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AMERICAN PHYSICIANS SERVICE GROUP INC

Form 8-K

August 08, 2005

[GRAPHIC OMITTED] [GRAPHIC OMITTED]
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 |
| | ---- | ---- | ---- |
| Revenues: | | | |
| Financial services | \$3,698 | \$4,227 | \$6,965 |
| Insurance services | 3,335 | 3,068 | 6,730 |
| | ----- | ----- | ----- |
| Total revenues | 7,033 | 7,295 | 13,695 |
| Expenses: | | | |
| 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) |
| | ----- | ----- |
| 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 or contact:

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Mr. W. H. Hayes, Sr. Vice President - Finance
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