

American Shared Hospital Services

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American Stock Exchange	AMS
Shares Outstanding/Float	5 mil/3.5 mil
Founded	1980
2006 Revenue	\$ 20.4 mil
2006 EPS	\$0.33
Cash & securities (6/30/07)	\$ 10.5 mil
Cash Dividend (annual rate)	\$ 0.19

About AMS

American Shared Hospital Services is a healthcare company with a 25-year track record of leasing state-of-the-art medical equipment to hospitals in the United States. AMS is dedicated to helping hospitals obtain today's most advanced radiosurgical and radiation therapy systems to improve patient outcomes, with minimum capital investment and without the risk of fixed monthly payments or technological obsolescence.

Thanks to innovative financing solutions pioneered by AMS, 21 prestigious medical institutions throughout the United States are improving patient outcomes with the Gamma Knife®, the leading non-invasive alternative to traditional brain surgery. AMS' attractive fee-per-use and related financing options also can support the latest advances in radiosurgery, radiation oncology, including Intensity Modulated Radiation Therapy (IMRT), Image-Guided Radiation Therapy (IGRT), and Proton Beam Radiation Therapy (PBRT). In addition, AMS is developing its Operating Room for the 21st Century (OR21®) concept, a proprietary, futuristic surgical suite, to keep its clinical partners at the forefront of innovation.

Growth Strategy

About half of the more than one million new cancer patients diagnosed annually in the U.S. now receive radiosurgery or radiation therapy. As a result, demand for AMS' services is expected to continue to grow.

AMS is taking advantage of this growing market for its creative financing solutions by offering its clinical partners the latest tools for radiation oncology delivery, where new technology is steadily expanding the range--and the cost--of treatment options. AMS offers its clinical partners affordable financing options for a complete state-of-the-art radiation therapy department upgrade, including radiosurgery, IMRT and IGRT systems, PBRT systems, and treatment simulation and planning equipment and software.

New Contracts

AMS has contracted to provide an IGRT system, a CT Simulator, and related service, support and maintenance services as part of a complete radiation therapy department upgrade for Tufts-New England Medical Center (TUFTS-NEMC). AMS anticipates commencing its lease agreement with TUFTS-NEMC in late 2007. Also in 2007, AMS expects to begin upgrading clinical partner sites with the new Leksell Gamma Knife Perfexion system from



Elekta AB., which provides a platform for further refinement and expansion of radiosurgery procedures in the brain, skull, cervical spine and head & neck regions. It also can support up to 30% higher patient throughput than current Gamma Knife systems. AMS expects the first of these upgraded sites to begin treating patients in late 2007.

In 2006, AMS acquired an equity interest in Still River Systems, Inc., a development-stage company based in Littleton, Massachusetts, which in collaboration with scientists from MIT's Plasma Science and Fusion Center is developing a medical device for the treatment of cancer patients using PBRT. AMS also purchased an option to acquire two Clinatron-250™ PBRT systems from Still River Systems. AMS expects to commence lease agreements with TUFTS-NEMC and M.D. Anderson Cancer Center Orlando to provide Clinatron-250 PBRT systems in 2009, subject to FDA approval. AMS also plans to supply other vendors' PBRT systems.

2007 First Half Results

For the six months ended June 30, 2007, revenue decreased to \$9,659,000 from \$10,354,000 for the first half of 2006, primarily reflecting a shift in the mix of procedures to lower revenue-per-procedure sites and downtime associated with cobalt reload at two Gamma Knife centers. 1,228 procedures were performed at AMS' Gamma Knife centers in this year's first half compared to 1,303 in 2006. Gross margin was approximately 48% for both periods.

Operating income for this year's first half was \$1,369,000 compared to \$1,942,000 a year ago. Net income for the first six months of 2007 was \$505,000, or \$0.10 per diluted share, reflecting a 47% effective income tax rate. For the first six months of 2006, net income was \$884,000, or \$0.18 per diluted share, reflecting a 39% effective income tax rate. AMS expects the effective income tax rate for 2007 as a whole to be higher than the 42% rate recorded for 2006.

Cash flow for the first six months of 2007, as measured by earnings before interest, taxes, depreciation and amortization, was \$4,634,000 compared to \$5,359,000 for the first six months of 2006.

At June 30, 2007, AMS reported cash, cash equivalents, and short and long-term securities of \$10,497,000. This compares to reported cash, cash equivalents and short and long-term securities of \$8,906,000 at December 31, 2006. Shareholders' equity at March 31, 2007 was \$19,071,000 compared to \$19,009,000 at December 31, 2006.

Management Team

Ernest A. Bates, M.D., founder, has been Chairman and CEO of AMS since 1980. He is Vice Chairman Emeritus of the Board of Trustees of The Johns Hopkins University, a member of the Board of Trustees at the University of Rochester, a member of the Board of Overseers of the University of California at San Francisco School of Nursing, and a board member of the Center for Accelerating Medical Solutions-Milken Institute. Dr. Bates is a graduate of The Johns Hopkins University and the University of Rochester School of Medicine.

Craig K. Tagawa has served as Chief Financial Officer of AMS since 1996 and Chief Operating Officer since 1999. He is also the Chief Executive Officer of GK Financing, an 81%-owned subsidiary. He joined AMS in 1988. He is currently a Chair of the Industrial Policy Advisory Committee of the Engineering Research Center for Computer-Integrated Surgical Systems and Technology at The Johns Hopkins University. He received a B.A. from the University of California at Berkeley and an M.B.A. from Cornell University.

Ernest R. Bates, VP Sales & Business Development since 2007 and a Director of AMS from 2004-2007, was Managing Director, Institutional Fixed Income Sales at HSBC Securities (USA), Inc., where he also served as Managing Director, Head of Asian Product from 1999 to 2003. Earlier, he was with Merrill Lynch, most recently Vice President, European Syndicate for Merrill Lynch International. He received a B.A. from Brown University and an M.B.A. from Wharton.

About Proton Beam Radiation Therapy (PBRT)

Proton beam radiation therapy is widely regarded as the optimal radiation treatment for a wide variety of cancers because of its significant clinical advantages compared to conventional high energy X-rays. Whereas X-rays deposit dose all along their path and continue to deposit dose beyond the depth of the tumor, PBRT deposits most of its dose at a specific depth, determined by the initial energy of the beam, and then stops entirely. This allows the physician to deposit far more dose in a tumor and far less in surrounding normal tissue, limiting collateral damage and increasing tumor control rates.

PBRT systems consisting of three or more dedicated treatment rooms cost at least \$100 million. As a result, deployment of this Medicare-approved treatment modality has so far been limited to only a handful of large institutions. According to Still River Systems, the device it is developing is a single-treatment-room PBRT system incorporating proprietary technology that may dramatically reduce the cost of implementing this therapy.

About Image-Guided Radiation Therapy (IGRT)

IGRT integrates tumor imaging and detection components into a linear accelerator, allowing clinicians to plan treatment, verify positioning, and deliver treatment with a single device for faster, more effective radiation therapy with less damage to healthy tissue.

About Intensity Modulated Radiation Therapy (IMRT)

IMRT shapes the treatment field by modulating the radiation intensity along the path of the beam. It is a very customized distribution of the radiation dose. IMRT allows treatment of a tumor adjacent to a critical structure, such as the spinal cord, while still protecting the normal tissue in a way that standard technology does not always permit.

About the Operating Room for the 21st Century

With the goal of delivering improved clinical outcomes, AMS is developing its OR21 concept, a cost-effective operating room featuring such advanced technologies as intelligent lighting systems operated through the surgeon's glove, diagnostic imaging equipment providing real-time information during surgery, a computer-controlled operating room table/ICU bed, robotic cross-cleaning systems, and voice-activated, robotic nursing assistance. A number of patents are pending on OR21's unique technologies and processes.

About the Gamma Knife

The Gamma Knife is the worldwide radiosurgical leader in non-invasive treatment of malignant and benign brain tumors, vascular malformations, and trigeminal neuralgia (facial pain). Patients who undergo this treatment have comparable or better outcomes, fewer complications, faster recoveries, and shorter hospital stays compared to those who undergo an open neurosurgical procedure. Worldwide, more than 450,000 patients have received this treatment to date.

AMERICAN SHARED HOSPITAL SERVICES -- SELECTED FINANCIAL DATA

	Six Months Ended		Twelve Months Ended				
	June 30,		December 31,				
	2007	2006	2006	2005	2004	2003	2002
Medical services revenue	\$ 9,659	\$ 10,354	\$ 20,385	\$ 18,231	\$ 16,389	\$ 16,178	\$ 13,366
Costs of operations	4,983	5,297	10,365	9,072	7,887	7,400	5,399
Selling and administrative expense	2,370	1,922	3,995	3,613	2,963	3,255	3,313
Income from operations	1,369	1,942	3,864	3,471	3,278	2,976	2,217
Income before income taxes	952	1,454	2,858	2,547	2,397	2,169	1,557
Net income	505	884	1,656	1,767	1,985	1,382	1,102
Diluted net income per common share	0.10	0.18	0.33	0.35	0.39	0.27	0.22
Cash dividend per common share	0.475	0.475	0.19	0.1875	0.1725	0.20	0.12
Cash, cash equivalents & short-term securities	7,327	7,318	5,526	5,835	9,078	10,312	9,924
Current assets	12,799	13,182	11,125	10,709	12,672	13,303	13,421
Total assets	53,775	51,281	50,905	48,668	47,367	46,304	44,830
Current & long-term debt / capital leases	20,979	23,321	21,065	25,082	25,486	26,917	27,496
Shareholders' equity	\$ 19,071	\$ 18,747	\$ 19,009	\$ 18,320	\$ 17,546	\$ 15,329	\$ 14,540
Diluted shares outstanding	5,049	5,051	5,050	5,091	5,101	5,088	5,031

This report is provided for your convenience and there is no implied guarantee regarding its accuracy or completeness. It should be read in conjunction with Dyadic's Annual Report on Form 10-KSB for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on March 29, 2006, which contains the Company's audited consolidated financial statements and other information for the year ended December 31, 2006. Further details are available upon request.