



USI GROUP HOLDINGS AG

INTERIM REPORT 2007

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USI Group Holdings AG

KEY FIGURES

Key financial figures	Unit	HI 2006	2006	HI 2007
Net income attributable to equity holders	CHF 1,000	13,164	27,164	10,398
Total assets	CHF 1,000	404,328	457,060	169,349
Shareholders' equity	CHF 1,000	131,693	152,956	154,434

PER SHARE FIGURES

Weighted average number of shares	Number	763,820	769,338	778,004
Earnings per share (EPS)	CHF	17.24	35.31	13.37
Net asset value per share	CHF	172.41	196.60	198.50
Nominal value reduction per share*	CHF	-	8.901	-
Share price high	CHF	212.02	212.02	207.1
Share price low	CHF	152.77	150.00	170.0
Share price end of period	CHF	174.17	175.00	181.00

* - In August 2007 the company completed a par value capital reduction of CHF 8.90 per share.



COMPANY INFORMATION

DIRECTORS

Dr iur Victor Lanfranconi (Executive Chairman)
Dr Robert Bider (Non-Executive)
Mr Armin Hilti (Non-Executive)
Dr Volkert Klaucke (Non-Executive)
Mr William Vanderfelt (Non-Executive)
Mr David Quint (Executive)
Dr Doraiswamy Srinivas (Executive)

AUDITORS

PricewaterhouseCoopers AG
Birchstrasse 160
8050 Zurich
Switzerland

COMPANY SECRETARY

Dr Doraiswamy Srinivas

MANAGER

RP&C International
31a St. James's Square
London
SW1Y 4JR
United Kingdom

REGISTRAR

SAG SIS Aktienregister AG
Baslerstrasse 100
Postfach
CH-4601 Olten
Switzerland

SOLICITORS

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Brandschenkestrasse 90
CH 8027 Zurich
Switzerland

REGISTERED OFFICE

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Postfach 1317
8021 Zurich
Switzerland

REGISTERED NUMBER

CH-020.3.922.903.6



CHAIRMAN'S STATEMENT

The Company is pleased to report its financial results for the six months ended 30 June 2007.

Our results reflect the significant transaction completed on 26 March 2007 when the Company reduced the holding in its subsidiary, Public Service Properties Investments Limited ("PSPI") from 100% to 25%. At the same time, the shares of PSPI were admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange. Our results for the first six months of 2007 therefore reflect a Net Profit from Discontinued Operations of CHF 8.4 million covering the period from 1 January 2007 to 26 March 2007 and a Share of Profit from Associates of CHF 2.1 million covering the period from 27 March 2007 to 30 June 2007.

Shareholders funds at 30 June 2007 equalled CHF 154.4 million compared to CHF 153.0 million at 31 December 2006.

Following the reduction of its investment in PSPI, the Company's balance sheet now reflects an Investment in Associates of CHF 66.0 million, which represents the Company's 25% holding in PSPI. In addition, at 30 June 2007, the Company held CHF 98.6 million of Cash, the majority of which arose from the sale of the 75% interest in PSPI. The Company intends to utilise a majority of the cash proceeds to invest in property assets leased directly to governmental agencies in Europe, and is actively pursuing target opportunities. Several potential acquisitions in major German Cities which meet these criteria have been offered to the Company and are currently under review. The Company also intends to maintain its interest in PSPI which is predominately invested in property assets in the healthcare sector.

The Company made a further capital distribution to shareholders in August 2007. In conjunction with the capital distribution, the Company offered shareholders the right to subscribe for new shares. As a result, the Company issued 22,754 new shares at CHF 189 per share, which equates to 61% of the capital distribution being reinvested into the Company.

Full details of the Company's board members and other relevant information are available from the Company's website at www.usigroupholdings.ch.

USI Group Holdings AG

Dr iur V. Lanfranconi (Chairman)

Approved by the board: 26 September 2007

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2007

	Note	30 June 2007 Chf	30 June 2006 Chf (restated)*
Net loss from fair value adjustments		(173,700)	-
Administrative expenses		(1,923,075)	(384,094)
Operating profit		(2,096,775)	(384,094)
Finance Income	5	4,021,733	849
Finance Costs		(1,973,909)	(1,237)
Share of profit of Associates	6	2,139,433	-
Profit/(loss) before income tax from continued operations		2,090,482	(384,482)
Income tax expense		(132,250)	-
Profit/(loss) for the period from continued operations		1,958,232	(384,482)
Net profit from discontinued operations	3 , 8	8,440,066	13,548,925
Profit for the period		10,398,298	13,164,443
Attributable to:			
Equity holders of the Company		10,398,298	13,164,443
Basic earnings per share (Chf per share)	4		
Continued operations earnings per share		2.25	(0.50)
Discontinued operations earnings per share		10.82	17.74
		13.37	17.24
Diluted earnings per share (Chf per share)	4		
Continued operations earnings per share		2.51	(0.47)
Discontinued operations earnings per share		9.92	16.65
		12.43	16.18

* - 2006 comparative figures have been restated to reflect discontinued operations referred to in note 3

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2007

	Note	30 Jun 2007 Chf	31 Dec 2006 Chf
ASSETS			
Non current assets			
Investments in Associates	6	65,999,568	-
		65,999,568	-
Current assets			
Receivables and prepayments		4,788,607	6,970,951
Cash		98,560,411	5,644,417
		103,349,018	12,615,368
Total assets relating to continued operations		169,348,586	12,615,368
Total assets relating to discontinued operations	8	-	444,444,359
Total assets		169,348,586	457,059,727
EQUITY			
Capital and reserves			
Share Capital	9	74,338,282	74,338,282
Share Premium	9	1,076,844	1,076,844
Translation reserve		383,387	2,390,565
Retained Earnings		77,204,818	66,806,520
Cashflow Hedging Reserve		1,430,733	-
Total Equity relating to continued operations		154,434,064	144,612,211
Total Equity relating to discontinued operations		-	8,343,434
Total Equity		154,434,064	152,955,645
LIABILITIES			
Non current liabilities			
Borrowings	7	14,026,089	14,113,049
Derivative financial instruments		551,077	377,377
		14,577,166	14,490,426
Current liabilities			
Trade and other payables		39,012	3,289,235
Accruals		298,344	523,566
		337,356	3,812,801
Total liabilities relating to continued operations		14,914,522	18,303,227
Total liabilities relating to discontinued operations	8	-	285,800,855
Total liabilities		14,914,522	304,104,082
Total equity and liabilities		169,348,586	457,059,727

* - 2006 comparative figures have been restated to reflect discontinued operations referred to in note 3

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2007

	Period to 30 June 2007 Chf	Period to 30 June 2006 Chf (restated)*
Cash flow from operating activities		
Cash generated / (used) by operations	(3,509,380)	184,014
Interest paid	(1,767,659)	(7,155,459)
Tax (paid)/received	(132,250)	646,699
Net cash used by operating activities	(5,409,289)	(6,324,746)
Cash flow from investing activities		
Proceeds from sale of subsidiary (net of costs)	116,410,285	-
Purchase of investment property	-	(285,932)
Purchase of investments	(19,102,824)	-
Interest received	1,017,822	1,059,842
Net cash generated / (used in) investing activities	98,325,283	773,910
Cash flow from financing activities		
Proceeds from borrowings	-	1,993,453
Repayments of borrowings	-	(3,751,190)
Net cash (used) / generated by financing activities	0	(1,757,737)
Increase/(Decrease) in cash and cash equivalents	92,915,994	(7,308,573)
Movement in cash and cash equivalents		
At start of period	5,644,417	15,679,834
Increase/(Decrease)	92,915,994	(7,308,573)
Foreign currency translation adjustments	-	317,254
At end of period	98,560,411	8,688,515
Decrease in cash and cash equivalents of discontinued operations	(5,839,321)	(8,151,580)
Cash and cash equivalents at the beginning of the period of discontinued operations	5,839,321	15,357,310
Cash and cash equivalents at the end of the period of discontinued operations	0	7,205,730
Increase in cash and cash equivalents of continued operations	92,915,994	1,160,261
Cash and cash equivalents at the beginning of the period of continued operations	5,644,417	322,524
Cash and cash equivalents at the end of the period of continued operations	98,560,411	1,482,785

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDING 30 JUNE 2007

	Share capital Chf	Share premium Chf	Retained earnings Chf	Cashflow hedging reserve Chf	Translation reserve Chf	Total Equity Chf
Balance as of 1 January 2006	76,382,000	-	39,642,505	(2,420,044)	2,373,980	115,978,441
Cash flow hedges - net	-	-	-	3,403,784	-	3,403,784
Foreign currency translation	-	-	-	-	(853,884)	(853,884)
Net income/(expense) recognised directly in equity	-	-	-	3,403,784	(853,884)	2,549,900
Profit for the half-year	-	-	13,164,443	-	-	13,164,443
Total recognised income for the half-year 30 June 2006	-	-	13,164,443	3,403,784	(853,884)	15,714,343
Balance as of 30 June 2006	76,382,000	-	52,806,948	983,741	1,520,096	131,692,784
Cash flow hedges - net	-	-	-	241,250	-	241,250
Foreign currency translation	-	-	-	-	7,988,912	7,988,912
Net income/(expense) recognised directly in equity	-	-	-	241,250	7,988,912	8,230,162
Profit for the half-year	-	-	13,999,572	-	-	13,999,572
Total recognised income for the half-year 31 Dec 2006	-	-	13,999,572	241,250	7,988,912	22,229,734
Par value capital reduction	(3,398,999)	-	-	-	-	(3,398,999)
Issue of new shares	1,355,281	1,183,655	-	-	-	2,538,936
New issue costs	-	(106,811)	-	-	-	(106,811)
Balance as of 31 December 2006	74,338,282	1,076,844	66,806,520	1,224,991	9,509,008	152,955,645
Cash flow hedges - net	-	-	-	205,742	-	205,742
Foreign currency translation	-	-	-	-	(9,125,621)	(9,125,621)
Net income/(expense) recognised directly in equity	-	-	-	205,742	(9,125,621)	(8,919,879)
Profit for the half-year	-	-	10,398,298	-	-	10,398,298
Total recognised income for the half-year 30 June 2007	-	-	10,398,298	205,742	(9,125,621)	1,478,419
Balance as of 30 June 2007	74,338,282	1,076,844	77,204,818	1,430,733	383,387	154,434,064

Notes:

As at 31 December 2006, 74.84% of the Translation and Cashflow Hedging reserve relate to discontinued operations.

The Cashflow hedging reserve at 30 June 2007 represents USIGHAG's share of the Cashflow hedging reserves of its associated companies.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL INFORMATION

USI Group Holdings AG, domiciled in Switzerland (registered office at Bahnhofstrasse 106, CH-8023, Zürich, Switzerland), is the ultimate parent company of the USI Group. USI Group Holdings AG and its international subsidiaries (together the Group), is an investment property Group with a portfolio in the USA, the UK and Continental Europe. It is principally involved in leasing out real estate where the rental income is primarily generated directly or indirectly from governmental sources.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and comply with the requirements of the SWX Swiss Exchange's Listing Rules and the Additional Rules for the Listing of Real Estate Companies. The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the interim accounts of the individual subsidiaries at 30 June 2007 which have been drawn up according to uniform Group accounting principles.

The 2007 interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The same accounting and valuation principles have been applied to these financial statements as to those that are described on pages 16 to 29 of the 2006 annual report of USI Group Holdings AG.

Principles of consolidation

The results of subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and they cease to be consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3. PART DISPOSAL OF SUBSIDIARY UNDERTAKING

Following an announcement made on 20 October 2006 by USI Group Holdings AG, the proposed admission to the AIM market of the London Stock Exchange ("AIM") of the shares of its wholly owned subsidiary Public Service Properties Investments Limited ("PSPI"), was completed on 26 March 2007.

As a result of this, the holding in PSPI was reduced to 25.16%.

In accordance with IAS 28, this holding has been treated as an associate as at 26 March 2007 and accounted for using the equity method of accounting.

Similarly, PSPI has been treated as a wholly owned subsidiary up to the 26 March and its results (£4,148,954 – see note 8) included in the income statement to that date.

Profit on the disposal of 74.84% of the subsidiary undertaking was realised as follows:

	Chf
Fair Value of Sales consideration	118,637,143
Fair Value of Assets disposed	(112,119,173)
Costs to sell	<u>(2,226,858)</u>
Profit on Disposal	4,291,112
Profit for the period from discontinued operations	<u>4,148,954</u>
Total net profit from discontinued operations	<u>8,440,066</u>

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

4. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	As at 30 June 2007 Chf	As at 30 June 2006 Chf
Net profit attributable to shareholders	10,398,298	13,164,443
Weighted average number of ordinary shares outstanding	778,004	763,820
Basic earnings per share (Chf per share)	13.37	17.24

In December 2002 the Company issued warrants to a third party for an amount of up to \$4 million. Under the terms of the warrants, the holder is entitled to exercise the warrants at any time during a two year period following completion of a public offering of shares in the Company at the same share price as that offered at the time of flotation. During 2007, payments of CHF 1.5 million were made to a third party by the company to redeem these warrants.

In January 2004, the Company issued CHF 7 million of 4% Senior Unsecured Pre-IPO Notes due in 2011. Each noteholder received warrants attached to the notes which may be exercised up to two years after a public offering of the Company's shares. The warrants entitle the noteholders to subscribe for the Company's shares at a 6.4% discount to the public offering price. These Senior Unsecured Pre-IPO Notes were issued by PSPI which was a subsidiary undertaking until 26 March 2007 as described in note 3.

In July 2005, the Company approved a stock option plan for management. The plan allows for options of up to 6% of the issued number of shares to be awarded to management at an exercise price of CHF 161.91 per share. At 30 June 2006 no options had been awarded. Conditional capital for this purpose was approved at the AGM on 22 May 2006.

In October 2006, the company issued CHF 15 million of 3.5% subordinated convertible notes due in 2011 that are unconditionally and irrevocably guaranteed by, and convertible into, shares of the company.

Management has calculated that the maximum number of additional ordinary shares that could be issued at 30 June 2007 as 73,171 (2006 – 49,827). Based on this figure, the diluted earnings per share at June 2007 were CHF 12.43 (2006 – CHF 16.30).

5. FINANCE INCOME

	Period to 30 June 2007 Chf	Period to 30 June 2006 Chf
Interest Income	1,017,822	849
Net Foreign Exchange Gains	3,003,911	-
As at 30 June	<u>4,021,733</u>	<u>849</u>

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

6. INVESTMENTS IN ASSOCIATES

	30 June 2007 Chf	31 Dec 2006 Chf
As at 1 January	-	-
Recognition of Associate (at 26 March 2007)	61,333,857	-
Share of profits	2,139,433	-
Exchange differences	1,775,380	-
Cashflow Hedging Reserve	750,898	-
	65,999,568	-
As at 30 June	65,999,568	-

The Groups share of results of its associates and its share of the assets and liabilities are as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit	% Interest Held
Public Service Properties Investments Limited	British Virgin Islands	141,366,277	(75,366,706)	6,028,273	2,139,433	25.16%

7. BORROWINGS

The maturity of borrowings is as follows:

	30 June 2007 Chf	31 Dec 2006 Chf
Current borrowings	-	-
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
Over 5 years	14,026,089	14,113,049
Non-current borrowings	14,026,089	14,113,049

The effective interest rates at the balance sheet date were as follows:

	30 June 2007			31 Dec 2006		
	£	US\$	Chf	£	US\$	Chf
Mortgages	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Senior Pre-IPO Notes	-	-	7.67%	-	-	7.67%

Notes consist of CHF 15 million convertible bonds due 2011. The bonds have a principal amount of CHF 1,000, a cash coupon of 3.5%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 205. The option has been treated as a derivative financial instrument and recognised at fair value.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

8. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	Note	30 June 2007 CHF	31 Dec 2006 CHF
Non-current assets classified as held for sale:			
Investment property		-	371,848,774
Receivable from finance lease		-	18,801,779
Loans and receivables		-	17,449,877
Accrued income		-	17,867,338
Derivative Financial Instruments		-	1,224,991
		-	427,192,759
Current assets classified as held for sale:			
Receivables and prepayments		-	11,412,279
Cash		-	5,839,321
		-	444,444,359
Non-current liabilities classified as held for sale:			
Borrowings		-	212,052,972
Deferred Income Tax		-	46,163,804
		-	258,216,776
Current liabilities classified as held for sale:			
Borrowings		-	16,439,631
Trade and other payables		-	6,860,016
Accruals		-	4,284,432
		-	285,800,855
Analysis of the result of discontinued operations:			
Revenue		6,616,245	13,990,402
Fair Value Gains		6,281,960	15,568,234
Expenses (net of interest income)		(6,512,689)	(11,102,345)
Profit from discontinued operations – before tax		6,385,516	18,456,291
Tax		(2,236,562)	(4,907,366)
(Profit for the period from discontinued operations)		4,148,954	13,548,925

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

9. SHARE CAPITAL

	June 2007 Chf	December 2006 Chf
Authorised:		
Equity interests:		
778,004 Ordinary shares of Chf 95.55 each	74,338,282	74,338,282
Allotted, called up and fully paid:		
Equity interests:		
778,004 Ordinary shares of Chf 95.55 each	74,338,282	74,338,282

	Number of shares	Ordinary shares Chf	Share premium Chf	Total Chf
At 1 January and 30 June 2006	763,820	76,382,000	-	76,382,000
Par value capital reduction	-	(3,398,999)	-	(3,398,999)
Issue of new shares	14,184	1,355,281	1,183,655	2,538,936
New issue costs	-	-	(106,811)	(106,811)
At 31 December 2006	778,004	74,338,282	1,076,844	74,415,126
At 30 June 2007	778,004	74,338,282	1,076,844	74,415,126

In July 2006, the Company resolved to reduce its share capital from CHF 76,382,000 to CHF 72,983,001 by means of a capital reduction of the nominal value of each of its registered shares from CHF 100.00 to CHF 95.55. At the same time, the additional capital was authorised of CHF 20,000,000 (CHF 19,110,000 after the reduction).

In August 2006, the Company completed a par value capital reduction of CHF 4.45 per share.

In order to enable shareholders to re-invest in further registered shares of USI at the time of the capital reduction, the company issued 14,184 new registered shares with a nominal value of CHF 95.55. The subscription price of the new registered shares was CHF 179.00.

Under the articles of incorporation share capital may be increased by a maximum of CHF 36,491,501 through the issuance of up to 381,910 registered shares with a nominal value of CHF 95.55 each in respect of conditional capital for management, advisors, bondholders and creditors.

Also, under the articles of association, the board of directors may increase share capital in the amount of up to CHF 17,754,719 until May 2008 through the issuance of up to 185,816 fully paid in additional registered shares with a nominal value of CHF 95.55 each.

There have been no movements in share capital in the period to 30 June 2007, however a par value capital reduction occurred in August 2007 (see Note 10).

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

10. SUBSEQUENT EVENTS

Par Value Capital Reduction

At the Annual General Meeting of 6 August 2007, the Company resolved to reduce its share capital from CHF 74,338,282 to CHF 67,414,047 by means of capital reduction of the nominal value of each of its registered shares from CHF95.55 to CHF 86.65.

In August 2007, the company completed a par value capital reduction of CHF 8.85 per share.

In order to enable shareholders to re-invest in further registered shares of USI at the time of the capital reduction, the company issued 22,754 new registered shares with a nominal value of CHF 86.65 each. The subscription price of the new registered shares was CHF 189.00.

11. SEGMENT INFORMATION

For the six months ending 30 June 2007

	SEGMENT			
	UK Chf	US Chf	Switzerland Chf	Total Chf
Net loss on fair value adjustment	-	-	(173,700)	(173,700)
Administrative expenses	-	-	(1,923,075)	(1,923,075)
Finance income	-	-	4,021,733	4,021,733
Segment result/operating profit	-	-	1,924,958	1,924,958
Finance costs - net	-	-	(1,973,909)	(1,973,909)
Share of profit of associate	3,027,006	(873,382)	(14,191)	2,139,433
Segment profit before income tax	3,027,006	(873,382)	(63,142)	2,090,482
Income tax expense	-	-	(132,250)	(132,250)
Net profit from discontinued operations	4,209,235	(57,655)	4,288,485	8,440,066
Profit for the period	7,236,241	(931,036)	4,093,093	10,398,298

At 30 June 2007, the group had disposed of 74.84% of its holding in PSPI. Consequently, the revenue and profits of PSPI and its subsidiary undertakings are no longer shown in the consolidated accounts of USIGH AG. Instead they are shown in the net profit from discontinued operations up to 26 March 2007 along with the profit made on disposal.

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

11. SEGMENT INFORMATION (continued)

For the six months ending 30 June 2006

	SEGMENT			Total
	UK	US	Switzerland	
	Chf	Chf	Chf	Chf
Administrative expenses	-	-	(384,094)	(384,094)
Finance income	-	-	849	849
Segment result/operating profit	-	-	(383,245)	(383,245)
Finance costs - net	-	-	(1,237)	(1,237)
Segment profit before income tax	-	-	(384,482)	(384,482)
Income tax expense	-	-	-	-
Net profit from discontinued operations	11,972,636	1,649,774	(73,486)	13,548,925
Profit for the period	11,972,636	1,649,774	(457,968)	13,164,443

At the 30 June 2006, the Group's business segment was organised on a worldwide basis into three main geographical areas. The nature of operations in the US was that of owning Post Offices and in the UK and Switzerland that of owning Nursing Homes, although geographical segments are considered primary.

**SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED 2007 INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

Principal shareholdings of the USI Group as at 30 June 2007:

Company	No of Shares Owned	Type of Shares and Nominal Value	Ownership	Voting Rights
Public Service Properties Investments Limited	16,808,738	Ordinary USD 0.01	25.16%	25.16%
HCP Wales	2	Ordinary	100%	100%
USIGH Limited (incorporated 19 February 2006)	10,000	Ordinary USD 0.01	100%	100%
USI AG	150,000	Ordinary CHF 1,000	100%	100%

The following companies were held indirectly until 26 March 2007 via the groups 100% ownership of PSPI:

Company	No of Shares Owned	Type of Shares and Nominal Value	Ownership (to 26 March 2007)	Voting Rights (to 26 March 2007)
HCP Wellcare Group Holdings Limited	100	Ordinary £ 0.01	100%	100%
Healthcare Properties Etzelgut Limited	100	Ordinary £ 1	100%	100%
Healthcare Properties UK (Holdings) Limited	200	Ordinary £ 0.01	100%	100%
Healthcare Properties (Ashlea) Limited	100	Ordinary £ 1	100%	100%
Healthcare Properties LDK Limited	100	Ordinary £ 0.01	100%	100%
Healthcare Properties UK Limited	100	Ordinary £ 1	100%	100%
Healthcare Properties (Oxford) Limited	1	Ordinary £ 1	100%	100%
Hollygarth Care Homes Limited	67,002	Ordinary £ 1	100%	100%
HCP Wellcare Holdings Limited	10,000	Ordinary £ 0.01	100%	100%
Healthcare Properties (Wellcare) Limited	1,000	Ordinary £ 100	100%	100%
Healthcare Properties (Wellcare) Limited	4,000,000	Preference £ 1	100%	Non-voting
HCP Wellcare Progressive Lifestyles Limited	1,000	Ordinary £ 1	100%	100%
HCP Community Support Services Limited	1	Ordinary £ 1	100%	100%
United Properties Holding Inc.	1,000	Ordinary	100%	100%