

ICON reports an 8% increase in net revenues and net new business awards of \$106 million for the Third Quarter FY 2005 (NASDAQ:ICLR)

Highlights – Third Quarter Fiscal 2005

- * Third quarter net revenues increased 8% over the third quarter of fiscal 2004 to \$82.9 million and increased 10% on a year-to-date basis.
- * Pro forma income from operations, excluding the impact of one-time charges, decreased 31% over the third quarter of fiscal 2004 to \$6.0 million and decreased 9% in the nine months to February 28, 2005.
- * Diluted earnings per share on a pro forma basis decreased by 23% for the third quarter to 36 cents compared to 47 cents in the same quarter last year. Year-to-date pro forma diluted earnings per share was 129 cents compared to 139 cents for the comparable period last year.
- * \$106 million of net new business awarded to ICON during the quarter.

Dublin, Ireland, March 30, 2005 – ICON plc (NASDAQ: ICLR), a global contract clinical research organisation, which has approximately 2,650 employees providing services to the pharmaceutical, biotech and medical device industries from 37 locations in 23 countries worldwide, today reported the financial results for its third quarter ended February 28, 2005.

Net revenues for the quarter were \$82.9 million, representing an 8% increase over net revenues of \$76.9 million for the same quarter last year. Excluding the impact of acquisitions, revenue growth for the quarter was 6% over the same quarter last year.

In the quarter income from operations included a one-time charge of \$11.3 million primarily relating to the recognition of an impairment of the goodwill associated with the Central Laboratory business and certain assets. Also included in this charge were costs relating to lease termination and associated exit costs in the US.

Pro forma income from operations, excluding the impact of one-time charges, was \$6.0 million, which represents a decrease of 31% from the \$8.8 million reported for the third quarter last year. Operating margin for the quarter was 7.3% compared to 11.4% for the equivalent period last year. Pro forma net income for the quarter was \$5.0 million or 36 cents per share, on a diluted basis, compared with \$6.7 million or 47 cents per share for the third quarter last year.

In the nine months to February 28, 2005, net revenues were \$240.7 million, representing a 10% increase over net revenues of \$219.0 million reported for the first nine months of last year. Excluding the impact of acquisitions, revenue growth was 7% for the nine months ending February 28, 2005.

Pro forma income from operations, excluding the impact of one-time charges, was \$22.5 million, representing a decrease of 9% from the \$24.7 million reported for the same period last year. Operating margin for the nine months to February 28, 2005 was 9.4%, compared to 11.3% in the same period last year. Pro forma net income was \$18.1 million or 129 cents per share, on a diluted basis, compared with \$18.5 million or 139 cents per share reported for the same period last year.

Days sales outstanding, comprising accounts receivable and unbilled revenue less payments on account, were 67 days at February 28, 2005 compared to 69 days at November 30, 2004 and 60 days at May 31, 2004.

For the quarter ended February 28, 2005, cash generated from operations was \$12.6 million, and capital expenditure was \$2.8 million. For the nine months to February 28, 2005, cash generated from operations was \$10.6 million, capital expenditure was \$10.3 million and payments of \$10.3 million were made in relation to acquisitions. As a result of these factors the company's net cash, short-term debt and short-term investments were \$70.9 million at February 28, 2005, compared to \$61.0 million at November 30, 2004 and \$78.8 million at May 31, 2004.

"The results for the quarter were satisfactory and in line with our expectations", commented Chairman, Dr John Climax. "The \$106 million of net new business awards achieved during the quarter was good, confirming our view that the market for our services continues to be strong and that ICON is well positioned to capitalise on this potential".

The company will hold its third quarter conference call today, March 30, 2005 at 8:00 EST [14:00 BST / 15:00 CEST]. This call and linked slide presentation can be accessed live from our website at <http://www.iconclinical.com>. A recording will also be available on the website for 90 days following the call. In addition, a calendar of company events, including upcoming conference presentations, is available on our website, under "shareholders services". This calendar will be updated regularly.

The statements made in this Press Release may contain forward-looking statements that involve a number of risks and uncertainties. In addition to the matters described in this Press Release, the ability to maintain large client contracts or enter into new contracts, maintain client relationships and the ability to manage the opening of new offices, the integration of new business mergers and acquisitions, as well as other risks and uncertainties detailed from time to time in SEC reports filed by ICON, including its Form 20-F, F-1, S-8 and F-3, may affect the actual results achieved by ICON. ICON disclaims any intent or obligation to update these forward-looking statements.

The financial information presented herein has been prepared in accordance with U.S. GAAP.

Source: ICON plc

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Consolidated Income Statements (Unaudited)

Three and Nine Months ended February 28, 2005 and February 29, 2004

(Dollars, in thousands, except share and per share data)

| | Three Months Ended | | Nine Months Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | February 28, 2005 | February 29, 2004 | February 28, 2005 | February 29, 2004 |
| Gross Revenue | 113,341 | 112,831 | 347,604 | 332,181 |
| Subcontractor costs | 30,486 | 35,969 | 106,915 | 113,177 |
| Net Revenue | <u>82,855</u> | <u>76,862</u> | <u>240,689</u> | <u>219,004</u> |
| Costs and expenses | | | | |
| Direct costs | 46,008 | 42,502 | 132,132 | 120,271 |
| Selling, general and administrative | 27,385 | 22,708 | 76,244 | 65,774 |
| Depreciation and amortization | 3,424 | 2,894 | 9,782 | 8,215 |
| One-time charges | 11,275 | - | 11,275 | - |
| Total costs and expenses | <u>88,092</u> | <u>68,104</u> | <u>229,433</u> | <u>194,260</u> |
| Income from operations | (5,237) | 8,758 | 11,256 | 24,744 |
| Interest income (net) | 255 | 75 | 598 | 197 |
| Income before provision of income taxes | <u>(4,982)</u> | <u>8,833</u> | <u>11,854</u> | <u>24,941</u> |
| Provision for income taxes | 521 | 2,182 | 4,153 | 6,421 |
| Minority Interest | <u>25</u> | <u>-</u> | <u>105</u> | <u>-</u> |
| Net income | <u>(5,528)</u> | <u>6,651</u> | <u>7,596</u> | <u>18,520</u> |
| Net income per ordinary share | | | | |
| Basic | <u>(\$0.40)</u> | <u>\$0.49</u> | <u>\$0.55</u> | <u>\$1.45</u> |
| Diluted | <u>(\$0.39)</u> | <u>\$0.47</u> | <u>\$0.54</u> | <u>\$1.39</u> |
| Weighted average number of ordinary shares | | | | |
| Basic | 13,866,236 | 13,622,514 | 13,847,197 | 12,797,089 |
| Diluted | 14,077,910 | 14,070,194 | 14,101,975 | 13,288,688 |

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Proforma Consolidated Income Statements * (Unaudited)

Three and Nine Months ended February 28, 2005 and February 29, 2004
(Dollars, in thousands, except share and per share data)

| | Three Months Ended | | Nine Months Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | February 28, 2005 | February 29, 2004 | February 28, 2005 | February 29, 2004 |
| Gross Revenue | 113,341 | 112,831 | 347,604 | 332,181 |
| Subcontractor costs | 30,486 | 35,969 | 106,915 | 113,177 |
| Net Revenue | <u>82,855</u> | <u>76,862</u> | <u>240,689</u> | <u>219,004</u> |
| Costs and expenses | | | | |
| Direct costs | 46,008 | 42,502 | 132,132 | 120,271 |
| Selling, general and administrative | 27,385 | 22,708 | 76,244 | 65,774 |
| Depreciation and amortization | 3,424 | 2,894 | 9,782 | 8,215 |
| Total costs and expenses | <u>76,817</u> | <u>68,104</u> | <u>218,158</u> | <u>194,260</u> |
| Income from operations | 6,038 | 8,758 | 22,531 | 24,744 |
| Interest income (net) | 255 | 75 | 598 | 197 |
| Income before provision of income taxes | <u>6,293</u> | <u>8,833</u> | <u>23,129</u> | <u>24,941</u> |
| Provision for income taxes | 1,246 | 2,182 | 4,878 | 6,421 |
| Minority Interest | <u>25</u> | <u>-</u> | <u>105</u> | <u>-</u> |
| Net income * | <u><u>5,022</u></u> | <u><u>6,651</u></u> | <u><u>18,146</u></u> | <u><u>18,520</u></u> |
| Net income per ordinary share | | | | |
| Basic * | <u>\$0.36</u> | <u>\$0.49</u> | <u>\$1.31</u> | <u>\$1.45</u> |
| Diluted * | <u>\$0.36</u> | <u>\$0.47</u> | <u>\$1.29</u> | <u>\$1.39</u> |
| Weighted average number of ordinary shares | | | | |
| Basic | 13,866,236 | 13,622,514 | 13,847,197 | 12,797,089 |
| Diluted | 14,077,910 | 14,070,194 | 14,101,975 | 13,288,688 |

* Excludes a one-time charge of \$10.6 million relating to the recognition of an impairment of the goodwill associated with the Central Laboratory business, certain assets, lease termination costs and exit costs, net of the tax deduction thereon

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Summary Balance Sheet Data February 28, 2005 and May 31, 2004 (Dollars, in thousands)

| | February 28, 2005 (unaudited) | May 31, 2004 (audited) |
|---------------------------------|-------------------------------------|------------------------------|
| Cash and short-term investments | 70,942 | 78,763 |
| Short-term debt | - | - |
| Net cash | 70,942 | 78,763 |
| Accounts receivable | 81,816 | 74,079 |
| Unbilled revenue | 82,720 | 59,861 |
| Payments on account | (81,266) | (61,960) |
| Total | 83,270 | 71,980 |
| Working Capital | 123,746 | 113,813 |
| Total assets | 365,921 | 335,323 |
| Shareholder's equity | 231,051 | 216,760 |

Source: ICON plc

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