



ICON reports 40% increase in net revenue, 63% increase in operating income and 65% increase in EPS (NASDAQ:ICLR)

Highlights – Third Quarter Fiscal 2006

- Third quarter net revenues increased 40% over the comparative quarter to August 31, 2005, to \$120.7 million.
- Adjusted income from operations increased by 63% to \$13.6 million.
- Adjusted diluted earnings per share increased by 65% for the third quarter to 38 cents.
- \$157 million of net new business awarded to ICON during the quarter, an increase of 29%.
- ICON invites tenders for the sale & leaseback of its Dublin facility.

Dublin, Ireland, October 27, 2006 – ICON (NASDAQ: ICLR), a global provider of outsourced development services to the pharmaceutical, biotechnology and medical device industries, today reported its financial results for the third quarter ended September 30, 2006. As a consequence of the change of financial year, the comparative quarter mentioned in this press release will be the quarter ended August 31, 2005. ICON recently completed its bonus issue of shares (effectively a share split), the number of weighted average shares in this press release reflects the share split in both the current and comparative figures.

Net revenues for the quarter were \$120.7 million, representing a 40% increase over net revenues of \$85.9 million for the comparative quarter last year.

Income from operations, on a US GAAP basis, was \$12.6 million and net income was \$10.1 million or 35 cents per share, on a diluted basis. Adjusting for \$1.0 million in relation to the expensing of stock compensation in accordance with SFAS No.123[®], income from operations was \$13.6 million, compared to \$8.4 million last year and net income was \$11.1 million or a diluted 38 cents per share, compared with \$6.4 million or 23 cents per share last year. Adjusted operating margin was 11.3%, compared with 9.7% for last year.

Year to date, net revenues were \$326.6 million, a 28% increase over the comparative period last year. Income from operations was \$34.0 million and net income was \$26.9 million or 94 cents per share, on a diluted basis. Adjusting these figures to exclude \$3.0 million in relation to the expensing of stock compensation in the current year and the one-time charge of \$11.3 million, relating primarily to the impairment of goodwill in the prior year, income from operations for the period ended September 30, 2006 was \$37.0 million, an increase of 70% from \$21.8 million last year and operating margin was 11.3%, compared with 8.5% for last year. Adjusted net income was \$29.9 million or a diluted 103 cents share, compared with \$17.4 million, or 61 cents per share last year.

Days sales outstanding, comprising accounts receivable and unbilled revenue less payments on account, were 57 days at September 30, 2006, a decrease from 65 days at December 31, 2005.

For the quarter ending September 30, 2006, cash in-flows from operating activities were \$2.6 million, \$6.5 million was invested in acquisitions and capital expenditures were \$8.4 million, of which \$2.3 million related to the extension of our Dublin facility. Year-to-date, cash in-flows from operating activities were \$33.0 million and capital expenditure was \$19.3 million. As a result, the company's cash and short-term investments, net of debt, was \$90.7 million at September 30, 2006, compared to \$101.0 million at June 30, 2006 and \$77.5 million at December 31, 2005.

“Q3 was another excellent quarter for ICON”, commented Chairman Dr. John Climax. “Our clinical business continues to grow very strongly and our central laboratory made further solid progress. New business wins in the quarter were very satisfactory and we have had a good start to the fourth quarter. Market conditions remain positive and we continue to be confident in the outlook for the year”

ICON has invited tenders for the sale and leaseback of the company's Dublin facility which is currently undergoing expansion. The estimated total cost of construction of the expansion will be in the region of \$60 million, which will be funded from cashflow. Of this, \$11 million has been spent to-date. The first phase of the expansion project will be completed and ready for occupancy in mid 2007. The remainder will be completed in mid 2008.

The company will hold its third quarter conference call today, October 27, 2006 at 09:00 EST [14:00 Ireland & UK]. This call and linked slide presentation can be accessed live from our website at

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.

ICON plc is a global provider of outsourced development services to the pharmaceutical, biotechnology and medical device industries. The Company specializes in the strategic development, management and analysis of programs that support clinical development - from compound selection to Phase I-IV clinical studies. ICON teams have successfully conducted over 1,900 development projects and over 2,300 consultancy engagements across all major therapeutic areas. ICON currently has over 4,000 employees, operating from 48 locations in 30 countries. Further information is available at

www.iconclinical.com

Source: ICON plc

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ICON plc
Consolidated Income Statements
(Unaudited)

Three and Nine Months ended September 30, 2006 and August 31, 2005
(Dollars, in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	August 31, 2005	September 30, 2006	August 31, 2005
Gross Revenue	171,109	115,352	465,497	350,672
Subcontractor costs	50,395	29,431	138,852	95,927
Net Revenue	120,714	85,921	326,645	254,745
Costs and expenses				
Direct costs	68,428	47,310	183,146	140,847
Selling, general and administrative	35,800	26,809	98,477	81,734
Depreciation and amortization	3,875	3,434	11,009	10,407
One-time charges	-	-	-	11,275
Total costs and expenses	108,103	77,553	292,632	244,263
Income from operations	12,611	8,368	34,013	10,482
Interest income (net)	951	415	2,536	1051
Income before provision of income taxes	13,562	8,783	36,549	11,533
Provision for income taxes	3,423	2,459	9,496	4,679
Minority Interest	45	(59)	121	50
Net income	10,094	6,383	26,932	6,804
Net income per ordinary share				
Basic	\$0.36	\$0.23	\$0.95	\$0.24
Diluted	\$0.35	\$0.23	\$0.94	\$0.24

Weighted average number of ordinary shares				
Basic	28,351,525	27,839,212	28,333,823	27,782,555
Diluted	29,085,080	28,300,424	28,709,932	28,218,814

ICON plc
Adjusted Consolidated Income Statements

(Unaudited)

Three and Nine Months ended September 30, 2006 and August 31, 2005
(Dollars, in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	August 31, 2005	September 30, 2006	August 31, 2005
Gross Revenue	171,109	115,352	465,497	350,672
Subcontractor costs	50,395	29,431	138,852	95,927
Net Revenue	120,714	85,921	326,645	254,745
Costs and expenses				
Direct costs	67,863	47,310	181,497	140,847
Selling, general and administrative	35,340	26,809	97,133	81,734
Depreciation and amortization	3,875	3,434	11,009	10,407
Total costs and expenses	107,078	77,553	289,639	232,988
Income from operations	13,636	8,368	37,006	21,757
Interest income (net)	951	415	2,536	1051
Income before provision of income taxes	14,587	8,783	39,542	22,808
Provision for income taxes	3,423	2,459	9,496	5,404
Minority Interest	45	(59)	121	50
Net income	11,119	6,383	29,925	17,354
Net income per ordinary share				
Basic	<u>\$0.39</u>	<u>\$0.23</u>	<u>\$1.06</u>	<u>\$0.62</u>
Diluted	<u>\$0.38</u>	<u>\$0.23</u>	<u>\$1.03</u>	<u>\$0.61</u>
Weighted average number of ordinary shares				
Basic	28,351,525	27,839,212	28,333,823	27,782,554
Diluted	29,514,059	28,300,424	29,161,310	28,218,814

- Excluded from the quarter to September 30, 2006, is the non-cash stock compensation expense of \$1.025 million (\$2.993 million for the nine months to September 30, 2006) relating to stock options expensed in accordance with SFAS No. 123[®]. Also excluded from this quarter, is the adjustment of 428,979 shares (and 451,378 shares for the nine months ended September 30, 2006) on the diluted share number which is a consequence of the adoption of the standard.

- - The nine month period ended August 31, 2005, excludes a one-time charge of \$11.3 million, relating to the recognition in the quarter to February 28, 2005, 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.

ICON plc
Summary Balance Sheet Data
September 30, 2006 and December 31, 2005

(Dollars, in thousands)

	September 30, 2006 (unaudited)	December 31, 2005 (audited)
Cash and short-term investments	94,710	82,318
Short-term debt	4,000	4,856
Net cash	90,710	77,462
Accounts receivable	101,124	71,450
Unbilled revenue	76,826	62,270
Payments on account	(71,156)	(50,211)
Total	106,794	83,509
Working Capital	153,532	132,312
Total assets	431,137	349,067
Shareholder's equity	284,326	241,558

Source:

ICON plc

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