

ICON PLC /ADR/
Form 6-K/A
April 12, 2006

FORM 6-K/A

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 under
the Securities Exchange Act of 1934**

For the quarterly period ended November 30, 2005

ICON plc
(Registrant's name)

0-29714
(Commission file number)

South County Business Park, Leopardstown, Dublin 18, Ireland.
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Yes No

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Edgar Filing: ICON PLC /ADR/ - Form 6-K/A

Yes _____ No

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82 **N/A**

EXPLANATORY NOTE

This amendment is being filed to correct a typographical error made in the Current Report on Form 6-K for the quarterly period ended November 30, 2005 filed by ICON plc with the Securities and Exchange Commission on February 3, 2006. The heading of the far right column on page 2 was incorrectly labeled and has been corrected to indicate that the data represented in that column is as of May 31, 2005.

ICON plc

Quarterly Period Ended November 30, 2005

CONTENTS	Page
General	1
Condensed Consolidated Balance Sheets as at November 30, 2005 and May 31, 2005	2
Condensed Consolidated Statements of Operations for the three and six months ended November 30, 2005 and 2004	3
Condensed Consolidated Statements of Cash Flows for the six months ended November 30, 2005 and 2004	4
Condensed Consolidated Statements of Shareholders' Equity and Comprehensive Income	5
Notes to the Condensed Consolidated Financial Statements	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Signature Page	17

ICON plc

GENERAL

As used herein, “ICON”, the “Company” and “we” refer to ICON plc and its consolidated subsidiaries, unless the context requires otherwise.

Business

We are a contract research organization, or CRO, providing clinical research and development services on a global basis to the pharmaceutical, biotechnology and medical device industries. Our focus is on supporting the conduct of clinical trials. We have historically done so by providing such services as Phase I - IV clinical trials management, study design, laboratory services and drug development support. We believe that we are one of a select group of CROs with the capability and expertise to conduct clinical trials in most major therapeutic areas on a global basis. We have approximately 3,000 employees worldwide, with operations in 39 locations in 25 countries, including the United States and major markets in Europe and Rest of World and have managed clinical trials in over 55 countries. For the six months ended November 30, 2005, we derived approximately 57.1%, 35.2%, and 7.7% of our net revenue in the United States, Europe and Rest of World, respectively.

Headquartered in Dublin, Ireland, we began operations in 1990 and have expanded our business through internal growth and strategic acquisitions.

On July 27, 2005 the Board of Directors of the Company approved a change of the Company’s fiscal year end from a twelve-month period ending on May 31 to a twelve-month period ending on December 31. The Company is making this change in order to align its fiscal year end with the majority of other contract research organizations. As a requirement of this change, the Company will report results for the seven-month period from June 1, 2005 to December 31, 2005 as a separate transition period in a Transition Report filed on Form 20-F. Going forward, the Company’s fiscal quarters will end on the last day of March, June, September and December of each year.

ICON plc

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT NOVEMBER 30, 2005 AND MAY 31, 2005

	<u>(Unaudited)</u> <u>November 30,</u> <u>2005</u>	<u>(Audited)</u> <u>May 31,</u> <u>2005</u>
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$56,430	\$56,341
Short term investments - available for sale	25,812	22,034
Accounts receivable	63,727	80,486
Unbilled revenue	75,589	56,762
Other receivables	6,079	5,662
Deferred tax asset	2,637	2,637
Prepayments and other current assets	11,093	10,717
Total current assets	241,367	234,639
Other Assets:		
Property, plant and equipment, net	47,616	45,286
Goodwill	65,763	67,440
Intangible assets	126	188
Total Assets	\$354,872	\$347,553
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$7,962	\$10,379
Payments on account	50,926	52,583
Other liabilities	37,912	39,890
Deferred tax liability	310	310
Bank creditlines and loan facilities	3,000	-
Income taxes payable	7,851	6,189
Total current liabilities	107,961	109,351
Other Liabilities:		
Long term government grants	1,073	1,257
Long term finance leases	165	248
Non-current deferred tax liability	2,840	2,747
Minority interest	874	884
Shareholders' Equity:		
Ordinary shares, par value 6 euro cents per share; 20,000,000 shares authorized, 14,017,012 shares issued and outstanding at November 30, 2005 and 13,899,096 shares issued and outstanding at May 31, 2005	993	985
Additional paid-in capital	116,296	114,447
Accumulated other comprehensive income	4,929	11,229
Merger reserve	47	47
Retained earnings	119,694	106,358

Total Shareholders' Equity	241,959	233,066
Total Liabilities and Shareholders' Equity	\$354,872	\$347,553

The accompanying notes are an integral part of these condensed consolidated financial statements.

2

ICON plc

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2005 AND 2004
(UNAUDITED)**

Three Months Ended Six Months Ended

**November November November November
30 30 30 30
2005 2004 2005 2004**

**(in thousands except share and per share
data)**

Revenue:				
Gross revenue	\$ 120,344	\$ 117,068	\$ 235,696	\$ 234,263
Subcontractor costs	(32,272)	(37,573)	(61,703)	(76,429)
Net revenue	88,072	79,495	173,993	157,834
Costs and expenses:				
Direct costs	48,721	43,671	96,031	86,124
Selling, general and administrative expense	26,824	25,520	53,633	48,859
Depreciation and amortization	3,509	3,296	6,943	6,358
Total costs and expenses	79,054	72,487	156,607	141,341
Income from operations	9,018	7,008	17,386	16,493
Interest income	622	270	1,049	467
Interest expense	(19)	(91)	(31)	(124)
Income before provision for income taxes	9,621	7,187	18,404	16,836
Provision for income taxes	(2,618)	(1,310)	(5,077)	(3,632)
Minority interest	(50)	(58)	9	(80)
Net income	\$ 6,953	\$ 5,819	\$ 13,336	\$ 13,124
Net income per Ordinary Share:				
Basic	\$ 0.50	\$ 0.42	\$ 0.95	\$ 0.95
Diluted	\$ 0.49	\$ 0.41	\$ 0.94	\$ 0.93
Weighted average number of Ordinary Shares outstanding:				
Basic	14,005,454	13,847,689	14,027,564	13,839,857
Diluted	14,261,734	14,067,079	14,234,326	14,088,030

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICON plc

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2005 AND 2004
(UNAUDITED)**

Six Months Ended
November 30, **November 30,**
2005 **2004**
(in thousands)

Cash flows from operating activities:		
Net income	\$13,336	\$ 13,124
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Gain on disposal of property, plant and equipment	2	46
Depreciation and amortization	6,943	6,358
Amortization of grants	(96)	(97)
Minority interest	(9)	80
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	15,128	(14,141)
Increase in unbilled revenue	(19,313)	(11,617)
(Increase)/decrease in other receivables	(1,239)	6,115
(Increase)/decrease in prepayments and other current assets	(719)	632
Increase in payments on account	(1,417)	11,910
Increase/(decrease) in other liabilities	2,095	(8,825)
Increase in income taxes payable	1,990	1,999
Decrease in accounts payable	(2,200)	(7,587)
Net cash provided by/(used in) operating activities	14,501	(2,003)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,033)	(7,491)
Purchase of subsidiary undertakings and acquisition costs.	-	(10,010)
Cash acquired with subsidiary undertakings	-	1,658
Purchase of short term investments	(11,787)	(5,960)
Sale of short term investments	8,009	-
Deferred payments in respect of prior year acquisitions	(3,374)	(972)
Net cash used in investing activities	(18,185)	(22,775)
Cash flows from financing activities:		
Proceeds from bank creditlines and loan facilities	3,000	10,000
Proceeds from exercise of share options	1,879	488
Share issuance costs	(22)	(168)
Repayment of other liabilities	(83)	(152)
Net cash provided by financing activities	4,774	10,168
Effect of exchange rate movements on cash	(1,001)	907
Net increase/(decrease) in cash and cash equivalents	89	(13,703)

Edgar Filing: ICON PLC /ADR/ - Form 6-K/A

Cash and cash equivalents at beginning of period	56,341	55,678
Cash and cash equivalents at end of period	\$56,430	\$ 41,975

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICON plc

**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND
COMPREHENSIVE INCOME
(UNAUDITED)**

	<u>Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Merger Reserve</u>	<u>Total</u>
	(dollars in thousands, except share data)						
Balance at May 31, 2005	13,899,096	\$985	\$114,447	\$11,229	\$106,358	\$47	\$233,066
Comprehensive Income:							
Net income		-	-	-	13,336	-	13,336
Currency translation adjustment		-	-	(6,300)	-	-	(6,300)
Total comprehensive income							7,036
Share issuance costs		-	(22)	-	-	-	(22)
Exercise of share options	117,916	8	1,871	-	-	-	1,879
Balance at November 30, 2005	14,017,012	\$ 993	\$ 116,296	\$ 4,929	\$ 119,694	\$ 47	\$ 241,959

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICON plc

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NOVEMBER 30, 2005**

1. Basis of Presentation

These condensed consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles (“US GAAP”), have not been audited. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the operating results and financial position for the periods presented. The preparation of the condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures in the condensed consolidated financial statements. Actual results could differ from those estimates. There has been no significant change in ICON plc’s accounting policies from those outlined in ICON’s annual report on Form 20-F for the year ended May 31, 2005.

Certain information and footnote disclosure normally included in financial statements prepared in accordance with the United States generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The condensed consolidated financial statements should be read in conjunction with the accounting policies and notes to the consolidated financial statements included in ICON’s 2005 annual report on Form 20-F. Operating results for the six months ended November 30, 2005 are not necessarily indicative of the results that may be expected for the fiscal period ending December 31, 2005.

2. Acquisitions

Prior Period Acquisitions

On January 24, 2003, the Company acquired 100% of the outstanding shares of Medeval Group Limited (“Medeval”), a company based in Manchester, England, for an initial cash consideration of Stg£9.5 million (U.S.\$15.5 million), excluding costs of acquisition which amounted to U.S.\$1.0 million. Earn-out provisions have been built into the acquisition contract requiring the potential payment of additional deferred consideration up to a maximum of Stg£4.3 million (U.S.\$6.9 million) depending on the performance of Medeval over the period to May 31, 2004. Such additional consideration is accounted for as goodwill.

On September 30, 2004, cash consideration of Stg£0.54 million (U.S.\$0.97 million) was paid to a number of the former shareholders of Medeval and guaranteed loan notes with a value of Stg£1.08 million (U.S.\$1.93 million) were issued to the remaining selling shareholders. At May 31, 2004, Stg£1.37 million (U.S.\$2.5 million) of this amount had been provided, therefore an additional Stg£0.253 million (U.S.\$0.452 million) was provided in fiscal 2005. These guaranteed loan notes had a repayment date of three years from the date of issue but were exercisable nine months from the date of issue. The guaranteed loan note holders issued redemption notices to the Company, which required the Company to redeem all the guaranteed loan notes on June 30, 2005, in consideration of a cash payment of Stg£1.08 million (U.S.\$1.97 million), the total amount of which was accrued for at May 31, 2005.

On September 9, 2003, the Company acquired 100% of the outstanding shares of Globomax LLC (“GloboMax”), based in Maryland, USA, for an initial cash consideration of U.S.\$10.9 million, excluding costs of acquisition. Earn-out provisions have been built into the acquisition contract requiring the potential payment of additional deferred consideration up to a maximum of U.S.\$4.0 million depending on the performance of Globomax over the period from date of acquisition to May 31, 2006. Such potential additional consideration will be accounted for as goodwill. The total amount of goodwill is expected to be tax deductible.

On May 31, 2005, an amount of U.S.\$1.4 million was accrued as the first earn-out target in the acquisition contract was reached on this date. This amount of U.S.\$1.4 million was paid to the former shareholders GloboMax on August 31, 2005.

On July 1, 2004, the Company acquired 70% of the common stock of Beacon Biosciences, Inc. (“Beacon”), based in Pennsylvania, USA, for an initial cash consideration of U.S.\$9.9 million, excluding costs of acquisition.

3. Goodwill

	<u>Six months ended</u> <u>November 30,</u> <u>2005</u>	<u>Year ended</u> <u>May 31,</u> <u>2005</u>
	(in thousands)	
Opening balance	\$67,440	\$64,226
Arising during the year	-	8,463
Arising on earn-out (prior year acquisitions)	-	1,856
Goodwill impairment	-	(7,017)
Foreign exchange movement	(1,677)	(88)
Closing balance	\$65,763	\$67,440

The goodwill balance relates completely to the clinical research segment.

4. Net income per ordinary share

Basic net income per ordinary share has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all potentially dilutive ordinary shares outstanding during the period and adjusting net income for any changes in income or loss that would result from the conversion of such potential ordinary shares.

There is no difference in net income used for basic and diluted net income per ordinary share. The reconciliation of the number of shares used in the computation of basic and diluted net income per ordinary share is as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>November</u> <u>30</u> <u>2005</u>	<u>November</u> <u>30</u> <u>2004</u>	<u>November</u> <u>30</u> <u>2005</u>	<u>November</u> <u>30</u> <u>2004</u>
Weighted average number of ordinary shares outstanding for basic net income per ordinary share	14,005,454	13,847,689	14,027,564	13,839,857
Effect of dilutive share options outstanding	256,280	219,390	206,762	248,173
Weighted average number of ordinary shares for diluted net income per ordinary share	14,261,734	14,067,079	14,234,326	14,088,030

5. Business Segment Information

The Company's areas of operation outside of Ireland principally include the United Kingdom, United States, Germany, Australia, Argentina, France, Japan, Israel, Singapore, Canada, Sweden, The Netherlands, Latvia, Russia, Taiwan, Hong Kong, South Africa, Spain, Hungary, India, Mexico, Brazil, Korea, China and Thailand. Segment information for the three and six month periods ended November 30, 2005 and 2004 are as follows:

a) The distribution of net revenue by geographical area was as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>November</u>	<u>November</u>	<u>November</u>	<u>November</u>
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Ireland*	\$7,909	\$8,863	\$18,662	\$19,501
Rest of Europe	21,153	20,246	42,663	37,460
U.S.	51,694	46,095	99,319	91,879
Rest of the World	7,316	4,291	13,349	8,994
Total	\$88,072	\$79,495	\$173,993	\$157,834

* All sales shown for Ireland are export sales.

b) The distribution of net revenue by business segment was as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>November</u>	<u>November</u>	<u>November</u>	<u>November</u>
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Central laboratory	\$8,058	\$6,455	\$15,293	\$13,005
Clinical research	80,014	73,040	158,700	144,829
Total	\$88,072	\$79,495	\$173,993	\$157,834

c) The distribution of income from operations by geographical area was as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>November</u>	<u>November</u>	<u>November</u>	<u>November</u>
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Ireland	\$(1,448)	\$3,609	\$(986)	\$6,420