



FBD HOLDINGS PLC
25 August 2010

FBD HOLDINGS PLC
Half Yearly Report
For the Half Year Ended 30 June 2010

FINANCIAL HIGHLIGHTS	2010 €000s	2009 €000s
▪ Gross written premiums	183,191	180,721
▪ Operating profit	11,290	12,960
▪ Loss before taxation	(7,860)	(21,768)
	Cent	Cent
▪ Operating earnings per share	29.56	34.95
▪ Ordinary dividend per share	10.50	10.00
▪ Net assets per ordinary share	535.91	575.63 (Dec 09)

KEY POINTS

- Strong operational performance with operating profit of €11.3m despite severe weather claims.
- Gross premiums written increased by 1.4%, the first rise in premium income since 2007.
- Evidence of market rates hardening further for most products.
- Ireland's second largest property and casualty insurer in 2009, for the second year in succession.
- Profitable operating contribution in both underwriting and non-underwriting divisions.
- Operating earnings per share of 29.56 cent (2009: 34.95 cent).
- Interim dividend of 10.5 cent per share (2009: 10.0 cent).
- Valuation impairments of €17.7m (2009: €30.9m) primarily relating to Irish Hotels, leads to a loss before tax of €7.9m (2009: €21.8m).
- Capital base further strengthened with solvency level of 55%, up from 52% in December 2009.
- Prudent asset allocation and reserving policy maintained.

Commenting on the results, Andrew Langford, Group Chief Executive, said:

"Despite some of the worst weather conditions experienced in this country for many years, FBD delivered a strong first half operating performance. The response of staff and service providers in helping thousands of our customers get things back to normal was exceptional and further emphasises FBD's commitment to excellent service and value for money.

After eight years of contraction, market revenue is likely to remain static or show a slight increase in 2010. FBD is well positioned to maximise the opportunities for profitable growth as they arise.

FBD's solvency levels rose further from 50% in June 2009 to 55% after incurring €50m in weather related claims, gross of reinsurance. This further demonstrates FBD's financial strength".

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Note: These results will be presented to analysts at 10.30a.m., today, 25 August 2010. A copy of the presentation will be posted on the Group’s website, www.fbdgroup.com, at that time.

ABOUT FBD HOLDINGS PLC

FBD is Ireland’s second largest property and casualty insurer looking after the insurance needs of private individuals, farmers and business owners. The Group has developed complementary financial service businesses and has hotel and leisure property interests that include four hotels in Ireland and two resorts in southern Spain. The Group was established in the 1960s and is quoted on the Irish and London stock exchanges.

FORWARD LOOKING STATEMENTS

Some statements in this announcement are forward-looking. They represent expectations for the Group’s business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group’s control, actual results or performance, may differ materially from those expressed or implied by such forward-looking statements.

FBD HOLDINGS PLC

Half Yearly Report For the Half Year Ended 30 June 2010

INTERIM MANAGEMENT REPORT

PERFORMANCE OVERVIEW

Against a background of unprecedented weather related claims and the difficult economic environment, FBD continued to deliver a solid operating performance in the first half of 2010. Operating profits were again generated by both its underwriting and non-underwriting businesses.

Underwriting

The underwriting loss at €7.8m represented an improvement from the €8.3m loss in the first half of 2009. After allowing for a lower longer term rate of investment return, the operating profit was €9.4m, lower than last year's €10.1m. The benefits of rating actions and continuing improvements in the management of claims costs and expenses were masked by the unprecedented severe weather conditions in January for which claims costs, net of reinsurance, amounted to €12m.

Gross premiums written in the first half of 2010 amounted to €183.2m up 1.4% on the corresponding period of the previous year. Premium rates continued to harden in the Irish insurance market in the first half of 2010, particularly for home and business insurance, while motor rates have been slower to increase. The benefits of hardening rates were partially offset by the continuing reduction in insurable risks and values, in line with economic activity in Ireland. However, the rate of volume decline has reduced considerably.

FBD's new business volumes have increased significantly with the strongest growth from home and business insurance, while retention rates have also improved. Underpinning the improvement in new business volumes is increased utilisation of FBD's internet and telephone channels and continuous development of business insurance in Dublin directly and via intermediaries. FBD's network of thirty-four sales offices has been successful in the ongoing development of farm and business insurance, a key strategic priority for the Group.

FBD's progress in Dublin and other large urban centres has continued with 14% of total premium income now coming from Dublin representing a market share of over 5%. Nononsense.ie and FBD.ie continue to attract a large proportion of customers from Dublin and other urban centres.

Net claims incurred amounted to €124.4m (2009: €135.1m). The net loss ratio, including the cost of the severe weather events, improved from 84.3% in the first half of 2009 to 83.2% in the first half of 2010. This is attributable to our actions on rates and an improvement in claims frequency, partly due to underwriting and claims management initiatives.

FBD's risk management policy determines the Group's appetite for risk and limits the exposure that FBD is prepared to accept from any event or series of events. In respect of weather related events, the objective is to limit the Group's exposure so as to protect profitability, solvency and shareholders' capital. This objective was achieved over the winter months.

Underwriting management expenses were 2% lower than in the previous year. The Group continued to focus on efficiency and productivity improvements implementing savings on both staff and non-staff costs. Following engagement with employees and their representatives, pension benefits were restructured, employee pension contributions were introduced and pay freeze/salary reductions were agreed. The Group appreciates the co-operation of employees in the continuing challenge to maintain FBD's competitive cost structure.

A rise in the cost of reinsurance and the impact of reduced net premium earned contributed to an increase in net expense ratio from 20.9% to 22.16%. Average Underwriting and Financial Services headcount reduced from 1,063 to 960 year on year.

The Group's combined operating ratio for the first half of 2010 was 105.2%, the same as the previous period. Long term investment return at €17.2m was lower than the €18.4m in the first half of 2009 as the rate of return attributable to investment has reduced in light of a lower expectation for future interest rates. The average asset mix in the period was also more conservative than the previous year.

Non-underwriting

The non-underwriting operations generated an operating profit of €1.9m (2009: €2.9m).

The Group's leisure and property interests include La Cala and Sunset Beach Resorts in Spain and FBD Hotels in Ireland. In the continuing difficult environment, these businesses recorded an operating loss of €0.8m (2009: €0.1m) while generating positive cash flow from operations. The operating result was lower than the previous year principally because FBD Hotels were negatively impacted by market oversupply. Sunset Beach continues to perform strongly. Sales of properties in La Cala were very strong with 24 unit sales, reducing La Cala property inventory by €6.9m to €22.4m.

Financial services/other includes a contribution from general insurance broking (FBD Brokers), life assurance/pension broking/investment advise (FBD Financial Solutions), instalment finance and the costs incurred in the holding company. These businesses delivered a combined contribution of €2.7m (2009: €2.8m).

Pre-tax result

Pre-tax result was adversely affected by the revaluation of property, plant and equipment and investment return fluctuations of €17.7m (2009: €30.9m). After charging finance and restructuring costs of €1.5m (2009: €3.8m), the Group recorded a loss before tax of €7.9m (2009: €21.8m).

Dividends

The Board is committed to ensuring that the Group's capital position continues to be robust and its balance sheet well managed. This reflects the Board's view that it is in the long-term interests of all shareholders to maintain strong solvency and liquidity margins. The Group is committed to a progressive dividend policy and efficient capital management.

The Board has approved a 2010 interim dividend of 10.5 cent per ordinary share (2009: 10.0 cent). This will be paid on 1 October 2010 to the holders of shares on the register on 3 September 2010. The interim dividend is subject to dividend withholding tax ("DWT") except for shareholders who are exempt from DWT and who have furnished a properly completed declaration of exemption to the Company's Registrar, from whom further details may be obtained.

STATEMENT OF FINANCIAL POSITION

The Group's financial position remains very strong. Ordinary shareholders' funds amounted to €178.3m (December 2009: €191.5m) and net assets per ordinary share were €5.36 down from €5.76 in December 2009, partially attributable to the 2009 final dividend of 20 cent paid during the period.

FBD Insurance maintains a low risk investment policy with 85% of its total investment portfolio invested in government gilts and cash assets. Table 1 shows how the assets of the underwriting business were invested at the beginning and end of the six month period.

Table 1: Underwriting business – Asset allocation

	30 June 2010		31 Dec 2009	
	€m	%	€m	%
Investment assets				
Government gilts	596	74%	581	70%
Deposits and cash	91	11%	110	13%
Investment property	46	6%	43	6%
Secured loans	37	4%	37	4%
Equities and corporate bonds	22	3%	36	4%
Own land and buildings	19	2%	22	3%
Total investment assets	811	100%	829	100%
Trade and other debtors and DAC	112		101	
Reinsurers' share of technical provisions	102		93	
Plant and equipment	18		17	
Total assets	1,043		1,040	

At 30 June 2010, under mark-to-market or fair value accounting principles, the Group booked €17.7m (2009: €30.9m) of valuation adjustments and investment return fluctuations through the consolidated income statement and wrote off a further €0.3m (2009: €3.3m) directly to reserves. These adjustments are set out in Table 2 below.

Table 2: Group assets

	Assets 30 June 2010 €m	Assets 31 Dec 2009 €m	Valuation Adjustments €m
Government gilts	595.7	581.1	-
Hotel and golf resort assets	120.4	136.3	(15.8)
Trade and other debtors and DAC	119.9	106.7	-
Deposits and cash	106.4	119.5	-
Reinsurers' share of technical provisions	101.6	93.2	-
Inventories	52.3	59.2	-
Investment property	45.8	43.3	2.5
Secured loans	36.9	36.9	(1.6)
Equities and corporate bonds	25.4	39.5	(0.7)
Own land & buildings	19.0	21.8	(2.4)
Plant and equipment	18.6	18.3	-
Total assets	1,242.0	1,255.8	(18.0)

The cumulative valuation impairments since the end of 2007 as a percentage of the December 2007 valuations are summarised as follows:

Table 3: Cumulative valuation impairments as a percentage of December 2007 values

Hotel and golf resort assets	
- La Cala Hotel and Golf Resort	42%
- Sunset Beach Resort	-
- FBD Hotels	45%
Investment properties	44%
Secured loans	55%
Own land and buildings	43%

Own land and buildings and hotel and golf resort assets were included in the balance sheet at valuations determined by independent professional valuers or at a lower amount if, in the opinion of the Directors, a lower amount more accurately reflected fair value. In forming their opinion on fair values, the Directors took into account the report of the professional valuers and, in relation to certain specific properties, more prudent assumptions on the underlying profit projections and/or timing of underlying cash flows. In respect of Irish hotels, the Group has maintained a margin of prudence over and above that of the valuers to guard against any potential future write downs. Since December 2007, the cumulative write down in the valuation of Irish hotels varies by location from 34% to 63%.

Investment properties are incorporated in the balance sheet at a current yield of 7.6% and secured loans are valued at a level approximating the value of the underlying securities. Of the valuation impairments €12m is attributable to Irish Hotels. This level reflects the fact that valuers have become more pessimistic regarding the time-frame for the recovery of the Irish hotel sector than they were six months ago. The Directors' believe that as a result of the impairments recognised and the de-risking of our investment book, the potential for further downside from the Group's investments has been greatly reduced and relates predominantly to Irish property.

All Group investments are accounted for on a mark-to-market or fair value basis with the exception of the development land at La Cala and government gilts. La Cala development land is included within inventories at the lower of cost and net realisable value. The independent external valuation conducted at 30 June 2010 reported a value which exceeds cost by €24.9m. Government gilts held to maturity are included in the balance sheet at amortised cost. If these gilts were recognised on a mark-to-market basis, a surplus of €30.9m would arise at 30 June 2010.

FBD Group has a strong capital base and balance sheet. FBD Insurance has a solvency level of 55% of net premium earned at the end of June 2010, up from 52% at the end of 2009. FBD also has prudent asset allocation and reserving policies. The reserving ratio (net technical provisions divided by net premiums earned) remains robust at 246%.

OUTLOOK

Underwriting

While economic uncertainty remains, volatility has reduced significantly in the Irish economy. For 2010 as a whole, insurable risk in the Irish market will be lower than in 2009. However, this will be offset by the rate increases necessary to provide the industry with the adequate return on capital, particularly in light of the unprecedented weather claims last winter. As a result, industry revenue is likely to be static or show marginal growth in 2010 after eight successive years of market contraction. However, market rates remain unattractive for certain product lines as some competitors have deferred putting through required increases. In such situations, FBD will maintain its underwriting discipline and forego short-term volume growth at uneconomic rates.

FBD will focus on profitable growth and on evolving its business to reflect customer needs. The Group will continue to increase penetration of key urban markets, in particular Dublin, and the business insurance market. At the same time, the Group continues to focus considerable resources to developing its core farming customer base. The Group also remains committed to implement initiatives to maintain its competitive cost advantage.

Non-underwriting

The environment for the property and leisure businesses is expected to remain difficult throughout 2010. Oversupply in the market is the key challenge facing these businesses, particularly in Ireland, and recovery will be dependent on a reduction in market capacity. The sales of units in La Cala have exceeded expectations and generated a positive cash flow impact by reducing inventory levels. Further sales are anticipated during the remainder of 2010.

The financial services businesses continue to make a positive contribution and will focus on further growth and cost containment measures for the remainder of the year.

The Directors are confident that all of our non-underwriting businesses can outperform competitors by focussing on initiatives that enhance revenue and/or reduce costs, so as to maintain profitable and cash generative businesses notwithstanding the weak macro environment.

Group

FBD Group has a strong capital base and balance sheet and a prudent reserving strategy. The Board is confident that FBD will continue to outperform its peers in delivering superior returns to shareholders. FBD has demonstrated its capacity to deliver operating profits in difficult market conditions and is well positioned to deliver long term profitable growth, particularly in an environment where premium rates are hardening.

Barring exceptional claims events, the Board is confident that the Group will deliver 2010 operating earnings per share within the range of analysts' expectations (95 to 100 cent per share).

PRINCIPAL RISKS AND UNCERTAINTIES

Under the Transparency (Directive 2004/109/EC) Regulations 2007 the Group is required to give a description of the principal risks and uncertainties it faces.

The Board considers that the risks and uncertainties disclosed in the Annual Report for the year ended 31 December 2009 continue to reflect the principal risks and uncertainties of the Group over the remainder of the financial year. In the Annual Report 2009 risk is categorised as general insurance risk, capital management risk, operational risk, liquidity risk, market risk, interest rate risk, credit risk and concentration risk.

Further information on these risks is included in pages 92 to 99 of the Annual Report 2009, which quantifies the sensitivity of parameters such as loss ratio, equity and property values and exchange and interest rates. There were significant market movements in property values over the six months under review and the impact has been reflected in the financial statements. The risks and uncertainties have not altered and further movement in the parameters described above may be experienced in future periods.

RELATED PARTY TRANSACTIONS

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group in the period.

AUDIT REVIEW

This half yearly financial report has not been audited or reviewed by the auditors of the Group.

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2010

	Notes	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Revenue		242,472	239,669	476,159
Income				
Gross premium written		183,191	180,721	357,244
Reinsurance premiums		(27,329)	(26,130)	(54,107)
Net premium written		155,862	154,591	303,137
Change in provision for unearned premiums		(6,294)	5,723	11,467
Net premium earned		149,568	160,314	314,604
Net investment return	3	17,436	(1,424)	6,515
Non-underwriting income	4	35,829	31,243	72,774
Total income		202,833	190,133	393,893
Expenses				
Net claims and benefits		(124,399)	(135,088)	(263,492)
Other underwriting expenses		(32,987)	(33,575)	(64,020)
Non-underwriting expenses		(33,914)	(28,362)	(66,285)
Revaluation of property, plant and equipment		(17,919)	(11,077)	(29,048)
Restructuring costs		-	(2,033)	(2,315)
Finance costs		(1,474)	(1,766)	(3,377)
Loss before tax		(7,860)	(21,768)	(34,644)
Income tax credit		510	977	3,714
Loss for the period		(7,350)	(20,791)	(30,930)
Attributable to:				
Equity holders of the parent		(6,463)	(20,558)	(30,190)
Minority interest		(887)	(233)	(740)
		(7,350)	(20,791)	(30,930)
		Cent	Cent	Cent
Basic loss per 60 cent ordinary share	8	(22.26)	(61.79)	(91.59)
Diluted loss per 60 cent ordinary share	8	(22.15)	(61.40)	(91.05)

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2010

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Loss for the period	<u>(7,350)</u>	<u>(20,791)</u>	<u>(30,930)</u>
Loss on available for sale financial assets	-	-	(1,554)
Revaluation of property, plant and equipment	(309)	(3,248)	(5,241)
Actuarial loss on retirement benefit obligations	-	-	(8,556)
Exchange differences on translation of foreign operations	<u>(298)</u>	<u>680</u>	<u>747</u>
Other comprehensive expense before tax	(607)	(2,568)	(14,604)
Tax credit relating to other comprehensive expense	<u>-</u>	<u>3,775</u>	<u>6,884</u>
Other comprehensive expense after tax	(607)	1,207	(7,720)
Total comprehensive expense for the period	<u>(7,957)</u>	<u>(19,584)</u>	<u>(38,650)</u>
Attributable to:			
Equity holders of the parent	<u>(7,070)</u>	<u>(19,351)</u>	<u>(37,664)</u>
Minority interests	<u>(887)</u>	<u>(233)</u>	<u>(986)</u>
	<u>(7,957)</u>	<u>(19,584)</u>	<u>(38,650)</u>

FBD HOLDINGS PLC

PRO FORMA RECONCILIATION OF CONSOLIDATED OPERATING PROFIT TO LOSS BEFORE TAX
For the half year ended 30 June 2010

	Notes	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Operating profit before tax:				
Underwriting	5	9,375	10,079	22,391
Non-underwriting	4	<u>1,915</u>	<u>2,881</u>	<u>6,489</u>
Operating profit before tax		11,290	12,960	28,880
Investment return – fluctuations	3	243	(19,852)	(28,784)
Revaluation of property, plant and equipment		(17,919)	(11,077)	(29,048)
Restructuring costs		-	(2,033)	(2,315)
Finance costs		(1,474)	(1,766)	(3,377)
Loss before tax		<u>(7,860)</u>	<u>(21,768)</u>	<u>(34,644)</u>
Operating earnings per 60 cent ordinary share	8	<u>29.56</u>	<u>34.95</u>	<u>74.61</u>

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010

ASSETS	30/06/10 (unaudited) €000s	30/06/09 (unaudited) €000s	31/12/2009 (audited) €000s
Property, plant and equipment	158,034	196,999	176,479
Loans	41,998	60,416	43,863
Deferred tax asset	12,780	-	6,907
Financial assets			
Investments held to maturity	595,691	595,288	581,096
Available for sale investments	9,436	11,038	9,476
Investment property	45,766	46,238	43,267
Investments held for trading	15,942	14,904	30,000
Deposits with banks	56,830	66,928	75,462
	723,665	734,396	739,301
Reinsurance assets			
Provision for unearned premiums	26,069	25,752	25,503
Claims outstanding	75,491	42,257	67,686
	101,560	68,009	93,189
Inventories	52,309	59,063	59,226
Current tax asset	-	6,193	175
Deferred acquisition costs	20,078	17,923	19,963
Other receivables	81,955	79,895	72,681
Cash and cash equivalents	49,599	43,767	44,036
Total assets	1,241,978	1,266,661	1,255,820

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010

EQUITY AND LIABILITIES	Notes	30/06/10 (unaudited) €000s	30/06/09 (unaudited) €000s	31/12/2009 (audited) €000s
Equity				
Ordinary share capital	7	21,409	21,409	21,409
Capital reserves		14,805	13,863	14,297
Revaluation reserves		433	3,822	742
Translation reserves		(232)	(1)	66
Retained earnings		141,877	173,903	154,994
		<hr/>	<hr/>	<hr/>
Shareholders' funds - equity interests		178,292	212,996	191,508
Preference share capital		2,923	2,923	2,923
		<hr/>	<hr/>	<hr/>
Equity attributable to equity holders of the parent		181,215	215,919	194,431
Minority interests		2,068	3,918	3,030
		<hr/>	<hr/>	<hr/>
Total equity		183,283	219,837	197,461
		<hr/>	<hr/>	<hr/>
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		182,562	184,503	176,603
Claims outstanding		666,112	642,114	671,429
		<hr/>	<hr/>	<hr/>
		848,674	826,617	848,032
Borrowings		119,275	120,706	120,051
Retirement benefit obligation		22,105	15,113	23,103
Deferred tax liability		10,640	11,410	10,507
Current tax liability		4,005	-	-
Payables		53,996	72,978	56,666
		<hr/>	<hr/>	<hr/>
Total liabilities		1,058,695	1,046,824	1,058,359
		<hr/>	<hr/>	<hr/>
Total equity and liabilities		1,241,978	1,266,661	1,255,820
		<hr/>	<hr/>	<hr/>

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2010

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Cash flows from operating activities			
Loss before tax	(7,860)	(21,768)	(34,644)
Adjustments for:			
Loss/(profit) on investments held for trading	3,075	(32)	(4,925)
Loss on investments held to maturity	298	226	417
Provision for loans	-	10,000	21,000
Depreciation of property, plant and equipment	3,080	4,114	6,206
Share-based payment expense	508	264	698
(Increase)/decrease in fair value of investment property	(2,499)	6,300	8,479
Decrease in fair value of property, plant and equipment	17,919	8,618	29,048
Decrease in fair value of inventories	-	2,459	-
(Decrease)/increase in insurance contract liabilities	(7,729)	3,397	(368)
Loss on disposal of property, plant and equipment	-	-	25
Operating cash flows before movement in working capital	6,792	13,578	25,936
Increase in receivables and deferred acquisition costs	(9,390)	(11,473)	(5,552)
(Decrease) in payables	(3,743)	(6,992)	(24,003)
Decrease in inventories	6,917	861	3,157
Cash generated from /(used by) operations	576	(4,026)	(462)
Income taxes (paid)/received	(1,049)	(271)	3,779
Net cash (used by)/ generated from operating activities	(473)	(4,297)	3,317
Cash flows from investing activities			
Investments held for trading	10,983	9,240	(963)
Investments held to maturity	(14,893)	13	(101,887)
Investments available for sale	40	(115,888)	21
Purchase of property, plant and equipment	(2,863)	(4,322)	(8,474)
Sale of investment property	-	-	792
Repayment of loans	1,865	-	5,626
Deposits invested with banks	18,632	116,215	107,681
Net cash generated from investing activities	13,764	5,258	2,796
Cash flows from financing activities			
Ordinary and preference dividends paid	(6,654)	(3,327)	(6,936)
Increase in borrowings	-	9,738	22,980
Decrease in borrowings	(776)	-	(13,897)
Net cash (used by)/generated from financing activities	(7,430)	6,411	2,147
Net increase in cash and cash equivalents	5,861	7,372	8,260
Cash and cash equivalents at the beginning of the period	44,036	35,713	35,713
Effect of foreign exchange rate changes	(298)	682	63
Cash and cash equivalents at the end of the period	49,599	43,767	44,036

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2010

	Ordinary share capital	Capital reserves	Revaluation and other reserves	Translation reserve	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Minority interest	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2009	21,409	13,599	3,295	(681)	197,788	235,410	2,923	4,151	242,484
Loss after taxation	-	-	-	-	(20,558)	(20,558)	-	(233)	(20,791)
Other comprehensive expense	-	-	527	680	-	1,207	-	-	1,207
	21,409	13,599	3,822	(1)	177,230	216,059	2,923	3,918	222,900
Recognition of share based payments	-	264	-	-	-	264	-	-	264
Ordinary dividends paid	-	-	-	-	(3,327)	(3,327)	-	-	(3,327)
Balance at 30 June 2009	21,409	13,863	3,822	(1)	173,903	212,996	2,923	3,918	219,837
Balance at 1 January 2010	21,409	14,297	742	66	154,994	191,508	2,923	3,030	197,461
Loss after taxation	-	-	-	-	(6,463)	(6,463)	-	(887)	(7,350)
Other comprehensive income	-	-	(309)	(298)	-	(607)	-	-	(607)
	21,409	14,297	433	(232)	148,531	184,438	2,923	2,143	189,504
Recognition of share based payments	-	508	-	-	-	508	-	-	508
Ordinary dividends paid	-	-	-	-	(6,654)	(6,654)	-	-	(6,654)
Dividends paid to minorities	-	-	-	-	-	-	-	(75)	(75)
Balance at 30 June 2010	21,409	14,805	433	(232)	141,877	178,292	2,923	2,068	183,283

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS For the half year ended 30 June 2010

Note 1 – General Information

The information for the year ended 31 December 2009 does not constitute statutory accounts as defined in Section 19 of the Companies (Amendment) Act 1986. A copy of the statutory accounts for that year has been delivered to the Register of Companies. The auditors' report on those accounts was not qualified and did not contain any matters to which attention was drawn by way of emphasis.

This half yearly financial report has not been audited or reviewed by the auditors of the Group.

Note 2 – Accounting policies

Basis of preparation

The annual financial statements of FBD Holdings plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policy

The accounting policies used by the Group to prepare the interim financial statements for the six month period ended 30 June 2010 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2009 (which is available at www.fbdgroup.com) except as described below.

The following new and revised Standards and Interpretations have been adopted in these financial statements in the current period:

Amendments to IFRS 2: *Share-based Payment Transaction - Group Cash Settled Share-based Payment Transaction.*

Revised IFRS 3: *Business combinations.*

Revised IAS27: *Consolidated and separate financial statements.*

Revised IAS28: *Investments in Associates.*

IFRIC17: *Distributions of non cash assets to owners.*

IFRIC18: *Transfers of assets from customers.*

The adoption of these Standards has not had any significant impact on the amounts reported in these financial statements.

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 3 – Longer term investment return

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Longer-term investment return	17,193	18,428	35,299
Investment return fluctuations	243	(19,852)	(28,784)
Actual investment return	<u>17,436</u>	<u>(1,424)</u>	<u>6,515</u>

The rates of investment return underlying the calculation of the longer term investment return are set out below. These rates are reviewed annually and reflect both historical experience and the directors' current expectations for long term investment returns.

	Half Year Ended 30/06/10 (unaudited) %	Half Year Ended 30/06/09 (unaudited) %	Year Ended 31/12/2009 (audited) %
Government gilts	4.00	4.00	4.00
Quoted shares	6.75	6.75	6.75
Deposits with banks	3.25	3.25	3.25
Investment properties	6.25	6.00	6.25
Investments held to maturity	Actual rates	Actual rates	Actual rates

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 4 – Total revenue and operating profit by activity

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Total Revenue:			
Underwriting	206,643	208,426	403,385
Non-underwriting	<u>35,829</u>	<u>31,243</u>	<u>72,774</u>
	<u>242,472</u>	<u>239,669</u>	<u>476,159</u>
Operating profit:			
Underwriting	9,375	10,079	22,391
Non-underwriting	<u>1,915</u>	<u>2,881</u>	<u>6,489</u>
	<u>11,290</u>	<u>12,960</u>	<u>28,880</u>
Non-underwriting profit is analysed as follows:			
Leisure and leisure property development	(820)	73	2,786
Financial Services/Other	<u>2,735</u>	<u>2,808</u>	<u>3,703</u>
	<u>1,915</u>	<u>2,881</u>	<u>6,489</u>

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 5 – Underwriting result

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Gross premium written	<u>183,191</u>	<u>180,721</u>	<u>357,244</u>
Net premium earned	149,568	160,314	314,604
Net claims incurred	(124,399)	(135,088)	(263,492)
Net operating expenses	<u>(32,987)</u>	<u>(33,575)</u>	<u>(64,020)</u>
Underwriting result	(7,818)	(8,349)	(12,908)
Longer term investment return	<u>17,193</u>	<u>18,428</u>	<u>35,299</u>
Operating profit before tax	<u>9,375</u>	<u>10,079</u>	<u>22,391</u>

The Group's half yearly results are not subject to any significant impact arising from the seasonality or cyclical nature of operations.

Note 6 – Dividends

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Paid in Period:			
2009 Interim dividend of 10 cent per share on ordinary shares of 60 cent each	-	-	3,327
2009 Final dividend of 20 cent (2008: 10 cent) per share on ordinary shares of 60 cent each	6,654	3,327	3,327
Dividend of 8.4 cent per share on 14% non-cumulative Preference shares of 60 cent each	-	-	113
Dividend of 4.8 cent per share on 8% non-cumulative preference shares of 60 cent each	-	-	169
	<u>6,654</u>	<u>3,327</u>	<u>6,936</u>
Proposed:			
2009 Dividend of 4.8 cent per share on 8% non-cumulative preference shares of 60 cent each	169	-	169
2009 Final dividend of 20.00 cent per share on ordinary shares of 60 cent each	-	-	6,654
2010 Interim dividend of 10.5 cent (2009: 10 cent) per share on ordinary shares of 60 cent each	<u>3,493</u>	<u>3,327</u>	<u>-</u>
	<u>3,662</u>	<u>3,327</u>	<u>6,823</u>

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 7 – Ordinary Share Capital

	Number	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
(i) Ordinary shares of 60 cent each				
Authorised:				
At beginning and end of period	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>	<u>30,796</u>
Issued and fully paid:				
At beginning and end of period	<u>35,461,206</u>	<u>21,277</u>	<u>21,277</u>	<u>21,277</u>
(ii) 'A' Ordinary shares of 1 cent each				
Authorised:				
At beginning and end of period	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Issued and fully paid:				
At beginning and end of period	<u>13,169,428</u>	<u>132</u>	<u>132</u>	<u>132</u>
Total Ordinary Share Capital		<u>21,409</u>	<u>21,409</u>	<u>21,409</u>

The number of ordinary shares of 60 cent each held as treasury shares at 30 June 2010 was 2,191,730.

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 8 – Loss/Earnings per 60 cent ordinary share

a) The calculation of the basic and diluted loss per share attributable to the ordinary shareholders is based on the following data:

Earnings	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Loss for the period	(7,350)	(20,791)	(30,930)
Minority interest	(55)	233	740
Preference dividend	-	-	(282)
	<u>(7,405)</u>	<u>(20,558)</u>	<u>(30,472)</u>
Loss for the purpose of basic and diluted earnings per share	<u>(7,405)</u>	<u>(20,558)</u>	<u>(30,472)</u>
Number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share	33,269,000	33,269,000	33,269,000
Effect of dilutive potential of share options outstanding	156,000	214,000	198,000
	<u>33,425,000</u>	<u>33,483,000</u>	<u>33,467,000</u>
	Cent	Cent	Cent
Basic loss per 60 cent ordinary share	<u>(22.26)</u>	<u>(61.79)</u>	<u>(91.59)</u>
Diluted loss per 60 cent ordinary share	<u>(22.15)</u>	<u>(61.40)</u>	<u>(91.05)</u>

The 'A' ordinary shares of 1 cent each that are in issue have no impact on the loss per share calculation.

b) The calculation of the operating earnings per share, which is supplementary to the requirements of International Financial Reporting Standards, is based on the following data:

Earnings	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Operating profit after taxation*	9,890	11,394	25,299
Minority interest	(55)	233	(193)
Preference dividend	-	-	(282)
	<u>9,835</u>	<u>11,627</u>	<u>24,824</u>
Earnings for the purpose of operating earnings per share	<u>9,835</u>	<u>11,627</u>	<u>24,824</u>
Number of shares	<u>33,269,000</u>	<u>33,269,000</u>	<u>33,269,000</u>
	Cent	Cent	Cent
Operating earnings per 60 cent ordinary share	<u>29.56</u>	<u>34.95</u>	<u>74.61</u>

* June 2010 and December 2009 effective tax rate of 12.4% (June 2009: 12.1%)

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2010

Note 9 – Capital commitments

	Half Year Ended 30/06/10 (unaudited) €000s	Half Year Ended 30/06/09 (unaudited) €000s	Year Ended 31/12/2009 (audited) €000s
Capital commitments at period end authorised by the Directors but not provided for in the Financial Statements:			
Contracted for	<u>82</u>	<u>1,500</u>	<u>559</u>
Not contracted for	<u>-</u>	<u>-</u>	<u>-</u>

Note 10 – Transactions with related parties

Farmer Business Developments plc has a substantial shareholding in the Group at 30 June 2010.

Included in the financial statements is an unsecured loan of €60,000,000 (2009: €60,000,000) from Farmer Business Developments plc to FBD Property and Leisure Limited, a 100% owned subsidiary of the Group. This loan is guaranteed by the Company. The term of the loan is 3 years and it is due to be repaid in full in August 2011. Interest is charged on this balance at market rate which is defined under the terms of the loan agreement as the 3 month Euribor rate plus a margin capped at 225 basis points.

Included in the financial statements at the period end is €372,851 (2009: €132,969) due from Farmer Business Developments plc. This balance is made up of recharges for services provided and recoverable costs. Interest is charged on this balance at the market rate. The amount due is repayable on demand.

For the purposes of the disclosure requirements of IAS 24, the term “key management personnel” (i.e. those persons having authority and responsibility for planning directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. Full disclosure in relation to the 2009 compensation entitlements of the Board of Directors is provided in the Report on Directors’ Remuneration in note 30 of the 2009 Annual Report and details of Directors’ share options are outlined in note 34 of the 2009 Annual Report.

Note 11 – Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at 30 June 2010, 30 June 2009 or 31 December 2009.

Note 12 – Subsequent events

There have been no subsequent events which would have material impact on these condensed financial statements.

Note 13 – Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 24 August 2010.

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS For the half year ended 30 June 2010

Note 14 – Information

This half yearly report along with the Annual Report for the year ended 31 December 2009 is available on the company's website at www.fbdgroup.com.

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

We confirm that to the best of our knowledge:

- a) the Group condensed set of interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- b) the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of interim financial statements and the principal risks and uncertainties for the remaining six months of the financial year;
- c) the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Michael Berkery
Chairman

Andrew Langford
Group Chief Executive

24 August 2010