

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

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

**(Mark One)**

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

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

**OR**

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

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

**COMMISSION FILE NUMBER 001-16789**

**ALERE INC.**

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Large accelerated filer  Accelerated filer

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

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

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



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

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

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

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**EXPLANATORY NOTE**

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

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

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

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

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

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

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

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

Part I. Financial Information

Item 1. Financial Statements (unaudited)

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

Item 4. Controls and Procedures

Part II. Other Information

Item 6. Exhibits

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

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

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





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

(unaudited)

(in thousands, except per share amounts)

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

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

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

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

(unaudited)

(in thousands)

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

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

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

(unaudited)

(in thousands, except par value)

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

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

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

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## ALERE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

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

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

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

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**ALERE INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(unaudited)

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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**Three Months Ended September 30, 2014**  
**As Previously Reported,**  
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**Effect to**  
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<b>Restated Consolidated Statement of Operations (in thousands)</b>	<b>Discontinued Operations</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
Net product sales	\$ 505,850	\$ 1,775	\$ 507,625
Net product sales and services revenue	\$ 643,253	\$ 1,775	\$ 645,028
Net revenue	\$ 647,435	\$ 1,775	\$ 649,210
Cost of net product sales	\$ 271,663	\$ (413)	\$ 271,250
Cost of services revenue	\$ 73,614	\$ 1,488	\$ 75,102
Cost of product sales and services revenue	\$ 345,277	\$ 1,075	\$ 346,352
Cost of net revenue	\$ 346,513	\$ 1,075	\$ 347,588
Gross profit	\$ 300,922	\$ 700	\$ 301,622
General and administrative	\$ 105,347	\$ (553)	\$ 104,794
Operating income	\$ 34,089	\$ 1,253	\$ 35,342
Other income (expense), net	\$ (8,172)	\$ 85	\$ (8,087)
Loss from continuing operations before provision for income taxes	\$ (26,415)	\$ 1,338	\$ (25,077)
Provision for income taxes	\$ 61,101	\$ 4,388	\$ 65,489
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	\$ (87,516)	\$ (3,050)	\$ (90,566)
Loss from continuing operations	\$ (81,239)	\$ (3,050)	\$ (84,289)
Loss from discontinued operations, net of tax	\$ (7,099)	\$ (7,302)	\$ (14,401)
Net loss	\$ (88,338)	\$ (10,352)	\$ (98,690)
Net loss attributable to Alere Inc. and Subsidiaries	\$ (88,032)	\$ (10,352)	\$ (98,384)
Net loss available to common stockholders	\$ (93,399)	\$ (10,352)	\$ (103,751)
Basic and diluted net loss per common share attributable to Alere Inc. and Subsidiaries:			
Loss from continuing operations	\$ (1.04)	\$ (0.04)	\$ (1.08)
Loss from discontinued operations	\$ (0.08)	\$ (0.09)	\$ (0.17)
Net loss per common share	\$ (1.12)	\$ (0.13)	\$ (1.25)

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

**Nine Months Ended September 30, 2014**

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

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

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

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

**Three Months Ended September 30, 2014**

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

