

EDAP TMS SA  
Form 6-K  
July 27, 2006

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 6 K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**EDAP TMS S.A. Files**

**EDAP TMS Communication with Its Investors  
July 10-24, 2006**

**EDAP TMS S.A.**

*Parc Activite La Poudrette Lamartine  
4/6 Rue du Dauphine  
69120 Vaulx-en-Velin - France*

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F            Form 40-F     

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes                                            No                     

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**EDAP TMS Investor Summary**

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**The Global Leader in HIFU for Localized Prostate Cancer**

This presentation contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These include statements regarding the Company's growth and expansion plans. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that may cause such a difference include, but are not limited to, those described in the Company's filings with the Securities and Exchange Commission, including under Forward-Looking Information, Risk Factors and Operating and Financial Review and Prospects in the Company's 2005 annual report on Form 20-F.

**Philippe Chauveau**  
Chairman

**Hugues de Bantel**  
Chief Executive Officer

**July 2006**

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**EDAP at a Glance**

**Nasdaq : EDAP**

**Business**

Therapeutic ultrasound

**Strategy**

Address growing demand for **non-invasive** therapies using therapeutic ultrasound based on 25 year successful track record in **marketing innovative technologies**

<b>Shares Outstanding Basic</b>	7.8 million
<b>Shares Outstanding Diluted</b>	8.6 million
<b>Share price as of July 3rd</b>	\$10.25
<b>Avg. daily volume (3 months)</b>	146,593 shares
<b>Annual revenue (12/31/05)</b>	\$26 million
<b>Cash (3/31/06)</b>	\$9.2 million
<b>Debt (12/31/05)</b>	\$1.3 million

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**EDAP TMS: The Global Leader in Therapeutic Ultrasound**

**Addressing two major pathologies in Urology:**

**Prostate Cancer**

using HIFU  
A growing market

[GRAPHIC APPEARS HERE]

**Kidney Stones**

using Lithotripsy  
A stable and predictable business

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**HIFU for Localized Prostate Cancer**

**Prostate Gland**

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**Global Prostate Cancer Market**

**Prostate Cancer: The most common male specific cancer**

238,000 new cases per year in Europe\*\*; 231,000 in the USA\*

In Europe, 70% of new cases (160,000) are localized T1 or T2 cancer stages HIFU candidates

[CHART APPEARS HERE]

**EDAP targeting 160,000+ patients in Europe Currently Treating ~ 2% (~2,800) of the target**

**The prostate cancer patient is today:**

Better educated about the risk of side effects, recurrence and operator variance in traditional therapies,

More likely to desire a better treatment option, and

Including Quality of Life as a primary factor in his treatment decision

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\* (Source: 2004 American Cancer Society)

\*\* (Source: 2004, International Agency for Research on Prostate Cancer)

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**Ablatherm<sup>®</sup> Brings a New Standard of Care to Prostate Cancer**

**EDAP is committed to:**

- Offer patients the **best** combination of efficacy and safety
- Fully **enlighten** patients about existing treatment options
- Preserve patient **quality of life**

**Ablatherm-HIFU is proven to:**

- Provide **consistently** high success without operator skill variability
- Offer **lower** side effects and a **rapid** recovery
- Treat without precluding other therapy if cancer **recurs** in the future
- Treat difficult recurrence cases often at an impasse under **traditional therapies**

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**Ablatherm-HIFU a Proven Option**

The recognized **Global Leader** in HIFU for prostate cancer

Fully **Approved** in Europe, Canada, Russia, Australia, South East Asia, etc.

More than **10,000 treatments** and **105 sites** worldwide

In excess of **100 publications and posters**

Already **reimbursed** in Germany & Italy (up to 4,500) and privately in the UK (initiated at approx. £11,000), pursuing reimbursements in France and other markets

US **FDA Trials** in progress with HealthTronics

**56 HIFU patents**

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**Ablatherm-HIFU Favorable Benefits**

**Ablatherm-HIFU offers:**

[CHART APPEARS HERE]

Efficacy as good as current therapies  
Low side effect risks to the patient  
Rapid recovery after treatment

**Ablatherm-HIFU offers patients an opportunity to preserve their quality of life after treating prostate cancer**

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**Ablatherm®-HIFU Favorable Benefits**

**Favorable Disease Free Rate<sup>(\*)</sup> at 5 years  
for low & intermediate risk cancers**

[CHART APPEARS HERE]

**Ablatherm-HIFU offers:**

- Predictable outcomes
- No operator dependence
- No impasse: repeatable

**The patient can have confidence in HIFU as a low risk  
option for initial treatment**

Once **aware** of HIFU, the patient can see this as a very attractive choice.

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*\* Clinical disease free rate is defined as being biochemical (PSA) without evidence of disease at last follow-up.*

Sources: Nature Clinical Practice, April 2005, Vol. 2  
No.4 / Progres en Urologie (2003), 13 1428-1456, PCRI  
Insights Feb. 2005 Vol. 8, No. 1, Urology 2004 Feb 63(2)

**HIFU as a robotic technique offers consistent success between users  
reducing operator skill concerns**

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**Ablatherm-HIFU Favorable Benefits**

**Ablatherm Preserves Patient Quality of Life: Lower Side Effects**

**Recto-urethral fistula**

[CHART APPEARS HERE]

Source:  
NCI, Pubmed + PCRI Insights  
Feb, 2005 Vol. 8, No.1

**Urinary incontinence (Grade 2 to 3)**

[CHART APPEARS HERE]

Sources: Complete review of NCI,  
Pubmed, PCRI Insights Feb 2005  
Vol.8, No1, Urology 60, 2002

**Sexual Impotence**

[CHART APPEARS HERE]

Sources: PCRI Insights Feb. 2005  
Vol. 8, No. 1, Monocentric  
prospective study assessing  
potency post HIFU (submitted at  
AFU 2006), Nature Clinical  
Practice, April 2005, Vol. 2 No.4

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**Favorable HIFU Economics for Physicians and Clinics**

[CHART APPEARS HERE]

**Ablatherm-HIFU offers\*:**

**Rapid** learning in just 10 sessions

**Short** treatment time increases facility efficiency

**Fewer** staff hours per session lowers personnel expenses

**Broad** indication range makes applicable to large patient population

Capital **free** RPP model offers access without financial risks

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\* Source: S. Thuroff, C Chaussy: Prostate Cancer Treatment Costs: What Influences Them?, EAU Poster 1036, 2006

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**Ablatherm-HIFU: An attractive Choice to all Parties**

**Benefits to the Patients**

Minimally invasive and proven therapy that can better preserve **quality of life**  
Can enable rapid **return to normal** activity  
Highly **reproducible efficacy** / Treatment can be **repeated** if needed

**Benefits to the Surgeons**

**Minimally invasive** solution that meets patient demands  
**Recapture** marketshare from nonsurgical therapies (~50% of market)  
New Gold Standard for **treating radiation failures**

[GRAPHICS APPEAR HERE]

**Benefits to the Hospitals**

Drive **incremental** patient traffic  
Immediate **return** through Revenue-Per-Procedure (**RPP**) model

**Benefits to the Healthcare systems**

**Lower associated costs** than existing therapies, **shorter** hospital stay  
**Lower follow-up** care required for recovery, side effects or recurrence

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**RPP Model: The Growth Opportunity**

**EDAP is Transitioning from Its Straight Machine Sales Model**

[GRAPHIC APPEARS HERE]

Ablatherm Unit sold  
500,000\* list price  
Typically Centers treating  
> 60 patients annually

[GRAPHIC APPEARS HERE] Yearly Service Agreement\*  
45,000

[GRAPHIC APPEARS HERE] Disposable Ablapack\*  
550

**HIFU Service & Disposable Revenues ( 000s)**

Unit sales represent **large** revenue blocks  
EDAP earns **recurring & predictable** services & disposable revenues  
European centers have **limited capital** budgets  
Centers must treat **larger** populations annually

[CHART APPEARS HERE]

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\* List price as of Dec. 31, 2005

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**RPP Model: The Growth Opportunity**

**To Recurring Treatment Procedures Sales Model**

[GRAPHIC APPEARS HERE]

[GRAPHIC APPEARS HERE]

HIFU Treatment /  
Revenue-per-  
procedure (RPP)\*  
2,800

EDAP Owns Ablatherm Unit

Center Pays Per Use

Fixed if >40 patients per year

Mobile if <40 patients per year

[GRAPHIC APPEARS HERE]

Increased Use  
Clear Returns  
Grows Market  
Generates Buzz

**RPP has a higher lifetime revenue and profit potential to EDAP:**

RPP **quickly** allows centers to adopt HIFU

RPP **removes** financial risk to the center

RPP revenues are already **accelerating** from broader market penetration

**Lower initial** revenues & cash flows

**RPP Treatment Revenues ( 000s)**

[CHART APPEARS HERE]

\* List price as of Dec. 31, 2005

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**RPP Model: Capturing the Growth Opportunity**

**Expand RPP Business**

Rapidly place more EDAP owned machines with no capital required from hospital and a clear pay back to EDAP  
Provide support to increase use of equipment in marketplace: patient education and medical marketing

**Education: Increase Patient Demand**

Increase patient awareness driving demand (PULL)  
Direct patients to HIFU centers in reimbursed countries  
Create community buzz with help of media, thought leaders, advocates and word of mouth

**Accelerate Hospital & Urologist Adoption**

Patient demand makes HIFU a necessary offering (PUSH)  
Further HIFU as a standard of care for first indication  
Lock HIFU as the Gold Standard for radiation failures  
Once available at site, grow use beyond site plans

**HIFU success measures:**

Total sites  
Total treatments

**Increasing sites and treatments leads to growing revenues and scalable profitability**

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**Marketing: Put the Patient in the Center of the Communication**

[GRAPHICS APPEAR HERE]

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**Marketing: Unlock the Patient Demand for Better Care**

[GRAPHIC APPEARS HERE]

**Telling the HIFU Story to Patients**

Improve patient awareness about **Quality of Life factors** in treatment

Show patients that **bloodless and radiation-free** non-invasive surgery of the future is already available

Inform patients this new technique is the best combination of **efficacy and safety**

Explain to patients that a technique which is safe, efficient, fast, non-invasive, reliable, painless, and based on high technology is the **best solution** for them

Tell patients that treatments are increasing quickly and **more centers** are opening

Give **new hope** to those numerous patients with recurrence after EBRT for whom there are no **salvage therapies** as efficient as HIFU

Present complete and thorough material so patients can make a **fully informed** choice

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**Marketing: Win the Medical Community with Results, Easy Access**

[GRAPHIC APPEARS HERE]

**Telling the HIFU Story to Medical Professionals**

**Demonstrate** the clinical success and confirmed **low side effects** in peer literature

Continue promoting HIFU in urology through **leaders** in every country

Further advance the medical consensus on first indication and radiation failure cases as the **new standard of care**

Promote Ablatherm within **medical standards** to create credibility and **open doctor minds** to a new treatment choice with real benefits

Continue **best-in-class training** program with experienced practitioner pairings to ensure rapid achievement of Ablatherm proficiency in just 10 to 12 treatments

Market **CAPITAL-FREE** launch choices removing financial risk for new clinical sites launching Ablatherm care

Promote the **business benefits** of Ablatherm in building the clinic's patient revenues by winning incremental treatments over competing centers

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**The Next Milestone: 5% of Targeted European Patients**

**European Market Scope:**

160,000 localized prostate cancer HIFU candidates diagnosed yearly  
 Growing market share builds credibility and increases demand  
 Next milestone: EDAP Ablatherm-HIFU treats 8,000 patients / year = 5% market share  
 Current run rate is 2,800 patients / year  
 New marketing and broader market penetration position EDAP to gain share

	Straight Unit Sales Model (all machines sold)	RPP Model		Total
		RPP Fixed Site Model	RPP Mobile Sites Model	
Targeted total cum. # of treating sites	60	40	140	240
Targeted total cum. # of machines	60	40	20	120
Targeted # of treatments / site / year	60	40	20	
Targeted total cum. # of treatments/yr	3,600	1,600	2,800	8,000

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**Incremental Growth Drivers**

**Additional reimbursement approvals** including more UK plans and the French National Health Plan are being secured. Approval of reimbursement has a demonstrated acceleration effect on treatment rates and site launches.

**Launches in new markets** are ongoing where Ablatherm-HIFU is approved with or without reimbursement. Recent launches have demonstrated accelerated success from EDAP's clinical strength already proven in Europe. Increasingly, the company is using the RPP model to accelerate adoption by key thought leaders.

**USA Clinical Phase II/III Studies** are now in progress for future USA approval. Recruitment is ongoing at multiple sites comparing HIFU to cryo. HTRN, the largest urology services company in the USA, is conducting the studies and will have USA distribution rights upon successful FDA approval.

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**Lithotripsy: A Strong Base for Growth**

**EDAP TMS : A World LEADER in  
NON INVASIVE  
Treatment Techniques Using THERAPEUTIC ULTRASOUND**

**Urinary stones**

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**Lithotripsy: A Recurrent & Strong Business**

**Current Worldwide Installed Base > 3,000 Units**

**Replacement Market > 300 Units / Year @ average \$250,000 (= \$75M / Year)\***

**EDAP is a leader in Asia, including Japan, and Europe due to customer proximity and provided services**

**Market Drivers:**

Service Capacity, Credibility & Proximity

Technology

Global reach

**Predictable Service & Consumables Revenue @ 8-10% of equipment sales**

**Sales & Service Experience opens market to the Ablatherm-HIFU model**

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\* Company's estimates

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**Lithotripsy Market**

**Distribution of Global Lithotripsy Market:  
EDAP Installed Unit Base\***

[GRAPHIC APPEARS HERE]

**Global Total:**  
3000 litho units

**EDAP Total:**  
416 litho units

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\* Company's figures at Dec. 05

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**Financials**

**Financials**

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**Division Performance****EDAP HIFU Division: Euro 000s\***

<b>Period</b>	<b>Revenue</b>	<b>Gross Margin</b>	<b>Op. Income</b>
Q1 2006	1,949	56%	1
2005	7,949	50%	135
2004	6,969	46%	387

**TMS UDS (Lithotripsy) Division: Euro 000s\***

<b>Period</b>	<b>Revenue</b>	<b>Gross Margin</b>	<b>Op. Income</b>
Q1 2006	3,863	31%	(66)
2005	16,154	29%	243
2004	17,385	30%	184

\* EDAP markets and sells Ablatherm®; TMS does all manufacturing and markets and sells Lithotripters; See 20F for complete details

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**Income Statement**

<b>Euro 000s except per share</b>	<b>Q1 2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>INCOME STATEMENT DATA</b>				
Total revenues	5,199	20,810	22,163	18,473
Total net sales	5,184	20,717	21,955	18,030
Gross profit	2,286	8,497	8,487	5,379
Operating expenses	(2,770)	(9,820)	(9,317)	(13,500)
Loss from operations	(484)	(1,323)	(830)	(8,121)
Income (loss) before income taxes	(546)	(961)	(871)	(9,090)
Income tax (expense) benefit	(77)	(104)	(278)	114
Net income (loss)	(623)	(1,065)	(1,149)	(8,976)
Basic earnings (loss) per share	(0.08)	(0.14)	(0.15)	(1.15)
Weighted average basic shares	7,823,331	7,782,731	7,781,731	7,781,731
Weighted average diluted shares	8,608,255	8,373,574	8,074,210	7,817,303

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**Balance Sheet**

<b>Euro 000s</b>	<b>March 31, 2006 Euros</b>	<b>December 31, 2005 Euros</b>
Cash, cash equivalents and short term investments	7,591	8,317
Total current assets	21,846	22,034
Total current liabilities	9,675	9,557
Shareholders' Equity	16,871	17,372

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**The EDAP Outlook**

Grow **HIFU business** by deploying infrastructure for the **RPP model** facilitating access to Ablatherm-HIFU therapy at centers of excellence and regional centers in Europe

Develop **dedicated PR programs** for each major site (sold or RPP) to assist hospitals and surgeons in the promotion of the Ablatherm-HIFU

Dramatically **increase patient awareness** on the compelling benefits of Ablatherm-HIFU by rolling out an **aggressive marketing** campaign in Europe

Add to long-term clinical studies and publications to **further broaden the adoption** of Ablatherm-HIFU by the medical community, **approval** authorities and **reimbursement** officials in major markets

Further refine Ablatherm-HIFU applied to prostate cancer constantly striving at enhancing **patient quality of life**

Further expand EDAP s **HIFU product portfolio and IP** in prostate cancer and other pathologies

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date : July 25, 2006

EDAP TMS S.A.

/s/ HUGUES DE BANTEL

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HUGUES DE BANTEL  
CHIEF EXECUTIVE OFFICER

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