

INVERNESS MEDICAL INNOVATIONS INC

Form 10-Q

May 08, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

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
INVERNESS MEDICAL INNOVATIONS, INC.
(Exact Name Of Registrant As Specified In Its Charter)**

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

**51 SAWYER ROAD, SUITE 200
WALTHAM, MASSACHUSETTS 02453**
(Address of principal executive offices)
(781) 647-3900

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes 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 Smaller reporting company

(Do not check if a 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 May 4, 2009 was 78,750,057.

INVERNESS MEDICAL INNOVATIONS, INC.
REPORT ON FORM 10-Q
For the Quarterly Period Ended March 31, 2009

This 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. There are a number of important factors that could cause actual results of Inverness Medical Innovations, 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 ending December 31, 2008 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 factors as well as the Special Statement Regarding Forward-Looking Statements beginning on page 49 in this Quarterly Report on Form 10-Q 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 Inverness Medical Innovations, Inc. and its subsidiaries.

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(unaudited)

(in thousands, except per share amounts)

	Three Months Ended March	
	31,	
	2009	2008
Net product sales	\$ 311,064	\$ 313,314
Services revenue	123,736	48,047
Net product sales and services revenue	434,800	361,361
License and royalty revenue	9,060	10,872
Net revenue	443,860	372,233
Cost of net product sales	153,254	164,522
Cost of services revenue	54,957	23,238
Cost of license and royalty revenue	1,447	4,083
Cost of net revenue	209,658	191,843
Gross profit	234,202	180,390
Operating expenses:		
Research and development	27,052	30,925
Sales and marketing	99,444	80,036
General and administrative	79,552	54,651
Total operating expenses	206,048	165,612
Operating income	28,154	14,778
Interest expense, including amortization of deferred financing costs	(17,871)	(25,651)
Other (expense) income, net	(2,800)	4,898
Income (loss) before provision (benefit) for income taxes	7,483	(5,975)
Provision (benefit) for income taxes	3,689	(880)
Equity earnings of unconsolidated entities, net of tax	2,497	921
Net income (loss)	6,291	(4,174)
Preferred stock dividends	(5,520)	
Net income (loss) available to common stockholders	\$ 771	\$ (4,174)
Net income (loss) per common share basic	\$ 0.01	\$ (0.05)

Net income (loss) per common share diluted	\$	0.01	\$	(0.05)
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