scheme Booklet, are:

	Position	Number of Cellestis securities held
Ronald Pitcher	Non-Executive Chairman	160,000
Anthony Radford	Managing Director and Chief Executive Officer	11,449,690
James Rothel	Executive Director	11,449,689
John Bennetts	Non-Executive Director	2,298,607
Antonino Catanzaro	Non-Executive Director	175,000

In addition, Antonino Catanzaro holds 120,000 Employee Share Options, with an exercise price of $3.32 and an expiry date of 27 November 2013. If the Scheme proceeds, the total consideration that Antonino Catanzaro will receive will be $1.18 per Employee Share Option ($141,600 in aggregate).

Refer to Section 8.2 for the implications for holders of Employee Share Options if the Scheme becomes Effective. No Cellestis Director has a relevant interest in any Cellestis securities except as disclosed in this Scheme Booklet. Except as set out below and elsewhere in this Scheme Booklet, no Director or any person associated with a Director, acquired or disposed of Cellestis securities in the period of four months ending on the day immediately before the date of this Scheme Booklet.

9.6 Interests in QIAGEN held by Cellestis and Cellestis Directors

As at the date of this Scheme Booklet, neither Cellestis nor any Cellestis Director has a relevant interest in any securities of QIAGEN. Neither Cellestis nor any Director acquired or disposed of a relevant interest in any securities of QIAGEN in the period of four months ending on the day immediately before the date of this Scheme Booklet.

9.7 Payments, other benefits, agreements or arrangements

Other than as disclosed in this Scheme Booklet, no Directors, secretaries or executive officers of Cellestis will receive any payment or other benefit through the Scheme other than payment of the Total Cash Payments on equivalent terms to all Cellestis Shareholders (other than Excluded Shareholders) in respect of Cellestis Shares to which they are entitled.

If the Scheme is implemented, QIAGEN Australia intends to reconstitute the Cellestis Board. QIAGEN Australia's current intention is that the Cellestis Board after the Implementation Date will comprise Roland Sackers, Peer Schatz, Laurent Daprémont and one other director that is an Australian resident. It is likely that the additional director will be a member of the Cellestis executive team. Other than

as set out in this Scheme Booklet, there is no agreement or arrangement made between any Director and any other person in connection with, or conditional upon, the outcome of the Scheme and no Director has agreed to receive, or is entitled to receive, any benefit from QIAGEN which is conditional on, or connected with, the Scheme (other than in their capacity as a Cellestis Shareholder). No Director has any interest in any contract entered into by QIAGEN.

9.8 Share Splitting

The Scheme Implementation Deed provides that, if the condition precedent relating to shareholder approval is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act and Cellestis and QIAGEN agree that Share Splitting or some other abusive or improper conduct may have caused or contributed to the failure to obtain the requisite majority, then either party may require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable, in which case the other party may not terminate the Scheme Implementation Deed until such time as the Court has made a determination not to grant such approval.

9.9 ASX waivers

Listing Rule 6.23.2 provides that a change to the terms of options which has the effect of cancelling the options for consideration must be approved by shareholders. ASX has granted Cellestis a waiver from Listing Rule 6.23.2 to cancel the Employee Share Options without the approval of Cellestis Shareholders.

Listing Rule 7.14 provides that an entity must not have a record date for any purpose until at least 6 Business Days after its last record date. ASX has granted Cellestis a waiver from Listing Rule 7.14 to permit the Special Dividend Record Date to be within 6 Business Days of the Scheme Record Date.

9.10 Other information material to decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Cellestis Director or director of any Related Bodies Corporate of Cellestis, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to the members of Cellestis.

9.11 Formal disclosures and consents by Cellestis

Other than as set out in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in the formation or promotion of Cellestis, any property acquired or proposed to be acquired by Cellestis in connection with its formation or promotion or in connection with the Scheme. Other than as set out in this Scheme Booklet, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the preparation of this Scheme Booklet or in connection with the formation or promotion of Cellestis or in connection with the Scheme.

The persons performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet on behalf of Cellestis are Baker & McKenzie (as legal adviser in relation to Australian legal issues), Credit Suisse (Australia) Limited (as financial adviser), Pitcher Partners Advisors Proprietary Limited (as tax adviser), Computershare Investor Services Pty Limited (as Cellestis' Share Registry) and Deloitte Corporate Finance Pty Ltd (as the author of the Independent Expert's Report and the Independent Expert's Supplementary Report).

Each of those persons is entitled to receive professional fees charged in accordance with their normal basis of charging. The fee for professional services paid or payable to the Independent Expert is A$180,000 (plus GST).

Each of those persons has given, and has not withdrawn before the date of this Scheme Booklet, its consent to be named in this Scheme Booklet in the form and context in which each of them are named. Each of those persons has not authorised or caused the issue of this Scheme Booklet and does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than in respect of the portions of the Independent Expert's Report and the Independent Expert's Supplementary Report, prepared by them and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party.

Each of QIAGEN and QIAGEN Australia has given, and has not withdrawn before the date of this Scheme Booklet, its consent to be named in this Scheme Booklet in the form and context in which it is named, on the basis set out in the Responsibility for Information paragraph contained in the "Important Notices" section at the start of this Scheme Booklet.

9.12 Supplementary Information

Cellestis will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meeting: a material statement in this Scheme Booklet is false or misleading, a material omission from this Scheme Booklet, a significant change affecting a matter included in this Scheme Booklet, or a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Cellestis may circulate and publish the supplementary document by any or all of posting the supplementary document on its website (www.cellestis.com), making an announcement to ASX or issuing a supplementary Scheme Booklet.

Section 10 - Glossary

10.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
ATO	Australian Taxation Office.
AUD or $	a reference to the lawful currency of Australia.
BCG	means Bacille Calmette-Guerin vaccination.
Black-Scholes Valuation Methodology	means a generally accepted valuation methodology to determine the fair market value of financial derivatives, including options. The methodology incorporates a number of assumptions, including the relevant terms of the options, the underlying Cellestis Share price information, the volatility of the Cellestis Share price and an assessment of the risk free interest rate for the life of the options.
Business Day	a business day as defined in the Listing Rules.
CE	Conformité Européenne.
Cellestis or the Company	Cellestis Limited (ACN 094 962 133) and, where the context requires, includes its wholly owned subsidiaries.
Cellestis Board	the Board of Directors of Cellestis.
Cellestis Constitution	the Cellestis constitution as amended from time to time.
Cellestis Directors or Directors	the Directors of Cellestis, in office at the date of lodgement of this Scheme Booklet for registration by ASIC, or in office from time to time, as the context requires.
Cellestis Employee Option Plan	the plan under which certain employees of Cellestis have been granted Employee Share Options.
Cellestis Group	Cellestis and its Related Bodies Corporate.
Cellestis Material Adverse Change	the meaning given to that term in clause 1.1 of the Scheme Implementation Deed.
Cellestis Prescribed Occurrence	the meaning given to that term in clause 1.1 of the Scheme Implementation Deed.
Cellestis Share	a fully paid ordinary share in Cellestis.
Cellestis Share Registry	Computershare Investor Services Pty Limited.
Cellestis Shareholder	each person who is registered in the Register as a holder of Cellestis Shares.
CGT	Australian capital gains tax.
Competing Transaction	a transaction or arrangement pursuant to which a third party will, if the transaction or arrangement is entered into or competed: 1. acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a material part of the business of the Cellestis Group; 2. acquire a relevant Interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in 20% or more of the Cellestis Shares (other than a third party in a capacity as custodian, nominee, bare trustee, hedge fund, fund manager or similar or equivalent capacity); 3. acquire control (as determined in accordance with section 50AA of the Corporations Act) of Cellestis; or 4. otherwise acquire or merge with Cellestis, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction or buy back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.
Corporations Act	Corporations Act 2001 (Cth).
Corporations Regulations	Corporations Regulations 2001 (Cth).

Court	Supreme Court of Victoria.
cps	cents per share
CSAG	Cellestis Shareholders Action Group.
Deed Poll	the deed poll dated 9 June 2011 made by QIAGEN and QIAGEN Australia in favour of Scheme Shareholders, a copy of which (without attachments) is contained in Annexure 5.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation expenses.
Effective	when used in relation to the Scheme, means the coming into effect, pursuant to Section 411(10) of the Corporations Act, of the order of the Court made under Section 411(4)(b) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
Employee Share Options	the options granted over unissued Cellestis Shares under the Cellestis Employee Option Plan.
End Date	31 August 2011.
Excluded Shareholder	any Cellestis Shareholder who is a QIAGEN Group Member.
Exclusivity Period	the period from and including 3 April 2011 to the earlier of the Implementation Date, the termination of the Scheme Implementation Deed and the End Date.
FIRB	the Foreign Investment Review Board.
FDA	the U.S Food and Drug Administration.
Government Agency	includes ASX, ASIC, the Australian Competition and Consumer Commission, any regulatory organisation established under statute and any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
GST	the same as in the GST Law any other goods and services tax, or any tax applying to the performance of any obligations under this agreement in a similar way and any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.
GST Law	the same as "GST law" in A New Tax System (Goods and Services Tax) Act 1999 (Cth).
IGRA	interferon-gamma release assays.
Implementation Date	the date on which the Scheme is to be implemented (expected to be 16 August 2011).
Independent Expert	Deloitte Corporate Finance Pty Ltd.
Independent Expert's Report	the report prepared by the Independent Expert titled "Independent expert's report and Financial Services Guide June 2011", a copy of which is set out in Annexure 1.
Independent Expert's Supplementary Report	the report prepared by the Independent Expert titled "Independent assessment of the valuation prepared by the Cellestis Shareholders Action Group and Financial Services Guide June 2011", a copy of which is set out in Annexure 2.
IT	Information Technology.
Listing Rules	the Listing Rules of ASX.
LTBI	Latent tuberculosis infection.
LTM	last twelve months.
NPAT	net profit after tax from continuing operations attributable to owners of Cellestis.
Notice of Meeting	the notice of meeting relating to the Scheme which is contained in Annexure 3.
PBT	profit from operations before tax.
Option Cancellation Deed	each Option Cancellation Deed between Cellestis and a holder of Employee Share Options in relation to the cancellation of all outstanding Employee Share Options.
Option Deeds	the Option Deeds dated 3 April 2011 between: 1. QIAGEN Australia, Dr Anthony Radford and Koona Nominees Pty Limited; and 2. QIAGEN Australia, Dr James Rothel and Linda Rothel.
QFT	Cellestis' third generation product, QuantiFERON® TB Gold-In-Tube.
QIAGEN	QIAGEN N.V., and where the context requires includes its wholly owned subsidiaries.
QIAGEN Australia	QIAGEN Australia Holding Pty Limited, a wholly owned subsidiary of QIAGEN.

QIAGEN Group Member	QIAGEN and each of its Related Bodies Corporate (including QIAGEN Australia) and a reference to QIAGEN Group Member is to QIAGEN or any of its Related Bodies Corporate.
R&D	research and development.
Register	the register of Cellestis Shareholders maintained in accordance with the Corporations Act.
Reimbursement Fee	$3.5 million (exclusive of any GST).
Related Body Corporate	has the meaning given to that term given in the Corporations Act.
Resolution	resolution to approve the terms of the Scheme.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Cellestis and the Scheme Shareholders, a copy of which is set out in Annexure 4.
Scheme Booklet	this document.
Scheme Consideration	in respect of each Scheme Share, $3.55 cash less the cash amount of the Special Dividend, if it is declared and paid.
Scheme Implementation Deed	the Scheme Implementation Deed dated 3 April 2011 (and the letter of variation dated 10 June 2011) entered into between Cellestis, QIAGEN and QIAGEN Australia which each party undertakes to give effect to the Scheme. A copy of the Scheme Implementation Deed (without attachments) together with letter of variation is reproduced in Annexure 6 of this Scheme Booklet.
Scheme Meeting	the meeting of Cellestis Shareholders (other than Excluded Shareholders) ordered by the Court to be convened pursuant to Section 411(1) of the Corporations Act at which Cellestis Shareholders (other than Excluded Shareholders) will vote on the Scheme.
Scheme Record Date	the date for determining entitlements to the Scheme Consideration expected to be 5.00pm 9 August 2011.
Scheme Share	a Cellestis Share held by a Scheme Shareholder as at 5.00pm on the Record Date.
Scheme Shareholder	each person who is a Cellestis Shareholder (other than an Excluded Shareholder) as at 5.00pm on the Scheme Record Date.
Second Court Date	the date on which the Court hears the application to approve the Scheme (expected to be 27 July 2011) or, if adjourned, the date of the adjourned hearing.
Share Splitting	the splitting by a holder of Scheme Shares of those Scheme Shares into two or more parcels of Scheme Shares whether or not it results in any change of beneficial ownership of Scheme Shares.
Special Dividend	a fully franked cash dividend, subject to receipt of a positive class ruling from the ATO by 8.00am on the Second court Date, to be paid by Cellestis as a special dividend and which is not franked in excess of the available franking credits of Cellestis at the time of payment.
Special Dividend Record Date	the date for determining entitlements to the Special Dividend (if determined) expected to be 5.00pm 5 August 2011.
Total Cash Payments	the total cash payments of $3.55 per Cellestis Share, comprising the Scheme Consideration and a proposed Special Dividend (if any), with the Scheme Consideration being $3.55 cash per Cellestis Share less any Special Dividend declared or determined to be paid, such dividend expected to be up to 7 cents cash per Cellestis Share.
USD	USD or $US means a reference to the lawful currency of the United States of America.

10.2 Interpretation

In this Scheme Booklet:

a. other words and phrases have the same meaning (if any) given to them in the Corporations Act;
b. words of any gender include all genders;
c. words importing the singular include the plural and vice versa;
d. an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
e. a reference to a Section or Annexure, is a reference to a Section of or Annexure of, this Scheme Booklet as relevant;
f. a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
g. headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
h. a reference to time is a reference to Melbourne time;
i. unless otherwise indicated, a reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
j. an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
k. the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Section 11 - Corporate Directory

Directors
Ronald Pitcher
Anthony Radford
James Rothel
John Bennetts
Antonino Catanzaro

Chief Financial Officer and Company Secretary
Brian Manuel

Website
www.cellestis.com

Stock Exchange Listing
Cellestis Limited is listed on ASX (Code: CST)

Principal and Registered Office
Cellestis Limited
Level 1, Office Tower 2
1341 Dandenong Road
Chadstone Centre VIC 3148
Tel: +61 3 8527 3500

Share Registry
Computershare Investor Services Pty Limited
GPO BOX 242
Melbourne Victoria 3001
Telephone: +61 3 9415 5000
Facsimile: +61 3 9473 2500

Legal Adviser
Baker & McKenzie
Level 19
181 William Street
Melbourne VIC 3000

Financial Adviser
Credit Suisse
Level 41
101 Collins Street
Melbourne VIC 3000

Independent Expert
Deloitte Corporate Finance Pty Ltd
550 Bourke Street
Melbourne VIC 3000

Annexure 1 - Independent Expert's Report and Financial Services Guide

Deloitte.

Cellestis Limited

Independent expert's report and Financial Services Guide

June 2011

Financial Services Guide

What is a financial services guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately AUD 140,000 (excluding GST) in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the proposed acquisition by a wholly owned subsidiary of QIAGEN NV (QIAGEN) of all of the shares in Cellestis Limited (Cellestis) by way of a scheme of arrangement, for scrip consideration (the Proposed Scheme).

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance. We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Touche Tohmatsu holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte.

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The Directors
Cellestis Limited
Level 1, Office Tower 2
1341 Dandenong Road
Chadstone Centre VIC 3148

10 June 2011

Dear Directors

Independent expert's report

Introduction

On 4 April 2011, Cellestis Limited (Cellestis or the Company) announced that it had entered into a scheme implementation deed with QIAGEN N.V. (QIAGEN), a company listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) and the Frankfurt Stock Exchange, under which a wholly owned subsidiary of QIAGEN would acquire all of the fully paid ordinary shares in Cellestis by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (the Corporations Act) for cash consideration of Australian dollars (AUD) 3.55 per share (the Proposed Scheme).

The consideration offered under the Proposed Scheme may include a fully franked cash dividend, subject to receipt of a positive tax ruling from the Australian Taxation Office, to be paid by Cellestis as a special dividend. The payment of the special dividend is subject to approval by the board of Cellestis. The amount of the fully franked dividend is expected to be up to AUD 0.07 and, if paid, will reduce the cash consideration by that amount such that the total payment to the shareholders of Cellestis (Shareholders) will be AUD 3.55. For example, if the amount of the special dividend was AUD 0.07, the cash payment to Shareholders would be AUD 3.48.

Upon completion of the Proposed Scheme, Cellestis would become a wholly owned subsidiary of QIAGEN and would subsequently be delisted from the Australian Securities Exchange (ASX). The board of Cellestis has prepared a scheme booklet containing the detailed terms of the Proposed Scheme (the Scheme Booklet) and an overview of the Proposed Scheme is provided in Section 1 of our detailed report.

Purpose of the report

Whilst an independent expert's report in respect of the Proposed Scheme is not required to meet any statutory obligations, the directors of Cellestis have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Proposed Scheme is in the best interests of the shareholders of Cellestis (the Shareholders).

This independent expert's report has been prepared in a manner consistent with Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) (Part 3) to assist Shareholders in their consideration of the Proposed Scheme. We have prepared this report having regard to Part 3 and the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides.

This report is to be included in the Scheme Booklet to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Scheme. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a takeover bid in accordance with Chapter 6 of the Corporations Act. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act (Section 640) requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

Under ASIC Regulatory Guide 111, which provides guidance in respect of the content of expert reports, a control transaction such as the Proposed Scheme is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed scheme, in the absence of any higher bids. Our analysis of these reasonableness factors is set out in Section 7.3.

To assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the test of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Summary and conclusion

In our opinion the Proposed Scheme is fair and reasonable and therefore is in the best interests of Shareholders. In arriving at this opinion, we have had regard to the following factors:

The Proposed Scheme is fair

Set out in the table below is a comparison of our assessment of the fair market value of a share in Cellestis with the consideration being offered by QIAGEN under the Proposed Scheme.

Table 1: Evaluation of fairness

	Low value (AUD)	High value (AUD)
Deloitte Corporate Finance selected value per share in Cellestis (on a control basis)	3.00	3.52
Cash consideration offered by QIAGEN	3.55	3.55

Source: Deloitte Corporate Finance analysis

The consideration offered by QIAGEN is above the range of our estimate of the fair market value of a share in Cellestis. Accordingly it is our opinion that the Proposed Scheme is fair. In the event that a special fully franked dividend of AUD 0.07 forms part of the consideration under the Proposed Scheme, the value of the consideration could be in the range of AUD 3.54 to AUD 3.58, depending on an individual Shareholder's marginal tax rate. The fully franked dividend component of the consideration does not affect our opinion as to the fairness of the Proposed Scheme.

Valuation of a share in Cellestis

Key issues

There are a number of market and customer issues which affect the growth prospects of Cellestis and therefore the Company's fair market value. There is significant uncertainty as to the impact of these issues on the value of a share in Cellestis. We have considered these issues, which are set out below, in selecting our valuation methodology:

- **recent revenue growth rates achieved by Cellestis** – Cellestis has achieved strong revenue and earnings growth in the past few years and is expected to continue to do so in the near term as QuantiFERON-TB Gold In-Tube continues to develop its market share
- **effectiveness of interferon gamma release assays** – interferon gamma release assays such as QuantiFERON-TB Gold In-Tube have been demonstrated to provide greater sensitivity and specificity in the diagnosis of latent tuberculosis than the incumbent tuberculin skin tests. This has enabled Cellestis to generate revenue growth and expand its market share over the past few years as discussed in Section 4.9. The possible extent of Cellestis' future expansion of market share is, however, highly uncertain
- **market size for latent tuberculosis tests** – whilst the overall number of people infected with latent tuberculosis is significant, the actual market for latent tuberculosis testing is relatively small as the tests are more common in developed countries for certain screening purposes
- **response of health sector towards new technology in diagnostics** – the slow rate of change in adoption of new diagnostic technologies in the health sector will pose a challenge to Cellestis in gaining market share from the producers of the incumbent tuberculin skin tests
- **take-up of novel diagnostic products** – the relatively slow take-up rates of interferon gamma release assays. QuantiFERON-TB Gold In-Tube has a market share in the region of 5% despite the QuantiFERON technology being available in the market for more than seven years
- **prospects of competition from generic and novel diagnostics** – the prospect of competition from generic alternatives to QuantiFERON-TB Gold In-Tube as the key patents held by Cellestis expire as well as competition from potential novel diagnostics for latent tuberculosis
- **market fragmentation** – the fragmented market for latent tuberculosis testing, particularly in the USA and Europe, poses a significant challenge to Cellestis in continuing growth in QuantiFERON-TB Gold In-Tube sales.

Selected valuation methodology

We consider it appropriate to value a share in Cellestis using the capitalisation of maintainable earnings method due to the following factors:

- Cellestis has generated positive earnings over the past three years and is expected to continue to do so
- Cellestis has maintained relatively steady earnings margins, despite significant currency fluctuations over the past few years
- the capital expenditure requirements of the business are low and no significant capital expenditure is expected in the near future
- Cellestis as a business does not have a finite lifespan
- there is an adequate number of publicly listed companies with operations sufficiently similar to those of Cellestis to permit meaningful analysis of the comparable companies' operating margins and earnings multiples observed from share trading and comparable transactions.

Due to the inherent uncertainties around the key issues faced by Cellestis discussed above, there is a wide range of reasonable scenarios that could underpin a discounted cash flow analysis, and therefore a wide range of possible valuation outcomes. Therefore, we do not consider it appropriate to adopt the discounted cash flow methodology as our primary valuation approach. Consequently, we have adopted the capitalisation of maintainable earnings method as our primary valuation methodology. Notwithstanding the limitations associated with using the discounted cash flow analysis as a primary valuation method, we have used a high level discounted cash flow valuation as a cross check to provide additional evidence of the fair market value of a share in Cellestis.

We have also had regard to share trading in Cellestis shares prior to the announcement of the Proposed Scheme.

Valuation of a share in Cellestis

The estimated fair market value of a share in Cellestis under the capitalisation of maintainable earnings method is in the range of AUD 3.00 to AUD 3.52 on a control basis. This method requires the selection of estimated future maintainable earnings, and an appropriate earnings multiple.

We have estimated the future maintainable earnings before interest and tax (EBIT) of Cellestis to be in the range of AUD 15.0 million to AUD 16.0 million, having had regard to Cellestis' business plan, historical results and forecast financial year (FY) June 2011 and June 2012 EBIT and outlook for the Company. The selected future maintainable EBIT is based on the expected earnings for the calendar year ending 31 December 2011. This is consistent with the multiples observed for the comparable companies which predominantly have fiscal years ending 31 December and the selected EBIT multiple as discussed in Section 6.2.2. A detailed discussion on the selected future maintainable EBIT is set out in Section 6.2.1.

We have selected an EBIT multiple in the range of 18.0 times to 20.0 times (on a control basis), having considered market trading multiples observed for companies comparable to Cellestis, earnings multiples implied by transactions involving broadly comparable companies, and an appropriate control premium. We have placed greater weight on the trading multiples observed for the comparable listed companies as many of the broadly comparable transactions were completed prior to the commencement of the global financial crisis in 2008 and the multiples implied by those transactions are based on historical earnings rather than current earnings. A detailed discussion on the selected EBIT multiple is set out in Section 6.2.2.

We have considered the enterprise value of Cellestis on a control basis under a range of higher and lower earnings multiples and future maintainable earnings, as set out in the table below.

Table 2: Enterprise value – capitalisation of future maintainable earnings method (AUD million)

	Future maintainable EBIT (AUD million)				
Selected EBIT multiples (times)	13.0	14.0	15.0	16.0	17.0
16.0 times	208.0	224.0	240.0	256.0	272.0
18.0 times	234.0	252.0	270.0	288.0	306.0
20.0 times	260.0	280.0	300.0	320.0	340.0
22.0 times	286.0	308.0	330.0	352.0	374.0

Source: Deloitte Corporate Finance analysis

We consider the enterprise value of Cellestis to be in the range of AUD 270 million to AUD 320 million.

The following table sets out our valuation of a share in Cellestis on a control basis.

Table 3: Valuation of a share in Cellestis

	Section	Low (AUD million)	High (AUD million)
Maintainable EBIT	6.2.1	15.0	16.0
EBIT multiple (on a control basis)	6.2.2	18.0	20.0
Enterprise value before surplus assets (on a control basis)		270.0	320.0
Deloitte Corporate Finance selected enterprise value before surplus assets (on a control basis)		**270.0**	**320.0**
Liability in respect of the employee share options	6.2.4	(3.8)	(3.8)
Enterprise value (on a control basis)		**266.2**	**316.2**
add: Net cash	6.2.5	22.5	22.5
Equity value (on a control basis)		**288.8**	**338.8**
Shares on issue	4.7	*96.2*	*96.2*
Estimated value per share (on a control basis)		**3.00**	**3.52**
Selected value per share		**3.00**	**3.52**

Source: Deloitte Corporate Finance analysis

We have estimated the fair market value of a share in Cellestis on a control basis based on the capitalisation of maintainable earnings method to be in the range of AUD 3.00 to AUD 3.52.

The factors we considered in selecting the valuation methodology (as discussed above) give rise to significant uncertainty as to the future outlook for Cellestis, in particular, its ability to grow revenues and market share in the medium to long term. Consequently, our valuation range for a share in Cellestis is approximately 18%. We do not consider this valuation range unreasonable in these circumstances.

To provide additional evidence of the fair market value of a share in the Cellestis, we have considered the value of a share using a high level discounted cash flow methodology. Our discounted cash flow analysis considered the following three growth scenarios for Cellestis:

- ***Scenario 1***: revenue growth of 30% p.a. during the initial years, reducing progressively to 8% p.a. over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in four years i.e. by FY 2015. Cellestis' market share by the end of the Projection Period is assumed to be approximately 20%
- ***Scenario 2***: revenue growth of 30% p.a. during the initial years, reducing progressively to 5% p.a. over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in five years i.e. by FY 2016. Cellestis' market share by the end of the Projection Period is assumed to be approximately 14%
- ***Scenario 3***: revenue growth of 30% p.a. during the initial years, reducing to 3% over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in six years i.e. by FY 2017. Cellestis' market share by the end of the Projection Period is assumed to be approximately 11%.

A detailed discussion of the assumptions adopted in our high level discounted cash flow analysis is set out in Section 6.3.1.

We have also had regard to share trading in Cellestis shares prior to the announcement of the Proposed Scheme. These cross checks provide support for our valuation.

Conclusion of fairness

The consideration offered by QIAGEN is above the range of our estimate of the fair market value of a share in Cellestis. Accordingly it is our opinion that the Proposed Scheme is fair.

The Proposed Scheme is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Scheme:

Advantages of the Proposed Transaction

The likely advantages to Shareholders if the Proposed Scheme is approved include:

Shareholders are receiving a premium to the share price of Cellestis prior to the announcement of the Proposed Scheme

The cash consideration of AUD 3.55 per share offered to Shareholders under the Proposed Scheme represents a premium to recent traded prices per share prior to the announcement of the Proposed Scheme.

The one month volume weighted average price (VWAP) of shares in Cellestis prior to the announcement of the Proposed Scheme was AUD 2.85, and the three month VWAP was AUD 2.70. The consideration represents a premium to share trading in Cellestis shares prior to the announcement of the Proposed Scheme of between 24.3% and 31.5%.

Certainty of cash consideration

The Proposed Scheme represents an opportunity for Shareholders to realise their investment in Cellestis with the certainty of the cash consideration offered under the Proposed Scheme and without incurring any transaction costs.

The directors of Cellestis unanimously support the Proposed Scheme

The directors of Cellestis currently hold 27% of the shares in Cellestis. The directors of Cellestis unanimously support the Proposed Scheme and have indicated their intention to vote in favour of the Proposed Scheme in respect of their shares in Cellestis, if no superior offer is received and subject to the independent expert concluding the Proposed Scheme is fair and reasonable and in the best interests of Shareholders.

Access to liquidity for Cellestis shareholders

Cellestis shares are thinly traded on the ASX. Consequently, Shareholders face limited opportunities to achieve liquidity in respect of their shares in Cellestis. The Proposed Scheme provides Shareholders with access to liquidity at a premium to prices at which the shares were trading prior to the announcement of the Proposed Scheme.

No other offers for Cellestis have emerged

The directors of Cellestis, through their advisers, undertook market soundings in order to identify potential acquirers for Cellestis. The advisers approached a range of international entities identified as potential acquirers for Cellestis to encourage any possible alternative offers for Cellestis. This process did not yield any superior offers for Cellestis.

In the absence of the Proposed Scheme shares in Cellestis would likely trade below current levels

In the absence of the Proposed Scheme or an alternative transaction, shares in Cellestis would likely trade below the prices achieved since the announcement of the Proposed Scheme. The current share price of Cellestis reflects market expectations of the Proposed Scheme proceeding and is likely to include a premium for control. In the absence of the Proposed Scheme or an alternative transaction, we would expect shares in Cellestis to trade at a value consistent with our valuation of a share in Cellestis after allowing for an appropriate discount for lack of control.

Disadvantages of the Proposed Scheme

The likely disadvantages to Shareholders if the Proposed Scheme is approved include:

Inability to participate in the possible future growth potential of Cellestis

Our valuation of Cellestis recognises the potential future growth of the Company's business based on our consideration of its potential future earnings. However, if Cellestis is able to generate additional earnings beyond those considered in our valuation, for example, by gaining a greater market share than implied by our valuation or through the development of additional products, the value of a share in Cellestis may be enhanced, perhaps significantly, to a value that may exceed the consideration under the Proposed Scheme.

Conclusion as to reasonableness

As the Proposed Scheme is fair it is also reasonable.

Other matters

QIAGEN has separately entered into option agreements with two directors of Cellestis to acquire a 19.9% interest in Cellestis.

The exercise price per share under the option agreements between QIAGEN and the two directors is equal to the offer price under the Proposed Scheme being AUD 3.55. The options are only exercisable in the event that Cellestis receives a superior offer to that under the Proposed Scheme from an alternative bidder prior to the completion of the Proposed Scheme or if the two directors deal in their Cellestis shares. In these circumstances, QIAGEN may exercise the options but must then either agree to match the superior offer or if QIAGEN does not agree to do so, must sell the shares acquired through the exercise of the options to the acquirer making the superior offer.

We do not consider these option agreements have a significant impact on the Shareholders of Cellestis other than the shareholders that are party to the option agreements.

Opinion

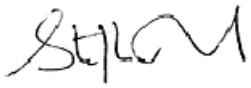
In our opinion, the Proposed Scheme is fair and reasonable to Shareholders. It is therefore in the best interests of Shareholders.

An individual Shareholder's decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. If in doubt the Shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Stephen Reid

Director

Tapan Parekh

Director

Note: All amounts stated in this report are AUD unless otherwise stated, and may be subject to rounding.

Contents

Appendices

1 Terms of the Proposed Transaction

1.1 Summary

On 4 April 2011, Cellestis announced that it had entered into a scheme implementation deed with QIAGEN under which a wholly owned subsidiary of QIAGEN would acquire all of the fully paid ordinary shares in Cellestis by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act for cash consideration of AUD 3.55 per share. The board of Cellestis has prepared the Scheme Booklet containing the detailed terms of the Proposed Scheme. The terms referred to in this section are defined in the scheme implementation deed.

The consideration offered under the Proposed Scheme may include a fully franked cash dividend, subject to receipt of a positive tax ruling from the Australian Taxation Office by the Second Court Date, to be paid by Cellestis as a special dividend. The payment of the special dividend is subject to Board approval. The amount of the fully franked dividend is expected to be up to AUD 0.07 and, if paid, will reduce the cash consideration by that amount such that the total payment to Shareholders will be AUD 3.55. For example, if the amount of the special dividend was AUD 0.07, the cash payment to Shareholders would be AUD 3.48.

The Proposed Scheme relates to all shares currently on issue and any share issued pursuant to the exercise of employee share options prior to the Scheme Record Date.

Cellestis has approached each of the holders of employee share options, and each optionholder has agreed to enter into an agreement with Cellestis to facilitate the cancellation of their options in exchange for a cash payment, subject to the Proposed Scheme becoming effective and Cellestis obtaining any required regulatory approvals discussed below.

1.2 QIAGEN's intentions

Upon completion of the Proposed Scheme, Cellestis would become a wholly owned subsidiary of QIAGEN and would subsequently be delisted from the ASX. QIAGEN has indicated its intention that the existing management team, led by Dr Anthony Radford and Dr James Rothel, will remain in place upon completion of the Proposed Scheme.

1.3 Exclusivity and conditions precedent

Cellestis and QIAGEN have agreed to a period of exclusivity, subject to certain exceptions, and under certain circumstances set out in the scheme implementation deed, Cellestis has agreed to pay QIAGEN a reimbursement fee of AUD 3.5 million.

As set out in the scheme implementation deed, the Proposed Scheme will not become effective and the obligations of Cellestis and QIAGEN to implement the Proposed Scheme will not be binding without the satisfaction or waiver of various conditions, the most significant being:

- the receipt of the relevant regulatory approvals including approvals from the Foreign Investment Review Board, ASIC, ASX and any other government agencies
- Shareholder approval of the Proposed Scheme by the requisite majorities under the Corporations Act
- Court approval of the Proposed Scheme under Section 411(4)(b) of the Corporations Act
- the independent expert issues its report concluding that the Proposed Scheme is in the best interests of Shareholders and does not change that conclusion prior to the Second Court Date
- no Prescribed Occurrences by Cellestis prior to the Second Court Date (as defined in the scheme implementation deed)
- no Material Adverse Change to Cellestis prior to the Second Court Date (as defined in the scheme implementation deed).

2 Scope of the report

2.1 Purpose of the report

Section 411 of the Corporation Act (Section 411) regulates schemes of arrangement between companies and their shareholders. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement.

Whilst an independent expert's report in respect of the Proposed Scheme is not required to meet any statutory obligations, the directors of Cellestis have requested that Deloitte Corporate Finance provide an independent expert's report advising whether, in our opinion, the Proposed Scheme is in the best interests of Shareholders. This independent expert's report has been prepared in a manner consistent with Part 3 to assist Shareholders in their consideration of the Proposed Scheme.

This report is to be included in the Scheme Booklet to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Scheme. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a takeover bid in accordance with Chapter 6 of the Corporations Act. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

In our assessment as to whether the Proposed Scheme is fair and reasonable and therefore in the best interests of the members of the company, we have had regard to common market practice and to Regulatory Guide 111 issued by ASIC in relation to the content of independent expert's reports.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for transactions under Chapters 2E, 5, 6 and 6A of the Corporations Act, in relation to:

- takeover bids
- schemes of arrangement
- compulsory acquisitions or buy-outs
- acquisitions approved by security holders under item 7 of Section 611 of the Corporations Act
- selective capital reductions
- related party transactions
- transactions with persons in a position of influence
- demergers and demutualisations of financial institutions
- buy-backs.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of Section 611 of the Corporations Act, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium if appropriate)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed scheme, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the tests of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.2.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly we have assessed whether the Proposed Scheme is fair by comparing the consideration offered under the Proposed Scheme with the value of a share in Cellestis. The Cellestis shares have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable and willing but not anxious buyer and a knowledgeable and willing but not anxious seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a share in Cellestis has not been premised on the existence of a special purchaser.

We have assessed the value of each share in Cellestis by estimating the current value of Cellestis on a control basis and dividing this value by the number of shares on issue.

2.2.3 Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, securityholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Scheme we considered the following significant factors in addition to determining whether the Proposed Scheme is fair:

- any significant shareholdings in Cellestis
- the likely market price and liquidity of Cellestis shares in the absence of the Proposed Scheme
- carry forward tax losses, cash flows or other benefits available to QIAGEN upon achieving 100% ownership of Cellestis
- any special value of Cellestis to QIAGEN
- the value to an alternative bidder and the likelihood of an alternative offer being made
- other implications associated with Cellestis shareholders rejecting the Proposed Scheme.
- the impact, if any, of the option agreement between QIAGEN and two major shareholders of Cellestis in relation to 19.9% of the issued capital of Cellestis.

2.2.4 Individual circumstances

We have evaluated the Proposed Scheme for Shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is fair and reasonable and therefore in the best interests of Shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

2.3 Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (APESB).

Our procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

3 Industry overview

Cellestis is engaged in the development, manufacture and distribution of diagnostic tests. The Company's principal product is a test for latent tuberculosis. In this section we provide an overview of tuberculosis. A discussion of the latent tuberculosis segment of market in which Cellestis operates is set out in Section 3.2.

3.1 Tuberculosis

3.1.1 Overview

Tuberculosis is an infectious disease affecting the respiratory system. An airborne contagion, tuberculosis may spread via respiratory droplets when an infected person coughs, sneezes or spits and the tuberculosis germs, called bacilli, are inhaled by another.

Symptoms of tuberculosis include chest pain, chronic coughing, fever, weight-loss, blood-stained sputum and fatigue. Tuberculosis typically attacks the lungs but is also known to infect other parts of the body. Fatality rates for untreated cases of active tuberculosis are around 50%.

Tuberculosis is a global disease and is not confined to any particular region. The following table sets out the incidence[1], prevalence[2] and mortality rates attributable to active tuberculosis.

Table 4: Active tuberculosis – incidence, prevalence and mortality in 2009

	Incidence			Prevalence		Mortality [2]	
Region	Number of cases ('000s)	% of global total	Rate[1]	Number of cases ('000s)	Rate[1]	Number of cases ('000s)	Rate[1]
Africa	2,800	30%	340	3,900	450	430	50
The Americas	270	3%	29	350	37	20	2
Eastern Mediterranean	660	7%	110	1,000	180	99	18
Europe	420	4%	47	560	63	62	7
South-East Asia	3,300	35%	180	4,900	280	480	27
Western Pacific	1,900	21%	110	2,900	160	240	13
Global total	**9,400**	**100%**	**140**	**14,000**	**164**	**1,300**	**19**

Source: World Health Organisation (WHO)

Note:

1. Rate per 100,000 of population
2. Excluding human immunodeficiency virus (HIV) infected people

Whilst the greatest number of cases of tuberculosis were in the South-East Asia region, the highest rate per capita was in the Africa region, which has a 60% higher rate of prevalence than South-East Asia. Prevalence rates have decreased in recent years in each region but the overall number of cases has continued to increase due to population growth.

Tuberculosis exists in the following two states:

- active tuberculosis – the infected person suffers the symptoms noted above and is contagious, putting others at risk of infection
- latent tuberculosis – latent tuberculosis is asymptomatic and not contagious and the person infected with the tuberculosis bacilli is effectively a carrier of the disease.

The WHO estimates that more than one billion people are currently infected with latent tuberculosis and that 5% to 10%[3] of those infected people will develop active tuberculosis during their lifetime. The risk of a person

[1] Incidence is the number of new cases arising during the year
[2] Prevalence is the number of cases (new and existing) at a given point in time

infected with latent tuberculosis developing active tuberculosis is greater when their immune system is weakened. Consequently, those infected with latent tuberculosis and also infected with HIV or are otherwise immunocompromised are at significantly greater risk of developing active tuberculosis. Globally, it is estimated that approximately 30% of people infected with HIV are also infected with latent tuberculosis.

3.1.2 Diagnosis

Tuberculosis may be diagnosed in a number of different ways depending on the stage of advancement of the infection. For active tuberculosis, the typical methods of diagnosis are radiography tests such as chest x-rays and microbiological tests of sputum or other appropriate samples.

The diagnosis of latent tuberculosis is typically based on the use of tuberculin skin tests or interferon gamma release assays. Each of these types of tests is described in greater detail in Section 3.2.

3.1.3 Prevention and treatment

The approach to controlling the spread of tuberculosis is through a combination of treatment of active tuberculosis cases and immunisation to prevent future cases. Whilst no vaccine exists which can effectively prevent tuberculosis in adults, many countries vaccinate children with the Bacillus Calmette-Guerin (BCG) vaccine, with 85% of infants in 172 countries vaccinated in 1993[4]. The BCG vaccine is prepared from a strain of weakened live bovine tuberculosis bacillus that has lost its virulence by being specially cultured in an artificial medium for a number of years. BCG efficacy in adults has been the source of considerable scientific dispute, but it has some efficacy in controlling the worst effects of tuberculosis in very young children.

Tuberculosis is typically treated by means of antibiotics. Latent tuberculosis will typically be treated with one or two antibiotics whereas active tuberculosis may require a combination of several antibiotics for effective results.

3.2 Latent tuberculosis

3.2.1 Market size

Whilst the overall number of people infected with latent tuberculosis is large, the number of tests for latent tuberculosis conducted each year is relatively small. This is because testing for latent tuberculosis is more common in developed countries where the incidence and prevalence of latent tuberculosis is relatively small. Management of Cellestis has estimated that the number of tests undertaken for latent tuberculosis is approximately 45 million tests per annum in developed countries[5]. This estimate is broadly consistent with market data points including WHO estimates.

3.2.2 Diagnosis of latent tuberculosis

Due to the significant prevalence and incidence rates, in high tuberculosis burden and resource poor areas measures to control the spread of tuberculosis have traditionally been focused on active tuberculosis rather than latent tuberculosis, particularly in regions such as Africa, South-East Asia and the Eastern Mediterranean.

Whilst a person infected with latent tuberculosis has a possible risk of developing active tuberculosis, the risk significantly increases in immunocompromised hosts, such as patients with illnesses which affect the immune system (e.g. HIV/AIDs), those receiving immune-suppressant medications (e.g. transplant patients, rheumatology patients) and healthcare workers who are regularly exposed to many and varied diseases. For people in such circumstances testing for latent tuberculosis is of greater importance in order to allow prophylactic treatment of latent tuberculosis and thus reduce the risk of people developing active tuberculosis.

Testing for latent tuberculosis is more common practice in developed nations in an effort to maintain low rates of emerging active tuberculosis in these countries. In developed nations including USA, Western Europe, Japan and Australia, testing for tuberculosis has typically focused on latent tuberculosis as a means of preventing transition

[3] This figure excludes people infected with HIV as people with HIV are at significantly higher risk of developing active tuberculosis
[4] WHO
[5] Cellestis 2010 AGM presentation

to active tuberculosis. Testing for latent tuberculosis in developed countries is typically undertaken for contacts of people with active tuberculosis and amongst high risk groups such as healthcare workers. It is estimated that approximately 45 million[6] tests for latent tuberculosis per annum are conducted in developed countries.

We provide a brief description of each of the major types of tests for latent tuberculosis below.

3.2.3 Tuberculin skin tests

Tuberculin skin tests are the most common method of diagnosis of latent tuberculosis having been in continued use since development in the 19th century. Tuberculin skin tests involve the intradermal application of treated tuberculosis bacilli and the subsequent observation of reaction of the skin to the bacteria. It is estimated that in the order of 93% to 95%[7] of the tests for latent tuberculosis carried out worldwide use tuberculin skin tests.

The most common tuberculin skin test in use today is the Mantoux test which is used in many countries including the UK, USA, Australia and several countries throughout Europe. The Mantoux test is endorsed by the Centers for Disease Control and Prevention[8] (CDC) and the American Thoracic Society in the USA.

Whilst tuberculin skin tests have been in use for over 100 years, there are a number of shortcomings associated with them, including:

- false positive[9] test results – people previously vaccinated with the BCG vaccine may produce false positive results from tuberculin skin tests
- accuracy in interpretation of tuberculin skin test results may be affected by variability of reactions in different individuals
- false negative test results – immunocompromised patients may show a false negative from tuberculin skin tests
- relatively long duration of test – the time typically required between administering the test and observing the results is three days, requiring the subject to return to the testing site for a follow-up consultation. Where subjects do not return for the follow-up consultation, the test needs to be done again, thereby increasing costs
- requirement for specific staff training – tuberculin skin tests must be administered by specifically trained staff.

Notwithstanding these issues, and possibly assisted by the low cost of the test reagents, tuberculin skin tests remain the most commonly used method of diagnosis for latent tuberculosis.

3.2.4 Interferon gamma release assays

Interferon gamma release assays are a technique typically used in testing for infectious diseases, most commonly that of latent tuberculosis. These tests measure the reaction of T-cells in blood to specific antigens to detect the presence of the tuberculosis bacteria. There are currently two interferon gamma release assay tests for latent tuberculosis available on the market; QuantiFERON-TB Gold In-Tube produced by Cellestis and T-SPOT.TB produced by Oxford Immunotec Limited. These alternative tests are estimated to account for less than 7%[10] of the total tests for latent tuberculosis conducted in the developed world each year, despite having been available for almost 10 years.

QuantiFERON-TB Gold In-Tube is based on the level of gamma interferon production in response to patented antigens found in tuberculosis bacilli. QuantiFERON-TB Gold In-Tube is Food and Drug Administration (FDA) approved and covered by CDC guidelines in the USA, and has Conformité Européenne (CE) Mark approval in Europe along with approval by the Japanese Ministry of Health, Labour and Welfare (MHLW).

[6] Cellestis 2010 AGM presentation
[7] Cellestis
[8] The CDC is a federal health authority in the USA focused on the development and application of programs for disease prevention and control including large scale screening and testing for infectious diseases such as tuberculosis
[9] Refers to a test result that incorrectly indicates the presence of a condition the test is designed to reveal
[10] Cellestis

The T-SPOT.TB test measures the total number of T-cells present which produce gamma interferon in response to tuberculosis antigens. This test is available in the USA and several European countries and other territories.

Both of these tests are more accurate in identifying latent tuberculosis in subjects previously immunised with the BCG vaccine than the tuberculin skin tests. In some circumstances, interferon gamma release assays are used to confirm positive results produced by tuberculin skin tests. In June 2010, the CDC released guidelines favouring the use of interferon based tests for tuberculosis in certain circumstances. Notwithstanding these developments, the higher reagent cost of the tests relative to tuberculin skin tests (although QuantiFERON has been shown to be less expensive on an overall costs basis), together with the slow pace of adopting new technology and products by medical practitioners, medical administrators and policymakers within government health organisations have posed challenges for these products in increasing their market share.

3.3 Critical success factors

Key success factors for developers of latent tuberculosis diagnostic tests include:

- ability to obtain the required regulatory approvals. Regulatory approvals are required for most markets in which the test is to be sold
- ability to convince key opinion leaders in different markets as to the appropriateness and effectiveness of alternatives to the incumbent and long established tuberculin skin tests
- ability to develop effective sales, marketing and distribution teams in each of the major markets
- ability to gain market share by attracting key large scale customers including public health organisations, national and state based health departments and major healthcare providers.
- ability to overcome the barriers that exist due to the low cost of tuberculin skin test reagents
- ability to overcome the risk that a new and improved test would be used as a confirmatory test only
- access to, and retention of, employees (both technical and sales staff) with the required level of experience and training
- use of new technology, including access to the latest research and findings.

The niche market in which Cellestis operates represents a significant growth opportunity, given that approximately 45 million tests for latent tuberculosis are conducted in the developed world each year. Therefore, there is a large potential market for an alternative to the incumbent and long established tuberculin skin tests which currently hold in the order of 93% to 95% market share.

3.4 Barriers to entry

The barriers to entry for potential participants in the market for latent tuberculosis testing are considered to be high and include:

- the existence of a long established incumbent, being the tuberculin skin tests, which provide a relatively low cost test for tuberculosis and account for approximately 95% of market share
- in the context of a new test of latent tuberculosis:
  - high expenditure requirements for the development of the new technology
  - regulatory approvals will be required in each market in which the product is to be sold
- the resistance from medical and health practitioners to adopt new diagnostic tests over existing tests which will adversely affect the acceptance and usage of the new tests in the market, and hence the new tests' ability to gain market share
- the existence of current patents to protect intellectual property preventing the development of alternatives to existing products.

4 Profile of Cellestis

Cellestis is a Melbourne based ASX listed company operating in the medical diagnostics sector. The Company focuses on the development, manufacture and distribution of its principal product, QuantiFERON-TB Gold In-Tube, an interferon gamma release assay test for latent tuberculosis. QuantiFERON-TB Gold In-Tube is currently sold in a number of markets including the USA, Europe and Japan.

4.1 Company history

An overview of the company history of Cellestis is provided in the table below.

Figure 1: Company history of Cellestis

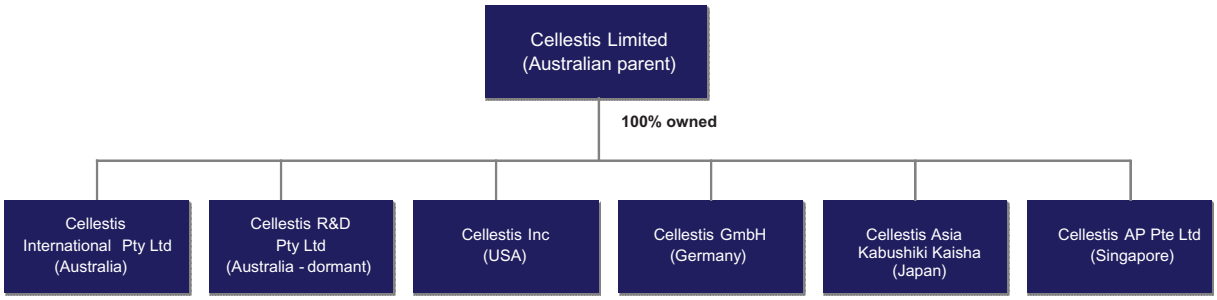
2000	• Cellestis was established
2001	• listed on the ASX • received approval for marketing of first generation QuantiFERON-TB from the FDA
2002	• established a wholly owned subsidiary in the USA (Cellestis Inc.) • commenced early clinical trials of a second-generation product, QuantiFERON-TB Gold • CDC released guidelines for the use of QuantiFERON-TB in the USA
2004	• QuantiFERON-TB Gold received approval from FDA
2005	• QuantiFERON-TB Gold and QuantiFERON-TB Gold In-Tube products received the CE Mark approval and commenced sales in Europe. The European marketing subsidiary (Cellestis GmbH) was established in Germany • QuantiFERON-TB Gold received approval for sale in Japan by the Japanese MHLW • guidelines for general use of QuantiFERON-TB Gold released by CDC in the USA
2006	• guidelines for use of QuantiFERON-TB Gold released in UK by National Institute for Health and Clinical Excellence (NICE) • guidelines for use of QuantiFERON-TB Gold released in Japan by the Japan Anti-Tuberculosis Association
2007	• QuantiFERON-TB Gold In-Tube received approval from the FDA for sale in the USA
2008	• study published in the American Journal of Respiratory and Critical Care Medicine showed QuantiFERON-TB Gold to be six times more accurate for tuberculin control than the conventional tuberculin skin test • regional office in Japan opened • established a larger and more effective combined distribution and customer service facility in the USA
2009	• QuantiFERON-TB Gold In-Tube received regulatory approval in Japan by MHLW • first dividend paid • regional office in Singapore opened • QuantiFERON-TB Gold In-Tube launched in Japan • QuantiFERON-CMV, a new product for monitoring the risk of cytomegalovirus (CMV) disease, launched in Europe and Australia
2010	• new CDC guidelines released in the USA that set out a preference for the use of blood tests, including QuantiFERON-TB Gold, to diagnose tuberculosis infection in certain populations
2011	• announced the Proposed Scheme under which a wholly owned subsidiary of QIAGEN would acquire all of the shares in Cellestis for cash consideration of AUD 3.55 per share

Source: ASX announcements

4.2 Corporate structure

The current group structure of Cellestis is set out in the figure below:

Figure 2: Cellestis group structure



Source: Cellestis

Each of the overseas based subsidiaries undertakes the sales, marketing and distribution activities of Cellestis in its respective region except for the subsidiaries based in Japan and Singapore which undertake marketing activities only.

4.3 Principal technology

Cellestis is engaged in the development, manufacture and distribution of diagnostic products based on its patented QuantiFERON technology, which measures the reaction of T-cells in whole blood to specific antigens present in various diseases.

The principal application of the Company's QuantiFERON technology is the diagnosis of latent tuberculosis. Over the past 10 years, Cellestis has developed three generations of its tuberculosis diagnostic tool:

- QuantiFERON-TB
- QuantiFERON-TB Gold
- QuantiFERON-TB Gold In-Tube

The current generation of Cellestis' QuantiFERON-TB range involves the collection of three one millilitre blood samples in a custom manufactured tube-set containing Cellestis' patented protein formula. Cellestis currently has patents in place which protect its diagnostic product from competition from generic manufacturers for the remaining duration of its core patents. Cellestis currently pays royalties to various parties in respect of a number of licensing agreements relating to the use of specific components of the QuantiFERON product.

QuantiFERON-TB Gold In-Tube has consistently been demonstrated to be a superior latent tuberculosis diagnostic test compared to tuberculin skin tests. In a study of low risk individuals, QuantiFERON-TB Gold In-Tube demonstrated a specificity[11] of greater than 99% and a sensitivity[12] of 84.5% in developed country studies[13]. Unlike tuberculin skin tests, the QuantiFERON-TB Gold In-Tube does not produce false positive results in patients immunised with the BCG vaccine. Consequently, QuantiFERON-TB Gold In-Tube is often used as the final test to confirm a positive latent tuberculosis result from a tuberculin skin test.

In additional to its tuberculosis tests, Cellestis is also working on commercialising QuantiFERON technology for other applications, such as QuantiFERON-CMV. QuantiFERON-CMV is the first commercially available test developed to allow physicians to monitor a person's risk of CMV disease. CMV is a viral infection which is a member of the herpes family and can infect almost any organ in the human body. Symptoms vary depending on

[11] The ability of a test to correctly identify those patients who do not have the disease being tested
[12] The ability of a test to correctly identify those patients who do have the disease being tested
[13] Diel et al, (CHEST, 2010)

the organ infected but for most infected people they are mild and flu-like in nature. High risk groups include transplant recipients for whom symptoms can be more severe.

QuantiFERON-CMV is at a very early stage of commercialisation and the overall potential market for this product is relatively small.

4.4 Marketing and distribution

Cellestis' marketing and distribution functions in its key markets are undertaken through its subsidiaries in these regions, including the USA and Europe. In a number of markets, including the USA, Germany, France, the UK, Switzerland, Ireland, Australia and New Zealand, Cellestis undertakes direct sales through its sales and distribution force in these regions. In other countries, such as Japan, Italy, Switzerland, Portugal, Korea, Spain, Taiwan and Gulf Cooperation Countries, Cellestis partners with local distributors.

Given the nature of its product and the strong position of tuberculin skin tests as the incumbent testing method in many markets, Cellestis' approach to gaining market share has been to focus on major operators who conduct a large number of tests for latent tuberculosis, including public health organisations, national and state based health departments, major healthcare providers and major pathology services providers. Cellestis has supplemented this targeted approach by lobbying government departments and opinion leaders in various markets.

4.5 Directors and management

We set out below details relating to the members of the board of Cellestis and other key members of management:

Mr Ronald G. Pitcher, AM - Non-executive Chairman

Mr Pitcher is a Chartered Accountant with over 45 years experience in accounting and the provision of business advisory services. Mr Pitcher formed Pitcher Partners in 1991, which is now one of the largest second tier accounting firms in Australia. He is also a Director of National Can Industries Limited, Reece Australia Limited and McMillan Shakespeare Limited.

Dr Anthony Radford - Managing Director and Chief Executive Officer

Dr Radford has had a 28 year career in biotechnology, initially as a research scientist and as a senior member of the CSIRO team that invented QuantiFERON. He has held executive roles in the management of commercial research and development in the medical field for the last 19 years and is a founding Director of Cellestis.

Dr James Rothel - Director and Chief Scientific Officer

Dr Rothel has over 30 years experience in biotechnology research and development and was also a senior member of the CSIRO team that invented the QuantiFERON technology. He was responsible for the development of QuantiFERON at CSL Limited and has extensive experience in diagnostic product development and is a founding Director of Cellestis.

Professor Antonino Catanzaro - Non Executive Director

Professor Catanzaro is a Professor of Medicine at the University of California, San Diego and a respiratory care physician with over 40 years medical experience in the prevention, diagnosis and treatment of tuberculosis. He has been a member of the CDC Tuberculosis Branch and continues to work with the CDC as a Tuberculosis Trials Consortium investigator. As a recognised international authority on tuberculosis, Professor Catanzaro heads the National Tuberculosis Curriculum Consortium in the USA which is dedicated to the strengthening of the teaching of tuberculosis to health sciences students.

Mr John Bennetts - Non-Executive Director

Mr Bennetts is the principal and founder of the Mooroolbark Group, an investment group which has substantial experience and success in establishing, developing and investing in new businesses and technologies, including many successful biotechnology and life sciences companies. He is also a Director of McMillan Shakespeare Limited.

4.6 Competitive position of Cellestis

The following table sets out the strengths, weaknesses, opportunities and threats (SWOT) for Cellestis.

Table 5: SWOT analysis

Strengths	Weaknesses
• QuantiFERON-TB Gold In-Tube product provides more accurate testing results than its principal competitor, the tuberculin skin tests • holds regulatory approvals and recommendations in various countries • established distribution network in the USA and Europe • numerous published studies detailing the use and benefits of QuantiFERON based products • administering QuantiFERON-TB Gold In-Tube does not require special training as required for tuberculin skin tests	• reliant on one product, QuantiFERON-TB Gold In-Tube • no new or short-term prospective products in substantial market areas • incumbent tuberculin skin tests are long established and account for approximately 93% to 95% of tests for latent tuberculosis conducted • perceived cost of QuantiFERON relative to tuberculin skin tests • difficulties in raising prices to match inflation and cost increases due to regulated reimbursement in certain markets • take-up rates of new diagnostic tools such as QuantiFERON-TB Gold In-Tube, are relatively slow due to slow pace of change amongst medical practitioners, administrators and government health authorities • QuantiFERON product faces difficulties accessing the high-volume tuberculosis screening market segment due to the higher price of the product relative to tuberculin skin tests • QuantiFERON is often used as a confirmatory test to tuberculin skin tests • requirement for pathology services increases the cost of QuantiFERON relative to the skin tests • whilst tuberculosis remains a severe health issue, public and government attention is generally focused on active tuberculosis. Currently only certain developed countries place emphasis on testing for latent tuberculosis
Threats	**Opportunities**
• competition from generic alternatives as patents expire • potential competition from generic alternatives in non-patent territories • potential competition from counterfeit manufacturers in territories where patent enforcement is problematic • emergence of new testing methodologies for latent tuberculosis • reduction in overall market size as developed countries move towards more targeted testing practices • increased competition from other interferon gamma release assay tests • adverse currency fluctuations affecting foreign denominated revenues and costs • other medical emergencies such as avian influenza and porcine influenza resulting in re-direction of financial resources by governments away from latent tuberculosis	• large overall market size with significant potential to enhance market share • expansion into other developed countries and developing countries driven by increased awareness of latent tuberculosis in those markets • potential application of QuantiFERON technology for other purposes

Source: Deloitte Corporate Finance analysis

4.7 Capital structure and shareholders

As at 4 May 2011, the capital structure of Cellestis consisted of the following:

- 96,151,778 ordinary shares on issue
- 2,420,000 unlisted employee share options.

The following table lists the top ten shareholders of Cellestis as at 4 May 2011.

Table 6: Top ten fully paid ordinary shareholders of Cellestis as at 4 May 2011

Shareholder	Volume held	% outstanding
Koona Nominees Pty Limited	8,234,158	8.56%
Dr James Rothel & Mrs Linda Rothel	7,766,532	8.08%
National Nominees Limited	3,980,281	4.14%
Dr James Rothel	3,683,157	3.83%
Dr Anthony John Radford	3,215,532	3.34%
JP Morgan Nominees Australia	2,894,025	3.01%
HSBC Custody Nominees	2,321,650	2.41%
Asia Pac Technology Pty Limited	2,298,607	2.39%
Equity Trustees Limited	1,380,828	1.44%
Citicorp Nominees Pty Limited	1,194,977	1.24%
Subtotal	**36,969,747**	**38.45%**
Other	59,182,031	61.55%
Total shares outstanding	**96,151,778**	**100.00%**

Source: Cellestis

Cellestis incentivises its executives through the issue of share options. As at 4 May 2011 there were 2,420,000 options on issue as follows:

Table 7: Cellestis share options on issue

Grant date	Number of Options	First exercise Date	Exercise price (AUD)	Expiry date
16 April 2009	2,100,000	31 August 2012	2.50	16 April 2014
30 April 2009	200,000	31 August 2012	2.80	30 April 2014
27 November 2009	120,000	27 November 2010	3.32	27 November 2013
Total	**2,420,000**			

Source: ASX announcements

Cellestis has approached each of the holders of employee share options, and each optionholder has agreed to enter into an agreement with Cellestis to facilitate the cancellation of their options in exchange for a cash payment, subject to the Proposed Scheme becoming effective and Cellestis obtaining any required regulatory approvals.

4.8 Share price performance

A summary of the recent share price performance of Cellestis is provided in the table below.

Table 8: Cellestis quarterly share price information

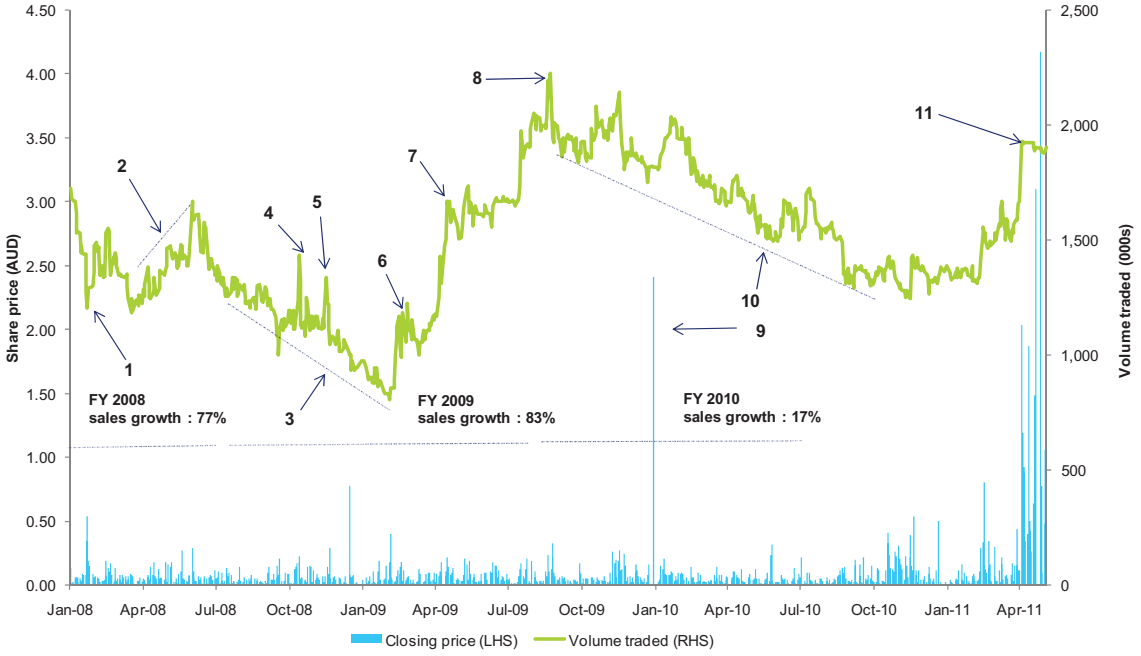
Quarter end date	Low (AUD)	High (AUD)	Last Trade (AUD)	Volume traded ('000s)
31 March 2008	2.00	3.10	2.26	2,575
30 June 2008	2.20	3.00	2.45	2,351
30 September 2008	1.69	2.52	2.15	1,876
31 December 2008	1.67	2.60	1.75	2,544
31 March 20089	1.45	2.20	2.11	2,107
30 June 2009	2.05	3.15	3.02	2,671
30 September 2009	2.96	4.00	3.38	2,387
31 December 2009	3.10	3.90	3.27	3,700
31 March 2010	2.95	3.68	2.96	1,981
30 June 2010	2.58	3.25	2.75	1,787
30 September 2010	2.20	3.15	2.35	1,936
31 December 2010	2.16	2.59	2.50	4,015
31 March 2011	2.34	3.04	2.98	3,511
1 April 2011 to 4 May 2011	2.95	3.49	3.42	12,436

Source: Thomson Reuters

During the year to 31 March 2011, the average volume of shares traded in Cellestis represented 0.05% of the total number of issued shares per day or 11.7% for the entire period.

The share price movements and trading volumes are presented graphically in the figure below.

Figure 3: Cellestis stock price activity on the ASX



Source: Reuters; ASX announcements and Deloitte Corporate Finance analysis

The major events and factors shown in the figure above are set out as follows:

1. January 2008 – Cellestis announced first positive cash flow for half-yearly period
2. March 2008 to June 2008 – shareholder newsletter (April 2008) and investor briefing (May 2008) outlined the strong growth in sales
3. June 2008 to January 2009 – the global financial crisis adversely affected the Australian equity market
4. October 2008 – Cellestis awarded the patent for its immune response assay testing kit by World Intellectual Property Organisation, leading to the release of QuantiFERON-TB Gold In-Tube product
5. November 2008 – Outperformance of budget in the first quarter of FY 2009 was announced at the Company's annual shareholder meeting, signalling significant growth expectations for the year
6. February 2009 – HY 2009 financial report was released noting a significant increase in half-year profits from AUD 0.3 million in HY 2008 to AUD 2.8 million in HY 2009. The first dividend for the Company was also announced
7. April 2009 – QuantiFERON-TB Gold In-Tube received regulatory approval in Japan. Marketing of this test commenced in Japan via its distribution partner, Japan BCG Laboratory
8. August 2009 – FY 2009 results were released showing an increased net profit of AUD 8.7 million (from AUD 1.7 million in the prior year)
9. December 2009 – 1,330,000 shares were disposed of by three directors
10. August 2009 to February 2011 – Cellestis share price decreased, potentially driven by several factors including a reduction in revenue growth rates in FY 2010, potential price signals from the disposal of Cellestis shares by directors of Cellestis, adverse impact of currency fluctuation on earnings, the shift in focus of government authorities from tuberculosis to global epidemics such as porcine influenza
11. April 2011 – Cellestis announced the Proposed Scheme.

4.9 Financial performance

The audited income statements of Cellestis for the financial year ended 30 June 2009 (FY 2009) and FY 2010 and the reviewed income statement for the half year ended 31 December (HY) 2010 (HY 2011) are summarised in the table below.

Table 9: Financial performance of Cellestis

	Audited FY 2009 (AUD'000)	Audited FY 2010 (AUD'000)	Reviewed HY 2011 (AUD'000)
Revenue	34,461	40,383	22,531
Cost of sales	(11,491)	(13,690)	(7,375)
Gross profit	**22,970**	**26,693**	**15,156**
Gross margin (%)	*66.7%*	*66.1%*	*67.3%*
Other operating expenses	(15,152)	(16,694)	(9,656)
EBITDA[1]	**7,818**	**9,999**	**5,500**
EBITDA margin (%)	*22.7%*	*24.8%*	*24.4%*
Depreciation and amortisation	(487)	(503)	(289)
EBIT	**7,331**	**9,496**	**5,211**
EBIT margin (%)	*21.3%*	*23.5%*	*23.1%*
Net interest income	780	727	455
Foreign exchange gain on intercompany payments	1,411	-	-
Profit before tax	**9,522**	**10,223**	**5,666**
Income tax expense	(1,290)	(1,970)	(1,535)
Net income	**8,232**	**8,253**	**4,131**

Source: Cellestis

Note:

1. EBITDA – earnings before interest, tax, depreciation and amortisation

We note the following in relation to the financial results of Cellestis presented above:

- as almost all Cellestis revenue is generated in currencies other than AUD (mainly United States dollars (USD), Euros and Japanese Yen), its sales growth in recent years has been negatively affected by the appreciation of the AUD. Revenue growth for FY 2010 (in local currencies) in the Company's key markets ranges from 8% to 49%, but its consolidated revenue reported in AUD has grown by 17%
- sales increased significantly over the years since the launch of QuantiFERON-TB as Cellestis has established its position in its target markets. We note however that the rate of growth has reduced over time, from 77% in FY 2008 to 17% in FY 2010, despite an overall increase in sales
- revenue for HY 2011 has increased by 24% over the comparative period (AUD 18.2 million for HY 2010) possibly due to the positive effect of the new guidelines released by US CDC in late June 2010 favouring the use of interferon gamma release assay tests in certain situations
- Cellestis achieves some natural currency hedging to the extent that its cost of sales and a majority of its marketing and distribution costs are in the currencies in which revenues are earned. This has contributed to Cellestis maintaining relatively consistent EBITDA margins and EBIT margins in recent years, despite significant currency fluctuations

- other operating expenses mainly relate to selling, marketing and distribution costs (approximately 70%) and other miscellaneous costs (administration, finance and corporate costs, share options expense, research and development costs, legal, insurance, patent and regulatory expenses)
- depreciation and amortisation expenses are minimal as Cellestis outsources its manufacturing activities and its research and development costs are expensed in the period incurred
- the effective tax rate has been in the range of 13% to 27% due to the utilisation of carried forward tax losses from prior years.

4.10 Financial position

The audited statements of financial position of Cellestis as at 30 June 2009 and 30 June 2010 and the reviewed statement of financial position as at 31 December 2010 are summarised in the table below.

Table 10: Financial position of Cellestis

	Audited 30 June 2009 (AUD'000)	Audited 30 June 2010 (AUD'000)	Reviewed 30 December 2010 (AUD'000)
Cash and cash equivalent	19,695	22,576	22,318
Trade and other receivables	6,058	7,515	4,469
Inventories	1,832	1,594	2,089
Prepayments	29	450	460
Total current assets	**27,614**	**32,135**	**29,336**
Plant and equipment	767	1,145	1,185
Deferred tax asset	887	2,173	2,260
Intangible assets	321	203	144
Total non-current assets	**1,975**	**3,521**	**3,589**
Total assets	**29,589**	**35,656**	**32,925**
Trade and other payables	4,981	6,071	3,824
Current tax liabilities	1,871	1,630	972
Provisions	370	456	405
Total current liabilities	**7,222**	**8,157**	**5,201**
Provisions	136	187	209
Total non-current liabilities	**136**	**187**	**209**
Total liabilities	**7,358**	**8,344**	**5,410**
Net assets	**22,231**	**27,312**	**27,515**

Source: Cellestis

We note the following in relation to the balance sheets of Cellestis presented above:

- Cellestis has built up a strong reserve of cash and is debt free. Total cash and cash equivalent constitute approximately 65% of total assets
- Trade and other receivables and trade and other payables decreased between 30 June 2010 and 31 December 2010 due to the timing of sales orders and purchases during the half year
- the increase in the deferred tax asset as at 30 June 2010 is mainly attributable to AUD 926,000 of previously unrecognised tax losses brought to account
- the intangible assets relate to licences and patents and are amortised over periods of 10 to 14 years.

5 Valuation methodology

5.1 Valuation methodologies

To estimate the fair market value of a share in Cellestis, we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert's reports. These are discussed below.

5.1.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. The future maintainable earnings may be derived by observing the historical earnings achieved by a company and the expected future earnings of a company. An appropriate earnings multiple may be derived by observing the trading multiples for comparable listed companies and applying a premium for control and observing the multiples implied by market transactions involving comparable companies. The selected future maintainable earnings and earnings multiples should be consistent in terms of the level of earnings considered (i.e. EBIT, EBITDA or net profit after tax) and the period for which the future maintainable earnings apply. The capitalisation of maintainable earnings method is most appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

5.1.2 Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. The discounted cash flow method is a commonly used valuation methodology in sectors such as the resources, infrastructure and life sciences sectors where the cash flows of a business are subject to variability over time. Discounted cash flow methods may also be used to value early stage companies, companies in a growth stage or companies that are the subject of restructuring (such that current cash flows may not be a reflection of future cash flows) or projects with a finite life. The discounted cash flow methodology can be dependent on a range of assumptions relating to business drivers such as sales volumes, prices and cost structures. The outputs of the discounted cash flow methodology can be compounded by the uncertainties of the inputs and consequently, where there is significant uncertainty associated with the cash flows of the asset under review, it may be difficult to estimate future cash flows with the requisite level of confidence for the discounted cash flow method to be use as a primary valuation methodology.

5.1.3 Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

5.2 Selection of valuation methodologies

There are a number of market and customer issues which affect the growth prospects of Cellestis and therefore the Company's fair market value. There is significant uncertainty as to the impact of these issues on the value of a share in Cellestis. We have considered these issues, which are set out below, in selecting our valuation methodology:

- **effectiveness of interferon gamma release assays –** interferon gamma release assays, and more specifically, QuantiFERON-TB Gold In-Tube, are considered to be superior diagnostic tests for latent tuberculosis to the more common tuberculin skin tests. As discussed in Section 4.3, QuantiFERON-TB Gold In-Tube has demonstrated higher specificity and sensitivity than the tuberculin skin tests. Furthermore, unlike tuberculin skin tests, the QuantiFERON-TB Gold In-Tube does not produce false positive results in patients immunised with the BCG vaccine
- **market size for latent tuberculosis tests –** the total number of people infected with latent tuberculosis is significant suggesting a similarly significant potential market size for tests for latent tuberculosis. However, the principal focus of tuberculosis testing globally has been to detect active tuberculosis which is contagious and can cause death if the infected individual is left untreated. As discussed in Section 3.1.1, latent tuberculosis is non-contagious and the risk of transition from latent to active tuberculosis is relatively low and only increases under certain circumstances (e.g. immunocompromised patients).

  As discussed in Section 3.2.1, the number of tests for latent tuberculosis conducted each year is relatively small (approximately 45 million tests in developed countries), as testing for latent tuberculosis is more commonly undertaken in developed countries where the incidence and prevalence of active tuberculosis is relatively small. Consequently, testing for latent tuberculosis is not considered by the general public, health practitioners or governments to be an urgent need, as is the case for active tuberculosis. Latent tuberculosis is not considered to be a 'front of mind' health problem.

  The majority of testing for latent tuberculosis is typically conducted for screening purposes amongst high-risk groups; for instances for health care worker programs and the military. Such screening programs account for a significant majority of the estimated 45 million tests for latent tuberculosis conducted each year in the developed world. In these circumstances, the agencies funding latent tuberculosis screening programs are usually cost sensitive. Consequently, tuberculin skin tests remain the preferred diagnostic tool for latent tuberculosis screening due to the perceived lower price of the tuberculin skin test reagents.

In many screening contexts, QuantiFERON-TB Gold In-Tube and other interferon gamma release assays are typically used to confirm positive results from tuberculin skin tests. Such practices have a profound impact on the ability of QuantiFERON-TB Gold In-Tube to grow its market share, despite recognition of the superior accuracy of the test relative to tuberculin skin tests

- **response of health sector towards new technology in diagnostics** – despite the availability of interferon gamma release assays such as QuantiFERON-TB Gold In-Tube, the take-up of such tests amongst health services providers has been relatively slow. At present, tuberculin skin tests account for in the order of 93% to 95% of the market for latent tuberculosis tests, despite other superior tests, including QuantiFERON-TB Gold In-Tube, being available for a number of years.

  Tuberculin skin tests have been the long established standard for testing for latent tuberculosis. Tuberculin skin tests can also be supplemented with QuantiFERON-TB Gold In-Tube to confirm positive results from the skin test. As such, there has been inertia amongst health care professionals and administrators in accepting and adopting new diagnostic tools for detecting latent diagnosis. In order for QuantiFERON-TB Gold In-Tube to achieve a meaningful market penetration, Cellestis must first change health care service providers' attitudes and educate them as to the advantages and disadvantages of QuantiFERON-TB Gold In-Tube, relative to tuberculin skin tests. However, such change in behaviour can be slow and Cellestis may face hurdles in effecting this change as health services providers must first be convinced that QuantiFERON-TB Gold in-Tube should be the preferred option amongst competing diagnostic tests and that the benefits arising from using QuantiFERON-TB Gold In-Tube are sufficient to justify a change to their traditional practices. The timing and extent of such a change are highly uncertain

- **take-up of novel diagnostics products** – new pharmaceutical products released to the market which are regarded to have higher efficacy than existing products, generally experience significant take-up rates. Unlike pharmaceutical products, the take-up rate for diagnostic products is not driven only by improved effectiveness but is also subject to other considerations including cost, relative accuracy of existing products, training requirements for administering tests, pathology requirements for test interpretation and guidance from government health organisations.

  These factors have a significant impact on the ability of QuantiFERON-TB Gold In-Tube to gain market share from tuberculin skin tests. Notwithstanding the advantages of QuantiFERON-TB Gold In-Tube in relation to accuracy and the reduced training requirements relative to tuberculin skin tests, take-up rates are likely to have been hampered by the higher cost of the test and the relatively conservative guidance for the use of the test from government health departments in key markets in the USA, Europe and Japan. In the USA, the CDC released guidelines designating interferon based tests as the preferred diagnostic test ahead of tuberculin skin tests in certain circumstances, including where patients have received BCG vaccinations and those groups with a history in not returning for follow-up consultations for skin tests. Consequently, take-up rates in the USA have been strong, but Cellestis' overall market share in the USA remains very small. In Europe, where there is less focus on latent tuberculosis control, the take-up rates have been lower than in the USA. Whilst Japanese guidelines have indicated a preference for interferon gamma release assays in certain circumstances, the high prevalence of chest imaging for tuberculosis testing has affected take-up rates in that market

- **prospects of competition from generic and novel diagnostics** – as brand recognition is less of a factor in the diagnostic product market compared to the pharmaceuticals market, it is expected that the impact of competition from generic suppliers on the market share of QuantiFERON-TB Gold In-Tube upon expiry of Cellestis' patents will be significant. Whilst such suppliers may seek to acquire market share by entering markets where Cellestis does not operate, it is possible that competition in Cellestis' target markets will also increase. Notwithstanding the fact that such competitors will face the same issues in capturing market share as faced by Cellestis, such competition is likely to affect both Cellestis' sales volumes and earnings margins in the future as price reductions will be required to maintain market share.

  There is also significant uncertainty as to the nature and intensity of competition in the latent tuberculosis testing market in the long term due to potential novel diagnostic products. At present the T-SPOT.TB and QuantiFERON-TB Gold In-Tube compete to gain market share from the incumbent tuberculin skin tests. To the extent that new and improved diagnostic products are developed or advancements are made to the existing T-SPOT.TB or tuberculin skin tests, the ability of QuantiFERON-TB Gold In-Tube to grow or maintain market share may be significantly impaired

- **market fragmentation** – the target market of QuantiFERON-TB Gold In-Tube is relatively fragmented with tests for latent tuberculosis being conducted, in varying numbers, by many different health services providers in different regions. Consequently, the marketing and distribution effort required by Cellestis to increase its market share is significant. In order to increase market share Cellestis will require a larger sales and distribution network than currently in place, which may erode margins.

Due to the inherent uncertainties around the key drivers of the business discussed above, there is a wide range of reasonable scenarios that could underpin a discounted cash flow analysis, and therefore a wide range of possible valuation outcomes. Therefore, we do not consider it appropriate to adopt the discounted cash flow methodology as our primary valuation approach. Consequently, we have adopted the capitalisation of maintainable earnings method to estimate the fair market value of a share in Cellestis. Notwithstanding the limitations associated with using the discounted cash flow analysis as a primary valuation method, we have used a high level discounted cash flow valuation as a cross check to provide additional evidence of the fair market value of a share in Cellestis.

Capitalisation of maintainable earnings method

We consider it appropriate to value a share in Cellestis using the capitalisation of maintainable earnings method due to the following factors:

- Cellestis has generated positive earnings over the past three years and is expected to continue to do so
- Cellestis has maintained relatively steady earnings margins, despite significant currency fluctuations over the past few years
- the capital expenditure requirements of the business are low and no significant capital expenditure is expected in the near future
- Cellestis as a business does not have a finite lifespan
- there is an adequate number of publicly listed companies with operations sufficiently similar to those of Cellestis to permit meaningful analysis of the comparable companies' operating margins and earnings multiples observed from share trading and comparable transactions.

The application of the capitalisation of maintainable earnings requires the consideration of the following:

- an estimate of future maintainable earnings – we have selected EBIT as the most appropriate measure for future maintainable earnings
- an appropriate earnings multiple – we have selected an EBIT multiple on a control basis by considering the trading multiples for listed comparable companies (and an appropriate premium for control) and the multiples implied by transactions in comparable companies
- adjustments for the value of any surplus assets and liabilities.

Valuation cross checks

We have cross checked our valuation using the discounted cash flow method based on high level assumptions to take into account the following:

- the growth opportunities available to Cellestis through improved product acceptance by health service providers and expansion to other developed markets over the next few years
- the uncertainties in relation to the timeframe required for Cellestis' QuantiFERON-TB Gold In-Tube to achieve further market penetration in its major markets, the rate of sales growth, and future competition against other latent tuberculosis diagnostic products in the market upon expiry of patents on QuantiFERON-TB Gold In-Tube.

The discount rate applied to the cash flows takes into account the inherent uncertainty of the future growth of Cellestis' QuantiFERON-TB Gold In-Tube.

We have also cross checked our valuation of a share in Cellestis under the capitalisation of maintainable earnings method with reference to the recent share trading in Cellestis shares.

6 Valuation of Cellestis

6.1 Introduction

Deloitte Corporate Finance has estimated the fair market value of a share in Cellestis to be in the range of AUD 3.00 to AUD 3.52.

For the purpose of our opinion fair market value is defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

In determining this amount, we estimated the fair market value of Cellestis using the capitalisation of future maintainable earnings approach. We have also cross checked our valuation using a high level discounted cash flow valuation and also with reference to recent share trading in Cellestis shares.

6.2 Capitalisation of maintainable earnings method

The capitalisation of maintainable earnings method estimates fair market value by capitalising future earnings using an appropriate multiple, adding any surplus or non-operating assets, adding net cash and applying a premium for control. To value a share in Cellestis using the capitalisation of maintainable earnings requires the determination of the following:

- an estimate of future maintainable earnings
- an appropriate earnings multiple
- the value of any surplus assets and liabilities
- the liability in respect of employee share options on issue
- net cash
- the number of shares on issue.

Our considerations on each of these are discussed separately below.

6.2.1 Future maintainable earnings

Future maintainable earnings represent the level of maintainable earnings that the existing operations could reasonably be expected to generate. We have selected EBIT as an appropriate measure of earnings for Cellestis because earnings multiples based on EBIT are less sensitive to different financing structures and effective tax rates than multiples based on net profit after tax, and partially take account of different capital expenditure requirements, which are ignored by multiples of EBITDA.

In selecting a future maintainable EBIT, we have considered the following:

- the historical FY 2009 and FY 2010 EBIT and the EBIT achieved for the six month period ended 31 December 2010 by Cellestis. This is summarised in the following table:

Table 11: Historical EBIT of Cellestis

	FY 2009 (AUD'000)	FY 2010 (AUD'000)	HY 2011 (AUD'000)
EBIT	7,331	9,496	5,211

Source: Cellestis

- Cellestis' most recent business plan for its major markets
- historical sales growth rate and growth potential of QuantiFERON-TB Gold In-Tube in the near future having regard to Cellestis' ability to market the product and expand its market share in a relatively stable overall market

- Cellestis has achieved relatively stable EBIT margins over the past two years, despite significant foreign currency fluctuations. While a significant majority of Cellestis' sales revenue is generated outside Australia and is therefore denominated in foreign currencies, predominantly in USD and Euros, the cost of sales and other major operating expenses including selling, marketing and distribution costs, are typically in the same currencies. Whilst the impact of currency fluctuations on EBIT has been significant, as a consequence of these natural currency hedges, the impact has been somewhat reduced
- near term manufacturing costs of QuantiFERON-TB Gold In-Tube are expected to increase in line with inflation
- whilst Cellestis has not provided profit guidance for FY 2011 to the market, at the Company's Annual General Meeting in November 2010, management advised that it expects underlying growth for the business to be in the range of 30% to 40% during FY 2011 subject to risk factors including foreign exchange movements
- earnings forecasts as prepared by management for FY 2011 (based on actual results to March 2011 and forecasts for the three months to 30 June 2011) and FY 2012, of AUD 13.2 million and AUD 16.9 million, respectively. Foreign currency assumptions adopted in management forecasts are consistent with current forward exchange rates.

Based on the above considerations, we have estimated future maintainable EBIT to be in the range of AUD 15.0 million to AUD 16.0 million, applicable to the calendar year ending 31 December 2011. This is consistent with the multiples observed for the comparable companies and the selected EBIT multiple as discussed in Section 6.2.2.

6.2.2 Earnings multiple

We have determined an earnings multiple in the range of 18.0 times to 20.0 times EBIT on a control basis. In selecting this earnings multiple we have considered:

- earnings multiples derived from share market prices of comparable listed companies
- prices achieved in mergers and acquisitions of comparable companies
- an appropriate premium for control.

These are discussed separately below.

Market trading multiples

The share market valuation of listed companies provides evidence of an appropriate earnings multiple for Cellestis. The share price of a listed company represents the market value of a minority interest in that company.

As discussed in Section 4, Cellestis is an Australian listed company with one major product, being QuantiFERON-TB Gold In-Tube, its patented test for latent tuberculosis. There are no other listed companies whose only product is a diagnostic test for latent tuberculosis.

Consequently, as there are no highly comparable companies in Australia, we have compiled share market trading multiples for the following:

- global healthcare companies – these companies are large global healthcare companies that are involved in product research and development, clinical trials, obtaining product approval from governments, obtaining patent protection as well as manufacturing and distributing pharmaceutical, medical diagnostic and other healthcare related products to the market
- healthcare diagnostic companies – these are companies operating in the medical diagnostic sector, including companies engaged in the development, manufacture and distribution of diagnostic products and the provision of diagnostic and laboratory services and the development of products.

These companies, together with their earnings multiples and descriptions are set out in Appendix 2 and summarised in the table below.

Table 12: Share trading multiples for comparable companies

Entity	Domicile	Enterprise Value[1] (USDm)	Revenue growth[2] (%)	EBIT margin Current (%)	EBIT margin Forecast (%)	EBIT multiple Current (times)	EBIT multiple Forecast (times)
Cellestis	Australia	330.2	17.2%	n/a	n/a	n/a	n/a
Global healthcare companies							
Johnson & Johnson	USA	170,541.3	(0.5%)	26.5%	27.1%	9.9	9.2
Roche Holdings AG	Switzerland	168,496.2	(3.2%)	33.8%	35.4%	9.1	8.4
Novartis AG	Switzerland	165,099.0	14.4%	26.9%	26.1%	10.6	10.7
Abbott Laboratories	USA	95,313.3	14.3%	23.1%	23.9%	10.7	9.9
Average			**6.2%**	**27.6%**	**28.1%**	**10.1**	**9.6**
Median			**6.9%**	**26.7%**	**26.6%**	**10.3**	**9.6**
Large healthcare diagnostics companies							
Thermo Fisher Scientific, Incorporated	USA	24,742.3	6.7%	17.6%	18.0%	12.1	11.2
Becton Dickinson and Company	USA	20,066.6	5.5%	22.8%	23.2%	11.3	10.5
Life Technologies Corporation	USA	12,369.5	9.4%	28.2%	29.1%	11.5	10.5
Quest Diagnostics, Incorporated	USA	12,018.6	(1.2%)	17.4%	18.3%	9.1	8.4
Illumina, Incorporated	USA	8,833.7	35.5%	28.3%	31.4%	27.2	20.6
Hologic, Incoporated	USA	6,797.5	2.6%	29.9%	31.4%	12.9	11.4
Alere, Incorporated	USA	6,050.1	12.1%	20.5%	21.7%	12.5	11.1
Average			**10.1%**	**23.5%**	**24.7%**	**13.8**	**12.0**
Median			**6.7%**	**22.8%**	**23.2%**	**12.1**	**11.1**
Small and medium healthcare diagnostics companies							
QIAGEN	Netherlands	4,998.2	7.7%	25.1%	26.5%	17.0	14.7
Biomerieux SA	France	4,330.7	10.9%	18.1%	18.4%	11.2	10.3
Gen Probe, Incorporated	USA	3,887.0	9.0%	28.2%	29.8%	23.7	20.0
Bio Rad Laboratories, Incorporated	USA	3,466.2	8.0%	14.0%	14.6%	12.0	10.9
Perkinelmer, Incorporated	USA	3,283.2	9.9%	14.1%	15.3%	12.5	10.9
Biotest AG	Germany	1,032.6	5.8%	10.2%	11.6%	15.8	12.7
Meridien Biosciences, Incorporated	USA	951.4	(3.6%)	29.4%	32.0%	19.5	15.8
Luminex Corporation	USA	679.0	17.3%	13.0%	18.2%	31.3	18.8
Seegene, Incorporated	South Korea	558.3	99.8%	38.1%	42.6%	36.1	18.7
Quidel Corporation	USA	517.2	(31.9%)	14.9%	19.0%	21.4	15.2
Average			**13.3%**	**20.5%**	**22.8%**	**20.0**	**14.8**
Median			**8.5%**	**16.5%**	**18.7%**	**18.2**	**14.9**
Overall low			**(31.9%)**	**10.2%**	**11.6%**	**9.1**	**8.4**
Overall high			**99.8%**	**38.1%**	**42.6%**	**36.1**	**20.6**
Overall average			**10.9%**	**22.9%**	**24.5%**	**16.1**	**12.9**
Overall median			**8.0%**	**23.1%**	**23.9%**	**12.5**	**11.1**

Source: Thomson Reuters

Notes:

1. Enterprise values converted to USD as at 4 May 2011 at the prevailing spot rates
2. Refers to the revenue growth achieved in the most recently completed financial year
3. n/a – not available

General comments regarding the multiples, margins and operations of the above companies are listed below:

- enterprise values were calculated as the sum of each company's most recent disclosed net borrowings and the market capitalisation as at 4 May 2011. Historical earnings are based on the last annual report
- many of the companies identified above are considerably larger than Cellestis and have a significantly broader range of products and operations. Accordingly, these companies face a number of different risks and opportunities compared to Cellestis
- the majority of the companies comparable to Cellestis are domiciled in the USA. There are no other Australian companies comparable to Cellestis. The majority of Cellestis' revenues are generated in USD and therefore Cellestis, which reports in AUD, may be subject to greater currency risk than many of the comparable companies
- the global healthcare companies with operations in the diagnostic and infectious diseases market segments, including Roche Holdings AG, Johnson & Johnson, Novartis AG and Abbott Laboratories, differ significantly from those of Cellestis.

  Whilst these global healthcare companies have been able to achieve EBIT margins which are broadly comparable to Cellestis, as a high proportion of their product portfolio consists of patented products, these companies have the benefit of strong cash flow generation, which supports ongoing research and development costs and future product acquisitions. Current EBIT multiples observed for the global healthcare companies are in the range of 9.1 times to 10.7 times, with an average of 10.1 times. Forecast EBIT multiples observed for the global healthcare companies are in the range of 8.4 times to 10.7 times, with an average of 9.6 times
- the operational characteristics and risk profile of the healthcare diagnostic companies are more comparable to those of Cellestis than the global healthcare companies, since significant parts of their operations involve development, manufacture and distribution of diagnostic products. However, most of the healthcare diagnostic companies have a broader range of products and services, including product offerings encompassing laboratory services or direct manufacturing
- current EBIT margins for the large healthcare diagnostic companies are in the range of 17.4% to 29.9%, with an average margin of 23.5%. Forecast EBIT margins for the large healthcare diagnostic companies are in the range of 18.0% to 31.4%, with an average margin of 24.7%. Current EBIT multiples observed for the large healthcare diagnostic companies are in the range of 9.1 times to 27.2 times, with an average of 13.8 times. Forecast EBIT multiples observed for the large healthcare diagnostic companies are in the range of 8.4 times to 20.6 times, with an average of 12.0 times
- current EBIT margins for the small and medium healthcare diagnostic companies are in the range of 10.2% to 38.1%, with an average margin of 20.5%. Forecast EBIT margins for the small and medium healthcare diagnostic companies are in the range of 11.6% to 42.6%, with an average margin of 22.8%. Current EBIT multiples observed for the small and medium healthcare diagnostic companies are in the range of 11.2 times to 36.1 times, with an average of 20.0 times. Forecast EBIT multiples observed for the small and medium healthcare diagnostic companies are in the range of 10.3 times to 20.0 times, with an average of 14.8 times
- whilst there are no listed companies that are highly comparable to Cellestis, we consider Gen Probe, Incorporated (Gen Probe), Seegene, Incorporated (Seegene) and Illumina, Incorporated (Illumina) to be the most comparable amongst the selected comparable companies. Gen Probe and Seegene both produce diagnostic tests for a range of infectious diseases including tuberculosis. Seegene and Illumina have both demonstrated a similar revenue growth profile to Cellestis. Gen Probe is a mature diagnostic company with a broad range of products, having been in operation since 1983. Seegene is at early stage of its product commercialisation, having patented and launched numerous molecular diagnostic products over the past three years. Illumina is engaged in the development and manufacture of a range of products used in sequencing, genotyping, gene expression, and molecular diagnostics
- the forecast EBIT margins for Gen Probe, Seegene, and Illumina are 29.8%, 42.6% and 31.4%, respectively. Over the past two years, Cellestis has achieved an EBIT margin in the range of 21.3% to 23.5%. In general we would expect companies which achieve higher EBIT margins to trade at higher multiples

- each of these companies has a significantly more diversified product range than Cellestis, which provides access to more diversified revenue streams and reduces the overall risk of the business. In general, we would expect companies which have a more diversified product range to trade at higher multiples than companies with a less diversified product range
- the current and forecast EBIT multiples for Gen Probe are 23.7 times and 20.0 times, respectively. The current and forecast EBIT multiples for Seegene are 36.1 times and 18.7 times, respectively. The current and forecast EBIT multiples for Illumina are 27.2 times and 20.6 times, respectively. Gen Probe and Illumina are both considerably larger than Cellestis, while Seegene is of a comparable size to Cellestis. In general, larger companies may trade at higher earnings multiples than smaller companies as larger companies are often well established, subject to less risk and have greater product diversity than smaller companies
- the observed trading multiples for Gen Probe appear to be affected by current market speculation as to the possibility of takeover offer for the company. Consequently, the observed multiples for Gen Probe may include a premium for control
- Cellestis commenced sales of the second generation of its QuantiFERON range seven years ago. As the second generation product and the current generation product, QuantiFERON-TB Gold In-Tube gained acceptance in the market, Cellestis has experienced significant growth in revenue and earnings over the past few years. In the past two financial years, Cellestis' reported revenue growth in AUD has been in the range of 17% (in FY 2010) to 83% (in FY 2009). Revenue growth over this period was significantly affected by the movements in the AUD. We have therefore assessed the underlying revenue growth by adjusting for the impact of exchange rate movements, and the underlying growth rates were approximately 74% in FY 2009 and approximately 28% in FY 2010. Management expects growth rates in FY 2011 and FY 2012 will remain broadly in line with FY 2010 levels. Beyond FY 2012, growth rates are expected to decline as the QuantiFERON product moves out of the growth phase in the early years of commercialisation and matures.

  Based on our observation of the historical revenue growth for the selected comparable companies, revenue growth rates reduce over time. The majority of the selected healthcare diagnostic companies which have a more mature product portfolio than Cellestis, have generally experienced more modest revenue growth with growth rates in the order of 10% to 20%. Of the selected comparable companies, Seegene and Illumina, Incorporated (Illumina) have demonstrated broadly comparable revenue growth patterns to Cellestis. Seegene is expected to achieve stronger growth in the medium term than Cellestis, while Illumina is expected to achieve a broadly comparable rate of revenue growth in the short to medium term.

Merger and acquisition multiples

The price achieved in mergers or acquisitions of companies with comparable operations to Cellestis provides evidence of an appropriate earnings multiple for Cellestis. The acquisition price of a company represents the market value of a controlling interest in that company. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

We have compiled merger and acquisition multiples for transactions involving international companies operating in the medical diagnostics sector where sufficient information is available to impute multiples. Whilst the majority of the selected transactions are of a comparable size to Cellestis, given the specialised nature of the Cellestis technology and the specific characteristics of the market in which Cellestis operates, together with the fact that a majority of the transactions were completed before the global financial crisis, we do not consider these transactions to be very comparable and have placed limited emphasis on them. Notwithstanding this, for completeness, specific details regarding the merger and acquisition transactions identified and the calculation of the merger and acquisition earnings multiples are provided at Appendix 3.

We note the following regarding the multiples observed from the selected transactions:

- enterprise values were calculated as the sum of each company's most recent disclosed net borrowings and the market capitalisation of the company implied by the consideration paid by the bidder. Earnings were based on the last annual report prior to the transaction
- we have considered merger and acquisition transactions since 1 January 2006, across the medical diagnostics sector, which includes companies engaged in the development, manufacture and distribution of diagnostic products, the provision of diagnostic and laboratory services, and pharmaceuticals companies
- all of the selected merger and acquisition transactions involved international target and bidder companies

- the EBIT multiples implied by the selected merger and acquisition transactions range from 6.8 times to 53.7 times, with an average of 28.1 times and a median of 27.4 times
- for the merger and acquisition transactions announced prior to the commencement of the global financial crisis commencing in September 2008 (which dramatically affected share prices globally), the average and median EBIT multiples implied by the transactions were 32.4 times and 27.5 times, respectively
- for the transactions announced after the commencement of the global financial crisis, the average and median EBIT multiples implied by the transactions were 8.4 times
- given that the EBIT multiples implied by the transactions are calculated based on earnings from the last annual report prior to the transaction, we would expect the EBIT multiples observed to be higher than the multiples calculated based on forecast EBIT.

Premium for control

Earnings multiples derived from market trading do not reflect the market value for control of a company as they are for portfolio holdings. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values (refer Appendix 4). The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors
- determine the strategy and policy of the company
- make acquisitions, or divest operations
- control the composition of the board of directors.

We have analysed the control premium implied by the mergers and acquisition transactions discussed above and set out in Appendix 3. However, for the same reasons discussed above, we have placed limited emphasis on the control premiums implied by these transactions. Notwithstanding this, we have included the following commentary for completeness:

- the control premiums paid by the acquirers in the comparable merger and acquisition transactions (set out in Appendix 3) are determined based on the VWAP for the one and 30 trading days prior to the date of the announcement of the transaction. The control premium determined based on the VWAP 1 trading day prior to the announcement is typically lower than those determined based on the 30 trading days prior to the announcement. This is because share prices may be influenced by market speculation and rumours of the transactions. As such, in Appendix 3, we have shown the control premium based on the 30 trading days prior to the announcement
- overall, the control premiums observed for the comparable merger and acquisition transactions of companies operating in the medical diagnostics sector, based on the 30 trading days VWAP prior to the announcement, is in the range of nil to 49%, with an average and median control premium of 28% and 32%, respectively
- all of the selected merger and acquisition transactions involved international target and bidder companies.

Other factors that are relevant to our consideration of an appropriate control premium include:

- Cellestis currently has a net cash position. This is a key factor in determining the appropriate level of a control premium and supports a premium at the low end of the range
- a potential acquirer with an established distribution network could leverage its existing distribution network to increase sales beyond the levels that could currently be achieved by Cellestis.

Takeover premium observed from the market transactions reflects, amongst other things, the level of debt of the target companies involved in the takeovers. When the target company has a lower level of debt, or net cash, it is appropriate to apply a lower control premium to derive the same control value.

The level of control premium that should be applied to the value of a minority interest in order to derive the value of a controlling interest is somewhat subjective. Based on these considerations, we are of the opinion that a premium at the lower end of the range is appropriate for Cellestis.

Selected multiple

In selecting an appropriate multiple to apply to the future maintainable EBIT of Cellestis we have considered the following:

- our selected future maintainable EBIT has regard to the earnings outlook of Cellestis for FY 2011 and the considerations outlined in Section 6.2.1
- the trading multiples observed for the listed comparable companies and the multiples implied by the comparable transactions discussed earlier in Section 6.2.2. We have placed greater weight on the trading multiples observed for the comparable listed companies as many of the transactions were completed prior to the commencement of the global financial crisis in 2008 and the multiples implied by those transactions are based on historical earnings rather than current earnings
- current EBIT multiples observed for the large healthcare diagnostic companies are in the range of 9.1 times to 27.2 times, with an average of 13.8 times. Forecast EBIT multiples observed for the large healthcare diagnostic companies are in the range of 8.4 times to 20.6 times, with an average of 12.0 times
- current EBIT multiples observed for the small and medium healthcare diagnostic companies are in the range of 11.2 times to 36.1 times, with an average of 20.0 times. Forecast EBIT multiples observed for the small and medium healthcare diagnostic companies are in the range of 10.3 times to 20.0 times, with an average of 14.8 times
- whilst there are no list companies which are highly comparable to Cellestis, we consider Gen Probe, Seegene and Illumina to be the most comparable amongst the selected listed companies. The forecast EBIT margins for Gen Probe, Seegene, and Illumina are 29.8%, 42.6% and 31.4%, respectively. The current and forecast EBIT multiples for Gen Probe are 23.7 times and 20.0 times, respectively. The current and forecast EBIT multiples for Seegene are 36.1 times and 18.7 times, respectively. The current and forecast EBIT multiples for Illumina are 27.2 times and 20.6 times, respectively
- over the past two years, Cellestis has achieved an EBIT margin in the range of 21.3% to 23.5%. These margins are broadly consistent with the average EBIT margin observed for the healthcare diagnostic companies but significantly lower than the EBIT margins achieved by Gen Probe, Seegene and Illumina. In general we would expect companies which achieve higher EBIT margins to trade at higher multiples
- each of Gen Probe, Seegene and Illumina has a significantly more diversified product range than Cellestis, which provides access to more diversified revenue streams and reduces the overall risk of the business. In general, we would expect companies which have a more diversified product range to trade at higher multiples
- Gen Probe and Illumina are both considerably larger than Cellestis, while Seegene is of a comparable size to Cellestis. In general, larger companies may trade at higher earnings multiples than smaller companies as larger companies are often well established, subject to less risk and have greater product diversity than smaller companies
- the observed trading multiples for Gen Probe appear to be affected by current market speculation as to the possibility of takeover offer for the company. Consequently, the observed multiples for Gen Probe may include a premium for control
- based on our observation of the historical revenue growth for the selected comparable companies, revenue growth rates reduce over time. The majority of the selected healthcare diagnostic companies which have a more mature product portfolio than Cellestis, have generally experienced more modest revenue growth with growth rates in the order of 10% to 20%
- of the selected comparable companies, Seegene and Illumina have demonstrated broadly comparable historical revenue growth patterns to Cellestis. Seegene is expected to achieve significantly stronger growth in the medium term than Cellestis, while Illumina is expected to achieve a broadly comparable rate of

revenue growth in the short term but stronger growth in the medium to long term. In general, companies with lower growth prospects are expected to trade at lower multiples

- the current stage of development of Cellestis, the position of QuantiFERON-TB Gold In-Tube in its product life cycle and the Company's growth prospects
- whilst Cellestis has demonstrated strong revenue and earnings growth in the past few years and is expected to continue to do so in the near term, there is significant uncertainty as to the Company's long-term prospects for revenue growth and market share expansion due to the following:
    - **effectiveness of interferon gamma release assays** – interferon gamma release assays such as QuantiFERON-TB Gold In-Tube have been demonstrated to provide greater sensitivity and specificity in the diagnosis of latent tuberculosis than the incumbent tuberculin skin tests. This has enabled Cellestis to generate revenue growth and expand its market share over the past few years as discussed above. The possible extent of Cellestis' future expansion of market share is, however, highly uncertain
    - **market size for latent tuberculosis tests** – whilst the overall number of people infected with latent tuberculosis is significant, the actual market for latent tuberculosis testing is relatively small as the tests are more common in developed countries for certain screening purposes
    - **response of health sector towards new technology in diagnostics** – the slow rate of change in adoption of new diagnostic technologies in the health sector will pose a challenge to Cellestis in gaining market share from the producers of the incumbent tuberculin skin tests
    - **take-up of novel diagnostic products** – the relatively slow take-up rates of interferon gamma release assays. QuantiFERON-TB Gold In-Tube has a market share in the region of 5% despite the QuantiFERON technology being available in the market for more than seven years
    - **prospects of competition from generic and novel diagnostics** – the prospect of competition from generic alternatives to QuantiFERON-TB Gold In-Tube as the key patents held by Cellestis expire as well as competition from potential novel diagnostics for latent tuberculosis
    - **market fragmentation** – the fragmented market for latent tuberculosis testing, particularly in the USA and Europe, poses a significant challenge to Cellestis in continuing growth in QuantiFERON-TB Gold In-Tube sales
- we consider a control premium at the lower end of the range to be appropriate for Cellestis
- the expected revenue growth rates for Cellestis. In selecting an appropriate EBIT multiple for Cellestis we have considered the following growth scenarios:
    - revenue growth of 30% p.a. during the initial years, reducing progressively to 5% p.a. in the long term. Under these assumptions Cellestis is projected to reach a market share of 10% in FY 2016
    - revenue growth of 30% p.a. during the initial years, reducing progressively to 3% p.a. in the long term. Under these assumptions Cellestis is projected to reach a market share of 10% in FY 2017

  These revenue growth assumptions are consistent with Scenarios 2 and 3 of our high level discounted cash flow valuation discussed in Section 6.3.1
- the overall results of our high level discounted cash flow valuation discussed in Section 6.3.1.

Based on the above, we have selected an EBIT multiple in the range of 18.0 times to 20.0 times (on a control basis) to apply to our selected future maintainable earnings.

6.2.3 Surplus assets and liabilities

Cellestis management has advised that there are no assets which do not contribute to the operations of Cellestis, and we have not identified any material surplus assets during the course of our work. Consequently, no value has been placed on surplus assets.

6.2.4 Employee share options

As discussed in Section 4.7, Cellestis currently has 2,420,000 employee share options on issue. Cellestis has approached each of the holders of employee share options, and each optionholder has agreed to enter into agreements with Cellestis to facilitate the cancellation of their options in exchange for a cash payment, subject to the Proposed Scheme becoming effective and Cellestis obtaining any required regulatory approvals discussed below.

The total cash payment to be made to the optionholders in consideration for the cancellation of the employee share options is AUD 3.8 million. We have included this amount as a liability in our valuation of a share in Cellestis.

6.2.5 Net cash

The net cash position of Cellestis as at 31 March 2011 was as follows:

Table 13: Net cash

	(AUD million)
Interest bearing liabilities	-
Cash	22.5
Net cash	**22.5**

Source: Deloitte Corporate Finance analysis

6.2.6 Valuation: capitalisation of future maintainable earnings

We have considered the enterprise value of Cellestis on a control basis under a range of higher and lower earnings multiples and future maintainable earnings, as set out in the table below.

Table 14: Enterprise value – capitalisation of future maintainable earnings method (AUD million)

	Future maintainable EBIT (AUD million)				
Selected EBIT multiples (times)	13.0	14.0	15.0	16.0	17.0
16.0 times	208.0	224.0	240.0	256.0	272.0
18.0 times	234.0	252.0	270.0	288.0	306.0
20.0 times	260.0	280.0	300.0	320.0	340.0
22.0 times	286.0	308.0	330.0	352.0	374.0

Source: Deloitte Corporate Finance analysis

We consider the enterprise value of Cellestis to be in the range of AUD 270 million to AUD 320 million.

The following table sets out our valuation of a share in Cellestis on a control basis.

Table 15: Valuation of a share in Cellestis

	Section	Low (AUD million)	High (AUD million)
Maintainable EBIT	6.2.1	15.0	16.0
EBIT multiple (on a control basis)	6.2.2	18.0	20.0
Enterprise value before surplus assets (on a control basis)		270.0	320.0
Deloitte Corporate Finance selected enterprise value before surplus assets (on a control basis)		**270.0**	**320.0**
Liability in respect of the employee share options	6.2.4	(3.8)	(3.8)
Enterprise value (on a control basis)		**266.2**	**316.2**
Add: Net cash	6.2.5	22.5	22.5
Equity value (on a control basis)		**288.8**	**338.8**
Shares on issue	4.7	*96.2*	*96.2*
Estimated value per share (on a control basis)		**3.00**	**3.52**
Selected value per share		**3.00**	**3.52**

Source: Deloitte Corporate Finance analysis

Based on the above, we have estimated the fair market value of a share in Cellestis on a control basis using the capitalisation of maintainable earnings method to be in the range of AUD 3.00 to AUD 3.52.

6.3 Valuation cross checks

6.3.1 Discounted cash flow cross check

The discounted cash flow method estimates fair market value by discounting a company's future cash flows to their net present value, and requires that the future cash flows that are expected to be derived from a business are capable of being estimated with a reasonable degree of confidence.

As discussed in Section 5.2, there are significant uncertainties associated with the key business drivers of Cellestis, giving rise to a wide range of possible valuation outcomes under the discounted cash flow methodology. Notwithstanding the limitations associated with using the discounted cash flow analysis as a primary valuation method, we have used a high level discounted cash flow valuation as a cross check to provide additional evidence of the fair market value of a share in Cellestis.

To cross check the value of Cellestis using the discounted cash flow method requires the determination of the following:

- future cash flows – based on a range of revenue and earnings scenarios which may be achievable over the next 12 years to FY 2023 (the Projection Period)
- an appropriate discount rate to be applied to the future cash flows – we have estimated the discount rate based on rates of return required by investors in companies operating in the medical diagnostic sector
- an estimate of the terminal value growth rate.

Our considerations on each of these factors are presented below.

Future cash flows

Cellestis management has prepared a financial forecast for FY 2011 and provided guidance on management's expectation on the growth rate in revenues over the next two years. We have derived three revenue growth profile scenarios for the projected cash flows, which are denominated in AUD on a nominal after-tax basis, based on the following:

- FY 2011 financial forecast prepared by management, which consists of nine months of actual results and three months of forecast results
- the overall market size of latent tuberculosis tests by number of tests conducted per annum in the developed world (45 million as at 31 December 2010) and projected market share to be held by Cellestis over the Projection Period
- historical growth rate achieved by Cellestis over the past two years
- the current stage of development of Cellestis, the position of QuantiFERON-TB Gold In-Tube in its product life cycle and the Company's growth prospects
- potential future revenue growth profile achievable by Cellestis over the Projection Period. We have considered three revenue growth profile scenarios:
    - ***Scenario 1:*** revenue growth of 30% p.a. during the initial years, reducing progressively to 8% p.a. over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in four years i.e. by FY 2015. Cellestis' market share by the end of the Projection Period is assumed to be approximately 20%
    - ***Scenario 2:*** revenue growth of 30% p.a. during the initial years, reducing progressively to 5% p.a. over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in five years i.e. by FY 2016. Cellestis' market share by the end of the Projection Period is assumed to be approximately 14%
    - ***Scenario 3:*** revenue growth of 30% p.a. during the initial years, reducing to 3% over the Projection Period. Under this scenario, Cellestis is projected to reach a market share of 10% in six years i.e. by FY 2017. Cellestis' market share by the end of the Projection Period is assumed to be approximately 11%
- future gross profit margins are assumed to remain relatively stable, reflecting the fact that cost of sales are predominantly variable costs and both revenues and cost of sales are primarily denominated in foreign currencies
- estimated FY 2011 operating margins by taking into account manufacturing, marketing and sales costs and other expenses. The significant portion of operating expenses relate to marketing and sales costs, which are linked to growth of revenue over the Projection Period
- a corporate tax rate of 30%
- working capital requirement assumed to remain relatively constant over the Projection Period
- capital expenditure is assumed to remain relatively constant over the Projection Period.

Due to inherent uncertainties associated with the key drivers of Cellestis' business, such as Cellestis' ability to successfully change the attitude and behaviour of health services providers and gain future market share, and hence the Company's future revenue growth, the assumptions underpinning the future cash flows may give rise to a wide valuation range under the discounted cash flow methodology. We consider Scenario 2 and Scenario 3 to be most realistic and have therefore given greater weight to these scenarios in our analysis.

Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a nominal after tax discount rate in the range of 14% to 15% to discount the future cash flows of Cellestis to their present value. In selecting these discount rates we consider the following:

- the required rate of return of comparable companies in the broader pharmaceutical and diagnostic sectors

- the debt to equity ratio of comparable companies
- the uncertainty in relation to Cellestis' projected cash flows.

The nominal after tax discount rate range selected reflects our assessment of the weighted average cost of capital for Cellestis based on the following:

- a cost of equity of 13.4% to 15.0% based on:
  - a risk free rate of 5.6% based on the five day average of the zero coupon ten year Australian government bond as at 4 May 2011
  - an equity market risk premium of 6.0%
  - a levered beta of 0.8 to 0.9
  - a company specific risk premium of 3% to 4%, reflecting the high level of uncertainty associated with the growth potential of Cellestis' product
- a net debt to enterprise value ratio of nil
- a corporate tax rate of 30%.

Terminal value

The terminal value estimates the value of the ongoing cash flows after the forecast period. We estimated the terminal value using the Gordon growth method based on the following:

- forecast nominal post tax cash flows in the terminal year
- a discount rate in the range of 14% to 15%
- a nominal long term growth rate of 2.5%.

Valuation summary

We have considered the enterprise value of Cellestis on a control basis under each of the three cash flow scenarios discussed above and a range of higher and lower discount rate assumptions, as set out in the table below.

Table 16: Enterprise value – discounted cash flow method (AUD million)

	Discount rate			
	16.0%	15.0%	14.0%	13.0%
Scenario 1	363.2	404.8	454.7	515.3
Scenario 2	277.5	307.5	343.2	386.4
Scenario 3	230.3	253.7	281.5	315.1

Source: Deloitte Corporate Finance analysis

As discussed above, we consider Scenario 2 and 3 to be the most realistic scenarios.

Surplus assets and liabilities

As discussed in Section 6.2.3, no value has been placed on surplus assets or liabilities.

Employee share options

As discussed in Section 6.2.4, we have included a liability in respect of the employee share options of AUD 3.8 million.

Net cash

As discussed in Section 6.2.5, the net cash position of Cellestis as at 31 March 2011 was AUD 22.5 million.

Conclusion

The estimated value of a share in Cellestis on a control basis under each of the three cash flow scenarios discussed above and a range of higher and lower discount rate assumptions, as set out in the table below.

Table 17: Value per share in Cellestis – discounted cash flow method (AUD)

	Discount rate			
	16.0%	15.0%	14.0%	13.0%
Scenario 1	3.97	4.41	4.92	5.55
Scenario 2	3.08	3.39	3.76	4.21
Scenario 3	2.59	2.83	3.12	3.47

Source: Deloitte Corporate Finance analysis

As discussed above, we consider Scenario 2 and 3 to be the most realistic scenarios.

Overall, we consider our estimated value of Cellestis under the discounted cash flow methodology broadly supports our valuation under the capitalisation of maintainable earnings method.

6.3.2 Cross check using recent share trading

We have also considered the recent share trading in Cellestis to cross check our assessed value of a share in Cellestis.

Where the market is well informed and liquid, the market can be expected to provide an objective assessment of the fair market value of a listed entity. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities. As the shares in Cellestis are thinly traded, we consider that the share price provides relatively weak evidence of the fair market value of a share in Cellestis. Notwithstanding this, we consider it relevant to consider the recent share trading as a cross check.

Share prices from market trading do not typically reflect the market value for control of a company as they are for portfolio holdings. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding value. Share trading in Cellestis shares reflects the market's assessment of the minority interest value of a share in Cellestis, albeit in limited trading.

Our assessed value of a share in Cellestis is in the range of AUD 3.00 and AUD 3.52 on a control basis. We have set out the recent share trading activity in Cellestis before 4 April 2011, when Cellestis announced the Proposed Scheme.

Table 18: Share trading in Cellestis

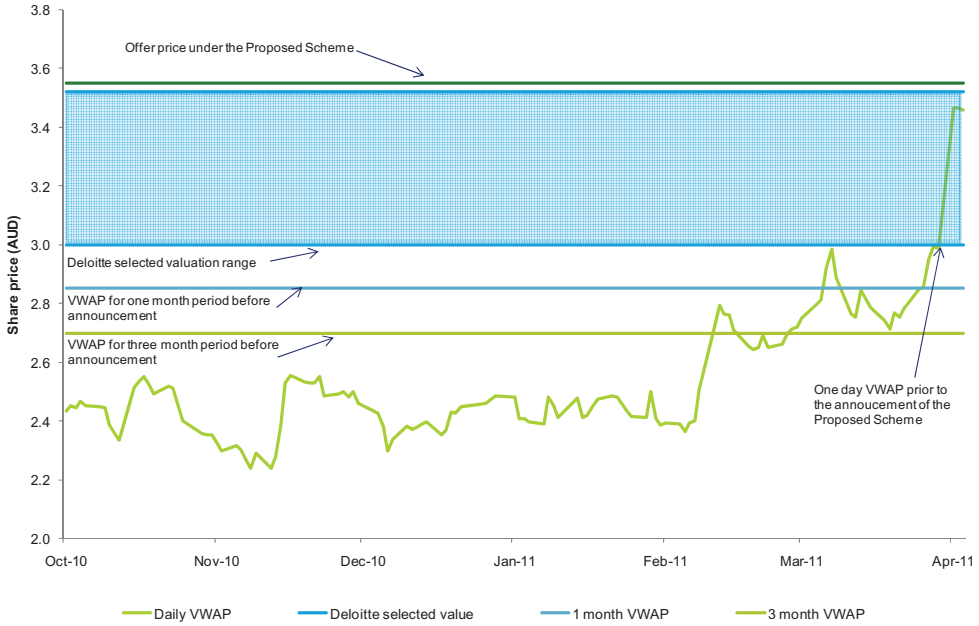
	Low value (AUD)	High value (AUD)	VWAP (AUD)
Deloitte Corporate Finance selected value per share in Cellestis (on a control basis)	3.00	3.52	n/a
VWAP prior to 4 April 2011			
1 month period prior to 4 April 2011	2.69	3.04	2.85
3 month period prior to 4 April 2011	2.34	3.04	2.70
6 month period prior to 4 April 2011	2.16	3.04	2.55
12 month period prior to 4 April 2011	2.16	3.25	2.61

Source: Deloitte Corporate Finance analysis

Over the 12 months prior to the announcement of the Proposed Scheme, the Cellestis share price fluctuated widely, from a high of AUD 3.25 on 13 April 2010 to a low of AUD 2.16 on 15 November 2010. The one month and three month VWAPs prior to 4 April 2011 were AUD 2.85 and AUD 2.70, respectively.

The following figure shows the daily VWAP of Cellestis shares for the six months prior to the announcement of the Proposed Scheme together with the one month and three month VWAP prior to the announcement of the Proposed Scheme and the Deloitte Corporate Finance selected valuation range.

Figure 4: Share trading



Source: ASX and Deloitte Corporate Finance analysis

Our assessed value of a share in Cellestis implies a control premium of 11% to 30% over the three month period prior to 4 April 2011 and a control premium of 5% to 24% over the one month period prior to 4 April 2011. Whilst acknowledging the limited trading in Cellestis shares, having regard to control premiums typically paid in transactions involving ASX listed entities, we consider the share trading in Cellestis shares broadly supports our valuation conclusion.

7 Evaluation and conclusion

7.1 Valuation of consideration

The consideration for each Cellestis share offered under the Proposed Scheme is AUD 3.55. The consideration offered may include a fully franked cash dividend, subject to receipt of a positive tax ruling from the Australian Taxation Office by the Second Court Date, to be paid by Cellestis as a special dividend. The payment of the special dividend is subject to Board approval. The amount of the fully franked dividend is expected to be up to AUD 0.07 and, if paid, will reduce the cash consideration by that amount such that the total payment to Shareholders is AUD 3.55.

Given that a component of the consideration may be received by way of special fully franked dividend, we have considered the impact of taxation on the dividend component of the consideration. Due to the franking credits, the value of the consideration to individual Shareholders will differ depending on their individual tax profile.

Table 19: Valuation of consideration

	Marginal tax rate				
	0%	15%	30%	40%	45%
Possible type of investor	Investment supporting an allocated pension	Superannuation fund	Company	Individual	Individual
Consideration excluding fully franked dividend component	3.48	3.48	3.48	3.48	3.48
Dividend (excluding franking credit)	0.07	0.07	0.07	0.07	0.07
Franking credit	0.03	0.03	0.03	0.03	0.03
Tax payable on dividend[2]	0.00	(0.02)	(0.03)	(0.04)	(0.05)
Total value of the consideration	**3.58**	**3.57**	**3.55**	**3.54**	**3.54**

Source: Deloitte Corporate Finance analysis

Notes:

1. The tax payable figures above do not include an allowance for any additional levies collected by the Australian Taxation Office
2. Calculated based on the application of the marginal tax rate to the sum of the dividend and the franking credit and rounded to the nearest whole cent

Based on our analysis above, should the consideration comprise a special dividend, the value of the consideration could be in the range from AUD 3.54 to AUD 3.58, depending on an individual Shareholder's marginal tax rate.

In assessing the value of the consideration to the Shareholders, we have ignored the value of any capital gains or losses which may accrue to the Shareholders as a consequence of the consideration being higher or lower than their initial acquisition price.

7.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. Set out in the table below is a comparison of our assessment of the fair market value of a share in Cellestis with the consideration offered by QIAGEN under the Proposed Scheme.

Table 20: Evaluation of fairness

	Low value (AUD)	High value (AUD)
Deloitte Corporate Finance selected value per share in Cellestis (on a control basis)	3.00	3.52
Cash consideration offered by QIAGEN	3.55	3.55

Source: Deloitte Corporate Finance analysis

The consideration offered by QIAGEN is above the range of our estimate of the fair market value of a share in Cellestis. Accordingly it is our opinion that the Proposed Scheme is fair. In the event that a special fully franked dividend of AUD 0.07 forms part of the consideration under the Proposed Scheme, the value of the consideration could be in the range of AUD 3.54 to AUD 3.58, depending on an individual Shareholder's marginal tax rate. The fully franked dividend component of the consideration does not affect our opinion as to the fairness of the Proposed Scheme.

7.3 Reasonableness

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Scheme:

Advantages of the Proposed Transaction

The likely advantages to Shareholders if the Proposed Scheme is approved include:

Shareholders are receiving a premium to the share price of Cellestis prior to the announcement of the Proposed Scheme

The cash consideration of AUD 3.55 per share offered to Shareholders under the Proposed Scheme represents a premium to recent traded prices per share prior to the announcement of the Proposed Scheme.

The one month VWAP of shares in Cellestis prior to the announcement of the Proposed Scheme was AUD 2.85, and the three month VWAP was AUD 2.70. The consideration represents a premium to share trading in Cellestis shares prior to the announcement of the Proposed Scheme of between 24.3% and 31.5%.

Certainty of cash consideration

The Proposed Scheme represents an opportunity for Shareholders to realise their investment in Cellestis with the certainty of the cash consideration offered under the Proposed Scheme and without incurring any transaction costs.

The directors of Cellestis unanimously support the Proposed Scheme

The directors of Cellestis currently hold 27% of the shares in Cellestis. The directors of Cellestis unanimously support the Proposed Scheme and have indicated their intention to vote in favour of the Proposed Scheme in respect of their shares in Cellestis, if no superior offer is received and subject to the independent expert concluding the Proposed Scheme is fair and reasonable and in the best interests of Shareholders.

Access to liquidity for Cellestis shareholders

Cellestis shares are thinly traded on the ASX. Consequently, Shareholders face limited opportunities to achieve liquidity in respect of their shares in Cellestis. The Proposed Scheme provides Shareholders with access to liquidity at a premium to prices at which the shares were trading prior to the announcement of the Proposed Scheme.

No other offers for Cellestis have emerged

The directors of Cellestis, through their advisers, undertook market soundings in order to identify potential acquirers for Cellestis. The advisers approached a range of international entities identified as potential acquirers for Cellestis to encourage any possible alternative offers for Cellestis. This process did not yield any superior offers for Cellestis.

In the absence of the Proposed Scheme shares in Cellestis would likely trade below current levels

In the absence of the Proposed Scheme or an alternative transaction, shares in Cellestis would likely trade below the prices achieved since the announcement of the Proposed Scheme. The current share price of Cellestis reflects market expectations of the Proposed Scheme proceeding and is likely to include a premium for control. In the absence of the Proposed Scheme or an alternative transaction, we would expect shares in Cellestis to trade at a value consistent with our valuation of a share in Cellestis after allowing for an appropriate discount for lack of control.

Disadvantages of the Proposed Scheme

The likely disadvantages to Shareholders if the Proposed Scheme is approved include:

Inability to participate in the possible future growth potential of Cellestis

Our valuation of Cellestis recognises the potential future growth of the Company's business based on our consideration of its potential future earnings. However, if Cellestis is able to generate additional earnings beyond those considered in our valuation, for example, by gaining a greater market share than implied by our valuation or through the development of additional products, the value of a share in Cellestis may be enhanced, perhaps significantly, to a value that may exceed the consideration under the Proposed Scheme.

Conclusion as to reasonableness

As the Proposed Scheme is fair it is also reasonable.

Other matters

QIAGEN has separately entered into option agreements with two directors of Cellestis to acquire a 19.9% interest in Cellestis.

The exercise price per share under the option agreements between QIAGEN and the two directors is equal to the offer price under the Proposed Scheme being AUD 3.55. The options are only exercisable in the event that Cellestis receives a superior offer to that under the Proposed Scheme from an alternative bidder prior to the completion of the Proposed Scheme or if the two directors deal in their Cellestis shares. In these circumstances, QIAGEN may exercise the options but must then either agree to match the superior offer or if QIAGEN does not agree to do so, must sell the shares acquired through the exercise of the options to the acquirer making the superior offer.

We do not consider these option agreements have a significant impact on the Shareholders of Cellestis other than the shareholders that are party to the option agreements.

7.4 Conclusion

Based on the foregoing, we are of the opinion that the Proposed Scheme is fair and reasonable and therefore in the best interests of Shareholders.

An individual Shareholder's decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. If in doubt the Shareholder should consult an independent adviser, who should have regard to their individual circumstances.

Appendix 1: Glossary

Reference	Definition
AFSL	Australian Financial Services Licence
APESB	Accounting Professional and Ethical Standards Board Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUASB	Auditing and Assurance Standards Board
AUD	Australian dollars
BCG	Bacillus Calmette-Guerin
Bio-Rad	Bio-Rad Laboratories, Incorporated
CDC	Centers for Disease Control and Prevention
CE	Conformité Européenne
Cellestis	Cellestis Limited
CMV	Cytomegalovirus
Company, the	Cellestis Limited
Corporations Act, the	Corporations Act 2001 (Cth)
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Deloitte Touche Tohmatsu	Deloitte member firm in Australia
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FDA	US Food and Drug Administration
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year ending 30 June
GBP	British pounds
Gen Probe	Gen Probe, Incorporated
HIV	Human immunodeficiency virus
HY	Half year ending 31 December
Illumina	Illumina, Incorporated
MHLW	Japanese Ministry of Health, Labour and Welfare
n/a	Not available
n/m	Not meaningful
NASDAQ	National Association of Securities Dealers Automated Quotations
NICE	National Institute for Health and Clinical Excellence
Part 3	Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth)
Projection Period, the	Next 12 years to FY 2023
Proposed Scheme, the	The proposed scheme of arrangement between under which a wholly owned subsidiary of QIAGEN will acquire of the outstanding shares in Cellestis for cash consideration of AUD 3.55 per share
QIAGEN	QIAGEN N.V.
RNA	Ribonucleic acid
Scheme Booklet, the	Scheme booklet containing the detailed terms of the Proposed Scheme
Section 640	Section 640 of the Corporations Act
Section 411	Section 411 of the Corporation Act

Reference	Definition
Seegene	Seegene, Incorporated
Shareholders, the	Existing shareholders of Cellestis
SWOT	Strengths, weaknesses, opportunities and threats
UK	United Kingdom
USD	United States dollars
VWAP	Volume weighted average price
WHO	World Health Organisation
xMAP	Multi-Analyte Profiling

Appendix 2: Comparable entities

The following table provides analysis of the share trading multiples of companies with broadly comparable activities to those of Cellestis.

Table 21: Share trading multiples for comparable companies

Entity	Domicile	Enterprise Value[1] (USD million)	Revenue Growth[2] (%)	EBIT margin Historical (%)	EBIT margin Current (%)	EBIT margin Forecast (%)	EBIT Multiple Historical (times)	EBIT Multiple Current (times)	EBIT Multiple Forecast (times)
Cellestis	Australia	330.2	17.2%	23.5%	n/a	n/a	30.4	n/a	n/a
Global healthcare companies									
Johnson & Johnson	USA	170,541.3	(0.5%)	28.4%	26.5%	27.1%	9.9	9.9	9.2
Roche Holdings AG	Switzerland	168,496.2	(3.2%)	28.1%	33.8%	35.4%	10.8	9.1	8.4
Novartis AG	Switzerland	165,099.0	14.4%	22.3%	26.9%	26.1%	14.3	10.6	10.7
Abbott Laboratories	USA	95,313.3	14.3%	17.3%	23.1%	23.9%	15.7	10.7	9.9
Average			**6.2%**	**24.0%**	**27.6%**	**28.1%**	**12.7**	**10.1**	**9.6**
Median			**6.9%**	**25.2%**	**26.7%**	**26.6%**	**12.5**	**10.3**	**9.6**
Large healthcare diagnostic companies									
Thermo Fisher Scientific, Incorporated	USA	24,742.3	6.7%	11.7%	17.6%	18.0%	19.6	12.1	11.2
Becton Dickinson and Company	USA	20,066.6	5.5%	22.7%	22.8%	23.2%	12.0	11.3	10.5
Life Technologies Corporation	USA	12,369.5	9.4%	15.6%	28.2%	29.1%	22.2	11.5	10.5
Quest Diagnostics, Incorporated	USA	12,018.6	(1.2%)	17.6%	17.4%	18.3%	9.3	9.1	8.4
Illumina, Incorporated	USA	8,833.7	35.5%	23.4%	28.3%	31.4%	41.7	27.2	20.6
Hologic, Incoporated	USA	6,797.5	2.6%	4.2%	29.9%	31.4%	n/m	12.9	11.4
Alere, Incorporated	USA	6,050.1	12.1%	(44.1%)	20.5%	21.7%	n/m	12.5	11.1
Average			**10.1%**	**7.3%**	**23.5%**	**24.7%**	**20.9**	**13.8**	**12.0**
Median			**6.7%**	**15.6%**	**22.8%**	**23.2%**	**19.6**	**12.1**	**11.1**

Entity	Domicile	Enterprise Value[1] (USDm)	Revenue Growth[2] (%)	EBIT margin Historical (%)	EBIT margin Current (%)	EBIT margin Forecast (%)	EBIT Multiple Historical (times)	EBIT Multiple Current (times)	EBIT Multiple Forecast (times)
Small and medium healthcare diagnostic companies									
QIAGEN	Netherlands	4,998.2	7.7%	17.3%	25.1%	26.5%	26.5	17.0	14.7
Biomerieux SA	France	4,330.7	10.9%	18.0%	18.1%	18.4%	12.0	11.2	10.3
Gen Probe, Incorporated	USA	3,887.0	9.0%	26.8%	28.2%	29.8%	26.7	23.7	20.0
Bio Rad Laboratories, Incorporated	USA	3,466.2	8.0%	14.7%	14.0%	14.6%	12.2	12.0	10.9
Perkinelmer, Incorporated	USA	3,283.2	9.9%	10.5%	14.1%	15.3%	18.3	12.5	10.9
Biotest AG	Germany	1,032.6	5.8%	10.4%	10.2%	11.6%	16.2	15.8	12.7
Meridien Biosciences, Incorporated	USA	951.4	-3.6%	28.8%	29.4%	32.0%	23.1	19.5	15.8
Luminex Corporation	USA	679.0	17.3%	7.9%	13.0%	18.2%	60.4	31.3	18.8
Seegene, Incorporated	South Korea	558.3	99.8%	26.9%	38.1%	42.6%	90.7	36.1	18.7
Quidel Corporation	USA	517.2	-31.9%	-13.5%	14.9%	19.0%	n/m	21.4	15.2
Average			**13.3%**	**14.8%**	**20.5%**	**22.8%**	**31.8**	**20.0**	**14.8**
Median			**8.5%**	**16.0%**	**16.5%**	**18.7%**	**23.1**	**18.2**	**14.9**
Overall low			**(31.9%)**	**(44.1%)**	**10.2%**	**11.6%**	**9.3**	**9.1**	**8.4**
Overall high			**99.8%**	**28.8%**	**38.1%**	**42.6%**	**90.7**	**36.1**	**20.6**
Overall average			**10.9%**	**14.1%**	**22.9%**	**24.5%**	**24.5**	**16.1**	**12.9**
Overall median			**8.0%**	**17.3%**	**23.1%**	**23.9%**	**17.3**	**12.5**	**11.1**

Source: Thomson Reuters

Notes:

1. Enterprise values converted to USD as at 4 May 2011 at the prevailing spot exchange rates
2. Refers to the revenue growth achieved in the most recently completed financial year
3. n/m – not meaningful

We provide the descriptions for each of the above comparables sourced from ThomsonReuters as follows:

Global healthcare companies

Johnson & Johnson

Johnson & Johnson is a holding company. The company and its subsidiaries are engaged in the research and development, manufacture and sale of a range of products in the health care field. It has more than 250 operating companies conducting business worldwide. The company's operating companies are organised into three business segments: Consumer, Pharmaceutical and Medical Devices and Diagnostics. The company and its subsidiaries operate 139 manufacturing facilities occupying approximately 21.8 million square feet of floor space. Within the United States, 7 facilities are used by the Consumer segment, 11 by the Pharmaceutical segment and 36 by the Medical Devices and Diagnostics segment.

Roche AG

Roche AG is a Switzerland-based pharmaceuticals and diagnostics company. Roche AG discovers, develops and provides diagnostic and therapeutic products and services from early detection and prevention of diseases to diagnosis, treatment and treatment monitoring. Roche has two divisions: Pharmaceuticals and Diagnostics. Each of these divisions operates globally.

Novartis AG

Novartis AG provides healthcare solutions. The company's portfolio includes medicines, preventive vaccines and diagnostic tools, generic pharmaceuticals and consumer health products. The company operates in four divisions: pharmaceuticals, vaccines and diagnostics, sandoz, and consumer health. On 25 August 2010, Novartis AG completed the acquisition of a further 52% interest in Alcon, Incorporated. On 1 June 2010, the company completed the acquisition of Oriel Therapeutics, Incorporated. On 3 February 2010, the company completed the acquisition of Corthera, Incorporated.

Abbott Laboratories

Abbott Laboratories is engaged in discovery, development, manufacture, and sale of diversified line of healthcare products. It has four segments: Pharmaceutical Products, which include a line of adult and paediatric pharmaceuticals manufactured, marketed, and sold directly to wholesalers and healthcare facilities; Diagnostic Products, which include a line of diagnostic systems and tests manufactured, marketed, and sold to hospitals and commercial laboratories; Nutritional Products, which include a line of paediatric and adult nutritional products, and Vascular Products, which include a line of coronary, endovascular, and vessel closure devices for the treatment of vascular disease. On 15 February 2010, it acquired the Solvay Group's pharmaceuticals business. In March 2010, it acquired Starlims Technologies Limited. In April 2010, it acquired Facet Biotech.

Large healthcare diagnostic companies

Thermo Fisher Scientific

Thermo Fisher Scientific, Incorporated provides analytical instruments, equipment, reagents and consumables, software and services for research, manufacturing, analysis, discovery and diagnostics. The company operates through two segments: analytical technologies and laboratory products and services. The analytical technologies segment includes pharmaceutical, biotechnology, academic, government and other research and industrial markets. The laboratory products and services segment offers combination of products and services that allows its customers to engage in their core business functions of research, development, manufacturing, clinical diagnosis and drug discovery. In April 2010, the company acquired Proxeon A/S, a supplier of products for proteomics analysis. In December 2010, the company acquired Lomb Scientific.

Becton Dickinson and Company

Becton, Dickinson and Company is a global medical technology company engaged in the development, manufacture and sale of medical devices, instrument systems and reagents used by healthcare institutions, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. Becton, Dickinson and Company's operations consist of three business segments: Medical, Diagnostics and Biosciences. On 19 November 2009, Becton, Dickinson and Company acquired 100% of the outstanding shares of HandyLab, Incorporated, a company that develops and manufactures molecular diagnostic assays and automation platforms. During the fiscal year ended 30 September 2010, the company sold the Ophthalmic Systems segment, as well as the surgical blades, critical care and extended dwell catheter product platforms of the Medical segment.

Life Technologies Corporation

Life Technologies Corporation is a global life sciences company. Life Technologies delivers a range of products and services, including systems, instruments, reagents, software, and custom services. Its portfolio of products include technologies for Polymerase Chain Reaction, sample preparation, cell culture, ribonucleic acid (RNA) interference analysis, functional genomics research, proteomics and cell biology applications, capillary electrophoresis based sequencing, next generation sequencing, as well as clinical diagnostic applications, forensics, animal, food, pharmaceutical and water testing analysis. The company also provides its customers purchasing options through sales and service professionals, e-commerce capabilities and onsite supply centre solutions. In October 2010, the company acquired Ion Torrent Systems, Incorporated. In May 2010, the company acquired 59% interest in Geneart AG.

Quest Diagnostics, Incorporated

Quest Diagnostics Incorporated is a provider of diagnostic testing, information and services. The company offers diagnostic testing services and products to patients, physicians, payers, and others. In the USA, the company offers patients and physicians the access to diagnostic testing services through its nationwide network of laboratories and company-owned patient service centres. The company is a provider of clinical testing, including gene-based and esoteric testing, anatomic pathology services and testing for drugs-of-abuse, and the provider of risk assessment services for the life insurance industry. It also is a provider of testing for clinical trials. Its diagnostics products business manufactures and markets diagnostic test kits and point-of-care testing. It provides testing services to a range of customers, with orders for clinical testing generated by physicians, hospitals and employers.

Illumina

Illumina is a developer and manufacturer of life science tools and integrated systems for the analysis of genetic variation and function. The company provides a line of genetic analysis solutions, with products and services that serve a range of interconnected markets, including sequencing, genotyping, gene expression, and molecular diagnostics. The company is organised in two business segments: Life Sciences and Diagnostics. Its Life Sciences business unit includes all products and services related to the research market, namely the product lines based on its sequencing, BeadArray, VeraCode, and real-time Polymerase Chain Reaction technologies. Its Diagnostics business unit focuses on molecular diagnostics. Its customers include genomic research centres, academic institutions, government laboratories, and clinical research organisations. In January 2011, the company acquired Epicentre Technologies Corporation. In April 2010, the company purchased Helixis, Incorporated.

Hologic, Incoporated

Hologic, Incorporated is a developer, manufacturer and supplier of diagnostics, medical imaging systems and surgical products for the healthcare needs of women. The company's business segments are focused on breast health, diagnostics, GYN surgical and skeletal health. It offers products in five categories: Breast Health Products, Diagnostic Products, GYN Surgical Products and Skeletal Health Products. In August 2010, it acquired Sentinelle Medical, Incorporated. In January 2011, the company acquired Interlace Medical, Incorporated, the developer and manufacturer of the MyoSure hysteroscopic tissue removal system.

Alere, Incorporated

Alere, Incorporated, formerly Inverness Medical Innovations, Incorporated, provides diagnostics and health management solutions. The company's products and services are focused on infectious disease, cardiology, oncology, drugs of abuse and women's health. Its brands range from over-the-counter tests to lab-based diagnostics to integrated home monitoring solutions. The company's brands include Acceava Mono cassette, Alere Home Monitoring, AtheNA Multi-Lyte Test System, BinaxNOW, Cholestech LDX, Clearview iFOB Complete, Determine HBsAg, DoubleCheckGold and ImmunoComb. The company has operations in North America, Europe and Middle East, Asia Pacific, and Latin America and Africa.

Small and medium healthcare diagnostic companies

QIAGEN

QIAGEN is a holding company, which provides technologies and products for preanalytical sample preparation and linked molecular assay solutions. The company has developed a portfolio of more than 500 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 pharmaceutical and biotechnology companies, to applied testing customers, as well as to molecular diagnostics laboratories. In September 2009, it acquired DxS Limited. In December 2009, the company acquired SABiosciences Corporation. In January 2010, the company acquired ESE GmbH. In January 2011, the company announced the formation of its India subsidiary, QIAGEN India Pvt. Ltd.

Biomerieux SA

BioMerieux SA is a France-based company that specialises in the field of in-vitro diagnostics for medical and industrial applications. The company designs, develops, manufactures and markets systems used in clinical applications, such as for the diagnosis of infectious diseases, and industrial applications, such as for the analysis of industrial or environmental samples. Its diagnostic systems are comprised of reagents required to conduct biological tests, instruments used for automated testing at variable throughputs, and software used to process and interpret the results of biological tests. The company also provides its customers with related services for the installation and maintenance of instruments, and training for product users. BioMerieux SA is present in five continents, in over 150 countries. The company operates through its subsidiaries, including BioMerieux Algeria, BioMerieux Chile, BioMerieux Dubai, BioMerieux Turkey and BioMerieux Germany, among others.

Gen Probe

Gen Probe is engaged in the development, manufacture and marketing of nucleic acid tests used to diagnose human diseases and screening donated human blood. It also markets a range of products to detect infectious microorganisms, including those causing sexually transmitted diseases, tuberculosis, strep throat, and other infections. The company categorises its products into clinical diagnostic products and blood screening products. In April 2009, Gen-Probe completed the acquisition of Tepnel Life Sciences Plc, an international life sciences products and services company. In October 2009, the company acquired Prodesse, Incorporated . In December 2009, Gen Probe sold its BioKits food safety testing business to Neogen Corporation. In December 2010, the company acquired GTI Diagnostics.

Bio Rad Laboratories, Incorporated

Bio-Rad Laboratories, Incorporated (Bio-Rad) manufactures and supplies the life science research, healthcare, analytical chemistry and other markets with a range of products and systems used to separate complex chemical and biological materials and to identify, analyse and purify their components. Bio-Rad operates in two industry segments: Life Science and Clinical Diagnostics. On January 6, 2010, Bio-Rad acquired certain diagnostic businesses of Biotest AG.

Perkinelmer, Incorporated

PerkinElmer, Incorporated is a provider of technology, services and solutions to the diagnostics, research, environmental and safety, industrial and laboratory services markets. The company operates its business in two segments: Human Health and Environmental Health. In February 2011, the company acquired Chemagen Biopolymer-Technologie AG. In July 2010, it acquired VisEn Medical, Incorporated. In May 2010, the company acquired SGL Newco, Incorporated. In May 2010, the company acquired 50% interest in the ICPMS Joint Venture. In November 2010, the company sold its Illumination and Detection Solutions business. In June 2010, the company sold its Photoflash business.

Biotest AG

Biotest AG is a Germany-based parent company of an international group engaged in the biotechnology and pharmaceutical sectors. It provides pharmaceutical and biotherapeutic drugs, reagents and systems for microbiological monitoring. It specialises in the immunology and hematology therapeutical indications. The company divides its business activities into three segments: Plasma Proteins, Biotherapeutic, and Microbiological Monitoring. Plasma Proteins segment produces and distributes proteins from human blood plasma, including immunoglobulins, coagulation factors and various protein solutions. Biotherapeutic segment has three monoclonal antibodies undergoing clinical trials. Microbiological Monitoring segment develops, manufactures and markets reagents, devices and systems for the hygiene monitoring of air, surfaces and manufacturing processes, among others. The company is majority-owned by OGEL GmbH and operates subsidiaries across Europe, as well as in Japan and the United States.

Meridien Biosciences, Incorporated

Meridian Bioscience, Incorporated is a fully-integrated life science company. The company is engaged in the developing, manufacturing, selling and distribution of diagnostic test kits, for certain gastrointestinal, viral, respiratory and parasitic infectious diseases; the manufacture and distribution of bulk antigens, antibodies, polymerase chain reaction / quantitative polymerase chain reaction reagents, nucleotides, competent cells and bioresearch reagents used by researchers and other diagnostic manufacturers, and the contract development and manufacture of proteins and other biologicals under cyclic guanosine monophosphate conditions for use by biopharmaceutical and biotechnology companies engaged in research for new drugs and vaccines. The company operates in three segments: U.S. Diagnostics, European Diagnostics and Life Science. On 20 July 2010, the company completed the acquisition of the Bioline group of companies.

Luminex Corporation

Luminex Corporation develops, manufactures and sells biological testing technologies and products with applications throughout the life sciences and diagnostics industries. The company's xMAP (Multi-Analyte Profiling) technology, an open architecture, multiplexing technology, allows simultaneous analysis of up to 500 bioassays from a small sample volume, typically a single drop of fluid, by reading biological tests on the surface of microscopic polystyrene beads called microspheres. xMAP technology combines this miniaturised liquid array bioassay capability with small lasers, digital signal processors and software to create a system offering advantages in speed, precision, flexibility and cost. The xMAP technology is being used within various segments of the life sciences industry, which includes the fields of drug discovery and development, clinical diagnostics, genetic analysis, bio-defense, protein analysis and biomedical research.

Seegene

Seegene is a Korea-based company engaged in the molecular diagnostic and reagent development business. The company's products are divided into four categories. The infectious pathogens inspection products include allergic respiratory pathogens, sexually transmitted diseases pathogens, human papilloma virus and other inspection products. In addition, the company provides drug resistance inspection products, single nucleotide polymorphisms inspection products and somatic mutation cancer inspection products. The company provides its products under the brand names of Seeplex, Anyplex and Magicplex. The company distributes its products in the domestic market as well as to the overseas markets.

Quidel Corporation

Quidel Corporation is engaged in the development, manufacturing and marketing of diagnostic testing solutions. These diagnostic testing solutions primarily include applications in infectious diseases and reproductive and women's health. The company sells its products directly to end users and distributors, in each case, for professional use in physician offices, hospitals, clinical laboratories, reference laboratories, universities, retail clinics and wellness screening centres. The company markets its products in the United States through a network of national and regional distributors, and a direct sales force. Internationally, it sells and markets primarily in Japan, Europe and the Middle East through exclusive distributor arrangements. On February 9, 2010, the company acquired Diagnostic Hybrids, Incorporated, which is engaged in the manufacturing and commercialisation of direct fluorescent in-vitro diagnostics assays used in hospital and reference laboratories.

Appendix 3: Comparable transactions

Below are the details of comparable market transactions, listed by target company.

Table 22: Comparable mergers and acquisition multiples

Announcement date	Target company/project	Bidding company	Deal value (USD million)[1]	EBIT multiple (times)	30 day control premium
11 January 2010	Standard Diagnostics, Incorporated (75.79% interest)	Alere, Incorporated	276.8	9.9	38%
3 August 2009	Celsis International Plc (80.1% interest)	Nastor Investments Limited	89.7	6.8	27%
11 December 2007	BBI Holdings Plc (87.87% interest)	Alere, Incorporated	157.7	41.0	19%
5 September 2007	Cozart Plc	Concateno Plc	130.2	53.7	37%
7 August 2007	Unilabs SA (61.9% Stake)	Capio AB	711.8	27.5	32%
25 July 2007	Dade Behring Holdings, Incorporated	Siemens AG	7,120.2	27.9	49%
4 June 2007	Cholestech Corporation	Iris Merger Sub, Incorporated	321.1	27.4	18%
3 June 2007	Digene Corporation	QIAGEN NV	1,327.9	45.4	33%
20 May 2007	Cytyc Corporation	Hologic, Incorporated	5,470.8	27.1	32%
17 May 2007	Biosite, Incorporated	Alere, Incorporated	1,516.1	24.8	0%
27 April 2006	Diagnostic Products Corporation	Siemens AG	1,627.0	17.0	25%
Average				**28.1**	**28%**
Median				**27.4**	**32%**

Source: Mergermarket, Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

Note:

1. As required, deal value converted to USD on announcement date of the transaction

We provide the descriptions sourced from MergerMarket for each of the above transactions as follows:

Control transactions

Standard Diagnostics, Incorporated/Alere, Incorporated

In February 2010, Alere, Incorporated, a US listed diagnostics company with a focus on infectious disease, cardiology, oncology, drugs of abuse and women's health, acquired a majority equity interest in Standard Diagnostic, Incorporated, a South Korea based company, for a cash offer of 320 million Korean won. Standard Diagnostic operated in the medical diagnostics industry and its main product lines related to diagnostics reagents or devices for hepatitis, infectious diseases, tumour markers, fertility, drugs of abuse, urine strips and protein strips.

Celsis International Plc/Nastor Investments Limited

In August 2009, Nastor Investments Limited, a newly-incorporated company formed and controlled by funds management entity North Atlantic Value LLP, announced it would acquire a majority equity interest in Celsis International Plc for cash consideration of 43.7 million British pounds. Celsis International Plc is a United Kingdom (UK) listed company providing life science products and laboratory services to the pharmaceutical and consumer products industries in Europe, the Americas and Asia. The transaction was completed in October 2009.

BBI Holdings Plc/Alere, Incorporated

In February 2008, Alere, Incorporated acquired the remaining 88% equity interest it did not already own in BBI Holdings Plc for total consideration of GBP 68 million. BBI was a listed UK company engaged in the manufacture and supply of gold reagents and diagnostic tests for point of care markets, and also a provider of contract research and development services.

Cozart Plc/Concateno Plc

In September 2007, Cozart Plc, a UK listed medical diagnostics company engaging in the development and supply of testing devices for drug abuse detection, was acquired by Concateno Plc for cash consideration of GBP 64.4 million. Concateno Plc provides child protection, clinical diagnostics, healthcare, criminal justice, maritime, and workplace drug and alcohol testing services.

Unilabs SA/Caprio AB

In November 2007, Unilabs SA, a listed Swiss diagnostics company providing laboratory medicine services in clinical biochemistry, haematology, microbiology, cellular pathology, cytogenetics, molecular genetics, transfusion medicine, and nuclear medicine areas, was acquired by Capio AB for cash consideration of 571 million Swiss Francs. Caprio AB is a Swedish operator of hospitals and diagnostic facilities in many countries across Europe.

Dade Behring Holdings, Incorporated/Siemens AG

In November 2007, Dade Behring Holdings, Incorporated was acquired by Siemens AG, the German engineering conglomerate operating in the industrial, energy and healthcare sectors, for cash consideration of USD 6,718 million. Dade Behring Holdings, Incorporated was a US based company engaging in the development, manufacture and sale of clinical diagnostic instruments, reagents, and consumable supplies and services to clinical laboratories worldwide. The company's primarily focus was on chemistry/immunochemistry, hemostasis, microbiology, and infectious diseases.

Cholestech Corporation/Alere, Incorporated

In September 2007, Cholestech Corporation was acquired by Alere, Incorporated for a stock based consideration valued at approximately USD 321 million. Cholestech Corporation was a listed US based provider of diagnostic tools specialised in heart disease and diabetes.

Digene Corporation/QIAGEN

In July 2007, Digene Corporation, a US based company engaged in the development, manufacture and marketing of gene-based diagnostic tests for the screening, monitoring and diagnosis of human diseases, was merged with QIAGEN for a combination of cash and stock consideration worth USD 1,506 million.

Cytyc Corporation/Hologic, Incorporated

In September 2007, Cytyc Corporation, a US based diversified diagnostic and medical device company, was acquired by Hologic, Incorporated for a combination of cash and stock consideration worth USD 5,471 million.

Biosite, Incorporated/Alere, Incorporated

In June 2007, IMI acquired Biosite, Incorporated for cash consideration of USD 1,516 million. Biosite, Incorporated was a US based company providing medical diagnostic products for critical diseases and health conditions.

Diagnostic Products Corporation/Siemens AG

In July 2006, Diagnostic Products Corporation was merged with Siemens AG in a deal worth USD 1,627 million. Diagnostic Products Corporation was one of the global leaders in immunodiagnostics, focusing on developing, manufacturing and distributing automated body fluid analysers and tests, such as those related to cancer and cardiac disease, as well as hormone and allergy conditions.

Appendix 4: Control premium studies

Deloitte Corporate Finance study

We conducted a study of premiums paid in Australian transactions completed between 1 January 2000 and 27 April 2011. This study was conducted by Deloitte Corporate Finance staff for internal research purposes. Our merger and acquisition data was sourced from Mergermarket and CapitalIQ and yielded 458 transactions that were completed during the period under review[14].

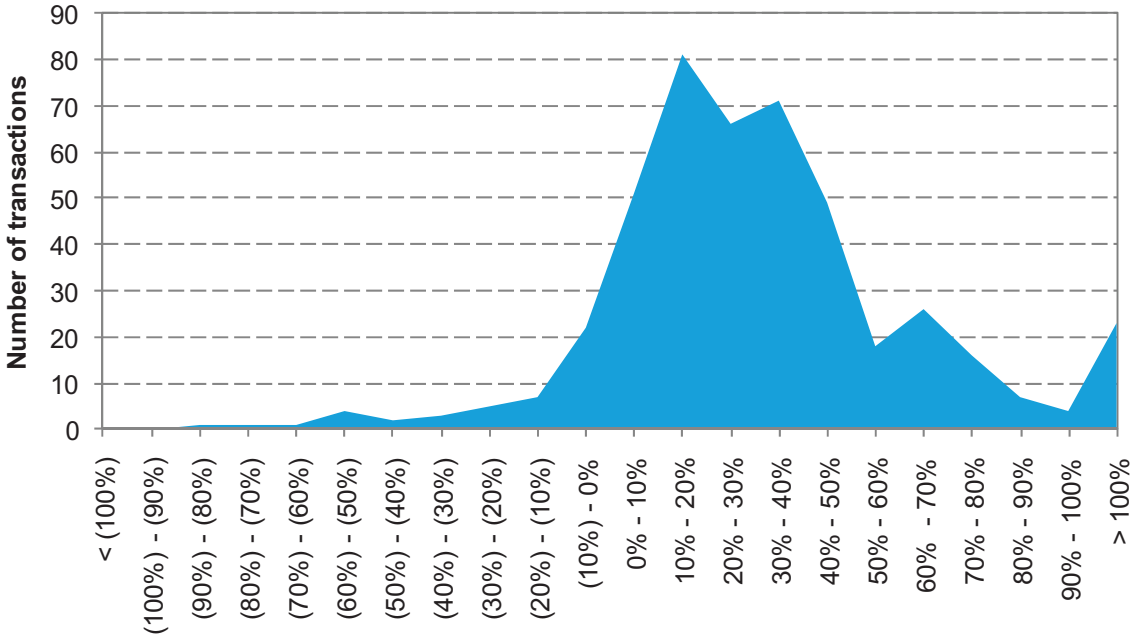
Our data set consisted of transactions where an acquiring company increased its shareholding in a target company from a minority interest to a majority stake or acquired a majority stake in the target company.

We assessed the premiums by comparing the offer price to the closing trading price of the target company one month prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.

Summary of findings

As the following figure shows, premiums paid in Australian transactions between 1 January 2000 and 27 April 2011 are widely distributed with a long 'tail' of transactions with high premiums.

Figure 5: Distribution of data



Source: Deloitte Corporate Finance analysis

[14] Excluding transactions for which inadequate data was available.

The following table details our findings.

Table 23: Premium analysis

	Control premium
Average	33%
Median	28%
Upper quartile	45%
Lower quartile	11%

Source: Deloitte Corporate Finance analysis

Notwithstanding the relatively wide dispersion of control premiums observed in our study we consider the control premium range of 20% to 40% to be representative of general market practice for the following reasons.

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise 'special purchaser' value which is only available to a very few buyers. Such 'special purchaser' value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to trade at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

Other studies

In addition to the study above, we have also had regard to the following:

- a study conducted by S.Rossi and P.Volpin of London Business School dated September 2003, 'Cross Country Determinants of Mergers and Acquisitions', on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- 'Valuation of Businesses, Shares and Equity' (4th edition, 2003) by W. Lonergan states at pages 55-56 that: *"Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly."*
- a study conducted by P. Brown and R. da Silva dated 1997, 'Takeovers: Who wins?', JASSA: The Journal of the Securities Institute of Australia, v4(Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7%.

Appendix 5: Sources of information

In preparing this report we have had access to the following principal sources of information:

- transaction documents relating to the Proposed Scheme
- audited financial statements for Cellestis for the years ended 30 June 2008 to 30 June 2010 and half year ended 31 December 2010
- annual reports for Cellestis for the year ended 30 June 2008 to 30 June 2010
- company business plans, budgets and other associated documentation
- other information contained the Cellestis data room
- company websites for Cellestis and comparable companies
- annual reports and company announcements for comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, ThomsonReuters, Capital IQ, Factiva and Mergermarket
- IBIS company and industry reports
- other publicly available information, media releases and brokers reports on comparable companies and the medical diagnostic sector.

In addition, we have had discussions and correspondence with certain directors and executives, including Dr Anthony Radford, Chief Operating Officer and Director; Dr James Rothel, Chief Scientific Officer and Director; Mr Ronald Pitcher, Chairman; Mr John Bennetts, Director and Mr Brian Manuel, Chief Financial Officer; in relation to the above information and with respect to current operations and prospects.

Appendix 6: Qualifications, declarations and consents

The report has been prepared at the request of the directors of Cellestis and is to be included in the Scheme Booklet to be given to Shareholders for approval of the Proposed Scheme. Accordingly, it has been prepared only for the benefit of the directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme outlined in the report and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is in the best interests of the Shareholders as a whole in relation to Section 411 of the Corporations Act. Deloitte Corporate Finance consents to this report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Cellestis and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Cellestis management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Cellestis and its officers, employees, agents or advisors, Cellestis has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Cellestis may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either the reliance of Deloitte Corporate Finance on the information provided by Cellestis and its officers, employees, agents or advisors or the failure by Cellestis and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in the consideration of Deloitte Corporate Finance of this information consisted of enquiries of Cellestis personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Cellestis included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information of Cellestis referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services Licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Reid, Director, MAppFinInv, B.Ec, F.Fin, CA, Tapan Parekh, Director, BBus, MCom, CA, F Fin, Jennifer Liu, Associate Director, CFA, B.Com (Hons), Thimendra Karawdeniya, Client Manager, Grad.Dip.AppFinInv, BCom, BSc (Hons), and Oliver Sheng, MCom, BA, CA, Senior Analyst. Stephen and Tapan have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 550 Bourke Street, Melbourne VIC 3000 acknowledges that:

- Cellestis proposes to issue a Scheme Booklet in respect of the Proposed Scheme between Cellestis and the holders of Cellestis shares
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report in Annexure 1 of the Scheme Booklet.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure 1 of the Scheme Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert's report as included in Annexure 1 of the Scheme Booklet.

Annexure 2 - Independent Expert's Supplementary Report and Financial Services Guide

Deloitte.

Cellestis Limited

Independent assessment of the valuation prepared by the Cellestis Shareholders Action Group and Financial Services Guide

June 2011

Financial Services Guide

What is a financial services guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately Australian dollars (AUD) 40,000 (excluding GST) in relation to the preparation of this report which is in addition to our fees for our independent expert's report. This fee is not contingent upon the success or otherwise of the proposed acquisition by a wholly owned subsidiary of QIAGEN N.V. (QIAGEN) of all of the shares in Cellestis Limited (Cellestis) by way of a scheme of arrangement, for scrip consideration (the Proposed Scheme).

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance. We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Touche Tohmatsu holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

31 July 2010

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The Directors
Cellestis Limited
Level 1, Office Tower 2
1341 Dandenong Road
Chadstone Centre VIC 3148

10 June 2011

Dear Directors

Independent assessment of the valuation of a share in Cellestis prepared by the Cellestis Shareholders Action Group

Introduction

On 4 April 2011, Cellestis Limited (Cellestis or the Company) announced that it had entered into a scheme implementation deed with QIAGEN N.V. (QIAGEN), a company listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) and the Frankfurt Stock Exchange, under which a wholly owned subsidiary of QIAGEN would acquire all of the fully paid ordinary shares in Cellestis by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (the Corporations Act) for cash consideration of Australian dollars (AUD) 3.55 per share (the Proposed Scheme).

The directors of Cellestis (the Directors) have requested Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) to prepare an independent expert's report advising whether in our opinion the Proposed Scheme is in the best interests of the members of Cellestis (the Independent Expert's Report). A copy of the Independent Expert's Report is included at Annexure 1 of the scheme booklet, which has been prepared for the shareholders of Cellestis, in connection with the Proposed Scheme (the Scheme Booklet).

Subsequent to the announcement of the Proposed Scheme, a group of Cellestis shareholders formed the Cellestis Shareholders Action Group (CSAG) and separately prepared a valuation of Cellestis (the CSAG's Valuation). This valuation and accompanying commentary can be found on the website www.csag-blog.com (current as at 30 May 2011).

The Directors have also requested Deloitte Corporate Finance to prepare an independent assessment of the CSAG's Valuation in relation to the following:

- the appropriateness of the valuation methodology used
- the reasonableness of the assumptions adopted in particular with reference to the revenue growth, operating profit margin and discount rate assumptions
- the mathematical accuracy of the financial model prepared by CSAG (the CSAG Model).

The findings of our independent assessment are set out in this report (the Report).

Purpose

Our Report has been prepared at the request of the Directors to provide Cellestis shareholders with an independent assessment of the CSAG's Valuation. We understand that our Report is to accompany the Scheme Booklet. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the Report is used by any other person for any other purpose.

Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. This Report should be read in conjunction with the declarations outlined in Appendix 3 of this Report.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (APESB).

Our procedures and enquiries did not constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Background

We have provided a brief description of the CSAG's Valuation below. The full output from the CSAG Model is set out at Appendix 1. Additional commentary on the CSAG's Valuation including discussion of the assumptions underpinning the CSAG's Valuation may be found on the website www.csag-blog.com (current as at 30 May 2011).

The CSAG's Valuation of a share in Cellestis is based on a method that is similar to a discounted cash flow method. CSAG's approach estimates the value of a share in Cellestis by calculating the present value of future dividends to be received.

We note the following in relation to the CSAG Model:

- net profit after tax is projected over a ten year period from 1 July 2010 to 30 June 2020. Net profit after tax is estimated based on assumptions relating to:
  - revenue
  - cost of sales
  - operating expenses
  - taxation
- based on the projected net profit after tax, earnings per share (EPS) is projected for the ten year period from 1 July 2010 to 30 June 2020 assuming a constant number of shares on issue
- dividends per share are projected based on a 100% payout ratio
- earnings beyond the ten year projection period are capitalised using an earnings multiple to determine a terminal value
- the value per share is estimated as the sum of the present value of future dividends and the terminal value.

Summary of our views

Overall, we do not consider the CSAG's Valuation of a Cellestis share to be reasonable, primarily due to the following:

- we do not consider the discounted cash flow methodology to be an appropriate primary valuation methodology for the valuation of Cellestis due to the inherent uncertainties around the key drivers of Cellestis' business (refer to Section 1), which can lead to a wide range of possible future cash flows and valuation outcomes
- in our opinion, the revenue growth assumptions adopted in the CSAG Model are optimistic. The revenue growth assumptions imply that Cellestis will achieve a market share of 36% by 2020. In our opinion, this is not a reasonable assumption particularly as Cellestis has only achieved a market share of approximately 5% in the ten years since 2001 (refer to Section 2.1). We do not consider it likely that potential purchasers of Cellestis would factor in such strong revenue growth in forming a view as to how much they would be prepared to pay for Cellestis due to the significant future execution risks associated with achieving this growth. We note that the only offer for Cellestis is the offer from QIAGEN NV and no alternative offers for Cellestis have emerged

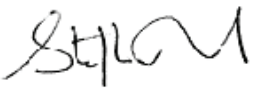
- the operating profit margins adopted in the CSAG Model increase from 30% in FY2011 to 48% in FY2020. In the absence of any evidence provided by the CSAG to support this increase in margins over time it is difficult to understand how Cellestis could achieve this projection when none of the comparable companies set out in Appendix 2 have consistently achieved an earnings before interest and tax (EBIT) margin in excess of 30% (refer to Section 2.2). We do not consider it likely that potential purchasers of Cellestis would factor in such high EBIT margins in forming a view as to how much they would be prepared to pay for Cellestis due to the significant future execution risks
- overall, CSAG's Valuation is premised on the assumption that Cellestis' profits will grow from AUD 8.3 million (for FY2010) to AUD 74.5 million within eight years
- in our opinion, the discount rate adopted in the CSAG Model, a cost of equity of 8%, is too low and by extension, the exit multiple at FY2020 is too high (refer to Section 2.3). In general, the cash flows of companies with higher risk profiles attract higher discount rates than those of companies with lower risk profiles. An equity discount rate of 8% suggests that investing in Cellestis is of comparatively lower risk than investing in a regulated asset or a diversified healthcare company such as Healthscope Limited. Furthermore, CSAG has not provided any support or explanation as to how the discount rate and exit multiple have been derived
- there is an inconsistency between some of the assumptions adopted in the CSAG Model. CSAG has projected strong revenue growth while concurrently reducing marketing costs (as a percentage of revenue) over the next ten years. It is unreasonable to expect Cellestis to achieve strong revenue growth without a proportionate increase in marketing costs. There is also, in our opinion, an inconsistency between the discount rate adopted and the revenue growth and operating profit margin assumptions. The risk associated with Cellestis achieving projections that are premised on high revenue growth and operating profit margin assumptions is significant. In our opinion, this risk has not been appropriately reflected in the cost of equity of 8% adopted in the CSAG Model
- our cross checks, as set out in Section 3, illustrate that the CSAG's Valuation is approximately 300% of the recent prices at which Cellestis shares have traded, and the EBIT multiple implied by CSAG's Valuation (99.4 times) is significantly higher than the EBIT multiples observed for all the comparable companies.

Having considered the CSAG's Valuation, we are still of the view that our valuation opinion as expressed in the Independent Expert's Report dated 10 June 2011 holds and the offer by QIAGEN is in the best interests of shareholders of Cellestis.

This opinion should be read in conjunction with our detailed Report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Stephen Reid

Director

Tapan Parekh

Director

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1 Valuation Methodology

The CSAG Model is prepared using a variation of the discounted cash flow methodology. We consider the capitalisation of earnings multiple approach to be more appropriate in determining the value of a Cellestis share for the reasons set out in the Independent Expert's Report. In our opinion, the discounted cash flow method should not be used as the primary and only valuation approach in determining the value of a Cellestis share. This is due to the inherent uncertainties associated with the key drivers of Cellestis' business (refer to Section 2.1), and a wide range of reasonable scenarios for the key assumptions underpinning the discounted cash flow valuation, which can lead to a wide range of possible valuation outcomes.

As independent expert we had access to management of Cellestis who were able to provide to us with their view on the key drivers of Cellestis' business. Having taken this into account, we did not feel comfortable with adopting the discounted cash flow approach as the primary valuation approach. To the best of our knowledge CSAG has not had access to management of Cellestis.

It is common market practice for a valuation to be cross checked in order to assess the reasonableness of the valuation outcomes. We note that CSAG has not provided a cross check for its valuation of a Cellestis share. Common cross check methods adopted by market practitioners include reference to the recent share trading of the company concerned and a comparison to earnings multiples observed from trading in the securities of comparable companies and comparable transactions which have occurred within the industry.

The reasonableness of the CSAG's Valuation in comparison to these cross checks is discussed in Section 3 of this Report.

2 Reasonableness of the key assumptions

We have reviewed the key assumptions adopted in the CSAG Model including the following:

- revenue growth
- operating profit margins
- discount rate assumption.

In addition, we have commented on the combined effect of these assumptions on the valuation.

2.1 Revenue growth

The CSAG Model assumptions

The revenue growth achieved by Cellestis over the past nine years and the assumptions adopted in the CSAG Model are summarised in the following table.

Table 1: Revenue growth (historical and CSAG Model assumptions)

	Historical									Projected	
	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 to FY2014 (%)	FY2015 to FY2020 (%)
Revenue growth	681%	121%	116%	95%	178%	102%	77%	83%	17%	30%	20%

Source: Thomson Reuters and CSAG Model

We make the following comments in relation to the growth assumptions adopted in the CSAG Model:

- the compound annual growth rate (CAGR) implied for the ten year period to 30 June 2020 is 24% per annum
- this level of revenue growth is premised on the idea that QuantiFERON-TB Gold In-Tube is a superior product to its competitors and that Cellestis will be able to increase market share at a significant rate over that ten year period. The revenue growth assumptions imply a seven-fold increase in market share over the next ten years.

Our analysis

As noted above, the assumption underpinning revenue growth in the CSAG Model is that as QuantiFERON-TB Gold In-Tube is a superior product to its competitors, Cellestis will be able to increase market share significantly over the next ten years. In our view, that assessment has not been borne out by the performance of Cellestis to date, which has seen Cellestis achieve a market share of approximately 5% despite the QuantiFERON technology being available in the market for more than seven years.

The key reasons we consider the revenue growth assumed in the Model is unlikely to eventuate include the following:

- **market size for latent tuberculosis tests** – whilst the overall number of people infected with latent tuberculosis is significant, the actual market for latent tuberculosis testing is relatively small as the tests are more common in developed countries for certain screening purposes
- **response of health sector towards new technology in diagnostics** – the slow rate of change in adoption of new diagnostic technologies in the health sector will pose a challenge to Cellestis in gaining market share from the producers of the incumbent tuberculin skin tests
- **take-up of novel diagnostic products** – the relatively slow take-up rates of interferon gamma release assays. QuantiFERON-TB Gold In-Tube has a market share in the region of 5% despite the QuantiFERON technology being available in the market for more than seven years
- **prospects of competition from generic and novel diagnostics** – the prospect of competition from generic alternatives to QuantiFERON-TB Gold In-Tube as the key patents held by Cellestis expire as well as competition from potential novel diagnostics for latent tuberculosis
- **market fragmentation** – the fragmented market for latent tuberculosis testing, particularly in the United States of America (USA) and Europe, poses a significant challenge to Cellestis in continuing growth in QuantiFERON-TB Gold In-Tube sales
- **market share achieved to date –** the revenue growth assumptions imply a total market share for Cellestis of 36% by 2020, whereas Cellestis has achieved a market share of approximately 5% despite being in operation since 2001.

We have also considered the revenue growth achieved by listed companies that are comparable to Cellestis. Cellestis is an Australian listed company with one major product, being QuantiFERON-TB Gold In-Tube, its patented test for latent tuberculosis. There are no other listed companies whose only product is a diagnostic test for latent tuberculosis. Consequently, as there are no directly comparable companies, we have compiled revenue growth and earnings margins for the following:

- global healthcare companies – these companies are large global healthcare companies that are involved in product research and development, clinical trials, obtaining product approval from governments, obtaining patent protection as well as manufacturing and distributing pharmaceutical, medical diagnostic and other healthcare related products to the market
- healthcare diagnostic companies – these are companies operating in the medical diagnostic sector, including companies engaged in the development, manufacture and distribution of diagnostic products and the provision of diagnostic and laboratory services and the development of products.

These companies, together with their historical revenue growth and earnings margins are set out at Appendix 2.

There are a number of companies that have achieved significant revenue growth over the past four years. These companies are highlighted in Table 4 at Appendix 2. Based on our analysis of the historical revenue growth for the comparable listed companies, we note the following:

- all of these companies, with the exception of Seegene, Incorporated (Seegene), were involved in merger and acquisition activities at some point in time over the past four years which have likely had a substantial impact on revenue growth. Details of the mergers and acquisitions activity is set out in Appendix 2

- Seegene has achieved revenue growth at a CAGR of 162% per annum over the past three years. Seegene is at an early stage of its development and its revenue growth reflects the early stage nature of its products. The revenue growth is of a similar order to the revenue growth achieved by Cellestis between 2001 and 2005 (CAGR of 192% per annum). Cellestis is not growing at that rate today. Consequently, we do not consider Seegene's revenue growth is reflective of a company that has matured beyond its early commercialisation stage as Cellestis has
- excluding the companies noted above, the CAGR over the four years to 30 June 2010 for the remaining companies is in the range of 1% to 12% per annum with an average and median of 7% per annum. Of these companies, we note that some have also undertaken acquisitions between 2006 and 2010 though the impact on revenue growth has been less pronounced than for the companies discussed above. We consider these revenue growth rates to be reflective of the revenue growth achievable by companies with products that are in a mature stage of their development.

Our assessment

We note the following in relation to the revenue growth assumptions adopted in the CSAG Model:

- **FY2011 to FY2012**
  - Cellestis commenced sales of the second generation of its QuantiFERON range seven years ago. As the second generation product and the current generation product, QuantiFERON-TB Gold In-Tube gained acceptance in the market, Cellestis has experienced significant growth in revenue and earnings over the past few years. In the past two financial years, Cellestis' reported revenue growth in AUD has been in the range of 17% (in FY2010) to 83% (in FY2009). Management of Cellestis announced at the 2010 Annual General Meeting that it expects growth rates in FY2011 and FY2012 to be in the range of 30% to 40% subject to risk factors including foreign exchange movements. This is consistent with the revenue growth assumptions adopted in the CSAG Model for FY2011 and FY2012
- **FY2013 to FY2020**
  - the ability of Cellestis to significantly increase market share has been impeded, and is expected to continue to be impeded by the key factors discussed above
  - whilst it is difficult to draw firm conclusions from the study of the listed comparable companies due to the differences between those companies and Cellestis, we note that, excluding the companies which have been involved in merger and acquisition activities and Seegene which is at an early stage of development, the longer term CAGR of revenue growth has been in the range of 1% per annum to 12% per annum with an average of 7% per annum
  - the CSAG Model adopts revenue growth assumptions which imply a seven-fold increase in market share (to 36%) over a ten year period, whereas Cellestis has achieved a market share of approximately 5% despite being in operation since 2001
  - there is a discrepancy between the revenue growth assumptions and the operating margin assumptions (discussed in Section 2.2) as the revenue growth is assumed to be achieved whilst the marketing costs (as a percentage of revenue) are assumed to reduce over a ten year period. Whilst some decline in the ratio of marketing costs to revenue may be possible, the extent of such a reduction is unlikely to be as significant as that assumed in the CSAG Model, particularly in light of the EBIT margins achieved by the comparable listed companies (refer Section 2.2)

We do not consider it likely that potential purchasers of Cellestis would factor in such strong revenue growth in forming a view as to how much they would be prepared to pay for Cellestis due to the significant future execution risks associated with achieving this growth. Based on the foregoing, we do not consider there is a reasonable basis for the revenue growth assumptions adopted in the CSAG Model.

2.2 Operating profit margin

The CSAG Model assumptions

The EBIT margins implied by the assumptions adopted in the CSAG Model is summarised in the following table.

Table 2: EBIT margins

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
EBIT margin	30%	32%	33%	35%	38%	40%	42%	44%	46%	48%

Source: CSAG Model

We make the following comments in relation to the EBIT margins implied by the assumptions adopted in the CSAG Model:

- the EBIT margin achieved by Cellestis in FY2009 and FY2010 was 21.3% and 23.5%, respectively
- the EBIT margin increases uniformly from 30% in FY2011 to 48% by FY2020. An EBIT margin of 48% is also adopted in the determination of the terminal value (based on the FY2020 figure)
- the significant increase in EBIT margin is underpinned primarily by the assumption that marketing costs will decrease as a percentage of revenue from 30% in FY2011 to 12% by FY2020.

Our analysis

To assess the reasonableness of the profit margin assumptions, we have considered the EBIT margins achieved by listed companies that are comparable to Cellestis. The EBIT margins for these companies over the past five years are summarised in Appendix 2.

We note the following in relation to the profit margins achieved by comparable listed companies:

- none of the comparable listed companies shown in Appendix 2 has consistently achieved an EBIT margin in excess of 30%
- the global healthcare companies with operations in the diagnostic and infectious diseases market segments, including Roche Holdings AG, Johnson & Johnson, Novartis AG and Abbott Laboratories, differ significantly from those of Cellestis. These companies each have a diverse portfolio of products and demonstrated strong cash flow generation, which supports ongoing research and development costs and future product acquisitions. The average EBIT margins achieved by these companies from FY2006 to FY2010 are in the range of 23% to 25%. This is broadly consistent with the EBIT margins achieved by Cellestis in FY2009 and FY2010
- the operational characteristics and risk profile of the healthcare diagnostic companies are more comparable to those of Cellestis than the global healthcare companies, since significant parts of their operations involve development, manufacture and distribution of diagnostic products. However, most of the healthcare diagnostic companies have a broader range of products and services, including product offerings encompassing laboratory services or direct manufacturing. The average EBIT margin achieved by the large healthcare diagnostic companies from FY2006 to FY2010 is in the range of 14% to 16%
- the average EBIT margins achieved by the small and medium healthcare diagnostic companies from FY2006 to FY2010 is in the range of 17% to 21%
- whilst there are no listed companies that are highly comparable to Cellestis, we consider Gen Probe, Incorporated (Gen Probe), Seegene and Illumina Limited (Illumina) to be the most comparable amongst the selected comparable companies. Gen Probe and Seegene both produce diagnostic tests for a range of infectious diseases including tuberculosis. Seegene and Illumina have both demonstrated a similar revenue growth profile to Cellestis. Gen Probe is a mature diagnostic company with a broad range of products, having been in operation since 1983. Seegene is at an early stage of its product commercialisation, having patented and launched numerous molecular diagnostic products over the past three years. Illumina is engaged in the development and manufacture of a range of products used in sequencing, genotyping, gene expression, and molecular diagnostics

- the EBIT margins achieved by Gen Probe from FY2006 to FY2010 were in the range of 24% to 31%. The EBIT margin achieved in FY2010 was 25%
- the EBIT margins achieved by Seegene in FY2009 and FY2010 were 37% and 27%, respectively
- the EBIT margins achieved by Illumina from FY2006 to FY2010 were in the range of 15% to 22%. The EBIT margin achieved in FY2010 was 22%
- the highest EBIT margin achieved by any of the comparable companies over the past five years was 37%, which was achieved by Seegene in FY2009. Seegene's EBIT margin subsequently declined to 27% in FY2010.

Our assessment

In our opinion, there is insufficient support for the assumptions adopted in the CSAG Model in light of the following factors:

- **EBIT margins achieved by Cellestis** – the EBIT margins adopted in the CSAG Model are significantly higher than the EBIT margins achieved by Cellestis to date
- **EBIT margins achieved by comparable companies** – as discussed above, the EBIT margins implied by the CSAG Model are significantly higher than the EBIT margins achieved by the listed comparable companies over the past five years**.**

  The principal driver of the EBIT margins in the CSAG Model relates to the marketing cost assumptions. The marketing costs are assumed to be equal to 30% of revenue in FY2011 decreasing to 12% by FY2020. Marketing costs as a percentage of revenue for FY2009 and FY2010 were 33% and 31%, respectively. Management has advised that the marketing costs for Cellestis are primarily variable costs as expansion of market share requires additional sales and marketing staff in Cellestis' target markets and these target markets, particularly in the USA and Europe, are fragmented. Whilst some decline in this ratio may be possible, the extent of such a reduction is unlikely to be as significant as that assumed in the CSAG Model, particularly in light of the EBIT margins achieved by the comparable listed companies.

  In addition, the CSAG Model assumes research and development (R&D) costs remain stable as proportion of revenue at 3%. R&D costs as a percentage of revenue for FY2009 and FY2010 were 2.8% and 3.2%, respectively. In order for Cellestis to increase market share over time it will need to undertake further research to maintain key patents, the Company would likely face increasing R&D costs (as a percentage of revenue).

  In our view, in relation to its sales and marketing cost structures, Cellestis is not substantially different to any other diagnostic or pharmaceutical company. Over the past five years, none of the listed comparable companies have achieved EBIT margins as high as those assumed in the CSAG Model, and CSAG has not provided any explanation as to how Cellestis will be able to achieve the long term EBIT margins assumed in the CSAG Model
- **prospects of competition from generic and novel diagnostics** – as the key patents held by Cellestis in respect of QuantiFERON-TB Gold In-Tube expire, there is likely to be increased competition from generic manufacturers as well as competition from potential novel diagnostics for latent tuberculosis. Such competition will likely put pressure on earnings margins for Cellestis.

We also consider there is an inconsistency between the EBIT margin assumptions and the revenue growth assumptions adopted in the CSAG Model, as the marketing costs (as a percentage of sales) are assumed to decrease substantially over the next ten years whilst Cellestis is simultaneously assumed to achieve a significant increase in market share. The CSAG's Valuation does not contain sufficient support as to how Cellestis will be able to achieve such significant revenue growth while concurrently reducing marketing costs (as a percentage of sales), especially as none of the listed comparable companies have been able to consistently achieve similar EBIT margins over the past five years.

We do not consider it likely that potential purchasers of Cellestis would factor in such high EBIT margins in forming a view as to how much they would be prepared to pay for Cellestis due to the significant future execution risks. Based on the foregoing, we do not consider there to be a reasonable basis for the assumptions adopted in the CSAG Model which underpin the EBIT margins.

2.3 Discount rate

The CSAG Model

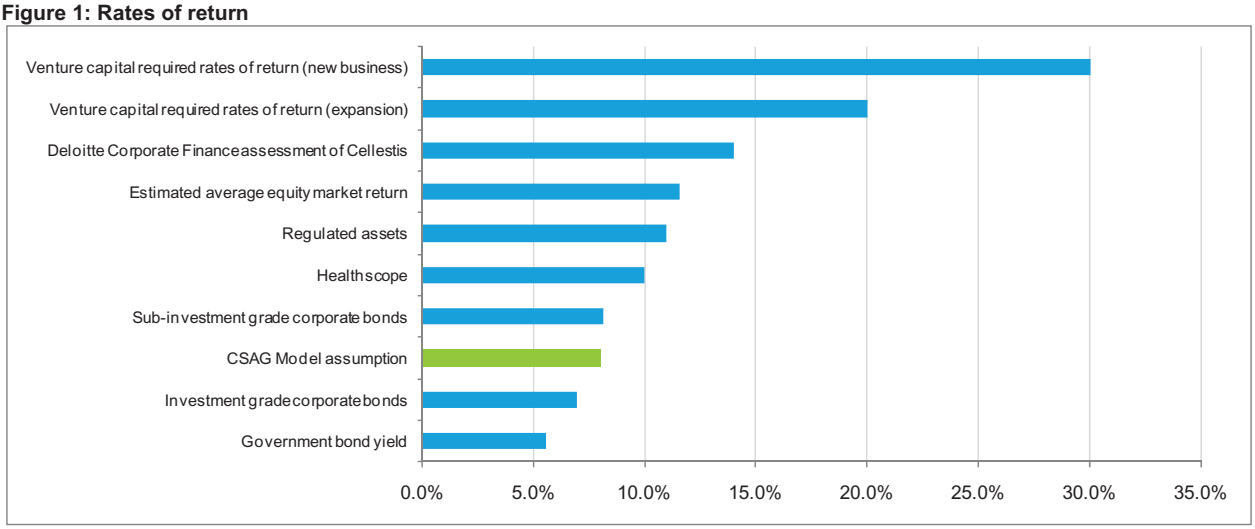
CSAG estimates the value of a share in Cellestis by discounting the future dividends payable to shareholders. Consequently, the discount rate used by CSAG is a cost of equity, which represents a rate of return required by equity investors in Cellestis. CSAG has adopted a cost of equity of 8%. The CSAG Model adopted an exit multiple of 12 times (in FY2020), which is broadly consistent with its discount rate assumption of 8%.

Our analysis

We consider that the cost of equity selected by CSAG is insufficient to recognise the risks associated with the cash flows contained in the CSAG Model. In forming our view, we have considered a number of factors. These factors are set out below.

In general, investors bearing greater risk require a greater return from their investment. The following figure sets out the rates of return observed for a number of different types of investments with different risk characteristics.

Figure 1: Rates of return



Source: Thomson Reuters and Deloitte Corporate Finance analysis

The CSAG Model assumes a discount rate of 8%, suggesting that a hypothetical investor in Cellestis would require a lower rate of return from its equity investment in Cellestis than the rate of return from investing in a regulated asset or a mature diversified healthcare company (e.g. Healthscope). This further implies that all other things being equal, a hypothetical investor would consider the risk associated with investing in Cellestis to be lower than the risk associated with investing in a regulated asset or Healthscope.

Our assessment

In our opinion, the discount rate of 8% adopted in the CSAG Model is insufficient to recognise the risks associated with investing in Cellestis and may be too low. As we consider the discount rate of 8% to be too low, we also consider the exit multiple of 12 times at FY2020 adopted in the CSAG Model does not sufficiently recognise the risks associated with investing in Cellestis and may be too high.

There also appears to be an inconsistency between the discount rate adopted for the CSAG's Valuation and the revenue growth and profit margin assumptions. Given that CSAG has adopted significant revenue growth and profit margin assumptions to derive Cellestis' expected cash flows, the risk associated with Cellestis achieving these projections is significant. This risk is not adequately reflected in the 8% cost of equity or the exit multiple. In the Independent Expert's Report, we adopted a discount rate in the range of 14% to 15% in our discounted cash flow valuation, which we used as a cross check for our valuation of Cellestis. An increase in the discount rate to a range of 14% to 15% (together with a corresponding decrease in the exit multiple) decreases the value of a share in Cellestis calculated using the CSAG Model by approximately 55%.

2.4 Compound effect of assumptions

We have assessed a number of the key assumptions contained in the CSAG Model. We do not consider there are reasonable grounds for the revenue growth, operating margins and discount rate assumptions in the CSAG Model. Each of these assumptions, in isolation, has a material impact on the valuation of a share in Cellestis.

In addition, the combined impact of these assumptions on the value of a Cellestis share is significantly greater than the sum of the individual impacts due to the compounding nature of assumptions underpinning a discounted cash flow analysis.

CSAG has adopted revenue growth assumptions which imply a seven-fold increase in market share over ten years, whilst simultaneously assuming that marketing costs will reduce by 60% as a percentage of sales. The cash flows which are derived from these assumptions are then discounted using a discount rate which does not sufficiently recognise the risks associated with achieving the projections. The resultant value of a Cellestis share estimated by CSAG is approximately 300% of the current price of a Cellestis share.

3 Cross checks

As mentioned in Section 1, CSAG did not provide any cross checks of its valuation of a Cellestis share. Common cross check methods adopted by market practitioners include reference to the recent share trading of the company concerned and a comparison to earnings multiples observed from trading in the securities of comparable companies and comparable transactions which have occurred within the industry.

Recent share trading

We have set out the recent share trading activity in Cellestis before 4 April 2011, when Cellestis announced the Proposed Scheme.

Table 3: Share trading in Cellestis

	Low value (AUD)	High value (AUD)	VWAP (AUD)
CSAG's Valuation of a Cellestis share	9.79	9.79	-
Deloitte Corporate Finance selected value per share in Cellestis (on a control basis)	3.00	3.52	n/a
1 month period prior to 4 April 2011	2.69	3.04	2.85
3 month period prior to 4 April 2011	2.34	3.04	2.70
6 month period prior to 4 April 2011	2.16	3.04	2.55
12 month period prior to 4 April 2011	2.16	3.25	2.61

Source: the CSAG Model, Deloitte Corporate Finance analysis

Notes:

1. VWAP – Volume weighted average price
2. n/a – not available

Over the 12 months prior to the announcement of the Proposed Scheme, the Cellestis share price fluctuated widely, from a high of AUD 3.25 on 13 April 2010 to a low of AUD 2.16 on 15 November 2010. The one month and three month VWAP prior to 4 April 2011 were AUD 2.85 and AUD 2.70, respectively.

The value of a Cellestis share determined by CSAG is 340% and 360% of the one month and three month VWAP prior to 4 April 2011, respectively. CSAG has not provided an explanation for this.

Implied earnings multiple based on the CSAG's Valuation of a Cellestis share

The value of a Cellestis share determined by CSAG is $9.79 and the implied enterprise value of Cellestis is approximately $944 million on a non-diluted basis. Based on Cellestis' FY2010 EBIT of $9.5 million, the EBIT multiple implied by the CSAG's Valuation is 99.4 times.

In Appendix 2 and 3 of the Independent Expert's Report, we have set out the EBIT multiples observed from the comparable listed companies and transactions involving comparable companies in the global healthcare sector.

The average and median historical EBIT multiples (based on FY2010 EBIT) observed for the small and medium healthcare diagnostic companies are 31.8 times and 23.1 times, respectively. The average and median historical EBIT multiples observed for all the comparable companies are 24.5 times and 17.3 times, respectively.

The EBIT multiple implied by the CSAG's Valuation (99.4 times) is significantly greater than the average and median EBIT multiples observed for the comparable listed companies and is higher than all EBIT multiples observed for all the comparable companies.

Whilst we note that Seegene has a historical EBIT multiple of 90.7 times, Seegene's products are at comparatively earlier stages of development than Cellestis' product which is based on the QuantiFERON technology. We note that Cellestis' first generation latent tuberculosis diagnostic product was introduced in 2001. Cellestis did not generate positive EBIT until FY2008. The EBIT multiple implied by share trading as at 30 June 2008 and FY2008 EBIT was 147.3 times. This is broadly comparable with the EBIT multiple observed for Seegene. The EBIT multiple for Cellestis has subsequently decreased as Cellestis has matured and EBIT has grown over time.

4 Mathematical accuracy

In checking the mathematical accuracy of the CSAG Model we observed one key mathematical error which related to the omission of Cellestis' current net cash of $22.5 million from the its valuation. Current net cash held by Cellestis should be considered a surplus asset to its equity investors and would increase the valuation in the CSAG Model.

Other mathematical errors detected in the CSAG Model do not have a material impact on the CSAG's Valuation of a Cellestis share.

Appendix 1: The CSAG Model

CST VALUATION MAY 2011

		2009	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020
	annual growth																						
Revenue	30%	34,461	40,383	30%	52,498	30%	68,247	30%	88,721	30%	115,338	20%	138,405	20%	166,087	20%	199,304	20%	239,165	20%	286,998	20%	344,397
Cost of Sales	30%	11,491	13,690		15,749		20,474		26,616		34,601		41,522		49,826		59,791		71,749		86,099		103,319
Gross profit		22,970	26,693		36,749		47,773		62,105		80,737		96,884		116,261		139,513		167,415		200,898		241,078
Other income		780	727		1,129		1,129		1,129		1,129		1,129		1,129		1,129		1,129		1,129		1,129
	% of sales																						
Marketing	30%	11,351	12,604	30%	15,749	28%	19,109	26%	23,068	24%	27,681	22%	30,449	20%	33,217	18%	35,875	16%	38,266	14%	40,180	12%	41,328
Management	6%	2,214	1,939	6%	3,150	6%	4,095	6%	5,323	6%	6,920	5%	6,920	5%	8,304	5%	9,965	4%	9,567	4%	11,480	4%	13,776
R&D	3%	963	1,309	3%	1,575	3%	2,047	3%	2,662	3%	3,460	3%	4,152	3%	4,983	3%	5,979	3%	7,175	3%	8,610	3%	10,332
Share Options	1%	208	362	1%	525	1%	682	1%	887	1%	1,153	1%	1,384	1%	1,661	1%	1,993	1%	2,392	1%	2,870	1%	3,444
Legal etc	1%	416	480	1%	525	1%	682	1%	887	1%	1,153	1%	1,384	1%	1,661	1%	1,993	1%	2,392	1%	2,870	1%	3,444
Depreciation	1%	487	503	1%	525	1%	682	1%	887	1%	1,153	1%	1,384	1%	1,661	1%	1,993	1%	2,392	1%	2,870	1%	3,444
NPBT		8,111	10,223		15,828		21,603		29,520		40,344		52,339		65,903		82,843		106,361		133,148		166,439
Tax		1,290	1,970		4,748		6,481		8,856		12,103		15,702		19,771		24,853		31,908		39,944		49,932
NPAT		6,821	8,253		11,080		15,122		20,664		28,241		36,637		46,132		57,990		74,453		93,203		116,508
EPS		0.07	0.08		0.11		0.15		0.21		0.29		0.37		0.47		0.59		0.76		0.95		1.19
Tests (millions)	45		1.90		2.47		3.21		4.17		5.43		6.51		7.81		9.38		11.25		13.50		16.20
% Of Market			4.22%		5.49%		7.14%		9.28%		12.06%		14.47%		17.37%		20.84%		25.01%		30.01%		36.01%

Discounted Cashflow Valuation (DCF)

Discount Rate	8.0 %
NPV (Net present Value)	$9.79

Appendix 2: Comparable company analysis

Table 4: Historical and forecast revenue growth for comparable companies

		Revenue growth					Forecast [3]	
	Domicile	FY2007 (%)	FY2008 (%)	FY2009 (%)	FY2010 (%)	4 Year CAGR (%)	FY2011	FY2012
Cellestis	Australia	102%	77%	83%	17%	66%	n/a	n/a
Global healthcare companies								
Johnson & Johnson	USA	15%	4%	(3%)	(1%)	4%	6%	5%
Roche Holdings AG	Switzerland	10%	(1%)	8%	(3%)	3%	(1%)	4%
Novartis AG	Switzerland	11%	9%	7%	14%	10%	12%	2%
Abbott Laboratories	USA	15%	14%	4%	14%	12%	9%	4%
Average		**13%**	**7%**	**4%**	**6%**	**7%**	**7%**	**4%**
Median		**13%**	**7%**	**5%**	**7%**	**7%**	**8%**	**4%**
Large healthcare diagnostics companies								
Thermo Fisher Scientific, Incorporated	USA	157%	8%	(4%)	7%	30%	7%	7%
Becton Dickinson and Company	USA	9%	13%	(1%)	6%	6%	5%	6%
Life Technologies Corporation	USA	11%	26%	102%	9%	33%	6%	6%
Quest Diagnostics, Incorporated	USA	7%	8%	3%	(1%)	4%	2%	3%
Illumina, Incorporated	USA	99%	56%	16%	35%	49%	27%	19%
Hologic, Incoporated	USA	60%	127%	(2%)	3%	38%	5%	7%
Alere, Incorporated	USA	57%	106%	21%	12%	45%	10%	6%
Average		**57%**	**49%**	**19%**	**10%**	**29%**	**9%**	**8%**
Median		**57%**	**26%**	**3%**	**7%**	**33%**	**6%**	**6%**
Small and medium healthcare diagnostics companies								
QIAGEN NV	Netherlands	40%	37%	13%	8%	24%	8%	10%
Biomerieux SA	France	2%	4%	10%	11%	7%	6%	7%
Gen Probe, Incorporated	USA	14%	17%	5%	9%	11%	7%	12%
Bio Rad Laboratories, Incorporated	USA	15%	21%	1%	8%	11%	7%	6%
Perkinelmer, Incorporated	USA	15%	13%	(21%)	10%	3%	9%	6%
Biotest AG	Germany	16%	18%	1%	6%	10%	5%	9%
Meridien Biosciences, Incorporated	USA	13%	14%	6%	(4%)	7%	16%	13%
Luminex Corporation	USA	42%	39%	16%	17%	28%	18%	19%
Seegene, Incorporated	South Korea	n/a	210%	192%	100%	162%	77%	72%
Quidel Corporation	USA	12%	9%	29%	(32%)	1%	43%	10%
Average		**19%**	**38%**	**25%**	**13%**	**26%**	**20%**	**17%**
Median		**15%**	**18%**	**8%**	**9%**	**10%**	**8%**	**10%**
Overall low		**2%**	**(1%)**	**(21%)**	**(32%)**	**1%**	**(1%)**	**2%**
Overall high		**157%**	**210%**	**192%**	**100%**	**162%**	**77%**	**72%**
Overall average		**31%**	**36%**	**19%**	**11%**	**24%**	**14%**	**11%**
Overall median		**15%**	**14%**	**6%**	**8%**	**11%**	**7%**	**7%**

Source: Thomson Reuters

Notes:

1. Companies highlighted in the above tables have undertaken merger and acquisition activities over the past five years.
2. Based on broker forecast revenue

Table 5: EBIT margins achieved by comparable companies

		EBIT Margin						
				Actual			Forecast [2]	
	Domicile	FY2006 (%)	FY2007 (%)	FY2008 (%)	FY2009 (%)	FY2010 (%)	FY2011 (%)	FY2012 (%)
Cellestis	Australia	nmf	nmf	12%	24%	25%	n/a	n/a
Global healthcare companies								
Johnson & Johnson	USA	28%	24%	27%	27%	28%	27%	27%
Roche Holdings AG	Switzerland	28%	31%	30%	25%	28%	34%	35%
Novartis AG	Switzerland	22%	18%	22%	23%	23%	27%	26%
Abbott Laboratories	USA	18%	18%	20%	21%	18%	23%	24%
Average		**24%**	**23%**	**25%**	**24%**	**24%**	**28%**	**28%**
Median		**25%**	**21%**	**24%**	**24%**	**25%**	**27%**	**27%**
Large healthcare diagnostics companies								
Thermo Fisher Scientific, Incorporated	USA	8%	10%	12%	11%	12%	18%	18%
Becton Dickinson and Company	USA	21%	21%	22%	23%	23%	23%	23%
Life Technologies Corporation	USA	11%	14%	18%	15%	20%	28%	29%
Quest Diagnostics, Incorporated	USA	18%	16%	17%	18%	18%	17%	18%
Illumina, Incorporated	USA	20%	15%	19%	21%	22%	28%	31%
Hologic, Incoporated	USA	14%	20%	23%	20%	11%	30%	31%
Alere, Incorporated	USA	4%	0%	4%	7%	3%	20%	22%
Average		**14%**	**14%**	**16%**	**16%**	**16%**	**24%**	**25%**
Median		**14%**	**15%**	**18%**	**18%**	**18%**	**23%**	**23%**
Small and medium healthcare diagnostics companies								
QIAGEN	Netherlands	24%	19%	20%	18%	17%	25%	27%
Biomerieux SA	France	14%	17%	17%	17%	18%	18%	18%
Gen Probe, Incorporated	USA	24%	25%	31%	24%	25%	28%	30%
Bio Rad Laboratories, Incorporated	USA	12%	10%	12%	13%	15%	14%	15%
Perkinelmer, Incorporated	USA	10%	10%	10%	9%	10%	14%	15%
Biotest AG	Germany	11%	12%	15%	15%	10%	10%	12%
Meridien Biosciences, Incorporated	USA	25%	28%	32%	33%	29%	29%	32%
Luminex Corporation	USA	nmf	nmf	3%	6%	8%	13%	18%
Seegene, Incorporated	South Korea	n/a	nmf	nmf	37%	27%	38%	43%
Quidel Corporation	USA	13%	17%	23%	34%	nmf	15%	19%
Average		**17%**	**17%**	**18%**	**21%**	**18%**	**21%**	**23%**
Median		**14%**	**17%**	**17%**	**18%**	**17%**	**17%**	**19%**
Overall low		**4%**	**0%**	**3%**	**6%**	**3%**	**10%**	**12%**
Overall high		**28%**	**31%**	**32%**	**37%**	**29%**	**38%**	**43%**
Overall average		**17%**	**17%**	**19%**	**20%**	**18%**	**23%**	**24%**
Overall median		**18%**	**17%**	**19%**	**20%**	**18%**	**23%**	**24%**

Source: Thomson Reuters

Notes:

1. nmf – not meaningful
2. Based on broker forecast earnings

A number of the companies listed in the above tables underwent significant merger and acquisition activities in recent years. We have set out a summary of these transactions for the comparable listed companies below:

- **Thermo Fisher Scientific, Incorporated** – in 2006, Thermo Electron (antecedent company) and Fisher Scientific merged to form Thermo Fisher Scientific, Incorporated
- **Life Technologies Corporation** – in 2009, Invitrogen (antecedent company) and Applied Biosystems merged to form Life Technologies Corporation
- **Illumina, Incorporated (Illumina)** – between 2006 and 2010, Illumina undertook several acquisitions including acquisitions of Solexa (2006), Avantome (2008) and Helixis (2010)
- **Hologic, Incorporated** – between 2006 and 2008, Hologic undertook several acquisitions, the most significant of which was the acquisition of Cytyc in 2008
- **Alere, Incorporated** – between 2006 and 2010, Alere, Incorporated undertook numerous acquisitions, the most significant of which was the acquisition of Biosite, Incorporated in 2007
- **QIAGEN NV** – between 2006 and 2010, QIAGEN NV undertook numerous acquisitions including acquisitions of Digene Corporation (2007), SA Biosciences Corporation (2009) and ESE GmbH (2011)
- **Luminex Corporation –** in 2007, Luminex Corporation acquired TM Biosciences and established a molecular diagnostics division.

Appendix 3: Qualifications, declarations and consents

The Report has been prepared at the request of the Directors of Cellestis and is to be included in the Scheme Booklet to be given to Shareholders for approval of the Proposed Scheme. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Scheme Booklet and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the Report is used by any other person for any other purpose. Further, recipients of this Report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The Report sets out the findings of Deloitte Corporate Finance in relation to its assessment of CSAG's Valuation of a share in Cellestis. Deloitte Corporate Finance consents to this Report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this Report are given in good faith but, in the preparation of this Report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Cellestis and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of this Report were issued to Cellestis management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Cellestis and its officers, employees, agents or advisors, Cellestis has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Cellestis may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either the reliance of Deloitte Corporate Finance on the information provided by Cellestis and its officers, employees, agents or advisors or the failure by Cellestis and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

Deloitte Corporate Finance holds the appropriate Australian Financial Services Licence to issue this Report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this Report were Stephen Reid, Director, MAppFinInv, B.Ec, F.Fin, CA, Tapan Parekh, Director, BBus, MCom, CA, F Fin, Jennifer Liu, Associate Director, CFA, B.Com (Hons), Thimendra Karawdeniya, Client Manager, Grad.Dip.AppFinInv, BCom, BSc (Hons), and Oliver Sheng, MCom, BA, CA, Senior Analyst. Stephen and Tapan have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 550 Bourke Street, Melbourne VIC 3000 acknowledges that:

- Cellestis proposes to issue a Scheme Booklet in respect of the Proposed Scheme between Cellestis and the holders of Cellestis shares
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report in Annexure 1 of the Scheme Booklet and the Report in Annexure 2 of the Scheme Booklet.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of this Report in Annexure 2 of the Scheme Booklet and to all references to this Report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the Independent Expert's Report as included in Annexure 1 of the Scheme Booklet and the Report as included in Annexure 2 of the Scheme Booklet.

Annexure 3 - Notice of Scheme Meeting

Notice of Scheme Meeting

Cellestis Limited ACN 094 962 133 (Company)

Notice is given that, by an order of the Supreme Court of Victoria pursuant to section 411(1) of the Corporations Act 2001, a meeting of shareholders of the Company (other than Excluded Shareholders) will be held at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria on 20 July 2011 starting at 1.30pm Melbourne time.

Business of meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification) to be made between the Company and the shareholders of the Company (other than Excluded Shareholders).

Resolution

"That pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement (the terms of which are described in this Scheme Booklet of which the notice convening this meeting forms part) is agreed to (with or without any modification as approved by the Supreme Court of Victoria)."

Brian Manuel
Company Secretary
Dated 14 June 2011

Notes

Material accompanying this Notice of Meeting

This Notice of Meeting and the Resolution should be read in conjunction with the booklet of which this notice forms part (***Scheme Booklet***). Terms used in this Notice of Meeting, unless otherwise defined, have the same meaning as set out in the Glossary in Section 10 of this Scheme Booklet.

A copy of the Scheme is contained in Annexure 4 to this Scheme Booklet.

A proxy form also accompanies this Notice of Meeting.

Voting

The Cellestis Directors unanimously recommend that you vote in favour of the Resolution. They each intend to vote all their Cellestis Shares held by them at the time of the Scheme Meeting in favour of the Resolution.

Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme to be Effective, the Resolution must be passed by:

- unless the Court others otherwise, a majority in number (more than 50%) of holders of ordinary shares present and voting (either in person or by proxy, attorney or by corporate representative); and
- at least 75% of the votes cast on the Resolution contained in this Notice of Meeting.

The vote will be conducted by poll.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without modification) must be approved by the order of the Court. If the Resolution set out in this Notice of Meeting is agreed to by the required majorities set out above and the conditions precedent set out in the Scheme are satisfied or waived, the Company intends to apply to the Court for the necessary orders to give effect to the Scheme.

Determination of entitlement to attend and vote

For the purposes of the Scheme Meeting, Cellestis Shares will be taken to be held by the persons who are registered as members (as recorded in the Register) at 7.00pm on 18 July 2011 (other than Excluded Shareholders). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Scheme Meeting.

How to vote

If you are a Cellestis Shareholder (other than an Excluded Shareholder) entitled to attend and vote at the Scheme Meeting, you may vote by:

- by attending the Scheme Meeting in person;
- by appointing an attorney to vote on your behalf;
- by appointing a proxy to vote on your behalf; or
- in the case of a corporation which is a Cellestis Shareholder, by appointing an authorised corporate representative to attend on its behalf.

Voting at the Scheme Meeting

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the Cellestis Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Cellestis Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at RACV Club, Level 17, 501 Bourke Street, Melbourne, Victoria on 20 July 2011. The meeting will commence at 1.30pm.

A Cellestis Shareholder (other than an Excluded Shareholder) who is entitled to vote and wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the Scheme Meeting of their name and address.

Voting by proxy

A Cellestis Shareholder (other than an Excluded Shareholder) entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this Scheme Booklet. You may appoint not more than two proxies to attend and act for you at the Scheme Meeting. A proxy need not be a Cellestis Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes.

If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a proxy form or registering of a proxy by internet will not preclude a Cellestis Shareholder (other than an Excluded Shareholder) from attending in person and voting at the Scheme Meeting if the Cellestis Shareholder is entitled to attend and vote.

Please refer to the enclosed proxy form for instructions on completion and lodgement. In addition, you may log-on to www.investorvote.com.au and follow the relevant instructions to appoint a proxy (to use this facility you will need your Cellestis Shareholder Reference ID) or www.intermediaryonline.com (for custodian subscribers only).

Please note that proxy forms must be received by the Cellestis Share Registry by no later than 1.30pm on 18 July 2011.

Voting by attorney

Powers of attorney must be received by the Cellestis Share Registry at the registered office of the Cellestis Share Registry, or registered over the internet at www.cellestis.com, by no later than 1.30pm (Melbourne time) on 18 July 2011 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry of the Scheme Meeting written evidence of their appointment, their name and address and identity of their appointer.

Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or by attorney), a corporation that is a Cellestis Shareholder (other than an Excluded Shareholder) must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Lodgement of proxies, powers of attorney and authorities

Completed proxy forms should be sent to the Cellestis Share Registry using the enclosed reply paid envelope, or as indicated on the proxy form, by no later than 1.30pm on 18 July 2011.

Powers of attorney and authorities, or certified copies of powers of attorney and authorities, should be provided to the Cellestis Share Registry before, or brought to, the Scheme Meeting.

Annexure 4 - Scheme of Arrangement

Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

	Cellestis Limited 094 962 133 of 1341 Dandenong Road, Chadstone, Victoria (**Cellestis**)
	Each person registered as a holder of fully paid ordinary shares in Cellestis in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders) (**Scheme Shareholders**)

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, there the context requires, the financial market that it operates.
Business Day	a business day as defined in the official listing rules of the ASX
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Cellestis Share	a fully paid ordinary share in Cellestis.
Cellestis Shareholder	a person who is registered as the holder of a Cellestis Share.

Term	Meaning
Cellestis Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Corporations Act	the *Corporations Act 2001* (Cth).
Court	the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed to in writing by QIAGEN and Cellestis.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which QIAGEN and QIAGEN SPV each covenants in favour of the Scheme Shareholders to perform certain obligations attributed to it under this Scheme.
Effective	when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	31 August 2011.
Excluded Shareholder	any Cellestis Shareholder who is a QIAGEN Group Member.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Deed	the scheme implementation deed dated on or about 31 March 2011 between Cellestis, QIAGEN and QIAGEN SPV relating to the implementation of this Scheme.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other day as Cellestis and QIAGEN agree.
NASDAQ	the National Association of Securities Dealers Automated Quotation.
Options	an option to subscribe for a Cellestis Share.

Term	Meaning
Registered Address	in relation to a Cellestis Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Related Bodies Corporate	has the meaning set out in the Corporations Act.
Scheme	this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Cellestis, QIAGEN and QIAGEN SPV.
Scheme Record Date	5.00pm on the fifth Business Day after the Effective Date or such other date as agreed in writing between Cellestis and QIAGEN.
Scheme Shares	all Cellestis Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Cellestis Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of QIAGEN SPV as transferee, which may be a master transfer of all of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Share Register	the register of members of Cellestis maintained in accordance with the Corporations Act.
QIAGEN	QIAGEN N.V.
QIAGEN Group	QIAGEN and each of its Related Bodies Corporate (including QIAGEN SPV) and a reference to a **QIAGEN Group Member** or a **member of the QIAGEN Group** is to QIAGEN or any of its Related Bodies Corporate.
QIAGEN SPV	QIAGEN Australia Holding Pty Limited (ACN 131 756 995), being a wholly owned subsidiary of QIAGEN.

1.2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;

(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency unless denominated otherwise;

(j) a reference to any time is a reference to that time in Melbourne;

(k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and

(p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(1) which ceases to exist; or

(2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Preliminary matters

(a) Cellestis is a public company limited by shares, registered in Victoria, Australia, and has been admitted to the official list of the ASX.

(b) As at 6 June 2011, Cellestis's capital structure was as follows:

(1) 96,151,778 ordinary shares were on issue; and

(2) 2,420,000 Options were on issue.

(c) QIAGEN is a Dutch corporation listed on NASDAQ and the Frankfurt Prime Exchange. QIAGEN SPV is a wholly-owned subsidiary of QIAGEN, registered in Victoria, Australia.

(d) If this Scheme becomes Effective:

(1) QIAGEN will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll; and

(2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to QIAGEN SPV and Cellestis will enter the name of QIAGEN SPV in the Share Register in respect of the Scheme Shares.

(e) Cellestis, QIAGEN and QIAGEN SPV have agreed, by executing the Implementation Deed, to implement this Scheme.

(f) This Scheme attributes actions to QIAGEN and QIAGEN SPV but does not itself impose an obligation on them to perform those actions. QIAGEN and QIAGEN SPV have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the providing or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;

(b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to QIAGEN and Cellestis;

(d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to QIAGEN and Cellestis; and

(e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Cellestis and QIAGEN agree in writing).

3.2 Certificate

(a) Cellestis and QIAGEN will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clause 3.1(a) have been satisfied or waived and whether the conditions precedent in clause 3.1(b) have been satisfied.

(b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4 Implementation of the Scheme

4.1 Lodgement of Court orders with ASIC

Cellestis will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme (or such later date as agreed in writing by QIAGEN).

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to QIAGEN SPV, without the need for any further act by any Scheme Shareholder (other than acts performed by Cellestis as attorney and agent for Scheme Shareholders under clause 8.5), by:

  (1) Cellestis delivering to QIAGEN SPV a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Cellestis, for registration; and

  (2) QIAGEN SPV duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Cellestis for registration; and

(b) as soon as possible following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), Cellestis must enter, or procure the entry of, the name of QIAGEN SPV in the Share Register in respect of all the Scheme Shares transferred to QIAGEN SPV in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

(a) Cellestis must use its best endeavours to procure that by no later than the Business Day before the Implementation Date, QIAGEN or QIAGEN SPV deposits in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Cellestis as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to QIAGEN's account).

(b) Subject to funds having been deposited in accordance with clause 5.1(a), Cellestis within three Business Days after the Implementation Date must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).

(c) The obligations of Cellestis under clause 5.1(b) will be satisfied by Cellestis (in its absolute discretion):

(1) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Cellestis Registry to receive dividend payments from Cellestis by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

(2) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.1(c)(1), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

(a) the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Scheme Record Date; and

(b) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Share Register as at the Scheme Record Date.

5.3 Unclaimed monies

(a) Cellestis may cancel a cheque issued under this clause 5 if the cheque:

(1) is returned to Cellestis; or

(2) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of one year commencing on the Implementation Date, on request from a Scheme Shareholder, Cellestis must reissue a cheque that was previously cancelled under this clause.

5.4 Orders of a court

If:

(a) written notice is given to Cellestis (or the Cellestis Registry) of an order made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Cellestis in accordance with this clause 5, then Cellestis shall be entitled to procure that payment is made in accordance with that order; or

(b) written notice is given to Cellestis (or the Cellestis Registry) of an order made by a court of competent jurisdiction that prevents Cellestis from making a payment by Cellestis to any particular Scheme Shareholder in accordance with clause 5.1(c), or such payment is otherwise prohibited by applicable law, Cellestis shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme

Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or otherwise by law.

6 Dealings in Cellestis Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Cellestis Shares or other alterations to the Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Cellestis Shares on or before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Share Register is kept,

and Cellestis will not accept for registration, nor recognise for any purpose (except a transfer to QIAGEN pursuant to the Scheme and any subsequent transfer by QIAGEN or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) Cellestis must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) on or before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Cellestis to register a transfer that would result in a Cellestis Shareholder holding a parcel of Cellestis Shares that is less than a 'marketable parcel' (as defined in the Operating Rules of the ASX).

(b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Cellestis shall be entitled to disregard any such disposal.

(c) For the purpose of determining entitlements to the Scheme Consideration, Cellestis must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Cellestis Shares (other than statements of holding in favour of QIAGEN SPV or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of QIAGEN SPV or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Cellestis Shares relating to that entry.

(e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Cellestis will ensure that details of the names, Registered Addresses and holdings of Cellestis Shares for each Scheme Shareholder as shown in the Share Register are available to QIAGEN in the form QIAGEN reasonably requires.

7 Quotation of Cellestis Shares

(a) Cellestis will apply to ASX to suspend trading on the ASX in Cellestis Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by QIAGEN, Cellestis will apply:

(1) for termination of the official quotation of Cellestis Shares on the ASX; and

(2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

(a) Cellestis may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which QIAGEN has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Cellestis has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(1) agrees to the transfer of their Cellestis Shares together with all rights and entitlements attaching to those Cellestis Shares in accordance with the Scheme;

(2) agrees to the variation, cancellation or modification (if any) of the rights attached to their Cellestis Shares constituted by or resulting from the Scheme;

(3) acknowledges that the Scheme binds Cellestis and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against the Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to Cellestis and QIAGEN SPV, and appointed and authorised Cellestis as its attorney and agent to warrant to QIAGEN SPV, that all their Cellestis Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Cellestis Shares to QIAGEN SPV together with any rights attaching to those shares.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

(b) On and from the Effective Date, QIAGEN SPV will be beneficially entitled to the Scheme Shares to be transferred to it under the Scheme pending registration by Cellestis of QIAGEN SPV in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

On the Implementation Date, and until Cellestis registers QIAGEN SPV as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

(a) is deemed to have appointed QIAGEN SPV as attorney and agent (and directed QIAGEN SPV in each such capacity) to appoint any director, officer, secretary or agent nominated by QIAGEN SPV as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;

(b) undertakes not to itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a)); and

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as QIAGEN SPV reasonably directs.

8.5 Authority given to Cellestis

Each Scheme Shareholder, without the need for any further act:

(a) on the Effective Date, irrevocably appoints Cellestis and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against QIAGEN and QIAGEN SPV, and Cellestis undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against QIAGEN and QIAGEN SPV on behalf of and as agent and attorney for Scheme Shareholders; and

(b) on the Implementation Date, irrevocably appoints Cellestis and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Cellestis accepts each such appointment. Cellestis as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Cellestis and all of the Scheme Shareholders (including those who did not attend the meeting of Cellestis Shareholders to vote on this Scheme, did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Cellestis.

9 General

9.1 Stamp duty

QIAGEN will:

(a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1.

9.2 Consent

Each of the Scheme Shareholders consents to Cellestis doing all things necessary or incidental to the implementation of this Scheme.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Cellestis, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Cellestis registered office or at the office of the Cellestis Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Cellestis shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) The Scheme is governed by the laws in force in Victoria, Australia.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria, and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Cellestis must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

Annexure 5 - Deed Poll

Freehills

Deed poll

Date ▸ 9 June 2011

This deed poll is made

By	**QIAGEN N.V.** of Spoorstraat 50, 5911 KJ Venlo, Netherlands **(QIAGEN)** and **QIAGEN Australia Holdings Pty Limited** ACN 131 756 995 of Level 1, 90-94 Tram Road, Doncaster, Victoria **(QIAGEN SPV)**
in favour of	each person registered as a holder of fully paid ordinary shares in Cellestis in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).

Recitals

1 Cellestis and QIAGEN entered into the Implementation Deed.

2 In the Implementation Deed, QIAGEN agreed to enter into this deed poll and to procure that QIAGEN SPV enter into this deed poll.

3 QIAGEN and QIAGEN SPV are entering into this deed poll for the purpose of:

(a) covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed;

(b) covenanting in favour of the Scheme Shareholders to perform the steps attributed to them under the Scheme; and

(c) ensuring that the Scheme Consideration is paid to the Scheme Shareholders.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.
Implementation Deed	the scheme implementation deed entered into between Cellestis and QIAGEN dated on or about 31 March 2011.
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Cellestis and the Scheme Shareholders, the form of which is set out in Attachment 1.

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

QIAGEN and QIAGEN SPV acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Cellestis and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against QIAGEN and QIAGEN SPV.

2 Conditions to obligations

2.1 Conditions

The obligations of QIAGEN and QIAGEN SPV under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of QIAGEN and QIAGEN SPV under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

(a) the Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective by the End Date

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it

(a) QIAGEN and QIAGEN SPV are released from their obligations to further perform this deed poll; and

(b) each Scheme Shareholder retains the rights they have against QIAGEN and QIAGEN SPV in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, each of QIAGEN and QIAGEN SPV undertakes in favour of each Scheme Shareholder to:

(a) deposit (in cleared funds) by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Cellestis as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to QIAGEN's account;

(b) undertake all other actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme; and

(c) comply with its obligations under the Implementation Deed, to the extent that the Implementation Deed relates to the Scheme, and do all acts and things as may be necessary or desirable on its part to give full effect to the Scheme,

subject to and in accordance with the provisions of the Scheme.

4 Warranties

QIAGEN and QIAGEN SPV represent and warrant that:

(a) each is a corporation validly existing under the laws of its place of registration;

(b) each has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) each has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding on each of them and enforceable against each in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of QIAGEN or QIAGEN SPV, or any writ, order or injunction, judgment, law, rule or regulation to which either is a party or subject or by which either is bound

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) QIAGEN and QIAGEN SPV have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to QIAGEN and QIAGEN SPV in accordance with the details set out below (or any alternative details nominated by QIAGEN or QIAGEN SPV by Notice)

Attention	Dr. Philipp von Hugo, Head of Global Legal Affairs
Address	QIAGEN Str.1 40724 Hilden Germany
Fax no	+49 2103 29 21844
With a copy to:	
Attention	Rick Narev
Address	level 32, MLC Centre, 19-29 Martin Place, Sydney
Fax no	+61 2 9322 4000

6.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below

(b) A Notice is regarded as given and received at the time set out in the table below

However, if this means the Notice would be regarded as given and received outside the period between 9 00am and 5 00pm (addressee's time) on a Business Day (**business**

hours period), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.

6.3 Notice must not be given by email or other electronic communication

A Notice must not be given by email or other electronic means of communication (other than fax as permitted in clause 6.2).

7 General

7.1 Stamp duty

QIAGEN and QIAGEN SPV:

(a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll, and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in Victoria, Australia.

(b) QIAGEN and QIAGEN SPV irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. QIAGEN and QIAGEN SPV irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

(a) QIAGEN and QIAGEN SPV may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

(b) No Scheme Shareholder may rely on words or conduct of QIAGEN or QIAGEN SPV as a waiver of any right unless the waiver is in writing and signed by the QIAGEN or QIAGEN SPV, as appropriate.

(c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to by Cellestis; or

(b) if on or after the First Court Date, the variation is agreed to by Cellestis and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event QIAGEN and QIAGEN SPV will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of QIAGEN, QIAGEN SPV and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

(a) The rights created by this deed poll are personal to the QIAGEN, QIAGEN SPV and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of QIAGEN.

(b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

QIAGEN and QIAGEN SPV are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.8 Further action

QIAGEN and QIAGEN SPV must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Signing page

Executed as a deed poll

QIAGEN

Signed sealed and delivered for
QIAGEN N.V.
by its authorised officer

sign here ►

print name PEER M. SCHATZ

sign here ►

Witness

print name Dr. Philipp von Hugo
Head of Global Legal Affairs

QIAGEN SPV

Signed sealed and delivered by
QIAGEN Australia Holdings Pty Limited
by

sign here ►

Company Secretary/Director

print name

sign here ►

Director

print name PEER M. SCHATZ

Signing page

Executed as a deed poll

QIAGEN

Signed sealed and delivered for
QIAGEN N.V.
by its authorised officer

sign here ►

print name

sign here ►
Witness

print name

QIAGEN SPV

Signed sealed and delivered by
QIAGEN Australia Holdings Pty Limited
by

sign here ►
Company Secretary ~~/Director~~

print name VASCO TANEVSKI

sign here ►
Director

print name LAURENT DARREGONT

Annexure 6 - Scheme Implementation Deed

Deed

Scheme Implementation deed

Cellestis Limited

QIAGEN N.V.

QIAGEN Australia Holdings Pty Limited

rick.narev@freehills.com

1176831-v2\MELDMS\AUSSD8

Freehills

MLC Centre Martin Place Sydney NSW 2000 Australia
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Sydney Melbourne Perth Brisbane Singapore

Associated offices in Jakarta Beijing Shanghai Hanoi Ho Chi Minh City

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Scheme Implementation deed

Date ▸ 3 April 2011

Between the parties

Cellestis Limited
ACN 094 962 133 of 1341 Dandenong Road, Chadstone, Victoria
(Cellestis)

QIAGEN N.V.
of Spoorstraat 50, 5911 KJ Venlo, Netherlands
(QIAGEN)

QIAGEN Australia Holdings Pty Limited
ACN 131 756 995 of Level 1, 90-94 Tram Road, Doncaster, Victoria
(QIAGEN SPV)

Recitals

1 The parties have agreed that QIAGEN SPV will acquire all of the ordinary shares in Cellestis by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Cellestis and Scheme Shareholders.

2 The parties have agreed to implement the scheme of arrangement on the terms of this deed.

This deed witnesses as follows:

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
Agreed Dividend	a fully franked cash dividend, subject to receipt of a positive class ruling from the Australian Taxation Office by 8.00am on the Second Court Date, to be paid by Cellestis as a special dividend and which is not franked in excess of the available franking credits of Cellestis at the time of payment.
AIFRS	means the International Financial Reporting Standards as adopted in Australia.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691.
Business Day	a business day as defined in the Listing Rules.
Cellestis Board	the board of directors of Cellestis.
Cellestis Consolidated Tax Group	the Consolidated Group of which Cellestis is the head company (as defined for the purposes of the Tax Act).
Cellestis Deeds of Access, Insurance and Indemnity	the Deeds of Access, Insurance and Indemnity signed by Cellestis and Cellestis Indemnified Officers.
Cellestis Disclosure Materials	1 the documents and information contained in the Data Room; 2 all files containing information relevant to patents owned by the Cellestis Group that are made available to QIAGEN or its Representatives prior to entry into this deed; and 3 the written answers prior to entry into this deed and in response to requests for further information made by QIAGEN and its Representatives the index of which has been initialled by the

Term	Meaning
	parties.
Cellestis Group	Cellestis and each of its Related Bodies Corporate and a reference to a **Cellestis Group Member** or a **member of the Cellestis Group** is to Cellestis or any of its Related Bodies Corporate including, without limitation: 1 Cellestis Inc; 2 Cellestis International Pty Ltd; 3 Cellestis (R&D) Pty Ltd; 4 Cellestis GmbH; 5 Cellestis Asia Kabushiki Kaisha; and 6 Cellestis AP Pte Ltd.
Cellestis Indemnified Parties	Cellestis and its Related Bodies Corporate and their respective directors, officers and employees.
Cellestis Indemnified Officer	each director, officer and employee of Cellestis and its Related Bodies Corporate.
Cellestis Information	information regarding the Cellestis Group prepared by Cellestis for inclusion in the Scheme Booklet, being all the contents of the Scheme Booklet other than the QIAGEN Information and the Independent Expert's Report.
Cellestis Material Adverse Change	one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Government Agencies) which (in any such case, individually or when aggregated with all such changes, events, occurrences, facts or matters) has, will, or would reasonably be expected to, result in: 1 the value of consolidated net assets of the Cellestis Group, taken as a whole, calculated on the basis of AIFRS, being reduced by at least $3 million; or 2 a reduction in the earnings before interest, tax, depreciation and amortisation of the Cellestis Group, taken as a whole, for either FY2011 or FY2012, calculated on the basis of AIFRS, by an aggregate amount of $1.75 million in either FY2011 or FY2012, after taking into account any insurance proceeds or other recovery or compensation which the Cellestis Group is entitled to in relation to the event giving rise to the reduction; other than those changes, events, occurrences, facts or matters: 3 required to be done in order to implement the Scheme; 4 that arise as a direct consequence of: • any amounts payable by Cellestis to advisers in respect of the Transaction; or • any amounts payable by Cellestis to cancel the Options (if

Term	Meaning
	any) contemplated by clause 2(c); or 5 that arise as a direct consequence of the announcement and/or implementation of the Scheme that have, will, or would reasonably be expected to, result in a reduction in Cellestis' receipt of revenue under the Specified Agreements 6 which took place with the prior written consent of QIAGEN; 7 which Cellestis Fairly Disclosed in an announcement made to the ASX or a document lodged with ASIC prior to entry into this deed; or 8 Fairly Disclosed in the Cellestis Disclosure Materials; or 9 of which any QIAGEN Indemnified Party was aware, or ought reasonably have been aware, as at the date of this deed; 10 that are or that arise from: • changes in economic, political or business conditions (including interest rates, currency exchange rates and commodity prices) or other factors or matters that are not specific to Cellestis or that affect industry participants in a similar manner; • any change in or interpretation of law, regulation or other policy of a Governmental Agency including changes to taxation rates, laws and policies from those in place at the date of this deed; • any change in accounting policy required by law; or • any materially adverse foreign exchange movements. For the avoidance of doubt, a fall in Cellestis' share price will not of itself constitute a Cellestis Material Adverse Change.
Cellestis Prescribed Occurrence	the occurrence of any of the following between the date of this deed and 8.00am on the Second Court Date which didn't occur with the prior written consent of QIAGEN: 1 Cellestis converting all or any of its shares into a larger or smaller number of shares; 2 any member of the Cellestis Group (other than a direct or indirect wholly owned subsidiary of Cellestis) resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 3 any member of the Cellestis Group (other than a direct or indirect wholly owned subsidiary of Cellestis): • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations Act; 4 a member of the Cellestis Group (other than a direct or indirect wholly owned subsidiary of Cellestis) declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members other than Cellestis' declaration and payment of the Agreed Dividend;

Term	Meaning
	5 a member of the Cellestis Group issuing securities, including without limitation shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: • to Cellestis or to a direct or indirect wholly owned subsidiary of Cellestis; or • exercise of an option disclosed to ASX prior to the date of this deed), including pursuant to a dividend reinvestment or other share plan; 6 a member of the Cellestis Group issuing or agreeing to issue securities convertible into shares or any debt securities; 7 a member of the Cellestis Group making any change to its constitution; 8 a member of the Cellestis Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; 9 a member of the Cellestis Group: • acquiring, leasing or disposing of; • agreeing to acquire, lease or dispose of; or • irrevocably offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking the value of which exceeds $1 million (individually or in aggregate); 10 any member of the Cellestis Group: • entering into, terminating or amending in a material manner, any individual contract or commitment (including in respect of Financial Indebtedness) which requires payments by or involving receipt of revenue to, the Cellestis Group in excess of $1 million per annum (individually or in aggregate) over the life of the contract or commitment (other than where the terms are materially consistent with a previous agreement with the same party) provided that Cellestis' entry into the Relevant Agreement: • on terms materially consistent with the terms of the Relevant Agreement disclosed in the Data Room; or • on any other terms that Cellestis determines, acting reasonably and after engaging in good faith consultations with QIAGEN, to be in the best interests of Cellestis, will not constitute a Cellestis Prescribed Occurrence for the purposes of this definition; • waiving any material third party default where the financial impact on the Cellestis Group will be in excess of $250,000 (individually or in aggregate); • accepting as a compromise of a matter less than the full compensation due to a member of the Cellestis Group where the result of the compromise is that the member will receive an amount which is more than $250,000 (individually or in aggregate) less than the amount of full

Term	Meaning
	compensation; or • otherwise waiving, releasing, granting or transferring any rights with a value of more than $250,000 (individually or in aggregate); 11 any member of the Cellestis Group being deregistered as a company or otherwise dissolved; 12 any member of the Cellestis Group creates, or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business other than: • the granting of security to National Australia Bank under Cellestis' existing credit facility in the ordinary course of business over property acquired by a member of the Cellestis Group; or • the granting of security to other financiers in the ordinary course of business over property acquired by a member of the Cellestis Group; or • a lien which arises by operation of law or legislation securing an existing obligation that is not yet due; 13 any member of the Cellestis Group: • increases the remuneration of (otherwise than in accordance with an existing contract in place at the date of this deed or in the ordinary course of business and consistent with past practice), or otherwise varies the employment contracts with, any of its directors or Senior Managers in any material respect; • accelerates the rights of any of its directors or Senior Managers to compensation or benefits or any kind; • hires any employee or engages any contractor except in the usual and ordinary course and consistent with past practice; or • pays any of its directors or Senior Managers a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this deed); provided that Cellestis will be permitted to: • pay bonuses to Senior Managers in accordance with any existing bonus plan of the Cellestis Group in a manner that is consistent in all material respects with past practice; • enter into agreements with one or more Senior Managers and/or key staff members providing for the payment of short term incentive bonuses in addition to existing contractual entitlements of those Senior Managers that, in aggregate, do not exceed $250,000; and • pay short term incentive bonuses to Senior Managers in accordance with the agreements specified in the immediately preceding paragraph, without those actions constituting a Cellestis Prescribed Occurrence pursuant to this definition; 14 any member of the Cellestis Group enters into or resolves to enter into a transaction with any related party of Cellestis (other than a related party which is a member of the Cellestis Group)

Term	Meaning
	as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules; 15 any member of the Cellestis Group does anything that would result in a de-consolidation of the Cellestis Consolidated Tax Group, other than acquiring or disposing of a wholly owned subsidiary (subject always to the other provisions of this deed). 16 a member of the Cellestis Group is or becomes Insolvent, other than where the occurrence: • was required to be done in order to implement the Scheme or with the prior written consent of QIAGEN; or • was Fairly Disclosed in the Cellestis Disclosure Material.
Cellestis Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Cellestis Representations and Warranties	the representations and warranties of Cellestis set out in Schedule 2.
Cellestis Share	a fully paid ordinary share of Cellestis.
Cellestis Shareholder	each person who is registered in the Share Register as the holder of Cellestis Shares.
condition precedent	each of the conditions set out in clause 3.1.
Competing Transaction	a transaction or arrangement pursuant to which a Third Party will, if the transaction or arrangement is entered into or completed: 1 acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a material part of the business of the Cellestis Group; 2 acquire a Relevant Interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in 20% or more of the Cellestis Shares (other than a Third Party in a capacity as custodian, nominee, bare trustee, hedge fund, fund manager or similar or equivalent capacity); 3 acquire control (as determined in accordance with section 50AA of the Corporations Act) of Cellestis; or 4 otherwise acquire or merge with Cellestis, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction or buy back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction

Term	Meaning
	or arrangement.
Confidentiality Deed	the confidentiality deed dated 20 December 2010 between QIAGEN and Cellestis.
Consolidated Group	has the same meaning as in the Tax Act.
Corporations Act	the *Corporations Act 2001* (Cth).
Controller	has the meaning it has in the Corporations Act.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Cellestis and QIAGEN.
Data Room	means the data room made available to QIAGEN and its Representatives prior to entry into this deed, the index of which has been initialled by QIAGEN and Cellestis.
Deed Poll	a deed poll substantially in the form of Attachment 3 under which each of QIAGEN SPV and QIAGEN covenants in favour of the Scheme Shareholders to perform certain obligations attributed to it (respectively) under the Scheme.
Effective	when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	31 August 2011.
Excluded Shareholder	any Cellestis Shareholder who is a QIAGEN Group Member or any Cellestis Shareholder who holds a Cellestis Share on behalf of, or for the benefit of, any QIAGEN Group Member.

Term	Meaning
Exclusivity Period	the period from and including the date of this deed to the earlier of: 1 the Implementation Date; 2 the termination of this deed; and 3 the End Date.
Fairly Disclosed	disclosed in sufficient detail so as to enable a reasonable and sophisticated buyer (or one of its representatives) experienced in transactions similar to the Scheme and experienced in a business similar to any business conducted by the Cellestis Group, to identify, in all material respects, the nature, scope and budgeted cost of the relevant matter, event or circumstance.
Fee Trigger Event	a Competing Transaction of any kind is announced during the Exclusivity Period and within 9 months of the date of such announcement, the relevant Third Party or an Associate of that Third Party: 1 completes a Competing Transaction of the kind referred to either in paragraph 1, 3 or 4 of the definition of Competing Transaction; or 2 (without limiting 1 above) acquires a Relevant Interest in at least 50% of the Cellestis Shares under a Competing Transaction and the Competing Transaction is (or becomes) free of defeating conditions.
Financial Adviser	any financial adviser retained by Cellestis in relation to the Scheme or a Competing Transaction from time to time.
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any: 1 bill, bond, debenture, note or similar instrument; 2 acceptance, endorsement or discounting arrangement; 3 guarantee; 4 finance or capital lease; 5 agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or 6 obligation to deliver goods or provide services paid for in advance by any financier.
FIRB	the Foreign Investment Review Board.
FIRB Approval	the approval required pursuant to the condition precedent set out at clause 3.1(a).

Term	Meaning
First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.
Government Agency	includes: 1 ASX, ASIC, the Australian Competition and Consumer Commission; 2 any regulatory organisation established under statute; and 3 any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date or such other day as the parties agree.
Independent Expert	the independent expert in respect of the Scheme appointed by Cellestis.
Independent Expert's Report	the report to be issued by the Independent Expert in connection with the Scheme.
Insolvent	a person is insolvent if: 1 it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or 2 it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or 3 it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed); or 4 it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or 5 it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act; or 6 it is otherwise unable to pay its debts when they fall due; or 7 something having a substantially similar effect to 1 to 6 happens in connection with that person under the law of any jurisdiction.

Term	Meaning
Listing Rules	the official listing rules of the ASX.
NASDAQ	the National Association of Securities Dealers Automated Quotation.
Options	an option to subscribe for a Cellestis Share.
Optionholders	the holders of Options.
QIAGEN Group	QIAGEN and each of its Related Bodies Corporate (including QIAGEN SPV) and a reference to a **QIAGEN Group Member** or **a member of the QIAGEN Group** is to QIAGEN or any of its Related Bodies Corporate.
QIAGEN Indemnified Officer	each of the directors, officers and employees of QIAGEN and its Related Bodies Corporate.
QIAGEN Indemnified Parties	QIAGEN, its Related Bodies Corporate (including QIAGEN SPV), and their directors, officers and employees.
QIAGEN Information	information regarding the QIAGEN Group provided by QIAGEN to Cellestis in writing for inclusion in the Scheme Booklet, including information regarding the arrangements QIAGEN has in place to fund the Scheme Consideration and QIAGEN's intentions with respect to the assets, business and employees of Cellestis if the Scheme is implemented.
QIAGEN Representations and Warranties	the representations and warranties of QIAGEN set out in Schedule 1.
QIAGEN SPV	QIAGEN Australia Holdings Pty Limited or any other wholly owned subsidiary of QIAGEN nominated by QIAGEN.
Public Authority	any Government Agency or any self regulating organisation established under statute or any stock exchange.
Regulator's Draft	the draft of the Scheme Booklet in a form acceptable to Cellestis which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Term	Meaning
Regulatory Review Period	means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.
Reimbursement Fee	$3.5 million (exclusive of any GST).
Related Bodies Corporate	has the meaning set out in the Corporations Act.
Relevant Agreement	means the draft agreement included in folder 8.3 of the Data Room.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representative	1 in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and 2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.
RG 60	Regulatory Guide 60 issued by ASIC on 11 December 2009 relating to schemes of arrangement, the application of section 411(17) of the Corporations Act and ASIC review of schemes of arrangement.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Cellestis and the Scheme Shareholders, substantially in the form attached as Attachment 2 to this deed, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by QIAGEN, QIAGEN SPV and Cellestis.
Scheme Booklet	the information described in clause 5.1(a) to be approved by the Court and despatched to the Cellestis Shareholders and which must include the Scheme, an explanatory statement (complying with the requirements of the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules), an independent expert's report, notices of meeting and proxy form.
Scheme Consideration	the cash consideration to be provided by, or on behalf of, QIAGEN SPV to Cellestis (on behalf of each Scheme Shareholder) for the transfer to QIAGEN SPV of each Scheme Share in accordance with clause 4, being the amount of $3.55 (as reduced by the cash amount of the Agreed Dividend for which the record date is on or

Term	Meaning
	before the Implementation Date) for each Scheme Share held by each Scheme Shareholder.
Scheme Meeting	the meeting of Cellestis Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act at which Cellestis Shareholders will vote on the Scheme.
Scheme Record Date	5.00pm on the fifth Business Day after the Effective Date or such other date as agreed in writing by Cellestis and QIAGEN.
Scheme Share	a Cellestis Share held by a Scheme Shareholder as at the Scheme Record Date.
Scheme Shareholders	Cellestis Shareholders (other than Excluded Shareholders) as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Senior Manager	the managing director, the chief financial officer, the chief scientific officer, the president of Cellestis Inc., the Cellestis Asia Director, the Chief Commercial Officer – Europe Sales and Marketing Head, the Chief Marketing Officer and the Chief Technical Officer.
Share Register	the register of members of Cellestis maintained in accordance with the Corporations Act.
Share Splitting	means the splitting by a holder of Scheme Shares of those Scheme Shares into two or more parcels of Scheme Shares whether or not it results in any change of beneficial ownership of Scheme Shares.
Specified Agreements	means the current and draft agreements contained within folder 8.2 of the Data Room.
Superior Proposal	a bona fide Competing Transaction which the Cellestis Board, after receiving written legal advice from its legal advisers and written advice from its Financial Advisers, determines is: 1 reasonably capable of being valued and completed taking into account all aspects of the Competing Transaction including any timing considerations and any conditions precedent; and

Term	Meaning
	2 more favourable to Cellestis Shareholders than the Transaction taking into account all terms and conditions of the Competing Transaction.
Tax Act	the *Income Tax Assessment Act 1997* (Cth).
Third Party	a person other than QIAGEN and its Associates.
Timetable	the indicative timetable for the implementation of the Transaction set out in Attachment 1.
Transaction	the acquisition of Cellestis by QIAGEN SPV through implementation of the Scheme in accordance with the terms of this deed.

1.2 Interpretation

In this deed, headings are for convenience only and do not affect interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include any gender;

(c) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;

(d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any Government Agency;

(e) a reference to a clause, party, attachment, exhibit or schedule is a reference to a clause of, and a party, attachment, exhibit and schedule to this deed, and a reference to this deed includes any attachment, exhibit and schedule;

(f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) a reference to any document (including this deed) is to that document as varied, novated, ratified or replaced from time to time;

(h) the word “includes” in any form is not a word of limitation;

(i) a reference to “$”, “A$” or “dollar” is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to the time in Melbourne, Victoria;

(k) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(l) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(m) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this deed; and

(n) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.4 Next day

If an act under this deed to be done by a party on or by a given day is done after 5.00 pm on that day, it is taken to be done on the next day.

1.5 Contra proferentem excluded

No term or condition of this deed will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this deed or a provision of it.

2 Agreement to propose the Scheme

(a) Cellestis agrees to propose the Scheme on and subject to the terms of this deed.

(b) QIAGEN agrees with Cellestis to assist Cellestis to propose the Scheme, and to procure QIAGEN SPV to assist Cellestis propose the Scheme, on and subject to the terms of this deed.

(c) Cellestis must use all reasonable endeavours to agree with each Optionholder, as soon as reasonably practicable after the date of this deed, to:

(1) cancel all outstanding Options upon implementation of the Scheme by paying each Optionholder the Black–Scholes valuation for those Options, or such other consideration as QIAGEN, Cellestis and the Optionholders may agree; or

(2) accelerate the vesting of all outstanding Options and compulsorily exercise all such Options on or before the Scheme Record Date such that the Optionholders will become Scheme Shareholders,

and must use all reasonable endeavours to obtain all necessary waivers of the ASX Listing Rules to permit such actions to occur.

(d) If Cellestis is unable to reach agreement with each Optionholder as set out in clause 2(c) within 20 Business Days after the date of this deed, then Cellestis must take all necessary steps (unless and until such agreement with all Optionholders is forthcoming) to propose a scheme of arrangement of the Optionholders reflecting the proposal set out in clause 2(c)(1), to run contemporaneously with and conditional upon the Scheme in a form reasonably acceptable to QIAGEN.

3 Conditions precedent and pre-implementation steps

3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of QIAGEN under clause 4.3 will not become binding, until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in clause 3.3:

(a) **Regulatory Approvals:** before 5:00pm on the Business Day before the Second Court Date:

(1) **FIRB:**

(A) QIAGEN has received a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), by or on behalf of the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the transactions contemplated by this deed; or

(B) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of this deed and the transactions contemplated by it under the FATA.

(2) **ASIC and ASX:** ASIC and ASX have issued or provided such consents or approvals or have done such other acts which the parties agree in writing are reasonably necessary or desirable to implement the Transaction.

(3) **Government Agency:** all other approvals of a Government Agency which QIAGEN and Cellestis agree in writing are necessary or desirable to implement the transaction are obtained.

(b) **Shareholder approval:** Cellestis Shareholders (other than Excluded Shareholders) agree to the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act.

(c) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.

(d) **Restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency or other legal restraint or prohibition preventing the Transaction is in effect, and no steps have been taken by any Court or Government Agency to effect any of the above, in each case as at 8.00am on the Second Court Date.

(e) **Independent Expert:** the Independent Expert issues a report which concludes that the Scheme is in the best interests of Cellestis Shareholders before the date on which the Scheme Booklet is lodged with ASIC (and the Independent Expert does not change that conclusion prior to 8.00am on the Second Court Date).

(f) **No Cellestis Prescribed Occurrence:** no Cellestis Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date.

(g) **No Cellestis Material Adverse Change:** no Cellestis Material Adverse Change occurs, or is discovered, announced, disclosed or otherwise becomes known to QIAGEN between the date of this deed and 8.00am on the Second Court Date.

(h) **Cellestis Representations and Warranties:** as at 8.00am on the Second Court Date, QIAGEN is not entitled to terminate this deed pursuant to clause 12.2(a).

(i) **QIAGEN Representations and Warranties:** as at 8.00am on the Second Court Date, Cellestis is not entitled to terminate this deed pursuant to clause 12.2(b).

3.2 Reasonable endeavours

(a) Cellestis must use reasonable endeavours to procure that the conditions precedent in clause 3.1(f), 3.1(g)and 3.1(h) are satisfied.

(b) QIAGEN must use its reasonable endeavours to procure that the conditions precedent in 3.1(i) is satisfied.

(c) Each party must use its reasonable endeavours to procure that:

(1) the conditions precedent in clauses 3.1(a), 3.1(b), 3.1(c), 3.1(d) and 3.1(e) are satisfied as soon as possible after the date of this deed, and continue to be satisfied at all times until the last time they are to be satisfied (as the case may be); and

(2) there is no occurrence within the control of Cellestis or QIAGEN (as the context requires) that would prevent any of the conditions precedent in clause 3.1, which such party must use reasonable endeavours to satisfy, being satisfied.

3.3 Waiver of conditions precedent

(a) The conditions precedent in clauses 3.1(a), 3.1(b), 3.1(c), 3.1(d) and 3.1(e) cannot be waived.

(b) The conditions precedent in clauses 3.1(f), 3.1(g) and 3.1(h) are for the sole benefit of QIAGEN, and any breach or non-fulfilment of them may only be waived with the written consent of QIAGEN.

(c) The condition precedent in clause 3.1(i) is for the sole benefit of Cellestis and any breach or non-fulfilment of it may only be waived with the written consent of Cellestis.

(d) Any waiver of a condition precedent by a party for whose benefit the condition applies must take place on or prior to 8.00am on the Second Court Date.

(e) If a party waives the breach or non-fulfilment of any of the conditions precedent in clause 3.1, that waiver will preclude it from suing the other party for any breach of this deed that resulted in the non-fulfilment of the condition precedent that was waived.

3.4 Termination on failure of condition precedent

(a) If any event occurs which would prevent any of the conditions precedent in clause 3.1 being satisfied, or there is an occurrence that will prevent any of the conditions precedent being satisfied by the time and date specified in this deed for its satisfaction or if the Scheme has not become Effective by the End Date and neither of the following has occurred:

(1) the Independent Expert has opined to the effect that the Scheme is anything other than fair and reasonable and in the best interests of Cellestis Shareholders; or

(2) a Superior Proposal has been received by Cellestis,

the parties must consult in good faith to:

(3) consider and if agreed determine whether the Transaction may proceed by way of alternative means or methods;

(4) consider and if agreed change the date of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to

another date agreed to in writing by QIAGEN and Cellestis (being a date no later than 5 Business Days before the End Date); or

(5) consider and if agreed extend the relevant date or End Date.

(b) Subject to clause 3.4(d), if the parties are unable to reach agreement under clause 3.4(a) within 5 Business Days of becoming aware of the relevant occurrence or relevant date or by the End Date or the parties are not required to consult under clause 3.4(a), then unless that condition precedent is waived by Cellestis or QIAGEN as provided in clause 3.3, then either party may terminate this deed by notice in writing to the other party without any liability to the other party because of that termination, unless the relevant occurrence or the failure of the condition precedent to be satisfied, or the failure of the Scheme to become Effective, arises out of a breach of clauses 3.2 or 3.5 in which case the party in breach will not be entitled to so terminate (for the avoidance of doubt, in such circumstances, the party which is not the party in breach of clauses 3.2 or 3.5 is entitled to terminate this deed).

(c) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 12.3), on termination of this deed, no party shall have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.

(d) If the condition precedent set out in clause 3.1(b) is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act and Cellestis and QIAGEN agree (acting reasonably) that Share Splitting or some other abusive or improper conduct may have caused or contributed to the failure to obtain a majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable, in which case the other party may not terminate this deed until such time as the Court has made a determination not to grant such approval.

3.5 Certain notices

(a) If, before the time specified for satisfaction of a condition precedent, an event that will prevent that condition precedent being satisfied occurs, the party with knowledge of that event must promptly give the other party written notice of that event.

(b) Cellestis and QIAGEN (as the case may be) must promptly advise each other orally and in writing of any change or event causing, or which, so far as can reasonably be foreseen, would cause:

(1) a representation or warranty provided in this deed by a relevant party to be false;

(2) a breach or non-fulfilment of any of the conditions precedent; or

(3) a material breach of this deed by a relevant party.

(c) Cellestis and QIAGEN (as the case may be) must promptly notify the other of satisfaction of a condition precedent.

(d) Upon receipt of a notice given under clause 3.5(b), give written notice to the other party as soon as possible (and in any event before 5.00pm on the Business Day before the Second Court Date) as to whether or not it waives (if entitled to do so) the breach or non-fulfilment of any condition precedent

resulting from the occurrence of that change or event, specifying the condition precedent in question.

4 Transaction steps

4.1 Scheme

Subject to clause 3.1, on the Implementation Date all of the Scheme Shares will be transferred to QIAGEN SPV and the Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with the terms of the Scheme.

4.2 No amendment to the Scheme without consent

Cellestis must not consent to any modification of, or amendment to, or the making or imposition by a court of any condition in respect of, the Scheme without the prior written consent of QIAGEN.

4.3 Scheme Consideration

(a) If the Scheme becomes Effective:

(1) each Scheme Shareholder will be entitled to receive the Scheme Consideration; and

(2) all of the Scheme Shares held by a Scheme Shareholder will be transferred to QIAGEN SPV.

(b) In consideration of the transfer to QIAGEN SPV of each Scheme Share held by a Scheme Shareholder under the terms of the Scheme:

(1) on the Implementation Date, QIAGEN will procure that QIAGEN SPV will accept that transfer; and

(2) on or before the Implementation Date, QIAGEN or a Related Body Corporate of QIAGEN will provide to Cellestis (on behalf of each Scheme Shareholder) the Scheme Consideration for each Scheme Share in accordance with the terms of the Scheme, and in accordance with clause 3 of the Deed Poll.

4.4 Deed Poll

QIAGEN covenants in favour of Cellestis (in its own right and separately as trustee for each Cellestis Shareholder) to:

(a) execute and deliver the Deed Poll, and to procure that QIAGEN SPV will execute and deliver the Deed Poll, prior to the First Court Date; and

(b) to perform, and to procure that QIAGEN SPV performs, its obligations under the Deed Poll subject to its terms.

5 Implementation

5.1 Cellestis' obligations

Cellestis must take all reasonably necessary steps to implement the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours

(including to commit necessary resources (including management and corporate relations resources and the resources of external advisers) and procure that its officers and advisers work in good faith and in a timely and co-operative fashion with QIAGEN) to endeavour to ensure that each step in the Timetable is met by the relevant date set out beside that step (and must consult with QIAGEN on a regular basis about its progress in that regard), including doing any acts it is authorised and able to do, on behalf of Cellestis Shareholders, and must do each of the following:

(a) **preparation of Scheme Booklet**: subject to clause 5.1(o), prepare and despatch the Scheme Booklet in accordance with all applicable laws and in particular with the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules;

(b) **Further Cellestis information**: disclose to QIAGEN and Cellestis Shareholders such further or new Cellestis Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Cellestis Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission);

(c) **directors' recommendation**: include in the Scheme Booklet and the public announcement contemplated by clause 8.1, a statement by the Cellestis Board:

(1) unanimously recommending that Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme subject to the Independent Expert opining and not subsequently modifying or withdrawing its opinion that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders and in the absence of any Superior Proposal received by Cellestis; and

(2) that each Cellestis Board member will (in the absence of Cellestis receiving a Superior Proposal and subject to the Independent Expert opining and not subsequently modifying or withdrawing its opinion that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders) vote, or procure the voting of any Cellestis Shares (as applicable) held by or on behalf of a Cellestis Board Member at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting.

(d) **section 411(17)(b) statement**: apply to ASIC for the production of:

(1) an indication of intent letter stating that ASIC does not intend to appear before the Court on the First Court Date; and

(2) a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;

(e) **Court direction**: apply to the Court for orders pursuant to section 411(1) of the Corporations Act directing Cellestis to convene the Scheme Meeting;

(f) **Registration of explanatory statement:** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;

(g) **Send Scheme Booklet:** send the Scheme Booklet to Cellestis Shareholders as soon as practicable after the Court orders Cellestis to convene the Scheme Meeting;

(h) **Scheme Meeting**: convene the Scheme Meeting to agree to the Scheme in accordance with the orders made by the Court pursuant to section 411(1) of the Corporations Act and, for this purpose, the directors of Cellestis must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Cellestis Shareholders at the reasonable request of QIAGEN, provided that Cellestis will not be required to solicit proxy votes in favour of the Scheme;

(i) **Court documents**: consult with QIAGEN in relation to the content of the documents required for the purpose of each of the Court hearing held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from QIAGEN and its Representatives on those documents;

(j) **Court approval**: (subject to all conditions precedent in clause 3.1, other than the condition in clause 3.1(c) being satisfied or waived in accordance with this deed) apply to the Court for orders approving the Scheme as agreed to by the Cellestis Shareholders (other than Excluded Shareholders) at the Scheme Meeting;

(k) **Certificate**: at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the conditions precedent in clause 3.1, other than the condition in clause 3.1(c), have been satisfied or waived in accordance with this deed. A draft of that certificate must be provided by Cellestis to QIAGEN by 4.00pm on the Business Day prior to the Second Court Date;

(l) **lodge copy of Court order**: lodge with ASIC an office copy of the Court order in accordance with section 411(10) of the Corporations Act approving the Scheme no later than 10.00am on the next Business Day after the order is made (or such later time as agreed in writing by QIAGEN);

(m) **Scheme Consideration**: close the Share Register as at the Scheme Record Date and determine entitlements to the Scheme Consideration in accordance with the Scheme and the Deed Poll;

(n) **registration**: subject to QIAGEN having issued the Scheme Consideration in accordance with the Scheme and Deed Poll, register all transfers of Cellestis Shares held by Scheme Shareholders to QIAGEN SPV on the Implementation Date;

(o) **consultation with QIAGEN**: consult with QIAGEN as to the content and presentation of the Scheme Booklet including:

(1) providing to QIAGEN drafts of the Scheme Booklet for the purpose of enabling QIAGEN to review and comment on those draft documents;

(2) taking all comments made by QIAGEN into account in good faith when producing a revised draft of the Scheme Booklet;

(3) providing to QIAGEN a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised;

(4) implement such changes to those parts of the Scheme Booklet relating to QIAGEN which are provided in accordance with clauses 5.1(o)(1) to 5.1(o)(3) as reasonably requested by QIAGEN and prior to finalising the Regulator's Draft; and

(5) obtaining written approval from QIAGEN for the form and content in which the QIAGEN Information appears in the Scheme Booklet, and Cellestis will not lodge the Scheme Booklet with ASIC until such approval is obtained from QIAGEN;

(p) **information**: provide all information, or procure that the Cellestis Registry provides all information, in each case in a form reasonably requested by QIAGEN, about the Scheme, the Scheme Shareholders, the Cellestis Shareholders and the Share Register (including any sub register) to QIAGEN and its Representatives which QIAGEN reasonably requests in order to solicit votes at the Scheme Meeting and facilitate the provision by, or on behalf of, QIAGEN SPV of the Scheme Consideration;

(q) **ASIC and ASX review**: during the Regulatory Review Period, promptly provide to QIAGEN, and include in the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, RG 60 or the Listing Rules to be included and keep QIAGEN informed of any material matters raised by ASIC or ASX in relation to the Scheme Booklet or the Transaction, and use reasonable endeavours to take into consideration in resolving such matters any issues raised by QIAGEN;

(r) **Independent Expert**: promptly appoint the Independent Expert to be appointed in connection with the preparation of the Independent Expert's report, and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by the Independent Expert for inclusion in the Scheme Booklet (including any updates thereto);

(s) **Provide a copy of the report:** subject to obtaining the consent of the Independent Expert, promptly provide QIAGEN with a copy of any draft and final report received from the Independent Expert;

(t) **compliance with laws**: do everything reasonably within its power to ensure that the tasks or obligations required to be performed by Cellestis in relation to the Transaction are effected in accordance with all laws and regulations applicable in relation to the Transaction;

(u) **Cellestis Prescribed Occurrence**: ensure that no Cellestis Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date; and

(v) **listing:** to take all reasonable steps to maintain Cellestis' listing on the ASX notwithstanding any suspension of the quotation of Cellestis Shares up to and including the Implementation Date, including making appropriate applications to ASX unless QIAGEN has agreed in writing.

5.2 QIAGEN's obligations

QIAGEN must take all reasonable necessary steps to implement the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure (including to commit necessary resources (including management and corporate relations resources and the resources of external advisers) and procure that its officers and advisers work in good faith and in a timely and co-operative fashion with Cellestis) that each step in the Timetable is met by the date set out beside that step (and consult with Cellestis on a regular basis about its progress in that regard), including doing each of the following:

(a) **QIAGEN Information**: prepare and provide to Cellestis a draft of the QIAGEN Information for inclusion in the Scheme Booklet as required by all applicable Australian laws, and in particular by the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules;

(b) **review of Scheme Booklet**: review the drafts of the Scheme Booklet prepared by Cellestis and provide comments on those drafts in good faith;

(c) **Independent Expert's report**: subject to the Independent Expert entering into arrangements with QIAGEN including in relation to confidentiality in a form reasonably acceptable to QIAGEN, provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet;

(d) **representation**: procure that QIAGEN and QIAGEN SPV are represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which through their counsel, QIAGEN will undertake,

and will procure that QIAGEN SPV undertakes, (if requested by the Court) to do all such things and take all such steps within their power as are necessary in order to ensure the fulfilment of their respective obligations under this deed and the Scheme;

(e) **Deed Poll**: by not later than the Business Day prior to the First Court Date, enter into the Deed Poll, and procure that QIAGEN SPV enters into the Deed Poll;

(f) **accuracy of QIAGEN Information**: ensure the QIAGEN Information in the Scheme Booklet is not misleading or deceptive in any material respect (whether by omission or otherwise);

(g) **further QIAGEN Information:** disclose to Cellestis such further or new QIAGEN Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the QIAGEN Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission);

(h) **Share transfer**: if the Scheme becomes Effective, procure that QIAGEN SPV accepts a transfer of the Cellestis Shares as contemplated by clause 4.3(b)(1);

(i) **compliance with laws**: do everything reasonably within its power to ensure that the tasks or obligations required to be performed by QIAGEN and QIAGEN SPV in relation to the Transaction are effected in accordance with all laws and regulations applicable in relation to the Transaction; and

(j) **QIAGEN Scheme Consideration**: if the Scheme becomes Effective, procure the provision of, by or on behalf of, QIAGEN SPV, the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme.

5.3 Conduct of business

(a) During the Exclusivity Period, and without limiting any other obligations of Cellestis under this deed, Cellestis must conduct its business, and must cause each of its Related Bodies Corporate to conduct their respective businesses, in the ordinary and proper course of business consistent with the business plans and budgets made public or disclosed to QIAGEN prior to the date of this deed and in a matter generally consistent with the manner in which each such business has been conducted in the 12 month period prior to the date of this deed and make all reasonable efforts to:

(1) keep available the services of their directors, officers and employees;

(2) maintain and preserve their relationships with customers, suppliers, Government Agencies, licensors, licensees and others having business dealings with Cellestis and any Related Body Corporate of Cellestis (including using reasonable endeavours to obtain consents from Third Parties to any change of control provisions which QIAGEN reasonably requests in contracts or arrangements to which a member of the Cellestis Group is a party);

(3) not enter into any lines of business or other activities in which Cellestis and its Related Bodies Corporate are not engaged as of the date of this deed;

(4) ensure that no member of the Cellestis Group enters into a contract or commitment which materially restrains a member of the Cellestis Group from competing with any person or conducting activities in any material market;

(b) Any restriction on conduct which is imposed in clause 5.3(a) does not apply to the extent that:

(1) the conduct, or the intention to carry out the conduct, was Fairly Disclosed in the Cellestis Disclosure Materials; or

(2) the conduct is required to be undertaken by a member of the Cellestis Group in connection with the Scheme or this deed; or

(3) the conduct is required by law or the operation of a Court; or

(4) the conduct is approved by QIAGEN (which approval must not be unreasonably withheld or delayed).

(c) During the Exclusivity Period, Cellestis must not materially amend the terms of engagement of any adviser engaged by Cellestis to advise in connection with the Transaction.

(d) For the avoidance of doubt, nothing in this section 5.3 restricts the ability of Cellestis to respond to a Competing Transaction in accordance with clause 10.

5.4 Appointment of directors

Cellestis must, as soon as practicable on the Implementation Date following the transfer of the Scheme Shares to QIAGEN SPV under the terms of the Scheme:

(a) ensure that all directors on the Cellestis Board, resign;

(b) ensure that all directors on the boards of Cellestis' Related Bodies Corporate resign (unless otherwise directed by QIAGEN) and use its best endeavours to ensure all such directors provide written notice to Cellestis to the effect that they have no claim in their capacity as directors outstanding for loss of office, remuneration or otherwise against Cellestis; and

(c) take all actions necessary to cause the appointment of nominees of QIAGEN to the Cellestis Board and those boards of its Related Bodies Corporate, subject to receipt by Cellestis in each case of signed consents to act from the nominee directors of QIAGEN.

5.5 Cellestis Board recommendation

(a) Subject to clause 5.5(b), Cellestis must use its best endeavours to procure that the Cellestis Board unanimously recommends that Cellestis Shareholders (other than Excluded Shareholders) vote in favour of:

(1) the Scheme in the absence of a Superior Proposal; and

(2) all of the resolutions in the Scheme Booklet,

at the Scheme Meeting and the Scheme Booklet must include a statement by the Cellestis Board to that effect provided that Cellestis shall not be required to do anything in the forgoing if the Independent Expert concludes in its report (or in any revised or supplemental report) that the Scheme is anything other than fair and reasonable and in the best interests of the Cellestis Shareholders.

(b) Cellestis must use its best endeavours to procure that the Cellestis Board collectively and the members of the Cellestis Board individually do not change, withdraw or modify, its, his or her recommendation in favour of the Scheme unless:

(1) the Independent Expert provides a report to Cellestis which concludes that the Scheme anything other than fair and reasonable and in the best interests of Cellestis Shareholders (other than Excluded Shareholders); or

(2) the Cellestis Board has determined, after receiving written legal advice from its legal advisers, that continuing to recommend the Scheme would be, or would be likely to be, a breach of their statutory or fiduciary duties or would be, or would be likely to be, unlawful.

5.6 Cellestis Deeds of Access, Insurance and Indemnity

QIAGEN undertakes that following implementation of the Scheme, it will procure that:

(a) no member of the QIAGEN Group (including, for the avoidance of doubt, Cellestis) takes any steps to challenge the binding nature of the Cellestis Deeds of Access, Insurance and Indemnity; and

(b) Cellestis complies with its obligations under the Cellestis Deeds of Access, Insurance and Indemnity.

5.7 Integration

Between the date of this deed and the Implementation Date and for so long as the Cellestis Board considers the Transaction to be in the best interests of Scheme Shareholders and continues to publicly recommend that Scheme Shareholders vote in favour of the resolution to be proposed at the Scheme Meeting to approve the Scheme, Cellestis must, and must cause each of its Related Bodies Corporate to, afford to QIAGEN and QIAGEN's Representatives reasonable access to information (subject to any existing confidentiality obligations owed to third parties), the Senior Managers and a minimum of two visits to the premises, properties and sites, as reasonably requested by QIAGEN at mutually convenient times and afford QIAGEN reasonable co-operation for the purpose of implementation of the Scheme, provided that nothing in this sub-clause will require Cellestis to provide information to QIAGEN concerning Cellestis' directors and management's consideration of the Scheme or any actual or potential Competing Transaction, provided that:

(a) such requests by QIAGEN do not result in unreasonable disruptions to the business or employees of the Cellestis Group; and

(b) Cellestis may provide to QIAGEN its records at a place other than Cellestis' business premises.

5.8 Conduct of Court proceedings

(a) QIAGEN and Cellestis are entitled to separate representation at all Court proceedings affecting the Transaction.

(b) This deed does not give QIAGEN or Cellestis any right or power to give undertakings to the Court for or on behalf of the other party without that party's written consent.

(c) If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, QIAGEN and Cellestis must consult with each other in good faith as to whether to appeal the Court's decision. If, in the opinion of Queen's Counsel or Senior Counsel obtained by either party within five Business Days of the Court's decision, there are reasonably prospects of successfully appealing the Court's decision then:

(1) Cellestis must appeal the Court's decision, the cost of which is to be borne equally by Cellestis and QIAGEN; and

(2) the End Date will be extended to 30 November 2011 (or any earlier date agreed to by Cellestis and QIAGEN to account for the period for determination of the appeal on an expedited basis.

(d) If Cellestis, acting in compliance with clause (c), does not appeal the Court's decision to refuse to make orders convening the Scheme Meeting or approving the Scheme, either party may terminate this deed in accordance with clause 12.1(a)(3).

(e) Each of Cellestis and QIAGEN must defend, or must cause to be defended, any Takeovers Panel proceedings bought against it (or any members of its respective group) challenging this deed of the completion of the Transaction.

(f) Each party will be responsible for their own costs that are incurred as a result of the operation of this clause 5.8.

5.9 QIAGEN Responsibility statement

The Scheme Booklet will contain a responsibility statement to the effect that:

(a) QIAGEN is responsible for the QIAGEN Information contained in the Scheme Booklet; and

(b) Cellestis is responsible for the Cellestis Information contained in the Scheme Booklet.

6 Representations and warranties

6.1 QIAGEN's representations

QIAGEN represents and warrants to Cellestis (in its own right and separately as trustee or nominee for each of the other Cellestis Indemnified Parties) that each of the QIAGEN Representations and Warranties is true and correct.

6.2 QIAGEN's indemnity

QIAGEN agrees with Cellestis (in its own right and separately as trustee or nominee for each of the other Cellestis Indemnified Parties) to indemnify the Cellestis Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Cellestis or any of the other Cellestis Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the QIAGEN Representations and Warranties.

6.3 Cellestis' representations

Cellestis represents and warrants to QIAGEN (in its own right and separately as trustee or nominee for each of the other QIAGEN Indemnified Parties) that each of the Cellestis Representations and Warranties is true and correct.

6.4 Cellestis' indemnity

Cellestis agrees with QIAGEN (in its own right and separately as trustee or nominee for each QIAGEN Indemnified Party) to indemnify QIAGEN and each of the other QIAGEN Indemnified Parties from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which QIAGEN or any of the other QIAGEN Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Cellestis Representations and Warranties.

6.5 Survival of representations

Each representation and warranty referred to in clauses 6.1 and 6.3:

(a) is severable; and

(b) survives the termination of this deed.

6.6 Survival of indemnities

Each indemnity in this deed (including those in clauses 6.2 and 6.4):

(a) is severable;

(b) is a continuing obligation;

(c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and

(d) survives the termination of this deed.

6.7 Timing of warranties

Each representation and warranty made or given under clauses 6.1 or 6.3 is given:

(a) at the date of this deed and again at 8.00am on the Second Court Date; or

(b) where expressed to be given at a particular time, at that time.

7 Releases

7.1 Cellestis directors and officers

(a) QIAGEN releases its respective rights, and agrees with Cellestis that it will not make a claim, against any Cellestis Indemnified Officer as at the date of this deed in connection with:

(1) any breach of any representations, covenants and warranties of Cellestis or any member of the Cellestis Group in this deed; or

(2) any disclosures containing any statement which is false or misleading whether in content or by omission,

except where the Cellestis Indemnified Officer has not acted in good faith, or has engaged in wilful misconduct or fraudulent conduct.

(b) This clause is subject to any statutory restriction and will be read down accordingly. Cellestis receives and holds the benefit of this clause to the extent it relates to each Cellestis Indemnified Officer as trustee for each of them.

7.2 QIAGEN directors and officers

(a) Cellestis releases its rights, and agrees with QIAGEN that it will not make a claim, against any QIAGEN Indemnified Officer as at the date of this deed in connection with:

(1) any breach of any representations, covenants and warranties of QIAGEN in this deed; or

(2) any disclosure containing any statement which is false or misleading whether in content or by omission,

except where the QIAGEN Indemnified Officer has not acted in good faith, or has engaged in wilful misconduct or fraudulent conduct.

(b) This clause is subject to any statutory restriction and will be read down accordingly. QIAGEN receives and holds the benefit of this clause to the extent it relates to each QIAGEN Indemnified Officer as trustee for each of them.

8 Public announcement

8.1 Announcement of transaction

Immediately after the execution of this deed, Cellestis and QIAGEN must issue public announcements in a form previously agreed to in writing between them. The Cellestis announcement must include a unanimous recommendation by the Cellestis Board to Cellestis Shareholders (other than Excluded Shareholders) that, in the absence of a Superior Proposal and subject to the Independent Expert opining and not subsequently modifying or withdrawing its opinion that the Scheme is fair and reasonable and in the best interests of Cellestis Shareholders, Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme and that all the members of the Cellestis Board intend to vote (or intend to procure the voting of) all Director Cellestis Shares held by or on behalf of a member of the Cellestis Board.

8.2 Public announcements

Subject to clause 8.3, no public announcement or disclosure regarding the Transaction may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

8.3 Required disclosure

Where a party is required by applicable law or the ASX Listing Rules or the listing rules of NASDAQ or the Frankfurt Prime Exchange to make any announcement or to make any disclosure in connection with the Transaction or any other transaction the subject of this deed or the Scheme, it must use reasonable endeavours, to the extent practicable and lawful to consult with the other party prior to making the relevant disclosure.

9 Confidentiality

9.1 Confidentiality deed

Cellestis and QIAGEN acknowledge and agree that they continue to be bound by the Confidentiality Deed before and after the date of this deed except that the terms of this deed will prevail over the Confidentiality Deed to the extent of any inconsistency.

9.2 Survival of obligations

The rights and obligations of the parties under the Confidentiality Deed survive termination of this deed.

10 Exclusivity arrangements

10.1 No existing discussions

Cellestis represents and warrants that, other than the discussions with QIAGEN in respect of the Proposed Transaction, it is not as at the date of this deed in negotiations or discussions in respect of any Competing Transaction with any person.

10.2 Prohibition

During the Exclusivity Period, Cellestis must not, and must ensure that each of its Related Persons does not, directly or indirectly:

(a) (**no shop**) solicit, invite, encourage or initiate (including, without limitation, by the provision of non-public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, a Competing Transaction or communicate to any person an intention to do anything referred to in this clause 10.2(a);

(b) (**no talk**) subject to clause 10.5:

(1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make or which would reasonably be expected to encourage or lead to the making of a Competing Transaction;

(2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Transaction; or

(3) disclose any non-public information about the business or affairs of Cellestis or Cellestis' Subsidiaries to a Third Party (other than a Public Authority) with a view to obtaining or which would reasonably be expected to encourage or lead to receipt of a Competing Transaction; or

(4) communicate to any person an intention to do anything referred to in this clause 10.2(b).

10.3 Notification of approaches

(a) Subject to clause 10.5, during the Exclusivity Period, Cellestis must as soon as possible notify QIAGEN in writing if it, or any of its Related Persons, becomes aware of any direct or indirect:

(1) approach or attempt to initiate any negotiations or discussions in respect of any expression of interest, offer, proposal or discussion in relation to a Competing Transaction or a proposed or potential Competing Transaction;

(2) proposal made to Cellestis or any of its Related Persons, in connection with, or in respect of any exploration or completion of, a Competing Transaction or a proposed or potential Competing Transaction; or

(3) provision by Cellestis or any of its Related Persons of any material confidential information concerning Cellestis' or Cellestis' Subsidiaries' operations to any person in relation to a Competing Transaction or a proposed or potential Competing Transaction.

(b) Subject to clause 10.5, a notification given under clause 10.3 must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Transaction, together with all material terms and conditions of the actual, proposed or potential Competing Transaction.

10.4 Matching right

(a) Cellestis must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party and/or Cellestis proposes to undertake or give effect to a Competing Transaction, unless:

(1) Cellestis has provided QIAGEN with the material terms and conditions of the Competing Transaction, including price and the identity of the Third Party making the Competing Transaction; and

(2) Cellestis has given QIAGEN at least 5 Business Days after the provision of the information referred to in clause 10.4(a)(1) to provide a matching or superior proposal to the terms of the Competing Transaction.

(b) Each successive amendment to any Competing Transaction that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by Cellestis Shareholders shall constitute a new Competing Transaction for the purposes of this clause 10.4.

(c) Despite clauses 10.4(a) and (b), to the extent required to discharge what they have determined in good faith to be their fiduciary or statutory obligations, the Cellestis Board may release a public announcement acknowledging receipt of a Competing Transaction and:

(1) recommending that Cellestis Shareholders take no action in relation to the Competing Transaction; and

(2) reserving the Cellestis Board's position in relation to the recommendation of the Scheme,

provided that such announcement does not disclose the person from whom the Competing Transaction has been received nor any of the material terms of the Competing Transaction, including the price.

10.5 Fiduciary exception to no talk and notification obligation

The restrictions in clause 10.2(b) and clause 10.3 do not apply to the extent that they prohibit any action or inaction by Cellestis or any of its Related Persons in relation to a Competing Transaction if compliance with those clauses would, in the opinion of the Cellestis Board, formed in good faith after receiving written advice from its external legal advisers, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the Directors, provided that the Competing Transaction was not directly or indirectly brought about by, or facilitated by, a breach of clause 10.2(a).

11 Payment of costs – Reimbursement Fees

11.1 Background

This clause 11 has been agreed to in circumstances where:

(a) Cellestis and QIAGEN believe the implementation of the Scheme will provide significant benefits to QIAGEN, Cellestis and their respective shareholders, and

Cellestis and QIAGEN acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, QIAGEN will each incur significant costs;

(b) each party requested provision be made for the payments outlined in this clause 11, without which QIAGEN would not have entered into this deed and the proposal would not have been put to Cellestis;

(c) each of QIAGEN's board and the Cellestis Board believe that it is reasonable and appropriate for both parties to agree to the payments referred to in this clause 11 to secure QIAGEN's entry into this deed and the benefits to Cellestis shareholders from participation in the Transaction; and

(d) both parties have received legal advice in relation to this deed and the operation of this clause 11.

11.2 Payment of Reimbursement Fee by Cellestis

Subject to clause 11.5 and 11.6, Cellestis must pay the Reimbursement Fee to QIAGEN, without set-off or withholding, if:

(a) prior to the time when the Scheme Meeting is held (or is scheduled to be held), any member of the Cellestis Board fails to recommend the Scheme or withdraws or adversely modifies his recommendation that Cellestis Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, or makes a public statement that they support a Competing Transaction, other than:

(1) in circumstances where Cellestis is entitled to terminate this deed pursuant to clause 3.4, clause 12.1(a)(1), 12.1(a)(4) or clause 12.2(b); or

(2) as a consequence of the Independent Expert concluding in its report (or in any revised or supplemental report) that the Scheme is anything other than fair and reasonable and in the best interests of the Cellestis Shareholders;

(b) a Fee Trigger Event occurs; or

(c) QIAGEN is entitled to terminate this deed, and has terminated this deed, pursuant to clause 12.2(a) or 12.1(b)(2).

11.3 Written demand

(a) If the Reimbursement Fee is payable by Cellestis to QIAGEN, then Cellestis must pay the Reimbursement Fee to QIAGEN within 5 Business Days after the date of receiving a written demand from QIAGEN.

(b) The demand for payment of the Reimbursement Fee can only be made after the occurrence of an event referred to in clause 11.2.

(c) Cellestis is only liable to pay the Reimbursement Fee once.

11.4 Nature of payments

The amount payable by Cellestis to QIAGEN under clause 11.2 is an amount to compensate QIAGEN for:

(a) advisory costs (including costs of advisers other than success fees);

(b) costs of management and directors' time;

(c) out-of-pocket expenses; and

(d) reasonable opportunity costs incurred by QIAGEN in pursuing the Scheme or in not pursuing other alternative acquisitions or strategic initiatives.

11.5 Qualifications

(a) The Reimbursement Fee is not payable by Cellestis if Cellestis is entitled to validly terminate this deed pursuant to clause 12.1(a)(1), 12.1(a)(4) or clause 12.2(b).

(b) The Reimbursement Fee is not payable if the Scheme becomes Effective.

(c) To the extent that any amount has already been paid under this clause and the Scheme becomes Effective, such amounts shall be immediately refunded to the party that made the payment.

11.6 Compliance with law

(a) This clause 11 does not impose an obligation on Cellestis to pay the Reimbursement Fee to the extent that the obligation to pay the Reimbursement fee (as the case may be):

(1) constitutes unacceptable circumstances as declared by the Takeovers Panel; or

(2) is held by a court to be unlawful; or

(3) involves a breach of directors' duties.

(b) The parties must not make, cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 11.6(a).

11.7 Exclusive remedy

Despite any other provision of this deed, where the Reimbursement Fee becomes payable to QIAGEN under this deed, QIAGEN cannot make a claim against Cellestis or any other Cellestis Indemnified Party in relation to any loss to QIAGEN or any other QIAGEN Indemnified Party arising from the Scheme not proceeding, any event or occurrence referred to in clause 11.2, and any and all liability of QIAGEN and the QIAGEN Indemnified Parties in relation to any breach by Cellestis of its obligations under this deed or any breach of a Cellestis Representation and Warranty.

12 Termination

12.1 Termination

(a) Without prejudice to any other rights of termination under this deed, either party may terminate this deed by written notice to the other party:

(1) other than in respect of a breach of either a Cellestis Representation and Warranty or a QIAGEN Representation and Warranty (which are addressed in clause 12.2), at any time before 8.00am on the Second Court Date if the other party has materially breached any provision of this deed, the party wishing to terminate has given written notice to the other party in a timely manner setting out the relevant circumstances and stating an intention to terminate this deed, and the

relevant circumstances continue to exist 10 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the date on which the notice is given;

(2) Cellestis Shareholders have not agreed to the Scheme at the Scheme Meeting by the requisite majorities and notice has not been received or sent under clause 3.4(d);

(3) in the circumstances set out in, and in accordance with, clause 3.4 and 5.8;

(4) at any time before 8.00am on the Second Court Date if the other party or any of their Related Bodies Corporate is or becomes Insolvent; or

(5) the Cellestis Board or a majority of the Cellestis Board has withdrawn or adversely changed or modified their recommendation of the Transaction;

(6) the Scheme is not approved by the Court under section 411(4)(b) of the Corporations Act on or before the End Date.

(b) QIAGEN may terminate this deed by written notice to Cellestis if at any time before 8.00am on the Second Court Date:

(1) a Cellestis Material Adverse Change occurs, is announced or otherwise becomes apparent to QIAGEN; or

(2) a Cellestis Prescribed Occurrence occurs, is announced or otherwise becomes apparent to QIAGEN.

12.2 Breach of representations and warranties

Despite any other term of this deed, prior to 8.00am on the Second Court Date:

(a) QIAGEN may terminate this deed for material breach of a Cellestis Representation and Warranty only if:

(1) QIAGEN has given written notice to Cellestis setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse;

(2) the relevant material breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) from the time the notice is given under clause 12.2(a)(1); and

(3) the loss to QIAGEN together with the Cellestis Group (in each case assuming that the Scheme were to become Effective) that could reasonably be expected to follow from such a material breach would exceed $3 million in aggregate.

(b) Cellestis may terminate this deed for material breach of an QIAGEN Representation and Warranty only if:

(1) Cellestis has given written notice to QIAGEN setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse;

(2) the relevant material breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) from the time the notice is given under clause 12.2(b)(1); and

(3) the loss to the Cellestis Group that could reasonably be expected to follow from such a material breach would exceed $3 million in aggregate.

12.3 Effect of termination

If this deed is terminated by either party under clauses 3.4(b), 12.1 or 12.2, except to the extent that the termination results from a breach by either party of its obligations under this deed, this deed will become void and have no further force or effect, without any liability or obligation on the part of any party, other than in relation to rights and obligations that accrued prior to termination and other than in relation to the provisions of this clause 12 and of clauses 6.5 to 6.7, 7, 8, 9, 11, 13, 14, 15.2, 15.4 and 15.5, which will remain in force after termination.

12.4 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised only if the party delivers a notice in writing to the other party stating that it terminates this deed and the provision under which it is terminating the deed.

12.5 Terminable in writing

This deed is terminable if agreed to in writing by Cellestis and QIAGEN.

13 Duty, costs and expenses

13.1 Stamp duty

QIAGEN must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed or the Scheme.

13.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed and the proposed, attempted or actual implementation of this deed and the Transaction.

14 GST

(a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 14(e) if required) (**Consideration**) is exclusive of GST (**GST-exclusive Consideration**).

(b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) to the supplier equal to the GST-exclusive consideration multiplied by the prevailing GST rate.

(c) The Additional Amount payable under clause 14(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.

(d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 14(b):

(1) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;

(2) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and

(3) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.

(e) Despite any other provision in this deed:

(1) if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and

(2) no Additional Amount is payable under clause 14(b) in respect of a Supply to which s 84-5 of the GST Law applies.

(f) Any reference in this clause 14 to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.

(g) Any term starting with a capital letter in this clause 14 that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999 (Cth)*.

15 General

15.1 No representation or reliance

(a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation, warranty or other inducement to it to enter into this deed, except for representations, warranties or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.

(b) Each party acknowledges that it has performed its own searches, enquiries, investigations and evaluations prior to entering into this deed and has formed its own views on the Transaction, with no targets, projections, forecasts or other forward looking statements having been relied on by that party.

(c) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation, warranty or other inducement by or on behalf of any other party, except for any representation, warranty or inducement expressly set out in this deed.

15.2 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

15.3 Consents

Any consent referred to in, or required under, this deed from any party may be given in that party's absolute discretion (even if unreasonably withheld), unless this deed expressly provides for that consent to not be unreasonably withheld.

15.4 Notices

A notice or other communication including, but not limited to, a request, demand, consent or approval, to or by a party to this deed:

(a) must be in legible writing. A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under clause 15.4(f)(1) and informs the sender that it is not legible;

(b) must be in English; and

(c) must be addressed as shown below:

Party	Address	Addressee	Fax
Cellestis	c/o Credit Suisse, Level 41, 101 Collins Street, Melbourne, Victoria 3000	Peter Paltoglou	+61 3 9914 1746
QIAGEN	QIAGEN Str.1 40724 Hilden Germany	Dr. Philipp von Hugo, Head of Global Legal Affairs	+49 2103 29 21844
	With a copy to level 32, MLC Centre, 19-29 Martin Place, Sydney	Rick Narev	+61 2 9322 4000

or as specified to the sender by the other party by notice;

(d) must be signed by the party making the communication or by a person duly authorised by that party;

(e) must be delivered or sent by fax to the fax number, of the addressee, in accordance with clause 15.4(c); and

(f) is regarded as received by the addressee:

(1) if sent by fax, at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day, or is after 5.00pm on a Business Day in the place of receipt, when that communication will be regarded as received at 9.00am on the next Business Day; and

(2) if delivered by hand, on delivery at the address of the addressee as provided in clause 15.4(c), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

15.5 Governing law and jurisdiction

(a) This deed is governed by the laws of Victoria, Australia.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria and courts competent to hear appeals from those courts.

15.6 Waivers

(a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.

(b) Any waiver or consent given by any party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.

(c) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

15.7 Variation

This deed may only be varied by a document signed by or on behalf of each of the parties.

15.8 Assignment

A party may not assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of the other party provided that QIAGEN SPV shall be entitled to assign its rights and obligations hereunder to a Related Body Corporate.

15.9 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of any provision of this deed and that:

(a) QIAGEN is entitled to seek and obtain without limitation injunctive relief if Cellestis breaches any provision of this deed; and

(b) Cellestis is entitled to seek and obtain without limitation injunctive relief if QIAGEN breaches any provision of this deed.

15.10 No third party beneficiary

This deed shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed, express or implied, is intended to or shall confer on any other person, other than the QIAGEN Indemnified Parties and the Cellestis Indemnified Parties, to the extent set forth in clause 6, any third party beneficiary rights.

15.11 Further action

Each party will do all things and execute all further documents required by law or reasonably requested by the other party to give full effect to this deed.

15.12 Entire agreement

This deed supersedes all previous agreements, understandings, negotiations or deeds (other than the Confidentiality deed) in respect of its subject matter and embodies the entire agreement between the parties.

15.13 Counterparts

(a) This deed may be executed in any number of counterparts.

(b) All counterparts, taken together, constitute one instrument.

(c) A party may execute this deed by signing any counterpart.

Schedules

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Schedule 1

QIAGEN Representations and Warranties

QIAGEN represents and warrants to Cellestis (in its own right and separately as trustee or nominee for each of the other Cellestis Indemnified Parties) that:

(a) **Not misleading**: the QIAGEN Information provided for inclusion in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Cellestis Shareholders (other than Excluded Shareholders), will not contain any statement which is materially misleading or deceptive including by way of omission from that first mentioned information;

(b) **Information provided to the Independent Expert**: all information provided by QIAGEN to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purposes of preparing its report for inclusion in the Scheme Booklet.

(c) **Scheme Booklet**: the QIAGEN Information provided for inclusion in the Scheme Booklet (other than any information regarding the Cellestis Group contained in, or used in the preparation of, the QIAGEN Information), as at the date of the Scheme Booklet, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;

(d) **New information**: it will, as a continuing obligation, provide to Cellestis all further or new information which arises after the date of the Scheme Booklet until the Second Court Date which is necessary to ensure that the QIAGEN Information is not misleading or deceptive in any material respect (including because of any material omission);

(e) **Validly existing**: each of QIAGEN and QIAGEN SPV is a validly existing corporation registered under the laws of its place of incorporation;

(f) **Authority**: the execution and delivery of this deed has been properly authorised by all necessary corporate action of QIAGEN and QIAGEN SPV;

(g) **QIAGEN SPV**: QIAGEN SPV is a wholly owned subsidiary of QIAGEN;

(h) **Power:** each of QIAGEN and QIAGEN SPV has full corporate power and lawful authority to execute, deliver and perform this deed;

(i) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on QIAGEN and QIAGEN SPV;

(j) **No default:** this deed does not conflict with or result in the breach of or a default under any provision of QIAGEN's constitution, QIAGEN SPV's constitution or any writ, order or injunction, judgment, law, rule or regulation to which QIAGEN or QIAGEN SPV is party or subject or by which it is bound; and

(k) **Scheme Consideration**: QIAGEN will procure that QIAGEN SPV, on the Implementation Date, will have available to it sufficient cash amounts (from internal cash resources of QIAGEN) to satisfy QIAGEN and QIAGEN SPV's obligation to pay, or procure the payment, of the Scheme Consideration in accordance with QIAGEN and QIAGEN SPV's obligations under the Scheme and the Deed Poll.

Schedule 2

Cellestis Representations and Warranties

Cellestis represents and warrants to QIAGEN (in its own right and separately as trustee or nominee for each of the other QIAGEN Indemnified Parties) that:

(a) **Information in Scheme Booklet**: the information contained in the Scheme Booklet (other than the QIAGEN Information and the Independent Expert's Report):

(1) will be prepared and included in the Scheme Booklet in good faith; and

(2) will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and relevant ASIC regulatory guides;

(b) **Information provided to the Independent Expert**: all information provided by Cellestis to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing its report for inclusion in the Scheme Booklet;

(c) **Scheme Booklet**: no information (other than the QIAGEN Information) contained in the Scheme Booklet as at the date of the Scheme Booklet, will contain any statement which is materially misleading or deceptive including by way of omission from that statement;

(d) **Continuous disclosure**: Cellestis is not in breach of its continuous disclosure obligations under Listing Rule 3.1 and, other than in connection with this Transaction, it is not relying on the carve-out in Listing Rule 3.1A to withhold any information from public disclosure;

(e) **Validly existing**: it is a validly existing corporation registered under the laws of its place of incorporation;

(f) **Authority**: the execution and delivery of this deed has been properly authorised by all necessary corporate action of Cellestis;

(d) **Power**: Cellestis has full corporate power and lawful authority to execute and deliver this deed;

(e) **Binding obligations:** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it;

(f) **Capital structure**: its capital structure, including all issued securities as at the date of this deed, is as set out in Schedule 3 and it has not issued or agreed to issue any other securities, options or instruments which are still outstanding or which may convert into Cellestis Shares other than as set out in Schedule 3;

(g) **No default**: this deed does not conflict with or result in the breach of or default under any provision of Cellestis' constitution or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound;

(h) **Cellestis Disclosure Material:** with the exception of information regarding the arrangements that Cellestis has entered into with its advisers in connection with the Transaction:

(1) Cellestis has not intentionally withheld from the Cellestis Disclosure Materials any information that is known to Cellestis to be material to

QIAGEN as a purchaser of the Cellestis Group as a whole, provided that for the purposes of this paragraph (h)(1), all disclosure documents of Cellestis filed with ASX and ASIC between 1 July 2010 and midday on the day before date of this deed will be deemed to have been provided to QIAGEN; and

(2) Cellestis has not intentionally included any misleading and deceptive information in the Cellestis Disclosure Material whether by way of omission or otherwise and all the information contained in the Cellestis Disclosure Materials has been prepared and provided in good faith;

(i) **Compliance:** each member of the Cellestis Group has complied in all material respects with all laws and regulations applicable to them and orders of Governmental Agencies having jurisdiction over them, except to the extent Fairly Disclosed in the Cellestis Disclosure Material; and

(j) **Change in control payments**: Cellestis has disclosed to QIAGEN in writing prior to the date of this deed all agreements or arrangements entered into by any member of the Cellestis Group pursuant to which consideration becomes payable to any person (including, without limitation, any adviser to, or officer or employee of, the Cellestis Group in connection with the Transaction.

Schedule 3

Cellestis capital structure

- Ordinary shares on issue: 96,151,778
- Options: 2,420,000

Executed as a deed

Signed sealed and delivered by
Cellestis Limited
by

sign here ▶ _____
Company Secretary/Director

print name JAMES S ROTHEL

sign here ▶ _____
Director

print name ANTHONY RADFORD

Signed sealed and delivered for
QIAGEN N.V.
by its authorised officer

sign here ▶ _____
Attorney

print name _____

sign here ▶ _____
Witness

print name _____

Freehills

Signed sealed and delivered for
QIAGEN N.V.
by its authorised officer

sign here ▶ _____
Managing Director

print name _____

sign here ▶ _____
Managing Director

print name _____

Signed sealed and delivered by
QIAGEN Australia Holdings Pty Limited
By

sign here ▶ _____
Director

print name _____

sign here ▶ _____
Director

print name _____

Measuring the other side of immunity

Cellestis Limited
Level 1, Office Tower 2
PO Box 169
Chadstone Centre
VIC 3148 Australia

10 June 2011

Attention: Dr Philipp von Hugo
Head of Global Legal Affairs
QIAGEN N.V.
Str.1 40724 Hilden, Germany

Dear Philipp

Cellestis Limited - Scheme Implementation Deed

We refer to the Scheme Implementation Deed dated 3 April 2011 (***SID***) between Cellestis Limited ACN 094 962 133 (***Cellestis***), QIAGEN N.V. and QIAGEN Australia Holding Pty Limited ACN 131 756 995 (***QIAGEN Australia***) under which it is proposed that QIAGEN Australia will acquire all of the fully paid ordinary shares in Cellestis by way of scheme of arrangement.

Terms defined in the SID have the same meaning in this letter unless the context otherwise requires.

In accordance with clause 15.7 of the SID, the parties agree to vary the SID by deleting the definition of "Excluded Shareholder" in clause 1.1 of the SID and replacing it with the following definition:

Excluded Shareholder	any Cellestis Shareholder who is a QIAGEN Group Member.

Each party confirms that, other than as provided for in this letter, the SID remains in full force and effect.

Please acknowledge your acceptance of the above terms by signing the declaration below and returning a copy to us.

Yours sincerely

Anthony Radford
Managing Director and Chief Executive Officer
Cellestis Limited

I acknowledge acceptance by QIAGEN N.V. of the above terms:

.....
Signature

Peer M. Schatz

.....
Name

CEO

.....
Position

I acknowledge acceptance by QIAGEN Australia Holding Pty Limited of the above terms:

.....
Signature

Peer M. Schatz

.....
Name

Director

.....
Position

Cellestis Limited
Level 1, Office Tower 2, 1341 Dandenong Road
Chadstone Centre VIC 3148
Telephone: +61 3 8527 3500 Facsimile: +61 3 9568 6623

Further information:
For further information related to this offer or to talk
directly with a Cellestis representative, please use the following:
Enquiry Hotline: 1300 893 956

www.cellestis.com