



EDAP Reports Third Quarter 2008 Financial Results

Third Quarter 2008 Highlights:, Nov 20, 2008 (GlobeNewswire via COMTEX News Network) -- * Cash position of EUR 14.1 million (USD 19.8 million) supporting growth initiatives * Total HIFU revenue of EUR 1.9 million (USD 2.8 million), up 16.7% sequentially * Gross profit of EUR 2.0 million (USD 2.9 million), up 8.8% over third quarter 2007 * Gross margin increased to 43.8% compared to 39.2% in third quarter 2007 * Robust backlog of three Ablatherm-HIFU and twelve lithotripsy devices

LYON, France, Nov. 20, 2008 (GLOBE NEWSWIRE) -- EDAP TMS SA (Nasdaq:EDAP), the global leader in therapeutic ultrasound, announced today financial results for the third quarter ended September 30, 2008.

For the third quarter 2008, total revenue was EUR 4.6 million (USD 6.8 million), compared to EUR 4.7 million (USD 6.5 million) for the same period in 2007. Total revenue for the third quarter 2008 reflected the anticipated seasonality for HIFU device sales and return of lithotripsy sales to expected normalized levels over the period.

Total revenue for the Company's HIFU division was EUR 1.9 million in the third quarter 2008 (USD 2.8 million), flat from the same period in 2007 and up 16.7% sequentially. For the nine months ended September 30, 2008, the Company sold a total of three Ablatherm-HIFU systems, equivalent to the number of HIFU devices sold during the same period of last year. At the beginning of the fourth quarter 2008, the Company had a backlog of three machines and is actively developing a strong pipeline of projects for the end of the year.

Total revenue for the Company's lithotripsy division was EUR 2.7 million (USD 3.9 million) in the third quarter 2008, compared to EUR 2.8 million (USD 3.9 million) for the same period last year. In the third quarter 2008, the Company sold a total of seven machines, including one Sonolith I-System device. Two additional lithotripsy machines were delivered in September but will be recognized in the Company's October 2008 sales period in compliance with accounting rules. The Company converted a portion of its second quarter 2008 backlog into revenue during the third quarter of 2008 while returning to normalized machine sales as anticipated following a strong second quarter 2008. At the beginning of the fourth quarter 2008, the Company had a backlog of twelve lithotripsy machines, including six Sonolith I-system devices.

Gross profit for the third quarter 2008 was EUR 2.0 million (USD 2.9 million), compared to EUR 1.8 million (USD 2.5 million) for the third quarter 2007. Gross profit margin increased to 43.8% in the third quarter 2008, up from 39.5% in the third quarter 2007 due to improved margins in the lithotripsy business and a more favorable mix of machine sales.

Operating expenses of EUR 3.3 million (USD 4.9 million) in the third quarter 2008 were flat from the third quarter 2007. Third quarter 2008 operating expenses included EUR 0.6 million related to the U.S. FDA ENLIGHT clinical trial for Ablatherm. For the nine months ended September 30, 2008, total operating expenses decreased EUR 0.2 million, or 2.7%, excluding U.S. clinical trial expenses. Operating loss was EUR 4.3 million for the nine months ended September 30, 2008, compared to an operating loss of EUR 3.3 million for same period of 2007. The year-over-year increase in operating loss was primarily attributed to the EUR 0.8 million increase in U.S. clinical trials expenses.

The net loss for the third quarter 2008 was EUR 4.0 million, or EUR 0.43 per diluted share, compared to a net loss of EUR 1.4 million, or EUR 0.16 per diluted share, in 2007. The third quarter 2008 net loss included a non-cash financial charge of EUR 2.5 million reflecting the adjustment of the Company's convertible preferred debt and outstanding warrants to fair value.

Cash and cash equivalents, including short-term treasury investments, were EUR 14.1 million (USD 19.8 million) at September 30, 2008, up 5.2% sequentially. The positive cash flow for the third quarter of 2008 is primarily attributed to improved working capital requirements and the currency valuation of the U.S. dollar against the Euro. For the nine months ended September 30, 2008, the Company's cash burn was EUR 4.5 million, including EUR 1.6 million for the U.S. FDA clinical trials.

Marc Oczachowski, EDAP's Chief Executive Officer, commented, "Entering the fourth quarter, we are encouraged by the expected return of capital equipment sales from our robust pipeline of projects. We are pleased with the increased order flow and momentum achieved in our backlog of three Ablatherm and twelve lithotripsy devices thus far and are confident the substantial volume will represent a significant increase in fourth quarter 2008 sales. EDAP remains focused on increasing the awareness and adoption of our entire product portfolio through the continuation of aggressive sales and marketing initiatives."

Mr. Oczachowski continued, "Given today's challenging economic environment, EDAP's cash position allows us to continue investing in the Company's overall growth by furthering our key strategic objectives to expand HIFU in Europe, successfully

complete our U.S. ENLIGHT clinical trial, and develop our deep project pipeline. Our cash resources and differentiated technology provide EDAP with a competitive advantage that gives us confidence that we will continue to move forward despite the broader market's instability."

Separately, EDAP announced that Hugues de Bantel has resigned from the Company's Board of Directors to pursue other interests.

Philippe Chauveau, EDAP's Chairman of the Board, said, "We appreciate the dedication that Hugues has provided to EDAP over his twelve-year tenure at the Company. We thank him for his contributions and wish him the best in his future endeavors."

Conference Call

EDAP will hold a conference call on Thursday, November 20, 2008 at 8:00 a.m. ET to discuss the results. The dial-in numbers are 1-888-241-0558 for domestic callers and 1-647-427-3417 for international. The conference ID number for both is 71345056. A live webcast of the conference call will be available online from the investor relations page of the Company's new corporate Website at www.edap-tms.com.

After the live webcast, the call will remain available on EDAP's Website, www.edap-tms.com, through February 20, 2009. In addition, a telephonic replay of the call will be available until December 4, 2008. The replay dial-in numbers are 1-800-374-7921 for domestic callers and 1-402-220-0879 for international callers. Please use event ID number 71345056.

About EDAP TMS SA

EDAP TMS SA develops and markets Ablatherm, the most advanced and clinically proven choice for high-intensity focused ultrasound (HIFU) treatment of localized prostate cancer. HIFU treatment is shown to be a minimally invasive and effective treatment option with a low occurrence of side effects. Ablatherm-HIFU is generally recommended for patients with localized prostate cancer (stages T1-T2) who are not candidates for surgery or who prefer an alternative option, or for patients who failed radiotherapy treatment. Approved in Europe as a treatment for prostate cancer, Ablatherm-HIFU (High Intensity Focused Ultrasound) is currently undergoing evaluation in a multicenter U.S. Phase II/III clinical trial under an Investigational Device Exemption granted by the FDA. The Company also is developing this technology for the potential treatment of certain other types of tumors. EDAP TMS SA also produces and commercializes medical equipment for treatment of urinary tract stones using extra-corporeal shockwave lithotripsy (ESWL). For more information on the company, please visit <http://www.edap-tms.com>, <http://www.hifu-planet.com> and <http://www.pcaresearch.com> or <http://www.urotoday.com/HIFU>.

EDAP TMS S.A.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands of Euros and U.S. Dollars, except per share data)

	Three Months Ended:		Three Months Ended:	
	Sept. 30,	Sept. 30,	Sept. 30,	Sept. 30,
	2008	2007	2008	2007
	Euros	Euros	\$US	\$US
Sales of goods	2,218	2,268	3,279	3,142
Net Sales of RPP and Leases	1,003	1,005	1,482	1,393
Sales of spare parts and Services	1,309	1,380	1,935	1,912
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TOTAL NET SALES	4,530	4,653	6,696	6,448
Other revenues	38	33	56	45
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TOTAL REVENUES	4,568	4,686	6,752	6,493
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Cost of goods	(1,369)	(1,354)	(2,023)	(1,877)
Cost of RPP and Leases	(556)	(486)	(822)	(673)
Cost of spare parts & services	(660)	(1,023)	(975)	(1,417)
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Cost of sales	(2,585)	(2,863)	(3,820)	(3,967)
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GROSS PROFIT	1,984	1,823	2,932	2,526
Research & development expenses	(1,012)	(761)	(1,496)	(1,055)
Marketing & Sales expenses	(1,317)	(1,273)	(1,947)	(1,763)
G & A expenses	(988)	(1,143)	(1,460)	(1,584)
Non-recurring profit / (expenses)	--	(136)	--	(188)
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Total operating expenses	(3,318)	(3,313)	(4,903)	(4,589)
OPERATING PROFIT (LOSS)	(1,334)	(1,489)	(1,971)	(2,063)
Interest (expense) income, net	(2,871)	5	(4,243)	6
Currency exchange gains (loss), net	305	11	451	15
Other income (loss), net	(4)	3	(6)	4
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INCOME (LOSS) BEFORE TAXES AND MINORITY INTEREST	(3,904)	(1,471)	(5,770)	(2,038)
Income tax (expense) credit	(88)	25	(129)	34
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NET INCOME (LOSS)	(3,992)	(1,446)	(5,900)	(2,003)
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Earning per share - Basic	(0.43)	(0.16)	(0.63)	(0.22)
Average number of shares used in computation of EPS	9,356,372	9,163,007	9,356,372	9,163,007
Earning per share - Diluted	(0.43)	(0.16)	(0.63)	(0.22)

Average number of shares used in computation of EPS for positive net income	9,432,074	9,519,169	9,432,074	9,519,169
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NOTE: Translated for convenience of the reader to U.S. dollars at the 2008 average three months noon buying rate of 1 Euro = 1.4780 USD, and 2007 average three months noon buying rate of 1 Euro = 1.3857 USD.

EDAP TMS S.A.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Amounts in thousands of Euros and U.S. Dollars, except per share data)

	Nine Months Ended:		Nine Months Ended:	
	Sept. 30, 2008 Euros	Sept. 30, 2007 Euros	Sept. 30, 2008 \$US	Sept. 30, 2007 \$US
Sales of goods	6,461	7,430	9,839	10,056
Net Sales of RPP and Leases	3,317	3,576	5,051	4,840
Sales of spare parts and Services	4,126	4,210	6,282	5,698
TOTAL NET SALES	13,904	15,217	21,172	20,594
Other revenues	130	82	197	111
TOTAL REVENUES	14,033	15,299	21,369	20,706
Cost of goods	(4,216)	(4,713)	(6,419)	(6,378)
Cost of RPP and Leases	(1,759)	(1,603)	(2,679)	(2,170)
Cost of spare parts & services	(2,245)	(2,820)	(3,418)	(3,817)
Cost of sales	(8,220)	(9,136)	(12,516)	(12,364)
GROSS PROFIT	5,814	6,163	8,853	8,341
Research & development expenses	(3,099)	(2,320)	(4,720)	(3,140)

Marketing & Sales expenses	(3,997)	(3,935)	(6,086)	(5,326)
G & A expenses	(2,991)	(3,561)	(4,554)	(4,819)
Non-recurring profit / (expenses)	--	306	--	414
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Total operating expenses	(10,087)	(9,511)	(15,361)	(12,872)
OPERATING PROFIT (LOSS)	(4,274)	(3,348)	(6,508)	(4,531)
Interest (expense) income, net	1,941	11	2,955	15
Currency exchange gains (loss), net	239	(217)	364	(294)
Other income (loss), net	4	14	6	20
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INCOME (LOSS) BEFORE TAXES AND MINORITY INTEREST	(2,090)	(3,539)	(3,183)	(4,790)
Income tax (expense) credit	97	148	147	201
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NET INCOME (LOSS)	(1,994)	(3,391)	(3,036)	(4,589)
	=====	=====	=====	=====
Earning per share - Basic	(0.21)	(0.37)	(0.32)	(0.50)
Average number of shares used in computation of EPS	9,356,372	9,163,007	9,356,372	9,163,007
Earning per share - Diluted	(0.21)	(0.37)	(0.32)	(0.50)
Average number of shares used in computation of EPS for positive net				

income	9,432,074	9,528,936	9,432,074	9,528,936
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NOTE: Translated for convenience of the reader to U.S. dollars at the 2008 average nine months noon buying rate of 1 Euro = 1.5228 USD, and 2007 average nine months noon buying rate of 1 Euro = 1.3534 USD.

EDAP TMS S.A.
 CONSOLIDATED BALANCE SHEETS HIGHLIGHTS (UNAUDITED)
 (Amounts in thousands of Euros and U.S. Dollars)

	September 30, 2008 Euros	June 30, 2008 Euros	September 30, 2008 \$US	June 30, 2008 \$US
Cash, cash equivalents and short term investments	14,072	13,406	19,815	21,112
Total current assets	32,094	31,061	44,534	48,176
Total current liabilities	12,321	11,580	17,349	18,236
Shareholders' Equity	13,106	16,758	18,454	26,391

NOTE: Translated for convenience of the reader to U.S. dollars at the noon buying rate of 1 Euro = 1.4081 USD, on September 30, 2008 and at the noon buying rate of 1 Euro = 1.5748 USD, on June 30, 2008.

EDAP TMS S.A.
 CONDENSED STATEMENTS OF OPERATIONS BY DIVISION
 NINE MONTHS ENDED SEPTEMBER 30, 2008
 (Amounts in thousands of Euros)

	HIFU Division	UDS Division	FDA Trials	Corporate	Total After Consoli- dation
Sales of goods	1,916	4,545			6,461
Sales of RPPs & Leases	2,582	735			3,317
Sales of spare parts & services	1,183	2,943			4,126
TOTAL NET SALES	5,681	8,223			13,904
Other revenues	97	32			130

TOTAL REVENUES	5,778	8,255			14,033
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GROSS PROFIT	3,411 60%	2,403 29%			5,814 42%
Research & Development	(817)	(771)	(1,512)		(3,099)
Total SG&A plus depreciation	(2,689)	(2,709)	(81)	(1,509)	(6,988)
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OPERATING PROFIT (LOSS)	(95)	(1,077)	(1,592)	(1,509)	(4,274)

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