

INVERNESS MEDICAL INNOVATIONS INC

Form 424B3

October 10, 2007

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-145892**

Dear HemoSense Stockholder:

You are cordially invited to attend a special meeting of HemoSense, Inc. stockholders to be held on November 6, 2007 at the offices of Wilson Sonsini Goodrich & Rosati at 650 Page Mill Road, Palo Alto, California 94304. Only HemoSense stockholders who hold shares of HemoSense common stock at the close of business on October 4, 2007, the record date for the special meeting, are entitled to vote at the special meeting. At the special meeting, HemoSense stockholders will be asked to adopt the Agreement and Plan of Reorganization dated August 6, 2007 by and among HemoSense, Inverness Medical Innovations, Inc. and Spartan Merger Sub, Inc., a wholly owned subsidiary of Inverness, and approve the merger of Spartan Merger Sub with and into HemoSense such that HemoSense will become a wholly owned subsidiary of Inverness. If the merger is completed, each outstanding share of HemoSense common stock will be converted into the right to receive 0.274192 shares of Inverness common stock. HemoSense stockholders will also be asked to give management the discretionary authority to adjourn the meeting to a later date, if necessary, in order to solicit additional proxies in favor of the approval of the merger and adoption of the merger agreement.

Inverness common stock is listed on the American Stock Exchange under the trading symbol IMA. On October 4, 2007, the closing sale price of Inverness common stock was \$54.07.

HemoSense's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, HemoSense's board of directors has determined that the merger is advisable, fair to and in the best interests of HemoSense and its stockholders and has approved the merger agreement and recommends that you vote for the approval of the merger and adoption of the merger agreement and for the adjournment proposal.

Your vote is very important. HemoSense cannot complete the merger unless the merger agreement is adopted by the affirmative vote of the holders of at least a majority of the shares of HemoSense common stock outstanding on the record date. **Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card as soon as possible.** If you hold your shares in street name, you should instruct your broker how to vote in accordance with your voting instruction card. If you do not submit your proxy, instruct your broker how to vote your shares or vote in person at the special meeting, it will have the same effect as a vote against the approval of the merger and adoption of the merger agreement.

The accompanying proxy statement/prospectus contains detailed information about the merger agreement, the proposed merger and the adjournment proposal and provides specific information concerning the special meeting. Please review this document carefully. In particular, you should carefully consider the matters discussed under Risk Factors beginning on page 14.

Sincerely,

/s/ James D. Merselis
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Inverness common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated October 5, 2007 and is first being mailed to HemoSense stockholders on or about October 9, 2007.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On November 6, 2007**

To the Stockholders of HemoSense, Inc.:

Notice is hereby given that a special meeting of stockholders (referred to as the Special Meeting) of HemoSense, Inc., a Delaware corporation (referred to as HemoSense), will be held on November 6, 2007 at 9:00 a.m., local time, at the offices of Wilson Sonsini Goodrich & Rosati at 650 Page Mill Road, Palo Alto, California 94304, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Reorganization (referred to as the merger agreement), dated as of August 6, 2007, by and among Inverness Medical Innovations, Inc. (referred to as Inverness), Spartan Merger Sub, Inc., a wholly owned subsidiary of Inverness, and HemoSense, and approve the merger of Spartan Merger Sub with and into HemoSense, as a result of which HemoSense will become a wholly owned subsidiary of Inverness, which we refer to as the merger proposal.
2. To consider and vote upon a proposal to grant management the discretionary authority to adjourn the Special Meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the merger proposal, which we refer to as the adjournment proposal.
3. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

The merger proposal and the adjournment proposal are more fully described in the accompanying proxy statement/prospectus, which you should read carefully in its entirety before voting.

Only holders of record of HemoSense common stock at the close of business on October 4, 2007 are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. A majority of the shares of HemoSense common stock outstanding on the record date must be voted in favor of the merger proposal in order for the merger to be completed. Therefore, your vote is very important. Your failure to vote your shares is the same as voting against the merger proposal.

All HemoSense stockholders are cordially invited to attend the Special Meeting in person. However, to assure your representation at the Special Meeting, please vote as soon as possible by completing, signing, dating and returning the enclosed proxy card in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the Special Meeting may vote in person even if he or she has voted using the proxy card.

The board of directors of HemoSense recommends that you vote **FOR** the approval of the merger proposal and **FOR** the adjournment proposal.

By Order of the Board of Directors

/s/ Gordon Sangster
Gordon Sangster
Vice President of Finance, Chief Financial Officer

San Jose, California
October 4, 2007

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY COMPLETING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Inverness and HemoSense from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see **Where You Can Find More Information beginning on page 95 of this proxy statement/prospectus.**

Inverness will provide you with copies of such documents relating to Inverness (excluding all exhibits unless Inverness has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Inverness Medical Innovations, Inc.
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900
Attention: Doug Guarino**

HemoSense will provide you with copies of such documents relating to HemoSense (excluding all exhibits unless HemoSense has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**HemoSense, Inc.
651 River Oaks Parkway
San Jose, California 95134
(408) 719-1393
Attention: Gordon Sangster**

In order for you to receive timely delivery of the documents in advance of the HemoSense special meeting, Inverness or HemoSense should receive your request no later than October 30, 2007.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you, as a stockholder of HemoSense, may have regarding the merger and the special meeting of HemoSense stockholders and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you with respect to the merger being considered at the special meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Inverness has agreed to acquire HemoSense under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see *The Merger Agreement* beginning on page 73 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, HemoSense stockholders must approve the merger and adopt the merger agreement, and all other conditions to the merger must be satisfied or waived. HemoSense will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting of the stockholders of HemoSense, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your HemoSense shares without attending the special meeting. For more specific information on how to vote, please see the questions and answers below.

Q: Why are Inverness and HemoSense proposing the merger?

A: Inverness and HemoSense believe that combining their strengths is in the best interests of each company and its stockholders. The acquisition of HemoSense by Inverness presents a unique opportunity for the companies to come together and accelerate solutions for and innovation in the blood coagulation monitoring market. By combining forces with Inverness, HemoSense expects to be able to leverage Inverness' substantial world-wide distribution network, gain greater potential for expanded investment in research and development and accelerate time to market with next generation technologies and solutions. To review the reasons for the merger in greater detail, see *The Merger Recommendation of HemoSense's Board of Directors and HemoSense's Reasons for the Merger* beginning on page 53 and *The Merger Inverness Reasons for the Merger* beginning on page 62 of this proxy statement/prospectus.

Q: How does HemoSense's board of directors recommend that HemoSense stockholders vote?

A: The HemoSense board of directors recommends that HemoSense stockholders vote **FOR** the proposal to approve the merger and adopt the merger agreement. The HemoSense board of directors has determined that the merger agreement and the merger are advisable, fair to and in the best interests of HemoSense and its stockholders. Accordingly, the HemoSense board of directors has approved the merger agreement and the merger contemplated by the merger agreement. For a more complete description of the recommendation of the HemoSense board of directors, see *The HemoSense Special Meeting* beginning on page 47 of this proxy statement/prospectus and *The Merger Recommendation of HemoSense's Board of Directors and HemoSense's Reasons for the Merger*

beginning on page 53 of this proxy statement/prospectus.

Q: Am I being asked to vote on anything else?

A: Yes. The HemoSense board of directors is asking you to authorize HemoSense management to adjourn the special meeting to a date not later than December 6, 2007 if the number of shares of HemoSense common stock represented and voting in favor of approval of the merger and adoption of the merger agreement is insufficient to approve the merger and adopt the merger agreement under Delaware law. Adjourning the special meeting to a later date will give HemoSense additional time to solicit proxies to vote in favor of

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the approval of the merger and adoption of the merger agreement. The HemoSense board of directors recommends that you vote **FOR** the adjournment proposal.

Q: What will happen in the merger?

A: Pursuant to the terms of the merger agreement, Spartan Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into HemoSense, and HemoSense will survive and continue as a wholly owned subsidiary of Inverness.

Q: What consideration will HemoSense stockholders receive in the merger?

A: HemoSense stockholders will receive 0.274192 shares of Inverness common stock for each share of HemoSense common stock they own. We call this number the exchange ratio. Each HemoSense stockholder will receive cash for any fractional share of Inverness common stock that such stockholder would be entitled to receive in the merger after aggregating all fractional shares to be received by such stockholder.

Q: When do Inverness and HemoSense expect the merger to be completed?

A: Inverness and HemoSense are working to complete the merger as quickly as practicable and currently expect that the merger could be completed promptly after the special meeting. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions.

Q: What are the United States federal income tax consequences of the merger?

A: We expect the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code. If the merger qualifies as a reorganization, HemoSense stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for HemoSense common stock in connection with the merger, except for cash received in lieu of a fractional share of Inverness common stock.

HemoSense stockholders are urged to read the discussion in the section entitled "The Merger - Material United States Federal Income Tax Consequences of the Merger" beginning on page 69 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws.

Q: What vote of HemoSense stockholders is required to approve the merger and adopt the merger agreement?

A: Approval of the merger and adoption of the merger agreement require the affirmative vote of the holders of a majority of the shares of HemoSense common stock outstanding on the record date. Only holders of record of HemoSense common stock at the close of business on October 4, 2007, which we refer to as the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 13,386,950 shares of HemoSense common stock outstanding and entitled to vote at the special meeting.

Q: What vote of HemoSense stockholders is required to approve the adjournment proposal?

A: Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of HemoSense common stock present, either in person or by proxy, and entitled to vote at the special meeting.

Q: Are there any risks related to the merger or any risks related to owning HemoSense or Inverness common stock?

A: Yes. You should carefully review the section entitled Risk Factors beginning on page 14 of this proxy statement/prospectus.

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Q: Are any stockholders already committed to vote in favor of the merger?

A: Yes. Pursuant to voting agreements with Inverness, each director and executive officer of HemoSense and certain stockholders of HemoSense have agreed to vote all or a portion of their shares of HemoSense common stock held on the record date at the special meeting in favor of the merger proposal. These shares represented approximately 33% of the outstanding shares of HemoSense common stock as of the record date. For a more complete description of the voting agreements, see *The Voting Agreements* beginning on page 86 of this proxy statement/prospectus. The forms of voting agreements are also attached to this proxy statement/prospectus as Annex B and Annex C.

Q: Am I entitled to dissenters' rights?

A: No. You are not entitled to dissenters' rights, even if you abstain from voting or vote against the proposed merger.

Q: What will happen to HemoSense's outstanding options and warrants in the merger?

A: HemoSense's outstanding options and warrants will be assumed by Inverness in the merger. Each option or warrant so assumed will thereafter represent an option or warrant to purchase a number of shares of Inverness common stock equal to the number of shares of HemoSense common stock subject to the option or warrant immediately prior to the merger (whether or not vested) multiplied by the exchange ratio, which is 0.274192 (rounded down to the nearest whole share). The assumed options and warrants will have the same vesting and expiration provisions as the original HemoSense options and warrants. The exercise price per share for each assumed HemoSense option or warrant will be equal to the exercise price per share of the original HemoSense option or warrant divided by the exchange ratio, rounded up to the nearest whole cent.

Q: When and where will the special meeting of HemoSense stockholders be held?

A: The special meeting will be held at the offices of Wilson Sonsini Goodrich & Rosati at 650 Page Mill Road, Palo Alto, California 94304 on November 6, 2007, at 9:00 a.m., local time.

Q: Who can attend and vote at the special meeting?

A: All HemoSense stockholders of record as of the close of business on the record date are entitled to receive notice of and to vote at the special meeting.

Q: What should I do now in order to vote on the proposals being considered at the special meeting?

A: HemoSense stockholders as of the record date may vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold HemoSense common stock in street name, which means that your shares are held of record by a broker, bank or other nominee, you must complete, sign, date and return the enclosed voting instruction form to the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction form used by your broker, bank or other nominee to see if you may submit voting instructions using the Internet or telephone.

Additionally, you may also vote in person by attending the special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the

special meeting, you should submit your proxy card or voting instruction form as described in this proxy statement/prospectus.

Q: Do I need to send in my HemoSense stock certificates now?

A: No. You should not send in your HemoSense stock certificates now. Following the merger, a letter of transmittal will be sent to HemoSense stockholders informing them where to deliver their HemoSense stock certificates in order to receive shares of Inverness common stock and any cash in lieu of a fractional share

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of Inverness common stock. You should not send in your HemoSense common stock certificates prior to receiving this letter of transmittal.

Q: What will happen if I abstain from voting or fail to vote?

A: Your abstention or failure to vote or to instruct your broker, bank or other nominee to vote if your shares are held in street name (referred to as a broker non-vote) will have the same effect as a vote against the proposal to approve the merger and adopt the merger agreement. Your abstention will have the same effect as a vote against the adjournment proposal. Broker non-votes will have no effect on the outcome of the vote on the adjournment proposal. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted **FOR** the merger proposal and the adjournment proposal.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

delivering a signed written notice of revocation to the Corporate Secretary of HemoSense;

signing and delivering a new, valid proxy bearing a later date; or

attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in street name, you must contact your broker, bank or other nominee to change your vote.

Q: What should I do if I receive more than one set of voting materials for the special meeting?

A: You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. For each and every proxy card and voting instruction form that you receive, please vote as soon as possible by completing, signing, dating and returning the enclosed proxy card in the postage-prepaid envelope enclosed for that purpose.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

HemoSense, Inc.
651 River Oaks Parkway
San Jose, California 95134
(408) 719-1393
Attention: Gordon Sangster
Toll Free within the United States and Canada: (877) 436-4566

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SUMMARY

*The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the merger contemplated by the merger agreement, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Inverness and HemoSense that has been filed with the Securities and Exchange Commission, referred to as the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 94 of this proxy statement/prospectus.*

The Companies

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 in vitro diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostic test market. Its business is organized into three reportable segments: professional diagnostic products, consumer diagnostic products and vitamins and nutritional supplements. Through its professional diagnostics segment, Inverness develops, manufactures and markets an extensive array of innovative rapid diagnostic test products and other in vitro diagnostic tests to medical professionals and laboratories for detection of infectious diseases, cardiac conditions, drugs of abuse and pregnancy. Inverness' consumer diagnostic segment consists primarily of manufacturing operations related to its role as the exclusive manufacturer of products for SPD Swiss Precision Diagnostics, or Swiss Precision, Inverness 50/50 joint venture with The Procter & Gamble Company, or P&G. Swiss Precision holds a leadership position in the worldwide over-the-counter pregnancy and fertility/ovulation test market. Inverness also manufactures and markets a variety of vitamins and nutritional supplements under its other brands and those of private label retailers primarily in the U.S. consumer market. Inverness has grown its businesses by leveraging its strong intellectual property portfolio and making selected strategic acquisitions. Its products are sold in approximately 90 countries through its direct sales force and an extensive network of independent global distributors.

HemoSense, Inc.
651 River Oaks Parkway
San Jose, California 95134
(408) 719-1393

HemoSense is a point-of-care diagnostic healthcare company that initially has developed, manufactures and commercializes easy-to-use, handheld blood coagulation systems for monitoring patients taking warfarin. Warfarin is an oral anticoagulation, or blood thinning, drug given to patients to prevent potentially lethal blood clots. The HemoSense INRatio (R) system consists of a small monitor and disposable test strips. It provides accurate and convenient measurement of blood clotting time, or PT/INR values. Routine measurements of PT/INR are necessary for the safe and effective management of the patient's warfarin dosing. The INRatio System represents an alternative to the current laboratory-based standard of care.

The INRatio System is 510(k) cleared by the FDA for use by healthcare professionals as well as for patient self-testing, and is also CE marked in Europe. The INRatio System is targeted to both the professional, or point-of-care, market as well as the patient self-testing market. INRatio is sold in the United States and internationally. HemoSense began selling the INRatio meter and related test strips in March 2003. Prior to that date, HemoSense was in the development stage and had been primarily engaged in developing its product technology.

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The Merger

(see page 50)

Inverness and HemoSense agreed to the acquisition of HemoSense by Inverness under the terms of the merger agreement that is described in this proxy statement/prospectus. Pursuant to the merger agreement, Spartan Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into HemoSense, with HemoSense surviving the merger and continuing as a wholly owned subsidiary of Inverness. Throughout this proxy statement/prospectus, we refer to Inverness' acquisition of HemoSense pursuant to the merger agreement as the merger. We have attached the merger agreement as Annex A to this proxy statement/prospectus. We encourage you to read carefully the merger agreement in its entirety because it is the legal document that governs the merger.

Merger Consideration and the Treatment of HemoSense Stock Options and Stock Purchase Warrants

HemoSense stockholders will receive 0.274192 shares of Inverness common stock, referred to as the exchange ratio, for each share of HemoSense common stock they own. As a result, Inverness expects to issue approximately 3.7 million shares of Inverness common stock in the merger based on the number of shares of HemoSense common stock outstanding on October 4, 2007. The stock to be issued to HemoSense stockholders by Inverness is referred to as the merger consideration. Each outstanding option or warrant to purchase HemoSense common stock will be assumed by Inverness and will be converted at the effective time of the merger into an option or warrant to acquire Inverness common stock. Each option or warrant so assumed will thereafter represent an option or warrant to purchase a number of shares of Inverness common stock equal to the number of shares of HemoSense common stock subject to the option or warrant immediately prior to the merger (whether or not vested) multiplied by the exchange ratio. The exercise price per share for each assumed HemoSense option or warrant will be equal to the exercise price per share of the original HemoSense option or warrant divided by the exchange ratio.

For a full description of the merger consideration, see "The Merger Agreement - Conversion of Securities" beginning on page 73 of this proxy statement/prospectus. For a full description of the treatment of HemoSense stock options and stock purchase warrants, see "The Merger Agreement - Treatment of HemoSense Stock Options and Stock Purchase Warrants and Assumption of HemoSense Stock Option Plans" beginning on page 74 of this proxy statement/prospectus.

Fractional Shares

Inverness will not issue fractional shares of Inverness common stock in the merger. As a result, HemoSense stockholders will receive cash for any fractional share of Inverness common stock that they would otherwise be entitled to receive in the merger.

For a full description of the treatment of fractional shares, see "The Merger Agreement - Fractional Shares" beginning on page 74 of this proxy statement/prospectus.

Risk Factors

(see page 14)

In evaluating the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 14 of this proxy statement/prospectus.

HemoSense Stockholders Meeting; Vote Required

(see page 46)

The special meeting of HemoSense stockholders will be held on November 6, 2007 at 9:00 a.m., local time, at the offices of Wilson Sonsini Goodrich & Rosati at 650 Page Mill Road, Palo Alto, California 94304. At the special meeting, HemoSense stockholders will be asked to approve the merger and adopt the merger

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agreement and to grant discretionary authority to HemoSense management to vote your shares to adjourn the special meeting to a date not later than December 6, 2007 to solicit additional proxies if there are not sufficient votes for approval of the merger and adoption of the merger agreement.

Only holders of record of HemoSense common stock at the close of business on October 4, 2007, the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 13,386,950 shares of HemoSense s common stock outstanding and entitled to vote at the special meeting.

Approval of the merger and adoption of the merger agreement require the affirmative vote of the holders of a majority of the shares of HemoSense common stock outstanding on the record date. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of HemoSense common stock present, either in person or by proxy, and entitled to vote at the special meeting.

Recommendation of HemoSense s Board of Directors

(see page 53)

HemoSense s board of directors has determined that the merger is advisable, and fair to and in the best interests of HemoSense and its stockholders, and recommends that you vote **FOR** approval of the merger and adoption of the merger agreement and **FOR** the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the merger and adopt the merger agreement.

In considering the recommendation of the HemoSense board of directors with respect to the merger, HemoSense stockholders should be aware that certain executive officers and directors of HemoSense have interests in the merger that may be different from, or in addition to, the interests of HemoSense stockholders generally. These interests include:

severance and change of control benefits that will be owed to certain executive officers of HemoSense if they are terminated after the transaction;

the immediate vesting of options and shares of restricted stock held by certain directors and executive officers of HemoSense;

the positions at Inverness that certain HemoSense executive officers are expected to hold upon completion of the merger; and

the continued indemnification and directors and officers insurance coverage of current HemoSense directors and officers following the merger.

The HemoSense board of directors was aware of these interests and considered them, among other matters, in making its recommendation.

Opinion of HemoSense s Financial Advisor

(See page 55 and Annex D)

HemoSense s financial advisor, Lazard Frères & Co. LLC, which is referred to as Lazard, delivered an opinion to the HemoSense board of directors that, as of the date of the fairness opinion and based upon and subject to the

assumptions, procedures, factors, limitations and qualifications set forth in such opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of HemoSense common stock.

The full text of the written opinion of Lazard, dated August 5, 2007, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with its opinion, is attached as Annex D. Lazard provided its opinion for the information and assistance of the HemoSense board of directors in connection with its consideration of the merger. The Lazard opinion is not a recommendation as to how any holder of HemoSense common stock should vote at any meeting to be held in connection with, or take any action with respect to, the merger. We encourage you to read the opinion, which

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is attached as Annex D, and the Section The Merger Opinion of HemoSense's Financial Advisor beginning on page 55 carefully and in their entirety.

Ownership of Inverness Following the Merger

Based on the number of shares of HemoSense common stock outstanding as of the record date, Inverness expects to issue approximately 3.7 million shares of Inverness common stock in the merger. Based on the number of shares of HemoSense common stock and the number of shares of Inverness common stock outstanding on the record date, after completion of the merger, former HemoSense stockholders are expected to own approximately 7% of the then-outstanding shares of Inverness common stock.

Share Ownership of HemoSense Directors and Executive Officers

As of the record date, the directors and executive officers of HemoSense and their affiliates beneficially owned and were entitled to vote 4,572,476 shares of HemoSense common stock, which represents approximately 34% of the HemoSense common stock outstanding on that date. Concurrently with the execution and delivery of the merger agreement, on August 6, 2007, Inverness entered into voting agreements with respect to approximately 33% of the HemoSense common stock outstanding on that date with each of the directors and executive officers of HemoSense and certain of their affiliates. For more information regarding the voting agreements, see The Voting Agreements beginning on page 86 of this proxy statement/prospectus. The forms of voting agreements are attached to this proxy statement/prospectus as Annex B and Annex C.

Listing of Inverness Common Stock and Delisting and Deregistration of HemoSense Common Stock

(see page 72)

Application will be made to have the shares of Inverness common stock issued in the merger approved for listing on the American Stock Exchange. If the merger is completed, HemoSense common stock will no longer be listed on the American Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and HemoSense will no longer file periodic reports with the SEC.

Conditions to Completion of the Merger

(see page 82)

A number of conditions must be satisfied before the merger will be completed. These include, among others:

- the receipt of the approval of the merger and adoption of the merger agreement by HemoSense stockholders;
- the effectiveness of a registration statement on Form S-4 and there being no pending or threatened stop order relating thereto;
- the absence of any law or order that makes the consummation of the merger illegal;
- the termination or expiration of all necessary waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, referred to as the HSR Act;
- the absence of any instituted or pending action or proceeding by any governmental entity seeking (a) to interfere with the ownership or operation by Inverness of the business of HemoSense or Inverness or any of

their subsidiaries, (b) to compel Inverness to dispose of or hold separate any portion of the business or assets of HemoSense or Inverness or any of their subsidiaries, (c) to impose limitations on the ability of Inverness to exercise full rights of ownership of the shares of HemoSense common stock; or (d) to require divestiture by Inverness or any of its subsidiaries of any shares of HemoSense common stock;

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the continued accuracy, in all material respects, of the representations and warranties of the parties regarding their capital structures and the due authorization of the merger agreement and, in the case of HemoSense, representations and warranties regarding its board approval, its fairness opinion, and the inapplicability to the merger of anti-takeover plans and statutes;

the continued accuracy of all other representations and warranties of the parties, except to the extent that breaches of such representations and warranties would not result in a material adverse effect on the party making the representation or warranty;

the performance or compliance in all material respects of each party with all agreements and covenants contained in the merger agreement and required to be performed or complied with at or before the closing;

the delivery of tax opinions of legal counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

the absence of material adverse effects with respect to either party since August 6, 2007; and

the authorization for listing on the American Stock Exchange of the shares of Inverness common stock to be issued in the merger.

Each of Inverness, Spartan Merger Sub and HemoSense may waive the conditions to the performance of its respective obligations under the merger agreement and complete the merger even though one or more of these conditions have not been met. Neither Inverness nor HemoSense can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Regulatory Matters

(see page 71)

The merger is subject to antitrust laws. Inverness and HemoSense have made all required filings under applicable U.S. antitrust laws with the Antitrust Division of the United States Department of Justice, referred to as the Antitrust Division, and the United States Federal Trade Commission, referred to as the FTC.

HemoSense Is Prohibited From Soliciting Other Offers

(see page 79)

The merger agreement contains detailed provisions that prohibit HemoSense, its subsidiaries and their respective officers, directors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to an acquisition proposal, as defined in the merger agreement, including an acquisition that would result in the person or group acquiring more than a 15% interest in HemoSense's total outstanding securities, a sale of assets of HemoSense that generate or constitute more than 10% of HemoSense's net revenue, net income or assets, or a merger or other business combination. The merger agreement does not, however, prohibit HemoSense's board of directors from considering and recommending to HemoSense's stockholders an unsolicited acquisition proposal from a third party if specified conditions are met.

Termination of the Merger Agreement and Termination Fee

(see pages 84 and 85)

Under circumstances specified in the merger agreement, either Inverness or HemoSense may terminate the merger agreement. Subject to the limitations set forth in the merger agreement, the circumstances generally include if:

Inverness and HemoSense mutually agree to terminate the merger agreement;

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the merger is not consummated by February 6, 2008, unless the sole reason for the failure to consummate the merger is that the waiting period (or an extension thereof) under the HSR Act has not expired, in which case the date will be extended to June 6, 2008;

a final, non-appealable order is issued or granted by a governmental entity in the United States or any foreign jurisdiction that enjoins or otherwise prohibits the merger from proceeding; or

the HemoSense stockholders do not approve the merger and adopt the merger agreement at the special meeting.

Inverness may also terminate the merger agreement if certain triggering events identified in the merger agreement occur; these triggering events generally relate to the obligations of HemoSense's board of directors to maintain its recommendation of the approval of the merger and adoption of the merger agreement and the obligations of HemoSense regarding the solicitation or acceptance of competing proposals.

Under circumstances specified in the merger agreement, HemoSense may terminate the merger agreement to enter into a definitive agreement for a superior proposal, but only if it has complied with its obligations regarding the solicitation of competing proposals and has paid Inverness the termination fee described below.

HemoSense has agreed to pay Inverness \$5.25 million as a termination fee if:

the merger agreement is terminated following the occurrence of any of the triggering events identified in the merger agreement;

either party terminates the merger agreement because the merger is not consummated by February 6, 2008, unless the sole reason for the failure to consummate the merger is that the waiting period (or an extension thereof) under the HSR Act has not expired, in which case the date will be extended to June 6, 2008, or because the HemoSense stockholders do not approve the merger and adopt the merger agreement, in either case if, prior to the termination of the merger agreement, an acquisition proposal is publicly announced and, within twelve months following the termination, HemoSense enters into a definitive agreement providing for the acquisition of HemoSense; or

HemoSense terminates the merger agreement upon a change of recommendation by its board of directors in connection with a superior offer.

Either party may also terminate the merger agreement if the other party breaches any of its covenants, agreements, representations or warranties set forth in the merger agreement such that the conditions to the terminating party's obligation to effect the merger would not be satisfied at the time of termination and the breach is not cured, or curable, within 30 days after the terminating party delivers written notice of the breach to the other party.

Material United States Federal Income Tax Consequences of the Merger

(see page 69)

Inverness and HemoSense expect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and it is a condition to closing that each of Inverness and HemoSense receive an opinion from legal counsel to the effect that the merger will so qualify. If the merger qualifies as a reorganization, HemoSense stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for HemoSense common stock in connection with the merger, except for cash received in

lieu of a fractional share of Inverness common stock.

HemoSense stockholders are urged to read the discussion in the section entitled "The Merger - Material United States Federal Income Tax Consequences of the Merger" beginning on page 70 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effect of state, local and foreign tax laws.

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Accounting Treatment

(see page 71)

In accordance with accounting principles generally accepted in the Uni