

ALERE INC.  
Form 10-Q/A  
May 28, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q/A**  
**Amendment No. 1**

(Mark One)

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

**For the quarterly period ended September 30, 2014**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**COMMISSION FILE NUMBER 001-16789**

**ALERE INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)  
**51 SAWYER ROAD, SUITE 200**  
**WALTHAM, MASSACHUSETTS 02453**  
(Address of principal executive offices)(Zip code)  
**(781) 647-3900**  
(Registrant's telephone number, including area code)

**04-3565120**  
(I.R.S. Employer  
Identification No.)

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares outstanding of the registrant's common stock, par value of \$0.001 per share, as of November 5, 2014 was 83,556,390.



**Table of Contents****ALERE INC.****REPORT ON FORM 10-Q/A****For the Quarterly Period Ended September 30, 2014**

*This Amendment No. 1 on Form 10-Q/A to our Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers can identify these statements by forward-looking words such as may, could, should, would, intend, will, expect, anticipate, believe, estimate, continue or similar words. A number of important factors could cause actual results of Alere Inc. and its subsidiaries to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, the risk factors detailed in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2013 and other risk factors identified herein or from time to time in our periodic filings with the Securities and Exchange Commission. Readers should carefully review these risk factors, and should not place undue reliance on our forward-looking statements. These forward-looking statements are based on information, plans and estimates at the date of this report. We undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.*

*Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to we, us and our refer to Alere Inc. and its subsidiaries.*

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**EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-Q/A to the Quarterly Report on Form 10-Q of Alere Inc. (the Company) for the three months ended September 30, 2014 (the Quarterly Period), as originally filed with the Securities and Exchange Commission (the SEC) on November 7, 2014 (the Original Report), is being filed to restate the Company's previously issued consolidated financial statements for the Quarterly Period and to revise related disclosures, including

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarterly Period. Concurrently with the filing of this Form 10-Q/A, the Company is also filing Amendment No. 2 on Form 10-K/A to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the Annual Period), as originally filed with the SEC on March 5, 2015 (the Original 2014 Annual Report), to provide similar updates.

This Form 10-Q/A includes restated financial information for the three and nine months ended September 30, 2014. In addition, this Form 10-Q/A includes revised, but not restated, financial information for the three and nine months ended September 30, 2013 and as of December 31, 2013, to reflect certain uncorrected errors previously deemed immaterial. Further, we assessed the materiality of the errors in accordance with Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 99, Materiality, and concluded that these errors were not material to the consolidated financial statements as of and for each of three and nine months ended September 30, 2013, and as of December 31, 2013. In accordance with SEC Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements, the consolidated financial statements have been revised as of and for the three and nine months ended September 30, 2013, and as of December 31, 2013, in this filing. Refer to Note 2, Revision of Previously Reported Amounts, in the notes to the accompanying consolidated financial statements for additional information about this revision. In addition to the correction of errors, this Form 10-Q/A reflects certain uncorrected errors previously deemed immaterial and the effect of discontinued operations, as if the divestitures of our health management business in January 2015 and the ACS Companies in October 2014 had occurred prior to the periods reflected herein.

As previously reported in the Company's Current Report on Form 8-K filed with the SEC on May 5, 2015, on May 1, 2015, the Audit Committee of the Board of Directors of the Company, after considering the recommendations of management, concluded that the Company's consolidated financial statements and other financial data for the Annual Period and all interim periods therein (the Non-Reliance Periods), as reported in the Original 2014 Annual Report and the Company's Quarterly Reports on Form 10-Q filed on May 6, 2014, August 6, 2014 and November 7, 2014, should not be relied upon because of errors identified therein. Following the completion of the Company's review of those errors and related matters, the Audit Committee of the Board of Directors determined that the consolidated financial statements and other financial information in the Company's Quarterly Reports on Form 10-Q filed on May 6, 2014 and August 6, 2014 did not require any restatement and could therefore be relied upon as originally filed, in all material respects. The Company's consolidated financial statements (including audit reports), other financial information and related disclosures included in the Original 2014 Annual Report and the Original Report, as well as press releases, investor presentations or other communications issued prior to the date hereof that relate to the Non-Reliance Periods should not be relied upon and are superseded in their entirety by this Form 10-Q/A and the Form 10-K/A being filed concurrently herewith.

As more fully described in Note 2 to the accompanying consolidated financial statements, the errors that caused the Audit Committee to conclude that the Company's consolidated financial statements and other financial information for the Non-Reliance Periods should not be relied upon were identified during the course of preparing the Company's consolidated financial statements and other financial data for the three months ended March 31, 2015. The errors corrected by the restatements relate primarily to the accounting for deferred taxes related to the Company's discontinued operations, including in connection with the divestiture of the health management business which was completed in January 2015 and the ACS Companies divestiture which was completed in October 2014. The error in

the accounting for deferred taxes associated with the health management business divestiture was primarily due to the incorrect determination of the book and tax basis of the businesses sold and other tax attributes of the transaction that resulted in an incorrect determination of realizable deferred tax assets and the resulting tax benefit that was recorded in discontinued operations in the three months ended December 31, 2014. The error in accounting for the ACS Companies divestiture was primarily due to the failure to record deferred taxes associated with the reversal, in the three months ended September 30, 2014, of contingent consideration that originated from a taxable business combination.

For the convenience of the reader, this Form 10-Q/A sets forth the Original Report in its entirety, however, this Form 10-Q/A amends and restates only the following items of the Original Report:

This Form 10-Q/A amends and restates only the following items of the Original Report:

Part I. Financial Information

Item 1. Financial Statements (unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 4. Controls and Procedures

Part II. Other Information

Item 6. Exhibits

In order to preserve the nature and character of the disclosures set forth in the Original Report, this Form 10-Q/A speaks as of the date of the filing of the Original Report, November 7, 2014, and the disclosures contained in this Form 10-Q/A have not been updated to reflect events occurring subsequent to that date, other than those associated with the restatement.

In connection with the filing of the Original 2014 Annual Report, management identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. We did not design effective controls to assess the accounting for deferred taxes related to dispositions. This control deficiency resulted in an adjustment to our deferred tax assets and income from discontinued operations which was reflected in our consolidated financial statements for the year ended December 31, 2014 included in our Original 2014 Annual Report. Subsequent to the filing of the Original 2014 Annual Report, the material weakness also resulted in the material adjustments to our deferred taxes and income from discontinued operations that led to restatement of the consolidated financial statements for the three and nine months ended September 30, 2014 (see Note 2 included in Item 1 of this report) and for the year ended December 31, 2014. The effects of the material weakness, as well as our plan to remediate the material weakness, are discussed in more detail in Item 4, as amended hereby.

Currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer are attached to this Form 10-Q/A as Exhibits 31.1, 31.2 and 32.1. This Form 10-Q/A should be read in conjunction with the Form 10-K/A being filed concurrently herewith and the Company's other filings with the SEC.





Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ALERE INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

(in thousands, except per share amounts)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>(Restated)</b>		<b>(Restated)</b>	
Net product sales	\$ 507,625	\$ 505,596	\$ 1,499,302	\$ 1,527,732
Services revenue	137,403	140,868	406,547	403,631
Net product sales and services revenue	645,028	646,464	1,905,849	1,931,363
License and royalty revenue	4,182	4,184	15,998	13,113
Net revenue	649,210	650,648	1,921,847	1,944,476
Cost of net product sales	271,250	256,312	785,918	756,715
Cost of services revenue	75,102	71,832	221,356	205,932
Cost of net product sales and services revenue	346,352	328,144	1,007,274	962,647
Cost of license and royalty revenue	1,236	2,009	3,900	5,264
Cost of net revenue	347,588	330,153	1,011,174	967,911
Gross profit	301,622	320,495	910,673	976,565
Operating expenses:				
Research and development	38,726	40,478	114,855	120,729
Sales and marketing	122,760	141,748	391,605	419,712
General and administrative	104,794	109,626	338,986	318,622
Loss on disposition		5,885	638	5,885
Operating income	35,342	22,758	64,589	111,617
Interest expense, including amortization of original issue discounts and deferred financing costs	(52,332)	(53,301)	(156,276)	(203,053)
Other income (expense), net	(8,087)	(7,068)	2,164	(7,259)
	(25,077)	(37,611)	(89,523)	(98,695)

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Loss from continuing operations before provision (benefit) for income taxes				
Provision (benefit) for income taxes	65,489	(14,702)	69,273	(25,372)
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	(90,566)	(22,909)	(158,796)	(73,323)
Equity earnings of unconsolidated entities, net of tax	6,277	5,753	13,716	13,238
Loss from continuing operations	(84,289)	(17,156)	(145,080)	(60,085)
Loss from discontinued operations, net of tax	(14,401)	(1,916)	(4,082)	(12,329)
Net loss	(98,690)	(19,072)	(149,162)	(72,414)
Less: Net income (loss) attributable to non-controlling interests	(306)	359	(136)	601
Net loss attributable to Alere Inc. and Subsidiaries	(98,384)	(19,431)	(149,026)	(73,015)
Preferred stock dividends	(5,367)	(5,367)	(15,926)	(15,926)
Net loss available to common stockholders	\$ (103,751)	\$ (24,798)	\$ (164,952)	\$ (88,941)
Basic and diluted net loss per common share:				
Loss from continuing operations	\$ (1.08)	\$ (0.28)	\$ (1.94)	\$ (0.94)
Loss from discontinued operations	(0.17)	(0.02)	(0.05)	(0.15)
Basic and diluted net loss per common share	\$ (1.25)	\$ (0.30)	\$ (1.99)	\$ (1.09)
Weighted average shares - basic and diluted	83,115	81,735	82,719	81,417

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

Table of Contents**ALERE INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(unaudited)

(in thousands)

	<b>Three Months Ended September 30,</b>		<b>One Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>(Restated)</b>		<b>(Restated)</b>	
Net loss	\$ (98,690)	\$ (19,072)	\$ (149,162)	\$ (72,414)
Other comprehensive income (loss), before tax:				
Changes in cumulative translation adjustment	(96,425)	67,268	(69,950)	(42,515)
Unrealized losses on available for sale securities			(17)	
Unrealized gains on hedging instruments	7	20	21	31
Minimum pension liability adjustment	481	(369)	468	335
Other comprehensive income (loss), before tax	(95,937)	66,919	(69,478)	(42,149)
Income tax provision (benefit) related to items of other comprehensive income (loss)				
Other comprehensive income (loss), net of tax	(95,937)	66,919	(69,478)	(42,149)
Comprehensive income (loss)	(194,627)	47,847	(218,640)	(114,563)
Less: Comprehensive income (loss) attributable to non-controlling interests	(306)	359	(136)	601
Comprehensive income (loss) attributable to Alere Inc. and Subsidiaries	\$ (194,321)	\$ 47,488	\$ (218,504)	\$ (115,164)

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

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**ALERE INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(unaudited)

(in thousands, except par value)

	September 30, 2014 (Restated)	December 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 431,351	\$ 355,431
Restricted cash	35,581	3,458
Marketable securities	794	858
Accounts receivable, net of allowances of \$73,851 and \$69,146 at September 30, 2014 and December 31, 2013, respectively	464,696	487,377
Inventories, net	360,041	365,267
Deferred tax assets	21,526	48,858
Prepaid expenses and other current assets	123,056	125,645
Assets held for sale	325,181	380,483
<b>Total current assets</b>	<b>1,762,226</b>	<b>1,767,377</b>
Property, plant and equipment, net	463,282	466,497
Goodwill	2,981,502	3,006,997
Other intangible assets with indefinite lives	46,831	56,702
Finite-lived intangible assets, net	1,375,662	1,557,426
Restricted cash		29,370
Deferred financing costs, net and other non-current assets	73,702	83,497
Investments in unconsolidated entities	91,175	86,830
Deferred tax assets	7,404	7,389
Non-current income tax receivable	2,336	
<b>Total assets</b>	<b>\$ 6,804,120</b>	<b>\$ 7,062,085</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term debt and current portion of long-term debt	\$ 87,871	\$ 64,112
Current portion of capital lease obligations	4,150	5,962
Accounts payable	209,857	181,642
Accrued expenses and other current liabilities	367,930	381,894
Liabilities related to assets held for sale	100,024	133,242
<b>Total current liabilities</b>	<b>769,832</b>	<b>766,852</b>
<b>LONG-TERM LIABILITIES:</b>		

Long-term debt, net of current portion	3,683,614	3,757,788
Capital lease obligations, net of current portion	12,278	13,242
Deferred tax liabilities	280,611	285,034
Other long-term liabilities	177,215	161,031
<b>Total long-term liabilities</b>	<b>4,153,718</b>	<b>4,217,095</b>
<b>Commitments and contingencies</b>		
<b>STOCKHOLDERS EQUITY:</b>		
Series B preferred stock, \$0.001 par value (liquidation preference: \$709,763 at September 30, 2014 and December 31, 2013); Authorized: 2,300 shares; Issued: 2,065 shares at September 30, 2014 and December 31, 2013; Outstanding: 1,774 shares at September 30, 2014 and December 31, 2013	606,468	606,468
Common stock, \$0.01 par value; authorized: 200,000 shares; Issued: 90,964 shares at September 30, 2014 and 89,666 shares at December 31, 2013; Outstanding: 83,285 shares at September 30, 2014 and 81,987 shares at December 31, 2013	91	90
Additional paid-in capital	3,340,239	3,319,168
Accumulated deficit	(1,790,838)	(1,641,812)
Treasury stock, at cost, 7,679 shares at September 30, 2014 and December 31, 2013	(184,971)	(184,971)
Accumulated other comprehensive loss	(95,165)	(25,687)
<b>Total stockholders equity</b>	<b>1,875,824</b>	<b>2,073,256</b>
Non-controlling interests	4,746	4,882
<b>Total equity</b>	<b>1,880,570</b>	<b>2,078,138</b>
<b>Total liabilities and equity</b>	<b>\$ 6,804,120</b>	<b>\$ 7,062,085</b>

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

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## ALERE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	<b>Nine Months Ended September 30, 2014</b>	
	<b>(Restated)</b>	<b>2013</b>
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (149,162)	\$ (72,414)
<b>Loss from discontinued operations, net of tax</b>	(4,082)	(12,329)
Loss from continuing operations	(145,080)	(60,085)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Tax benefit related to discontinued operations	9,594	5,480
Non-cash interest expense, including amortization of original issue discounts and deferred financing costs	11,824	13,905
Depreciation and amortization	250,763	279,473
Non-cash charges for sale of inventories revalued at the date of acquisition		1,880
Non-cash stock-based compensation expense	7,751	14,462
Impairment of inventory	1,536	243
Impairment of long-lived assets	6,866	1,463
Loss on sale of fixed assets	4,679	800
Equity earnings of unconsolidated entities, net of tax	(13,716)	(13,238)
Deferred income taxes	9,557	(62,292)
Loss on extinguishment of debt		35,603
Loss on disposition	638	5,885
Bargain purchase gain		(5,707)
Other non-cash items	3,683	7,646
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable, net	12,643	(64,053)
Inventories, net	(30,446)	(73,967)
Prepaid expenses and other current assets	(8,646)	(9,090)
Accounts payable	38,687	18,475
Accrued expenses and other current liabilities	13,761	31,642
Other non-current liabilities	28,001	(8,119)
Cash paid for contingent consideration	(21,078)	(6,865)
<b>Net cash provided by continuing operations</b>	181,017	113,541
<b>Net cash provided by discontinued operations</b>	34,417	45,575
<b>Net cash provided by operating activities</b>	215,434	159,116

<b>Cash Flows from Investing Activities:</b>		
Increase in restricted cash	(3,227)	(33,251)
Purchases of property, plant and equipment	(73,035)	(72,436)
Proceeds from sale of property, plant and equipment	1,144	5,828
Cash received from disposition	5,454	32,000
Cash paid for business acquisitions, net of cash acquired	(75)	(166,196)
Cash received from sales of marketable securities	47	
Cash received from equity method investments	198	11,262
Proceeds from sale of equity investments	9,526	
Decrease in other assets	1,024	21,462
<b>Net cash used in continuing operations</b>	<b>(58,944)</b>	<b>(201,331)</b>
<b>Net cash used in discontinued operations</b>	<b>(8,853)</b>	<b>(21,316)</b>
<b>Net cash used in investing activities</b>	<b>(67,797)</b>	<b>(222,647)</b>
<b>Cash Flows from Financing Activities:</b>		
Cash paid for financing costs	(5)	(9,798)
Cash paid for contingent purchase price consideration	(23,608)	(25,197)
Cash paid for dividends	(15,970)	(15,970)
Proceeds from issuance of common stock, net of issuance costs	35,593	17,555
Proceeds from issuance of long-term debt	41	459,152
Payments on long-term debt	(47,302)	(454,168)
Proceeds from issuance of short-term debt	806	
Net proceeds (payments) under revolving credit facilities	498	138,768
Excess tax benefits on exercised stock options	415	434
Principal payments on capital lease obligations	(4,639)	(5,025)
Other		(18,928)
<b>Net cash provided by (used in) continuing operations</b>	<b>(54,171)</b>	<b>86,823</b>
<b>Net cash used in discontinued operations</b>	<b>(1,075)</b>	<b>(2,615)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(55,246)</b>	<b>84,208</b>
Foreign exchange effect on cash and cash equivalents	(9,445)	4,982
Net increase in cash and cash equivalents	82,946	25,659
Cash and cash equivalents, beginning of period - continuing operations	355,431	316,479
Cash and cash equivalents, beginning of period - discontinued operations	6,477	11,855
Cash and cash equivalents, end of period	444,854	353,993
Less: Cash and cash equivalents of discontinued operations, end of period	13,503	9,478
<b>Cash and cash equivalents of continuing operations, end of period</b>	<b>\$ 431,351</b>	<b>\$ 344,515</b>

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

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**ALERE INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(unaudited)

**(1) Basis of Presentation of Financial Information**

The accompanying consolidated financial statements of Alere Inc. are unaudited. In the opinion of management, the unaudited consolidated financial statements contain all adjustments considered normal and recurring and necessary for their fair statement. Interim results are not necessarily indicative of results to be expected for the year. These interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these consolidated financial statements do not include all of the information and footnotes necessary for a complete presentation of financial position, results of operations, comprehensive income and cash flows. Our audited consolidated financial statements for the year ended December 31, 2013 included information and footnotes necessary for such presentation and were included in our Annual Report on Form 10-K, as amended, filed with the Securities and Exchange Commission, or SEC, on March 3, 2014. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2013.

Certain reclassifications of prior period amounts have been made in order to retrospectively present 2014 and 2013 discontinued operations. These reclassifications of financial information related to the discontinued operations have no effect on net income or equity. Given the retrospective presentation of discontinued operations in these financial statements, including with respect to our segment financial information, we have renamed our former health information solutions segment to patient self-testing.

Certain amounts presented may not recalculate directly, due to rounding.

**(2) Restatement and Revision of Previously Reported Consolidated Financial Statements**

In connection with the preparation of our consolidated financial statements for the three months ended March 31, 2015, we determined that, in 2014, we had incorrectly accounted for income taxes associated with two divestitures. We determined that, for the three months ended December 31, 2014, we incorrectly accounted for the deferred taxes related to the divestiture of our health management business. The adjustment to correct this error resulted in a decrease to deferred tax assets and to income from discontinued operations of \$30.3 million. In addition, for the three months ended September 30, 2014, we incorrectly accounted for deferred taxes in connection with the ACS Companies divestiture. The adjustment to correct this error resulted in a \$7.0 million increase to deferred tax liabilities and a decrease in income from discontinued operations.

The impact of these errors was determined to be material to our fiscal year 2014 consolidated financial statements and, accordingly, we have restated our consolidated financial statements and related footnotes for the year ended December 31, 2014 and for the three and nine-month periods ended September 30, 2014. We also corrected additional errors in the three and nine months ended September 30, 2014 as part of this restatement to correct out-of-period adjustments that were previously determined to be immaterial. These adjustments include:



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An adjustment to increase the provision for income taxes and increase income taxes payable related to an audit settlement by \$3.4 million for the three and nine months ended September 30, 2014.

A \$4.6 million decrease in general and administrative expense related to our contingent consideration obligations in the nine months ended September 30, 2014.

An adjustment to reverse the benefit from certain foreign tax credits which increased the provision for income taxes by \$4.2 million for the nine-month period ended September 30, 2014.

Additional adjustments that, in the aggregate, decrease loss from continuing operations before provision (benefit) for income taxes by \$1.3 million and \$3.9 million and increase provision for income taxes by \$0.9 million and \$0.3 million for the three and nine-month periods ended September 30, 2014, respectively.

In connection with those restatements, we corrected additional errors in the three and nine months ended September 30, 2013 and as of December 31, 2013. We concluded that the correction of these errors was not material individually, or in the aggregate, to our previously issued financial statements. Accordingly, we are revising our consolidated financial statements and related footnotes for the three and nine months ended September 30, 2013 and our balance sheet as of December 31, 2013. The adjustments in these periods are all corrections to out-of-period adjustments and include:

An adjustment to record additional income taxes payable related to various foreign subsidiaries which decreases the benefit from income taxes by \$3.2 million for the nine months ended September 30, 2013.

Additional adjustments that, in the aggregate, decrease and increase loss from continuing operations before provision (benefit) for income taxes by \$0.7 million and \$2.4 million, respectively, and decrease the benefit from income taxes by \$1.1 million and \$0.4 million for the three and nine months ended September 30, 2013, respectively.

A 39.6 million adjustment to increase accrued expense and other current liabilities and decrease liabilities related to assets held for sale as of December 31, 2013.

A \$15.0 million adjustment to increase short-term debt and current portion of long-term debt and decrease long-term debt, net of current portion as of December 31, 2013.

The following schedules reconcile the amounts as previously reported to the corresponding restated or revised amounts in these consolidated financial statements:

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**Three Months Ended September 30, 2014**  
**As Previously Reported,**  
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**of**

<b>Restated Consolidated Statement of Operations (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net product sales	\$ 505,850	\$ 1,775	\$ 507,625
Net product sales and services revenue	\$ 643,253	\$ 1,775	\$ 645,028
Net revenue	\$ 647,435	\$ 1,775	\$ 649,210
Cost of net product sales	\$ 271,663	\$ (413)	\$ 271,250
Cost of services revenue	\$ 73,614	\$ 1,488	\$ 75,102
Cost of product sales and services revenue	\$ 345,277	\$ 1,075	\$ 346,352
Cost of net revenue	\$ 346,513	\$ 1,075	\$ 347,588
Gross profit	\$ 300,922	\$ 700	\$ 301,622
General and administrative	\$ 105,347	\$ (553)	\$ 104,794
Operating income	\$ 34,089	\$ 1,253	\$ 35,342
Other income (expense), net	\$ (8,172)	\$ 85	\$ (8,087)
Loss from continuing operations before provision for income taxes	\$ (26,415)	\$ 1,338	\$ (25,077)
Provision for income taxes	\$ 61,101	\$ 4,388	\$ 65,489
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	\$ (87,516)	\$ (3,050)	\$ (90,566)
Loss from continuing operations	\$ (81,239)	\$ (3,050)	\$ (84,289)
Loss from discontinued operations, net of tax	\$ (7,099)	\$ (7,302)	\$ (14,401)
Net loss	\$ (88,338)	\$ (10,352)	\$ (98,690)
Net loss attributable to Alere Inc. and Subsidiaries	\$ (88,032)	\$ (10,352)	\$ (98,384)
Net loss available to common stockholders	\$ (93,399)	\$ (10,352)	\$ (103,751)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries:			
Loss from continuing operations	\$ (1.04)	\$ (0.04)	\$ (1.08)
Loss from discontinued operations	\$ (0.08)	\$ (0.09)	\$ (0.17)
Net loss per common share	\$ (1.12)	\$ (0.13)	\$ (1.25)

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**Three Months Ended September 30, 2013**  
**As Previously Reported,**  
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<b>Revised Consolidated Statement of Operations (in thousands)</b>	<b>Discontinued Operations</b>	<b>Revision Adjustment</b>	<b>As Revised</b>
Net product sales	\$ 506,200	\$ (604)	\$ 505,596
Net product sales and services revenue	\$ 647,068	\$ (604)	\$ 646,464
Net revenue	\$ 651,252	\$ (604)	\$ 650,648
Cost of net product sales	\$ 256,253	\$ 59	\$ 256,312
Cost of services revenue	\$ 71,343	\$ 489	\$ 71,832
Cost of product sales and services revenue	\$ 327,596	\$ 548	\$ 328,144
Cost of net revenue	\$ 329,605	\$ 548	\$ 330,153
Gross profit	\$ 321,647	\$ (1,152)	\$ 320,495
General and administrative	\$ 110,115	\$ (489)	\$ 109,626
Operating income	\$ 23,421	\$ (663)	\$ 22,758
Other income (expense), net	\$ (8,403)	\$ 1,335	\$ (7,068)
Loss from continuing operations before benefit for income taxes	\$ (38,283)	\$ 672	\$ (37,611)
Benefit for income taxes	\$ (15,773)	\$ 1,071	\$ (14,702)
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	\$ (22,510)	\$ (399)	\$ (22,909)
Loss from continuing operations	\$ (16,757)	\$ (399)	\$ (17,156)
Loss from discontinued operations, net of tax	\$ (2,732)	\$ 816	\$ (1,916)
Net loss	\$ (19,489)	\$ 417	\$ (19,072)
Net loss attributable to Alere Inc. and Subsidiaries	\$ (19,848)	\$ 417	\$ (19,431)
Net loss available to common stockholders	\$ (25,215)	\$ 417	\$ (24,798)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries:			
Loss from continuing operations	\$ (0.28)	\$ 0.00	\$ (0.28)
Loss from discontinued operations	\$ (0.03)	\$ 0.01	\$ (0.02)
Net loss per common share	\$ (0.31)	\$ 0.01	\$ (0.30)

**Nine Months Ended September 30, 2014**

<b>Restated Consolidated Statement of Operations (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net product sales	\$ 1,497,287	\$ 2,015	\$ 1,499,302
Net product sales and services revenue	\$ 1,903,834	\$ 2,015	\$ 1,905,849
Net revenue	\$ 1,919,832	\$ 2,015	\$ 1,921,847

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Cost of net product sales	\$ 787,381	\$ (1,463)	\$ 785,918
Cost of services revenue	\$ 216,978	\$ 4,378	\$ 221,356
Cost of product sales and services revenue	\$ 1,004,359	\$ 2,915	\$ 1,007,274
Cost of net revenue	\$ 1,008,259	\$ 2,915	\$ 1,011,174
Gross profit	\$ 911,573	\$ (900)	\$ 910,673
General and administrative	\$ 346,510	\$ (7,524)	\$ 338,986
Operating income	\$ 57,965	\$ 6,624	\$ 64,589
Other income (expense), net	\$ 241	\$ 1,923	\$ 2,164
Loss from continuing operations before provision for income taxes	\$ (98,070)	\$ 8,547	\$ (89,523)
Provision for income taxes	\$ 61,397	\$ 7,876	\$ 69,273
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	\$ (159,467)	\$ 671	\$ (158,796)
Loss from continuing operations	\$ (145,751)	\$ 671	\$ (145,080)
Income (loss) from discontinued operations, net of tax	\$ 3,220	\$ (7,302)	\$ (4,082)
Net loss	\$ (142,531)	\$ (6,631)	\$ (149,162)
Net loss attributable to Alere Inc. and Subsidiaries	\$ (142,395)	\$ (6,631)	\$ (149,026)
Net loss available to common stockholders	\$ (158,321)	\$ (6,631)	\$ (164,952)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries:			
Loss from continuing operations	\$ (1.95)	\$ 0.01	\$ (1.94)
Income (loss) from discontinued operations	\$ 0.04	\$ (0.09)	\$ (0.05)
Net loss per common share	\$ (1.91)	\$ (0.08)	\$ (1.99)

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**Nine Months Ended September 30, 2013**  
**As Previously Reported,**  
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<b>Revised Consolidated Statement of Operations (in thousands)</b>	<b>Discontinued Operations</b>	<b>Revision Adjustment</b>	<b>As Revised</b>
Net product sales	\$ 1,528,480	\$ (748)	\$ 1,527,732
Services revenue	\$ 405,114	\$ (1,483)	\$ 403,631
Net product sales and services revenue	\$ 1,933,594	\$ (2,231)	\$ 1,931,363
Net revenue	\$ 1,946,707	\$ (2,231)	\$ 1,944,476
Cost of net product sales	\$ 756,538	\$ 177	\$ 756,715
Cost of services revenue	\$ 204,465	\$ 1,467	\$ 205,932
Cost of products sales and services revenue	\$ 961,003	\$ 1,644	\$ 962,647
Cost of net revenue	\$ 966,267	\$ 1,644	\$ 967,911
Gross profit	\$ 980,440	\$ (3,875)	\$ 976,565
General and administrative	\$ 320,089	\$ (1,467)	\$ 318,622
Operating income	\$ 114,025	\$ (2,408)	\$ 111,617
Loss from continuing operations before benefit for income taxes	\$ (96,287)	\$ (2,408)	\$ (98,695)
Benefit for income taxes	\$ (28,995)	\$ 3,623	\$ (25,372)
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	\$ (67,292)	\$ (6,031)	\$ (73,323)
Loss from continuing operations	\$ (54,054)	\$ (6,031)	\$ (60,085)
Loss from discontinued operations, net of tax	\$ (12,883)	\$ 554	\$ (12,329)
Net loss	\$ (66,937)	\$ (5,477)	\$ (72,414)
Net loss attributable to Alere Inc. and Subsidiaries	\$ (67,538)	\$ (5,477)	\$ (73,015)
Net loss available to common stockholders	\$ (83,464)	\$ (5,477)	\$ (88,941)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries:			
Loss from continuing operations	\$ (0.87)	\$ (0.07)	\$ (0.94)
Loss from discontinued operations	\$ (0.16)	\$ 0.01	\$ (0.15)
Net loss per common share	\$ (1.03)	\$ (0.06)	\$ (1.09)

**Three Months Ended September 30, 2014**

**As**  
**Previously**  
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<b>Restated Consolidated Statement of Comprehensive Loss (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net loss	\$ (88,338)	\$ (10,352)	\$ (98,690)
Comprehensive loss	\$ (184,275)	\$ (10,352)	\$ (194,627)
Comprehensive loss attributable to Alere Inc. and Subsidiaries	\$ (183,969)	\$ (10,352)	\$ (194,321)

	<b>Three Months Ended September 30, 2013</b>		
	<b>As</b>		
	<b>Previously</b>		
	<b>Reported,</b>		
	<b>Giving</b>		
	<b>Effect to</b>		
	<b>the</b>		
	<b>Impact of</b>		
<b>Revised Consolidated Statement of Comprehensive Income</b>	<b>Discontinued</b>	<b>Revision</b>	
<b>(in thousands)</b>	<b>Operations</b>	<b>Adjustment</b>	<b>As Revised</b>
Net loss	\$ (19,489)	\$ 417	\$ (19,072)
Comprehensive income	\$ 47,430	\$ 417	\$ 47,847
Comprehensive income attributable to Alere Inc. and Subsidiaries	\$ 47,071	\$ 417	\$ 47,488

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**Nine Months Ended September 30, 2014**  
**As Previously Reported,**  
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<b>Restated Consolidated Statement of Comprehensive Loss (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net loss	\$ (142,531)	\$ (6,631)	\$ (149,162)
Comprehensive loss	\$ (212,009)	\$ (6,631)	\$ (218,640)
Comprehensive loss attributable to Alere Inc. and Subsidiaries	\$ (211,873)	\$ (6,631)	\$ (218,504)

**Nine Months Ended September 30, 2013**  
**As Previously Reported,**  
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<b>Revised Consolidated Statement of Comprehensive Loss (in thousands)</b>	<b>Discontinued Operations</b>	<b>Revision Adjustment</b>	<b>As Revised</b>
Net loss	\$ (66,937)	\$ (5,477)	\$ (72,414)
Comprehensive loss	\$ (109,086)	\$ (5,477)	\$ (114,563)
Comprehensive loss attributable to Alere Inc. and Subsidiaries	\$ (109,687)	\$ (5,477)	\$ (115,164)

**As of September 30, 2014**  
**As Previously Reported,**  
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<b>Restated Consolidated Balance Sheet (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Deferred tax assets	\$ 20,947	\$ 579	\$ 21,526
Prepaid expenses and other current assets	\$ 124,275	\$ (1,219)	\$ 123,056
Total current assets	\$ 1,762,866	\$ (640)	\$ 1,762,226
Property and equipment, net	\$ 465,878	\$ (2,596)	\$ 463,282
Goodwill	\$ 2,982,767	\$ (1,265)	\$ 2,981,502
Total assets	\$ 6,808,621	\$ (4,501)	\$ 6,804,120
Accrued expenses and other current liabilities	\$ 365,439	\$ 2,491	\$ 367,930
Liabilities related to assets held for sale	\$ 93,028	\$ 6,996	\$ 100,024
Total current liabilities	\$ 760,345	\$ 9,487	\$ 769,832
Deferred tax liabilities	\$ 282,538	\$ (1,927)	\$ 280,611
Other long-term liabilities	\$ 179,448	\$ (2,233)	\$ 177,215
Total long-term liabilities	\$ 4,157,878	\$ (4,160)	\$ 4,153,718
Accumulated deficit	\$ (1,780,135)	\$ (10,703)	\$ (1,790,838)
Accumulated other comprehensive loss	\$ (96,040)	\$ 875	\$ (95,165)
Total stockholders' equity	\$ 1,885,652	\$ (9,828)	\$ 1,875,824

Total equity	\$ 1,890,398	\$ (9,828)	1,880,570
Total liabilities and equity	\$ 6,808,621	\$ (4,501)	\$ 6,804,120

**As of December 31, 2013**  
**As Previously Reported,**

<b>Revised Consolidated Balance Sheet (in thousands)</b>	<b>Giving Effect to the Impact of</b>		
	<b>Discontinued Operations</b>	<b>Revision Adjustment</b>	<b>As Revised</b>
Accounts receivable, net of allowances of \$76,587 at December 31, 2013	\$ 489,392	\$ (2,015)	\$ 487,377
Inventories	\$ 362,167	\$ 3,100	\$ 365,267
Deferred tax assets	\$ 48,085	\$ 773	\$ 48,858
Prepaid expenses and other current assets	\$ 123,598	\$ 2,047	\$ 125,645
Assets held for sale	\$ 371,291	\$ 9,192	\$ 380,483
Total current assets	\$ 1,754,280	\$ 13,097	\$ 1,767,377
Property and equipment, net	\$ 468,232	\$ (1,735)	\$ 466,497
Goodwill	\$ 3,016,518	\$ (9,521)	\$ 3,006,997
Deferred tax assets	\$ 7,959	\$ (570)	\$ 7,389
Total assets	\$ 7,060,814	\$ 1,271	\$ 7,062,085
Short-term debt and current portion of long-term debt	\$ 49,112	\$ 15,000	\$ 64,112
Accounts payable	\$ 179,565	\$ 2,077	\$ 181,642
Accrued expenses and other current liabilities	\$ 341,076	\$ 40,818	\$ 381,894
Liabilities related to assets held for sale	\$ 172,799	\$ (39,557)	\$ 133,242
Total current liabilities	\$ 748,514	\$ 18,338	\$ 766,852
Long-term debt, net of current portion	\$ 3,772,788	\$ (15,000)	\$ 3,757,788
Deferred tax liabilities	\$ 293,370	\$ (8,336)	\$ 285,034
Other long-term liabilities	\$ 150,081	\$ 10,950	\$ 161,031
Total long-term liabilities	\$ 4,229,481	\$ (12,386)	\$ 4,217,095
Accumulated deficit	\$ (1,636,256)	\$ (5,556)	\$ (1,641,812)
Accumulated other comprehensive loss	\$ (26,562)	\$ 875	\$ (25,687)
Total stockholders' equity	\$ 2,077,937	\$ (4,681)	\$ 2,073,256
Total equity	\$ 2,082,819	\$ (4,681)	\$ 2,078,138
Total liabilities and equity	\$ 7,060,814	\$ 1,271	\$ 7,062,085

**Nine Months Ended September 30, 2014**

<b>Restated Consolidated Statement of Cash Flows (in thousands)</b>	<b>As Previously Reported, Giving Effect to the Impact of</b>		
	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net loss	\$ (142,531)	\$ (6,631)	\$ (149,162)
Income (loss) from discontinued operations, net of tax	\$ 3,220	\$ (7,302)	\$ (4,082)
Loss from continuing operations	\$ (145,751)	\$ 671	\$ (145,080)
Deferred income taxes	\$ 8,527	\$ 1,030	\$ 9,557



Accounts receivable, net	\$ 14,658	\$ (2,015)	\$ 12,643
Prepaid expenses and other current assets	\$ (6,723)	\$ (1,923)	\$ (8,646)
Accrued expenses and other current liabilities	\$ 9,157	\$ 4,604	\$ 13,761
Other non-current liabilities	\$ 31,831	\$ (3,830)	\$ 28,001
Purchases of property, plant and equipment	\$ (74,489)	\$ 1,454	\$ (73,035)

**Nine Months Ended September 30, 2013**

**As  
Previously  
Reported,  
Giving  
Effect to  
the  
Impact of**

<b>Revised Consolidated Statement of Cash Flows (in thousands)</b>	<b>Discontinued Operations</b>	<b>Revision Adjustment</b>	<b>As Revised</b>
Net loss	\$ (66,937)	\$ (5,477)	\$ (72,414)
Loss from discontinued operations, net of tax	\$ (12,883)	\$ 554	\$ (12,329)
Loss from continuing operations	\$ (54,054)	\$ (6,031)	\$ (60,085)
Impairment of long-lived assets	\$ 1,286	\$ 177	\$ 1,463
Deferred income taxes	\$ (63,536)	\$ 1,244	\$ (62,292)
Accounts receivable, net	\$ (66,284)	\$ 2,231	\$ (64,053)
Accrued expenses and other current liabilities	\$ 29,263	\$ 2,379	\$ 31,642

**(3) Discontinued Operations**

On January 9, 2015, we completed the sale of our health management business to OptumHealth Care Solutions for a purchase price of approximately \$600.1 million, subject to a customary post-closing working capital adjustment. We used the net cash proceeds of the sale to repay \$575.0 million in aggregate principal amount of outstanding indebtedness under our senior secured credit facility.

On October 10, 2014, we completed the sale of our ACS subsidiary to ACS Acquisition, LLC (the Purchaser), pursuant to the terms of a Membership Interest Purchase Agreement with Sumit Nagpal. In connection with the sale of ACS, we also agreed to sell our subsidiary Wellogic ME FZ LLC ( Wellogic, together with ACS, the ACS Companies ) to the Purchaser, subject to the satisfaction of routine requirements of Dubai law relating to the transfer of equity. The ACS Companies were included in our patient self-testing segment. The purchase price for the ACS Companies consisted of cash proceeds of \$2.00 at closing and contingent consideration of up to an aggregate of \$7.0 million, consisting of (i) payments based on the gross revenues of the ACS Companies, (ii) payments to be made in connection with financing transactions by the Purchaser or the ACS Companies and (iii) payments to be made in connection with a sale by the Purchaser of the ACS Companies. In connection with the sale, we agreed to reimburse the Purchaser for up to \$750,000 of the Purchaser's and the ACS Companies' transitional expenses.

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We accounted for our divestiture of the health management business in accordance with ASU No. 2014-08 (See Note 19) and for the ACS Companies in accordance with Accounting Standards Codification Topic 205, Presentation of Financial Statements. The following assets and liabilities associated with the health management business have been segregated and classified as assets held for sale and liabilities related to assets held for sale, as appropriate, in the consolidated balance sheets as of September 30, 2014 and December 31, 2013, respectively (in thousands):

	<b>September 30, 2014</b> (Restated)	<b>December 31, 2013</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,503	\$ 6,477
Restricted cash	2,675	2,915
Accounts receivable, net of allowances of \$8,094 and \$7,497 at September 30, 2014 and December 31, 2014, respectively	54,330	59,337
Inventories, net	2,061	2,018
Deferred tax assets current	12,604	12,604
Prepaid expenses and other current assets	4,301	6,074
Property, plant and equipment, net	61,044	76,932
Goodwill	84,343	86,365
Finite-lived intangible assets, net	89,899	127,185
Other non-current assets	421	576
 Total assets held for sale	 \$ 325,181	 \$ 380,483
<b>Liabilities</b>		
Short-term debt and current portion of capital lease obligations	\$ 1,016	\$ 893
Accounts payable	7,311	7,806
Accrued expenses and other current liabilities	43,596	49,243
Capital lease obligations, net of current portion	546	1,165
Deferred tax liabilities non-current	34,254	35,879
Other long-term liabilities	13,301	38,256
 Total liabilities related to assets held for sale	 \$ 100,024	 \$ 133,242

The following summarized financial information related to the health management business and the ACS Companies, which were previously included in our patient self-testing reporting segment, has been segregated from continuing operations and has been reported as discontinued operations in our consolidated statements of operations (in thousands):

	<b>Three Months Ended September 30, 2014 (Restated)</b>	<b>Three Months Ended September 30, 2013</b>	<b>Nine Months Ended September 30, 2014 (Restated)</b>	<b>Nine Months Ended September, 2013</b>
Net revenue	\$ 89,501	\$ 102,630	\$ 271,668	\$ 310,409
Cost of net revenue	(54,314)	(55,630)	(155,976)	(173,457)
Research and development		(20)		(1,724)
Sales and marketing	(14,270)	(17,839)	(43,152)	(55,756)
General and administrative	(16,924)	(32,263)	(75,244)	(98,740)
Interest expense	(149)	(120)	(400)	(220)
Other income (expense), net	(117)	870	(1,189)	320
Income (loss) from discontinued operations before provision (benefit) for income taxes	3,727	(2,372)	(4,293)	(19,168)
Provision (benefit) for income taxes	18,128	(456)	(211)	(6,839)
Loss from discontinued operations, net of tax	\$ (14,401)	\$ (1,916)	\$ (4,082)	\$ (12,329)

**Table of Contents****(4) Cash and Cash Equivalents**

We consider all highly-liquid cash investments with original maturities of three months or less at the date of acquisition to be cash equivalents. At September 30, 2014, our cash equivalents consisted of money market funds.

**(5) Restricted Cash**

We had restricted cash of \$35.6 million and \$32.8 million as of September 30, 2014 and December 31, 2013, respectively. As of December 31, 2013, \$29.4 million was classified as non-current on our Consolidated Balance Sheet, as it secures a foreign bank loan arrangement that we entered into during the third quarter of 2013 and, under the terms of the loan agreement, is required to remain on deposit for two years.

**(6) Inventories, Net**

Inventories are stated at the lower of cost (first in, first out) or market and are comprised of the following (in thousands):

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Raw materials	\$ 126,265	\$ 121,671
Work-in-process	74,914	79,559
Finished goods	158,862	164,037
	\$ 360,041	\$ 365,267

**Table of Contents****(7) Stock-based Compensation**

We recorded stock-based compensation expense in our consolidated statements of operations for the three and nine months ended September 30, 2014 and 2013, respectively, as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Cost of net revenue	\$ 291	\$ 287	\$ 863	\$ 797
Research and development	280	1,111	(340)	2,641
Sales and marketing	920	975	2,778	2,597
General and administrative	1,678	3,289	4,450	8,427
	3,169	5,662	7,751	14,462
Benefit for income taxes	(878)	(1,511)	(2,001)	(2,869)
	\$ 2,291	\$ 4,151	\$ 5,750	\$ 11,593

In connection with the departure of three of our senior executives, we recorded a reversal of stock-based compensation expense in the amount of \$5.6 million during the second quarter of 2014, relating to the impact on their prior stock option awards upon their resignations. Of the \$5.6 million reversal, \$2.2 million was recorded through research and development and \$3.4 million through general and administrative.

**(8) Net Loss per Common Share**

The following table sets forth the computation of basic and diluted net loss per common share for the periods presented (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014 (Restated)	2013	2014 (Restated)	2013
<b>Basic and diluted net loss per common share:</b>				
<b>Numerator:</b>				
Loss from continuing operations	\$ (84,289)	\$ (17,156)	\$ (145,080)	\$ (60,085)
Preferred stock dividends	(5,367)	(5,367)	(15,926)	(15,926)
Loss from continuing operations attributable to common shares	(89,656)	(22,523)	(161,006)	(76,011)
Less: Net income (loss) attributable to non-controlling interest	(306)	359	(136)	601
Loss from continuing attributable to Alere Inc. and Subsidiaries	(89,350)	(22,882)	(160,870)	(76,612)

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Loss from discontinued operations	(14,401)	(1,916)	(4,082)	(12,329)
Net loss available to common stockholders	\$ (103,751)	\$ (24,798)	\$ (164,952)	\$ (88,941)
<b>Denominator:</b>				
Weighted-average common shares outstanding - basic and diluted	83,115	81,735	82,719	81,417
Basic and diluted net loss per common share:				
Loss from continuing operations attributable to Alere Inc. and Subsidiaries	\$ (1.08)	\$ (0.28)	\$ (1.94)	\$ (0.94)
Loss from discontinued operations	(0.17)	(0.02)	(0.05)	(0.15)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries	\$ (1.25)	\$ (0.30)	\$ (1.99)	\$ (1.09)

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The following potential dilutive securities were not included in the calculation of diluted net loss per common share for our continuing operations because the inclusion thereof would be antidilutive (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Denominator:</b>				
Options to purchase shares of common stock	7,687	10,239	7,687	10,239
Warrants	4	4	4	4
Conversion shares related to 3% convertible senior subordinated notes	3,411	3,411	3,411	3,411
Conversion shares related to subordinated convertible promissory notes	27	27	27	27
Conversion shares related to Series B convertible preferred stock	10,239	10,239	10,239	10,239
Total number of antidilutive potentially issuable shares of common stock excluded from diluted common shares outstanding	21,368	23,920	21,368	23,920

**(9) Stockholders Equity and Non-controlling Interests***(a) Preferred Stock*

For each of the three and nine months ended September 30, 2014 and 2013 Series B preferred stock dividends amounted to \$5.3 million and \$15.9 million, respectively, which reduced earnings available to common stockholders for purposes of calculating net loss per common share for each of the respective periods. As of September 30, 2014, \$5.3 million of Series B preferred stock dividends was accrued. As of October 15, 2014, payments have been made covering all dividend periods through September 30, 2014.

The Series B preferred stock dividends for the three and nine months ended September 30, 2014 and 2013 were paid in cash.

*(b) Changes in Stockholders Equity and Non-controlling Interests*

A summary of the changes in stockholders equity and non-controlling interests comprising total equity for the nine months ended September 30, 2014 and 2013 is provided below (in thousands):

	Nine Months Ended September 30,					
	2014 (Restated)			2013		
	Total Stockholders Equity	Non-controlling Interests	Total Equity	Total Stockholders Equity	Non-controlling Interests	Total Equity
Equity, beginning of period	\$ 2,073,256	\$ 4,882	\$ 2,078,138	\$ 2,177,167	\$ 2,282	\$ 2,179,449
	35,593		35,593	17,555		17,555

Issuance of common stock under employee compensation plans						
Preferred stock dividends	(15,970)		(15,970)	(15,970)		(15,970)
Stock-based compensation expense	7,751		7,751	14,462		14,462
Excess tax benefits on exercised stock options	(6,302)		(6,302)	(1,283)		(1,283)
Non-controlling interest from acquisition					1,788	1,788
Net income (loss)	(149,026)	(136)	(149,162)	(73,015)	601	(72,414)
Total other comprehensive loss	(69,478)		(69,478)	(42,149)		(42,149)
Equity, end of period	\$ 1,875,824	\$ 4,746	\$ 1,880,570	\$ 2,076,767	\$ 4,671	\$ 2,081,438



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**Table of Contents****(10) Business Combinations**

Acquisitions are accounted for using the acquisition method and the acquired companies' results have been included in the accompanying consolidated financial statements from their respective dates of acquisition. During the three and nine months ended September 30, 2014, we expensed acquisition-related costs of \$0.3 million and \$0.7 million, respectively, in general and administrative expense. During the three and nine months ended September 30, 2013, we expensed acquisition-related costs of \$0.5 million and \$1.8 million, respectively, in general and administrative expense.

Our business acquisitions have historically been made at prices above the fair value of the assets acquired and liabilities assumed, resulting in goodwill, based on our expectations of synergies and other benefits of combining the businesses. These synergies and benefits include elimination of redundant facilities, functions and staffing; use of our existing commercial infrastructure to expand sales of the products of the acquired businesses; and use of the commercial infrastructure of the acquired businesses to expand product sales in a cost-efficient manner.

Net assets acquired are recorded at their fair value and are subject to adjustment upon finalization of the fair value analysis. The estimated useful lives of the individual categories of intangible assets were based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with finite lives is recognized over the shorter of the respective lives of the agreement or the period of time the intangible assets are expected to contribute to future cash flows. We amortize our finite-lived intangible assets based on patterns on which the respective economic benefits are expected to be realized.

*Acquisitions in 2013**(i) Epocal*

On February 1, 2013, we acquired Epocal, Inc., or Epocal, located in Ottawa, Canada, a provider of technologies that support blood gas and electrolyte testing at the point of care. The aggregate purchase price was approximately \$248.5 million, which consisted of \$151.4 million in cash, a \$22.1 million settlement of a pre-existing arrangement and a contingent consideration obligation with an aggregate acquisition date fair value of \$75.0 million. The operating results of Epocal are included in our professional diagnostics reporting unit and business segment. The amount allocated to goodwill from this acquisition is not deductible for tax purposes.

*(ii) Other acquisitions in 2013*

During the year ended December 31, 2013, we acquired the following businesses for an aggregate purchase price of \$57.6 million, which included cash payments totaling \$28.2 million, a \$17.5 million settlement of a pre-existing arrangement, contingent consideration obligations with an aggregate acquisition date fair value of \$1.3 million, deferred purchase price consideration with an acquisition date fair value of \$0.8 million and an \$8.0 million bargain purchase gain.

certain assets of PT Mega Medika Mandiri, or Mega Medika, located in South Jakarta, Indonesia, a distributor of infectious disease products to the Indonesian marketplace as well as materials for vaccines to a pharmaceutical customer (Acquired January 2013)

Discount Diabetic, LLC, or Discount Diabetic, located in Phoenix, Arizona, a provider of blood glucose monitoring products, including diabetes testing systems and test strips and other products (Acquired April 2013)

the Medicare fee-for-service assets of Liberty Medical, or the Liberty business, located in Port St. Lucie, Florida, a leading mail order provider of diabetes testing supplies serving the needs of both Type 1 and Type 2 diabetic patients (Acquired April 2013)

51% share in Cardio Selfcare B.V., subsequently renamed Alere Health Services B.V., or Alere Health Services, located in Ede, the Netherlands, a developer of innovative software for the healthcare industry that develops and licenses software and sells medical devices to enable patients to perform medical self-care, including thrombosis self-care (Acquired May 2013)

74.9% interest in Pantech Proprietary Limited, or Pantech, located in Durban, South Africa, a supplier of rapid diagnostic test kits, including HIV, malaria, syphilis, drugs of abuse, 10 parameter urine sticks, glucometers and glucose sticks (Acquired July 2013)

Certain assets of Simplex Healthcare, Inc. and its subsidiaries, or Simplex, located in Tennessee, a provider of home delivery of diabetes-related medical supplies and products (Acquired November 2013)

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The operating results of Mega Medika, Discount Diabetic, the Liberty business, Alere Health Services, Pantech, and Simplex are included in our professional diagnostics reporting unit and business segment.

Our consolidated statement of operations for the three and nine months ended September 30, 2014 included revenue totaling approximately \$5.8 million and \$41.2 million, respectively, related to these businesses. Goodwill has been recognized in the Mega Medika, Alere Health Services, Pantech, and Simplex acquisitions and amounted to approximately \$2.4 million. The goodwill related to the Mega Medika and Simplex acquisitions is deductible for tax purposes, but the goodwill related to the Pantech and Alere Health Services acquisitions is not.

With respect to our acquisition of the Liberty business, the purchase price of the acquisition has been allocated to the net tangible and intangible assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a bargain purchase gain. The \$8.0 million bargain purchase gain has been recorded in other income (expense), net in our Consolidated Statement of Operations and is not recognized for tax purposes. The bargain purchase gain resulted from our operating cost structure which we believe will allow us to operate this business more cost effectively than the sellers.

A summary of the fair values of the net assets acquired for the acquisitions consummated in 2013 is as follows (in thousands):

	<b>Epocal</b>	<b>Other</b>	<b>Total</b>
Current assets <sup>(1)</sup>	\$ 12,535	\$ 13,623	\$ 26,158
Property, plant and equipment	1,267	1,731	2,998
Goodwill	100,419	2,447	102,866
Intangible assets	164,400	51,180	215,580
Other non-current assets	18,158	29	18,187
<b>Total assets acquired</b>	<b>296,779</b>	<b>69,010</b>	<b>365,789</b>
<b>Current liabilities</b>	<b>2,701</b>	<b>5,398</b>	<b>8,099</b>
<b>Non-current liabilities</b>	<b>45,542</b>	<b>6,062</b>	<b>51,604</b>
<b>Total liabilities assumed</b>	<b>48,243</b>	<b>11,460</b>	<b>59,703</b>
<b>Net assets acquired</b>	<b>248,536</b>	<b>57,550</b>	<b>306,086</b>
<b>Less:</b>			
Contingent consideration	75,000	1,264	76,264
Settlement of pre-existing arrangements	22,088	17,500	39,588
Non-controlling interest		1,774	1,774
Bargain purchase gain		8,023	8,023
Deferred purchase price consideration		768	768
<b>Cash paid</b>	<b>\$ 151,448</b>	<b>\$ 28,221</b>	<b>\$ 179,669</b>

<sup>(1)</sup> Includes approximately \$3.3 million of acquired cash.

The following are the intangible assets acquired in 2013 and their respective fair values and weighted-average useful lives (dollars in thousands):

	<b>Epocal</b>	<b>Other</b>	<b>Total</b>	<b>Weighted- average Useful Life</b>
Core technology and patents	\$ 119,700	\$	\$ 119,700	20.0 years
Software		2,154	2,154	5.7 years
Trademarks and trade names	20,500	80	20,580	19.1 years
License agreements		620	620	1.5 years
Customer relationships		42,510	42,510	11.5 years
Other		5,816	5,816	3.0 years
In-process research and development	24,200		24,200	N/A
Total intangible assets	\$ 164,400	\$ 51,180	\$ 215,580	

**Table of Contents****(11) Restructuring Plans**

The following table sets forth aggregate restructuring charges recorded in our Consolidated Statements of Operations for the three and nine months ended September 30, 2014 and 2013 (in thousands):

Statement of Operations Caption	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
	2014	2013	2014	2013
Cost of net revenue	\$ 5,654	\$ 3,422	\$ 6,707	\$ 3,881
Research and development	5,457	1,100	8,488	1,745
Sales and marketing	1,019	218	7,420	901
General and administrative	5,167	1,337	14,460	3,698
<b>Total operating expenses</b>	<b>17,297</b>	<b>6,077</b>	<b>37,075</b>	<b>10,225</b>
Interest expense, including amortization of original issue discounts and deferred financing costs	9	14	32	45
<b>Total charges</b>	<b>\$ 17,306</b>	<b>\$ 6,091</b>	<b>\$ 37,107</b>	<b>\$ 10,270</b>

*(a) 2014 Restructuring Plans*

In 2014, management developed world-wide cost reduction efforts to reduce costs and improve operational efficiencies within our professional diagnostics, patient self-testing and corporate and other business segments, primarily impacting our U.S. sales force, our global information technology group, our global research and development group and certain businesses in Europe and Asia. The following table summarizes the restructuring activities related to our 2014 restructuring plans for the three and nine months ended September 30, 2014 (in thousands):

	Three Months Ended September 30, 2014			
	Professional Diagnostics	Patient Self-testing	Corporate and Other	Total
Severance-related costs	\$ 5,833	\$ (6)	\$ 199	\$ 6,026
Facility and transition costs	1,713		2,979	4,692
Cash charges	7,546	(6)	3,178	10,718
Fixed asset and inventory impairments	6,322			6,322
<b>Total charges</b>	<b>\$ 13,868</b>	<b>\$ (6)</b>	<b>\$ 3,178</b>	<b>\$ 17,040</b>

	Nine Months Ended September 30, 2014			
	Professional Diagnostics	Patient Self-testing	Corporate and Other	Total
Severance-related costs	\$ 17,748	\$ 175	\$ 2,399	\$ 20,322

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Facility and transition costs	1,894		4,929	6,823
Cash charges	19,642	175	7,328	27,145
Fixed asset and inventory impairments	8,402			8,402
Total charges	\$ 28,044	\$ 175	\$ 7,328	\$ 35,547

We anticipate incurring approximately \$5.2 million and \$6.0 million in additional costs under our 2014 restructuring plans related to our professional diagnostics and corporate and other business segments, respectively, primarily in the U.S. and Europe. We do not anticipate incurring additional costs under our existing 2014 restructuring plan relating to our patient self-testing segment. We may develop additional plans over the remainder of 2014. As of September 30, 2014, \$7.7 million in severance and transition costs arising under our 2014 restructuring plans remain unpaid.

**Table of Contents***(b) 2013 Restructuring Plans*

In 2013, management developed cost reduction efforts within our professional diagnostics business segment, impacting businesses in our U.S., Europe and Asia Pacific regions. Additionally, management took steps to improve efficiencies within our patient self-testing business segment, including winding down a small portion of this business, which resulted in charges associated with the impairment of related fixed and intangible assets. The following tables summarize the restructuring activities in our professional diagnostics and patient self-testing business segments related to our 2013 restructuring plans for the three and nine months ended September 30, 2014 and 2013 and since inception (in thousands):

	Three Months Ended		Nine Months Ended		Since Inception
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	
<b>Professional Diagnostics</b>					
Severance-related costs	\$ 55	\$ 3,876	\$ 893	\$ 5,960	\$ 8,019
Facility and transition costs	96	1,107	312	1,457	2,893
Cash charges	151	4,983	1,205	7,417	10,912
Fixed asset and inventory impairments		470		470	743
<b>Total charges</b>	<b>\$ 151</b>	<b>\$ 5,453</b>	<b>\$ 1,205</b>	<b>\$ 7,887</b>	<b>\$ 11,655</b>

	Three Months Ended		Nine Months Ended		Since Inception
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	
<b>Patient Self-testing</b>					
Severance-related costs	\$	\$ 30	\$	\$ 88	\$ 88
Facility and transition costs				241	241
Cash charges		30		329	329
Fixed asset and inventory impairments				26	800
<b>Total charges</b>	<b>\$</b>	<b>\$ 30</b>	<b>\$</b>	<b>\$ 355</b>	<b>\$ 1,129</b>

We anticipate incurring approximately \$0.7 million in additional costs under our 2013 restructuring plans related to our professional diagnostics business segment in the United States. We do not anticipate incurring significant additional costs under our 2013 restructuring plans related to our patient self-testing segment. As of September 30, 2014, \$0.2 million in severance and facility costs arising under our 2013 restructuring plans remain unpaid.

*(c) Restructuring Plans Prior to 2013*

The following table summarizes the restructuring activities related to our active 2012, 2011, 2010 and 2008 restructuring plans for the three and nine months ended September 30, 2014 and 2013 and since inception (in thousands):

<b>Professional Diagnostics</b>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>		<b>Since Inception</b>
	<b>September 30, 2014</b>	<b>September 30, 2013</b>	<b>September 30, 2014</b>	<b>September 30, 2013</b>	
Severance-related costs (recoveries)	\$	\$ (568)	\$ 98	\$ (284)	\$ 24,290
Facility and transition costs	106	112	225	524	8,987
Other exit costs	10	14	33	45	789
Cash charges (recoveries)	116	(442)	356	285	34,066
Fixed asset and inventory impairments		350		350	6,922
Intangible asset impairments		686		686	686
Other non-cash charges					64
Total charges	\$ 116	\$ 594	\$ 356	\$ 1,321	\$ 41,738



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	Three Months Ended		Nine Months Ended		Since Inception
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	
<b>Patient Self-testing</b>					
Severance-related costs	\$	\$ 14	\$	\$ 707	\$ 1,422
Facility and transition costs (recoveries)					
Other exit costs					
Cash charges (recoveries)		14		707	1,422
Fixed asset and inventory impairments					
Intangible asset impairments					
Other non-cash recoveries					
Total charges (recoveries)	\$	\$ 14	\$	\$ 707	\$ 1,422

As of September 30, 2014, \$0.8 million in cash charges remain unpaid, primarily related to facility lease obligations, which are anticipated to continue through 2017.

*(d) Restructuring Reserves*

The following table summarizes our restructuring reserves related to the plans described above, of which \$8.1 million is included in accrued expenses and other current liabilities and \$0.7 million is included in other long-term liabilities on our accompanying Consolidated Balance Sheets (in thousands):

	Severance-related Costs	Facility and Transition Costs	Other Exit Costs	Total
Balance, December 31, 2013	\$ 992	\$ 1,781	\$ 367	\$ 3,140
Cash charges	21,313	7,360	32	28,705
Payments	(18,400)	(4,146)	(86)	(22,632)
Currency adjustments	(401)	(61)	(1)	(463)
Balance, September 30, 2014	\$ 3,504	\$ 4,934	\$ 312	\$ 8,750

**(12) Long-term Debt**

We had the following long-term debt balances outstanding (in thousands):

	September 30, 2014	December 31, 2013
A term loans <sup>(1) (2)</sup>	\$ 797,500	\$ 832,188
B term loans <sup>(1) (3)</sup>	1,334,165	1,344,238
Revolving line of credit <sup>(1)</sup>	170,000	170,000
7.25% Senior notes	450,000	450,000
6.5% Senior subordinated notes	425,000	425,000
8.625% Senior subordinated notes	400,000	400,000

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3% Convertible senior subordinated notes	150,000	150,000
Other lines of credit	728	355
Other	44,092	50,119
	3,771,485	3,821,900
Less: Short-term debt and current portion	(87,871)	(64,112)
	\$ 3,683,614	\$ 3,757,788

(1) Incurred under our secured credit facility.

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- (2) Includes A term loans and Delayed Draw term loans under our secured credit facility.
- (3) Includes term loans previously referred to as Incremental B-1 term loans and Incremental B-2 term loans under our secured credit facility, which term loans have been converted into and consolidated with the B term loans under our secured credit facility.

In connection with our significant long-term debt issuances, we recorded interest expense, including amortization and write-offs of deferred financing costs and original issue discounts, in our Consolidated Statements of Operations for the three-month and nine-month periods ended September 30, 2014 and 2013, respectively, as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Secured credit facility <sup>(1)</sup>	\$ 24,985	\$ 25,809	\$ 74,606	\$ 78,741
7.25% Senior notes	8,525	8,535	25,574	25,371
7.875% Senior notes <sup>(2)</sup>				137
6.5% Senior subordinated notes	7,180	7,172	21,534	10,185
9% Senior subordinated notes <sup>(3)</sup>				54,043
8.625% Senior subordinated notes	9,271	9,273	27,819	27,820
3% Senior subordinated convertible notes	1,246	1,246	3,738	3,738
	\$ 51,207	\$ 52,035	\$ 153,271	\$ 200,035

- (1) Includes A term loans, including the Delayed-Draw term loans; B term loans, including the term loans previously referred to as Incremental B-1 term loans and Incremental B-2 term loans, which term loans have been converted into and consolidated with the B term loans; and revolving line of credit loans. For the three-month and nine-month periods ended September 30, 2014, the amounts include \$0.4 million and \$1.1 million, respectively, related to the amortization of fees paid for certain debt modifications. For the three-month and nine-month periods ended September 30, 2013, the amount includes \$0.4 million and \$2.2 million, respectively, related to the amortization of fees paid for certain debt modifications.
- (2) For the nine months ended September 30, 2013, this amount includes an approximate \$0.1 million loss recorded in connection with the repurchase of our 7.875% senior notes.
- (3) An approximate \$35.6 million loss in connection with the repurchase of our 9% senior subordinated notes has been included in the nine-month period ended September 30, 2013. Included in the \$35.6 million is \$19.0 million related to tender offer consideration and call premium which has been classified within cash flows from financing activities in our Consolidated Statement of Cash Flows.

**(13) Fair Value Measurements**

We apply fair value measurement accounting to value our financial assets and liabilities. Fair value measurement accounting provides a framework for measuring fair value under U.S. GAAP and requires expanded disclosures regarding fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value.

Described below are the three levels of inputs that may be used to measure fair value:

*Level 1* Quoted prices in active markets for identical assets or liabilities.

*Level 2* Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2014 and December 31, 2013, and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair value (in thousands):

Description	September 30, 2014	Quoted Prices in	Significant	Unobservable Inputs (Level 3)
		Active Markets (Level 1)	Other Observable Inputs (Level 2)	
<b>Assets:</b>				
Marketable securities	\$ 794	\$ 794	\$	\$
<b>Total assets</b>	<b>\$ 794</b>	<b>\$ 794</b>	<b>\$</b>	<b>\$</b>
<b>Liabilities:</b>				
Contingent consideration obligations <sup>(1)</sup>	\$ 155,000	\$	\$	\$ 155,000
<b>Total liabilities</b>	<b>\$ 155,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ 155,000</b>

Description	December 31, 2013	Quoted Prices in	Significant	Unobservable Inputs (Level 3)
		Active Markets (Level 1)	Other Observable Inputs (Level 2)	
<b>Assets:</b>				
Marketable securities	\$ 858	\$ 858	\$	\$
<b>Total assets</b>	<b>\$ 858</b>	<b>\$ 858</b>	<b>\$</b>	<b>\$</b>
<b>Liabilities:</b>				
Contingent consideration obligations <sup>(1)</sup>	\$ 218,569	\$	\$	\$ 218,569
<b>Total liabilities</b>	<b>\$ 218,569</b>	<b>\$</b>	<b>\$</b>	<b>\$ 218,569</b>

- <sup>(1)</sup> We determine the fair value of the contingent consideration obligations based on a probability-weighted approach derived from earn-out criteria estimates and a probability assessment with respect to the likelihood of achieving the various earn-out criteria. The measurement is based upon significant inputs not observable in the market. Significant increases or decreases in any of these inputs could result in a significantly higher or lower fair value measurement. Changes in the fair value of these contingent consideration obligations are recorded as income or expense within operating income in our Consolidated Statements of Operations. See Note 18 for additional information on the valuation of our contingent consideration obligations.

Changes in the fair value of our Level 3 contingent consideration obligations during the nine months ended September 30, 2014 were as follows (in thousands):

Fair value of contingent consideration obligations, December 31, 2013	\$ 218,569
Payments	(49,573)
Present value accretion and adjustments	12,442
Reversal of Method Factory Inc., now known as Alere Accountable Care Solutions, LLC ( ACS ) obligation	(26,321)
Foreign currency adjustments	(117)
Fair value of contingent consideration obligations, September 30, 2014	 \$ 155,000

(1) ACS was divested in October 2014 and, in connection with this transaction, the contingent consideration obligation was terminated. See Note 3.

At September 30, 2014 and December 31, 2013, the carrying amounts of cash and cash equivalents, restricted cash, receivables, accounts payable and other current liabilities approximated their estimated fair values.

The carrying amount and estimated fair value of our long-term debt were both \$3.8 billion at September 30, 2014. The carrying amount and estimated fair value of our long-term debt were \$3.8 billion and \$3.9 billion, respectively, at December 31, 2013. The estimated fair value of our long-term debt was determined using market sources that were derived from available market information (Level 2 in the fair value hierarchy) and may not be representative of actual values that could have been or will be realized in the future.

**Table of Contents****(14) Defined Benefit Pension Plan**

Our subsidiary in England, Unipath Ltd., has a defined benefit pension plan established for certain of its employees. The net periodic benefit costs are as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Service cost	\$	\$	\$	\$
Interest cost	202	182	604	543
Expected return on plan assets	(191)	(156)	(571)	(465)
Amortization of prior service costs	111	103	333	308
Net periodic benefit cost	\$ 122	\$ 129	\$ 366	\$ 386

**Table of Contents****(15) Financial Information by Segment**

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision-making group is composed of the chief executive officer and members of senior management. Our reportable operating segments are professional diagnostics, patient self-testing, consumer diagnostics and corporate and other. Our operating results include license and royalty revenue which are allocated to professional diagnostics and consumer diagnostics on the basis of the original license or royalty agreement. We evaluate performance of our operating segments based on revenue and operating income (loss). Segment information for the three and nine months ended September 30, 2014 and 2013 and as of September 30, 2014 and December 31, 2013 is as follows (in thousands):

	Professional Diagnostics	Patient Self- testing	Consumer Diagnostics	Corporate and Other	Total
<b>Three Months ended September 30, 2014 (Restated)</b>					
Net revenue	\$ 587,716	\$ 35,045	\$ 26,449	\$	\$ 649,210
Operating income (loss)	\$ 58,549	\$ 6,437	\$ 3,742	\$ (33,386)	\$ 35,342
Depreciation and amortization	\$ 75,625	\$ 4,741	\$ 841	\$ 1,917	\$ 83,124
Restructuring charge	\$ 14,124	\$ (5)	\$	\$ 3,178	\$ 17,297
Stock-based compensation	\$	\$	\$	\$ 3,169	\$ 3,169
<b>Three Months ended September 30, 2013</b>					
Net revenue	\$ 590,197	\$ 31,603	\$ 28,848	\$	\$ 650,648
Operating income (loss)	\$ 52,585	\$ (4,141)	\$ 3,347	\$ (29,033)	\$ 22,758
Depreciation and amortization	\$ 88,835	\$ 5,770	\$ 1,063	\$ 287	\$ 95,955
Non-cash inventory charge	\$ 708	\$ (59)	\$	\$	\$ 649
Restructuring charge	\$ 6,033	\$ 44	\$	\$	\$ 6,077
Stock-based compensation	\$	\$	\$	\$ 5,662	\$ 5,662
Loss on disposition	\$ 5,885	\$	\$	\$	\$ 5,885
<b>Nine Months ended September 30, 2014 (Restated)</b>					
Net revenue	\$ 1,737,871	\$ 102,361	\$ 81,615	\$	\$ 1,921,847
Operating income (loss)	\$ 126,824	\$ 2,622	\$ 10,617	\$ (75,474)	\$ 64,589
Depreciation and amortization	\$ 230,219	\$ 14,479	\$ 2,604	\$ 3,461	\$ 250,763
Restructuring charge	\$ 29,572	\$ 175	\$	\$ 7,328	\$ 37,075
Stock-based compensation	\$	\$	\$	\$ 7,751	\$ 7,751
Loss on disposition	\$ 638	\$	\$	\$	\$ 638
<b>Nine Months ended September 30, 2013</b>					
Net revenue	\$ 1,774,824	\$ 92,806	\$ 76,846	\$	\$ 1,944,476
Operating income (loss)	\$ 183,694	\$ (14,201)	\$ 9,031	\$ (66,907)	\$ 111,617
Depreciation and amortization	\$ 258,485	\$ 16,846	\$ 3,296	\$ 846	\$ 279,473
Non-cash inventory charge	\$ 1,880	\$	\$	\$	\$ 1,880
Restructuring charge	\$ 9,162	\$ 985	\$	\$	\$ 10,147
Stock-based compensation	\$	\$	\$	\$ 14,462	\$ 14,462
Loss on disposition	\$ 5,885	\$	\$	\$	\$ 5,885



**Assets:**

As of September 30, 2014 (Restated)	\$ 6,016,792	\$ 484,334	\$ 215,802	\$ 87,192	\$ 6,804,120
As of December 31, 2013	\$ 5,746,021	\$ 501,672	\$ 197,458	\$ 616,934	\$ 7,062,085

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The following tables summarize our net revenue from the professional diagnostics and patient self-testing reporting segments by groups of similar products and services for the three and nine months ended September 30, 2014 and 2013 (in thousands):

Professional Diagnostics Segment	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
	(Restated)	2013	(Restated)	2013
Infectious disease	\$ 177,955	\$ 172,739	\$ 507,866	\$ 520,289
Toxicology	161,940	166,536	478,514	479,986
Cardiology	109,661	115,677	333,077	348,902
Diabetes	49,477	53,150	151,425	178,138
Other	84,501	78,607	252,303	235,992
Professional diagnostics net product sales and services revenue	\$ 583,534	\$ 586,709	\$ 1,723,185	\$ 1,763,307

Patient Self-testing Segment	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
	2014	2013	2014	2013
Patient Self-testing services	\$ 30,185	\$ 27,025	\$ 86,799	\$ 77,437
Other	4,860	4,578	15,562	15,369
Patient self-testing net product sales and services revenue	\$ 35,045	\$ 31,603	\$ 102,361	\$ 92,806

**(16) Related Party Transactions***(a) Divestiture of ACS Companies*

On October 10, 2014, we completed the sale of our ACS subsidiary to ACS Acquisition, LLC (the Purchaser), pursuant to the terms of a Membership Interest Purchase Agreement with the Purchaser and Sumit Nagpal. In connection with the sale of ACS, we also agreed to sell our subsidiary Wellogic ME FZ LLC ( Wellogic, together with ACS, the ACS Companies ) to the Purchaser, subject to the satisfaction of routine requirements of Dubai law relating to the transfer of equity. See Note 3.

Mr. Nagpal is a director of Wellogic and served as the chief executive officer and a director of ACS until his resignation on September 2, 2014. Mr. Nagpal was also the owner of Method Factory, Inc., the company that sold to Alere in 2011 the business and assets of ACS, and Wellogic prior to its sale to Alere in 2012.

*(b) SPD Joint Venture*

In May 2007, we completed the formation of Swiss Precision Diagnostics GmbH, or SPD, our 50/50 joint venture with Procter & Gamble, or P&G, for the development, manufacturing, marketing and sale of existing and to-be-developed consumer diagnostic products, outside the cardiology, diabetes and oral care fields. Upon completion of the arrangement to form the joint venture, we ceased to consolidate the operating results of our consumer diagnostic products business related to the joint venture and instead account for our 50% interest in the results of the joint

venture under the equity method of accounting.

We had a net payable to SPD of \$4.1 million as of September 30, 2014 and a net receivable from SPD of \$2.1 million as of December 31, 2013. Included in the \$4.1 million payable balance as of September 30, 2014 is a receivable of approximately \$1.6 million for costs incurred in connection with our 2008 SPD-related restructuring plans. Included in the \$2.1 million receivable balance as of December 31, 2013 is approximately \$1.8 million of costs incurred in connection with our 2008 SPD-related restructuring plans. We have also recorded a long-term receivable totaling approximately \$11.4 million and \$13.2 million as of September 30, 2014 and December 31, 2013, respectively, related to the 2008 SPD-related restructuring plans. Additionally, customer receivables associated with revenue earned after the formation of the joint venture was completed have been classified as other receivables within prepaid and other current assets on our Consolidated Balance Sheets in the amount of \$9.1 million and \$12.4 million as of September 30, 2014 and December 31, 2013, respectively. In connection with the joint venture arrangement, the joint venture bears the collection risk associated with these receivables. Sales to the joint venture under our manufacturing agreement totaled \$19.6 million and \$60.8 million during the three and nine months ended September 30, 2014, respectively, and \$21.2 million and \$56.5 million during the three and nine months ended September 30, 2013, respectively. Additionally, services revenue generated pursuant to the long-term services agreement with the joint venture totaled \$0.3 million and \$1.0 million during the three and nine months ended September 30, 2014, respectively, and \$0.3 million and \$0.9 million during the three and nine months ended September 30, 2013, respectively. Sales under our manufacturing agreement and long-term services agreement are included in net product sales and services revenue, respectively, in our Consolidated Statements of Operations.

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Under the terms of our product supply agreement, SPD purchases products from our manufacturing facilities in China. SPD in turn sells a portion of those tests back to us for final assembly and packaging. Once packaged, a portion of the tests are sold to P&G for distribution to third-party customers in North America. As a result of these related transactions, we have recorded \$9.1 million and \$9.4 million of trade receivables which are included in accounts receivable on our Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013, respectively, and \$25.8 million and \$18.8 million of trade accounts payable which are included in accounts payable on our Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013, respectively. During the nine months ended September 30, 2013, we received \$10.8 million in cash from SPD as a return of capital.

The following table summarizes our related party balances with SPD within our Consolidated Balance Sheets (in thousands):

<b>Balance Sheet Caption</b>	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Accounts receivable, net of allowances	\$ 9,119	\$ 11,510
Prepaid expenses and other current assets	\$ 9,133	\$ 12,417
Deferred financing costs, net, and other non-current assets	\$ 11,369	\$ 13,249
Accounts payable	\$ 29,841	\$ 18,811

*(c) Entrustment Loan Arrangement with SPD Shanghai*

Alere (Shanghai) Diagnostics Co., Ltd., or Alere Shanghai, and SPD Trading (Shanghai) Co., Ltd., or SPD Shanghai, entered into an entrustment loan arrangement for a maximum of CNY 23 million (approximately \$3.7 million at September 30, 2014), in order to finance the latter's short-term working capital needs, with the Royal Bank of Scotland (China) Co., Ltd. Shanghai Branch, or RBS. The agreement governs the setting up of an Entrustment Loan Account with RBS, into which Alere Shanghai deposits certain monies. This restricted cash account provides a guarantee to RBS of amounts borrowed from RBS by SPD Shanghai. The Alere Shanghai RBS account is recorded as restricted cash on Alere Shanghai's balance sheet and amounted to \$1.7 million at September 30, 2014.

**(17) Other Arrangements**

On February 19, 2013, we entered into an agreement with the Bill and Melinda Gates Foundation, or the Gates Foundation, whereby we were awarded a grant by the Gates Foundation in the amount of \$21.6 million to support the development and commercialization of a validated, low-cost, nucleic-acid assay for clinical Tuberculosis, or TB, detection and drug-resistance test cartridges and adaptation of an analyzer platform capable of operation in rudimentary laboratories in low-resource settings. In connection with this agreement, we also entered into a loan agreement with the Gates Foundation, or the Gates Loan Agreement, which provides for the making of subordinated term loans by the Gates Foundation to us from time to time, subject to the achievement of certain milestones, in an aggregate principal amount of up to \$20.6 million. Funding under the Gates Loan Agreement will be used in connection with the purchase of equipment for an automated high-throughput manufacturing line and other uses as necessary for the manufacture of the TB and HIV-related products. All loans under the Gates Loan Agreement are evidenced by promissory notes that we have executed and delivered to the Gates Foundation, bear interest at the rate of 3% per annum and, except to the extent earlier repaid by us, mature and are required to be repaid in full on December 31, 2019. As of September 30, 2014, we had borrowed no amounts under the Gates Loan Agreement. As of September 30, 2014, we had received approximately \$11.6 million in grant-related funding from the Gates Foundation, which was recorded as restricted cash and deferred grant funding. The deferred grant funding is classified within accrued expenses and other current liabilities on our Consolidated Balance Sheet. As qualified expenditures are

incurred under the terms of the grant, we use the deferred funding to recognize a reduction of our related qualified research and development expenditures. For the three and nine months ended September 30, 2014, we incurred \$2.5 million and \$7.0 million, respectively, and for the three and nine months ended September 30, 2013, we incurred \$1.9 million and \$4.3 million, respectively, of qualified expenditures, for which we reduced our deferred grant funding balance and recorded an offset to our research and development expenses.

**Table of Contents****(18) Commitments and Contingencies***Acquisition-related Contingent Consideration Obligations*

We have contractual contingent purchase price consideration obligations related to certain of our acquisitions. We determine the acquisition date fair value of the contingent consideration obligations based on a probability-weighted approach derived from the overall likelihood of achieving certain performance targets, including product development milestones or financial metrics. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement, as defined in fair value measurement accounting. The resultant probability-weighted earn-out payments are discounted using a discount rate based upon the weighted-average cost of capital. At each reporting date, we revalue the contingent consideration obligations to the reporting date fair values and record increases and decreases in the fair values as income or expense in our Consolidated Statements of Operations.

Increases or decreases in the fair values of the contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of earn-out criteria and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria.

The following table summarizes our contractual contingent purchase price consideration obligations related to certain of our acquisitions, as follows (in thousands):

Acquisition	Acquisition Date	Acquisition Date Fair Value	Maximum	Remaining		Estimated		Payments Made During
			Remaining Earn-out Potential as of September 30, 2014	Period as of September 30, 2014	Estimated Fair Value as of September 30, 2014	Fair Value as of December 31, 2013		
TwistDx, Inc. <sup>(1)</sup>	March 11, 2010	\$ 35,600	\$ 108,777	2014	2025 <sup>(0)</sup>	\$ 39,900	\$ 45,502	\$ 15,250
Ionian Technologies, Inc. <sup>(2)</sup>	July 12, 2010	\$ 24,500	\$ 50,000	2014	2015	24,700	29,000	7,500
Laboratory Data Systems, Inc. <sup>(3)</sup>	August 29, 2011	\$ 13,000	\$				7,400	7,500
Forensics Limited (ROAR) <sup>(4)</sup>	September 22, 2011	\$ 5,463	\$ 12,600	2014		3,492	2,484	
ACS <sup>(5)</sup>	December 9, 2011	\$ 18,900	\$ <sup>(11)</sup>				26,900	579
MedApps <sup>(6)</sup>	July 2, 2012	\$ 13,100	\$ 8,600	2014		6,500	12,800	5,000
Amedica Biotech, Inc. <sup>(7)</sup>	July 3, 2012	\$ 8,900	\$				7,500	8,055
DiagnosisOne, Inc. <sup>(8)</sup>	July 31, 2012	\$ 22,300	\$ 30,000	2014	2017	20,400	26,600	3,000
Epocal <sup>(9)</sup>	February 1, 2013	\$ 75,000	\$ 65,500	2014	2018	47,100	47,200	

Other	Various	\$ 58,877	\$ 20,129	2014	2016	12,908	13,183	2,689
						\$ 155,000	\$ 218,569	\$ 49,573

- (1) The terms of the acquisition agreement require us to pay an earn-out upon successfully meeting certain revenue and product development targets through 2025.
- (2) The terms of the acquisition agreement require us to pay earn-outs upon successfully meeting multiple product development milestones during the five years following the acquisition.
- (3) The terms of the acquisition agreement require us to pay an earn-out upon successfully meeting certain revenue and operating income targets during each of the twelve-month periods ending June 30, 2012 and 2013.
- (4) The terms of the acquisition agreement require us to pay an earn-out upon successfully meeting certain EBITDA targets during 2012 through 2014.
- (5) The terms of the acquisition agreement require us to pay an earn-out upon successfully meeting certain operational and profit targets during 2012 through 2019. See also (11).
- (6) The terms of the acquisition agreement require us to make earn-out payments upon achievement of certain technological and product development milestones through December 31, 2014.
- (7) The terms of the acquisition agreement require us to make earn-out payments upon successfully meeting certain financial targets during each of the calendar years 2012 and 2013.
- (8) The terms of the acquisition agreement require us to pay earn-outs upon successfully meeting certain financial targets within five years of the acquisition date.
- (9) The terms of the acquisition agreement require us to pay earn-outs and management incentive payments upon successfully meeting certain product development and United States Food and Drug Administration regulatory approval milestones from the date of acquisition through December 31, 2018.
- (10) The maximum earn-out period ends on the fifteenth anniversary of the acquisition date.
- (11) The earn-out was comprised of three components, of which two components had an aggregate maximum remaining earn-out potential of \$49.4 million. There was no dollar cap on the third earn-out component, however, the earn-out potential is limited to the remaining earn-out period. ACS was divested in October 2014 and these earn-outs were terminated in connection with the divestiture transaction. See Note 3.

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**Table of Contents****(19) Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies that we adopt as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position, results of operations, comprehensive income or cash flows upon adoption.

*Recent Accounting Pronouncements*

In August 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-15, *Presentation of Financial Statements -Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, or ASU 2014-15. ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for fiscal years ending after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. We are currently evaluating the potential impacts of the new standard on our consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-12, *Compensation - Stock Compensation (Topic 718) - Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*, or ASU 2014-12. ASU 2014-12 requires that a performance target which affects vesting and which could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014-12 on our consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09. ASU 2014-09 requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2016, and for interim periods within those fiscal years. Early adoption is not permitted. We are currently evaluating the impact of the new guidance and the method of adoption in the consolidated financial statements.

In April 2014, the FASB issued Accounting Standards Update, or ASU, No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) - Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, or ASU 2014-08. ASU 2014-08 requires that only disposals representing a strategic shift in operations which has a major effect on the organization's operations and financial results, such as a disposal of a major geographic area, a major line of business, or a major equity method investment, should be presented as discontinued operations. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. ASU 2014-08 is effective in the first quarter of 2015. On October 1, 2014, we early adopted this standard. The impact on our consolidated financial statements will be dependent on any transaction that is within the scope of the new guidance.

*Recently Adopted Standards*

Effective January 1, 2014, we adopted Accounting Standards Update, or ASU, 2013-11, *Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit*



*Carryforward Exists.* ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, similar tax loss or a tax credit carryforward exists, with limited exceptions. The adoption of this standard had no material impact on our Consolidated Financial Statements.

## **(20) Equity Investments**

We account for the results from our equity investments under the equity method of accounting in accordance with Accounting Standards Codification, or ASC, 323, *Investments – Equity Method and Joint Ventures*, based on the percentage of our ownership interest in the business. Our equity investments primarily include the following:

### *(a) SPD*

We recorded earnings of \$5.9 million and \$12.8 million during the three and nine months ended September 30, 2014, respectively, and earnings of \$4.7 million and \$11.4 million during the three and nine months ended September 30, 2013, respectively, in equity earnings of unconsolidated entities, net of tax, in our Consolidated Statements of Operations, which represented our 50% share of SPD's net income for the respective periods.

**Table of Contents***(b) TechLab*

We own 49% of TechLab, Inc., or TechLab, a privately-held developer, manufacturer and distributor of rapid non-invasive intestinal diagnostics tests in the areas of intestinal inflammation, antibiotic-associated diarrhea and parasitology. We recorded earnings of \$0.9 million and \$1.6 million during the three and nine months ended September 30, 2014, respectively, and earnings of \$0.5 million and \$1.3 million during the three and nine months ended September 30, 2013, respectively, in equity earnings of unconsolidated entities, net of tax, in our Consolidated Statements of Operations, which represented our minority share of TechLab's net income for the respective periods.

Summarized financial information for SPD and TechLab on a combined basis is as follows (in thousands):

<b>Combined Condensed Results of Operations:</b>	<b>Three Months Ended September 30, 2014</b>		<b>Three Months Ended September 30, 2013</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net revenue	\$ 65,397	\$ 49,272	\$ 155,533	\$ 153,096
Gross profit	\$ 40,268	\$ 40,158	\$ 120,680	\$ 112,862
Net income after taxes	\$ 12,834	\$ 10,543	\$ 27,992	\$ 25,549

<b>Combined Condensed Balance Sheet:</b>	<b>September 30, 2014</b>		<b>December 31, 2013</b>	
Current assets	\$	77,201	\$	63,985
Non-current assets		35,912		38,541
<b>Total assets</b>	<b>\$</b>	<b>113,113</b>	<b>\$</b>	<b>102,526</b>
Current liabilities	\$	27,675	\$	38,053
Non-current liabilities		6,333		6,175
<b>Total liabilities</b>	<b>\$</b>	<b>34,008</b>	<b>\$</b>	<b>44,228</b>

**(21) Loss on Disposition**

In April 2014, we sold the Glucostabilizer business of Alere Informatics, Inc., which was part of our professional diagnostics reporting unit and business segment, to Medical Decision Network, LLC, or MDN, for \$1.1 million in cash proceeds and a \$1.5 million note receivable, which we fully reserved for based on our assessment of collectability. As a result of this transaction, we recorded a loss on disposition of \$0.6 million during the nine months ended September 30, 2014. The financial results for the Glucostabilizer business are immaterial to our consolidated financial results.

**(22) Provision (Benefit) for Income Taxes**

During the three and nine months ended September 30, 2014, the provision for income taxes included a provision of \$79.4 million to establish a valuation allowance against deferred tax assets associated with our U.S. foreign tax credit carryforwards. This valuation allowance was established as it is more likely than not that these deferred tax assets will

not be realized. This decision was based on the weight of all available positive and negative evidence that existed at September 30, 2014.

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**(23) Guarantor Financial Information**

Our 7.25% senior notes due 2018, our 8.625% senior subordinated notes due 2018, and our 6.5% senior subordinated notes due 2020 are guaranteed by certain of our consolidated 100% owned subsidiaries, or the Guarantor Subsidiaries. The guarantees are full and unconditional and joint and several. The following supplemental financial information sets forth, on a consolidating basis, Balance Sheets as of September 30, 2014 and December 31, 2013, the related Statements of Operations, Statements of Comprehensive Income (Loss) for each of the three and nine months ended September 30, 2014 and 2013, respectively, and the Statements of Cash Flows for the nine months ended September 30, 2014 and 2013, respectively, for Alere Inc., the Guarantor Subsidiaries and our other subsidiaries, or the Non-Guarantor Subsidiaries. The supplemental financial information reflects the investments of Alere Inc. and the Guarantor Subsidiaries in the Guarantor and Non-Guarantor Subsidiaries using the equity method of accounting.

We have extensive transactions and relationships between various members of the consolidated group. These transactions and relationships include intercompany pricing agreements, intellectual property royalty agreements and general and administrative and research and development cost-sharing agreements. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

For comparative purposes, certain amounts for prior periods have been reclassified to conform to the current period classification.

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS****For the Three Months Ended September 30, 2014**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
Net product sales	\$	\$ 214,585	\$ 353,817	\$ (60,777)	\$ 507,625
Services revenue		122,045	15,358		137,403
Net product sales and services revenue		336,630	369,175	(60,777)	645,028
License and royalty revenue		2,993	3,663	(2,474)	4,182
<b>Net revenue</b>		<b>339,623</b>	<b>372,838</b>	<b>(63,251)</b>	<b>649,210</b>
Cost of net product sales	912	118,241	204,983	(52,886)	271,250
Cost of services revenue	71	74,441	8,448	(7,858)	75,102
Cost of net product sales and services revenue	983	192,682	213,431	(60,744)	346,352
Cost of license and royalty revenue	28	55	3,627	(2,474)	1,236
<b>Cost of net revenue</b>	<b>1,011</b>	<b>192,737</b>	<b>217,058</b>	<b>(63,218)</b>	<b>347,588</b>
<b>Gross profit (loss)</b>	<b>(1,011)</b>	<b>146,886</b>	<b>155,780</b>	<b>(33)</b>	<b>301,622</b>
Operating expenses:					
Research and development	7,256	15,318	16,152		38,726
Sales and marketing	1,265	54,422	67,073		122,760
General and administrative	33,549	30,323	40,922		104,794
<b>Operating income (loss)</b>	<b>(43,081)</b>	<b>46,823</b>	<b>31,633</b>	<b>(33)</b>	<b>35,342</b>
Interest expense, including amortization of original issue discounts and deferred financing costs	(51,589)	(4,420)	(4,512)	8,189	(52,332)
Other income (expense), net	4,706	4,835	(9,438)	(8,190)	(8,087)
<b>Income (loss) from continuing operations before provision for income taxes</b>	<b>(89,964)</b>	<b>47,238</b>	<b>17,683</b>	<b>(34)</b>	<b>(25,077)</b>
Provision for income taxes	42,727	13,657	9,140	(35)	65,489
<b>Income (loss) from continuing operations before equity in earnings of subsidiaries and unconsolidated</b>	<b>(132,691)</b>	<b>33,581</b>	<b>8,543</b>	<b>1</b>	<b>(90,566)</b>

<b>entities, net of tax</b>					
Equity in earnings of subsidiaries, net of tax	49,642	210		(49,852)	
Equity earnings of unconsolidated entities, net of tax	560		5,779	(62)	6,277
Income (loss) from continuing operations	(82,489)	33,791	14,322	(49,913)	(84,289)
Income (loss) from discontinued operations, net of tax	(16,201)	(20,615)	22,415		(14,401)
<b>Net income (loss)</b>	(98,690)	13,176	36,737	(49,913)	(98,690)
Less: Net loss attributable to non-controlling interests			(306)		(306)
<b>Net income (loss) attributable to Alere Inc. and Subsidiaries</b>	(98,690)	13,176	37,043	(49,913)	(98,384)
Preferred stock dividends	(5,367)				(5,367)
<b>Net income (loss) available to common stockholders</b>	\$ (104,057)	\$ 13,176	\$ 37,043	\$ (49,913)	\$ (103,751)

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS****For the Three Months Ended September 30, 2013**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net product sales	\$	\$ 220,530	\$ 329,405	\$ (44,339)	\$ 505,596
Services revenue		121,223	19,645		140,868
<b>Net product sales and services revenue</b>		<b>341,753</b>	<b>349,050</b>	<b>(44,339)</b>	<b>646,464</b>
License and royalty revenue		5,103	4,057	(4,976)	4,184
<b>Net revenue</b>		<b>346,856</b>	<b>353,107</b>	<b>(49,315)</b>	<b>650,648</b>
Cost of net product sales	887	126,983	165,914	(37,472)	256,312
Cost of services revenue		68,133	8,750	(5,051)	71,832
Cost of net product sales and services revenue	887	195,116	174,664	(42,523)	328,144
Cost of license and royalty revenue		17	6,967	(4,975)	2,009
<b>Cost of net revenue</b>	<b>887</b>	<b>195,133</b>	<b>181,631</b>	<b>(47,498)</b>	<b>330,153</b>
<b>Gross profit (loss)</b>	<b>(887)</b>	<b>151,723</b>	<b>171,476</b>	<b>(1,817)</b>	<b>320,495</b>
Operating expenses:					
Research and development	5,515	17,009	17,954		40,478
Sales and marketing	1,579	64,536	75,633		141,748
General and administrative	23,028	31,894	54,704		109,626
Loss on disposition		(1)	5,886		5,885
<b>Operating income (loss)</b>	<b>(31,009)</b>	<b>38,285</b>	<b>17,299</b>	<b>(1,817)</b>	<b>22,758</b>
Interest expense, including amortization of original issue discounts and deferred financing costs	(52,318)	(6,207)	(2,721)	7,945	(53,301)
Other income (expense), net	(6,775)	6,234	1,418	(7,945)	(7,068)
<b>Income (loss) from continuing operations before provision (benefit) for income taxes</b>	<b>(90,102)</b>	<b>38,312</b>	<b>15,996</b>	<b>(1,817)</b>	<b>(37,611)</b>
Provision (benefit) for income taxes	(28,111)	13,557	412	(560)	(14,702)
<b>Income (loss) from continuing operations before in equity earnings (losses) of subsidiaries and</b>	<b>(61,991)</b>	<b>24,755</b>	<b>15,584</b>	<b>(1,257)</b>	<b>(22,909)</b>

**unconsolidated entities, net of tax**

Equity in earnings (losses) of subsidiaries, net of tax	42,907	(337)		(42,570)	
Equity earnings of unconsolidated entities, net of tax	464		5,217	72	5,753
Income (loss) from continuing operations	(18,620)	24,418	20,801	(43,755)	(17,156)
Loss from discontinued operations, net of tax	(452)	(926)	(538)		(1,916)
<b>Net income (loss)</b>	<b>(19,072)</b>	<b>23,492</b>	<b>20,263</b>	<b>(43,755)</b>	<b>(19,072)</b>
Less: Net income attributable to non-controlling interests			359		359
<b>Net income (loss) attributable to Alere Inc. and Subsidiaries</b>	<b>(19,072)</b>	<b>23,492</b>	<b>19,904</b>	<b>(43,755)</b>	<b>(19,431)</b>
Preferred stock dividends	(5,367)				(5,367)
<b>Net income (loss) available to common stockholders</b>	<b>\$ (24,439)</b>	<b>\$ 23,492</b>	<b>\$ 19,904</b>	<b>\$ (43,755)</b>	<b>\$ (24,798)</b>



Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS****For the Nine Months Ended September 30, 2014**

(in thousands)

	<b>Issuer (Restated)</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
Net product sales	\$	\$ 623,208	\$ 1,048,212	\$ (172,118)	\$ 1,499,302
Services revenue		355,132	51,415		406,547
Net product sales and services revenue		978,340	1,099,627	(172,118)	1,905,849
License and royalty revenue		10,312	14,683	(8,997)	15,998
<b>Net revenue</b>		<b>988,652</b>	<b>1,114,310</b>	<b>(181,115)</b>	<b>1,921,847</b>
Cost of net product sales	2,291	348,701	591,778	(156,852)	785,918
Cost of services revenue	214	216,142	25,123	(20,123)	221,356
Cost of net product sales and services revenue	2,505	564,843	616,901	(176,975)	1,007,274
Cost of license and royalty revenue	28	194	12,675	(8,997)	3,900
<b>Cost of net revenue</b>	<b>2,533</b>	<b>565,037</b>	<b>629,576</b>	<b>(185,972)</b>	<b>1,011,174</b>
<b>Gross profit (loss)</b>	<b>(2,533)</b>	<b>423,615</b>	<b>484,734</b>	<b>4,857</b>	<b>910,673</b>
Operating expenses:					
Research and development	20,034	45,753	49,068		114,855
Sales and marketing	6,329	175,536	209,740		391,605
General and administrative	78,257	112,850	147,879		338,986
Loss on disposition		638			638
<b>Operating income (loss)</b>	<b>(107,153)</b>	<b>88,838</b>	<b>78,047</b>	<b>4,857</b>	<b>64,589</b>
Interest expense, including amortization of original issue discounts and deferred financing costs	(154,232)	(14,933)	(13,646)	26,535	(156,276)
Other income (expense), net	11,823	15,867	1,068	(26,594)	2,164
<b>Income (loss) from continuing operations before provision (benefit) for income taxes</b>	<b>(249,562)</b>	<b>89,772</b>	<b>65,469</b>	<b>4,798</b>	<b>(89,523)</b>
Provision (benefit) for income taxes	(2,566)	42,896	27,319	1,624	69,273
<b>Income (loss) from continuing operations before equity in earnings</b>	<b>(246,996)</b>	<b>46,876</b>	<b>38,150</b>	<b>3,174</b>	<b>(158,796)</b>

**of subsidiaries and unconsolidated entities, net of tax**

Equity in earnings of subsidiaries, net of tax	97,307	442		(97,749)	
Equity earnings of unconsolidated entities, net of tax	1,387		12,516	(187)	13,716
Income (loss) from continuing operations	(148,302)	47,318	50,666	(94,762)	(145,080)
Income (loss) from discontinued operations, net of tax	(860)	(26,418)	23,196		(4,082)
<b>Net income (loss)</b>	<b>(149,162)</b>	<b>20,900</b>	<b>73,862</b>	<b>(94,762)</b>	<b>(149,162)</b>
Less: Net loss attributable to non-controlling interests			(136)		(136)
<b>Net income (loss) attributable to Alere Inc. and Subsidiaries</b>	<b>(149,162)</b>	<b>20,900</b>	<b>73,998</b>	<b>(94,762)</b>	<b>(149,026)</b>
Preferred stock dividends	(15,926)				(15,926)
<b>Net income (loss) available to common stockholders</b>	<b>\$ (165,088)</b>	<b>\$ 20,900</b>	<b>\$ 73,998</b>	<b>\$ (94,762)</b>	<b>\$ (164,952)</b>

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS****For the Nine Months Ended September 30, 2013**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net product sales	\$	\$ 655,530	\$ 1,014,898	\$ (142,696)	\$ 1,527,732
Services revenue		345,909	57,722		403,631
<b>Net product sales and services revenue</b>		<b>1,001,439</b>	<b>1,072,620</b>	<b>(142,696)</b>	<b>1,931,363</b>
License and royalty revenue		10,908	12,662	(10,457)	13,113
<b>Net revenue</b>		<b>1,012,347</b>	<b>1,085,282</b>	<b>(153,153)</b>	<b>1,944,476</b>
Cost of net product sales	2,722	360,539	518,776	(125,322)	756,715
Cost of services revenue		193,563	26,146	(13,777)	205,932
Cost of net product sales and services revenue	2,722	554,102	544,922	(139,099)	962,647
Cost of license and royalty revenue		52	15,668	(10,456)	5,264
<b>Cost of net revenue</b>	<b>2,722</b>	<b>554,154</b>	<b>560,590</b>	<b>(149,555)</b>	<b>967,911</b>
<b>Gross profit (loss)</b>	<b>(2,722)</b>	<b>458,193</b>	<b>524,692</b>	<b>(3,598)</b>	<b>976,565</b>
Operating expenses:					
Research and development	16,167	50,550	54,012		120,729
Sales and marketing	4,384	192,055	223,273		419,712
General and administrative	51,532	110,732	156,358		318,622
Loss on disposition		(1)	5,886		5,885
<b>Operating income (loss)</b>	<b>(74,805)</b>	<b>104,857</b>	<b>85,163</b>	<b>(3,598)</b>	<b>111,617</b>
Interest expense, including amortization of original issue discounts and deferred financing costs	(200,836)	(19,510)	(9,209)	26,502	(203,053)
Other income (expense), net	(7,612)	18,676	8,179	(26,502)	(7,259)
<b>Income (loss) from continuing operations before provision (benefit) for income taxes</b>	<b>(283,253)</b>	<b>104,023</b>	<b>84,133</b>	<b>(3,598)</b>	<b>(98,695)</b>
Provision (benefit) for income taxes	(101,941)	46,309	31,500	(1,240)	(25,372)
<b>Income (loss) from continuing operations before equity in earnings (losses) of subsidiaries and</b>	<b>(181,312)</b>	<b>57,714</b>	<b>52,633</b>	<b>(2,358)</b>	<b>(73,323)</b>

**unconsolidated entities, net of tax**

Equity in earnings (losses) of subsidiaries, net of tax	108,302	(1,510)		(106,792)	
Equity earnings of unconsolidated entities, net of tax	1,278		11,932	28	13,238
Income (loss) from continuing operations	(71,732)	56,204	64,565	(109,122)	(60,085)
Loss from discontinued operations, net of tax	(682)	(10,029)	(1,618)		(12,329)
<b>Net income (loss)</b>	<b>(72,414)</b>	<b>46,175</b>	<b>62,947</b>	<b>(109,122)</b>	<b>(72,414)</b>
Less: Net income attributable to non-controlling interests			601		601
<b>Net income (loss) attributable to Alere Inc. and Subsidiaries</b>	<b>(72,414)</b>	<b>46,175</b>	<b>62,346</b>	<b>(109,122)</b>	<b>(73,015)</b>
Preferred stock dividends	(15,926)				(15,926)
<b>Net income (loss) available to common stockholders</b>	<b>\$ (88,340)</b>	<b>\$ 46,175</b>	<b>\$ 62,346</b>	<b>\$ (109,122)</b>	<b>\$ (88,941)</b>

**Table of Contents****CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)****For the Three Months Ended September 30, 2014**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
Net income (loss)	\$ (98,690)	\$ 13,176	\$ 36,737	\$ (49,913)	\$ (98,690)
Other comprehensive income, before tax:					
Changes in cumulative translation adjustment	(383)	(104)	(95,936)	(2)	(96,425)
Unrealized gains on hedging instruments			7		7
Minimum pension liability adjustment			481		481
Other comprehensive income, before tax	(383)	(104)	(95,448)	(2)	(95,937)
Income tax provision (benefit) related to items of other comprehensive loss					
Other comprehensive income, net of tax	(383)	(104)	(95,448)	(2)	(95,937)
Comprehensive income (loss)	(99,073)	13,072	(58,711)	(49,915)	(194,627)
Less: Comprehensive loss attributable to non-controlling interests			(306)		(306)
Comprehensive income (loss) attributable to Alere Inc. and Subsidiaries	\$ (99,073)	\$ 13,072	\$ (58,405)	\$ (49,915)	\$ (194,321)

**Table of Contents****CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)****For the Three Months Ended September 30, 2013**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net income (loss)	\$ (19,072)	\$ 23,492	\$ 20,263	\$ (43,755)	\$ (19,072)
Other comprehensive income, before tax:					
Changes in cumulative translation adjustment	524		66,742	2	67,268
Unrealized gains on hedging instruments			20		20
Minimum pension liability adjustment			(369)		(369)
Other comprehensive income, before tax	524		66,393	2	66,919
Income tax provision (benefit) related to items of other comprehensive loss					
Other comprehensive income, net of tax	524		66,393	2	66,919
Comprehensive income (loss)	(18,548)	23,492	86,656	(43,753)	47,847
Less: Comprehensive income attributable to non-controlling interests			359		359
Comprehensive income (loss) attributable to Alere Inc. and Subsidiaries	\$ (18,548)	\$ 23,492	\$ 86,297	\$ (43,753)	\$ 47,488

**Table of Contents****CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)****For the Nine Months Ended September 30, 2014**

(in thousands)

	<b>Issuer (Restated)</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
Net income (loss)	\$ (149,162)	\$ 20,900	\$ 73,862	\$ (94,762)	\$ (149,162)
Other comprehensive income (loss), before tax:					
Changes in cumulative translation adjustment	(137)	(178)	(69,633)	(2)	(69,950)
Unrealized losses on available for sale securities		(17)			(17)
Unrealized gains on hedging instruments			21		21
Minimum pension liability adjustment			468		468
Other comprehensive income (loss), before tax	(137)	(195)	(69,144)	(2)	(69,478)
Income tax benefit related to items of other comprehensive loss					
Other comprehensive income (loss), net of tax	(137)	(195)	(69,144)	(2)	(69,478)
Comprehensive income (loss)	(149,299)	20,705	4,718	(94,764)	(218,640)
Less: Comprehensive loss attributable to non-controlling interests			(136)		(136)
Comprehensive income (loss) attributable to Alere Inc. and Subsidiaries	\$ (149,299)	\$ 20,705	\$ 4,854	\$ (94,764)	\$ (218,504)

**Table of Contents****CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)****For the Nine Months Ended September 30, 2013**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net income (loss)	\$ (72,414)	\$ 46,175	\$ 62,947	\$ (109,122)	\$ (72,414)
Other comprehensive income (loss), before tax:					
Changes in cumulative translation adjustment	(329)		(42,188)	2	(42,515)
Unrealized gains on hedging instruments			31		31
Minimum pension liability adjustment			335		335
Other comprehensive income (loss), before tax	(329)		(41,822)	2	(42,149)
Income tax benefit related to items of other comprehensive loss					
Other comprehensive income (loss), net of tax	(329)		(41,822)	2	(42,149)
Comprehensive income (loss)	(72,743)	46,175	21,125	(109,120)	(114,563)
Less: Comprehensive income attributable to non-controlling interests			601		601
Comprehensive income (loss) attributable to Alere Inc. and Subsidiaries	\$ (72,743)	\$ 46,175	\$ 20,524	\$ (109,120)	\$ (115,164)



**Table of Contents****CONSOLIDATING BALANCE SHEET****September 30, 2014**

(in thousands)

	<b>Issuer</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 11,469	\$ 91,188	\$ 328,694	\$	\$ 431,351
Restricted cash	1,940	100	33,541		35,581
Marketable securities		793	1		794
Accounts receivable, net of allowances		188,972	275,724		464,696
Inventories, net		170,029	209,486	(19,474)	360,041
Deferred tax assets	(17,440)	10,425	30,648	(2,107)	21,526
Prepaid expenses and other current assets	8,411	29,117	81,476	4,052	123,056
Assets held for sale		325,165	16		325,181
Intercompany receivables	366,149	809,418	59,656	(1,235,223)	
<b>Total current assets</b>	<b>370,529</b>	<b>1,625,207</b>	<b>1,019,242</b>	<b>(1,252,752)</b>	<b>1,762,226</b>
Property, plant and equipment, net	27,220	213,935	222,183	(56)	463,282
Goodwill		1,754,523	1,226,979		2,981,502
Other intangible assets with indefinite lives		9,600	37,290	(59)	46,831
Finite-lived intangible assets, net	8,715	780,741	586,206		1,375,662
Restricted cash					
Deferred financing costs, net and other non-current assets	43,982	6,684	23,081	(45)	73,702
Investments in subsidiaries	3,829,127	271,122	189,998	(4,290,247)	
Investments in unconsolidated entities	15,814	14,764	47,269	13,328	91,175
Deferred tax assets			7,404		7,404
Non-current income tax receivable	2,336				2,336
Intercompany notes receivables	2,073,773	681,592	51,732	(2,807,097)	
<b>Total assets</b>	<b>\$ 6,371,496</b>	<b>\$ 5,358,168</b>	<b>\$ 3,411,384</b>	<b>\$ (8,336,928)</b>	<b>\$ 6,804,120</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Short-term debt and current portion of long-term debt	\$ 60,000	\$ 50	\$ 27,821	\$	\$ 87,871

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Current portion of capital lease obligations		1,426	2,724		4,150
Accounts payable	15,221	81,923	112,713		209,857
Accrued expenses and other current liabilities	(458,734)	595,902	230,888	(126)	367,930
Liabilities related to assets held for sale		100,024			100,024
Intercompany payables	772,405	192,272	270,545	(1,235,222)	
<b>Total current liabilities</b>	<b>388,892</b>	<b>971,597</b>	<b>644,691</b>	<b>(1,235,348)</b>	<b>769,832</b>
<b>Long-term liabilities:</b>					
Long-term debt, net of current portion	3,675,377		8,237		3,683,614
Capital lease obligations, net of current portion		4,337	7,941		12,278
Deferred tax liabilities	(31,068)	231,791	79,684	204	280,611
Other long-term liabilities	41,713	48,677	86,870	(45)	177,215
Intercompany notes payables	420,758	1,341,223	1,045,116	(2,807,097)	
<b>Total long-term liabilities</b>	<b>4,106,780</b>	<b>1,626,028</b>	<b>1,227,848</b>	<b>(2,806,938)</b>	<b>4,153,718</b>
<b>Stockholders equity</b>	<b>1,875,824</b>	<b>2,760,543</b>	<b>1,534,099</b>	<b>(4,294,642)</b>	<b>1,875,824</b>
Non-controlling interests			4,746		4,746
<b>Total equity</b>	<b>1,875,824</b>	<b>2,760,543</b>	<b>1,538,845</b>	<b>(4,294,642)</b>	<b>1,880,570</b>
<b>Total liabilities and equity</b>	<b>\$ 6,371,496</b>	<b>\$ 5,358,168</b>	<b>\$ 3,411,384</b>	<b>\$ (8,336,928)</b>	<b>\$ 6,804,120</b>

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## CONSOLIDATING BALANCE SHEET

December 31, 2013

(in thousands)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 14,801	\$ 78,976	\$ 261,654	\$	\$ 355,431
Restricted cash	2,221		1,237		3,458
Marketable securities		853	5		858
Accounts receivable, net of allowances		179,445	307,932		487,377
Inventories, net		169,141	219,892	(23,766)	365,267
Deferred tax assets	4,418	9,483	31,451	3,506	48,858
Prepaid expenses and other current assets	517,311	(415,124)	23,502	(44)	125,645
Assets held for sale		380,414	69		380,483
Intercompany receivables	331,844	759,498	75,424	(1,166,766)	
<b>Total current assets</b>	<b>870,595</b>	<b>1,162,686</b>	<b>921,166</b>	<b>(1,187,070)</b>	<b>1,767,377</b>
Property, plant and equipment, net	14,197	210,883	241,713	(296)	466,497
Goodwill		1,753,498	1,253,499		3,006,997
Other intangible assets with indefinite lives		14,301	42,401		56,702
Finite-lived intangible assets, net	11,006	868,683	677,737		1,557,426
Restricted cash			29,370		29,370
Deferred financing costs, net and other non-current assets	55,207	7,777	20,560	(47)	83,497
Investments in subsidiaries	3,780,251	282,310	191,947	(4,254,508)	
Investments in unconsolidated entities	29,005		44,636	13,189	86,830
Deferred tax assets	(570)		7,959		7,389
Intercompany notes receivables	2,197,576	630,627	60,441	(2,888,644)	
<b>Total assets</b>	<b>\$ 6,957,267</b>	<b>\$ 4,930,765</b>	<b>\$ 3,491,429</b>	<b>\$ (8,317,376)</b>	<b>\$ 7,062,085</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Short-term debt and current portion of long-term debt	\$ 60,000	\$ 323	\$ 3,789	\$	\$ 64,112
Current portion of capital lease obligations		2,859	3,103		5,962

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Accounts payable	12,584	63,346	105,712		181,642
Accrued expenses and other current liabilities	68,581	117,937	195,412	(36)	381,894
Liabilities related to assets held for sale		106,343	26,899		133,242
Intercompany payables	728,541	163,518	274,708	(1,166,767)	
<b>Total current liabilities</b>	<b>869,706</b>	<b>454,326</b>	<b>609,623</b>	<b>(1,166,803)</b>	<b>766,852</b>
<b>Long-term liabilities:</b>					
Long-term debt, net of current portion	3,720,137	100	37,551		3,757,788
Capital lease obligations, net of current portion		4,773	8,469		13,242
Deferred tax liabilities	(49,190)	246,178	88,038	8	285,034
Other long-term liabilities	21,038	47,008	93,032	(47)	161,031
Intercompany notes payables	322,322	1,444,742	1,121,581	(2,888,645)	
<b>Total long-term liabilities</b>	<b>4,014,307</b>	<b>1,742,801</b>	<b>1,348,671</b>	<b>(2,888,684)</b>	<b>4,217,095</b>
<b>Stockholders equity</b>	<b>2,073,254</b>	<b>2,733,638</b>	<b>1,528,253</b>	<b>(4,261,889)</b>	<b>2,073,256</b>
Non-controlling interests			4,882		4,882
<b>Total equity</b>	<b>2,073,254</b>	<b>2,733,638</b>	<b>1,533,135</b>	<b>(4,261,889)</b>	<b>2,078,138</b>
<b>Total liabilities and equity</b>	<b>\$ 6,957,267</b>	<b>\$ 4,930,765</b>	<b>\$ 3,491,429</b>	<b>\$ (8,317,376)</b>	<b>\$ 7,062,085</b>

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS****For the Nine Months Ended September 30, 2014**

(in thousands)

	<b>Issuer (Restated)</b>	<b>Guarantor Subsidiaries (Restated)</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated (Restated)</b>
<b>Cash Flows from Operating Activities:</b>					
Net income (loss)	\$ (149,162)	\$ 20,900	\$ 73,862	\$ (94,762)	\$ (149,162)
Income (loss) from discontinued operations, net of tax	(860)	(26,418)	23,196		(4,082)
Income (loss) from continuing operations	(148,302)	47,318	50,666	(94,762)	(145,080)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:					
Equity in earnings of subsidiaries, net of tax	(97,307)	(442)		97,749	
Non-cash interest expense, including amortization of original issue discounts and deferred financing costs	11,575	32	217		11,824
Depreciation and amortization	4,417	132,134	114,218	(6)	250,763
Non-cash stock-based compensation expense	1,629	3,463	2,659		7,751
Tax benefit related to discontinued operations retained by Alere Inc.		9,594			9,594
Impairment of inventory			1,536		1,536
Impairment of long-lived assets	1,573	(446)	5,739		6,866
Loss on disposition of fixed assets		4,078	601		4,679
Equity earnings of unconsolidated entities, net of tax	(1,387)		(12,516)	187	(13,716)
Deferred income taxes	28,030	(12,863)	(7,320)	1,710	9,557
Loss related to impairment and net gain on dispositions		638			638
Other non-cash items	(988)	2,845	1,826		3,683
Changes in assets and liabilities, net of acquisitions:					
Accounts receivable, net		(10,136)	22,779		12,643
Inventories, net		(22,521)	(3,495)	(4,430)	(30,446)
Prepaid expenses and other current assets	503,712	(444,782)	(65,138)	(2,438)	(8,646)

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Accounts payable	2,637	25,738	10,312		38,687
Accrued expenses and other current liabilities	(526,685)	489,917	52,277	(1,748)	13,761
Other non-current liabilities	18,588	4,950	362	4,101	28,001
Cash paid for contingent consideration	(20,966)		(112)		(21,078)
Intercompany payable (receivable)	277,206	(197,561)	(79,645)		
<b>Net cash provided by continuing operations</b>	<b>53,732</b>	<b>31,956</b>	<b>94,966</b>	<b>363</b>	<b>181,017</b>
Net cash provided by discontinued operations	7,881	26,474	62		34,417
<b>Net cash provided by operating activities</b>	<b>61,613</b>	<b>58,430</b>	<b>95,028</b>	<b>363</b>	<b>215,434</b>
<b>Cash Flows from Investing Activities:</b>					
(Increase) decrease in restricted cash	135	(100)	(3,262)		(3,227)
Purchases of property, plant and equipment	(16,611)	(29,141)	(29,805)	2,522	(73,035)
Proceeds from sale of property, plant and equipment	268	778	2,853	(2,755)	1,144
Cash received from disposition, net of cash divested		1,081	4,373		5,454
Cash paid for business acquisitions, net of cash acquired	(75)				(75)
Cash received from (paid for) investments	477	(278)	(1)		198
Proceeds from sale of equity investment			9,526		9,526
Cash received from sales of marketable securities		43	4		47
(Increase) decrease in other assets	(104)	140	931	57	1,024
Net cash used in continuing operations	(15,910)	(27,477)	(15,381)	(176)	(58,944)
Net cash used in discontinued operations		(8,853)			(8,853)
<b>Net cash used in investing activities</b>	<b>(15,910)</b>	<b>(36,330)</b>	<b>(15,381)</b>	<b>(176)</b>	<b>(67,797)</b>
<b>Cash Flows from Financing Activities:</b>					
Cash paid for financing costs	(5)				(5)
Cash paid for contingent purchase price consideration	(23,285)		(323)		(23,608)
Cash paid for dividends	(15,970)				(15,970)
Proceeds from issuance of common stock, net of issuance costs	35,593				35,593
Proceeds from issuance of long-term debt			41		41
			806		806

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Proceeds from issuance of short-term debt				
Payments on long-term debt	(45,000)	(223)	(2,079)	(47,302)
Net proceeds under revolving credit facilities			498	498
Excess tax benefits on exercised stock options	65	282	68	415
Principal payments on capital lease obligations		(2,246)	(2,393)	(4,639)
Net cash used in continuing operations	(48,602)	(2,187)	(3,382)	(54,171)
Net cash used in discontinued operations	(579)	(496)		(1,075)
<b>Net cash used in financing activities</b>	<b>(49,181)</b>	<b>(2,683)</b>	<b>(3,382)</b>	<b>(55,246)</b>
Foreign exchange effect on cash and cash equivalents	146	(179)	(9,225)	(187)
Net increase (decrease) in cash and cash equivalents	(3,332)	19,238	67,040	82,946
Cash and cash equivalents, beginning of period - continuing operations	14,801	78,976	261,654	355,431