ICON PLC /ADR/
Form F-3/A
August 05, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON
AUGUST 5, 2003 REGISTRATION NO. 333-102893

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 6 TO

FORM F-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ICON PUBLIC LIMITED COMPANY
(Exact name of Registrant as specified in its charter)

IRELAND
(State or other jurisdiction of incorporation or organization)

NOT APPLICABLE
(I.R.S. Employer Identification Number)

ICON PLC
SOUTH COUNTY BUSINESS PARK,
LEOPARDSTOWN, DUBLIN 18,
IRELAND
(353) 1-291-2000
(Address and telephone number of Registrant's
principal executive offices)

CT CORPORATION SYSTEM
111 EIGHTH AVENUE
NEW YORK, NEW YORK 10011
(212) 894-8581
(Name, address and telephone number of
agent for service)

COPIES TO:

SEAN LEECH
CHIEF FINANCIAL OFFICER ICON PLC
SOUTH COUNTY BUSINESS PARK
LEOPARDSTOWN, DUBLIN 18, IRELAND
(353) 1-291-2000

WILLIAM M. HARTNETT, ESQ.
CAHILL GORDON & REINDEL LLP
80 PINE STREET
NEW YORK, NEW YORK 10005
(212) 701-3000

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date hereof.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: |_|

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: |_|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: |_|

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary

prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated August 5, 2003.

[ICON LOGO OMITTED]

ICON PLC
3,000,000
American Depositary Shares
Representing
3,000,000 Ordinary Shares

This is an offering of American Depositary Shares, or ADSs, of ICON plc. We are offering 1,500,000 ADSs. The selling shareholders identified in this prospectus are offering an additional 1,500,000 ADSs. We will not receive any of the proceeds from the sale of the ADSs being sold by the selling shareholders. Each ADS represents one ordinary share. In addition to the offering in the United States, the offering includes an offering of ADSs to investors outside the United States.

Our ADSs are quoted on The Nasdaq National Market under the symbol "ICLR." On August 1, 2003, the last reported sale price of our ADSs on The Nasdaq National Market was $33.94 per ADS. Our ordinary shares are listed on the Official List of the Irish Stock Exchange.

SEE "RISK FACTORS" BEGINNING ON PAGE 7 TO READ ABOUT CERTAIN FACTORS YOU SHOULD CONSIDER BEFORE BUYING THE ADSs.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

A copy of this document, together with the consents referred to on page 51, has been delivered to the Registrar of Companies in Ireland in accordance with Section 47 of the Companies Act, 1963.

	Per ADS	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to ICON	$	$
Proceeds, before expenses, to the selling shareholders	$	$

To the extent that the underwriters sell more than 3,000,000 ADSs, the

underwriters have the option to purchase up to an additional 450,000 ADSs from the selling shareholders at the initial price to public less the underwriting discount.

The underwriters expect to deliver the ADSs against payment in New York, New York on , 2003.

GOLDMAN, SACHS & CO.
WILLIAM BLAIR & COMPANY
BEAR, STEARNS & CO. INC.
DAVY STOCKBROKERS

Prospectus dated , 2003.

SUMMARY

This summary highlights information about us and the terms of this offering. Because it is a summary, it does not contain all of the information that may be important to you in deciding whether to purchase ADSs. You should read carefully the entire prospectus and the documents that we have filed with the Securities and Exchange Commission, or SEC or Commission, that are incorporated or deemed to be incorporated by reference prior to deciding whether to purchase ADSs. In particular, you should read carefully the section titled "Risk Factors" and the financial statements and the notes relating to those statements included elsewhere in this prospectus and the documents incorporated or deemed incorporated by reference. Unless we tell you otherwise, all information in this prospectus assumes that the underwriters do not exercise their option to purchase additional ADSs. In this prospectus, "ICON", the "Company", "we", "us" and "our" refer to ICON plc, a public limited company organized under the laws of the Republic of Ireland, and its consolidated subsidiaries.

ICON

We are a contract research organization, or CRO, providing clinical research and development services on a global basis to the pharmaceutical and biotechnology industries. Our focus is on supporting the conduct of clinical trials. We have historically done so by providing such services as Phase II-IV clinical trials management, clinical data management, study design, laboratory services and drug development support. Through our recent acquisition of Medeval Group Limited, we have continued to expand our service offerings to include Phase I clinical trials. We have approximately 2,325 employees and operations in 29 locations in 17 countries. Our main regions of operations are the United States, Europe and the Rest of the World. For the nine months ended February 28, 2003, we derived approximately 71.0%, 26.4% and 2.6% of our net revenue in the United States, Europe and the Rest of the World, respectively.

Headquartered in Dublin, Ireland, we began operations in 1990 and have expanded our business through internal growth and strategic acquisitions. Since our initial public offering, our net revenue, comprised of gross revenue less payments to subcontractors, grew from $45.2 million in fiscal 1998 to $156.6 million in fiscal 2002, while our operating income and net income grew from $6.3 million and $4.3 million respectively, to $18.2 million and $14.2 million, respectively over the same period. In 2002 revenue was earned from over 270

clients, including 19 of the top 20 pharmaceutical companies, as ranked by 2001 revenues.

In executing clinical trials, we utilize an operating model based on a "dedicated team approach" in which a team of full-time clinical professionals, operating out of centralized offices, is assigned exclusively to each project. This contrasts with the approach of many competitors whose clinical staff typically work on multiple projects at once, sometimes operating from non-office bases in remote locations and some of whom may be part-time. We believe our operating model has a number of advantages, and in particular it ensures that each clinical project receives undivided attention and is executed efficiently and to high quality standards, as team members do not have conflicting demands. In addition strong relationships with our clients are developed by the team which generally facilitates high levels of repeat business.

Since inception, we have invested significantly in developing and maintaining a quality system that supports and reinforces our culture of customer focus, client service and high quality output. We became ISO 9002 accredited in 1994, and we recently transitioned to the new ISO 9001:2000 standard. This quality system combined with our independent quality assurance division provides a globally consistent approach to all projects that we undertake and also promotes the delivery of a high quality service to all of our clients.

RISKS RELATED TO OUR BUSINESS AND THIS OFFERING

Before you purchase our ADSs, you should be aware that there are various risks related to, among other things: our dependence on the continued outsourcing of research and development by the pharmaceutical and biotechnology industries; our limited number of clients; clients discontinuing use of services or cancellations or discontinuance of projects; competition with larger companies and research

institutions; quarterly results fluctuations; our dependence on long-term fixed-fee contracts; our ability to attract or retain qualified staff; failure to comply with regulatory authorities; exchange rate fluctuations; potential liability claims; dilution of your investment; substantial discretion for use of proceeds; fluctuations in the stock market or general economic conditions; and difficulty enforcing U.S. judgments against us.

Our principal executive offices are located in South County Business Park, Leopardstown, Dublin 18, Ireland and our telephone number is (353) 1-291-2000. Our principal offices in the United States are located at 212 Church Road, North Wales, PA 19454.

THE OFFERING

Offering price	U.S.$	per ADS

ADSs offered by us	1,500,000 ADSs
ADSs offered by the selling shareholders	1,500,000 ADSs
Selling shareholders	Dr. Ronan Lambe and Dr. John Climax through Wineberry Limited controlled by him.
Ordinary shares outstanding after this offering (1)	13,341,757
Ordinary shares per ADS	One. The ADSs are issued pursuant to the Deposit Agreement with The Bank of New York dated as of May 20, 1998.
Option to purchase additional ADSs	If the underwriters exercise the option to purchase additional ADSs described under the heading "Underwriting", t shareholders may sell up to an additional 450,000 ADSs.
Lock-up arrangements	We have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our ordinary sh securities convertible into or exchangeable for ordinary shar during the period from the date of this prospectus continuing date 90 days after the date of this prospectus, except with t consent of Goldman, Sachs & Co. The selling shareholders have underwriters, subject to certain exceptions, not to dispose o of our ordinary shares, ADSs or securities convertible into o for ordinary shares or ADSs during the period from the date o prospectus continuing through the date 180 days after the dat prospectus, except with the prior written consent of Goldman,
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and the estimated offe payable by us, will be approximately $ million. We will not r the proceeds from the sale of ADSs by the selling shareholder use the net proceeds from this offering, together with our ex cash equivalents, short-term investments and cash generated f for general corporate purposes, including, but not limited to continued growth and development of the business, opportunist and working capital requirements. Please refer to "Use of Proceeds" for further discussion of h the net proceeds from this offering.
Nasdaq symbol	ICLR

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(1) The calculation of the number of ordinary shares to be outstanding after this offering is based upon the number of ordinary shares outstanding on June 30, 2003. The number of ordinary shares to be outstanding after this offering does not include 1,185,445 ordinary shares reserved for issuance upon the exercise of stock options outstanding on June 30, 2003.

RECENT DEVELOPMENTS

RECENT RESULTS

On August 1, 2003, we filed our audited financial statements for the year ended May 31, 2003 on Form 6-K.

THREE MONTHS ENDED MAY 31, 2003 COMPARED WITH THREE MONTHS ENDED MAY 31, 2002

Net revenues increased over the comparable period by $23.0 million, or 54%, from $43.0 million to $66.0 million. Excluding the impact of acquisitions, revenue growth for the quarter was 34% over the same quarter last year. Net revenues in the United States increased by $15.6 million, or 52%, from $29.7 million to $45.3 million. Net revenues in Europe/Rest of World increased by $7.4 million, or 56%, from $13.3 million to $20.7 million.

Income from operations for the quarter increased by $2.1 million, or 43% over the comparable period, from $5.1 million to $7.2 million. Operating margin for the quarter decreased by 0.8%, from 11.8% in the comparable period to 11.0%. Operating margins for the quarter were 12.4% in our clinical segment and (2.1)% in our central laboratory segment. Net income for the quarter was $5.3 million or $0.43 cents per share, on a diluted basis, compared with $3.8 million or $0.31 cents per share for the quarter ended May 31, 2002.

FISCAL YEAR ENDED MAY 31, 2003 COMPARED TO FISCAL YEAR ENDED MAY 31, 2002

Net revenues increased by $69.1 million, or 44% from, $156.6 million to $225.7 million. Excluding the impact of acquisitions, revenue growth was 33% for the twelve months ending May 31, 2003. Net revenues in the United States increased by $51.2 million, or 48%, from $107.5 million to $158.7 million. Net revenues for Europe/Rest of World increased by $17.9 million, or 37%, from $49.1 million to $67.0 million.

Income from operations increased by $6.7 million, or 37%, from $18.2 million to 24.9 million. Operating margin for the full year decreased by 0.6%, from 11.6% to 11.0%. Net income was $18.3 million or $1.50 per share on a diluted basis for fiscal 2003, compared with $14.2 million or $1.16 per share reported for fiscal 2002.

Days sales outstanding, comprising accounts receivable and unbilled revenue less payments on account, were 64 days at May 31, 2003 compared with 67 days at May 31, 2002. For the quarter to May 31, 2003, cash generated from operations was $4.9 million, capital expenditure was $4.6 million and payments of $1.2 million were made in relation to acquisitions. In the twelve months to May 31, 2003, cash generated from operating activities was $21.5 million, capital expenditure was $15.8 million and payments of $40.0 million were made in relation to acquisitions. As a result the company's net cash was $11.2 million (cash and cash equivalents of $18.3 million net of bank overdrafts of $7.1 million) at May 31, 2003, compared to $43.1 million (cash and cash equivalents of $36.3 million and short term investments of $18.6 million net of bank overdrafts of $11.8 million) at May 31, 2002.

We were awarded $88 million of net new business in the fourth quarter of fiscal 2003. At May 31, 2003, we had a total backlog of $352 million, of which we estimate $221 million will be earned in the next twelve months. See "Business--Backlog".

NEW CREDIT FACILITY

On July 3, 2003, we entered into an agreement with Bank of Ireland and Ulster Bank for a credit line of $60 million, $40 million of which will be available for acquisitions, with the remaining $20 million for working capital purposes. The working capital line will replace the majority of our existing lines of credit.

ACQUISITION

On July 29, 2003, we entered into a purchase agreement for the acquisition of Globomax LLC, a drug development consulting company employing approximately 80 people, based in the US. The initial consideration will be approximately $11 million, to be paid in cash.

The agreement allows for additional payments up to a maximum of $4 million to be paid over the subsequent three years contingent upon certain earnings targets being met.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The consolidated financial data set forth below for the years ended May 31, 2000, 2001 and 2002 have been extracted from our audited consolidated financial statements, which have been audited by KPMG, independent chartered accountants, and which are incorporated herein by reference. The consolidated financial data for the years ended May 31, 1998 and 1999 have been extracted from our audited consolidated financial statements not included or incorporated by reference in this prospectus. The consolidated financial data for the nine-month periods ended February 28, 2002 and 2003 have been extracted from our unaudited interim condensed consolidated financial statements, which are incorporated herein by reference. The interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our financial position and operating results for the unaudited nine-month periods ended February 28, 2002 and 2003. We have prepared our consolidated financial statements in accordance with U.S. generally accepted accounting principles. The data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere and our audited and unaudited financial statements incorporated by reference in this prospectus.

In this prospectus, references to "U.S. dollars," "U.S.$" or "$" are to the lawful currency of the United States, references to "pounds sterling," "sterling," "(pound)," "pence" or "p" are to the lawful currency of the United Kingdom, references to "Israeli Shekels" or "ILS" are to the lawful currency of Israel, and references to "euro", "(euro)" or "cent" are to the European single currency adopted by twelve members of the European Union (including the Republic of Ireland, France and Germany). ICON publishes its consolidated financial statements in U.S. dollars.

ICON prepares its consolidated financial statements on the basis of a

fiscal year beginning on June 1 and ending on May 31. References to a fiscal year in this prospectus are references to the fiscal year ending on May 31 of that year. In this prospectus, financial results and operating statistics are, unless otherwise indicated, stated on the basis of such fiscal years.

	YEAR ENDED MAY 31,					N ENDED
	1998	1999	2000	2001	2002	2002
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)					
STATEMENT OF OPERATIONS DATA:						
Gross revenue	$ 67,743	$ 98,910	$ 115,087	$ 151,832	$ 218,842	$ 153,
Subcontractor costs (1)	(22,549)	(39,003)	(34,320)	(35,669)	(62,287)	(39,
Net revenue	45,194	59,907	80,767	116,163	156,555	113,
Costs and expenses:						
Direct costs	23,697	31,662	42,007	63,800	83,371	60,
Selling, general and administrative	14,037	19,200	27,348	36,312	48,951	35,
Merger costs (2)	--	--	1,617	--	--	
Depreciation and amortization	1,196	2,066	3,264	4,975	6,020	4,
Total costs and expenses	38,930	52,928	74,236	105,087	138,342	100,
Income from operations	6,264	6,979	6,531	11,076	18,213	13,
Net interest income	189	2,631	2,659	2,519	1,116	
Income before provision for income taxes	6,453	9,610	9,190	13,595	19,329	14,
Provision for income taxes	(2,110)	(1,557)	(3,122)	(2,617)	(5,129)	(3,
Net income (3)	$ 4,343	$ 8,053	$ 6,068	$ 10,978	$ 14,200	$ 10,
NET INCOME PER ORDINARY SHARE (4):						
Basic	$ 0.56	$ 0.74	$ 0.55	$ 0.97	$ 1.22	$ 0
Diluted	$ 0.49	$ 0.68	$ 0.51	$ 0.92	$ 1.16	$ 0
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING (4):						
Basic	7,788,349	10,908,409	11,050,556	11,292,610	11,656,153	11,576,
Diluted	8,805,567	11,917,605	11,824,359	11,943,849	12,241,820	12,224,

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	AS OF MAY 31,	AS FEBRUA

	1998	1999	2000	2001	2002	20
			(IN THOUSANDS)			
BALANCE SHEET DATA:						
Cash and cash equivalents	$54,384	$12,353	$26,552	$11,179	$ 36,291	$ 21
Short-term investments (available for sale)	--	35,936	21,405	35,941	18,551	
Working capital	57,886	56,944	57,962	61,147	72,923	50
Total assets	89,981	95,758	100,118	128,967	165,794	215
Total debt	1,312	3,514	2,251	11,518	11,745	10
Government grants	705	624	533	476	962	1
Shareholders' equity	$64,074	$71,633	$77,053	$86,580	$107,561	$126

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(1) Subcontractor costs comprise investigator payments and certain other costs reimbursed by clients under terms specific to each of our contracts.

(2) On January 28, 2000, one of our wholly-owned subsidiaries completed a merger with Pacific Research Associates Inc., or PRAI, a company specializing in data management, statistical analysis and medical and regulatory consulting based in Mountain View, California. The merger with PRAI was accounted for as a pooling-of-interests transaction and requires us to combine the historical results of PRAI with our historical results.

(3) On June 1, 2001, we adopted Statement of Financial Accounting Standards ("SFAS") No. 142. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized, but instead are tested for impairment at least annually. The following table provides a reconciliation of reported net income to adjusted net income and earnings per ordinary share excluding amortization expense for all periods presented:

	YEAR ENDED MAY 31,					N ENDED
	1998	1999	2000	2001	2002	2002
			(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Reported net income	$4,343	$8,053	$6,068	$10,978	$14,200	$10,
Add back goodwill amortization	--	--	38	210	--	
Adjusted net income	$4,343	$8,053	$6,106	$11,188	$14,200	$10,
Basic net income per ordinary share reported ...	$ 0.56	$ 0.74	$ 0.55	$ 0.97	$ 1.22	$ 0
Add back goodwill amortization	--	--	--	$ 0.02	--	
Adjusted basic net income per						

ordinary share ...	$ 0.56	$ 0.74	$ 0.55	$ 0.99	$ 1.22	$ 0
Diluted net income per ordinary share reported ...	$ 0.49	$ 0.68	$ 0.51	$ 0.92	$ 1.16	$ 0
Add back goodwill amortization	--	--	--	$ 0.02	--	
Adjusted diluted net income per ordinary share ...	$ 0.49	$ 0.68	$ 0.51	$ 0.94	$ 1.16	$ 0

(4) Net income per ordinary share is based on the weighted average number of outstanding ordinary shares while diluted net income per share is adjusted to include potential ordinary shares from the exercise of options.

RISK FACTORS

IF YOU PURCHASE OUR ADSs, YOU WILL TAKE ON A FINANCIAL RISK. IN DECIDING WHETHER TO INVEST, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS, THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS AND THE ADDITIONAL INFORMATION IN OUR REPORTS AND OTHER DOCUMENTS ON FILE WITH THE SEC THAT ARE INCORPORATED HEREIN BY REFERENCE.

RISKS RELATED TO OUR BUSINESS

WE ARE DEPENDENT ON THE CONTINUED OUTSOURCING OF RESEARCH AND DEVELOPMENT BY THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES.

We are dependent upon the ability and willingness of the pharmaceutical and biotechnology companies to continue to spend on research and development and to outsource the services that we provide. We are therefore subject to risks, uncertainties and trends that affect companies in these industries. We have benefited to date from the tendency of pharmaceutical and biotechnology companies to outsource clinical research projects. Any downturn in these industries or reduction in spending or outsourcing could adversely affect our business. For example, if these companies expanded upon their in-house clinical or development capabilities, they would be less likely to utilize our services. In addition, if governmental regulations were changed, they could affect the ability of our clients to operate profitably, which may lead to a decrease in research spending and therefore this could have a material adverse effect on our business.

WE DEPEND ON A LIMITED NUMBER OF CLIENTS AND A LOSS OF OR SIGNIFICANT DECREASE IN BUSINESS FROM THEM COULD AFFECT OUR BUSINESS.

We have in the past and may in the future derive a significant portion of our net revenue from a relatively limited number of clients. During the fiscal year ended May 31, 2002, 60% of our net revenue was derived from our top five clients. In fiscal 2002, 16% of our net revenue was from Astra Zeneca, 14% from Pfizer and 12% from Bristol Myers Squibb. During the fiscal year ended May 31, 2001, we derived 58% of our net revenue from our top five clients. In fiscal 2001, 19% of our net revenue was from Pfizer and 15% from GlaxoSmithKline. During the fiscal year ended May 31, 2000, we derived 68% of our net revenue from our top five clients. In fiscal 2000, 24% of our net revenue came from

Pfizer, 18% from GlaxoSmithKline and 16% from Novartis. The loss of, or a significant decrease in business from, one or more of these clients could have a material adverse effect on our business.

IF OUR CLIENTS DISCONTINUE USING OUR SERVICES, OR CANCEL OR DISCONTINUE PROJECTS, OUR REVENUE WILL BE ADVERSELY AFFECTED AND WE MAY NOT RECEIVE THEIR BUSINESS IN THE FUTURE OR MAY NOT BE ABLE TO ATTRACT NEW CLIENTS.

Our clients may discontinue using our services completely or cancel some projects either without notice or upon short notice. The termination or delay of a large contract or of multiple contracts could have a material adverse effect on our revenue and profitability. Historically, clients have canceled or discontinued projects and may in the future cancel their contracts with us for reasons including:

- the failure of products being tested to satisfy safety or efficacy requirements;
- unexpected or undesired clinical results of the product;
- a decision that a particular study is no longer necessary;
- insufficient patient enrollment or investigator recruitment; or
- production problems resulting in shortages of the drug.

If we lose clients, we may not be able to attract new ones, and if we lose individual projects, we may not be able to replace them.

WE COMPETE AGAINST MANY COMPANIES AND RESEARCH INSTITUTIONS THAT MAY BE LARGER OR MORE EFFICIENT THAN WE ARE. THIS MAY PRECLUDE US FROM BEING GIVEN THE OPPORTUNITY TO BID, OR MAY PREVENT US FROM BEING ABLE TO COMPETITIVELY BID ON AND WIN NEW CONTRACTS.

The market for CROs is highly competitive. We primarily compete against in-house departments of pharmaceutical companies and other CROs including Covance, Inc., Ingenix Inc. (United Health), Inveresk Research Group, Inc., Kendle International Inc., MDS Inc., Omnicare, Inc., PAREXEL International Corp., Pharmaceutical Product Development, Inc., PRA Inc., and Quintiles Transnational Corporation. Some of these competitors have substantially greater capital, research and development capabilities and human resources than we do. As a result, they may be selected as preferred vendors of our clients or potential clients for all projects or for significant projects, or they may be able to price projects more competitively than us.

Any of these factors may prevent us from getting the opportunity to bid on new projects or prevent us from being competitive in bidding on new contracts.

OUR QUARTERLY RESULTS ARE DEPENDENT UPON A NUMBER OF FACTORS AND CAN FLUCTUATE FROM QUARTER TO QUARTER.

Our results of operations in any quarter can fluctuate depending upon, among other things, the number and scope of ongoing client projects, the commencement, postponement, variation and termination of projects in the quarter, the mix of revenue, cost overruns, employee hiring and other factors.

Our net revenue in any period is directly related to the number of employees and the percentage of these employees who were working on projects and billed to the client during that period. We may be unable to compensate for periods of underutilization during one part of a fiscal period by augmenting revenues during another part of that period. We believe that operating results for any particular quarter are not necessarily a meaningful indication of future results.

APPROXIMATELY 80% OF OUR NET REVENUE IS EARNED FROM LONG-TERM FIXED-FEE CONTRACTS. WE WOULD LOSE MONEY IN PERFORMING THESE CONTRACTS IF THE COSTS OF PERFORMANCE EXCEED THE FIXED FEES FOR THESE PROJECTS.

Approximately 80% of our net revenue is earned from long-term fixed-fee contracts. We have in the past and therefore will continue to bear the risk of cost overruns under these contracts. If the costs of performing these projects exceed the fixed fees for these projects, for example if we underprice these contracts, if there are significant cost overruns or if there are unanticipated delays under these contracts, our business, financial condition and operating results could be adversely affected.

IF WE FAIL TO ATTRACT OR RETAIN QUALIFIED STAFF, OUR PERFORMANCE MAY SUFFER.

Our business, future success and ability to expand operations depends upon our ability to attract, hire, train and retain qualified professional, scientific and technical operating staff. We compete for qualified professionals with other CROs, temporary staffing agencies and the in-house departments of pharmaceutical and biotechnology companies. Although we have not had any difficulty attracting or retaining qualified staff in the past, there is no guarantee that we will be able to continue to attract a sufficient number of clinical research professionals at an acceptable cost.

FAILURE TO COMPLY WITH THE REGULATIONS OF THE U.S. FOOD AND DRUG ADMINISTRATION AND OTHER REGULATORY AUTHORITIES COULD RESULT IN SUBSTANTIAL PENALTIES AND/OR LOSS OF BUSINESS.

The U.S. Food and Drug Administration, or FDA, and other regulatory authorities inspect us from time to time to ensure that we comply with their regulations and guidelines, including environmental and health and safety matters. In addition, we must comply with the applicable regulatory requirements governing the conduct of clinical trials in all countries in which we operate. If we fail to comply with any of these requirements we could suffer:

- the termination of any research;
- the disqualification of data;
- the denial of the right to conduct business;
- criminal penalties; and
- other enforcement actions.

OUR EXPOSURE TO EXCHANGE RATE FLUCTUATIONS COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

We derived approximately 31.3% of our consolidated net revenue in 2002 from our operations outside of the United States. Our financial statements are presented in U.S. dollars. Accordingly, changes in exchange rates between the

U.S. dollar and other currencies in which we report local results, including the pound sterling and the euro, will affect the translation of a subsidiary's financial results into U.S. dollars for purposes of reporting our consolidated financial results.

In addition, our contracts with our clients are sometimes denominated in currencies other than the currency in which we incur expenses related to such contracts. Where expenses are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material adverse effect on our results of operations. We regularly review our currency exchange exposure and hedge a portion of this exposure using forward exchange contracts. In fiscal 2002, we purchased $21.5 million of foreign exchange contracts to hedge against U.S. dollar net revenue arising in non-U.S. operations.

LIABILITY CLAIMS BROUGHT AGAINST US COULD RESULT IN PAYMENT OF SUBSTANTIAL DAMAGES TO PLAINTIFFS AND DECREASE OUR PROFITABILITY.

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. This testing creates the risk of liability for personal injury to or death of the patients. Although investigators are generally required by law to maintain their own liability insurance, we could be named in lawsuits and incur expenses arising from any professional malpractice actions against the investigators with whom we contract. To date, we have not been subject to any liability claims that are expected to have a material effect on us.

Indemnifications provided by our clients against the risk of liability for personal injury to or death of the patients vary from client to client and from trial to trial and may not be sufficient in scope or amount or the providers may not have the financial ability to fulfill their indemnification obligations. Furthermore, we would be liable for our own negligence.

In addition, we maintain approximately $10-15 million of worldwide Professional Liability/Error and Omissions Insurance. The amount of coverage we maintain depends upon the nature of the trial. We may in the future be unable to maintain or continue our current insurance coverage on the same or similar terms. If we are liable for a claim that is beyond the level of insurance coverage, we may be responsible for paying all or part of any award.

RISKS RELATED TO THIS OFFERING

IF YOU PURCHASE ADSS IN THIS OFFERING, YOU WILL SUFFER IMMEDIATE AND SUBSTANTIAL DILUTION OF YOUR INVESTMENT.

After giving effect to the sale of ADSs in this offering, the number of our ordinary shares outstanding will be 13,341,757 and purchasers of ADSs in this offering will experience an immediate and substantial dilution in the net tangible book value per ordinary share of $ (based on the sale of the ADSs at the public offering price set forth on the cover page of this prospectus).

WE HAVE SUBSTANTIAL DISCRETION AS TO HOW TO USE THE PROCEEDS FROM THIS OFFERING.

Our management has broad discretion as to how to spend the proceeds from this offering and may spend these proceeds in ways with which our shareholders may not agree. Investment of the proceeds may not yield a favorable or any

return. See "Use of Proceeds".

FLUCTUATIONS IN THE STOCK MARKET OR GENERAL ECONOMIC CONDITIONS COULD NEGATIVELY AFFECT THE MARKET PRICE OF OUR ADSS.

The market price of our ADSs, which are quoted on the Nasdaq National Market, and our ordinary shares, which are listed on the Official List of the Irish Stock Exchange, may be subject to significant fluctuations in response to variations in operating results from quarter to quarter, changes in earnings estimates by analysts, market conditions of the industry, prospects of healthcare reform, changes in government regulation, general economic conditions and ongoing geopolitical tensions. Furthermore, the stock market has experienced, and may further experience in the future, significant price and volume fluctuations unrelated to the operating performance of particular companies. These market fluctuations may have a material adverse effect on the market price of our ADSs and ordinary shares.

IT MAY BE DIFFICULT FOR INVESTORS TO ENFORCE U.S. JUDGMENTS AGAINST US.

We are incorporated in the Republic of Ireland and many of our subsidiaries are organized outside of the United States. As a result, the principles of law that govern our shareholder rights, the validity of corporate procedures and other matters may be different from those that would apply if we were a U.S. company. For example, it is not certain whether an Irish court (i) would enforce judgments of U.S. courts based upon the civil liability provisions of applicable U.S. federal and state securities laws or (ii) would enforce, in original actions, liabilities against us or our subsidiaries based upon these laws.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are not historical facts but rather are based on current expectations, estimates and projections about our business and industry, our beliefs and assumptions. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" and variations of these words and similar expressions including references to our budgeted capital expenditures, expected earn-out payments, and possible future acquisitions, are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in "Risk Factors" and elsewhere in this prospectus, as well as in our Annual Report on Form 20-F and other reports and documents that we file from time to time with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update these statements or publicly release the results of any revisions to the forward-looking statements that we may make to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, will be approximately $ million. We intend to use the net proceeds from this offering received by us, together with our existing cash, cash equivalents, short-term investments and cash generated from operations, for general corporate purposes, which may include the funding of opportunistic acquisitions.

Our management will have broad discretion to allocate the net proceeds from this offering. While we have, in the normal course of business, several potential acquisition candidates that we are considering, none have developed beyond preliminary discussions. Pending application of the net proceeds, as described above, we intend to invest the proceeds in investment-grade, short-term, interest-bearing investments with the objective of preserving capital pending its use in the manner described above.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

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PRICE RANGE OF ADSs AND DIVIDEND POLICY

Our ADSs are traded on The Nasdaq National Market under the symbol "ICLR." A total of 11,841,757 ordinary shares were issued and outstanding as of June 30, 2003, of which no ordinary shares were held by individual holders of record in the United States, excluding ordinary shares held in the form of ADRs, approximately 99% of which are held by holders of record in the United States. Because some of these ordinary shares were held by brokers or nominees, the number of holders of record or registered holders of ordinary shares in the United States is not representative of the number or residence of beneficial holders. The following table sets forth the high and low per share sale prices for our ADSs on The Nasdaq National Market for the periods indicated, as reported in published financial sources.

	ADSs	
	NASDAQ	
	HIGH	LOW
LAST SIX MONTHS:		
July, 2003	$36.51	$29.88

June, 2003	$31.82	$25.87
May, 2003	$30.85	$24.10
April, 2003	$25.90	$21.36
March, 2003	$26.50	$23.50
February, 2003	$27.82	$22.86
LAST ELEVEN QUARTERS:		
FISCAL 2003		
Fourth Quarter	$30.85	$21.36
Third Quarter	$32.87	$22.35
Second Quarter	$26.00	$18.99
First Quarter	$30.50	$14.88
FISCAL 2002		
Fourth Quarter	$34.49	$23.87
Third Quarter	$32.79	$25.13
Second Quarter	$35.69	$22.93
First Quarter	$39.58	$26.74
FISCAL 2001		
Fourth Quarter	$27.55	$18.38
Third Quarter	$29.75	$15.38
Second Quarter	$20.13	$15.00
LAST FIVE FISCAL YEARS:		
2003	$32.87	$14.88
2002	$39.58	$22.93
2001	$29.75	$15.00
2000	$29.00	$11.87
1999	$36.75	$10.00

Our ordinary shares are also traded on the Official List of the Irish Stock Exchange; however, to date there has been limited trading activity on this exchange.

We currently anticipate that after this offering all of our earnings will be retained for the development of our business and do not anticipate paying any cash dividends in the foreseeable future. Under Irish law, we may only pay dividends out of profits legally available for that purpose. In addition, we are restricted from distributing by way of dividend any sum we receive as grants in connection with agreements we have with the Irish government agency, Enterprise Ireland. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." We paid no dividends in fiscal year 1996 through the present.

CAPITALIZATION

The following table sets forth, as of May 31, 2003, our cash and cash equivalents, short-term investments, short-term debt and capitalization:

- on an actual basis; and
- as adjusted to give effect to the issuance and sale of 1,500,000 ADSs by us in this offering at an assumed offering price of $33.94 (based on the last reported sale price of our ADSs on August 1, 2003 on the Nasdaq National Market):

	AS OF MAY 31, 2003(2)	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Cash and cash equivalents	$ 18,311	$ 18,311
Short-term investments (available for sale)	$ --	$ 46,900
Total short-term debt (1)	$ 7,126	$ 7,126
Shareholders' equity:		
Ordinary shares, par value (euro)0.06 per share: 20,000,000 shares authorized; 11,841,557 fully-paid shares issued and outstanding (actual); 13,341,557 fully-paid shares issued and outstanding (as adjusted)	841	947
Additional paid-in capital	61,164	107,958
Accumulated other comprehensive income	7,787	7,787
Merger reserve	47	47
Retained earnings	67,071	67,071
Total shareholders' equity	136,910	183,810
Total capitalization	$ 144,036	$ 190,936

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(1) For a discussion of our indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Recent Developments--Credit facility."

(2) There has been no material change since May 31, 2003 in the total capitalization of the Company.

DILUTION

As of May 31, 2003, our net tangible book value was $91.9 million, or $7.76 per ordinary share. Net tangible book value per ordinary share represents total consolidated tangible assets less total consolidated liabilities, divided by the aggregate number of ordinary shares outstanding. After giving effect to our sale of the ADSs in this offering, at an assumed public offering price of $33.94 per ADS, and after deducting estimated underwriting discounts and estimated offering expenses payable by us, our pro forma net tangible book value as of May 31, 2003, would have been approximately $138.4 million, or $10.40 per

ordinary share. This represents an immediate increase in pro forma net tangible book value to existing stockholders of $2.64 per ordinary share and an immediate dilution to new investors of $23.54 per ordinary share.

The following table illustrates this per ordinary share dilution:

Public offering price per ADS	
Net tangible book value per ordinary share as of May 31, 2003 (1)	$ 7.76
Increase in net tangible book value per ordinary share attributable to this offering	$ 2.64
Pro forma net tangible book value per ordinary share after giving effect to this offering	
Dilution in net tangible book value per ordinary share to new investors (2)	

As of May 31, 2003, there were options outstanding to purchase a total of 1,185,645 ordinary shares. To the extent that any of these options are exercised or shares are issued, there will be further dilution to new public investors

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(1) Intangible assets as of May 31, 2003 were $45.0 million, or $3.80 per ordinary share.

(2) Dilution is determined by subtracting pro forma net tangible book value per ordinary share after giving effect to this offering from the public offering price per ADS paid by a new investor.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXCEPT FOR HISTORICAL INFORMATION, THE DISCUSSION IN THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS, AS DEFINED IN SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, THAT INVOLVE RISKS AND UNCERTAINTIES. THESE FORWARD-LOOKING STATEMENTS INCLUDE, AMONG OTHERS, THOSE STATEMENTS INCLUDING THE WORDS "EXPECTS", "ANTICIPATES", "INTENDS", "BELIEVES" AND SIMILAR LANGUAGE. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE DISCUSSED IN THIS PROSPECTUS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO THESE DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO, THE RISKS DISCUSSED IN THE SECTION ENTITLED "RISK FACTORS" IN THIS PROSPECTUS.

OVERVIEW

We are a contract research organization, or CRO, providing clinical research and development services on a global basis to the pharmaceutical and biotechnology industries. Our focus is on supporting the conduct of clinical trials. We have historically done so by providing such services as Phase II - IV clinical trials management, study design, laboratory services and drug

development support. Through our recent acquisition, we have continued to expand our service offerings to include Phase I clinical trials. We have approximately 2,325 employees and operations in 29 locations in 17 countries. Our main regions of operations are the United States, Europe and the Rest of the World. For the nine months ended February 28, 2003, we derived approximately 71.0%, 26.4% and 2.6% of our net revenue in the United States, Europe and the Rest of the World, respectively.

Since January 2000, we have also expanded our operations through the acquisition of:

o PRAI, a San Francisco based company that specializes in data management, statistical analysis and medical and regulatory consulting, was acquired on January 28, 2000 for approximately $14.4 million;

o YRCR Limited, or YRCR, a regulatory consulting company based in the United Kingdom, was acquired on January 27, 2000 for approximately sterling 2.1 million;

o Protocole SAS, or Protocole, a clinical research organization specializing in the execution of veterinary trials based in Paris, France, was acquired on March 14, 2000 for approximately $586,000;

o UCT (U.S.), Inc., or UCT, a central laboratory organization based in New York, New York, was acquired on June 8, 2000 for approximately $7.0 million;

o Barton & Polansky Associates, Inc., or BPA, and Managed Clinical Solutions, Inc., or MCS, a clinical research organization and contract staffing business based in New York, New York, were acquired on October 9, 2002 for approximately $15.7 million of initial consideration (excluding costs of acquisition) and a further $3.7 million in an earn-out payment on December 20, 2002, as well as potential earn-out payments. See "--Contractual Obligations Table"; and

o Medeval Group Limited, or Medeval, a clinical pharmacology group provider of Phase I clinical trials and bioanalytical services based in Manchester, United Kingdom, was acquired on January 24, 2003 for approximately sterling 9.5 million (U.S. $15.5 million) of initial consideration (excluding costs of acquisition), as well as potential earn-out payments. See "--Contractual Obligations Table".

Revenue consists primarily of fees earned under contracts with third-party clients. In most cases, a portion of the contract fee is paid at the time the study or trial is started, often upon the signing of a letter of intent, and the balance of the contract fee is generally payable in installments over the study or trial duration, based on the achievement of certain performance targets or "milestones." Revenue for contracts is recognized on a percentage of completion basis as work is performed. As is customary in the CRO industry, we subcontract with third party investigators in connection with clinical trials. All subcontractor costs, and certain other costs where reimbursed by clients, are, in accordance with industry practice,

deducted from gross revenue to arrive at net revenue. As no profit is earned on these costs, which vary from contract to contract, we view net revenue as our primary measure of revenue growth.

Direct costs consist primarily of compensation and associated fringe benefits for project-related employees and other direct project driven costs. Selling, general and administrative expenses consist of compensation and related fringe benefits for selling and administrative employees, professional services, advertising costs and all costs related to facilities and information systems.

As the nature of our business involves the management of projects having a typical duration of one to three years, the commencement, completion, curtailment or early termination of projects in a fiscal year can have a material impact on revenues earned with the relevant clients in such years. In addition, as we typically work with some, but not all, divisions of a client, fluctuations in the number and status of available projects within such divisions can also have a material impact on revenues earned from such clients from year to year.

Although domiciled in Ireland, we report our results in U.S. dollars. As a consequence, the results of our non-United States based operations, when translated into U.S. dollars, could be materially affected by fluctuations in exchange rates between the U.S. dollar and the currency of those operations.

In addition to translation exposures, we are also subject to transaction exposures because the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. We have eleven operations trading in U.S. dollars, four trading in euro, three in pounds sterling, and one each in Australian dollars, Singapore dollars, Japanese Yen, Israeli Shekels, Latvian Lats, Swedish Krona, South African Rands, Argentine Pesos, Indian Rupees, Russian Rubles and Canadian dollars. Our operations in the United States are not materially exposed to such currency differences as the majority of our revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts are usually priced in a single currency, most often pounds sterling, U.S. dollars or euro, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract, and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our currency exposures and hedge a portion of these, using forward exchange contracts, where natural hedges do not cover them. The introduction of the euro on January 1, 1999 also reduced our exposures as four of our offices, and many of the countries where we are carrying out projects, are within the euro zone.

We have received capital and revenue grants from Enterprise Ireland. We record capital grants as deferred income, which are credited to income on a basis consistent with the depreciation of the relevant asset. Grants relating to operating expenditures are credited to income in the period in which the related expenditure is charged. The capital grant agreements provide that in certain circumstances the grants received may be refundable in full. These circumstances include sale of the related asset, liquidation of the Company or failing to comply in other respects with the grant agreements. The operating expenditure grant agreements provide for repayment in the event of downsizing of the Company calculated by reference to any reduction in employee numbers. We have not recognized any loss contingency, having assessed as remote the likelihood of these events arising. Up to February 28, 2003, we have received $1,244,195 and $1,551,433 under the capital grants and operating grants, respectively. Pursuant to the terms of the grant agreements we are restricted from distributing some of these amounts by way of dividend or otherwise.

As we conduct operations on a global basis, our effective tax rate has depended and will depend on the geographic distribution of our revenue and earnings among locations with varying tax rates. Our results of operations therefore may be affected by changes in the tax rates of the various jurisdictions. In particular, as the geographic mix of our results of operations among various tax jurisdictions changes, our effective tax rate may vary significantly from period to period.

RESULTS OF OPERATIONS

THREE MONTHS ENDED FEBRUARY 28, 2003 COMPARED WITH THREE MONTHS ENDED FEBRUARY 28, 2002

The following table sets forth for the periods indicated certain financial data as a percentage of net revenue and the percentage change in these items compared to the prior comparable period. The trends illustrated in the following table may not be indicative of future results.

	THREE MONTHS ENDED FEBRUARY 28, 2003	FEBRUARY 28, 2002	2003 TO 2002
	PERCENTAGE OF NET REVENUE		PERCENTAGE INCREASE
Net revenue	100.0%	100.0%	49.9%
Costs and expenses:			
Direct costs	56.3%	52.9%	59.4%
Selling, general and administrative	30.2%	31.5%	43.6%
Depreciation and amortization	3.1%	3.9%	21.5%
Income from operations	10.4%	11.7%	33.4%

Net revenue increased by $19.7 million, or 49.9%, from $39.6 million to $59.3 million. This improvement arose through a combination of increased business from existing clients, business won from new clients and revenues from acquisitions not included in the comparative period. The additional revenues from these acquisitions (BPA, MCS and Medeval) amounted to $6.0 million for the three months ended February 28, 2003. Including the impact of acquisitions, revenues in the United States, Europe/Rest of World grew 54.4% and 39.3%, respectively. For the three months ended February 28, 2003, net revenue for our central laboratory business fell by 20.6% from $7.8 million to $6.2 million while our clinical research segment grew by 67.2% from $31.8 million to $53.1 million over the comparable period. The growth in net revenue in our clinical research segment is due to the expansion of our services to both existing and new clients, increased use of outsourcing by the pharmaceutical and biotechnology industries, an underlying increase in research and development spending and consolidation in the CRO industry. The decrease in the central laboratory revenues was due principally to a higher than normal level of project cancellations in the first quarter of fiscal 2003.

Direct costs increased by $12.5 million, or 59.4%, from $20.9 million to $33.4 million, primarily due to increased staff numbers needed to support increased project related activity and increased costs arising from the acquisitions amounting to $4.3 million. Direct costs, as a percentage of net revenue increased from 52.9% in the three months to February 28, 2002 to 56.3% for the quarter ended February 28, 2003 or 54.6% when the effects of

acquisitions have been excluded.

Selling, general and administrative expenses increased by $5.4 million, or 43.6%, from $12.5 million to $17.9 million. The increase in costs is due to the continued expansion of our operations and additional selling, general and administrative costs from acquisitions of $1.6 million not included in the comparative period. As a percentage of net revenue, selling, general and administrative expenses, decreased from 31.5% in the three months to February 28, 2002 to 30.2% for the quarter ended February 28, 2003, or 30.6% when the effects of acquisitions have been excluded.

Depreciation and amortization expense increased by $0.3 million, or 21.5%, over the same quarter last year. This increase is due to the continued investment in facilities and information technology to support the growth in activity and in providing for future capacity. As a percentage of net revenue, depreciation and amortisation decreased from 3.9% of net revenues in the three months to February 28, 2002 to 3.1% for the quarter ended February 28, 2003 or 3.4% when the effects of acquisitions have been excluded.

Income from operations increased by $1.6 million, or 33.4%, from $4.6 million to $6.2 million, including acquisitions. This improvement is due to increased levels of activity carried out across the Company together with the acquisition of BPA, MCS and Medeval. As a percentage of net revenue, including the

effect of acquisitions, income from operations decreased from 11.7% for the three months ended February 28, 2002 to 10.4% of net revenues for the three months ended February 28, 2003. For the quarter, income from operations, as a percentage of net revenue for the central laboratory fell to (7.3%) from 22.5% in the same quarter in fiscal 2002, due principally to a higher than normal level of project cancellations in the first quarter of the current fiscal year. Operating margins for our clinical research segment increased from 9.1% in the three months ended February 28, 2002 to 12.5% for the three months ended February 28, 2003 due principally to improved staff utilization.

Net interest income for the three months ended February 28, 2003 was $0.1 million compared to $0.3 million for the equivalent period last year. Net cash invested decreased from $43.1 million at May 31, 2002 to $11.4 million at February 28, 2003. Lower average interest rates for the third quarter of fiscal 2003, when compared to the same period last year, together with lower amounts of cash invested contributed to the lower returns on our investments.

Our effective tax rate for the nine months ended February 28, 2003 was 27.1% compared to 26.9% for the comparable period last year. The increase in the effective rate was due to a change in the geographic distribution of pre-tax earnings and the impact of acquisitions.

NINE MONTHS ENDED FEBRUARY 28, 2003 COMPARED WITH NINE MONTHS ENDED FEBRUARY 28, 2002

The following table sets forth for the periods indicated certain financial data as a percentage of net revenue and the percentage change in these items compared to the prior comparable period. The trends illustrated in the following table may not be indicative of future results.

	NINE MONTHS ENDED FEBRUARY 28, 2003	FEBRUARY 28, 2002	2003 TO 2002
	PERCENTAGE OF NET REVENUE		PERCENTAGE INCREASE
Net revenue	100.0%	100.0%	40.6%
Costs and expenses:			
Direct costs	54.8%	53.2%	44.8%
Selling, general and administrative	31.0%	31.3%	39.2%
Depreciation and amortization	3.1%	3.9%	13.6%
Income from operations	11.1%	11.6%	34.6%

Net revenue increased by $46.1 million, or 40.6%, from $113.6 million to $159.7 million. This improvement arose through a combination of increased business from existing clients, business won from new clients and revenues from acquisitions not included in the comparative period. The additional revenues from these acquisitions (BPA, MCS & Medeval) were $9.6 million for the nine months ended February 28, 2003. Of the total increase, revenues in the United States, Europe/Rest of World grew by 45.8% and 29.4%, respectively. For the nine months ended February 28, 2003 net revenue for our central laboratory segment grew from $19.2 million to $19.4 million, or 1.1% over the comparable period last year, while our clinical research segment grew from $94.4 million to $140.3 million, or 48.7% in the same period. The growth in net revenue in both our clinical research and central laboratory segments is due to the expansion of our services to both existing and new clients, increased use of outsourcing by the pharmaceutical and biotechnology industries, an underlying increase in research and development spending and consolidation in the CRO industry.

Direct costs increased by $27.0 million, or 44.8%, from $60.5 million to $87.5 million, primarily due to increased staff numbers needed to support increased project related activity and increased costs arising from the acquisitions amounting to $6.4 million. Direct costs, as a percentage of net revenue increased from 53.2% in the nine months to February 28, 2002, to 54.8% for the nine months ended February 28, 2003 or 54.0% when the effect of acquisitions has been excluded.

Selling, general and administrative expenses increased by $13.9 million, or 39.2%, from $35.6 million to $49.5 million. The increase in costs is due to the continued expansion of our operations and additional selling, general and administrative costs from acquisitions of $2.6 million not included in the comparative period. As a percentage of net revenue, selling, general and administrative expenses, decreased from 31.3% in the nine months to February 28, 2002, to 31.0% for the nine months ended February 28, 2003 or 31.2% when the effect of acquisitions has been excluded.

Depreciation and amortization expense increased by $0.6 million, or 13.6%, over the same period last year. This increase is due to the continued investment in facilities and information technology to support the growth in activity and in providing for future capacity costs from acquisitions of $0.1 million not included in the comparative period. As a percentage of net revenue, depreciation and amortization decreased from 3.9% of net revenues in the nine months to February 28, 2002 to 3.1% for the nine months ended February 28, 2003 or 3.3% when the effect of acquisitions has been excluded.

Income from operations increased by $4.6 million, or 34.6%, from $13.1 million to $17.7 million, including acquisitions. This increase is due to

increased levels of activity carried out across the Company together with the acquisition of BPA, MCS & Medeval. As a percentage of net revenue, including the effect of acquisitions, income from operations decreased from 11.6% for the nine months ended February 28, 2002, to 11.1% for the nine months to February 28, 2003. For the first nine months of fiscal 2003, income from operations, as a percentage of net revenue for our central laboratory segment fell to 1.3% from 14.4% in the same period in fiscal 2002 due principally to a higher than normal level of project cancellations in the first quarter of the current fiscal year. Cancellations of this nature are typical in our business and generally arise due to safety or efficacy issues relating to the trial drug, which are outside of our control. Operating margins for our clinical research segment increased from 11.0% in the nine months ended February 28, 2002 to 12.4% for the nine months ended February 28, 2003 primarily due to improved staff utilization.

Net interest income for the nine months ended February 28, 2003 was $0.4 million compared to $0.9 million for the equivalent period last year. Net cash invested decreased from $43.1 million at May 31, 2002 to $11.4 million at February 28, 2003, primarily due to the acquisition of BPA and MCS in October 2002 and Medeval in January 2003. Lower average interest rates for the first nine months of fiscal 2003 compared to the same period last year, combined with lower levels of net cash invested, contributed to the lower returns on our investments.

Our effective tax rate for the nine months ended February 28, 2003 was 28.2% compared to 25.9% for the comparable period last year. The increase in the effective rate was due to a change in the geographic distribution of pre-tax earnings and the impact of acquisitions.

FISCAL YEAR ENDED MAY 31, 2002 COMPARED TO FISCAL YEAR ENDED MAY 31, 2001

	2000	2001	2002	2000 TO 2001	TO
	PERCENTAGE OF NET REVENUE			PERCENTAGE INC (DECREASE	
Net revenue	100.0%	100.0%	100.0%	43.8%	3
Costs and expenses:					
Direct costs	52.0%	54.9%	53.3%	51.9%	3
Selling, general and administrative	33.9%	31.3%	31.3%	32.8%	3
Depreciation and amortization	4.0%	4.3%	3.8%	52.4%	2
Income from operations	8.1%	9.5%	11.6%	69.6%	6

Net revenue increased by $40.4 million, or 34.8%, from $116.2 million to $156.6 million. This increase arose through growth in both of our existing segments. Our central laboratory segment grew from $13.6 million to $25.9 million, or by 90.9%, while our clinical research segment grew from $102.6 million to $130.7

million, or 27.4% in fiscal 2002 compared to fiscal 2001. Of the total increase, revenues in the United States and Europe/Rest of the World grew by 31.3% and 43.2%, respectively.

Direct costs increased by $19.6 million, or 30.7%, from $63.8 million to $83.4 million, primarily due to a 33.0% increase in staff numbers which were needed to support increased project-related activity. Direct costs as a percentage of net revenue decreased from 54.9% in the twelve months to May 31, 2001 to 53.3% in the equivalent period in fiscal 2002 due to increased utilization of our staff on project-related activity.

Selling, general and administrative expenses increased by $12.6 million, or 34.8%, from $36.3 million to $48.9 million. The increase in costs is due to the continued expansion of our operations. As a percentage of net revenue, selling, general and administrative expenses remained at 31.3% in fiscal 2002, the same level as fiscal 2001.

Depreciation and amortization expense increased by $1.0 million, or 21.0%, from $5.0 million to $6.0 million. Excluding goodwill amortization of $0.2 million in fiscal 2001 (in order to be comparable to fiscal 2002, which reflects the adoption of SFAS No. 142), the increase in fiscal 2002 over fiscal 2001 was $1.2 million or 26.5%. This increase is due to the continued investment in facilities and information technology to support the growth in activity and in providing for future capacity. As a percentage of net revenue, depreciation and amortization expenses decreased from 4.3% in the twelve months to May 31, 2001 to 3.8% in the equivalent period in fiscal 2002. Excluding goodwill amortization in 2001, depreciation and amortization represented 4.1% of net revenues.

Income from operations increased by $7.1 million, or 64.4%, from $11.1 million to $18.2 million, due principally to improved operational performance in our central laboratory segment and increased levels of activity overall. As a percentage of net revenue, income from operations increased from 9.5% for the year ended May 31, 2001 to 11.6% of net revenues for fiscal 2002. In the same period, income from operations as a percentage of net revenue in our central laboratory segment grew from -2.3% to 14.1%, while our clinical research segment income remained at 11.1% for fiscal 2002, the same level as fiscal 2001.

Net interest income for the year ended May 31, 2002 was $1.1 million, a decrease of $1.4 million on the equivalent period last year due primarily to reduced cash on deposit and lower interest rates during the current fiscal year. Net cash invested decreased from $35.9 million at May 31, 2001 to $18.6 million at the end of May 2002.

Our effective tax rate for the year ended May 31, 2002 was 26.5% compared with 19.2% for the comparable period last year. The increase in the effective rate was primarily due to a change in the geographic distribution of pre-tax earnings.

FISCAL YEAR ENDED MAY 31, 2001 COMPARED TO FISCAL YEAR ENDED MAY 31, 2000

Net revenue increased by $35.4 million, or 43.8%, from $80.8 million to $116.2 million. This increase arose through a combination of growth in our existing business and revenues from acquisitions not included in the comparative period. Revenues from acquisitions increased from $0.9 million for the year ended May 31, 2000 (comprising YRCR and Protocole) to $16.6 million for the year ended May 31, 2001 (comprising YRCR, Protocole and UCT). Excluding acquisitions, net revenue increased by 24.7% over the comparable period. Of the total increase, revenues in the United States and Europe/Rest of the World grew by 51.4% and 28.0%, respectively.

Direct costs increased by $21.8 million, or 51.9%, from $42.0 million to $63.8 million, primarily due to a 42.0% increase in staff numbers which were needed to support increased project-related activity. Direct costs arising from the acquisitions amounted to $10.7 million. Excluding acquisitions, direct costs increased by 28.1%. Direct costs including acquisitions as a percentage of net revenue increased from 52.0% in the

twelve months to May 31, 2000, to 54.9% in the equivalent period in fiscal 2001. Excluding acquisitions, direct costs were 53.3% of net revenues in the twelve months to May 31, 2001.

Selling, general and administrative expenses increased by $9.0 million, or 32.8%, from $27.3 million to $36.3 million. The increase in costs is due to the continued expansion of our operations and additional selling, general and administrative costs arising from the acquisitions of $4.5 million. Excluding acquisitions, selling, general and administrative expenses increased by 16.7%. As a percentage of net revenue, selling, general and administrative expenses decreased from 33.9% to 31.3% in the year ended May 31, 2001 and 32.0% when acquisitions were excluded.

Depreciation and amortization expense increased by $1.7 million, or 52.4%, to 4.3% of net revenues in fiscal 2001 compared to 4.0% of net revenues in fiscal 2000. This increase is due to both goodwill amortization arising on the acquisitions of YRCR, Protocole and UCT and to the continued investment in facilities and information technology to support the growth in activity and in providing for future capacity. Excluding the effect of acquisitions, depreciation and amortization was 4.4% of net revenues in the year ended May 31, 2001.

Merger costs for the year ended May 31, 2000 were $1.6 million. These costs represented transaction-related incremental third party costs for accounting, legal and corporate finance services and capital taxation incurred in the pooling of interests transaction with PRAI.

Net interest income for the year ended May 31, 2001 was $2.5 million, a decrease of $0.2 million on the equivalent period last year due primarily to reduced cash on deposit and lower interest rates during the current fiscal year. Net cash invested decreased from $46.1 million at May 31, 2000, to $35.9 million at the end of May 2001.

Our effective tax rate for the year ended May 31, 2001 was 19.2% compared with the pro forma tax rate of 27.8% for the comparable period last year after the impact of corporate taxes arising from the merger with PRAI has been excluded. The decline in the effective rate was due to a change in the geographic distribution of pre-tax earnings and merger costs included in the third quarter of last year, which were not tax deductible. A valuation allowance was recorded against the deferred tax asset generated from operating loss carry forwards for certain subsidiaries that are in a tax loss position.

LIQUIDITY AND CAPITAL RESOURCES

The CRO industry generally is not capital intensive. Since our inception, we have financed our operations and growth primarily with cash flow from operations and the $49.1 million of net proceeds received from our initial public offering in 1998. Our principal cash needs are payment of salaries, office rents, travel expenditures and payments to investigators. In the nine months ended February 28, 2002 and February 28, 2003, the aggregate amount of employee compensation, excluding stock compensation expense, paid by us and our subsidiaries amounted to $63.6 million and $96.0 million, respectively. The aggregate amount of employee compensation, excluding stock compensation expense, paid by us and our subsidiaries in the three fiscal years ended May 31, 2002 amounted to $48.9 million, $68.6 million, and $88.2 million, respectively. Investing activities primarily reflect capital expenditures for facilities,

information systems enhancements, the sale and purchase of short-term investments and acquisitions.

Our clinical research and development contracts are generally fixed-fee with some variable components and range in duration from a few months to several years. Revenue from contracts is generally recognized as income on a percentage of completion basis as the work is performed. The cash flow from contracts typically consists of a down payment of between 10% and 20% paid at the time the contract is entered into, with the balance paid in installments over the contract's duration, in some cases on the achievement of certain milestones. Accordingly, cash receipts do not necessarily correspond to costs incurred and revenue recognized on contracts.

As of February 28, 2003, our working capital was $50.5 million, compared to $72.9 million at May 31, 2002 and $61.1 million at May 31, 2001. The most significant influence on our operating cash flow is revenue outstanding, which comprises accounts receivable and unbilled revenue, less payments on account. The dollar values of these amounts and the related days sales outstanding, or DSOs, can vary due to the achievement of contractual milestones, including contract signing, and the timing of cash receipts. The number of DSOs was 69 days at February 28, 2003, 67 days at May 31, 2002 and 93 days at May 31, 2001. The decrease from May 31, 2001 to May 31, 2002 was due primarily to increased cash collections, as a result of a more stringent application of our trading terms with respect to our accounts receivable. The increase from May 31, 2002 to February 28, 2003 was due primarily to the timing of pass-through sub-contractor fees.

Net cash provided by operating activities was $16.6 million in the nine months ended February 28, 2003, compared to $16.3 million in the nine months ended February 28, 2002 and $17.3 million in the year ended May 31, 2002, compared with net cash used of $1.6 million in fiscal 2001. The improvement in operating cash flow from May 31, 2001 to May 31, 2002 was due to substantial improvements in our DSOs from 93 days to 67 days over the period.

Net cash used in investing activities was $29.5 million in the nine months ended February 28, 2003, compared to $4.1 million provided by investing activities in the nine months ended February 28, 2002, due principally to acquisition activity in the current fiscal year. Net cash provided by investing activities was $4.8 million in the year ended May 31, 2002, compared to net cash used in investing activities of $22.6 million in the year ended May 31, 2001, due principally to acquisition activity in fiscal 2001 and proceeds from short-term investments in 2002.

Net cash used in financing activities was $1.6 million in the nine months ended February 28, 2003, compared with $0.9 million provided by financing activities in the nine months ended February 28, 2002, due principally to the repayment of debt. Net cash provided by financing activities was $2.7 million in the year ended May 31, 2002, compared with $9.6 million in fiscal 2001, due mainly to higher levels of debt in fiscal 2001.

As a result of these cash flows, cash and cash equivalents decreased by $14.4 million in the nine months ended February 28, 2003, compared to an increase of $21.5 million in the nine months ended February 28, 2002, and increased by $25.1 million in the year ended May 31, 2002, compared to a decrease of $15.4 million in the year ended May 31, 2001.

On November 17, 1998, we entered into an overdraft facility, or the A.I.B.

facility, for (euro)2,539,000 (U.S.$2,731,710) with Allied Irish Banks plc, or A.I.B. This facility bears interest at an annual rate equal to A.I.B. Bank's Prime Rate plus one-quarter of a percent. The full amount of the unpaid principal and interest is due and repayable on demand. This A.I.B. facility expires on June 30, 2003; in the event that such facility is not renewed, any amounts outstanding will have to be repaid on the expiration date. As of February 28, 2003, (euro)2,056,227 (U.S.$2,212,295) of this facility was available to be drawn down.

On July 29, 2002, we entered into an additional A.I.B. facility for sterling 50,000 (U.S.$79,006). This facility bears interest at an annual rate equal to A.I.B. Bank's Prime Rate plus two percent. The full amount of the unpaid principal and interest is due and repayable on demand. This A.I.B. facility expires on June 30, 2003; in the event that such facility is not renewed, any amounts outstanding will have to be repaid on the expiration date. As of February 28, 2003, the full amount of this facility was available to be drawn down.

Our U.S. subsidiary ICON Clinical Research, Inc. has a $12 million secured line of credit with PNC Bank N.A, or the PNC Facility. Borrowings under the PNC Facility must be the lesser of (a) $12 million and (b) the sum of (i) 80% of ICON Clinical Research, Inc.'s gross accounts receivable less than 90 days from the date of invoice issuance ("Qualified receivables") plus (ii) 50% of gross unbilled receivables less than 90 days ("Qualified unbilled receivables") provided always that drawings against Qualified unbilled receivables shall at no time exceed 50% of drawings against Qualified receivables. The PNC Facility bears interest at

an annual rate equal to PNC's Prime Rate less three-quarters of a percent. The full amount of the unpaid principal and interest is due and payable on demand. The PNC Facility is secured by a first priority security interest in certain assets of ICON Clinical Research, Inc. This facility expires on December 31, 2003; in the event that such facility is not renewed, any amounts outstanding will have to be repaid on the expiration date. As of February 28, 2003, $8.9 million was drawn down.

On July 3, 2003, we entered into an agreement with Bank of Ireland and Ulster Bank for a credit line of $60 million. See "Recent Developments--New Credit Facility."

We entered into an overdraft agreement with A.I.B., whereby we guarantee any overdrafts of our subsidiaries ICON Clinical Research GmbH and ICON Clinical Research Israel Ltd. up to an amount (euro)112,484 (U.S.$121,022) and U.S.$250,000 (ILS 1,209,499), respectively. As of February 28, 2003, the full German facility and Israeli facility were available to be drawn down.

On October 9, 2002, we completed the acquisitions of Barton & Polansky Associates, Inc. and its sister company, Managed Clinical Solutions, Inc., contract research organizations in New York, for an initial cash consideration of $15.7 million (excluding costs of acquisition) and a further $3.7 million in an earn-out payment on December 20, 2002, as well as potential earn-out payments. See "--Contractual Obligations Table".

On January 24, 2003, we completed the acquisition of Medeval Group

Limited, a specialist provider of Phase I clinical trials to the pharmaceutical and biotechnology industries, for an initial cash consideration of approximately sterling 9.5 million (U.S.$15.5 million) (excluding costs of acquisition), as well as potential earn-out payments. See "--Contractual Obligations Table".

CONTRACTUAL OBLIGATIONS TABLE

The following table represents our contractual obligations and commercial commitments as of February 28, 2003.

	PAYMENTS DUE BY PERIOD		
	TOTAL	LESS THAN 1 YEAR	1 TO 5 YEARS
		(IN THOUSANDS)	
Operating leases	$121,579	$ 7,359	$50,406
Credit facilities	10,503	10,503	--
Earn-out payments committed for contingent consideration (1)	13,460	4,120	9,340
Total	$145,542	$21,982	$59,746

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(1) This cash is payable under earn-out clauses included in acquisitions.

We expect to spend approximately $15 million in the next twelve months on further investments in information technology, the expansion of existing facilities and the addition of new offices and expect to increase this level of spending in subsequent years. In addition, in the twelve months ending February 28, 2004, we expect to pay approximately $4.1 million on earn-out payments arising from acquisitions. We believe that we will be able to fund our additional foreseeable cash needs for the next twelve months from cash flow from operations and existing cash balances. In the future, we will consider acquiring businesses to enhance our service offerings and global presence. Any such acquisitions will be funded from the proceeds of this offering, and we may require additional external financing, and we may also from time to time seek to obtain funds from public issues of equity or debt securities. There can be no assurance that such financing will be available on terms acceptable to us.

INFLATION

We believe that the effects of inflation generally do not have a material impact on our operations or financial condition.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported

amounts of revenues and expenses during the reported period.

We base our estimates and judgments on historical experience and on the other factors that we believe are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The following is a brief discussion of the accounting policies used by us, which we believe are critical in that they require estimates and judgments by management.

REVENUE RECOGNITION

Significant management judgments and estimates must be made and used in connection with the recognition of revenue in any accounting period. Material differences in the amount of revenue in any given period may result if these judgments or estimates prove to be incorrect or if management's estimates change on the basis of development of the business or market conditions.

We apply the provisions of Statement of Position No. 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" in recognizing revenue, other than fee-for-service contracts. Revenues are recognized over the period from the awarding of the customer's contract to study completion and acceptance. The percentage to completion is measured by monitoring of progress using records of actual cost incurred to date in the contract compared to the total estimated contract requirements. The percentage to completion method requires us to estimate total expected revenue, costs, profitability, duration of the contract and outputs. These estimates are reviewed periodically and, if any of these estimates change or actual results differ from expected results, then an adjustment is recorded in the period in which they become reasonably estimable.

If we do not accurately estimate the resources required or the scope of the work to be performed, or do not manage our projects properly within the planned cost or satisfy our obligations under the contracts, then future results may be significantly and negatively affected.

GOODWILL

Goodwill arising on acquisition is capitalized. Where events and circumstances are present which indicate that the carrying value may not be recoverable, we will recognize an impairment loss. Factors we consider important which could trigger impairment include:

- significant underperformance relative to expected historical or projected future operating results;
- significant negative industry or economic trends;
- significant decline in our stock price for a sustained period; and
- changes in the ratio of our market capitalization to net book value.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001 the Financial Accounting Standards Board, or FASB, issued two new statements: SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". Those Statements change the accounting

for business combinations and goodwill in two significant ways. First, SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method is prohibited. Second, SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121 and subsequently SFAS No. 144 after its adoption. We have no intangible assets with infinite lives. Thus, amortization of goodwill, including goodwill recorded in past business combinations, ceased upon adoption of SFAS No. 142. We adopted SFAS No. 142, effective June 1, 2001. We completed our transitional assessment of goodwill impairment during the year and our assessment indicates that there is no charge for impairment.

The following table reconciles the prior periods' reported net income to their prospective pro forma balances adjusted to exclude goodwill amortization, which is no longer recorded under SFAS No. 142:

	YEAR ENDED M
	2000
	(IN THOUSA EXCEPT PER SHA
Reported net income	$6,068
Add back goodwill amortization	38
Adjusted net income	$6,106
BASIC NET INCOME PER ORDINARY SHARE	
Reported	$ 0.55
Add back goodwill amortization	0.00
Adjusted basic net income per share	$ 0.55
DILUTED NET INCOME PER ORDINARY SHARE	
Reported	$ 0.51
Add back goodwill amortization	0.00
Adjusted diluted net income per share	$ 0.51

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143, which is effective for fiscal years beginning after June 15, 2002, requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its expected settlement amount each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. We have not yet adopted this new standard and are currently assessing the impact of the standard but its adoption is not likely to have a material impact on our results of operations and financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the

Impairment or Disposal of Long-Lived Assets". This statement supersedes both SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", and the accounting and reporting provisions for the disposal of a segment of a business of Accounting Principles Board (APB) Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 retains the fundamental provisions in SFAS No. 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while also resolving significant

implementation issues associated with SFAS No. 121. SFAS No. 144 also retains the basic provisions of APB Opinion No. 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business). We adopted SFAS No. 144 on June 1, 2002. Adoption of SFAS No. 144 did not have a material impact on our results of operations and financial position.

In November 2001, the Emerging Issues Task Force, or EITF, released EITF Issue 01-14, "Income Statement Characterization of Reimbursements Received for `Out of Pocket' Expenses Incurred", requiring companies to report reimbursed costs as part of gross revenues. Our reimbursed costs include such items as payments to investigators and travel costs for our clinical research staff. We do not earn a profit on these costs. We have always included such reimbursed costs within our measure of gross revenues and adoption of EITF Issue 01-14 had no effect on our reported results.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 provides for the rescission of several previously issued accounting standards, new accounting guidance of the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. SFAS No. 145 will be adopted beginning June 1, 2003, except for the provisions relating to the amendment of SFAS No. 13, which have been adopted for the transactions occurring subsequent to May 15, 2002. Adoption of SFAS No. 145 did not have a material impact on our results of operations and financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). SFAS 146 addresses financial accounting reporting for costs associated with exit or disposal activities and nullifies EITF Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity". SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002 and will be effective in our third quarter ending February 28, 2003. The adoption of SFAS No. 146 is not expected to have a material impact on our financial position or results of operations.

BUSINESS

THIS IS A SUMMARY OF THE MATERIAL ASPECTS OF OUR BUSINESS. FOR ADDITIONAL INFORMATION, PLEASE REFER TO OUR FORMS 20-F AND 20-F/A FOR THE FISCAL YEAR ENDED MAY 31, 2002, "ITEM 4. INFORMATION ON THE COMPANY."

OVERVIEW

We are a contract research organization, or CRO, providing clinical research and development services on a global basis to the pharmaceutical and biotechnology industries. Our focus is on supporting the conduct of clinical trials. We have historically done so by providing such services as Phase II-IV clinical trials management, clinical data management, study design, laboratory services and drug development support. Through our recent acquisition of Medeval, we have continued to expand our service offerings to include Phase I clinical trials. We have approximately 2,325 employees and operations in 29 locations in 17 countries. Our main regions of operations are the United States, Europe and the Rest of the World. For the nine months ended February 28, 2003, we derived approximately 71.0%, 26.4% and 2.6% of our net revenue in the United States, Europe and the Rest of the World, respectively.

Headquartered in Dublin, Ireland, we began operations in 1990 and have expanded our business through internal growth and strategic acquisitions. Since our initial public offering, our net revenue, comprised of gross revenue less payments to subcontractors, grew from $45.2 million in fiscal 1998 to $156.6 million for fiscal 2002, while our operating income and net income grew from $6.3 million and $4.3 million, respectively to $18.2 million and $14.2 million, respectively over the same period. In 2002 revenue was earned from over 270 clients, including 19 of the top 20 pharmaceutical companies, as ranked by 2001 revenues.

In executing clinical trials, we utilize an operating model based on a "dedicated team approach" in which a team of full-time clinical professionals, operating out of centralized offices, is assigned exclusively to each project. This contrasts with the approach of many competitors whose clinical staff typically work on multiple projects at once, sometimes operating from non-office bases in remote locations and some of whom may be part-time. We believe our operating model has a number of advantages, and in particular it ensures that each clinical project receives undivided attention and is executed efficiently and to high quality standards, as team members do not have conflicting demands. In addition strong relationships with our clients are developed by the team which generally facilitates high levels of repeat business.

Since inception, we have invested significantly in developing and maintaining a quality system that supports and reinforces our culture of customer focus, client service and high quality output. We became ISO 9002 accredited in 1994, and we recently transitioned to the new ISO 9001:2000 standard. This quality system combined with our independent quality assurance division provides a globally consistent approach to all projects that we undertake and also promotes the delivery of a high quality service to all of our clients.

INDUSTRY BACKGROUND

The CRO industry provides independent product development services for the pharmaceutical and biotechnology industries. Companies in these industries

outsource product development services to CROs in order to manage the drug development process more efficiently and cost-effectively to maximize the profit potential of patent-protected products. The CRO industry has evolved since the 1970s from a small number of companies that provided limited clinical services to a larger number of CROs that offer a range of services that encompass the entire research and development process, including pre-clinical development, clinical trials management, clinical data management, study design, biostatistical analysis, central laboratory and regulatory affairs services. CROs are required to provide these services in accordance with good clinical and laboratory practices, as governed by the applicable regulatory authorities.

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers and a limited number of medium-sized and large CROs with global operations. Although there are few barriers to entry for small, limited-service providers, we believe there are significant barriers to becoming a

CRO with global capabilities. Some of these barriers include the infrastructure and experience necessary to serve the global demands of clients, the ability to manage simultaneously complex clinical trials in numerous countries, broad therapeutic expertise and the development and maintenance of the complex information technology systems required to integrate these capabilities. In recent years, the CRO industry has experienced consolidation, resulting in the emergence of a select group of CROs that have the capital, technical resources, integrated global capabilities and expertise to conduct multiple phases of clinical trials on behalf of pharmaceutical and biotechnology companies. We believe that some large pharmaceutical companies, rather than utilizing many CRO service providers, are selecting a limited number of CROs who are invited to bid for projects. We believe that this trend will further concentrate the market share among CROs with a track record of quality, speed, flexibility, responsiveness, global capabilities and overall development experience and expertise.

TRENDS AFFECTING THE CRO INDUSTRY

CROs derive substantially all of their revenue from the research and development expenditures of pharmaceutical and biotechnology companies. Based on industry surveys and investment analyst research, we estimate that clinical development expenditures outsourced by pharmaceutical and biotechnology companies worldwide in 2001 was in excess of $10 billion. We believe that the following trends create further growth opportunities for global CROs, although there is no assurance that growth will materialize.

INCREASING DRUG DEVELOPMENT ACTIVITY. Recent improvements in drug discovery and screening technology, biotechnology and disease pathology have reduced the time to develop new drug candidates. These improvements, combined with the threat of patent expirations on existing drugs, have led drug developers to increase the rate at which they are creating new drug candidates for clinical trials. As the number of trials that need to be performed increases, we believe that drug developers will increasingly rely on CROs to manage these trials in order to continue to focus on drug discovery. In addition, as many biotechnology companies do not have a clinical development infrastructure, we believe that the services offered by CROs will continue to be in demand from such companies.

PRESSURE TO ACCELERATE TIME TO MARKETS; GLOBALIZATION OF THE MARKETPLACE. Reducing product development time maximizes the client's potential period of patent exclusivity, which in turn maximizes potential economic returns. We

believe that clients are increasingly using CROs that have the appropriate expertise to improve the speed of product development to assist them in improving economic returns. In addition, applying for regulatory approval in multiple markets and for multiple indications simultaneously, rather than sequentially, reduces product development time and thereby maximizes economic returns. We believe that CROs with global operations and experience in a broad range of therapeutic areas are a key resource to support a global regulatory approval strategy.

COST CONTAINMENT PRESSURES. Over the last several years, drug companies have sought more efficient ways of conducting business due to margin pressures stemming from patent expirations, greater acceptance of generic drugs, pricing pressures caused by the impact of managed care, purchasing alliances and regulatory consideration of the economic benefit of new drugs. Consequently, drug companies are centralizing research and development, streamlining their internal structures and outsourcing certain functions to CROs, thereby converting previously fixed costs to variable costs. The CRO industry, by specializing in clinical trials management, is often able to perform the needed services with greater focus and at a lower cost than the client could perform internally.

INCREASING NUMBER OF LARGE LONG-TERM POST-MARKETING STUDIES. We believe that to establish competitive claims and to encourage drug prescription by physicians in some large and competitive categories, more clients need to conduct outcome studies to demonstrate, for example, that mortality rates are reduced by certain drugs. To verify such outcomes, very large patient numbers are required and they must be monitored over long time periods. We believe that as these types of studies increase there will be a commensurate increase in demand for the services of CROs who have the ability to quickly assemble large patient populations, globally if necessary, and manage this complex process throughout its duration.

INCREASING REGULATORY DEMANDS. We believe that regulatory agencies are becoming more demanding with regard to the data required to support new drug approvals and are seeking more evidence that new drugs are safer and more effective than existing products. As a result, the complexity of clinical trials and the size of regulatory submissions are driving the demand for services provided by CROs.

STRATEGY

We believe that our operating model based on dedicated teams differentiates us from our competition in the CRO industry and enables us to deliver high quality services to our clients. Our strategy is to continue to grow by applying this model to penetrate further our existing client base and add new clients. We intend to implement our strategy by continuing to deliver high quality services, by increasing our geographic presence and by expanding the scale and range of our services. We intend to supplement our internal growth with strategic acquisitions.

CONTINUE TO DELIVER HIGH QUALITY SERVICES AND CUSTOMER SATISFACTION. We believe that our dedicated team approach allows us to provide high quality, timely and cost effective services that are designed to be highly responsive to our clients' needs. We believe that the resulting customer satisfaction and enhanced reputation in the industry will continue to enable us to penetrate our existing client base and add new clients. In the nine months ended February 28, 2003, approximately 95% of our net revenue was derived from second or subsequent

projects with clients. The remaining 5% of the net revenue was derived from 73 initial projects with new clients.

EXPAND GEOGRAPHIC PRESENCE. We believe that the capability to provide our services on a global basis in most major and developing pharmaceutical markets enhances our ability to compete for new business from large multinational pharmaceutical and biotechnology companies. We have expanded geographically through the establishment of 29 offices in 17 countries and intend to continue expanding into regions that have the potential to increase our client base or increase our investigator and patient populations.

INCREASE SCALE AND RANGE OF SERVICES. We seek to enhance our competitive position by increasing the scale and range of our services. We intend to expand our clinical trials, central laboratory, IVRS (interactive voice recognition system), data management, statistical and consulting operations in order to capitalize further on the outsourcing opportunities currently available from our clients.

SERVICES

We offer a broad range of clinical research and development services to our clients on a global basis, including Phase I clinical trials, Phase II-IV clinical trials management, clinical data management, study design, biostatistical analysis, laboratory services, bioanalytical services, product development support services, pharmacovigilance services, IVRS and contract research staffing. Since inception, we have carried out multiple trials involving most major therapeutic areas, including, among others, cardiology, endocrinology, gastroenterology, hematology, immunology, infectious diseases, neurology, oncology, psychiatry, respiratory, rheumatology and urology.

A large part of our continued success is due to the high quality standards we have set and delivered to our clients. Our quality goals are attained through the implementation and maintenance of an effective quality management system, which not only ensures that our business and quality objectives are achieved, but which is sufficiently dynamic to rapidly respond to changes in the clinical research and regulatory environments. Our quality management system is based on the requirements of the ISO 9001:2000 international standard and includes over 180 standard operating procedures, or SOPs, which are implemented on a global basis. In addition, our independent quality assurance division has the responsibility for assuring that the process conforms to pre-determined quality, ethical and regulatory standards.

Consistent high quality performance is what we have come to stand for with our clients and one of the driving forces behind this is management's commitment to ISO 9000. In 1994, we became ISO 9002 registered and remain the only such CRO to have this standard across all offices and operational functions. In order to retain registration we must undergo several quality system audits per year. In 2002, we adopted the new standard ISO 9001:2000, which further developed the system through a stronger focus on processes, metrics and continuous improvement.

ORGANIZATIONAL STRUCTURE

The following list contains all of our principal direct and indirect wholly owned subsidiaries:

NAME	COUNTRY OF INCORPORATION

ICON Clinical Research S.A.	Argentina
ICON Clinical Research Pty Limited	Australia
ICON Clinical Research (Canada) Inc.	Canada
ICON Clinical Research SARL	France
Protocole SAS	France
ICON Clinical Research GmbH	Germany
ICON Clinical Research Israel Limited	Israel
ICON Japan K.K.	Japan
ICON Clinical Research Limited	Republic of Ireland
ICON Clinical Research Pte	Singapore
ICON Clinical Research Limited	South Africa
ICON Clinical Research (UK) Limited	United Kingdom
Medeval Group Limited	United Kingdom
YRCR Limited	United Kingdom
Barton & Polansky Associates, Inc.	United States
ICON Clinical Research Inc.	United States
ICON Laboratories, Inc.	United States
Managed Clinical Solutions, Inc.	United States
Pacific Research Associates Inc.	United States

INFORMATION SYSTEMS

Our information technology strategy is to build our systems around open standards and leading commercial hardware and software. All critical business systems are formally validated following a documented approach in accordance with the latest FDA regulations.

Recognizing that each client has its own requirements and systems, we seek to ensure an entirely flexible approach to client needs. An example of this flexibility includes linking directly to client systems if this is required or for a client to have access to designated ICON systems. Frequently, we have established wide area network, or WAN, links to the client's data systems, have trained our staff in those systems and have delivered data on-line to the client's database. We also provide secure remote access to our systems for clients to review their study information.

We have internally developed a suite of proprietary software applications that assists in the management of our activities, including a clinical trials management application that tracks all relevant data in a trial and automates all management and reporting processes and an investigator grants management application which utilizes this tracking data to trigger payments when they become due to investigators. We have also developed an interactive voice response system to increase the efficiency of clinical trials. This system provides features such as centralized patient randomization, drug inventory management, and patient diary collection and provides our clients with a fully flexible data retrieval solution which can be utilized via telephone, internet browser or WAP enabled device.

In our central laboratory, we utilize a comprehensive suite of software, including a laboratory information management system, a kit/sample management system and a web interface system to allow clients to review results online.

We have implemented externally developed critical business systems that are highly integrated into our business processes. These include systems to manage, validate and analyze clinical data, systems to record, track and report safety issues, systems to manage regulatory submissions, systems to control documents and to review and record training and systems to record activity and

manage resources.

Our IT systems are operated from hubs in Philadelphia and Dublin. Other offices are linked to these hubs through dedicated lines, frame relay networks or virtual private networks, or VPNs. Travelling staff can also access all systems via VPN facilities. A global corporate portal provides access to all authorized data and applications for our staff.

SALES AND MARKETING

Our sales and marketing strategy is to focus our business development efforts on pharma