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AMERICAN PHYSICIANS SERVICE GROUP INC

Form 8-K

August 08, 2005

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American Physicians Service Group, Inc.  
Press Release for Immediate Release

AMERICAN PHYSICIANS SERVICE GROUP, INC.  
REPORTS 92% EPS INCREASE IN SECOND QUARTER

AUSTIN, TEXAS, August 8, 2005 - American Physicians Service Group, Inc. ("APS") (NASDAQ: AMPH) today announced results for the quarter and six months ended June 30, 2005. For the three months ended June 30, 2005, revenues were \$7,033,000 compared to \$7,295,000 for the three months ended June 30, 2004. Net earnings were \$1,367,000 or \$.48 per share, compared to \$689,000 or \$.25 per diluted share for the three months ended June 30, 2004. For the six months ended June 30, 2005, revenues were \$13,695,000 compared to \$14,585,000 for the six months ended June 30, 2004. Net earnings were \$2,220,000 or \$.77 per diluted share, compared to \$1,383,000 or \$.49 per diluted share for the six months ended June 30, 2004.

Ken Shifrin, APS Chairman of the Board stated, "We are pleased that, taken together, operating income at our two core business segments exceeded operating income in the comparable quarter a year-ago. The increase was approximately 7% on approximately 9% lower revenues. On an individual basis, our insurance services segment continued its positive trend, while interest rate and inflation concerns kept our financial services segment underperforming last year."

Mr. Shifrin continued, "As in the first quarter, we were able to realize gains this quarter on equity investments, recognizing \$1,289,000 in pretax income. Partially offsetting the gain were expenses related to the sale that are

included in general and administrative expenses. Proceeds of the sale have been invested primarily in government securities, with a portion set aside to fund our recently announced dividend.

Mr. Shifrin concluded, "Along with operating performance we remain focused on value and liquidity. Book value per share as of the June 30, 2005 balance sheet increased to \$9.62 from \$8.23 per share at June 30, 2004. Contributing to the book value improvement has been our management of shares outstanding. At our Annual Meeting, shareholders approved new equity compensation plans that continue to align managements' and shareholders' interests, while minimizing share dilution. We also remain active with our share repurchase plan and have now invested approximately \$1.4 million of the \$2.0 million authorized by our board of directors. With a current ratio exceeding 5:1, our liquidity has never been better and we remain alert to opportunities that have the potential to increase shareholder value."

ABOUT THE COMPANY

APS is a management and financial services firm with subsidiaries that provide: medical malpractice insurance services for doctors; and brokerage and investment services to institutions and high net worth individuals. The Company is headquartered in Austin, Texas and maintains offices in Dallas and Houston.

FORWARD-LOOKING STATEMENTS

This press release includes forward-looking statements related to the

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Company that involve risks and uncertainties that could cause actual results to differ materially. These forward-looking statements are made in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. For further information about the factors that could affect the Company's future results, please see the Company's recent filings with the Securities and Exchange Commission. Prospective investors are cautioned that forward-looking statements are not guarantees of future performance. Actual results may differ materially from management expectations. Copies of the filings are available upon request from the Company's investor relations department.

AMERICAN PHYSICIANS SERVICE GROUP, INC.  
SELECTED FINANCIAL DATA  
(In thousands, except per share data)

	Three Months Ended June 30,		Six Mo Ju
	2005	2004	2005
	----	----	----
<b>Revenues:</b>			
Financial services	\$3,698	\$4,227	\$6,965
Insurance services	3,335	3,068	6,730
	-----	-----	-----
Total revenues	7,033	7,295	13,695
<b>Expenses:</b>			
Financial services	3,270	3,660	6,220
Insurance services	2,422	2,380	4,925
General and administrative	722	555	1,389
Gain on sale of assets	(49)	(44)	(84)
	-----	-----	-----
Total expenses	6,365	6,551	12,450
	-----	-----	-----
Operating income	668	744	1,245
Sale of investments and other	1,289	230	1,880
	-----	-----	-----
Income from operations before interest, income taxes and minority interest	1,957	974	3,125
Interest and other income	154	96	327
Income tax expense	742	381	1,219
Minority interest	2	--	13
	-----	-----	-----
Net income			
Diluted income per share:	\$1,367	\$ 689	\$2,220
	=====	=====	=====

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Net income	\$0.48 =====	\$0.25 =====	\$0.77 =====
Weighted average shares outstanding (diluted)	2,876 =====	2,791 =====	2,892 =====

AMERICAN PHYSICIANS SERVICE GROUP, INC.  
SELECTED FINANCIAL DATA, continued

(In Thousands)

	June 30	
	2005	2004
	----	----
ASSETS		
Current assets	\$15,125	11,855
Notes receivable, less current portion	338	318
Property and equipment	686	554
Investment in available for sale equity fixed income securities-non-current	11,201	11,065
Goodwill	1,247	1,247
Other assets	267	392
	-----	-----
Total Assets	\$28,864 =====	\$25,431 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	2,739	3,487
Other liabilities	344	1,042
	-----	-----
Total liabilities	3,083	4,529
Minority interests	14	--
Shareholders' Equity:		
Common stock	268	254
Additional paid-in capital	7,695	7,192
Retained earnings	16,168	13,756
Accumulated other comprehensive income (loss), net of taxes	1,636	(300)
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Total shareholders' equity	25,767 -----	20,902 -----
Total Liabilities and Shareholders' Equity	\$28,864 =====	\$25,431 =====

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For further information, visit APS's Website at [www.amph.com](http://www.amph.com) or contact:

Mr. Kenneth Shifrin, Chairman of the Board (or)  
Mr. W. H. Hayes, Sr. Vice President - Finance  
American Physicians Service Group, Inc.  
1301 Capital of Texas Highway, C-300  
Austin, Texas 78746  
(512) 328-0888