

ICON reports strong FY 2004 results with a 38% increase in operating income and EPS of \$1.88 (NASDAQ:ICLR)

Highlights – Fourth Quarter and Full year Fiscal 2004

- * Fourth quarter net revenues increased 18% over the fourth quarter of fiscal 2003 to \$77.9 million and increased 32% for the year.
- * Income from operations increased 33% over the fourth quarter of fiscal 2003 to \$9.6 million and increased 38% in the twelve months to May 31, 2004.
- * Diluted earnings per share increased 19% for the fourth quarter to 51 cents compared to 43 cents in the same quarter last year. Full year diluted earnings per share increased by 25% to 188 cents compared to 150 cents for fiscal 2003.
- * \$91 million of net new business awarded to ICON during the quarter.

Dublin, Ireland, July 27, 2004 – ICON plc (NASDAQ: ICLR), a global contract clinical research organisation, which has over 2,500 employees providing services to the pharmaceutical and biotech industries from 35 locations in 21 countries worldwide, today reported the financial results for its fourth quarter and full year ended May 31, 2004.

Net revenues were \$77.9 million, representing an 18% increase over net revenues of \$66.0 million for the same quarter last year. Excluding the impact of acquisitions, revenue growth was 13% over the same quarter last year.

Income from operations was \$9.6 million, which represents an increase of 33% from the \$7.2 million reported for the fourth quarter last year. Operating margin for the quarter was 12.4% compared to 11.0% for the equivalent period last year. Net income for the quarter was \$7.2 million or 51 cents per share, on a diluted basis, compared with \$5.3 million or 43 cents per share for the fourth quarter last year.

In the twelve months ended May 31, 2004, net revenues were \$296.9 million, representing a 32% increase over net revenues of \$225.7 million reported for fiscal 2003. Excluding the impact of acquisitions, revenue growth was 21% for the twelve months ending May 31, 2004.

Full year fiscal 2004 income from operations was \$34.4 million, representing an increase of 38% from the \$24.9 million reported for last year. Operating margin for fiscal 2004 was 11.6%, compared to 11.0% last year. Net income was \$25.7 million or 188 cents per share, on a diluted basis, compared with \$18.3 million or 150 cents per share reported for last year.

Days sales outstanding, comprising accounts receivable and unbilled revenue less payments on account, were 60 days at May 31, 2004 compared to 64 days at May 31, 2003.

For the quarter ending May 31, 2004, cash generated from operations was \$12.8 million and capital expenditure was \$3.4 million. As a result the company's net cash, short-term debt and short-term investments were \$78.8 million at May 31, 2004, compared to \$67.1 million at February 29, 2004. For the full year to May 31, 2004, cash generated from operations was \$43.6 million, capital expenditure was \$13.1 million and payments of \$13.0 million were made in relation to acquisitions.

“2004 has been another excellent year for ICON”, commented Chairman, Dr John Climax. “Organic revenue growth was 21%, earnings per share increased by 25%, operating margins expanded and we had strong cashflows. In addition, we added significantly to our advisory services through the acquisition of Globomax, we gained some significant new clients and succeeded in converting a number of existing relationships to preferred provider status.”

Commenting on the outlook, Dr Climax said “Some recent project delays in the US lead us to expect that revenue growth will slow in the first half of Fiscal 2005, particularly in quarter two, which ends on November 30, but should re-accelerate thereafter. We therefore expect overall revenue growth of approximately 10% in Fiscal 2005 and earnings per share of between \$2.00 and \$2.10”.

The company also announced the appointment of Dr. Bruce Given as a non-executive director to the board. Dr. Given has over 17 years experience in the pharmaceutical industry. He is currently President and CEO of Encysive Pharmaceuticals, Inc. Previously he held a number of senior management positions in Johnson and Johnson. Dr. Given will join the board from September 1, 2004. Mr. Lee Jones, who has served as a non-executive director of the board for the past three years, has announced his intention to resign his position on the board with effect from August 31, 2004, due to other business commitments.

The company will hold its fourth quarter conference call today, July 27, 2004 at 11:00 EST [16:00 Ireland & UK / 17:00 CET]. 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 (Audited)

Three and Twelve Months ended May 31, 2004 and 2003
(Dollars, in thousands, except share and per share data)

	Three Months Ended		Twelve Months Ended	
	May 31, 2004	May 31, 2003	May 31, 2004	May 31, 2003
Gross Revenue	111,694	104,701	443,875	340,971
Subcontractor costs	33,775	38,681	146,952	115,246
Net Revenue	<u>77,919</u>	<u>66,020</u>	<u>296,923</u>	<u>225,725</u>
Costs and expenses				
Direct costs	42,291	34,866	162,562	122,373
Selling, general and administrative	23,033	21,637	88,807	71,118
Depreciation and amortization	2,956	2,288	11,171	7,305
Total costs and expenses	<u>68,280</u>	<u>58,791</u>	<u>262,540</u>	<u>200,796</u>
Income from operations	9,639	7,229	34,383	24,929
Interest income (net)	91	(25)	288	354
Income before provision of income taxes	<u>9,730</u>	<u>7,204</u>	<u>34,671</u>	<u>25,283</u>
Provision for income taxes	<u>2,508</u>	<u>1,910</u>	<u>8,929</u>	<u>7,000</u>
Net income	<u><u>7,222</u></u>	<u><u>5,294</u></u>	<u><u>25,742</u></u>	<u><u>18,283</u></u>
Net income per ordinary share				
Basic	<u>\$0.53</u>	<u>\$0.45</u>	<u>\$1.94</u>	<u>\$1.55</u>
Diluted	<u>\$0.51</u>	<u>\$0.43</u>	<u>\$1.88</u>	<u>\$1.50</u>
Weighted average number of ordinary shares				
Basic	13,714,899	11,833,154	13,267,531	11,813,788
Diluted	14,080,617	12,228,648	13,703,163	12,181,094

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Summary Balance Sheet Data May 31, 2004 and 2003 (Dollars, in thousands) (Audited)

	May 31, 2004	May 31, 2003
Cash and short-term investments	78,763	18,311
Short-term debt	-	(7,126)
Net cash	78,763	11,185
Accounts receivable	74,079	74,645
Unbilled revenue	59,861	44,783
Payments on account	(61,960)	(45,763)
Total	71,980	73,665
Working Capital	113,813	53,827
Total assets	335,323	235,014
Shareholder's equity	216,760	136,910

Source: ICON plc

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