

Validation No. 180441

FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2005

FINANCIAL HIGHLIGHTS	2005 €000s	2004 €000s	%
▪ Gross written premiums	389,472	351,487	+10.8%
▪ Net earned premiums	332,371	296,237	+12.2%
▪ Operating profit*	162,624	124,794	+30.3%
	Cent	Cent	
▪ Operating earnings per share*	363.54	256.18	+41.9%
▪ Dividend per share	57.50	40.00	+43.8%
▪ Net assets per share	1,250.62	969.64	+29.0%

* Based on longer term investments return.

Commenting on the results, Philip Fitzsimons, Chief Executive, said:

"2005 was another excellent year for FBD. Operating profit grew strongly and net assets increased significantly.

Our insurance results underpinned this performance. New business volumes were strong and more than offset reductions in premiums that were implemented during the year. The claims charge was broadly in line with the previous year and reflected the improvement in overall claims costs that has occurred in recent years.

For shareholders this has meant higher returns; for customers it has meant lower premium rates. We anticipate further premium reductions in certain business lines if claims and pricing trends continue."

ENDS

8th March 2006

For Reference

FBD

Philip Fitzsimons, Chief Executive
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FBD HOLDINGS PLC
PRELIMINARY RESULTS ANNOUNCEMENT

FBD Holdings plc ("FBD" or "the Group") is pleased to announce that the Group's performance in the year ended 31st December 2005 was very satisfactory.

Results

Group operating profit increased to €162.6m., compared to €124.8m. in 2004.

Total income amounted to €404.5m (2004: €355.1m). It included net premium earned of €332.4m (2004: €296.3m.) and investment income (calculated on the basis of longer term returns) of €44.4m. (2004: €40.7m.), arising in the Group's insurance underwriting business. The remaining €27.7m. (2004: €18.1m) represents the net income, i.e. after expenses, arising from the Group's non underwriting activities.

Expenses amounting to €241.9m. (2004: €230.3m) related to the Group's underwriting business. They consist of claim costs amounting to €202.5m. (2004: €197.8m.) and operating expenses of €39.4m. (2004: €32.5m).

Of the Group's operating profit, €134.9m. (2004: €106.7m.) is attributable to underwriting and €27.7m. (2004: €18.1m) to non-underwriting, as detailed below.

Operating earnings per share based on longer term investment returns amounted to 363.54c (2004: 256.18c) in the period.

Underwriting

Insurance underwriting (FBD Insurance) is the Group's primary business activity.

Gross written premiums (i.e. before reinsurance) amounted to €389.5m., compared to €351.5m. in 2004. A €30m. loyalty discount had been provided for in the latter year. Against the background of a reduction in overall market premium income in 2005, we are pleased with our performance. It has been achieved through new business volume growth which has more than offset the impact of reductions in average premiums which occurred in the period.

Net earned premiums amounted to €332.4m. (2004: €296.3m) and reflected lower reinsurance cessions.

The net claims incurred charge, which is comprised of the movement in net outstanding claims provisions of €38.8m. (2004: €52.1m) plus net claims paid of €163.7m. (2004: €145.7m.), amounted to €202.5m. (2004: €197.8m). The claims charge benefited from ongoing settlement savings on prior year provisions.

Net operating expenses amounted to €39.4m. (2004: €32.5m).

The foregoing premium/claim/expenses figures resulted in an underwriting profit of €90.5m. (2004: €65.9m.). In achieving this underwriting result, as expected, the second half of the year proved more challenging. Net claims incurred increased at a faster rate in the second half and were 2.4% higher overall for the full year. Net earned premiums decreased in the second half year, compared to the first half, as we had anticipated.

The 2005 net operating ratios were: loss ratio – 60.9% (2004: 66.8%); expense ratio – 11.9% (2004: 11.0%); combined ratio – 72.8% (2004: 77.8%).

After crediting investment income of €44.4m. (2004: €40.7m), the operating profit of FBD's underwriting business amounted to €134.9m. (2004: €106.7m).

Non-underwriting

The Group's non-underwriting activities include property development/leisure, financial services and the investment of non-allocated capital ("capital fund"). The contribution to operating profit from these interests amounted to €27.7m. (2004: €18.1m.)

Property and leisure interests, which include the La Cala and Sunset Beach resorts in Spain and the Tower Hotel Group in Ireland, contributed €13.6m (2004: €10.6m.) to operating profits. Property sales at La Cala were below budget, with 40 handovers in the year. This reflected the general slowdown in second-home sales in Costa del Sol in 2005. On the leisure side, trading in Spain and in Ireland was challenging, with an oversupply of product exerting downward pressure on margins.

The Group's financial service businesses, which include insurance broking (FBD Brokers), life assurance/pension broking/investment advice (FBD Life) and instalment finance (Abbey Finance) contributed €3.3m. (2004: €3.9m.) to operating profits. Insurance broking income was negatively affected by lower revenues, which resulted from the reduction in premium levels in the market, particularly for large commercial risks.

Investment returns on the capital fund amounted to €10.8m. (2004: €3.7m.) This fund was invested in equities.

Balance Sheet

Total assets at year end amounted to €1,564.4m. (2004: 1,466.8m.), an increase of 6.7% on 2004. Ordinary shareholders' funds amounted to €476.1m. (2004: €406.5m), an increase of 17.1% for the year. The growth in shareholders' funds arising from the contribution of the strong operating performance and the positive short term fluctuations of €26.0m. (€2004: €10.3m.) was reduced by the Company's purchase of its own shares in March 2005 at a cost of €81m.

Final Dividend

In the light of the Group's continuing favourable results and the Board's stated intention to increase the proportion of earnings distributed to shareholders, a final dividend of 37.50c (2004: 27.28c) per share is being recommended by the Directors. This will bring the total dividend for the year to 57.50c (2004: 40.00c), a significant increase of 43.8%.

The final dividend will be paid on 3rd May 2006 to shareholders on the Company's Register at close of business on 17th March 2006. The final dividend is subject to withholding tax ("DWT") except for shareholders who are exempt from DWT and who have furnished a properly completed Composite Resident Form to the Company's Registrar.

Outlook

The progress made by the Group in 2005 has been maintained in the year to date.

In our core activity, we are focused on implementing strategies and plans that are designed to grow our underwriting business efficiently and profitably.

We are targeting to achieve challenging new business volumes. In an environment where price competition continues to be intense and premiums are trending lower, this volume growth is essential in order to maintain overall premium income at current levels. The impact on 2006 earned income of premium reductions which were implemented in recent months, and further premium reductions which are likely to be undertaken this year, must also be borne in mind. In the light of this challenging background, our insurance operations are being strengthened and resourced in order to increase our customer base and to grow our market share.

Against the background of increasing risk exposure and falling average premiums, the critical drivers of the margin that will be achieved are claim trends and claims experience. It is widely acknowledged that changes in the public mindset and the various measures undertaken over the past couple of years have improved the claims environment in Ireland to the benefit of insured and insurer alike. It is also widely recognised that competition is reducing the current underwriting margins and driving them towards European norms. The improved loss ratios reported by Irish insurers in recent years have been favoured by savings in prior year claim provisions that arise at time of settlement. The critical factors that will ultimately determine the timescales for combined ratios in the Irish market to fall into line with European norms are (a) the speed of implementation and (b) the degree of success surrounding the remaining reforms which the Government has pledged to undertake, allied to the impact of competition on premium levels. While we await these reforms, in addition to those implemented to date, and pending sufficient evidence emerging that reductions in claims frequency and claim costs will be permanent, FBD will continue to provide for its outstanding claims on the basis of its historical reserving policy. It is a matter which we will keep under regular review.

FBD will remain supportive of the Government's efforts to deliver the outstanding structural reform measures. Meanwhile, the Group will continue to pursue its own claims cost savings plans and will work to achieve cost efficiencies across its insurance operations in general.

In relation to our non-underwriting businesses, our property/leisure interests face the particular challenges that currently pertain to the industry, as mentioned earlier. Revised strategies and plans are being implemented for each individual business unit. Options to maximise shareholders' interests are kept under ongoing review. This is evidenced by our public announcement on 23rd February last that we had entered into a conditional agreement to sell the major portion of La Cala's development land bank in Spain for a total consideration of €201m. in cash, to be received in phased payments. The Board has informed shareholders of its intention to distribute the net proceeds of this sale, amounting to up to €120m, by way of two special dividends.

Our financial services businesses continue to adapt to the environment that they face and are focused on availing of opportunities for growth.

How best to maximise non-allocated capital for the benefit of shareholders is a matter which the Board regularly reviews. At this particular juncture, the Board has decided to retain the capital. The Group will investigate all possible opportunities to invest some or all of this capital fund in the Group's primary business of insurance underwriting or in related financial service activities. Whilst it is investigating such possibilities, the Board does not rule out other options for use of capital if it deems them to be in the best interests of shareholders.

2005 was a year in which FBD's platform for growth in the years ahead was further strengthened and the successes of previous years were built on. The Group looks forward to the future with confidence.

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Note

Management will present these results to analysts at 10.30 am. to-day. A copy of the presentation will be posted on the Group's website, www.fbd.ie, at that time.

FBD Update

- FBD introduced two new major benefits for customers who have a car insurance policy with FBD. Car Breakdown Assist and Car Accident Assist are 24 hours services, automatically included for all customers with comprehensive insurance and can be added to third party policies for a charge of €30.
- FBD implemented further reductions in premium rates during 2005. In the July 2005 Survey of house insurance, FBD came out on top once again, being No. 1 in four out of 6 samples and second and third in the other two. Since the Financial Regulator's Surveys began in August 2004, FBD has consistently been rated No. 1 for house insurance.
- FBD moved to new larger offices in Limerick in the first half of 2005 and entered agreements to relocate to larger offices in Clonmel, Carlow, Letterkenny and Portlaoise. The Company also acquired a new premises in Dundalk (a new location for FBD) which will open for business in March of this year (2006).
- FBD's Dublin based Personal Lines office celebrated its first anniversary in August of 2005. Due to its success and the continued larger volumes of calls to the 1850 617617 line, staff numbers are currently being increased from over 30 to in excess of 50.
- FBD has continued to expand its Dublin commercial business base and now has 10 teams in place, targeting a broad spectrum of small to medium sized businesses.
- FBD announced a continuance of its sponsorship of RTE's Flagship Soap, Fair City, for 2005/2006 season. This sponsorship continues to lift the profile of FBD in Dublin and around the country.

FBD also commenced its sponsorship of the "FBD Dublin Business of the Month", Awards in association with City Channel, the new TV Station for Dublin, which is broadcast through the digital NTL network. This sponsorship is being carried out in association with Crest Ireland Limited. FBD has sponsored the FBD Crest Retail Excellence Awards for the past 5 years.

- In 2005, for the second successive year, FBD, in conjunction with Advance Pitstop, carried out the Annual Survey of Motorists' Behaviour & Attitudes. The findings, once again, added greatly to the data available for those involved in setting the safety agenda. The Report highlighted the worsening habits of Irish drivers and in addition to receiving substantial media attention when it was launched, it was also presented to all interested parties, including Government Departments, the Road Safety Authority and the Gardai.
- At the FBD La Cala Resort in Southern Spain, a third 18 hole championship golf course (the Europa) was opened in 2005. This new course complements the existing North and South courses and the 5 Star hotel located there. The Real Altavista apartment development (108 units) has been completed, with a substantial number of sales and handovers achieved to date. Work on building the Monte Alto townhouses (108 units) is well advanced and marketing of these properties has commenced. In addition, the luxury CaraCala Spa at the hotel is due to open in April of this year.
- Upgrading of all rooms at FBD Sunset Beach Club on the Costa del Sol is well advanced and a new promenade and related beach facilities have been developed, further enhancing the Resort.
- Since March 2005, FBD is 100% owner of the Tower Hotel Group which includes the new 4 Star Castleknock Hotel & Country Club, opened during the year. The adjoining golf course also recently opened for play.

FBD HOLDINGS PLC
GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 €000s	2004 €000s as restated
Turnover	531,747 =====	471,858 =====
Income		
Net premium earned	332,371	296,237
Non-underwriting operating income	27,739	18,142
Investment income – longer term rate of return	44,435	40,713
	----- 404,545	----- 355,092
Expenses		
Change in insurance liabilities net of reinsurance	(38,809)	(52,142)
Claims paid, net of recoveries from reinsurers	(163,666)	(145,642)
Operating expenses	(39,446)	(32,514)
	-----	-----
Operating profit	162,624	124,794
Investment income – short term fluctuation	25,956	10,298
Finance costs	(3,425)	(3,116)
	-----	-----
Profit before tax	185,155	131,976
Income tax expense	(23,701)	(16,968)
	-----	-----
Profit for the year	161,454 =====	115,008 =====
Attributable to:		
Equity holders of the parent	161,500	113,257
Minority interest	(46)	1,751
	----- 161,454 =====	----- 115,008 =====
	2005 Cent	2004 Cent
Earnings per 60c ordinary share	416.09 =====	271.23 =====
Diluted earnings per 60c ordinary share	411.45 =====	266.94 =====

FBD HOLDINGS PLC
GROUP BALANCE SHEET - ASSETS
AT 31ST DECEMBER 2005

	2005 €000s	2004 €000s as restated
Property and equipment		
Land and buildings	196,923	176,517
Fixtures and fittings	13,302	10,547
	-----	-----
	210,225	187,064
	-----	-----
Intangible assets		
Deferred acquisition costs	11,849	10,591
	-----	-----
Investments		
Investment property	48,856	24,200
Investments held for trading	477,310	339,825
Available for sale investments	47,290	30,476
Investments held to maturity	13,740	13,684
Deposits with banks	443,042	538,420
	-----	-----
	1,030,238	946,605
	-----	-----
Inventories	62,496	70,543
	-----	-----
Loans and receivables	141,673	134,909
	-----	-----
Reinsurers' share of technical provisions		
Provision for unearned premiums	19,412	21,302
Claims outstanding	46,622	44,463
	-----	-----
	66,034	65,765
	-----	-----
Cash and cash equivalents	41,897	51,362
	-----	-----
Total assets	1,564,412	1,466,839
	=====	=====

FBD HOLDINGS PLC
GROUP BALANCE SHEET - LIABILITIES
AT 31ST DECEMBER 2005

	2005 €000s	2004 €000s as restated
Equity		
Share capital	23,557	25,151
Capital reserves	9,813	7,445
Revaluation reserves	47,706	38,581
Translation reserves	435	371
Retained earnings	394,616	334,905
	-----	-----
Shareholders' funds - equity interests	476,127	406,453
Preference share capital	2,923	2,923
	-----	-----
Total shareholders' funds	479,050	409,376
Minority interests	6,423	16,333
	-----	-----
Total equity	485,473	425,709
	-----	-----
Liabilities		
Technical provisions		
Provision for unearned premiums	188,953	184,954
Claims outstanding	699,397	658,431
	-----	-----
	888,350	843,385
	-----	-----
Bank and other loans	99,831	80,476
	-----	-----
Creditors	54,829	91,482
	-----	-----
Deferred tax	33,873	25,787
	-----	-----
Retirement benefit obligation	2,056	-
	-----	-----
Total liabilities	1,564,412	1,466,839
	=====	=====

FBD HOLDINGS PLC
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2005

2004	Share capital	Capital reserves	Revaluation and other reserves	Translation reserve	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Minority interests	Total
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2004	25,125	6,994	35,801	-	240,776	308,696	2,923	15,077	326,696
Profit after taxation	-	-	-	-	113,257	113,257	-	1,751	115,008
Exchange translation adjustment	-	-	-	371	-	371	-	-	371
Dividends paid	-	-	-	-	(12,614)	(12,614)	-	-	(12,614)
Reissue of ordinary shares	26	173	-	-	2,517	2,716	-	-	2,716
Recognition of share based payments	-	278	-	-	-	278	-	-	278
Transfer to income statement on sale of available for sale investments	-	-	(3,854)	-	-	(3,854)	-	-	(3,854)
Gain on available-for-sale investments	-	-	8,535	-	-	8,535	-	-	8,535
Purchase of minority interest	-	-	-	-	-	-	-	(495)	(495)
Actuarial loss on pension fund valuation	-	-	-	-	(9,031)	(9,031)	-	-	(9,031)
Revaluation of owner occupied property	-	-	(1,901)	-	-	(1,901)	-	-	(1,901)
Balance at 31 December 2004	25,151	7,445	38,581	371	334,905	406,453	2,923	16,333	425,709
2005									
Profit after taxation	-	-	-	-	161,500	161,500	-	(46)	161,454
Exchange translation adjustment	-	-	-	64	-	64	-	-	64
Dividends paid	-	-	-	-	(18,158)	(18,158)	-	-	(18,158)
Buyback of own shares	-	-	-	-	(81,238)	(81,238)	-	-	(81,238)
Cancellation of own shares	(1,594)	1,594	-	-	-	-	-	-	-
Reissue of ordinary shares	-	-	-	-	1,409	1,409	-	-	1,409
Recognition of share based payments	-	774	-	-	-	774	-	-	774
Transfer to income statement on sale of available for sale investments	-	-	(5,583)	-	-	(5,583)	-	-	(5,583)
Gain on available for sale investments	-	-	15,779	-	-	15,779	-	-	15,779
Purchase of minority interest	-	-	-	-	-	-	-	(9,864)	(9,864)
Actuarial loss on pension fund valuation	-	-	-	-	(3,802)	(3,802)	-	-	(3,802)
Sale of land and buildings	-	-	(1,071)	-	-	(1,071)	-	-	(1,071)
Balance at 31 December 2005	23,557	9,813	47,706	435	394,616	476,127	2,923	6,423	485,473

FBD HOLDINGS PLC
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 €000s	2004 €000s as restated
Operating activities		
Profit before tax for the year	185,155	131,976
Adjustments for:		
Gains on investments held for trading and held to maturity	(41,031)	(17,231)
Depreciation of property and equipment	3,487	3,075
Share-based payment expense	774	278
Increase in fair value of investment property	-	(1,200)
Increase in technical provisions	44,696	54,354
Retirement benefit charges	(3,802)	(9,031)
	-----	-----
Operating cash flows before movement in working capital	189,279	162,221
Increase in receivables	(4,274)	(8,612)
(Decrease) increase in payables	(22,863)	16,013
	-----	-----
Cash generated from operations	162,142	169,622
Income taxes paid	(20,516)	(12,228)
	-----	-----
Net cash from operating activities	141,626	157,394
	-----	-----
Investing activities		
Investments held for trading	(96,510)	(146,225)
Investments available for sale	(5,162)	(138)
Purchase of land, buildings and inventory	(13,430)	(50,328)
Purchase of fixtures and fittings	(6,242)	(5,222)
Purchase of investment property	(24,656)	-
Loans and advances	(3,789)	(23,601)
Deposits invested with financial institutions	95,378	68,779
	-----	-----
Net cash used in investing activities	(54,411)	(156,735)
	-----	-----
Financing activities		
Dividends paid	(18,158)	(12,614)
Repurchase of ordinary shares	(81,238)	-
Proceeds of issue of ordinary shares	-	199
Proceeds of re-issue of ordinary shares	1,409	2,517
Increase in bank loans	1,243	34,955
	-----	-----
Net cash (used in) from financing activities	(96,744)	25,057
	-----	-----
Net (decrease) increase in cash and cash equivalents	(9,529)	25,716
Cash and cash equivalents at the beginning of the year	51,362	25,275
Effect of foreign exchange rate changes	64	371
	-----	-----
Cash and cash equivalents at the end of the year	41,897	51,362
	=====	=====

FBD HOLDINGS PLC
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 €000s	2004 €000s as restated
Note 1 – Operating profit by activity		
Underwriting	134,885	106,652
Non underwriting	27,739	18,142
	<u>162,624</u>	<u>124,794</u>
 Note 2 – Underwriting		
Gross written premiums	<u>389,472</u>	<u>357,487</u>
Net earned premiums	332,371	296,237
Net claims incurred	(202,475)	(197,784)
Net operating expenses	<u>(39,446)</u>	<u>(32,514)</u>
Underwriting result	<u>90,450</u>	<u>65,939</u>
 Ratios		
	%	%
Net loss ratio	60.9	66.8
Net expense ratio	11.9	11.0
Combined ratio	72.8	77.8

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