

**BOARD OF DIRECTORS REPORT ON THE CONSOLIDATED AND
PARENT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
1/1 – 31/12/2006**

**“IASO S.A.” OBSTETRICS GYNECOLOGY SURGERY DIAGNOSTIC
THERAPEUTIC AND RESEARCH CENTER**

**TO THE ANNUAL ORDINARY GENERAL SHAREHOLDERS MEETING
DATED MAY 23RD, 2007, FOR THE EVENTS THAT TOOK PLACE DURING
FINANCIAL YEAR 2006**

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“IASO S.A.” OBSTETRICS GYNECOLOGY SURGERY DIAGNOSTIC
THERAPEUTIC AND RESEARCH CENTER (The Company) and its subsidiaries

TO THE ANNUAL ORDINARY GENERAL SHAREHOLDERS MEETING
DATED MAY 23RD, 2007, FOR THE EVENTS THAT TOOK PLACE DURING
FINANCIAL YEAR 2006

Dear Shareholders,

With the present report which has been written in compliance with the revised 4th directive of the E.U. we submit a full analysis of the Financial Statements prepared according to “The I.F.R.S. Stable Platform 2005”, they have been registered in the company’s accounting books (inventory and balance sheet) and have been published as it is specified by law 2190/1920, article 135.

REVIEW

2006 was a year of development and further strengthening for IASO Group. The companies of the Group managed to significantly increase their revenues as well as their financial results.

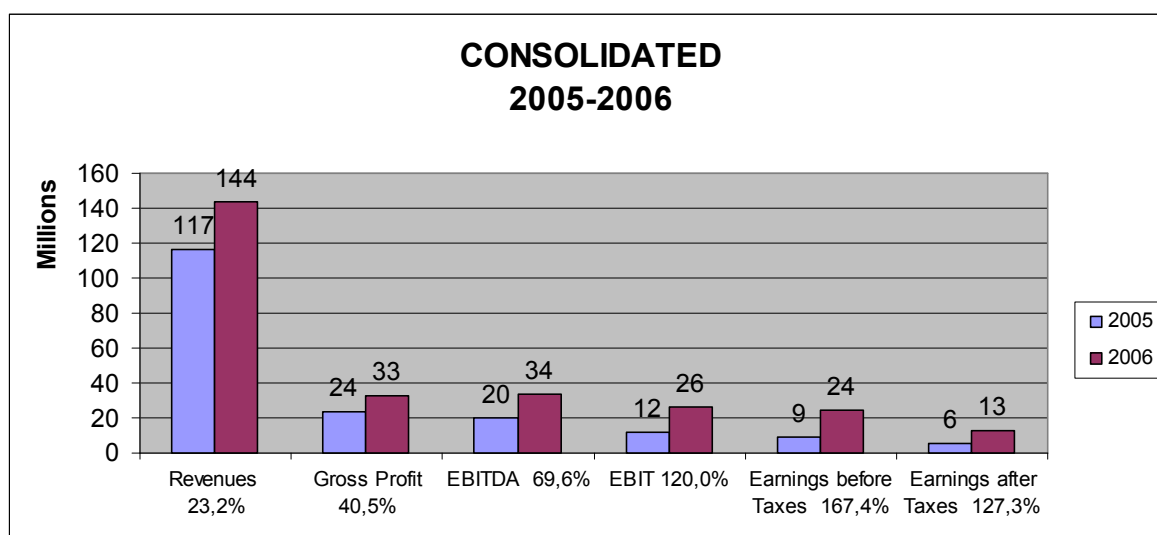
The remarkable increase of the financial results is attributed to, the rise in the inpatients and outpatients inflow of the Group’s companies, the efficient cost and expense control, the improvement of IASO General’s results, as well as to the rapid growth of MEDSTEM Services activities in the field of collection, processing of cord blood and storage of stem cells.

The Group and the Company proceed to an organizational and operational upgrade while at the same time manage to retain expense increases at satisfactory levels, as a result, Earnings Before Taxes are growing at much higher rates than those of Revenues.

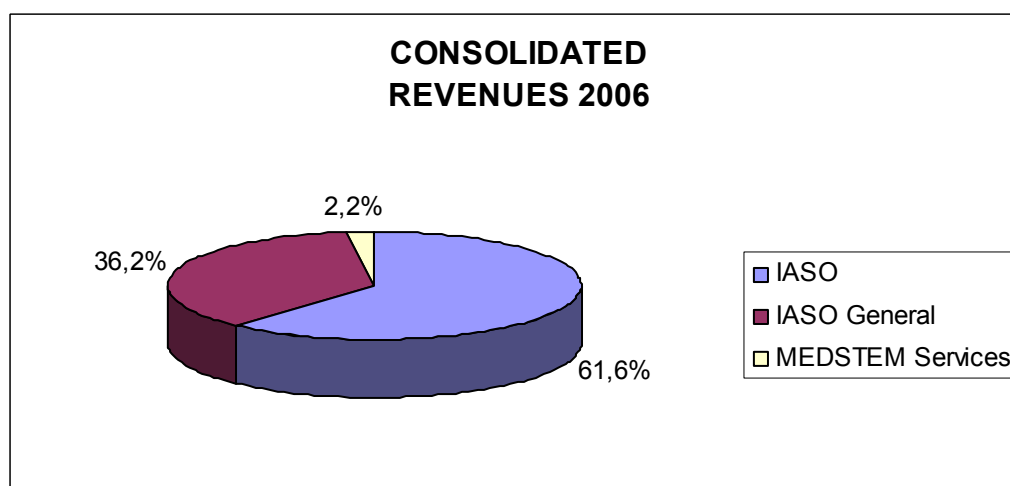
Consolidated Financial Results

Consolidated revenues reached the amount of € 143.84 mil and are increased by 23.2% in relation to the year 2005. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) reached the amount of € 33.86 mil. in 2006 vs. € 19.96 mil of the same period in 2005, showing an increase of 69.6%. Consolidated Earnings Before Taxes amounted to € 24.20 mil. Vs. € 9.05 mil for the year 2005, showing an impressive increase of 167.4%. Finally, Earnings After Taxes reached the amount of € 13.11 mil. in 2006 vs. € 5.77 mil. in the previous year, showing also a spectacular raise of 127.3%.

The following chart illustrates in a schematic way the evolution of the above figures.



Each company's participation in the formation of the consolidated 2006 revenues is also demonstrated below.



The aforementioned spectacular boost of the consolidated figures is attributed not only to the improvement of the revenues and the profitability of the parent company IASO S.A. and the subsidiary MEDSTEM Services S.A. but also to the improvement of the figures of IASO General S.A.

More specifically, the parent company, IASO S.A., increased its Earnings Before Taxes by 8.35 mil. € comparing to the previous year. The aforementioned amount equals to 55.12% of the achieved increase on consolidated basis.

The subsidiary IASO General SA decreased its losses before taxes by 5.66 mil € comparing to the previous year. This improvement equals to 37.23% of the Group's total improvement. According to budget of 2007, IASO General will achieve a considerably higher EBITDA which will lead to profitability.

The newly established MEDSTEM Services SA, whose main activity is the collection, processing of cord blood and storage of infants' stem cells, produced impressive Earnings Before Taxes, of 990,000 €, on its first year of operations.

The other subsidiaries have not commenced yet their activities.

The administrative, and marketing overheads reached 7.6 mil € standing for 5.3% of the consolidated revenues. Interest expenses got reduced to 3.3 mil € from 3.5 mil € in 2005 (representing 2.3% of the consolidated revenues of 2006). This was achieved in spite of the rise in the borrowing rates, reflecting the benefits of, IASO General's loan restructuring, the pay-off of MEDSTEM Services' loans and the reduction of the parent co. IASO S.A. borrowings.

Consolidated Loans amounted to 67.1 mil € Vs 75.0 mil € in 2005 recording a decrease of 10.5%. It is worth noting that the aforementioned decrease was achieved despite the investments that took place based on our expansion plan. It should also be mentioned that the consolidated cash and cash equivalents on December 31st .2006 amounted to 10.1 mil €.

The spectacular improvement of the consolidated financial position is also illustrated by the improvement of all financial ratios; the more important of which are shown in the following table

CONSOLIDATED RATIOS	2006	2005
Current Ratio	0.76	0.64
Return on Equity (before taxes)	16%	6%
EBITDA (amount)	33.9 mil €	20.0 mil €
EBITDA (% on revenues)	24%	17%
Profit margin (before taxes) (% on revenues)	17%	8%
Owner's Equity / Total Assets *	0.55	0.55
Owner's Equity / Total Liabilities *	1.27	1.26
Owner's Equity / Bank Liabilities *	2.24	1.93

Note: These ratios can be further improved if the consolidated cash and cash equivalent get subtracted from total assets.

The total number of personnel employed by the group amounted to 1,418 persons on 31.12.2006 Vs 1,548 on 31.12.2005.

Investments

The implementation of the investment plan was continued during last year aiming at further development of the Group's competitive strengths.

Investments amounting approximately to 2.9 mil. € were realized at IASO SA, 1.5 mil. € of which, were mainly invested in medical equipment and the rest in buildings and new constructions. This way IASO will maintain its pioneering and high standard services through state of the art equipment.

At IASO General S.A. 977 thousands € were invested in buildings and equipment aiming at further exploitation of its state of the art facilities.

At IASO Thessalias S.A. the new investments amounted to 4.2 mil. €, of which 2.9 mil. € came from the parent company and the rest, 1.3 mil. € came from local doctors – shareholders, all funds were allocated in the construction of the building.

At the subsidiary MEDSTEM Services S.A., the amount of 454 thousands. € were invested in equipment necessary for ensuring the high quality of services provided by the company.

Finally, 342 thousands € were invested by the subsidiary “Modern Multifunctional Rehabilitation Restoration Center S.A.” for the purchase of plots neighboring to those already owned by the company, at the region of Koropi, Attiki.

Perspectives

The policy followed during the year of 2006, led to a remarkable growth of the Group’s financial results and initiated a new era full of perspectives for further development, expansion and diversification of the group’s activities which will continue the forthcoming year, 2007.

The management and administration of the Group looks towards the year of 2007 and the following years with optimism. The devotion to our values, our well-established strengths, foremost among them being our customers’ loyalty and the dedication of our doctors and personnel, allows us to believe in the successful completion of our long-term quantitative and qualitative goals. More specifically the operation of the pediatric clinic, the commencement of construction of the new clinic for “IASO of Southern Suburbs S.A.” the continuation of construction of the “IASO Thessalias” clinic (both of which will operate as obstetrics and general clinics) and the restructuring of the Group’s figures, all converge in the overall aim of increasing the value of the company for its shareholders.

Important Facts after the Balance Sheet date

During the 1st quarter and in the course of implementation of the Group’s business plan:

- The subsidiary “IASO Thessalias S.A.” has signed the second phase of the contract for the completion of the building construction of the clinic. The contract which amounts to 20.7 million € was won by the construction company “INTRAKAT S.A.”, the scheduled completion time is 22 months, after contract signing i.e. by the end of 2008. The building construction is taking place in an owned plot of 50,000 m² at Larissa. Meanwhile intense interest was expressed by local doctors for participating in the share capital increase which was completed on 23rd of March. Local doctors

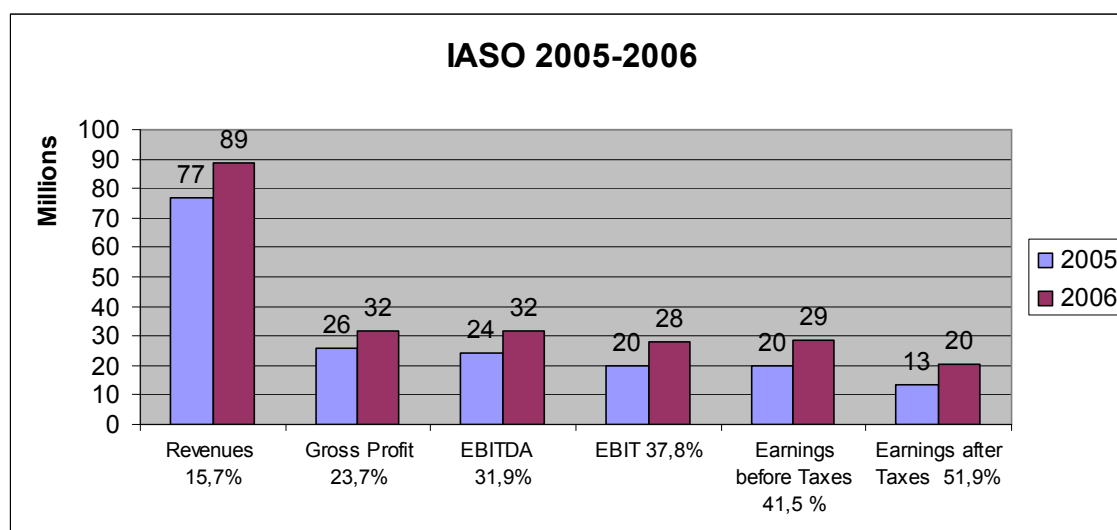
participated in the aforementioned share capital increase with a percentage of 39.6% which is a considerably higher percentage, when compared with their participation of 24.0% in the previous share capital increase that took place on March 2006. IASO Thessalias will operate as a General and Obstetrics Hospital equipped with adult intensive care unit (ICU), neonatal intensive care unit (NICU), In Vitro Fertilization Unit (IVF), and a Hemodialysis Unit,

- An agreement was concluded with a group of doctors who were previously collaborating with Leto S.A, and at the same time the purchase of their shares in Leto Holdings S.A. is being completed. The Group's management anticipates that the conclusion of this agreement will increase the patients' inflow and will benefit significantly revenues and profits.
- It has been decided to increase the share capital of the subsidiary "IASO of Southern Suburbs S.A." by the amount of 10,000,000 €, at the price of 5 € per share. The shares will be distributed through a private placement; eligible for the shares will be the parent company IASO SA, as well as a limited number of doctors who have expressed a keen interest.
- The Board of Directors of IASO S.A. proposed to the Extraordinary General Meeting of the Shareholders on 14.03.2007, (which was postponed for 11.04.2007), an increase of the Company's share capital by cash payment and by simultaneous annulment of the pre-emption rights of the existing shares. It is proposed these shares to be entirely distributed to new Doctors - associates, who have expressed their wish to participate to the company's share capital. The company's main aim is to sustain this multi-shareholder model, which, according to the B.O.D.'s belief, constitutes one of the main factors of its successful course and its establishment as the indisputable leader in the private maternity hospitals sector.
- The preparation of the Group's Development Plan, for further expansion in and out of Greece was assigned to the international consulting firm "Boston Consulting Group".

Parent Company's Financial Results

Parent Company's figures as well as financial results demonstrate that the company is continuing its steadily growing pace. Revenues reached the amount of € 88.74 mil. Vs. € 76.68 mil. in 2005, showing an increase of 15.7 %, while Earnings Before

Interest Taxes, Depreciation and Amortization (EBITDA) reached the amount of € 31.57 mil. in 2006 Vs. € 23.94 mil in 2005, showing an increase of 31.9%. Earnings Before Taxes amounted to € 28.50 mil. in 2006 vs. € 20.14 mil. in the previous year, increasing by 41.5%, while Earnings After Taxes reached the amount of € 20.20 mil. Vs. € 13.29 mil for the same period in 2005, increasing by 51.9%. The following chart presents the evolution of the aforementioned figures.



The Company's most important financial ratios are significantly improved and are demonstrated in the following table

Parent Company	2006	2005
Current Ratio	1,16	0,83
Return on Equity (before taxes)	15%	11%
EBITDA (amount)	31,5 mil €	23,9 mil €
EBITDA (% on revenues)	36%	31%
Profit margin (before taxes) (% on revenues)	32%	26%
Owner's Equity / Total Assets *	0,83	0,81
Owner's Equity / Total Liabilities *	5,06	4,29
Owner's Equity / Bank Liabilities *	17,43	11,33

* Note: These ratios can be further improved if the Company's cash and cash equivalent get subtracted from total assets.

We presented to you the Parent Company and the Consolidated Financial Statements for the fiscal year January 1st to December 31st 2006, in comparison with the same period of 2005. We submitted the Auditors' Report, according to the law for Société Anonyme (S.A.), and we ask you to approve the financial statements and release the members of the Board of Directors and the Auditors of any responsibility for the fiscal year ended at the 31st of December 2006

Maroussi, 23rd of March 2007

Ioannis Ch. Zolotas
Chairman of the Board of Directors

CERTIFICATION

It is certified that the present Report of the Board of Directors to the Shareholders' Annual General Meeting, consisting of nine (9) pages, is the one referred in the Auditors' Report issued on the 26.03.2007.

Athens, 26th of March 2007

Certified Public Accountant
Constantinos P. Petroyannis
SOEL Reg. No 11991
SOL S.A. – Certified Auditors Accountants