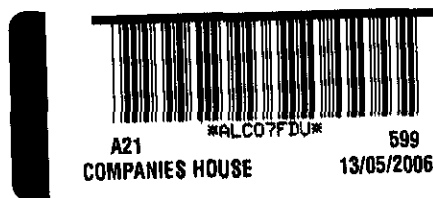


HIGHLANDS INSURANCE COMPANY (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005



**COMPANY REGISTERED NUMBER
1190948**

Highlands Insurance Company (U.K.) Limited

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for the year ended 31 December 2005

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Highlands Insurance Company (U.K.) Limited

Directors and Officers

for the year ended 31 December 2005

Directors

Stephen Kibblehouse
Richard Plunkett
Lee Brandon

Secretary

PRO Insurance Solutions Limited

Auditors

KPMG Audit plc, 100 Temple Street, Bristol BS1 6AG

Bankers

Barclays Bank PLC, 1 Churchill Place, Canary Wharf, London, E14 5EP

Registered Office

Bruton Court, Bruton Way, Gloucester GL1 1DA

Registered Number

1190948

Highlands Insurance Company (U.K.) Limited

Report of the Directors

for the year ended 31 December 2005

Accounts

The Directors present their report and audited financial statements for the year ended 31 December 2005.

Principal Activity

The Company ceased underwriting new and renewal business in January 1994 and is now primarily engaged in the settlement of claims and cash collection. The Directors anticipate that this situation will not vary in the foreseeable future.

Between 1983 and 1994 the Company wrote a predominantly LMX account in the London market. In addition, business written between 1972 and 1982, contains significant long-tail exposures. In view of the nature of this business, some uncertainty exists as to the ultimate loss position. An independent actuarial review was carried out at 30 September 2005, and the Directors have established reserves for expected loss development within the range predicted by this review.

Results, Dividends & Future Prospects

The financial statements disclose a loss for the year of £28,000 and accumulated losses of £42,614,000. The Company has net capital and reserves of £319,000, and the financial statements have been prepared on a going concern basis of accounting which recognises that the Company expects to continue to settle liabilities and to recover assets in the normal course of events. This position is, however, subject to the uncertainties stated in Note 1 to these financial statements in relation to the financial circumstances of the US Group and any potential impact on the position of Highlands Insurance Company (UK) Limited.

The Directors have informed the Financial Services Authority of the financial circumstances relating to the US Group.

Directors

The Directors who served during the year were S Kibblehouse, R Plunkett and L Brandon. None of the Directors had any beneficial interest in the shares of the Company, or any other UK group undertaking at any time during the year. S Kibblehouse is an appointed trustee of the liquidating trust, Highlands Insurance Group Inc, the ultimate parent company.

Auditors

The Company has passed an elective resolution such that, in accordance with Section 386 of the Companies Act 1985 (as amended), the Company has dispensed with the obligation to appoint an auditor annually. As such, KPMG Audit plc will remain in position as auditor of the Company.

By order of the Board



FOR AND ON BEHALF OF

PRO Insurance Solutions Limited
Corporate Secretary

29th March 2006

Statement of Directors' Responsibilities

for the year ended 31 December 2005

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Highlands Insurance Company (U.K.) Limited

Report of the Independent Auditor, KPMG Audit Plc, to the Members of Highlands Insurance Company (U.K.) Limited for the year ended 31 December 2005

We have audited the financial statements of Highlands Insurance Company (UK) Limited for the year ended 31st December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:
give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
have been properly prepared in accordance with the Companies Act 1985.

**Report of the Independent Auditor, KPMG Audit Plc, to the Members of
Highlands Insurance Company (U.K.) Limited (continued)**
for the year ended 31 December 2005

Emphasis of matter – Level of gross claims reserves and related reinsurance amounts

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1(c) to the financial statements concerning uncertainty over the level of gross claims reserves recognised by the company and associated amounts recoverable under reinsurance contracts. As explained in note 1(c), the company's ultimate liability will vary as a result of subsequent information and events that may result in material adjustments to the amounts recognised, though it is not possible to quantify the potential effect of the resolution of this uncertainty.

Emphasis of matter – Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1(a) to the financial statements concerning the company's ability to continue as a going concern. In particular, there is uncertainty regarding the recoverability of an amount of £24m, included in the reinsurers' share of claims outstanding, in respect of reinsurance contracts with Highlands Insurance Company. These conditions, along with the other matters explained in note 1(a) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 March 2006

Highlands Insurance Company (U.K.) Limited

Profit and Loss Account

for the year ended 31 December 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
TECHNICAL ACCOUNT – GENERAL BUSINESS					
Earned premiums, net of reinsurance					
Gross premiums written	12	56		69	
Outwards reinsurance premiums		(44)		(174)	
			12		(105)
Claims incurred, net of reinsurance					
<i>Claims paid</i>					
Gross amount		(3,590)		(2,481)	
Reinsurers' share		<u>3,645</u>		<u>1,397</u>	
	2	<u>55</u>		<u>(1,084)</u>	
<i>Change in the provision for claims</i>					
Gross amount		(2,850)		28,694	
Reinsurers' share		<u>2,639</u>		<u>(26,860)</u>	
	2	<u>(211)</u>		<u>1,834</u>	
			(156)		750
Net operating expenses			<u>-</u>		<u>-</u>
Balance on the general business technical account			<u>(144)</u>		<u>645</u>
NON-TECHNICAL ACCOUNT					
Balance on the general business technical account		(144)		645	
Investment income	3	694		416	
Unrealised gains on investments		<u>-</u>		<u>-</u>	
			550		1,061
Investment expenses and charges	4	(21)		(20)	
Unrealised losses on investments		(19)		(32)	
Other income		-		-	
Other expenses		<u>(538)</u>		<u>(1,124)</u>	
			<u>(578)</u>		<u>(1,176)</u>
Loss on ordinary activities before taxation			(28)		(115)
Taxation charge on loss on ordinary activities	6		<u>-</u>		<u>-</u>
Loss on ordinary activities after taxation, being retained loss for the financial year			<u>(28)</u>		<u>(115)</u>

There is no difference between the results for the current year and previous year as described in the Profit and Loss Account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses is not given.

All profits and losses relate to continuing operations.

The notes on pages 9 to 16 form part of these accounts

Highlands Insurance Company (U.K.) Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2005

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Loss on ordinary activities after taxation	(28)	(115)
Exchange differences of foreign currency net assets	(55)	(63)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(83)	(178)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 16 form part of these accounts

Highlands Insurance Company (U.K.) Limited

Balance Sheet

as at 31 December 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
ASSETS					
Investments					
Financial investments	7		18,519		16,216
Reinsurers' share of technical provision					
Claims outstanding	2		54,075		46,572
Debtors					
Debtors arising out of reinsurance operations		17,035		15,240	
Amounts due from group undertakings		267		174	
Other debtors		<u>99</u>		<u>56</u>	
			17,401		15,470
Other assets					
Cash at bank			2,880		4,035
Prepayments and accrued income					
Accrued interest			<u>197</u>		<u>141</u>
Total assets			<u>93,072</u>		<u>82,434</u>
LIABILITIES					
Capital and reserves					
Called up share capital	8	42,839		42,839	
Share premium account	9	94		94	
Profit and loss account	9	<u>(42,614)</u>		<u>(42,531)</u>	
Shareholders' funds attributable to equity interests			319		402
Technical provisions					
Claims outstanding	2		76,851		67,237
Creditors					
Arising out of Group reinsurance operations					
Arising out of other reinsurance operations:		543		2,081	
Other creditors		<u>147</u>		<u>116</u>	
			<u>15,902</u>		<u>14,795</u>
Total liabilities			<u>93,072</u>		<u>82,434</u>

Approved by the Board of Directors on *March 27* 2006



DIRECTOR

The notes on pages 9 to 16 form part of these accounts

Notes to the Accounts

for the year ended 31 December 2005

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

a) Basis of Preparation

The financial statements have been prepared in accordance with the special provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985 (as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993).

The financial statements have also been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of investments, and comply with the revised Statement of Recommended Practice issued by the Association of British Insurers. The Company has adopted FRS 18 Accounting Policies and FRS 19 Deferred Tax in these financial statements.

Going Concern

Highlands Insurance Company (UK) Limited ("the company") has extensive reinsurance arrangements with Highlands Insurance Company ("HIC"). Debtor balances, case reserves and IBNR in respect of such reinsurances total £23.5m which includes a £5.8m bad debt provision.

The company and HIC are wholly owned subsidiaries of Highlands Insurance Group, Inc. ("HIGI"). On October 31, 2002, HIGI, the publicly traded holding company, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. In the same filing, five non-insurance company subsidiaries also filed: Highlands Holding Company, Inc., Highlands Claims and Safety Services, Inc., Highlands Services Corporation, American Reliance, Inc. and Northwestern National Holding Company, Inc. The Court confirmed the Bankruptcy Plan effective March 31, 2003. The insurance company subsidiaries and the foreign entities were not subject to these proceedings. Under the Plan, all the public shares of HIGI were cancelled and new shares were issued to the Liquidating Trust for the benefit of the former creditors of HIGI.

HIC's wholly owned subsidiaries were Highlands Underwriters Insurance Company, Aberdeen Insurance Company, Highlands Casualty Company, and a controlled affiliate, Highlands Lloyds. The operations of HIC and its subsidiaries are exclusively in the property and casualty insurance industry. Highlands Underwriters Insurance Company, Aberdeen Insurance Company, Highlands Casualty Company, and Highlands Lloyds have been merged into HIC.

In February 2002, the Texas Department of Insurance placed HIC under a supervisory order due to its financial condition. Subsequently, on the 6th November 2003, the 53rd Judicial District Court of Travis County, Texas placed HIC under a rehabilitation order and has since appointed a Special Deputy Commissioner to oversee the ongoing management of the company. HIC is no longer under the control of HIGI.

Notes to the Accounts

for the year ended 31 December 2005

1 Accounting Policies (continued)

While HIC is in a state of rehabilitation, there exists a latent uncertainty over the future solvency of the company's major reinsurer. As a consequence, the directors have increased their diligence to closely monitor the ongoing financial position of HIC. In addition, the directors have attempted to mitigate the increased risk by establishing a partial bad debt provision as stated above.

With due consideration to the above uncertainty the directors consider that the going concern concept is still valid. The directors have prepared financial projections which support this view. However, if HIC is unable to settle its obligations, there could be uncertainty as to whether or not the company continues as a going concern.

The company continues to settle claims and collect cash and the directors anticipate that this situation will not vary in the foreseeable future.

b) **Underwriting Transactions and Results**

In the profit and loss account, premiums, claims and reinsurance are shown gross and represent those recorded based on notifications of closings received from brokers in the year. Transactions are allocated to the underwriting year of inception of the risk to which they relate. Commission is included within net operating expenses as acquisition costs.

c) **Claims Outstanding**

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. This provision represents the best estimate in the light of information available having regard to prudent assumptions about the level at which future claims are expected to settle.

The ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amount provided due to the significant long-tail nature of the business. Adjustments to the amounts of provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and estimates made, are reviewed regularly by the Directors. The Directors have established reserves for expected loss development within the range predicted by the independent actuarial review which was performed as at 30 September 2005.

d) **Foreign Currencies**

The Company operates in two principal currencies, Sterling and US dollars.

Assets, liabilities and revenue items in United States dollars have been translated to sterling at year end rates:

	2005	2004
US dollars	1.7200	1.9100

1 Accounting Policies (continued)

Any gain or loss arising from the retranslation of opening US dollar net assets at current year-end rates is taken directly to reserves.

Other transactions denominated in other currencies are expressed in sterling at the rate of exchange prevailing at the date of the transaction, and any gain or loss arising is included in the profit and loss account.

e) Investment Income

Investment income comprises interest receivable, on an accruals basis, together with realised investment gains and losses. Realised gains are calculated as the difference between net sales proceeds and the valuation as at the last balance sheet date or cost if acquired in the year.

f) Investments

All investments are stated at their market value on the balance sheet date. Unrealised gains and losses are taken to the profit and loss account.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses includes an adjustment for unrealised gains and losses on investments recognised in prior years.

g) Taxation

The charge for taxation is based on the profit for the year. Deferred taxation is provided, without discounting, in accordance with Financial Reporting Standard No. 19 (FRS 19) on all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date. Deferred taxation assets are only being recognized to the extent that they are regarded as recoverable. The adoption of FRS 19 has had no impact on current period results.

h) Cedant and Reinsurer Balances

Amounts due to and from reinsurers are grossed up on an item by item basis to present gross assets and gross liabilities as required by FRS 5.

i) Cash Flow Statement

No cash flow statement is included in these financial statements. The Company has taken advantage of the dispensation available to subsidiary undertakings provided by FRS1 (Revised).

Notes to the Accounts (continued)
for the year ended 31 December 2005

2 Claims Incurred Net of Reinsurance

	<i>Gross</i> £'000	<i>Reinsurance</i> £'000	<i>Net</i> £'000
2005			
Claims paid	3,495	3,645	(150)
Claims handling expenses paid	<u>95</u>	<u>-</u>	<u>95</u>
	<u>3,590</u>	<u>3,645</u>	<u>(55)</u>
Outstanding claims carried forward	76,851	54,075	22,776
Exchange revaluation of opening outstandings	(6,763)	(4,865)	(1,898)
Outstanding claims brought forward	<u>(67,238)</u>	<u>(46,571)</u>	<u>(20,667)</u>
	<u>2,850</u>	<u>2,639</u>	<u>211</u>
Claims incurred	<u>6,440</u>	<u>6,284</u>	<u>156</u>
2004			
Claims paid	2,278	1,397	881
Claims handling expenses paid	<u>203</u>	<u>-</u>	<u>203</u>
	<u>2,481</u>	<u>1,397</u>	<u>1,084</u>
Outstanding claims carried forward	67,238	46,571	20,667
Exchange revaluation of opening outstandings	5,616	4,451	1,165
Outstanding claims brought forward	<u>(101,548)</u>	<u>(77,882)</u>	<u>(23,666)</u>
	<u>(28,694)</u>	<u>(26,860)</u>	<u>(1,834)</u>
Claims incurred	<u>(26,213)</u>	<u>(25,463)</u>	<u>(750)</u>

3 Investment Income

	2005 £'000	2004 £'000
Income from fixed income securities	437	236
Income from deposits with credit institutions	<u>257</u>	<u>180</u>
	<u>694</u>	<u>416</u>

4 Investment Expenses and Charges

	2005 £'000	2004 £'000
Other interest payable and expenses	<u>21</u>	<u>20</u>

Notes to the Accounts (continued)
for the year ended 31 December 2005

5 Loss on Ordinary Activities before Tax

	2005 £'000	2004 £'000
Loss on ordinary activities before tax is after charging:		
Auditors' remuneration - audit	30	24
- other services to auditor and associated undertakings	<u>-</u>	<u>6</u>
	<u>30</u>	<u>30</u>

The Directors received no remuneration for services provided to the Company in either year. No staff were employed by the Company in either year.

6 Taxation

Taxation

There is no corporation tax charge for the period.

Factors affecting tax charge for the period

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	<u>(28)</u>	<u>(115)</u>
Loss on ordinary activities at the standard rate of corporation tax of 30%	(8)	(35)
Tax (deductible)/chargeable foreign exchange movement charged to reserves	(17)	(19)
Increase in deferred taxation asset not recognized	<u>25</u>	<u>54</u>
Tax charge for the period	<u>=</u>	<u>=</u>

At 31 December 2005, the Company had approximately £14million (2004: £14 million) of trading losses which have not been recognized as a deferred taxation asset. This is because, on the basis of all available evidence, it cannot be regarded as more likely than not that there will be suitable taxable profits against which these losses can be deducted.

7 Investments

	<i>Current Value</i>		<i>Historical Cost</i>	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Other financial investments				
Other fixed interest securities	13,188	2,249	13,207	2,281
Deposits with credit institutions	<u>5,331</u>	<u>13,967</u>	<u>5,331</u>	<u>13,967</u>
	<u>18,519</u>	<u>16,216</u>	<u>18,538</u>	<u>16,248</u>

Notes to the Accounts (continued)
for the year ended 31 December 2005

8 Share Capital

	2005 £'000	2004 £'000
Authorised (2004 and 2003 – 45,000,000) ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>
Issued and fully paid (2004 and 2003 – 42,839,175) ordinary shares of £1 each	<u>42,839</u>	<u>42,839</u>

9 Reconciliation of Reserves

	Called Up Share Capital £'000	Share Premium £'000	Profit & Loss Account £'000	Shareholders' Funds £'000
At 1 January 2005	42,839	94	(42,531)	402
Exchange revaluation of foreign currency net assets	-	-	(55)	(55)
Loss for the financial year	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(28)</u>
At 31 December 2005	<u>42,839</u>	<u>94</u>	<u>(42,614)</u>	<u>319</u>
At 1 January 2004	42,839	94	(42,353)	580
Exchange revaluation of foreign currency net assets	-	-	(63)	(63)
Loss for the financial year	<u>-</u>	<u>-</u>	<u>(115)</u>	<u>(115)</u>
At 31 December 2004	<u>42,839</u>	<u>94</u>	<u>(42,531)</u>	<u>402</u>

10 Reconciliation of Movement in Technical Provisions

	2005 £'000	2004 £'000
At the beginning of the year	20,667	23,666
Exchange revaluation of opening provisions	1,898	(1,165)
Increase/(decrease) in technical provisions	<u>211</u>	<u>(1,834)</u>
At the end of the year	<u>22,776</u>	<u>20,667</u>

Notes to the Accounts (continued)
for the year ended 31 December 2005

11 Sub-Analysis of Technical Account

(a) Analysis by Class	Direct & Fac £'000	Reinsurance			Total £'000
		MAT £'000	Property £'000	Other £'000	
2005					
Gross premiums written and earned	-	42	9	5	56
Gross claims incurred	(98)	(3,093)	197	(3,446)	(6,440)
Gross operating expenses	-	-	-	-	-
Gross technical result	(98)	(3,051)	206	(3,441)	(6,384)
Reinsurance balance	46	1,021	984	4,189	6,240
Net technical result	(52)	(2,030)	1,190	748	(144)
Net technical provision	460	12,201	1,507	8,608	22,776
2004					
Gross premiums written and earned	-	47	12	10	69
Gross claims incurred	(537)	22,784	2,835	1,131	26,213
Gross operating expenses	-	-	-	-	-
Gross technical result	(537)	22,831	2,847	1,141	26,282
Reinsurance balance	422	(20,716)	(2,837)	(2,506)	(25,637)
Net technical result	(115)	2,115	10	(1,365)	645
Net technical provision	561	7,706	2,132	10,268	20,667

12 Sub-Analysis of Technical Account (continued)

(b) Analysis of Gross Premiums by Geographical area

	2005 £'000	2004 £'000
United Kingdom	29	35
EU Member States	6	7
USA	3	4
Rest of the World	18	23
	56	69
Less: Acquisition costs	-	-
	56	69

13 Related Party Transactions

As 90% or more of the Company's voting rights are controlled by Highlands Holdings (UK) Limited the Company is exempt from the requirement of Financial Reporting Standard 8 to disclose transactions with those undertakings that are part of the Group or investees of that Group qualifying as related parties.

14 Ultimate Parent Company

The immediate parent company and parent of the smallest group in which the Company's results are consolidated is Highlands Holdings (UK) Limited. The ultimate parent company in which the Company's results are consolidated is Highlands Insurance Group Inc, incorporated in the State of Delaware, USA.

The group Financial Statements of Highlands Holdings (UK) Limited may be obtained from Highlands Insurance Company (U.K.) Limited, Bruton Court, Bruton Way, Gloucester GL1 1DA.

On October 31, 2002, Highlands Insurance Group, Inc. ("HIGI"), the publicly traded holding company, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. In the same filing, five non-insurance company subsidiaries also filed: Highlands Holding Company, Inc., Highlands Claims and Safety Services, Inc., Highlands Services Corporation, American Reliance, Inc. and Northwestern National Holding Company, Inc. The Court confirmed the Bankruptcy Plan effective March 31, 2003. The insurance company subsidiaries and the foreign entities were not subject to these proceedings. Under the Plan, all the public shares of HIGI were cancelled and new shares were issued to the Liquidating Trust for the benefit of the former creditors of HIGI.