

INVERNESS MEDICAL INNOVATIONS INC

Form S-4

February 09, 2005

Table of Contents

As filed with the Securities and Exchange Commission on February 9, 2005

Registration No. 333-•

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

INVERNESS MEDICAL INNOVATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2835
(Primary standard industrial
classification code number
Inverness Medical Innovations, Inc.

04-3565120
(I.R.S. employer
identification no.)

51 Sawyer Road, Suite 200

Waltham, Massachusetts 02453

(781) 647-3900

(Address and telephone number of registrant's principal executive offices)

Ron Zwanziger

Chairman, Chief Executive Officer and President

Inverness Medical Innovations, Inc.

51 Sawyer Road, Suite 200

Waltham, Massachusetts 02453

(781) 647-3900

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

(Name, address and telephone number of agent for service)

Copies to:

<p>Jay McNamara, Esq. Associate General Counsel Inverness Medical Innovations, Inc. 51 Sawyer Road Waltham, Massachusetts 02453 (781) 647-3900</p>	<p>John D. Patterson, Jr., Esq. William R. Kolb, Esq. Paul Bork, Esq. Foley Hoag LLP 155 Seaport Boulevard Boston, Massachusetts 02210 (617) 832-1000</p>	<p>Michael E. High, Esq. Drummond Woodsum & MacMahon 245 Commercial Street Portland, Maine 04104 (207) 772-1941</p>
--	---	---

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price (1)	Amount of registration fee
common stock, \$0.001 par value (1)	1,433,333	N/A	\$0.00	\$0.00

(1) Computed in accordance with Rules 457(f)(2) and 457(3) under the Securities Act. The aggregate book value, as of the most recent practicable date, of the target company's securities to be received by the registrant is estimated to be \$5,888,400. At the closing of the transaction, the registrant is paying cash to the stockholders of the target company in excess of the aggregate book value of such securities, resulting in a proposed maximum aggregate offering price of \$0.00.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this information statement/prospectus is not complete and may be changed. We may not sell these shares until the registration statement filed with the Securities and Exchange Commission is effective. This information statement/prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated February 9, 2005

We are not asking you for a proxy and you are requested not to send us a proxy.

Dear Stockholders:

I am pleased to inform you that after careful consideration, the boards of directors of Binax, Inc., and Inverness Medical Innovations, Inc., have approved the merger of Binax with and into a corporation to be formed as a wholly-owned subsidiary of Inverness (referred to as Acquisition Corp.). The merger will be effected pursuant to an agreement and plan of merger, dated as of February 8, 2005, by and among Inverness Medical Innovations, Binax, Acquisition Corp., Roger N. Piasio (on behalf of himself and in his capacity as the stockholders' representative) and Myron C. Hamer. A copy of the merger agreement is included as Annex A to this information statement/prospectus. The merger agreement has been adopted by the requisite vote of stockholders of Binax, acting by written consent, as described below. Accordingly, your vote on the merger is not being solicited hereby, and unless you dissent and seek appraisal, you will be able to receive your pro rata portion of the merger consideration on the same terms as those Binax stockholders who approved the merger by written consent.

Pursuant to the merger agreement, at the effective time of the merger, Binax will be merged with and into Acquisition Corp., and the corporate existence of Binax will cease. Each share of Binax common stock outstanding immediately prior to the merger will be converted into a right to receive a portion of the merger consideration, which will consist of: (i) 1,433,333 shares of Inverness common stock, (ii) \$8,600,000 in cash less the amount by which expenses incurred by Binax in connection with the merger transaction exceed \$175,000 if the merger is completed on or before February 28, 2005 and \$200,000 if the merger is completed after February 28, 2005, and (iii) contingent cash consideration of up to \$11,000,000 to become payable, if at all, upon the commercialization during the five years following the closing of the merger of certain products. \$600,000 of the cash portion of the merger consideration will be transferred to Mr. Piasio as the representative of the Binax stockholders in order to provide funds to satisfy certain claims for contribution for indemnification that may arise under the merger agreement. Mr. Piasio may designate an escrow agent to hold this money. The arrangements pertaining to indemnification and the contingent cash consideration are described further in this information statement/prospectus.

Inverness common stock is traded on the American Stock Exchange under the symbol IMA. The closing price for Inverness common stock as reported on the American Stock Exchange on February 8, 2005 was \$25.20 per share. Following the merger, based on 20,774,741 issued and outstanding shares of Inverness common stock as of February 1, 2005, Binax stockholders would own approximately 6.5% of Inverness common stock.

This information statement/prospectus contains detailed information about the merger, the merger consideration and related matters. We encourage you to review this document carefully, including the matters referred to under Risk Factors starting on page 9, for a description of how the merger will affect you.

Under the terms of the Delaware General Corporation Law and the certificate of incorporation of Binax, stockholders of Binax holding in excess of a majority of the shares have acted by written consent to approve and adopt the merger and the merger agreement. The foregoing written consent became effective on February 8, 2005. **Accordingly, your approval of the merger is not required and we are not requesting you to vote on this matter, and unless you dissent and seek appraisal, you will be entitled to receive your pro rata share of the merger consideration upon consummation of the merger.** The merger is expected to be completed in the first quarter of 2005. This letter and the remainder of this information statement/prospectus constitutes notice of the actions taken that we are required to provide under Section 228(e) of the Delaware General Corporation Law to the stockholders who did not execute these written consents.

On Behalf of the Board of Directors,

Roger N. Piasio

President and Chief Executive Officer

Prospectus dated February •, 2005

First mailed to stockholders on or about •, 2005

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or passed upon the adequacy or accuracy of this information statement/prospectus. Any representation to the contrary is a criminal offense.

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>SUMMARY</u>	1
<u>The Companies (page 46)</u>	1
<u>The Merger (page 26)</u>	1
<u>Binax Reasons for the Merger (page 30)</u>	2
<u>Inverness Reasons for the Merger (page 28)</u>	2
<u>What You Will Receive in the Merger (page 36)</u>	2
<u>Appraisal Rights of Dissenting Stockholders (page 34)</u>	3
<u>What is Needed to Complete the Merger (page 42)</u>	3
<u>Indemnification Arrangement (page 42)</u>	3
<u>Termination of the Merger Agreement (page 44)</u>	3
<u>Binax Stockholder Approval of Merger by Written Consent (page 25)</u>	4
<u>Interests of Certain Persons in the Merger (page 31)</u>	4
<u>U.S. Federal Income Tax Consequences (page 32)</u>	4
<u>Accounting Treatment (page 32)</u>	4
<u>Government and Regulatory Approvals</u>	4
<u>SUMMARY SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF INVERNESS</u>	5
<u>RISK FACTORS</u>	9
<u>FORWARD-LOOKING STATEMENTS</u>	24
<u>APPROVAL OF THE MERGER BY BINAX STOCKHOLDERS</u>	25
<u>Approval of Merger and Merger Agreement</u>	25
<u>Notice Under Section 228 of the DGCL</u>	25
<u>THE MERGER</u>	26
<u>General</u>	26
<u>Background of the Merger</u>	26
<u>Inverness Reasons for the Merger</u>	28
<u>Binax's Reasons for the Merger</u>	30
<u>Interests of Executive Officers and Directors in the Merger</u>	31
<u>Accounting Treatment</u>	32
<u>Listing on the American Stock Exchange</u>	32
<u>Certain Federal Income Tax Consequence</u>	32
<u>Appraisal Rights of Dissenting Stockholders of Binax</u>	34
<u>TERMS OF THE MERGER AGREEMENT</u>	37
<u>Structure of Merger</u>	37
<u>Management and Operations After the Merger</u>	37
<u>Merger Consideration</u>	37
<u>Binax Options to Purchase Common Stock</u>	38
<u>Exchange of Binax Certificates for Merger Consideration</u>	38
<u>Completion and Effectiveness of the Merger</u>	39
<u>Representations and Warranties</u>	39
<u>Business of Binax Pending the Merger; Other Agreements</u>	40
<u>Exclusive Dealing</u>	41
<u>Indemnification Arrangement</u>	42
<u>Stockholders Representative</u>	42
<u>Conditions Precedent to Each Party's Obligation to Effect the Merger</u>	42
<u>Conditions Precedent to Inverness and Acquisition Corp.'s Obligations to Effect the Merger</u>	43
<u>Conditions Precedent to Binax's Obligations to Effect the Merger</u>	43

(i)

Table of Contents

	<u>Page</u>
<u>Termination of the Merger Agreement</u>	44
<u>Waiver and Amendment of the Merger Agreement</u>	44
<u>Expenses</u>	44
<u>Restrictions on Resales by Affiliates</u>	45
<u>INFORMATION ABOUT INVERNESS</u>	46
<u>General</u>	46
<u>Additional Information</u>	46
<u>INFORMATION ABOUT BINAX</u>	47
<u>SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND MORE THAN FIVE PERCENT STOCKHOLDERS OF BINAX</u>	48
<u>COMPARISON OF STOCKHOLDER RIGHTS</u>	49
<u>OTHER MATTERS</u>	52
<u>Legal Matters</u>	52
<u>Experts</u>	52
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	53
Incorporated by Reference	53
<u>PART II INFORMATION NOT REQUIRED IN PROSPECTUS</u>	II-1
Annex A: Agreement and Plan of Merger	A-1
Annex B: Delaware General Corporation Law Section 262	B-1

This information statement/prospectus incorporates important business and financial information about Inverness from documents that it has filed with the Securities and Exchange Commission but that have not been included in or delivered with this information statement/prospectus. For a listing of documents incorporated by reference into this information statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 53 of this information statement/ prospectus.

Inverness will provide you with copies of this information, without charge, upon written or oral request to:

Inverness Medical Innovations, Inc.

51 Sawyer Road, Suite 200

Waltham, Massachusetts 02453

(781) 647-3900

(ii)

Table of Contents

SUMMARY

This summary highlights selected information from this information statement/prospectus. It does not contain all of the information that is important to you. You should carefully read this information statement/prospectus and the other documents incorporated by reference into this information statement/prospectus. See Where You Can Find More Information on page 53. In this information statement/prospectus, we, us and our may refer to either Inverness or Binax, depending on the context in which they are used, and you and your refer to stockholders of Binax.

The Companies (page 46)

Inverness Medical Innovations, Inc.

51 Sawyer Road, Suite 200

Waltham, Massachusetts 02453

(781) 647-3900

Inverness is a leading global developer, manufacturer and marketer of diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostic test market. Inverness is presently exploring new opportunities for its proprietary electrochemical and other technologies in a variety of consumer oriented applications, including immuno-diagnostics with a focus on women's health and cardiology.

Acquisition Corp. is a corporation to be formed as a wholly-owned subsidiary of Inverness that will be solely formed for the purpose of effecting the merger. Acquisition Corp. has not conducted and will not conduct any business until the merger is completed.

Binax, Inc.

217 Read Street

Portland, Maine 04103

(207) 772-3988

Binax was organized in Delaware in 1986. It is engaged primarily in the business of developing, manufacturing, marketing and selling rapid diagnostic tests for the detection of infectious diseases, which tests enable pathogen-specific identification that aid doctors in treatment decisions at the point-of-care. Binax's core business can be classified as antigen-based diagnostic tests for rapid detection of respiratory diseases utilizing a patented, diagnostic platform as a delivery system that Binax has access to on an exclusive basis in certain fields. This platform can be licensed for use in multiple diagnostic markets (e.g. clinical, food, environmental).

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

Roger N. Piasio and Myron C. Hamer are the principal stockholders of Binax and are parties to the merger agreement.

The Merger (page 26)

Binax has agreed to be acquired by Inverness under the terms of the merger agreement that is described in this information statement/prospectus. It is the legal document that governs the merger and we encourage you to read it in its entirety.

To accomplish this acquisition, Binax will merge with and into Acquisition Corp., a newly-formed, wholly-owned subsidiary of Inverness, and Acquisition will be the surviving corporation. The merger agreement, and the merger contemplated thereby, have been approved by both the board of directors of Binax and the stockholders of Binax holding in excess of 50% of the issued and outstanding shares of common stock entitled to vote on the matter.

Table of Contents

Binax Reasons for the Merger (page 30)

In reaching its decision to approve the merger agreement and the merger, the Binax board of directors considered a number of factors, including the value of the per share merger consideration, the opportunity to provide Binax stockholders with the prospect of immediate liquidity, the complementary nature of the businesses and other strategic considerations, the results of Binax's due diligence investigations of Inverness, the long term prospects of Binax and general economic conditions. The Binax board of directors also considered a number of risks, including integration risks and the risk that the market price for Inverness common stock might decline. The Binax board of directors determined to proceed with the merger based on its belief that the merger will contribute to the success of Inverness's business and thereby the value of the Inverness common stock received by the Binax stockholders in the merger.

Inverness Reasons for the Merger (page 29)

In reaching its decision to approve the merger agreement and the merger, Inverness's board of directors considered a number of factors, including Inverness's management's view of the financial performance of Inverness and Binax, the consideration to be paid in the merger and the terms of the merger agreement and ancillary agreements, current market conditions for Inverness stock and the results of Inverness's diligence investigation of Binax. The Inverness board of directors determined to proceed with the merger based on the potential benefits of the merger it believes will contribute to the success of its business. The Inverness board of directors also took into consideration risks associated with the merger.

What You Will Receive in the Merger (page 37)

At the effective time of the merger, each share of common stock of Binax outstanding upon the consummation of the merger, other than shares as to which appraisal rights are exercised or exercisable, will be converted into the right to receive a combination of cash and shares of common stock of Inverness. Each Binax stockholder will have the right to receive a pro rata portion of the merger consideration (each stockholder's pro rata portion will equal the percentage of the outstanding shares of common stock of Binax held by such stockholder immediately prior to the effective time of the merger). As of February 1, 2005, there were outstanding 787,628 shares of common stock of Binax and options to purchase 173,750 shares of common stock of Binax. The total number of shares issued and outstanding at the effective time of the merger will depend on the number of options that are exercised and the number of shares as to which appraisal rights are exercised. If all options are exercised, 961,378 shares of Binax common stock will be issued and outstanding as of the effective time of the merger.

In particular, each share of common stock of Binax outstanding at the effective time of the merger will receive a pro rata portion of the following aggregate merger consideration:

1,433,333 shares of Inverness common stock;

cash consideration of \$8,600,000 (including \$600,000 to be transferred to the Binax stockholders' representative in order to provide funds to satisfy certain claims for contribution for indemnification that may arise under the merger agreement), less the amount by which expenses incurred by Binax in connection with the merger transaction exceed \$175,000 if the merger is completed on or before February 28, 2005 and \$200,000 if the merger is completed after February 28, 2005, and

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

contingent cash consideration, if and when earned, of up to \$11,000,000.

Based on the closing price per share of Inverness common stock on February 8, 2005, 1,433,333 shares of Inverness common stock had an aggregate value of approximately \$36.1 million.

Table of Contents

Appraisal Rights of Dissenting Stockholders (page 34)

If you object to the merger, the Delaware General Corporation Law, or DGCL, permits you to seek relief as a dissenting stockholder and have the fair value of your shares of Binax common stock determined by a court and paid to you in cash.

If you are a Binax stockholder who did not execute the written consent approving the merger and wish to dissent to the merger, you must deliver to Inverness, by 20 days after the date of mailing of this information statement information statement/prospectus a written demand for appraisal of your shares.

Beneficial owners of Binax common stock whose shares are held of record by another person, such as a bank, broker or nominee, and who wish to seek appraisal, should instruct the record holder to follow the appraisal procedures of the DGCL. The relevant provisions of the DGCL are technical in nature and complex. If you wish to exercise appraisal rights and obtain appraisal of the fair value of your shares, you may wish to consult with legal counsel, because the failure to comply strictly with these provisions may result in waiver or forfeiture of your appraisal rights.

A copy of Section 262 of the DGCL which governs this process is attached as Annex B to this information statement/prospectus.

What is Needed to Complete the Merger (page 42)

Several customary contractual conditions set forth in the merger agreement must be satisfied before the merger will be completed. If the law permits, Inverness or Binax may each waive conditions for their benefit and their stockholders benefit and complete the merger even though one or more of these conditions has not been met. Neither Inverness nor Binax can assure you that the conditions will be satisfied or waived or that the merger will occur.

Indemnification Arrangement (page 42)

If the merger occurs, Messrs. Piasio and Hamer will be obligated to indemnify Inverness and its affiliates against losses due to, among other things, the breach or inaccuracy of any of Binax's representations and warranties made in the merger agreement. In order for the Binax stockholders to receive their pro rata portion of the merger consideration, they must agree to contribute their proportionate share of any such indemnification claim.

Inverness has also agreed to indemnify the former Binax stockholders against losses due to, among other things, the breach or inaccuracy of Inverness representations and warranties contained in the merger agreement.

No party is obliged to indemnify the other for a breach of any representation or warranty until the aggregate amount of all such damages exceeds \$500,000. No individual claim involving damages of minor claims of less than \$5,000 will be included in any determination of whether the

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

\$500,000 threshold has been reached. However, once the aggregate damages from all claims exceeds \$500,000, indemnification is required for the total amount of such damages, including the \$500,000 threshold but excluding all minor claims of less than \$5,000.

Termination of the Merger Agreement (page 44)

Inverness and Binax may mutually agree at any time to terminate the merger agreement without completing the merger, even though the Binax stockholders have approved it. Either party (so long as it has not materially breached the merger agreement in a manner that caused the merger not to be consummated) may terminate the merger agreement prior to closing if:

the merger has not been completed by April 30, 2005; or

if the other party has breached any representation, warranty, covenant or agreement in the merger agreement, and fails to cure the breach within ten days after receiving written notice of it.

Table of Contents

Binax Stockholder Approval of Merger by Written Consent (page 25)

Pursuant to Binax's certificate of incorporation and applicable law, holders of Binax common stock are entitled to one vote per share on all matters voted upon by Binax stockholders. On February 8, 2005, stockholders representing in excess of the requisite number of shares of Binax capital stock required under Delaware law to approve the merger, executed and delivered a written consent approving the merger and adopting the merger agreement. As of that date, Binax had outstanding 787,628 shares of common stock. As of the date of execution, the holders executing the written consent represented approximately 66% of the common stock outstanding.

Interests of Certain Persons in the Merger (page 31)

The directors and some of the executive officers of Binax have interests in the merger that may be different from, or in addition to, the interests of Binax stockholders. These interests include the potential employment of Messrs. Piasio and Hamer and certain key employees of Binax by Inverness following the consummation of the merger.

U.S. Federal Income Tax Consequences (page 33)

The merger is intended to qualify as a tax-free reorganization. As a general matter, therefore, no gain or loss will be recognized by Binax stockholders on the exchange of their Binax capital stock for Inverness common stock pursuant to the merger, except with respect to cash received. Different tax consequences may apply to you because of your individual circumstances or because special tax rules apply to you.

You should consult your tax advisor for a full explanation of the tax consequences of the merger to you.

Accounting Treatment (page 32)

The merger is expected to be accounted for using the purchase method of accounting.

Government and Regulatory Approvals

No federal or state regulatory approval is required in connection with the merger.

Table of Contents

**SUMMARY SELECTED CONSOLIDATED HISTORICAL
FINANCIAL DATA OF INVERNESS**

The following tables provide selected consolidated financial data of Inverness as of and for each of the years in the five-year period ended December 31, 2003 and for the nine months ended September 30, 2004.

The selected consolidated financial data as of and for each of the years in the three-year period ended December 31, 2003 and for the nine months ended September 30, 2004 and 2003 have been derived from our consolidated financial statements which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, as filed with the SEC on March 15, 2004 and amended on April 22, 2004 and October 6, 2004, and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2004, as filed with the SEC on November 9, 2004, respectively. The selected consolidated financial data is subject to updating for the pending restatements announced by Inverness in its Current Reports on Form 8-K filed on December 2, 2004 and February 9, 2005, which address and quantify the impact of the respective restatements. The selected consolidated financial data will be amended by pre-effective amendment to this information statement/prospectus upon Inverness' filing of restated consolidated financial statements. The information for the year ended December 31, 2001 included in our consolidated financial statements was audited by Arthur Andersen LLP, independent public accountants. The selected consolidated financial data as of December 31, 2001, 2000 and 1999 and for the years ended December 31, 2000 and 1999 have been derived from our audited consolidated financial statements, which were audited by Arthur Andersen LLP.

On November 21, 2001, Inverness was split-off as an independent public company as part of a split-off and merger transaction whereby Johnson & Johnson acquired Inverness' former parent company, Inverness Medical Technology, Inc., or IMT. As part of the split-off and merger, Inverness acquired all rights to IMT's women's health, nutritional supplement and professional diagnostics businesses, as well as certain intellectual property. Because Inverness had not historically been operated or accounted for as a stand-alone business, the financial results for the periods prior to the split-off on November 21, 2001, presented below in the selected consolidated financial data, are derived from consolidated financial statements of Inverness' businesses, which have been carved out of IMT's financial statements in accordance with the requirements of accounting principles generally accepted in the United States of America, or GAAP. Because the financial results for the periods prior to the split-off have been carved out of IMT's past financial statements, they may not reflect what Inverness' results of operations and financial position would have been had Inverness been a separate stand-alone entity during those periods or be indicative of Inverness' future performance. In addition, the acquisitions of the Unipath business in December 2001, IVC Industries, Inc. (now doing business as Inverness Medical Nutritionals Group, or IMN) in March 2002, Wampole Laboratories in September 2002, Ostex International, Inc. in June 2003, ABI in August 2003 and the Abbott rapid diagnostics business in September 2003 materially affected the comparability of the selected consolidated financial data. For a discussion of certain factors that materially affect the comparability of the selected consolidated financial data or cause the data reflected herein not to be indicative of Inverness' future results of operations or financial condition, see Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations of Inverness' Form 10-K, which is incorporated herein by reference, and the Risk Factors beginning on page 9 of this information statement/prospectus.

Inverness has made certain restatements to its consolidated financial statements as of and for the years ended December 31, 2003 and 2002. For a discussion of the restatements, see Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and note 2(q) of its consolidated financial statements included in its Form 10-K which is incorporated herein by reference.

Table of Contents

It is important for you to read the following summary of selected financial data together with Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and with its consolidated financial statements and accompanying notes in its Form 10-K, its Quarterly Report on Form 10-Q for the nine months ended September 30, 2004, all of which are incorporated by reference in this information statement/prospectus.

	Year ended December 31,					Nine months ended September 30,	
	1999	2000	2001	2002 ⁽²⁾	2003	2003	2004
	(restated)					(restated)	
	(in thousands)					(unaudited)	
Statement of Operations Data:							
Net product sales	\$ 49,087	\$ 49,728	\$ 47,268	\$ 200,399	\$ 286,984	\$ 196,182	\$ 269,629
License revenue				6,405	9,728	7,030	7,304
Net revenue	49,087	49,728	47,268	206,804	296,712	203,212	276,933
Cost of sales	28,348	26,796	26,662	114,653	168,120	113,217	166,533
Gross profit	20,739	22,932	20,606	92,151	128,592	89,995	110,400
Operating expenses:							
Purchased in-process research and development			6,980				
Research and development	1,395	1,360	1,810	14,471	24,280	17,055	23,265
Sales and marketing	8,056	7,540	8,018	39,544	51,705	36,949	40,437
General and administrative	7,214	7,048	11,702	28,066	35,452	24,013	38,510
Charge related to asset impairment				12,682			
Stock-based compensation			10,441	10,625	447	66	
Total operating expenses	16,665	15,948	38,951	105,388	111,884	78,083	102,212
Operating income (loss)	4,074	6,984	(18,345)	(13,237)	16,708	11,912	8,188
Interest and other income (expense), net	(2,710)	(2,423)	(4,310)	(5,955)	(3,270)	(336)	(15,502)
Income (loss) from continuing operations before income taxes	1,364	4,561	(22,655)	(19,192)	13,438	11,576	(7,314)
Provision for income taxes	1,007	1,781	2,134	2,683	1,169	2,019	1,202
Income (loss) from continuing operations	\$ 357	\$ 2,780	\$ (24,789)	\$ (21,875)	\$ 12,269	\$ 9,557	\$ (8,516)
Income (loss) from continuing operations available to common stockholders ⁽¹⁾ :							
Basic ⁽¹⁾	\$ 357	\$ 2,780	\$ (24,789)	\$ (33,823)	\$ 11,311	\$ 9,099	\$ (9,265)
Diluted ⁽¹⁾	\$ 357	\$ 2,780	\$ (24,789)	\$ (33,823)	\$ 11,491	\$ 9,581	\$ (9,265)
Income (loss) from continuing operations per common share ⁽¹⁾ :							
Basic ⁽¹⁾	\$ 0.11	\$ 0.59	\$ (3.89)	\$ (3.40)	\$ 0.72	\$ 0.62	\$ (0.47)

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

Diluted ⁽¹⁾	\$ 0.11	\$ 0.59	\$ (3.89)	\$ (3.40)	\$ 0.64	\$ 0.55	\$ (0.47)
------------------------	---------	---------	-----------	-----------	---------	---------	-----------

Table of Contents

	December 31,					September 30,
	1999	2000	2001	2002	2003	2004
				(restated)		(unaudited) (restated)
	(in thousands, except per share data)					
Balance Sheet Data:						
Cash and cash equivalents	\$ 661	\$ 3,071	\$ 52,024	\$ 30,668	\$ 24,622	\$ 18,944
Working capital (deficit)	(4,060)	(6,464)	19,555	27,685	45,220	65,547
Total assets	72,210	74,958	278,521	357,255	543,468	568,652
Total debt	19,076	12,830	78,124	104,613	176,181	200,115
Redeemable convertible preferred stock			51,894	9,051	6,185	
Total stockholders equity	34,953	41,812	89,614	162,609	269,549	271,754

- (1) Income (loss) available to common stockholders and diluted income (loss) per share are computed as described in notes 1, 2(k) and 11 of the Inverness consolidated financial statements included in its Annual Report on Form 10-K/A, Amendment No. 2, as filed with the SEC on October 6, 2004 and incorporated herein by reference.
- (2) Upon the adoption of Statement of Financial Accounting Standards, or SFAS No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, Inverness recorded an impairment charge of \$12.1 million, or \$1.22 per basic and diluted share, and accounted for the charge as a cumulative effect of a change in accounting principal which was subtracted from loss from continuing operations to arrive at net loss. Consequently, net loss available to common stockholders in 2002 was \$46.0 million, or \$4.62 per basic and diluted share.

Table of Contents

RISK FACTORS

The merger and an investment in Inverness involves the risks described below. These risk factors, as well as the other information included in this information statement/prospectus, include certain forward-looking statements; you should read the qualifications and limitations on such forward-looking statements beginning on page 24 of this information statement/prospectus.

Former Binax stockholders may be unable to sell their shares of Inverness stock immediately upon closing of the merger.

Former Binax stockholders will experience a delay between the time at which the merger is completed and the time at which they actually receive stock certificates evidencing their Inverness stock. Until stock certificates are received, former Binax stockholders may not be able to sell their Inverness shares in the open market and, therefore, may be unable to avoid losses resulting from any decrease in the trading price of Inverness stock during this period. In addition, because of restrictions on trading imposed by Rules 144 and 145 under the Securities Act of 1933, affiliates of Binax may be unable to sell their shares for a period of time and thereby may be unable to avoid losses resulting from any decrease in the trading price of Binax stock following the effective date of the merger. Stock price changes may result from a variety of factors that are beyond the control of Inverness and Binax, including general market and economic conditions as well as factors that are directly attributable to Inverness performance.

The business of Inverness has substantial indebtedness, which could, among other things, make it more difficult for it to satisfy its debt obligations, require it to use a large portion of its cash flow from operations to repay and service its debt or otherwise create liquidity problems, limit its flexibility to adjust to market conditions, place it at a competitive disadvantage and expose it to interest rate fluctuations.

Inverness currently has, and it will likely continue to have, a substantial amount of indebtedness. As of December 31, 2004, Inverness had approximately \$192.3 million in aggregate principal indebtedness outstanding, of which \$22.3 million is secured indebtedness, and \$29.9 million of additional borrowing capacity under the revolving portions of its credit facilities. In addition, subject to restrictions in its credit facilities and the indenture governing its \$150 million in outstanding 8³/₄% senior subordinated notes, or the senior subordinated notes, Inverness may incur additional indebtedness. During the year ended December 31, 2003 and the nine months ended September 30, 2004, Inverness recorded \$9.7 million and \$17.2 million, respectively, of interest expense related to its indebtedness, which included \$1.0 million and \$4.0 million, respectively, in non-cash interest primarily related to amortization of debt origination costs.

Inverness substantial indebtedness could affect its future operations in important ways. For example, it could:

make it more difficult to satisfy its obligations under the senior subordinated notes, its credit facilities and its other debt-related instruments;

require it to use a large portion of its cash flow from operations to pay principal and interest on its indebtedness, which would reduce the amount of cash available to finance its operations and other business activities and may require it, in order to meet its debt service obligations, to delay or reduce capital expenditures or the introduction of new products and/or forego business opportunities, including acquisitions, research and development projects or product design enhancements;

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

limit its flexibility to adjust to market conditions, leaving it vulnerable in a downturn in general economic conditions or in its business and less able to plan for, or react to, changes in its business and the industries in which it operates;

impair its ability to obtain additional financing;

place it at a competitive disadvantage compared to its competitors that have less debt; and

expose it to fluctuations in the interest rate environment with respect to its indebtedness that bears interest at variable rates.

Table of Contents

Inverness expects to obtain the money to pay its expenses and to pay the principal and interest on the senior subordinated notes, its senior credit facility and its other debt from cash flow from its operations and from additional loans under its senior credit facility, subject to continued covenant compliance. Its ability to meet its expenses thus depends on its future performance, which will be affected by financial, business, economic and other factors. Inverness will not be able to control many of these factors, such as economic conditions in the markets in which it operates and pressure from competitors. Inverness cannot be certain that its cash flow will be sufficient to allow it to pay principal and interest on its debt and meet its other obligations. If its cash flow and capital resources prove inadequate, it could face substantial liquidity problems and might be required to dispose of material assets or operations, restructure or refinance its debt, including the notes, seek additional equity capital or borrow more money. Inverness cannot guarantee that it will be able to do so on terms acceptable to it. In addition, the terms of existing or future debt agreements, including the credit agreement governing its senior credit facility and the indenture governing the senior subordinated notes, may restrict it from adopting any of these alternatives.

Inverness has entered into agreements governing its indebtedness that subject it to various restrictions that may limit its ability to pursue business opportunities.

The agreements governing its indebtedness, including the credit agreement governing its senior credit facility and the indenture governing the senior subordinated notes, subject Inverness to various restrictions on its ability to engage in certain activities, including, among other things, its ability to:

incur additional indebtedness;

pay dividends or make distributions or repurchase or redeem its stock;

acquire other businesses;

make investments;

make loans to or extend credit for the benefit of third parties or its subsidiaries;

enter into transactions with affiliates;

raise additional capital;

make capital or finance lease expenditures;

dispose of or encumber assets; and

consolidate, merge or sell all or substantially all of its assets.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

These restrictions may limit its ability to pursue business opportunities or strategies that it would otherwise consider to be in its best interests. In particular, all acquisitions of other businesses, other than very small acquisitions, will require it to obtain its lenders' consent under its senior credit facility. Inverness has been required to obtain, and has obtained, its lenders' consent under its senior credit facility in order to complete its acquisitions of the Wampole Division of MedPointe Inc., or Wampole, Ostex International, Inc., or Ostex, Applied Biotech, Inc., or ABI, and the rapid diagnostics business that it acquired from Abbott Laboratories, or the Abbott rapid diagnostics business and Binax.

Inverness' senior credit facility contains certain financial covenants that it may not satisfy which, if not satisfied, could result in the acceleration of the amounts due thereunder and the limitation of its ability to borrow additional funds in the future.

As of December 31, 2004, Inverness had approximately \$20.1 million of indebtedness outstanding under its senior credit facility and approximately \$29.9 million of additional borrowing capacity thereunder. The agreements governing this facility subject it to various financial and other covenants with which it must comply on an ongoing or periodic basis. These include covenants pertaining to fixed charge coverage, capital expenditures, various leverage ratios, minimum EBITDA and minimum cash requirements. If Inverness violates

Table of Contents

any of these covenants, there may be a material adverse effect on it. Most notably, its outstanding debt under its senior credit facility could become immediately due and payable, its lenders could proceed against any collateral securing such indebtedness, and its ability to borrow additional funds in the future may be limited.

A default by Inverness under any of its agreements governing its indebtedness could result in a default and acceleration of indebtedness under other agreements.

The agreements governing Inverness' indebtedness, including its senior credit facility and the indenture governing the senior subordinated notes, contain cross-default provisions whereby a default under one agreement could result in a default and acceleration of its repayment obligations under other agreements. If a cross-default were to occur, Inverness may not be able to pay its debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on terms or commercially reasonable terms that are acceptable to Inverness. If some or all of its indebtedness is in default for any reason, its business, financial condition and results of operations could be materially and adversely affected.

Inverness may not be able to satisfy its debt obligations upon a change of control, which could limit its opportunity to enter into a change of control transaction.

Upon the occurrence of a change of control, as defined in the indenture governing the senior subordinated notes, each holder of the senior subordinated notes will have the right to require it to purchase the notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest. Its failure to purchase, or give notice of purchase of, the senior subordinated notes would be a default under the indenture, which would in turn be a default under its senior credit facility. In addition, a change of control may constitute an event of default under its senior credit facility. A default under its senior credit facility would result in an event of default under its 10% subordinated notes and, if the lenders accelerate the debt under its senior credit facility, the indenture governing the senior subordinated notes, and may result in the acceleration of any of its other indebtedness outstanding at the time. As a result, if Inverness does not have enough cash to repay all of its indebtedness or to repurchase all of the senior subordinated notes, Inverness may be limited in the change of control transactions that it may pursue.

Inverness' acquisitions, including its acquisition of Binax, may not be profitable, and the integration of these businesses may be costly and difficult and may cause disruption of its business.

In addition to the acquisition of Binax, Inverness has, since commencing activities in November 2001, acquired and attempted to integrate into its operations Unipath Limited and its associated companies and assets, or the Unipath business, IVC Industries, Inc. (now doing business as Inverness Medical Nutritionals Group, or IMN), Wampole, Ostex, ABI and the Abbott rapid diagnostics business. Inverness has also made a number of smaller acquisitions. The ultimate success of all of its acquisitions depends, in part, on its ability to realize the anticipated synergies, cost savings and growth opportunities from integrating these businesses or assets into its existing businesses. However, the successful integration of independent businesses or assets is a complex, costly and time-consuming process. The difficulties of integrating companies and acquired assets include among others:

consolidating manufacturing and research and development operations, where appropriate; integrating newly acquired businesses or product lines into a uniform financial reporting system;

coordinating sales, distribution and marketing functions;

establishing or expanding manufacturing, sales, distribution and marketing functions in order to accommodate newly acquired businesses or product lines;

preserving the important licensing, research and development, manufacturing and supply, distribution, marketing, customer and other relationships;

minimizing the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Table of Contents

Inverness may not accomplish the integration of its acquisitions smoothly or successfully. The diversion of the attention of its management from its current operations to the integration effort and any difficulties encountered in combining operations could prevent it from realizing the full benefits anticipated to result from these acquisitions and adversely affect its other businesses. Additionally, the costs associated with the integration of its acquisitions, including its costs associated with the integration of the operations of Ostex and ABI and the Abbott rapid diagnostics business, can be substantial. To the extent that Inverness incurs integration costs that are not anticipated when it finances its acquisitions, these unexpected costs could adversely impact its liquidity or force it to borrow additional funds. Ultimately, the value of any business or asset that Inverness has acquired may not be greater than or equal to its purchase prices.

If Inverness chooses, as it did in acquiring Binax, to invest in new and complementary businesses, products or technologies instead of developing them itself, such acquisitions or investments could disrupt its business and, depending on how it finances these acquisitions or investments, could result in the use of significant amounts of cash.

Inverness' success depends in part on its ability to continually enhance and broaden its product offerings in response to changing technologies, customer demands and competitive pressures. Accordingly, from time to time it may seek to acquire or invest in businesses, products or technologies instead of developing them themselves. Acquisitions and investments involve numerous risks, including:

the inability to complete the acquisition or investment;

disruption of its ongoing businesses and diversion of management attention;

difficulties in integrating the acquired entities, products or technologies;

difficulties in operating the acquired business profitably;

difficulties in transitioning key customer, distributor and supplier relationships;

risks associated with entering markets in which it has no or limited prior experience; and

unanticipated costs.

In addition, any future acquisitions or investments may result in:

issuances of dilutive equity securities, which may be sold at a discount to market price;

use of significant amounts of cash;

the incurrence of debt;

the assumption of significant liabilities;

unfavorable financing terms;

large one-time expenses; and

the creation of certain intangible assets, including goodwill, the write-down of which may result in significant charges to earnings.

Any of these factors could materially harm its business or its operating results.

If goodwill and/or other intangible assets that Inverness has recorded in connection with its acquisitions of other businesses become impaired, it could have to take significant charges against earnings.

In connection with the accounting for its acquisitions of the Unipath business, Wampole, Ostex, ABI and the Abbott rapid diagnostics business, Inverness has recorded a significant amount of goodwill and other intangible assets. Under current accounting guidelines, Inverness must assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect its reported results of operations in future periods.

Table of Contents

Inverness could experience significant manufacturing delays, disruptions to its ongoing research and development and increased production costs if Unilever is unable to successfully assign or sublease to it the lease for the multi-purpose facility that it currently uses in Bedford, England.

One of Inverness' primary operating facilities is located in Bedford, England. The Bedford facility is a multi-purpose facility that is registered with the FDA, contains state-of-the-art research laboratories and is equipped with specialized manufacturing equipment. This facility currently provides the manufacturing for its Clearblue products and some of its Clearview products, serves as its primary research and development center and serves as the administrative center for its European operations. Inverness also uses this facility to manufacture the digital and non-digital e.p.t pregnancy tests for Pfizer in connection with its supply arrangements with Pfizer for these products. Inverness is currently using the Bedford facility pursuant to its acquisition agreement with Unilever relating to its acquisition of the Unipath business in late 2001. Unilever currently leases this facility from a third party landlord. Pursuant to the terms of Unilever's lease, Unilever cannot assign the lease or sublet the Bedford facility to Inverness without first obtaining the landlord's consent. The landlord has not yet, and may not in the future, consent to an assignment of the lease or a sublease to it. The terms of the acquisition agreement obligate Unilever to provide to Inverness the benefit of the lease of the Bedford facility. If Unilever is unable to successfully acquire such consent or otherwise enable Inverness to realize the benefit of Unilever's lease of the Bedford facility, or if the lease is terminated, Inverness may be forced to renegotiate a lease of the Bedford facility on substantially less favorable terms or seek alternative means of producing its products, conducting its research and housing its European administrative staff. In either case, Inverness may experience increased production costs or manufacturing delays, which could prevent it from meeting contractual supply obligations or jeopardize important customer relationships. Inverness may also suffer disruptions to its ongoing research and development while it is resolving these issues. Inverness cannot assure you that it will be able to renegotiate a lease for the Bedford facility on terms that are acceptable to it or find an acceptable replacement for this facility. Any one or more of these events may have a material adverse effect on it.

Inverness may experience manufacturing problems or delays, which could result in decreased revenues or increased costs.

Inverness currently produces most of its consumer products in its manufacturing facilities located in New Jersey, San Diego, Bedford, England and Galway, Ireland and some of its professional diagnostic tests in its manufacturing facilities located in Bedford, England, San Diego and Yavne, Israel. Its production processes are complex and require specialized and expensive equipment. Replacement parts for its specialized equipment can be expensive and, in some cases, can require lead times of up to a year to acquire. In addition, its private label consumer products business, and its private label and bulk nutritional supplements business in particular, rely on operational efficiency to mass produce products at low margins per unit. Inverness also relies on numerous third parties to supply production materials and in some cases there may not be alternative sources immediately available.

In addition, Inverness currently relies on nine significant third-party manufacturers, as well as numerous other less significant manufacturers, to produce many of its professional diagnostic products and certain components of its consumer diagnostic products, including products in development. In addition, certain of the products acquired as part of the Abbott rapid diagnostics business are currently manufactured for it by Abbott Laboratories in Chicago under the terms of a transitional arrangement. Any event impacting its manufacturing facilities, its manufacturing systems or equipment, or its contract manufacturers or suppliers, including, without limitation, wars, terrorist activities, natural disasters and outbreaks of infectious disease (such as SARS), could delay or suspend shipments of products or the release of new products or could result in the delivery of inferior products. Inverness' revenues from the affected products would decline or it could incur losses until such time as it was able to restore its production processes or put in place alternative contract manufacturers or suppliers. Even though it carries business interruption insurance policies, Inverness may suffer losses as a result of business interruptions that exceed the coverage available under its insurance policies.

Table of Contents

Sales of Inverness new digital pregnancy tests, including a digital version of Pfizer's e.p.t pregnancy test, may dilute sales of its other consumer pregnancy test products or the non-digital e.p.t pregnancy test, which it also manufactures for Pfizer, and, accordingly, these sales may not increase its overall revenues or profitability.

In the second quarter of 2003, Inverness shipped the first orders for its new digital pregnancy test, Clearblue Easy Digital, which is the first consumer pregnancy test on the market to display test results in words. Inverness also entered into a supply agreement with Pfizer pursuant to which it began in December 2003 supplying Pfizer with a digital version of its e.p.t pregnancy tests on a non-exclusive basis. Instead of interpreting colored lines for a result, the digital display will spell out Pregnant or Not Pregnant. Inverness cannot assure you that sales of these new products will not dilute sales of its other consumer pregnancy test products or the non-digital e.p.t pregnancy test, which it will manufacture for Pfizer until June 2009. Accordingly, there is no assurance that these new products will increase its overall revenues or profitability.

Inverness may experience difficulties that may delay or prevent its development, introduction or marketing of new or enhanced products.

Inverness intends to continue to invest in product and technology development. The development of new or enhanced products is a complex and uncertain process. Inverness may experience research and development, manufacturing, marketing and other difficulties that could delay or prevent its development, introduction or marketing of new products or enhancements. Inverness cannot be certain that:

any of the products under development will prove to be effective in clinical trials;

it will be able to obtain, in a timely manner or at all, regulatory approval to market any of its products that are in development or contemplated;

any of such products can be manufactured at acceptable cost and with appropriate quality; or

any such products, if and when approved, can be successfully marketed.

While Inverness currently expects to submit a pro-thrombin test for FDA approval in early 2005 and to launch a congestive heart failure product in late 2005 and has announced several new infectious disease products (including a high sensitivity, CLIA waived strep throat test and tests for D-Dimer, Fecal Occult Blood and rapid influenza A & B tests), the factors listed above, as well as manufacturing or distribution problems, or other factors beyond its control, could delay these launches. In addition, Inverness cannot assure you that the market will accept these products. Accordingly, there is no assurance that its overall revenues will increase if and when these new products are launched.

Inverness may experience difficulties that may delay or prevent it from completing its plans to centralize its U.S. consumer products packaging and distribution facilities and its plans to manufacture certain products in China.

Inverness has commenced operations of its centralized U.S. consumer products packaging and distribution facility, and has begun to transition the manufacture of certain products to China. Inverness may not complete its plans with respect to these operations in the time projected, or at all, if it is unable to develop or finalize the necessary third party relationships; acquire the required facilities, equipment or materials; or obtain

any necessary consents or approvals. In addition, even if Inverness does succeed in developing these new operations on schedule, operational problems, or other factors beyond its control, may prevent or delay Inverness from recognizing cost savings, margin improvements or other benefits that it may expect.

If Inverness fails to meet strict regulatory requirements, it could be required to pay fines or even close its facilities.

Inverness facilities and manufacturing techniques generally must conform to standards that are established by government agencies, including those of European and other foreign governments, as well as the FDA, and, to a

Table of Contents

lesser extent, the U.S. Drug Enforcement Administration, or the DEA, and local health agencies. These regulatory agencies may conduct periodic audits of its facilities to monitor its compliance with applicable regulatory standards. If a regulatory agency finds that Inverness fails to comply with the appropriate regulatory standards, such agency may impose fines on Inverness, delay or withdraw pre-market clearances or other regulatory approvals or if such a regulatory agency determines that its non-compliance by Inverness is severe, such agency may close Inverness facilities. Any adverse action by an applicable regulatory agency could impair Inverness' ability to produce its products in a cost-effective and timely manner in order to meet its customers' demands. These regulatory agencies may also impose new or enhanced standards that would increase its costs as well as the risks associated with non-compliance. For example, Inverness anticipates that the FDA may soon finalize and implement good manufacturing practice, or GMP, regulations for nutritional supplements. GMP regulations would require supplements to be prepared, packaged and held in compliance with certain rules, and might require quality control provisions similar to those in the GMP regulations for drugs. While Inverness' manufacturing facilities for nutritional supplements have been subjected to, and passed, third party inspections against anticipated GMP standards, the ongoing compliance required in the event that GMP regulations are adopted would involve additional costs and would present new risks associated with any failure to comply with the regulations in the future.

If Inverness delivers products with defects, its credibility may be harmed, market acceptance of its products may decrease and it may be exposed to liability in excess of its product liability insurance coverage.

The manufacturing and marketing of consumer and professional diagnostic products involve an inherent risk of product liability claims. In addition, Inverness' product development and production are extremely complex and could expose its products to defects, and any defects could harm its credibility and decrease market acceptance of its products. In addition, Inverness' marketing of vitamins and nutritional supplements may cause it to be subjected to various product liability claims, including, among others, claims that the vitamins and nutritional supplements have inadequate warnings concerning side effects and interactions with other substances. Potential product liability claims may exceed the amount of Inverness' insurance coverage or may be excluded from coverage under the terms of the policy. In the event that Inverness is held liable for a claim for which it is not indemnified, or for damages exceeding the limits of its insurance coverage, that claim could materially damage its business and its financial condition.

Inverness' sales of brand name nutritional supplements have been trending downward since 1998 due to the maturity of the market segments they serve and the age of that product line and it may experience further declines in sales of those products.

Inverness' aggregate sales of all of its brand name nutritional products, including, among others, Ferro-Sequels, Stresstabs, Protegra, Posture, SoyCare, ALLBEE, and Z-BEC, have declined each year since 1998 through the year 2002, except in 2002 when they increased slightly as compared to 2001. Inverness believes that these products have under-performed because they are, for the most part, aging brands with limited brand recognition that face increasing private label competition. The overall age of this product line means that it is subject to future distribution loss for under-performing brands, while its opportunities for new distribution on the existing product lines are limited. As a result, Inverness does not expect significant sales growth of its existing brand name nutritional products and it may experience further declines in overall sales of its brand name nutritional products in the future.

Inverness' sales of specific vitamins and nutritional supplements could be negatively impacted by media attention or other news developments that challenge the safety and effectiveness of those specific vitamins and nutritional supplements.

Most growth in the vitamin and nutritional supplement industry is attributed to new products that tend to generate greater attention in the marketplace than do older products. Positive media attention resulting from new scientific

Table of Contents

studies or announcements can spur rapid growth in individual segments of the market, and also impact individual brands. Conversely, news that challenges individual segments or products can have a negative impact on the industry overall as well as on sales of the challenged segments or products. Most of Inverness vitamin and nutritional supplements products serve well-established market segments and, absent unforeseen new developments or trends, are not expected to benefit from rapid growth. A few of its vitamin and nutritional products are newer products that are more likely to be the subject of new scientific studies or announcements, which could be either positive or negative. News or other developments that challenge the safety or effectiveness of these products could negatively impact the profitability of Inverness vitamin and nutritional supplements business.

Inverness could suffer monetary damages, incur substantial costs or be prevented from using technologies important to its products as a result of a number of pending legal proceedings.

Inverness is involved in various legal proceedings arising out of its consumer diagnostics, nutritional supplements and professional diagnostics business. Its material pending legal proceedings are:

a counterclaim by Princeton BioMeditech Corporation, or PBM, against it in a patent infringement suit maintained by its subsidiaries, Inverness Medical Switzerland GmbH and Unipath Diagnostics, Inc., against PBM et. al. in which PBM alleges that it has breached various obligations to PBM arising out of its joint venture with it; and

a suit brought by Quidel Corporation alleging that it is infringing U.S. Patent No. 4,943,522 and seeking a declaratory finding that Quidel does not infringe certain of its patents and certain other patents owned by co-defendant Armkel LLC and that the patents are invalid and/or unenforceable.

Because of the nature of its business, Inverness may be subject at any particular time to commercial disputes, consumer product claims or various other lawsuits arising in the ordinary course of its business, including employment matters, and expect that this will continue to be the case in the future. Such lawsuits generally seek damages, sometimes in substantial amounts, for commercial or personal injuries allegedly suffered and can include claims for punitive or other special damages. An adverse ruling or rulings in one or more such lawsuits could, individually or in the aggregate, have a material adverse effect on its sales, operations or financial performance. In addition, it aggressively defends its patent and other intellectual property rights. This often involves bringing infringement or other commercial claims against third parties, such as its litigation against Acon Laboratories. These suits can be expensive and result in counterclaims challenging the validity of its patents and other rights. Inverness cannot assure you that these lawsuits or any future lawsuits relating to its businesses will not have a material adverse effect on it.

The profitability of Inverness consumer products businesses may suffer if it is unable to establish and maintain close working relationships with its customers.

For the year ended December 31, 2003 and the nine months ended September 30, 2004, 69% and 66% of its net product sales, respectively, were derived from its consumer products business. Its consumer products businesses rely to a great extent on close working relationships with its customers rather than long-term exclusive contractual arrangements. Customer concentration in these businesses is high, especially in its private label nutritional supplements business. In addition, customers of its branded and private label consumer products businesses purchase products through purchase orders only and are not obligated to make future purchases. Inverness therefore relies on its ability to deliver quality products on time in order to retain and generate customers. If Inverness fails to meet its customers' needs or expectations, whether due to manufacturing issues that affect quality or capacity issues that result in late shipments, it will harm its reputation and customer relationships and likely lose customers. Additionally, if Inverness is unable to maintain close working relationships with its customers, sales of all of its products and its ability to successfully launch new products could suffer. The loss of a major customer and the failure to generate new accounts could significantly reduce its revenues or prevent it from achieving projected growth.

Table of Contents

The profitability of Inverness consumer products businesses may suffer if Pfizer Inc. is unable to successfully market and sell its e.p.t pregnancy tests.

Under the terms of a manufacturing, packaging and supply agreement that Inverness entered into with Pfizer Inc., through one of its wholly-owned subsidiaries, Pfizer purchases its non-digital e.p.t pregnancy tests from Inverness through June 6, 2009. Additionally, under the terms of a separate supply agreement, in December 2003, Inverness began supplying Pfizer with a digital version of its e.p.t pregnancy test on a non-exclusive basis. The amount of revenues or profits that Inverness generates under these agreements will depend on the volume of orders that it receives from Pfizer. As a result, if Pfizer is unable to successfully market and sell its e.p.t pregnancy tests, or if other events adversely affect the volume of Pfizer's sales of its e.p.t pregnancy tests, then Inverness' future revenues and profit may be adversely affected.

Because sales of Inverness private label nutritional supplements are generally made at low margins, the profitability of these products may suffer significantly as a result of relatively small increases in raw material or other manufacturing costs.

Sales of Inverness' private label nutritional supplements, which for the year ended December 31, 2003 and the nine months ended September 30, 2004, provided approximately 18% and 21%, respectively, of its net product sales, generate low profit margins. Inverness relies on its ability to efficiently mass produce nutritional supplements in order to make meaningful profits from these products. Changes in raw material or other manufacturing costs can drastically cut into or eliminate the profits generated from the sale of a particular product. For the most part, Inverness does not have long-term supply contracts for its required raw materials and, as a result, its costs can increase with little notice. The private label nutritional supplements business is also highly competitive such that Inverness' ability to raise prices as a result of increased costs is limited. Customers generally purchase private label products via purchase order, not through long-term contracts, and they often purchase these products from the lowest bidder on a product-by-product basis. The internet has enhanced price competition among private label manufacturers through the advent of on-line auctions, where customers will auction off the right to manufacture a particular product to the lowest bidder. The resulting margin erosion in its nutritionals business has resulted in a reduction in Inverness' overall gross margin and contributed to significant losses in 2004 through September, as compared to its income in the comparable period of 2003.

Retailer consolidation poses a threat to Inverness' existing retailer relationships and could result in lost revenue.

In recent years there has been a rapid consolidation within the mass retail industry. Drug store chains, grocery stores and mass merchandisers, the primary purchasers of its consumer diagnostic products and vitamins and nutritional supplements, have all been subject to this trend. Because these customers purchase through purchase orders, consolidation can interfere with existing retailer relationships, especially private label relationships, and result in the loss of major customers and significant revenue streams.

The financial condition or results of operations of Inverness may be adversely affected by international business risks.

Approximately 36% of Inverness' net revenues were generated from outside the United States for the year ended December 31, 2003. A significant number of its employees, including manufacturing, sales, support and research and development personnel, are located in foreign countries, including England, Ireland and Israel. Conducting business outside of the United States subjects Inverness to numerous risks, including:

increased costs or reduced revenue as a result of movements in foreign currency exchange rates;

decreased liquidity resulting from longer accounts receivable collection cycles typical of foreign countries;

lower productivity resulting from difficulties managing its sales, support and research and development operations across many countries;

Table of Contents

lost revenues resulting from difficulties associated with enforcing agreements and collecting receivables through foreign legal systems;

lost revenues resulting from the imposition by foreign governments of trade protection measures;

higher cost of sales resulting from import or export licensing requirements;

lost revenues or other adverse affects as a result of economic or political instability in or affecting foreign countries in which Inverness sells its products or operate; and

adverse effects resulting from changes in foreign regulatory or other laws affecting the sales of its products or its foreign operations.

Because Inverness business relies heavily on foreign operations and revenues, changes in foreign currency exchange rates and its ability to convert currencies may negatively affect its financial condition and results of operations.

Inverness business relies heavily on its foreign operations. Three of its manufacturing facilities are outside the United States, in Bedford, England, Galway, Ireland and Yavne, Israel. Approximately 36% of its net revenues were generated from outside the United States during the year ended December 31, 2003. Its Clearblue pregnancy test product sales have historically been much stronger outside the United States, with 75% of net product sales of these products coming from outside the United States during the year ended December 31, 2003. In addition, the Abbott rapid diagnostics business, which was acquired on September 30, 2003, generates a majority of its sales outside the United States. Furthermore, Persona is sold exclusively outside of the United States and Inverness Organics professional diagnostic products have always been sold exclusively outside of the United States. Because of its foreign operations and foreign sales, Inverness faces exposure to movements in foreign currency exchange rates. Its primary exposures are related to the operations of its European subsidiaries. These exposures may change over time as business practices evolve and could result in increased costs or reduced revenue and could impact actual cash flow.

Inverness Organics subsidiary is located in Israel, and its operations could be negatively affected due to military or political tensions in the Middle East.

Inverness wholly-owned subsidiary, Organics, which develops, manufactures and sells certain of its professional diagnostic products, is incorporated under the laws of the State of Israel. The administrative offices and development and manufacturing operations of its Organics business are located in Yavne, Israel. Although most of Organics sales currently are to customers outside of Israel, political, economic and military conditions in Israel could nevertheless directly affect its operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors and a state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Despite its history of avoiding adverse effects, its Organics business could be adversely affected by any major hostilities involving Israel.

Intense competition could reduce its market share or limit Inverness ability to increase market share, which could impair the sales of its products and harm its financial performance.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

The medical products industry is rapidly evolving and developments are expected to continue at a rapid pace. Competition in this industry, which includes both Inverness' consumer diagnostics and professional diagnostics businesses, is intense and expected to increase as new products and technologies become available and new competitors enter the market. Inverness' competitors in the United States and abroad are numerous and include, among others, diagnostic testing and medical products companies, universities and other research institutions. Inverness' future success depends upon maintaining a competitive position in the development of products and technologies in its areas of focus. Its competitors may:

develop technologies and products that are more effective than its products or that render its technologies or products obsolete or noncompetitive;

Table of Contents

obtain patent protection or other intellectual property rights that would prevent it from developing its potential products; or

obtain regulatory approval for the commercialization of their products more rapidly or effectively than Inverness does.

Also, the possibility of patent disputes with competitors holding foreign patent rights may limit or delay expansion possibilities for its diagnostics businesses in certain foreign jurisdictions. In addition, many of Inverness' existing or potential competitors have or may have substantially greater research and development capabilities, clinical, manufacturing, regulatory and marketing experience and financial and managerial resources.

The market for the sale of vitamins and nutritional supplements is also highly competitive. This competition is based principally upon price, quality of products, customer service and marketing support. There are numerous companies in the vitamins and nutritional supplements industry selling products to retailers such as mass merchandisers, drug store chains, independent drug stores, supermarkets, groceries and health food stores. As most of these companies are privately held, Inverness is unable to obtain the information necessary to assess precisely the size and success of these competitors. However, Inverness believes that a number of its competitors, particularly manufacturers of nationally advertised brand name products, are substantially larger than it is and have greater financial resources.

The rights Inverness relies upon to protect the intellectual property underlying its products may not be adequate, which could enable third parties to use its technology and would reduce its ability to compete in the market.

Inverness' success will depend in part on its ability to develop or acquire commercially valuable patent rights and to protect its intellectual property. Its patent position is generally uncertain and involves complex legal and factual questions. The degree of present and future protection for its proprietary rights is uncertain.

The risks and uncertainties that it faces with respect to its patents and other proprietary rights include the following:

the pending patent applications it has filed or to which it has exclusive rights may not result in issued patents or may take longer than it expects to result in issued patents;

the claims of any patents which are issued may not provide meaningful protection;

it may not be able to develop additional proprietary technologies that are patentable;

the patents licensed or issued to it or its customers may not provide a competitive advantage;

other parties may challenge patents or patent applications licensed or issued to it or its customers;

patents issued to other companies may harm its ability to do business; and

other companies may design around technologies it has patented, licensed or developed.

In addition to patents, Inverness relies on a combination of trade secrets, nondisclosure agreements and other contractual provisions and technical measures to protect its intellectual property rights. Nevertheless, these measures may not be adequate to safeguard the technology underlying its products. If they do not protect its rights, third parties could use its technology and its ability to compete in the market would be reduced. In addition, employees, consultants and others who participate in the development of its products may breach their agreements with it regarding its intellectual property and it may not have adequate remedies for the breach. Inverness also may not be able to effectively protect its intellectual property rights in some foreign countries. For a variety of reasons, it may decide not to file for patent, copyright or trademark protection or prosecute potential infringements of its patents. Inverness also realizes that its trade secrets may become known through other means not currently foreseen by it. Despite its efforts to protect its intellectual property, Inverness competitors or customers may independently develop similar or alternative technologies or products that are equal or superior to

Table of Contents

its technology and products without infringing on any of its intellectual property rights or design around its proprietary technologies.

Claims by other companies that Inverness products infringe on their proprietary rights could adversely affect its ability to sell its products and increase its costs.

Substantial litigation over intellectual property rights exists in both the consumer and professional diagnostic industries. Inverness expects that its products and products in these industries could be increasingly subject to third party infringement claims as the number of competitors grows and the functionality of products and technology in different industry segments overlaps. Third parties may currently have, or may eventually be issued, patents on which its products or technology may infringe. Any of these third parties might make a claim of infringement against Inverness. Any litigation could result in the expenditure of significant financial resources and the diversion of management's time and resources. In addition, litigation in which Inverness is accused of infringement may cause negative publicity, have an impact on prospective customers, cause product shipment delays or require it to develop non-infringing technology, make substantial payments to third parties, or enter into royalty or license agreements, which may not be available on acceptable terms, or at all. If a successful claim of infringement was made against Inverness and it could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, its revenue may decrease and it could be exposed to legal actions by its customers.

Inverness has initiated, and may need to further initiate, lawsuits to protect or enforce its patents and other intellectual property rights, which could be expensive and, if it loses, could cause it to lose some of its intellectual property rights, which would reduce its ability to compete in the market.

Inverness relies on patents to protect a portion of its intellectual property and its competitive position. In order to protect or enforce its patent rights, it may initiate patent litigation against third parties, such as infringement suits or interference proceedings. Litigation may be necessary to:

assert claims of infringement;

enforce its patents;

protect its trade secrets or know-how; or

determine the enforceability, scope and validity of the proprietary rights of others.

Currently, it has initiated a number of lawsuits against competitors who it believes to be selling products that infringe its proprietary rights. These current lawsuits and any other lawsuits that it initiates could be expensive, take significant time and divert management's attention from other business concerns. Litigation also puts its patents at risk of being invalidated or interpreted narrowly and its patent applications at risk of not issuing. Additionally, Inverness may provoke third parties to assert claims against it.

Patent law relating to the scope of claims in the technology fields in which it operates is still evolving and, consequently, patent positions in its industry are generally uncertain. Inverness may not prevail in any of these suits and the damages or other remedies awarded, if any, may not be

commercially valuable. During the course of these suits, there may be public announcements of the results of hearings, motions and other interim proceedings or developments in the litigation. If securities analysts or investors perceive any of these results to be negative, its stock price could decline.

Non-competition obligations and other restrictions will limit Inverness ability to take full advantage of its management team, the technology Inverness owns or licenses and its research and development capabilities.

Members of its management team have had significant experience in the diabetes field. In addition, technology Inverness owns or licenses may have potential applications to this field and its research and development capabilities could be applied to this field. However, in conjunction with its split-off from Inverness Medical

Table of Contents

Technology, Inc., or IMT, it agreed not to compete with IMT and Johnson & Johnson in the field of diabetes through 2011. In addition, Mr. Ron Zwanziger, its Chairman, Chief Executive Officer and President, and two of its senior scientists, Dr. David Scott and Dr. Jerry McAleer, have entered into consulting agreements with IMT that impose similar restrictions. Further, its license agreement with IMT prevents it from using any of the licensed technology in the field of diabetes. As a result of these restrictions, Inverness cannot pursue opportunities in the field of diabetes.

You are unlikely to be able to exercise effective remedies against Arthur Andersen LLP, Inverness former independent public accountants.

Although Inverness dismissed Arthur Andersen LLP as its independent public accountants in June 2002 and it now engages BDO Seidman, LLP, its consolidated financial statements as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001, to the extent included in previously filed reports or registration statements, were audited by Arthur Andersen.

On March 14, 2002, Arthur Andersen was indicted on federal obstruction of justice charges arising from the government's investigation of Enron Corporation. On June 15, 2002, a jury in Houston, Texas found Arthur Andersen guilty of these federal obstruction of justice charges. In light of the jury verdict and the underlying events, Arthur Andersen subsequently substantially discontinued operations and dismissed essentially its entire workforce. You are therefore unlikely to be able to exercise effective remedies or collect judgments against Arthur Andersen for any untrue statement of a material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated in those financial statements.

Inverness operating results may fluctuate due to various factors and, as a result, period-to-period comparisons of its results of operations will not necessarily be meaningful.

Factors relating to its business make Inverness future operating results uncertain and may cause them to fluctuate from period to period. Such factors include:

the timing of new product announcements and introductions by Inverness and its competitors;

market acceptance of new or enhanced versions of its products;

changes in manufacturing costs or other expenses;

competitive pricing pressures;

the gain or loss of significant distribution outlets or customers;

increased research and development expenses;

the timing of any future acquisitions;

general economic conditions; or

general stock market conditions or other economic or external factors.

Because its operating results may fluctuate from quarter to quarter, it may be difficult for Inverness or its investors to predict its future performance by viewing its historical operating results.

Inverness historical financial information relating to periods beginning prior to its split-off from IMT on November 21, 2001 may not be representative of its results as a separate company.

On November 21, 2001, Inverness was split-off from IMT and became an independent, publicly owned company as part of a transaction by which IMT was acquired by Johnson & Johnson. Prior to that time, Inverness had been a majority owned subsidiary of IMT, and the businesses that it acquired in connection with the restructuring that preceded the split-off represented approximately 20% of IMT's net product sales during the calendar quarter concluded immediately prior to the split-off. The historical financial information relating to any periods

Table of Contents

beginning prior to November 21, 2001, included in its reports filed with the SEC, report on time periods prior to the split-off and reflect the operating history of its businesses when it was a part of IMT. As a result, the financial information may not reflect what its results of operations, financial position and cash flows would have been had it been a separate, stand-alone company during those periods. This financial information also may not reflect what its results of operations, financial position and cash flows will be in the future. This is not only related to the various risks associated with the fact that Inverness has not been a stand-alone company for a long period of time, but also because:

various adjustments and allocations have been made to produce these financial statements because IMT did not account for Inverness as a single stand-alone business for those periods presented; and

the information, to the extent it does not report on a period ending on or after November 21, 2001, does not reflect many significant changes that occurred in its financial condition, capital structure and operations as a result of its separation from IMT.

The adjustments and allocations Inverness made in preparing the financial information for any periods beginning prior to November 21, 2001 may not appropriately reflect its operations during those periods as if it had operated as a stand-alone company.

Period-to-period comparisons of Inverness operating results may not be meaningful due to its acquisitions.

Inverness has engaged in a number of significant acquisitions in recent years which make it difficult to analyze its results and to compare them from period to period, including the acquisitions of the Unipath business in December 2001, IVC in March 2002, Wampole in September 2002, ABI in August 2003 and the Abbott rapid diagnostics business in September 2003. Period-to-period comparisons of its results of operations may not be meaningful due to these acquisitions and are not indications of its future performance. Any future acquisitions will also make its results difficult to compare from period to period in the future.

Inverness stock price may fluctuate significantly and stockholders who buy or sell its common stock may lose all or part of the value of their investment, depending on the price of its common stock from time to time.

Inverness common stock has been listed on the American Stock Exchange since November 23, 2001 and it has a limited market capitalization. As a result, Inverness is currently followed by only a few market analysts and a portion of the investment community. Limited trading of its common stock may therefore make it more difficult for you to sell your shares.

In addition, Inverness share price may be volatile due to its operating results, as well as factors beyond its control. During 2004, the sale price of its common stock ranged from \$15.00 to \$25.40 and during 2003, the sales price of its common stock ranged from \$13.40 to \$27.50. It is possible that in some future periods the results of its operations will be below the expectations of the public market. In any such event, the market price of its common stock could decline. Furthermore, the stock market may experience significant price and volume fluctuations, which may affect the market price of its common stock for reasons unrelated to its operating performance. The market price of its common stock may be highly volatile and may be affected by factors such as:

its quarterly and annual operating results, including its failure to meet the performance estimates of securities analysts;

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

changes in financial estimates of its revenues and operating results or buy/sell recommendations by securities analysts;

the timing of announcements by Inverness or its competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof;

Table of Contents

changes in general conditions in the economy, the financial markets or the health care industry;

government regulation in the health care industry;

changes in other areas such as tax laws;

sales of substantial amounts of common stock or the perception that such sales could occur;

changes in investor perception of its industry, its businesses or its prospects;

the loss of key employees, officers or directors; or

other developments affecting Inverness or its competitors.

Anti-takeover provisions in Inverness organizational documents and Delaware law may limit the ability of its stockholders to control its policies and effect a change of control of Inverness and prevent attempts by its stockholders to replace or remove its current management, which may not be in your best interests.

There are provisions in Inverness certificate of incorporation and bylaws that may discourage a third party from making a proposal to acquire Inverness, even if some of its stockholders might consider the proposal to be in their best interests, and prevent attempts by its stockholders to replace or remove its current management. These provisions include the following:

its certificate of incorporation provides for three classes of directors with the term of office of one class expiring each year, commonly referred to as a staggered board. By preventing stockholders from voting on the election of more than one class of directors at any annual meeting of stockholders, this provision may have the effect of keeping the current members of its board of directors in control for a longer period of time than stockholders may desire;

its certificate of incorporation authorizes its board of directors to issue shares of preferred stock without stockholder approval and to establish the preferences and rights of any preferred stock issued, which would allow the board to issue one or more classes or series of preferred stock that could discourage or delay a tender offer or change in control;

its certificate of incorporation prohibits its stockholders from filling board vacancies, calling special stockholder meetings or taking action by written consent;

its certificate of incorporation provides for the removal of a director only with cause and by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of its directors; and

its bylaws require advance written notice of stockholder proposals and director nominations.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

Additionally, Inverness is subject to Section 203 of the Delaware General Corporation Law, which, in general, imposes restrictions upon acquirers of 15% or more of its stock. Finally, the board of directors may in the future adopt other protective measures, such as a stockholder rights plan, which could delay, deter or prevent a change of control.

Because Inverness does not intend to pay dividends on its common stock, you will benefit from an investment in Inverness common stock only if it appreciates in value.

Inverness currently intends to retain its future earnings, if any, to finance the expansion of its business and does not expect to pay any cash dividends on its common stock in the foreseeable future. In addition, its senior credit facility currently prohibits the payment of dividends and the indenture governing the terms of its senior subordinated notes restricts the amount of any dividends that Inverness may pay. As a result, the success of your investment in its common stock will depend entirely upon any future appreciation. There is no guarantee that its common stock will appreciate in value or even maintain the price at which you purchased your shares.

Table of Contents

FORWARD-LOOKING STATEMENTS

Some of the statements contained, or incorporated by reference, in this information statement/prospectus discuss future expectations, contain projections of results of operations or financial condition or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. In some cases, you can identify these so-called forward-looking statements by words like may, will, should, expects, plans, anticipates, believes, estimates, predicts, continue or the negative of those words and other comparable words. You should be aware that those statements only reflect Inverness predictions. Actual events or results may differ substantially. Important factors that could cause its actual results to be materially different from the forward-looking statements are disclosed under the heading Risk Factors beginning on page 9 and throughout or incorporated in this information statement/prospectus.

Table of Contents

APPROVAL OF THE MERGER

BY BINAX STOCKHOLDERS

Binax has obtained stockholder approval of the merger and adoption of the merger agreement. Under applicable Delaware General Corporation Law, or the DGCL, and Binax's certificate of incorporation, no further vote or consent of any other stockholder of Binax is necessary to approve the merger and adopt the merger agreement. Accordingly, Binax is not soliciting any stockholder votes or consents by this information statement/prospectus. **BINAX IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND BINAX A PROXY.**

Approval of Merger and Merger Agreement

Following consideration at a meeting held on February 7, 2005, the Binax board of directors approved and adopted the merger and the merger agreement and determined that the merger and the merger agreement are in the best interests of Binax and its stockholders. Binax's board of directors also recommended that the stockholders of Binax authorize, adopt and approve the merger and merger agreement.

Pursuant to Binax's certificate of incorporation and applicable law, the holders of Binax common stock are entitled to one vote per share on all matters voted upon by Binax stockholders. On February 8, 2005, Messrs. Piasio and Hamer, and each of their spouses, executed and delivered to Binax a written consent of stockholders of Binax approving the merger and adopting the merger agreement. As of that date, Binax had outstanding 787,628 shares of common stock. The holders executing the written consent represented approximately 66% of the common stock outstanding.

As a result, in accordance with the DGCL and Binax's certificate of incorporation, the merger and the merger agreement were approved and adopted by the requisite holders of the outstanding shares of capital stock of Binax entitled to vote on this matter.

Notice Under Section 228 of the DGCL

This information statement/prospectus serves as notice to Binax stockholders pursuant to Section 228(e) of the DGCL of the approval of the merger and the merger agreement by less than unanimous consent of stockholders.

Table of Contents

THE MERGER

General

The board of directors of Inverness and the board of directors and stockholders of Binax have each approved the merger agreement, which provides for the merger of Binax with and into Acquisition Corp., a newly-formed and wholly-owned subsidiary of Inverness, with Acquisition Corp. being the surviving corporation of the merger. The holders of Binax stock sufficient to approve the merger and adopt the merger agreement have done so by written consent. Each share of Binax common stock outstanding immediately prior to the merger will be converted into the right to receive shares of Inverness common stock and cash. The shares of Binax common stock will be converted into cash and a number of shares of Inverness common stock in accordance with the formulas specified in the merger agreement, as described under Terms of the Merger Agreement Merger Consideration. Fractional shares of Inverness common stock will not be issued in connection with the merger, and Binax stockholders otherwise entitled to a fractional share will be paid in cash for the fractional share, in the manner described under Terms of the Merger Agreement Fractional Shares.

Background of the Merger

In pursuing strategies for enhancing stockholder value, Inverness regularly considers opportunities for acquisitions, dispositions, and other strategic alliances and alternatives. As part of that process, and in order to facilitate the exchange of confidential information, Inverness began negotiations of a non-disclosure agreement with Binax in September 2004. After exchanging drafts of an agreement, Inverness and Binax executed a Proprietary Information Agreement on September 28, 2004.

On October 1, 2004, Ron Zwanziger, chairman, chief executive officer and president of Inverness, Anthony Bernardo, vice president of business development of Inverness, and John Bridgen, president of Wampole Laboratories, LLC, met in Portland, Maine with Roger Piasio, chief executive officer and president of Binax, Myron Hamer, treasurer of Binax, Bob Basore, then vice president of worldwide sales and marketing of Binax, and Andrew Wilkinson, senior director of finance of Binax. The representatives of Binax presented an overview of Binax's products and business, and the parties discussed several potential structures for a business arrangement, including the possibility of the acquisition of Binax by Inverness.

Over the next several weeks, Messrs. Zwanziger and Piasio discussed the possibility of a strategic combination between Inverness and Binax. On October 19, 2004, Inverness and Binax entered into a Mutual Confidential Disclosure Agreement to enable the parties to investigate the potential acquisition of Binax by Inverness.

On November 2 and 3, 2004, Inverness management, including Mr. Bernardo, Paul Hempel, general counsel of Inverness, and David Teitel, vice president of finance of Inverness, met with Binax management at Binax's offices in Portland, Maine to conduct preliminary due diligence regarding Binax's corporate structure, previous acquisitions, marketing and sales, financial information, contracts and leases and toured Binax's facilities.

On November 8, 2004, Inverness sent a non-binding letter of intent to Binax proposing the acquisition of 100% of its common stock. On November 16, 2004, Binax submitted a counterproposal.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

Between November 16 and 18, 2004, Messrs. Zwanziger and Piasio held numerous telephone conversations regarding the proposed transaction. On November 18, 2004, Messrs. Zwanziger, Piasio and Hamer met at Inverness offices in Waltham, Massachusetts to continue to negotiate the terms of the acquisition.

On December 8, 2004, Messrs. Zwanziger, Bernardo and Piasio held a conference call to discuss the business and economic terms of the acquisition.

On December 10, 2004, Mr. Bernardo received a telephone message from Mr. Piasio that indicated his continued interest in pursuing the transaction, and his hope that the two parties would reach a mutually acceptable agreement regarding the structure of the acquisition.

Table of Contents

On December 14, 2004, Messrs. Zwanziger, Bernardo and Piasio discussed by conference call the economic terms of the proposed business combination, including the amount and form of the consideration.

On December 15, 2004, Inverness sent a revised non-binding letter of intent to Binax and then Messrs. Zwanziger and Piasio discussed Messrs. Piasio's and Hamer's concerns regarding the acquisition. Inverness then sent a further revised non-binding letter of intent to Binax, which was further revised and redistributed on December 16, 2004.

On December 16 and 17, 2004, the parties continued to revise the letter of intent.

On December 17, 2004, at a regular meeting of the Inverness board of directors, Inverness senior management informed the board of the negotiations between Inverness and Binax regarding a possible business combination, and explained the strategic and financial reasons for such an acquisition. After a discussion, the Inverness board authorized company management to negotiate an acquisition agreement consistent with the terms of the latest non-binding letter of intent, which management had presented to the directors.

On December 20, 2004, Foley Hoag LLP, counsel to Inverness, sent a revised letter of intent to Binax.

On December 21, Messrs. Zwanziger and Piasio discussed by telephone the business terms including a collar on the pricing of Inverness stock and the treatment of Binax options. Between December 22 and 24, 2004, Messrs. Hempel and Piasio continued to negotiate the terms of the non-binding letter of intent via telephone.

On December 24, 2004, Inverness and Binax entered into a non-binding letter of intent, which provided, among other things, for a proposed purchase price of \$43,000,000 consisting of 80% Inverness common stock, 1,433,333 shares valued at \$24.00 per share, and 20% cash, \$8,600,000, and certain contingent consideration valued at \$11,000,000 payable if certain future performance objectives are achieved.

On December 29, 2004, Foley Hoag sent the first draft of the merger agreement to Drummond Woodsum & MacMahon, counsel for Binax.

On January 1, 2005, Foley Hoag sent drafts of additional transaction documents to Drummond Woodsum.

On January 7, 2005, after conversations among Mr. Hempel, Foley Hoag and Drummond Woodsum, and further phone discussions between Messrs. Zwanziger and Piasio, the parties agreed to modify the contingent consideration to be paid to Binax stockholders.

On January 10, 2005, Drummond Woodsum circulated a memo with their general comments on the first draft of the merger agreement.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

On January 11, 2005, Mr. Zwanziger met with Messrs. Piasio and Hamer at Binax's offices to discuss their roles in the combined company post-merger. Messrs. Zwanziger, Piasio and Hamer then joined Messrs. Hempel, Bernardo, Teitel, Foley Hoag and Drummond Woodsum at the latter's offices in order to negotiate the terms of the merger agreement. Mr. Hempel, Foley Hoag, and Drummond Woodsum continued these negotiations by telephone on January 12, 2005.

On January 13, 2005, Foley Hoag circulated a revised version of the merger agreement.

On January 14, 2005, Foley Hoag circulated the first draft of Mr. Piasio's employment agreement.

On January 17, 2005, Messrs. Zwanziger and Piasio held a conference call to discuss the economic terms of the merger.

On January 18, 2005, Drummond Woodsum circulated comments on the merger agreement.

Table of Contents

Between January 18 and 20, 2005, representatives from Drummond Woodsum conducted due diligence of Inverness at Inverness offices.

On January 19, 2005, Drummond Woodsum circulated comments on Mr. Piasio's employment agreement.

On January 19 and 20, 2005, Messrs. Hempel, Bernardo and Teitel met with Binax management and Drummond Woodsum at the former's offices and conducted additional due diligence regarding Binax. The parties also further discussed the structure of the transaction.

On January 21, 2005, Messrs. Hempel and Bernardo, Foley Hoag and Drummond Woodsum further negotiated the terms of the merger agreement by conference call.

On January 23, 2005, Foley Hoag circulated revised draft of the merger agreement.

On January 24, 2005, Messrs. Hempel and Bernardo, Foley Hoag and Drummond Woodsum discussed by conference call Mr. Piasio's employment agreement and certain issues regarding the merger agreement. Later that day, Mr. Hempel, and members of Inverness management held a conference call with Messrs. Piasio and Hamer to discuss certain SEC timing and compliance issues.

On January 24, 2005, the Inverness board of directors held a special meeting via telephone in order to consider, among other things, the merger agreement and related agreements. After discussions with Inverness financial advisors, the Inverness board of directors unanimously approved the merger agreement and the transactions contemplated thereby, and authorized management to execute and deliver the agreements.

On January 26, 2005, Drummond Woodsum circulated a memo with their general comments on the merger agreement.

On January 27 and 28, 2005, the parties continued to negotiate the terms of the merger agreement.

On January 30, 2005, Foley Hoag circulated revised drafts of the merger agreement, employment agreement and Mr. Piasio's warrant.

On January 31, 2005, Foley Hoag and Drummond Woodsum negotiated terms of the transaction. Drummond Woodsum circulated drafts of the legal opinion and the consent, waiver and escrow agreement.

On February 1, 2005, Drummond Woodsum circulated a copy of the Binax disclosure schedules.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

On February 2, 2005, Foley Hoag and Drummond Woodsum discussed the Binax disclosure schedules, merger agreement and employment agreement.

On February 3, 2005, Drummond Woodsum circulated revised drafts of the Binax disclosure schedules. Foley Hoag circulated revised drafts of the merger agreement and employment agreement.

On February 4, 2005, Foley Hoag circulated comments on the ancillary documents.

On February 5 and 6, 2005, Foley Hoag, Drummond Woodsum, Inverness and Binax reviewed the transaction documents and prepared for a conference call on February 7, 2005.

On February 7, 2005, Drummond and Woodsum sent comments on the merger agreement, employment agreement and ancillary documents. Drummond and Woodsum then sent further comments on the merger agreement after a meeting with Mr. Piasio. Foley Hoag, Drummond Woodsum, Binax and Inverness discussed disclosure issues via conference call.

On February 7, 2005, the Binax board of directors approved the merger.

On February 8, 2005, Foley Hoag circulated revised drafts of the merger agreement and ancillary documents. Foley Hoag and Drummond Woodsum discussed open issues and then Drummond Woodsum circulated a revised draft of the consent, waiver and escrow agreement and the Binax disclosure schedules.

On February 8, 2005, Binax, Inverness and Messrs Piasio and Hamer executed the merger agreement.

Table of Contents

Inverness Reasons for the Merger

In reaching its decision to approve the merger agreement and the merger, Inverness board of directors determined that the merger is in the best interests of Inverness and its stockholders. The decision by Inverness board of directors was reached after consulting with Inverness management and its financial and legal advisors, and after consideration of various factors, including:

Inverness management's view of the financial performance of Inverness and Binax before and after giving effect to the merger;

the type and amount of consideration to be paid in the transaction;

the terms of the merger agreement and ancillary agreements;

current financial market conditions and historical market prices for Inverness common stock, volatility and trading information; and

the results of the due diligence investigation conducted by Inverness management, accountants and legal counsel.

The Inverness board of directors' decision to approve the merger agreement and the merger was based on potential benefits of the merger that the Inverness board of directors believes will contribute to the success of Inverness business and corresponding benefits to Inverness, including:

the complementary nature of the products currently offered by Binax to those offered in Inverness business, which will enable Inverness to expand the range of products that it offers;

the opportunity to acquire and commercialize certain new technologies of Binax;

the opportunity for the combined company to achieve cost savings through the realization of operational synergies between Binax's and Inverness business;

the increased scale and revenue base of the combined company compared to that of Inverness existing business; and

the increased efficiency of the sales and marketing teams of the combined company and the ability to forge stronger relations with the combined company's most significant customers.

In considering the merger, the Inverness board of directors also identified and considered a number of potentially negative factors, including the following:

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

the risk that the potential benefits of the merger may not be realized fully as a result of the companies not being able to successfully integrate their technology, personnel and operations, general industry-wide or economic conditions or other factors;

the risk that after the merger Inverness could lose important current customers of Inverness or Binax, or that shared customers may seek to renegotiate contracts based on the rates of the lower cost pre-merger vendor;

the risk that if the merger is not consummated, Inverness management will have devoted substantial time and resources to the combination at the expense of attending to and growing Inverness business or other business opportunities;

the risk that after the merger the change in size and geographic scope of Inverness, matters associated with the transition and the increased management responsibilities related to such factors will impact the ability of management to oversee operations;

the potential adverse impact of additional shares of Inverness common stock being resold into the market following the closing (subject to the volume limitations applicable to Binax's significant stockholders), which could have the effect of putting downward pressure on the trading price of Inverness common stock; and

Table of Contents

other applicable risks described in this information statement/prospectus under Risk Factors beginning on page 9.

In view of the variety of factors considered in connection with its evaluation of the merger, the Inverness board of directors did not quantify or otherwise assign relative weights to the factors considered in reaching its conclusions. In addition, individual members of the Inverness board of directors may have given different weights to different factors. However, on an overall basis, the Inverness board of directors concluded that the factors favoring the merger outweigh the countervailing factors.

For the strategic reasons set forth above, after consultation with Inverness senior management and its advisors and consideration of the terms and conditions of the merger agreement and the transactions contemplated by the merger agreement, the Inverness board of directors determined that the merger agreement and the merger are in the best interests of Inverness and its stockholders.

Binax's Reasons for the Merger

At a special meeting held on February 7, 2005, the board of directors of Binax approved the merger agreement and the transactions contemplated thereby, including the merger. In evaluating the merger agreement and the transactions contemplated thereby, and deciding to approve them, the board of directors of Binax considered a number of factors, including the following:

the consideration being offered by Inverness for shares of Binax's capital stock;

Binax's prospects if it were to remain independent, including: the resources necessary to insure Binax's future growth; Binax's ability to raise the additional capital necessary for continuing operations and to expand its business; Binax's ability to market efficiently, sell to and support its existing customers while remaining an independent, private company; Binax's ability to independently develop the necessary infrastructure to attract and support larger customers critical to Binax's long-term viability; and the challenge faced by Binax of dedicating significant resources to growth while at the same time focusing on achieving profitability;

the possible alternatives to the Inverness transaction, including: the possibility of continuing to operate Binax as an independent entity and the resulting strain on Binax's resources such an option would present; the possibility of continuing to seek another financial or strategic partner; the range of possible benefits to Binax stockholders of these alternatives; and the timing and likelihood of accomplishing any of these alternatives;

the strategic value of Binax in the hands of a company with significantly greater financial resources and a more diverse product line, such as Inverness;

the strength of Inverness' intellectual property portfolio;

the ability of the two companies to combine their technological resources to develop new products with increased functionality and bring them to market faster;

the availability to the combined company of greater resources for product marketing and distribution;

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

the likelihood that Inverness offer would be completed, in light of the experience, reputation and financial capabilities of Inverness and the terms of the merger agreement;

the belief of the board of directors of Binax, based on its assessment of the negotiations, that a more favorable purchase price could not be achieved through continued negotiations with Inverness;

the fact that certain significant stockholders of Binax were willing to support the transaction, thereby increasing the likelihood that the conditions to Inverness offer would be satisfied;

the terms of the merger agreement including the limited conditions to the parties respective obligations under the merger agreement; and that the exchange ratios in the merger agreement did not limit the appreciation of the value of Inverness common stock;

Table of Contents

the expectation that the merger will qualify as a tax-free reorganization under federal tax law;

the opportunity created by the merger for Binax's stockholders to share in the combined company's long term growth;

information concerning Binax's and Inverness' respective businesses, historical financial performance and condition, operations, technology, products, customers, competitive positions, prospects and management; and

due diligence discussions with Inverness by the board of directors of Binax and reports from management of Binax as to the results of its due diligence investigation of Inverness.

The board of directors of Binax also identified and considered a variety of potentially negative factors in its deliberations concerning the merger, including, but not limited to:

the risk that the potential benefits sought in the merger might not be fully realized;

the possibility that the merger might not be completed and the effect such a result would have on Binax's operations;

that the exchange ratio in the merger agreement provided no protection against the depreciation of the value of Inverness' common stock, except that Binax is not required to consummate the merger if the average closing price of Inverness' common stock for the ten trading days ending two days prior to the effective time of the merger is less than \$20.00 per share;

the challenges relating to the integration of the two companies;

the possibility of management and employee disruption associated with the proposed merger and integrating the operations of the companies; and

the risks relating to Inverness' business and how they would affect the operations of the combined company.

The board of directors of Binax believed that these negative factors were outweighed by the potential benefits of the merger. In view of the wide variety of factors, both positive and negative, considered by the board of directors of Binax, the board of directors of Binax did not find it practical to, and did not, quantify or otherwise assign relative weights to the specific factors considered and did not find that any factor was of special importance. Rather, the board of directors of Binax viewed its position and recommendations as being based on the totality of the information presented to and considered by it. In addition, different members of the board of directors of Binax may have assigned different weights to the various factors described above.

For the reasons discussed above, the board of directors of Binax unanimously approved the merger agreement and the merger, unanimously determined that the merger is fair to, and in the best interests of, Binax and its stockholders and unanimously recommended that the stockholders of Binax adopt the merger agreement and approve the merger.

In addition, the board of directors of Binax considered the interests that its officers and directors may have with respect to the merger in addition to their interests as stockholders of Binax.

Interests of Executive Officers and Directors in the Merger

Binax stockholders should be aware that some Binax directors and executive officers have interests in the merger and related arrangements that are different from, or in addition to, their interests as Binax stockholders. The Binax board of directors was aware of these interests and took these interests into account in its deliberations of the merits of the merger and in approving the merger and the transactions contemplated by the merger agreement.

Table of Contents

Stock Ownership

The executive officers and directors of Binax, and the stockholders of Binax affiliated with them, currently own a majority of the Binax common stock and consequently, will own a majority of the shares to be issued by Inverness in the merger. As of February 1, 2005, the directors and executive officers of Binax, and their respective affiliates, beneficially owned 654,958 shares of common stock, representing approximately 72% of the voting power of the fully-diluted outstanding Binax capital stock. See *Approval of the Merger by Binax Stockholders* for a discussion of the written consents executed by Messrs. Piasio and Hamer.

Employment Agreement with Roger N. Piasio

Upon the consummation of the merger, Inverness, on behalf of itself and its affiliates, will enter into an employment agreement with Roger Piasio, pursuant to which he will serve as the chief scientific officer of the surviving corporation in the merger for a period of five years at an annual salary of \$350,000 plus benefits that are comparable to those generally available to Inverness employees.

Upon the signing of the employment agreement, Inverness will grant to Mr. Piasio a warrant to purchase up to an aggregate of 75,000 shares of Inverness common stock at an exercise price of \$24.00 per share. The shares will vest upon the commercialization of certain products.

Mr. Piasio will be prohibited from establishing or maintaining any affiliation with any business that in any way competes with any product or service of Inverness and its affiliates without Inverness prior written consent during his employment and for a period of 24 months after the termination of his employment. Also, during such period Mr. Piasio will be prohibited from soliciting or taking any other action to induce (i) any employee of the surviving corporation to terminate his employment with the surviving corporation or perform services for any other business, (ii) any manufacturer, supplier or other business partner of Inverness or its affiliates to modify or discontinue its relationship with Inverness or the surviving corporation, and (iii) any customer of Inverness or its affiliates to discontinue or not to commence purchasing from Inverness or the surviving corporation.

If Inverness terminates Mr. Piasio without cause or Mr. Piasio terminates his employment as a result of (i) Inverness material breach of the employment agreement, which is not cured within 30 days after written notice or (ii) three material breaches of certain key obligations of the employment agreement by Inverness whether or not cured, Mr. Piasio will be entitled to receive his salary and health benefits for the full five year term of the agreement (offset by any consideration or health benefits received in connection with employment or work after such termination), Mr. Piasio's warrant will immediately vest with respect to all unvested shares and the balance, if any, of the contingent cash consideration will become due and payable to the Binax stockholders. If Inverness terminates Mr. Piasio for cause or by reason of disability, or the agreement terminates upon Mr. Piasio's death, no additional payments or benefits will be due to Mr. Piasio. If Mr. Piasio's employment is terminated by reason of death or his disability, the warrant will continue to vest in accordance with its terms. Cause is generally defined as commission of felony or misdemeanor; breach of confidentiality or non-compete obligations.

Employment Offer to Myron C. Hamer

Upon consummation of the merger, Inverness will offer Mr. Hamer employment for one year at an annual salary of \$52,000, on substantially the same terms under which he was employed by Binax.

Accounting Treatment

The merger is expected to be accounted for using the purchase method of accounting. Inverness will be deemed the acquiror for financial reporting purposes. Under the purchase method of accounting, the purchase price in the merger is allocated among the Binax assets acquired and the Binax liabilities assumed to the extent of their fair market value, with any excess purchase price being allocated to goodwill.

Table of Contents

Listing on the American Stock Exchange

Inverness has agreed to cause the shares of Inverness common stock issued in the merger to be approved for listing on the American Stock Exchange.

Certain Federal Income Tax Consequence

General

The following discussion summarizes certain material federal income tax consequences of the merger to the holders of Binax capital stock. The discussion does not address all aspects of federal income taxation that may be relevant to particular stockholders and may not be applicable to stockholders who are not citizens or residents of the United States, or who will acquire their Inverness common stock otherwise as compensation, nor does the discussion address the effect of any aspect of any applicable foreign, state, local or other tax law. EACH STOCKHOLDER SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO HIM, HER OR IT OF THE MERGER AND THE APPLICABILITY AND EFFECT OF FOREIGN, STATE, LOCAL AND OTHER TAX LAWS.

This summary of the material federal income tax consequences of the merger is based on the Internal Revenue Code, Treasury Regulations and judicial and administrative determination, as each is in effect as of the date of this information statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. No ruling has been sought from the Internal Revenue Service as to the federal income tax consequences of the merger, and the discussion of tax consequences set forth below is not binding on the Internal Revenue Service or any courts. Neither Binax nor Inverness can assure you that the tax considerations will not be challenged by the Internal Revenue Service or sustained by a court if so challenged.

The merger is intended to constitute a reorganization under Section 368(a) of the Internal Revenue Code. As a reorganization, the merger is expected to have the following federal income tax consequences for Binax stockholders, Binax and Inverness:

1. The merger will constitute a reorganization within the meaning of Section 368(a) of the Code and Binax, Inverness and Acquisition Corp. will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code.
2. No gain or loss will be recognized by Binax, Inverness or Acquisition Corp. as the result of the merger.

Binax stockholders generally will recognize gain, but not loss, to the extent of the lesser of (i) the total amount of cash received by such stockholder, and (ii) the difference between (a) the sum of the fair market value of the Inverness common stock received in the merger plus the total amount of cash received in the merger, and (b) the stockholder's aggregate tax basis in the shares of Binax common stock surrendered in the merger. Any gain so recognized will be capital gain, provided that the cash consideration received is neither essentially equivalent to a dividend within the meaning of Section 302 of the Internal Revenue Code nor has the effect of a distribution of a dividend within the meaning of Section 356(a)(2) of the Internal Revenue Code. Such capital gain will be long-term capital gain if the shares of Binax common stock exchanged were held for more than one year. For the Binax stockholders who exercised options immediately prior to the effectiveness of the merger, such capital gain with respect to shares received pursuant to such exercise will not be long-term capital gain because the shares of Binax common stock will

not have been held for more than one year.

Binax stockholders will have a tax basis in Inverness common stock received in the merger equal to such stockholder's aggregate tax basis in the Binax shares being exchanged, decreased by (a) the amount of any cash received by the stockholder and (b) the amount of loss, if any, to the stockholder which was recognized on such exchange, and increased by (x) the amount which was treated as a dividend, and (y) the amount of gain to the stockholder which was recognized on such exchange (not including any portion of such gain which was treated as a dividend).

Table of Contents

The holding period of Inverness common stock received will include the holding period of the shares of Binax common stock being exchanged.

A non-corporate Binax stockholder may be subject to information reporting and backup withholding on any cash payments he or she receives. Such a Binax stockholder will not be subject to backup withholding, however, if he or she:

furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal; or

is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Binax stockholder's United States federal income tax liability; provided such stockholder furnishes the required information to the Internal Revenue Service.

A Binax stockholder who receives Inverness common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with his or her United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

Receipt of Cash by Dissenting Stockholders

A Binax stockholder who perfects appraisal rights under the DGCL and who receives cash in respect of his, her or its shares of Binax common stock, generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the stockholder's aggregate tax basis for the shares of Binax common stock exchanged, which gain or loss will be long-term capital gain or loss if the shares of Binax common stock were held for more than one year. Each Binax stockholder who contemplates exercising appraisal rights should consult his, her or its own tax adviser as to the taxation of any gain or loss and the possibility that any payment to him, her or it will be treated as a dividend.

Appraisal Rights of Dissenting Stockholders of Binax

If the merger is completed, a holder of record of Binax common stock on the date of making a demand for appraisal, as described below, will be entitled to have those shares appraised by the Delaware Court of Chancery under Section 262 of the Delaware General Corporation Law, or the DGCL, and to receive payment for the fair value of those shares instead of the consideration provided for in the merger agreement. In order to be eligible to receive this payment, however, a Binax stockholder must (i) continue to hold his or her shares through the time of the merger; and (ii) strictly comply with the procedures discussed under Section 262. This information statement/prospectus is being sent to all holders of record of Binax common stock and constitutes notice of the appraisal rights available to those holders under Section 262.

The following summary is not a complete statement of Section 262 of the DGCL, and is qualified in its entirety by reference to Section 262, which is incorporated herein by reference, together with any amendments to the laws that may be adopted after the date of this information

statement/prospectus. A copy of Section 262 is attached as Annex B to this information statement/prospectus. **The statutory right of appraisal granted by Section 262 requires strict compliance with the procedures in Section 262. Failure to strictly follow any of these procedures may result in a termination or waiver of appraisal rights under Section 262.**

A holder of Binax common stock who elects to exercise appraisal rights under Section 262 must deliver a written demand for appraisal of its shares of Binax by 20 days after date of mailing of this information statement/prospectus. The written demand must identify the stockholder of record and state the stockholder's intention to demand appraisal of his, her or its shares. All demands should be delivered to Inverness Medical Innovations, Inc., 51 Sawyer Road, Suite 200, Waltham, Massachusetts 02453, Attention: Corporate Secretary.

Table of Contents

Only a holder of shares of Binax common stock on the date of making a written demand for appraisal who did not execute the written consent approving the merger and who continuously holds those shares through the time of the merger is entitled to seek appraisal. Demand for appraisal must be executed by or for the holder of record, fully and correctly, as that holder's name appears on the holder's stock certificates representing shares of Binax common stock. If Binax common stock is owned of record in a fiduciary capacity by a trustee, guardian or custodian, the demand should be made in that capacity. If Binax common stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be made by or for all owners of record. An authorized agent, including one or more joint owners, may execute the demand for appraisal for a holder of record; that agent, however, must identify the record owner or owners and expressly disclose in the demand that the agent is acting as agent for the record owner or owners of the shares.

A record holder such as a broker who holds shares of Binax common stock as a nominee for beneficial owners, some of whom desire to demand appraisal, must exercise appraisal rights on behalf of those beneficial owners with respect to the shares of Binax common stock held for those beneficial owners. In that case, the written demand for appraisal should state the number of shares of Binax common stock covered by it. Unless a demand for appraisal specifies a number of shares, the demand will be presumed to cover all shares of Binax common stock held in the name of the record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply with the statutory requirements with respect to the exercise of appraisal rights before 20 days after date of mailing information statement.

120 days after the merger, the surviving corporation or any stockholder who has complied with the requirement of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of Binax common stock held by all stockholders seeking appraisal. A dissenting stockholder must serve a copy of the petition on the surviving corporation. If no petition is filed by either the surviving corporation or any dissenting stockholder within the 120-day period, the rights of all dissenting stockholders to appraisal will cease. Stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file a petition with respect to the appraisal of the fair value of their shares or that the surviving corporation will initiate any negotiations with respect to the fair value of those shares. The surviving corporation will be under no obligation to and Acquisition Corp., as the surviving corporation in the merger, has no present intention to take any action in this regard. Accordingly, stockholders who wish to seek appraisal of their shares should initiate all necessary action with respect to the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262. Failure to file the petition on a timely basis will cause the stockholder's right to an appraisal to cease.

120 days after the merger, any stockholder who has complied with subsections (a) and (d) of Section 262 is entitled, upon written request, to receive from the surviving corporation a statement setting forth the total number of shares of Binax common stock not voted in favor of the merger with respect to which demands for appraisal have been received by Inverness and the number of holders of those shares. The statement must be mailed within 10 days after Inverness has received the written request or within 10 days after the time for delivery of demands for appraisal under subsection (d) of Section 262 has expired, whichever is later.

If a petition for an appraisal is filed in a timely manner, at the hearing on the petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and will appraise the shares of Binax common stock owned by those stockholders. The court will determine the fair value of those shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, to be paid, if any, upon the fair value.

Stockholders who consider seeking appraisal should consider that the fair value of their shares under Section 262 could be more than, the same as, or less than, the value of the consideration provided for in the merger agreement without the exercise of appraisal rights. The Court of Chancery may determine the cost of the appraisal

Table of Contents

proceeding and assess it against the parties as the Court deems equitable. Upon application of a dissenting stockholder, the Court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding (including, without limitation, reasonable attorney's fees and the fees and expenses of experts) be charged pro rata against the value of all shares of Binax common stock entitled to appraisal. In the absence of a court determination or assessment, each party bears its own expenses.

Any stockholder who has demanded appraisal in compliance with Section 262 will not, after the merger, be entitled to vote such common stock for any purpose or receive payment of dividends or other distributions, if any, on the Binax common stock, except for dividends or distributions, if any, payable to stockholders of record at a date prior to the merger.

A stockholder may withdraw a demand for appraisal and accept the Inverness common stock at any time within 60 days after the merger. If an appraisal proceeding is properly instituted, it may not be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and any such approval may be conditioned on the Court of Chancery's deeming the terms to be just. If, after the merger, a holder of Binax common stock who had demanded appraisal for his or her shares fails to perfect or loses his or her right to appraisal, those shares will be treated under the merger agreement as if they were converted into Inverness common stock and cash at the time of the merger.

In view of the complexity of these provisions of the Delaware corporate law, any Binax stockholder who is considering exercising appraisal rights should consult a legal advisor.

Table of Contents

TERMS OF THE MERGER AGREEMENT

The following summary of the material terms and provisions of the merger agreement is qualified in its entirety by reference to the merger agreement. The merger agreement is attached as Annex A to this information statement/prospectus and is incorporated herein by reference. All stockholders are urged to read the merger agreement carefully.

Structure of Merger

The merger agreement provides that Binax will be merged with and into Acquisition Corp., a Delaware corporation to be formed as a wholly-owned subsidiary of Inverness, at the effective time of the merger. Pursuant to the merger agreement, Binax will cease to exist as a separate entity and Acquisition Corp. will be the surviving corporation. At the effective time of the merger, each outstanding share of Binax common stock (other than treasury shares and shares held by dissenting stockholders) will be converted into Inverness common stock and cash, all as more fully described below. The certificate of incorporation of Acquisition Corp. will be the certificate of incorporation of the surviving corporation. The bylaws of Acquisition Corp. will be the bylaws of the surviving corporation.

Management and Operations After the Merger

Following the merger, all of the officers and directors of Acquisition Corp. before the merger will remain officers and directors of the surviving corporation after the merger.

Merger Consideration

At the effective time of the merger, each issued and outstanding share of Binax common stock, other than shares as to which appraisal rights are exercised or exercisable, will be converted into a combination of shares of Inverness common stock and cash in accordance with the terms of the merger agreement as described below. Shares of Binax common stock held in the treasury of Binax will be canceled and extinguished at the effective time of the merger without the payment of any consideration.

At the effective time of the merger, each share of common stock of Binax then outstanding, other than shares as to which appraisal rights are exercised or exercisable, will be converted into the right to receive a combination of cash and shares of common stock of Inverness. Each Binax stockholder will have the right to receive a pro rata portion of the merger consideration (each stockholder's pro rata portion will equal the percentage of the outstanding shares of common stock of Binax held by such stockholder immediately prior to the effective time of the merger). As of February 1, 2005, there were outstanding 787,628 shares of common stock of Binax and options to purchase 173,750 shares of common stock of Binax. The total number of shares issued and outstanding at the effective time of the merger will depend on the number of options that were exercised. If all options are exercised, 961,378 shares of common stock of Binax will be issued and outstanding as of the effective time of the merger.

Inverness has agreed to deliver, as merger consideration, an aggregate of:

1,433,333 shares of its common stock,

cash consideration of \$8,600,000 (including \$600,000 to be transferred to the stockholders representative in order to provide funds to satisfy certain claims for contribution for indemnification that may arise under the merger agreement) less the amount by which expenses incurred by Binax in connection with the merger transaction exceed \$175,000 if the merger is completed on or before February 28, 2005 and \$200,000 if the merger is completed after February 28, 2005, and

contingent cash consideration, if and when earned, of up to \$11,000,000.

The Binax stockholders may receive the contingent cash consideration in three tranches upon the first commercial sales of three out of five products related to the development of rapid diagnostics for certain viral

Table of Contents

and bacterial caused ailments. Upon each of the first three such sales of eligible products, Inverness will pay to the stockholders representative, or at his direction, an aggregate of \$3,666,666.67, and the stockholders representative will be responsible for the distribution of such funds to the Binax stockholders in accordance with the consent, waiver and escrow agreement. In order for a sale to qualify as a first commercial sale, such sale must take place in the U.S., Canada, the European Union, Switzerland, Norway, Finland, Turkey or Israel, within five years after the consummation of the merger.

Inverness has agreed to fund research and development related to these products in the minimum aggregate amount of approximately \$9,000,000 during the five years after the consummation of the merger. In the event Inverness ceases such research and development activities with respect to any eligible product, such cessation will be deemed a first commercial sale of such product and Inverness will be required to make a payment of \$3,666,666.67 on account of the contingency cash consideration.

Inverness has further agreed to cooperate with a development team which will be led, initially, by Mr. Piasio. Mr. Piasio will have full managerial authority over a staff of scientists and regulatory personnel, the prioritization of research and development activities relating to the products, the expenditure of funds thereon and the selection of the country or countries in which to first register and sell the products. In the event Mr. Piasio's employment ceases, Inverness will hire a replacement with comparable expertise and at a comparable salary level to lead the development team.

If, prior to the effective time of the merger, the outstanding shares of Inverness common stock are changed into or exchanged for a different number of shares or a different class as a result of any stock split, combination, reclassification or dividend, the nature of the consideration to be received by the holders of Binax common stock and the exchange ratio will be appropriately and proportionately adjusted.

Binax Options to Purchase Common Stock

Binax expects that options to purchase all 173,750 shares of Binax common stock outstanding at the time of execution of the merger agreement will be exercised or cancelled immediately prior to the completion of the merger.

Exchange of Binax Certificates for Merger Consideration

As soon as practicable after the effective time of the merger, Inverness will mail a letter of transmittal to each holder of record of Binax common stock. The letter of transmittal will contain instructions with respect to the surrender of Binax stock certificates.

You should not forward your stock certificates to us unless and until you receive the letter of transmittal, at which time you should forward them only in accordance with the instructions specified in the letter of transmittal. Inverness will cause its transfer agent to prepare a stock certificate for each Binax stockholder (other than those holders exercising their appraisal rights).

Upon delivery to Inverness of its Binax stock certificate and a properly completed and executed transmittal letter and consent, waiver and escrow agreement, such Binax stockholder will receive its Inverness stock certificate and a check for the cash consideration payable to such

stockholder.

If a certificate representing Binax common stock is lost, stolen or destroyed, we will issue the Inverness common stock in exchange for the certificate only upon the making of an affidavit of such loss, theft or destruction by the claimant.

For a description of the differences between the rights of the holders of Inverness common stock and holders of Binax common stock, see Comparison of Stockholder Rights.

Table of Contents

Consent, Waiver and Escrow Agreement

Upon the consummation of the merger, Inverness will deliver to Mr. Piasio, as the representative of the Binax stockholders, \$600,000 of the cash portion of the merger consideration. Mr. Piasio may designate an escrow agent to hold the cash. Mr. Piasio, or the escrow agent, will hold and use this merger consideration in order to satisfy certain claims, if any, for contribution for indemnification of Inverness and to cover certain expenses. Each Binax stockholder, as a condition to receiving such stockholder's pro rata portion of the merger consideration, must agree to be bound by the terms and conditions of the consent, waiver and escrow agreement. Inverness is not a party to, or a beneficiary under the consent, waiver and escrow agreement.

Fractional Shares

Inverness will not issue any fractional shares of its common stock in the merger. Instead, each Binax stockholder who would otherwise have been entitled to receive a fractional share of Inverness common stock after aggregation will receive cash, without interest, in an amount rounded to the nearest whole cent, determined by multiplying (1) \$24.00 by (2) the fraction of a share of Inverness common stock to which the holder would otherwise be entitled.

Completion and Effectiveness of the Merger

The merger will occur after specified conditions set forth in Article VI of the merger agreement have been satisfied or waived. On the second business day after the satisfaction or waiver of these conditions, the parties will hold a scheduled closing. On the day the merger occurs, Inverness will file a certificate of merger with the Secretary of State of the State of Delaware. The effective time of the merger will be the date and time of such filing. Inverness and Binax each anticipate that the merger will be completed in the first quarter of 2005.

Representations and Warranties

The merger agreement contains representations and warranties of Inverness, Acquisition Corp. and Binax relating to, among other things:

corporate organization and qualification;

charter documents and corporate books and records;

capital structure;

corporate authority and board approval;

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

absence of conflicts or violations and required filings and consents;

financial statements;

absence of certain changes since December 31, 2004 with respect to Binax and since September 30, 2004 with respect to Inverness;

litigation;

brokers and finders; and

the truthfulness of information provided for inclusion in this information statement/ prospectus.

The merger agreement contains additional representations and warranties of Binax relating to, among other things:

the filing and accuracy of tax returns;

the ownership and condition of assets;

intellectual property rights;

Table of Contents

compliance with applicable laws, including relating to employees or the workplace;

regulatory matters;

employee benefit plans and related matters, including that the plans have been operated and administered in accordance with applicable laws;

compliance with environmental laws and the absence of environmental liabilities;

material leases, contracts and agreements;

insurance;

customer and supplier relationships;

banking relationships;

inventory; and

warranty matters and product liability.

The merger agreement also contains additional representations and warranties of each of Messrs. Piasio and Hamer relating to his power and authority to execute and deliver the merger agreement and to consummate the transactions contemplated thereby and his status as an accredited investor within the meaning of Rule 501 of the Securities Act.

The merger agreement contains an additional representation and warranty of Inverness relating to its SEC filings.

The representations and warranties contained in the merger agreement are subject to various materiality, material adverse effect and knowledge qualifications.

Business of Binax Pending the Merger; Other Agreements

Unless Inverness otherwise approves, Binax may not:

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

grant any new severance or termination pay to any officer or employee in excess of two weeks pay or adopt any new severance plan;

transfer or license, amend or modify any of its intellectual property rights, other than non-exclusive licenses in the ordinary course of business and consistent with past practice;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise with respect to any of its capital stock;

issue, deliver, sell, authorize, pledge or otherwise encumber any capital stock, apart from the issuance of common stock upon exercise of stock options;

acquire, including, without limitation, by merger, consolidation, or acquisition of stock or assets, any corporation, partnership, other business organization or any division thereof or any material amount of assets;

enter into any material strategic relationship or alliance in which Binax agrees to share profits, pay royalties, or grant exclusive rights of any nature to any material assets to any third party;

sell, lease, license, encumber or otherwise dispose of any material properties or assets, other than in the ordinary course of business, consistent with past practice;

incur any indebtedness for borrowed money or guarantee any such indebtedness of another person; provided that it may draw funds on its revolving line of credit with KeyBank in the ordinary course of business not to exceed \$1,400,000 outstanding at any given time;

Table of Contents

adopt or amend any employee compensatory plan, pay any special bonus or special remuneration to any director or employee, or increase salaries or wage rates or fringe benefits of its directors, officers, employees or consultants;

modify, amend or terminate any contract or agreement or enter into any contract or agreement which provides for Binax to incur or pay any amounts in excess of \$50,000 over the life of such contract or agreement;

engage in any action with the intent to directly or indirectly adversely impact any of the transactions contemplated by the merger agreement; or

agree in writing or otherwise to take any of the foregoing.

Pursuant to the merger agreement, Binax has agreed to:

use commercially reasonable efforts (i) to preserve its business intact, (ii) to keep in force its insurance policies, (iii) to keep available to it the services of its present officers and employees, and (iv) to preserve relationships with its customers, suppliers, distributors and others having business relations with it;

notify Inverness of any material adverse effect; and

terminate its 401(k) plan as of the effective time of the merger.

At any time prior to the consummation of the merger, Binax may revise, supplement and update its unaudited financial statements for the year ended December 31, 2004 based on the advice of its accountants during the audit of its financial statements for the year ended December 31, 2004. However, in the event that Binax's earnings before interest, taxes, depreciation and amortization (EBITDA) reflected on its updated financial statements equals 92.50% or less of the EBITDA reflected on the unaudited financial statements for the year ended December 31, 2004, Inverness has the right to terminate the merger agreement.

Messrs. Piasio and Hamer also agreed to enter into non-competition agreements with Inverness for a period of five years from the consummation of the merger. Each have agreed not to establish or maintain any affiliation with any business that in any way competes with any product or service of Inverness or the surviving corporation known to them without Inverness' prior written consent. They have also agreed not to solicit or take any other action to induce (i) any employee of the surviving corporation to terminate his employment with the surviving corporation or perform services for any other business, (ii) any manufacturer, supplier or other business partner of Inverness or the surviving corporation to modify or discontinue its relationship with Inverness or the surviving corporation, and (iii) any customer of Inverness or the surviving corporation to discontinue or not to commence purchasing from Inverness or the surviving corporation.

Pursuant to the Merger Agreement, for a period of five years after the completion of the merger, Inverness will maintain officers' and directors liability insurance for Messrs. Piasio and Hamer of comparable coverage and containing terms and conditions that are not substantively less advantageous to Messrs. Piasio and Hamer than Binax's officers' and directors' liability insurance maintained for Messrs. Piasio and Hamer. Inverness is not required to expend in excess of an aggregate of \$30,000 for such coverage.

Exclusive Dealing

Pursuant to the merger agreement, Binax and its principal stockholders may not, nor may it authorize or permit any of its affiliates or any officer, director, employee, investment banker, attorney or other adviser or representative of Binax or any of its affiliates to:

solicit, initiate, or encourage any acquisition proposal (as defined to mean any proposal for a merger or other business combination involving Binax or any proposal or offer to acquire in any manner, directly or indirectly, 15% or more of the equity securities, voting securities, or assets of Binax or liquidation or dissolution of Binax);

Table of Contents

participate in any discussions or negotiations regarding, or furnish to any person any nonpublic information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any acquisition proposal;

engage in discussions with any person with respect to any acquisition proposal;

approve, endorse or recommend any acquisition proposal; or

enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any acquisition proposal.

Binax must promptly advise Inverness of any acquisition proposal and inquiries with respect to any acquisition proposal.

Indemnification Arrangement

Messrs. Piasio and Hamer are required to indemnify Inverness from and against and in respect of any and all damages incurred or suffered arising out of or in connection with any inaccuracy in or breach of any of Binax's representations, warranties, covenants or agreements contained in the merger agreement, and will have a right of contribution from the other Binax stockholders for their pro rata share of any such indemnification claim. Inverness and Acquisition Corp. are required to indemnify the Binax stockholders from and against and in respect of any and all damages incurred or suffered arising out of or in connection with any inaccuracy in or breach of any of Inverness or BNX Acquisition's representations, warranties, covenants or agreements contained in the merger agreement.

The representations and warranties of Binax relating to:

organization and subsidiaries;

authority for agreement;

tax matters; and

environmental matters;

and the representations and warranties of Inverness and Acquisition Corp. relating to corporate status and authority for agreement survive until the sixth anniversary of the effective date of the merger.

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

The representations and warranties of Binax, Inverness and Acquisition Corp. relating to capitalization survive until 30 days after the expiration of the statute of limitations with respect to the matter to which the claim related. All other representations and warranties in the merger agreement survive until the later of the first anniversary of the effective date of the merger and March 31, 2006.

No party is obliged to indemnify the other for a breach of any representation or warranty until the aggregate amount of all such damages exceeds \$500,000. No individual claim involving damages of less than \$5,000 will be included in any determination of whether the \$500,000 threshold has been reached. However, once the aggregate damages from all claims exceeds \$500,000, indemnification is required from and against the total amount of such damages, including the \$500,000 threshold but excluding all minor claims of less than \$5,000.

The liability of Binax and Messrs. Piasio and Hamer for indemnification claims relating to organization and subsidiaries, authority for the agreement, tax matters and environmental matters is unlimited. However, the liability of each of Messrs. Piasio and Hamer is limited to the merger consideration received upon the completion of the merger. Liability related to any other matter is limited to \$6,500,000.

Table of Contents

Stockholders Representative

Under the terms of the merger agreement, Roger Piasio has been appointed as agent and attorney-in-fact to act on behalf of Binax stockholders and to take all such actions as may be necessary or appropriate to carry out the merger agreement, including holding the escrowed consideration, or designating an escrow agent, in accordance with the consent, waiver and escrow agreement. Any actions taken by the stockholders representative will be binding upon all stockholders, except in cases of actual fraud or willful misconduct, and no stockholder will have the right to object, dissent, protest or otherwise contest such determinations or actions. The stockholders representative will have no liability to any stockholder or any other person, for any actions taken, decisions made or instructions given in the performance of his duties, except in the case of fraud or willful misconduct.

Conditions Precedent to Each Party's Obligation to Effect the Merger

The following conditions must be satisfied before the merger can become effective:

no injunction or restraining order issued by a court of competent jurisdiction that prohibits or materially restricts the consummation of the transactions contemplated by the merger agreement can be in effect;

the registration statement on Form S-4 of which this information statement/prospectus forms a part must have become effective under the Securities Act, and there must be no stop order or threat of proceedings by the SEC to suspend the effectiveness of the registration statement, and all material filings that must be paid prior to the completion of the merger under any applicable state or securities laws in connection with the issuance of the Inverness common stock must be filed;

no action taken, and no statute, rule or regulation enacted, by any governmental entity that would prohibit or materially restrict the consummation of the transactions contemplated by the merger agreement;

the shares of common stock of Inverness to be issued in the merger must have been approved for listing on the American Stock Exchange;

stockholders of Binax holding a majority of the issued and outstanding shares of capital stock of Binax will have adopted the merger agreement; and

either the 30-day notice period to the Binax option holders has expired or all outstanding Binax options have been exercised, whichever occurs first.

Conditions Precedent to Inverness and Acquisition Corp.'s Obligation to Effect the Merger

Inverness and Acquisition Corp.'s obligation to effect the merger are subject to the fulfillment or satisfaction, prior to or on the closing date, of each of the following conditions:

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4

each of Binax's and Messrs. Piasio's and Hamer's representations and warranties contained in the merger agreement must be true and correct in all material respects as of the closing, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties must be true as of such earlier date);

Binax and Messrs. Piasio and Hamer must have performed and complied in all material respects with all agreements and covenants to be performed prior to or on the closing date;

Inverness must have received written resignations of the directors, president, treasurer and secretary of Binax and Inverness must have received executed general releases by such directors and officers of known claims against Binax, in form and substance reasonably satisfactory to Inverness;

Inverness and Acquisition Corp. must have received a written legal opinion dated as of the closing date from Binax's legal counsel;

Inverness must have received consent from its lender;

Table of Contents

Mr. Piasio must have executed and delivered his employment agreement to Inverness;

Certain key employees must have entered into employment arrangements with Inverness or Acquisition Corp.;

the aggregate number of dissenting shares must not exceed 10% of the number of issued and outstanding shares of common stock of Binax;

no material adverse effect on the financial condition, business, operations, assets, properties, personnel, results of operations or prospects of Binax; and

the average closing price of the common stock of Inverness as reported on the American Stock Exchange for the ten trading days ending two days prior to the closing date must not exceed \$30.00 per share.

Conditions Precedent to Binax's Obligations to Effect the Merger

Binax's and Messrs. Piasio's and Hamer's obligations to effect the merger are subject to the satisfaction of the following conditions prior to the closing date:

Inverness will have adopted the merger agreement;

each of Inverness's representations and warranties contained in the merger agreement must be true and correct in all material respects, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties must be true as of such earlier date);

Inverness and Acquisition Corp. must have performed and complied in all material respects with all agreements and conditions to be performed prior to or on the closing date;

Binax must have received favorable written legal opinions dated as of the closing date from its counsel as to federal income tax matters and from Inverness's counsel as to certain customary matters;

no material adverse effect on the financial condition, business, operations, assets, properties, personnel, results of operations or prospects of Inverness;

the average closing price of the common stock of Inverness as reported on the American Stock Exchange for the ten trading days ending two days prior to the closing date must not be less than \$20.00 per share;

Inverness must have executed and delivered the employment agreement with Mr. Piasio; and

Inverness must have available for distribution the merger consideration.

Termination of the Merger Agreement

The merger agreement may be terminated, and the merger may be abandoned at any time prior to the closing date:

by the mutual written agreement of Inverness and Binax;

by Inverness or Acquisition Corp. if Binax or Messrs. Piasio and Hamer breaches a representation, warranty, covenant or agreement and fails to cure the breach ten days after receiving notice of it or such breach cannot be cured and would cause a condition to Binax's obligation to complete the merger to be incapable of being satisfied;

Table of Contents

by Binax and Messrs. Piasio and Hamer if Inverness or Acquisition Corp. breaches a representation, warranty, covenant or agreement and fails to cure the breach ten days after receiving notice of it or such breach cannot be cured and would cause a condition to Inverness obligation to complete the merger to be incapable of being satisfied; or

by Inverness, Binax or Messrs. Piasio and Hamer if the closing has not occurred by April 30, 2005, except that the right to terminate the merger agreement is not available to any party who has caused the delay in the closing date by failing to fulfill its obligations under the merger agreement.

Waiver and Amendment of the Merger Agreement

The merger agreement may be amended by a written agreement signed by Inverness, Binax and the stockholders representative. A term or provision of the merger agreement may only be waived by a written instrument signed by the party waiving compliance.

Expenses

Inverness and Binax will pay their own expenses incidental to the preparation of the merger agreement, the carrying out of the provisions of the merger agreement and the consummation of the transactions contemplated by the merger agreement. However, the \$8,600,000 paid to the Binax stockholders will be reduced by the amount by which expenses incurred by Binax in connection with the merger transaction exceed \$175,000 if the merger is completed on or before February 28, 2005 and \$200,000 if the merger is completed after February 28, 2005.

Restrictions on Resales by Affiliates

The shares of Inverness common stock to be issued to Binax stockholders in the merger have been registered under the Securities Act by the registration statement on Form S-4 of which this information statement/prospectus forms a part. These shares may be traded freely and without restriction by those stockholders not deemed to be affiliates of Binax as that term is defined under the Securities Act. An affiliate of a corporation, as defined by the rules promulgated under the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation. Generally, affiliates of Binax will be subject to the resale provisions of Rule 145 promulgated under the Securities Act, which, in turn, requires that for a specified period, sales be made in compliance with the volume limitations, manner of sale provisions and current information requirements of Rule 144 under the Securities Act. Inverness has the right to place legends on the certificates evidencing Inverness common stock issued to affiliates of Binax summarizing the foregoing restrictions. If a Binax affiliate becomes an affiliate of Inverness, any transfer must be permitted by the resale provisions of Rule 144 promulgated under the Securities Act or otherwise permitted under the Securities Act.

Table of Contents

INFORMATION ABOUT INVERNESS

General

Inverness is a leading global developer, manufacturer and marketer of diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostic test market. Inverness is presently exploring new opportunities for its proprietary electrochemical and other technologies in a variety of consumer oriented applications including immuno-diagnostics with a focus on women's health and cardiology.

Additional Information