



## **ICON reports 46% increase in fourth quarter net revenue, 65% increase in operating income and 75% increase in EPS (NASDAQ:ICLR)**

### **Highlights – Fourth Quarter and Full Year Fiscal 2006**

- Fourth quarter net revenues increased 46% over the comparative quarter, to \$129 million. Full year net revenues increased 33% to \$456 million.
- Adjusted income from operations increased by 65%, to \$14.9 million. Full year operating income increased by 69% to \$51.9 million.
- Adjusted diluted earnings per share increased by 75% for the fourth quarter to 42 cents. Full year diluted earnings per share increased to 145 cents, a 69% increase over last year.
- \$171 million of net new business awarded to ICON during the quarter, a 22% increase. Full year net business awards totalled \$665 million, a 42% increase on last year.

Dublin, Ireland, February 13, 2007 – 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 fourth quarter ended December 31, 2006. As a consequence of the change of financial year, the comparative quarter mentioned in this press release will be the quarter ended November 30, 2005. ICON completed a bonus issue of shares (effectively a share split) during the year. 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 \$129.0 million, representing a 46% increase over net revenues of \$88.1 million for the comparative quarter last year.

Income from operations, on a US GAAP basis, was \$13.8 million and net income was \$11.4 million or 39 cents per share on a diluted basis. Adjusting these figures to exclude \$1.1 million in relation to the expensing of stock compensation in accordance with SFAS No.123<sup>®</sup>, income from operations was \$14.9 million, compared to \$9.0 million last year and net income was \$12.4 million or a diluted 42 cents per share, compared with \$7.0 million or 24 cents per share last year. Adjusted operating margin was 11.5%, compared with 10.2% for last year.

Full year, net revenues were \$455.6 million, a 33% increase over last year. Income from operations was \$47.8 million and net income was \$38.3 million or 133 cents per share on a diluted basis. Adjusting these figures to exclude \$4.1 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 year ended December 31, 2006 was \$51.9 million, an increase of 69% from \$30.8 million last year and operating margin was 11.4%, compared with 9.0% for last year. Adjusted net income was \$42.4 million or a diluted 145 cents share, compared with \$24.3 million, or 86 cents per share last year.

Days sales outstanding, comprising accounts receivable and unbilled revenue less payments on account, were 53 days at December 31, 2006, a decrease from 65 days at December 31, 2005.

For the quarter ended December 31, 2006, cash in-flow from operating activities was \$17.5 million, \$0.2 million was spent in relation to acquisitions and capital expenditure was \$12.3 million, of which \$6.6 million related to the extension of our Dublin facility. Full year, cash in-flow from operating activities was \$50.5 million and capital expenditure was \$31.5 million. As a result, the company's cash and short-term investments, net of debt, amounted to \$97.9 million at December 31, 2006, compared to \$90.7 million at September 30, 2006 and \$77.5 million at December 31, 2005.

"2006 has been an outstanding year for ICON", commented Chairman Dr. John Climax. "Our Central Lab achieved a significant turnaround from losses of \$6.6 million last year to profits of \$1.3 million. Our clinical segment achieved very strong growth in 2006 and improved its margins from 11.9% in 2005, to 12.4%. With a record backlog of \$872 million, we look forward with confidence to 2007"

The company will hold its fourth quarter conference call today, February 13, 2007 at 10:00 EST [15:00 Ireland & UK]. This call and linked slide presentation can be accessed live from our website at [www.iconclinical.com](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.

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 4,300 employees, operating from 49 locations in 30 countries. Further information is available at [www.iconclinical.com](http://www.iconclinical.com).

Source: ICON plc

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**Consolidated Income Statements**

**Three and Twelve Months ended December 31, 2006 and November 30, 2005**  
**(Dollars, in thousands, except share and per share data)**

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>	<b>November 30,</b>	<b>December 31,</b>	<b>November 30,</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Gross Revenue	184,329	120,344	649,826	471,016
Subcontractor costs	55,377	32,272	194,229	128,199
<b>Net Revenue</b>	<b>128,952</b>	<b>88,072</b>	<b>455,597</b>	<b>342,817</b>
<b>Costs and expenses</b>				
Direct costs	73,117	48,721	256,263	189,568
Selling, general and administrative	38,092	26,824	136,569	108,558
Depreciation and amortization	3,940	3,509	14,949	13,916
One-time charges	-	-	-	11,275
<b>Total costs and expenses</b>	<b>115,149</b>	<b>79,054</b>	<b>407,781</b>	<b>323,317</b>

<b>Income from operations</b>	13,803	9,018	47,816	19,500
Interest income (net)	1,104	603	3,640	1,654
Income before provision of income taxes	14,907	9,621	51,456	21,154
Provision for income taxes	3,428	2,618	12,924	7,297
Minority Interest	107	50	228	100
<b>Net income</b>	<u>11,372</u>	<u>6,953</u>	<u>38,304</u>	<u>13,757</u>
Net income per ordinary share				
Basic	<u>\$0.40</u>	<u>\$0.25</u>	<u>\$1.35</u>	<u>\$0.49</u>
Diluted	<u>\$0.39</u>	<u>\$0.24</u>	<u>\$1.33</u>	<u>\$0.49</u>
Weighted average number of ordinary shares				
Basic	28,493,566	28,010,909	28,314,985	27,839,643
Diluted	29,427,297	28,523,467	28,863,334	28,294,977

**ICON plc**  
**Adjusted Consolidated Income Statements**

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**Three and Twelve Months ended December 31, 2006 and November 30, 2005**  
**(Dollars, in thousands, except share and per share data)**

	Three Months Ended		Twelve Months Ended	
	December 31, 2006	November 30, 2005	December 31, 2006	November 30, 2005
Gross Revenue	184,329	120,344	649,826	471,016
Subcontractor costs	55,377	32,272	194,229	128,199
<b>Net Revenue</b>	128,952	88,072	455,597	342,817
<b>Costs and expenses</b>				
Direct costs	72,526	48,721	254,023	189,568
Selling, general and administrative	37,610	26,824	134,743	108,558
Depreciation and amortization	3,940	3,509	14,949	13,916
<b>Total costs and expenses</b>	114,076	79,054	403,715	312,042

<b>Income from operations</b>	• 14,876	9,018	• 51,882	• 30,775
Interest income (net)	1,104	603	3,640	1,654
Income before provision of income taxes	15,980	9,621	55,522	32,429
Provision for income taxes	3,428	2,618	12,924	8,022
Minority Interest	107	50	228	100
<b>Net income</b>	<u>12,445</u>	<u>6,953</u>	<u>42,370</u>	<u>24,307</u>
Net income per ordinary share				
Basic	<u>\$0.44</u>	<u>\$0.25</u>	<u>\$1.50</u>	<u>\$0.87</u>
Diluted	<u>\$0.42</u>	<u>\$0.24</u>	<u>\$1.45</u>	<u>\$0.86</u>
Weighted average number of ordinary shares				
Basic	28,493,566	28,010,909	28,314,985	27,839,643

Diluted	29,685,145	28,523,467	29,314,617	28,294,977
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- Excluded from the quarter to December 31, 2006, is the non-cash stock compensation expense of \$1.073 million (\$4.066 million for the twelve months to December 31, 2006) relating to stock options expensed in accordance with SFAS No. 123<sup>®</sup>. Also excluded from this quarter, is the adjustment of 257,848 shares (and 451,283 shares for the twelve months ended December 31, 2006) on the diluted share number which is a consequence of the adoption of the standard.
- The twelve month period ended November 30, 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**

**December 31, 2006 and December 31, 2005**

**(Dollars, in thousands)**

	<b>December 31, 2006 (audited)</b>	<b>December 31, 2005 (audited)</b>
Cash and short-term investments	102,861	82,318
Short-term debt	5,000	4,856
Net cash	97,861	77,462
Accounts receivable	108,216	71,450
Unbilled revenue	89,977	62,270
Payments on account	(90,394)	(50,211)
Total	107,799	83,509
Working Capital	160,321	132,312
Total assets	476,341	349,067
Shareholder's equity	302,738	241,558

**Source:** ICON plc  
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