UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 1-12471

INTEGRATED SURGICAL SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	68-0232575
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 Wilshire Blvd., Suite 401 Santa Monica, California	90401
(Address of principal executive Offices)	(Zip Code)

(310) 526-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock $0.01 par value

Indicate by check mark if the registrant is a well-know seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

(Do not check if a smaller reporting company)

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

The aggregate market value of the Common Stock held by non-affiliates of the Registrant on March 23, 2009 was $2,092,970. This calculation is based upon the price of the Common Stock of the Registrant (as quoted on the Pink Sheets) of $0.28 per share on that date.

As of March 23, 2009, the Registrant had 7,474,894 shares of common stock outstanding.

Integrated Surgical Systems, Inc.
Form 10-K
For the fiscal year ended December 31, 2008
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Special Note on Reverse Stock Split

Effective as of 5:00 p.m. Eastern Time on July 26, 2007, Integrated Surgical Systems, Inc. ("we," "us," "our" or the "Company") completed a 1 for 10 reverse stock split of the issued and outstanding common stock, par value $0.01 per share. All share numbers and all exercise and conversion prices in this report are presented as adjusted for the reverse stock split.

Item 1. Business

The Company was incorporated in Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. The Company's products were sold through international distributors to hospitals and clinics in European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa.

On June 28, 2007, upon the sale of substantially all of its assets, the Company became inactive. As a result, all the Company's operations through June 28, 2007 have been classified as discontinued operations. On June 28, 2007, the stockholders approved the future liquidation of the Company if the Company is unable to complete an acquisition or similar transaction within one year from the sale of the assets. This vote gave the Board of Directors the authority to delay, revoke or abandon any decision to dissolve without further stockholder action. It is the decision of the Board of Directors that it is in the best interests of the Company's stockholders to delay any decision to liquidate.

Description of the sale transaction

On August 4, 2006, the Company and Novatrix Biomedical, Inc., the purchaser of the Company's assets, ("Novatrix") entered into a loan agreement (the "Loan Agreement"). The Loan Agreement provided that upon entering into the asset purchase agreement, Novatrix will meet its obligations to the Company by providing the balance of any loans due to the Company to fund the Company's working capital in equal amounts for the purpose of developing the ROBODOC and ORTHODOC products. In addition, the Loan Agreement provided that upon the approval by the Company's stockholders of the asset sale, all of the Company's obligations under the Loan Agreement would be forgiven.

On August 4, 2006, the Company entered into an Asset Purchase Agreement with Novatrix, as amended, pursuant to which it agreed to sell substantially all of its assets to Novatrix (the "Asset Purchase Agreement"). As consideration for the sale, Novatrix agreed to pay $4,000,000 for the Company's assets.

On June 28, 2007, the Company completed the sale of substantially all of its assets in exchange for $4,000,000 in cash, plus the cancellation of the note payable in the amount of $3,700,000 and accrued interest thereon of $234,462. The gain on sale of assets consisted of:

Proceeds		
Cash	$ 4,000,000	
Cancellation of indebtedness	3,934,462	
Total proceeds	7,934,462	
Net book value of assets sold	(801,007)	
Employee retention incentives	(486,385)	(a)
Present value of net future lease payments	(250,376)	(b)
Legal expenses	(20,557)	
Gain on sale of assets (c)	$ 6,376,137	

In connection with the sale:

(a) Certain employees of the Company received payments to remain with the Company until the closing date to better assure an orderly transfer of assets to the purchaser.

(b) Novatrix, the purchaser of the Company's assets, agreed to sublease the Company's premises for one year. The Company accrued the present value of the rent for the balance of the lease term, net of the rent to be received under the sublease. On June 13, 2008, the two parties entered into another sublease agreement to allow Novatrix to occupy the premises for the remainder of the lease term.

(c) The Company recorded income taxes on the gain of approximately $30,000. Employees On December 31, 2008, the Company had no employees.

Employees
- ---------

On December 31, 2008, the Company had no employees.

Item 1A. Risk Factors

Not required for smaller reporting company.

Item 1B. Unresolved Staff Comments

None.

Item 2. Description of Property

The Company leases an 11,200 square foot site at 1433 N. Market Blvd., Suite 1, Sacramento, California, 95834 with two years remaining on the lease. Novatrix, the purchaser of Company's assets, has sub-leased and currently occupies the aforesaid site formerly occupied by the Company. This sublease expires with the termination of the Company's lease on December 31, 2010.

Item 3. Legal Proceedings

On January 8, 2009, a complaint was filed in Superior Court of California, County of Sacramento in which the Company was named as a co-defendant in a matter involving an automobile accident. The plaintiffs are seeking damages for pain & suffering, emotional distress, past and future medical expenses and past and future loss of earnings totaling approximately $30,000,000. The Company believes the demands are totally without merit and intends to vigorously defend the complaint. To the best of the Company's knowledge, there are no other proceedings or litigation currently threatened or proceeding against us or involving us.

From time to time, the Company may be party to other claims and litigation arising in the ordinary course of business. The Company does not believe that any adverse final outcome of any of these matters, whether or not covered by insurance, would have a material adverse effect on the Company.

Item 4. Submission of Matters to a Vote of Security Holders

None

Part II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

The Company's common stock is quoted on the Pink Sheets, under the trading symbol "ISSM.PK." The following table sets forth the high and low bid prices for the past two fiscal years,, as reported by the NASDAQ on-line web site www.NASDAQ. com, for shares of the Company's common stock for the periods indicated. Such prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	Common Stock (ISSM)	
Fiscal Year Ended	High	Low
December 31, 2008		
First Quarter	$0.350	$0.250
Second Quarter	$0.500	$0.300
Third Quarter	$0.470	$0.310
Fourth Quarter	$0.450	$0.230
Fiscal Year Ended		
December 31, 2007		
First Quarter	$0.400	$0.190
Second Quarter	$0.570	$0.250
Third Quarter	$0.550	$0.140
Fourth Quarter	$0.400	$0.160

Holders

As of March 23, 2009, there were 274 holders of record of the common stock.

Dividends

The Company has never paid dividends on its common stock and its present policy is to retain anticipated future earnings for use in its business.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of the fiscal year ended December 31, 2008 with respect to the Company's compensation plans (including individual compensation arrangements).

EQUITY COMPENSATION PLAN INFORMATION TABLE

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	61,000	$1.92	98,046 (1)
Equity compensation plans not approved by security holders	130,000 (2)	$0.44	-0-
Total	191,000	$0.91	98,046

(1) Includes the Company's 2000 Stock Award Plan.

(2) Consists of: (i) 30,000 warrants for consulting which expire in July 2014 and have an exercise price of $0.625 per share; (ii) 100,000 stock options granted to directors which expire in August 2013 for $0.38 per share.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis relates to the operations of Integrated Surgical Systems, Inc. and should be read in conjunction with its financial statements, including the notes thereto, appearing elsewhere in this report. This discussion may contain certain forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth elsewhere in this report. Except as otherwise indicated, all amounts are reported in U.S. dollars ($).

Overview

Integrated Surgical Systems, Inc. was incorporated in the State of Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. Historically, the Company's product revenue consisted of sales of the Company's principal orthopedic product, the ROBODOC(R) Surgical Assistant System ("ROBODOC"), which integrates the ORTHODOC(R) Presurgical Planner ("ORTHODOC") with a computer-controlled robot for use in joint replacement surgeries. The Company developed specialized operating software for several implant manufacturing companies. These implant manufacturers contracted with the Company for the development of software for particular lines of new prosthesis to be used with the ROBODOC System.

Although the Company did not receive clearance to market the ROBODOC(R) System (ROBODOC) in the U.S., the Company was permitted to export the system provided certain requirements were met. Products approved for use by European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa, do not require FDA export approval. The Company sold its robotic systems to international distributors, who in turn resold the product in their respective territories. The Company's international distributors were KTEC in Japan, ROCOM Frontier in Korea and Paramount Impex in India.

On June 28, 2007, the Company completed the sale of substantially all of its assets in exchange for $4,000,000 in cash, plus the cancellation of the note payable in the amount of $3,700,000 and accrued interest thereon of $234,462.

After the sale of substantially all of its assets, the Company became inactive. It is no longer engaged in any business activities related to its former business as described above.

Results of Operations (Fiscal Year 2008 vs. Fiscal Year 2007)

For the year ended December 31, 2008 ("Fiscal Year 2008",) total net loss was $175,000 or a basic and diluted loss of $0.03 per share and consisted of a net loss of $170,000 from continuing operations and a net loss of $5,000 from discontinued operations. Total net income for the year ended December 31, 2007 ("Fiscal Year 2007"), was $4,927,000 or $1.08 income per basic share and $0.93 income per diluted share. Total net income for the Fiscal Year 2007 consisted of net income of $5,072,000 from discontinued operations or basic net income of $1.11 per share and diluted net income of $0.96 per share offset by a net loss from continuing operations of $146,000 or a basic and diluted net loss of $0.03 per share. Discontinued operations During the first six months of the year ended December 31 2007 before the sale of substantially all of its assets, the Company had net income of $5,072,000 from discontinued operations which consisted of a net gain on sale of substantially all of its assets to Novatrix of $6,376,000 offset by income tax on the sale of $30,000 and a loss of $1,274,000 from operations of discontinued segment. The Company had no activity from discontinued operations for the Fiscal Year 2008.

Continuing operations

For the Fiscal Year 2008, we had a net loss from continuing operations of $170,000 or a $29,000 higher loss than the net loss from continuing operations of $146,000 for the Fiscal Year 2007. The net loss from continuing operations for the Fiscal Year 2007 was for the six month period beginning in July 2007 after the sale of substantially all of the Company's assets. The increase in loss for the Fiscal Year 2008 compared to the Fiscal Year 2007 is due to an increase in expenses of $43,000 offset by an increase in net interest income of $20,000. The increase in expenses is due in part to an increase in consulting and professional services of $105,000 to $161,000 which includes the cost for twelve months for external auditors, accounting, administration and income tax preparation. The Company has no employees so it relies on outside contractors to perform basic and necessary services. Directors expense increased $71,000 to $103,000 for Fiscal Year 2008, including stock-based compensation, as it included twelve months of expense and two additional directors who were appointed to the Board in April, 2008. Other increases in expense for Fiscal Year 2008 included an increase in legal fees of $33,000 to $100,000 and an increase in insurance of $41,000 to $67,000, each primarily due to a full year of activity for Fiscal Year 2008 versus six months for Fiscal Year 2007. Increases in expenses were partially offset by a decrease in deferred rent liability of $212,000 due to a sublease agreement for the premises the Company is obligated to lease through December 31, 2010.

Liquidity

We believe that existing cash and cash equivalents of $3.3 million as of December 31, 2008 will provide us with sufficient working capital for us to meet our operating plan for Fiscal Year 2009. The Board has retained its Directors, including a director as its Chief Executive Officer, another director as its Chief Financial Officer and another director as its Secretary, to assist with our continuing obligations under the federal securities laws and to assist with our plan to evaluate various merger, acquisition or strategic alliance opportunities. We do not have an estimate as to when we will identify a qualified merger, acquisition or strategic alliance candidate. There is no assurance that such opportunities will be available, or if available, upon favorable terms. If we are unsuccessful with respect to a suitable opportunity we may, if agreed to by a vote by stockholders, liquidate the Company and distribute all our remaining assets, which consist primarily of cash, to our stockholders.

Cash used in continuing operating activities for the Fiscal Year 2008 was $350,000 which primarily consisted of an operating loss from continuing operations of $170,000, a decrease in deferred rent of $217,000 and a decrease in income taxes payable of $31,000 partially offset by non-cash stock-based compensation of $53,000. Cash used in discontinued operations was $5,000 which consisted of income taxes paid for fiscal year 2007.

Capital Resources

On March 23, 2009, there were 7,474,894 shares of the Company's common stock outstanding, as listed on the Pink Sheets at $0.28 a share, giving the Company a market capitalization of $2.1 million. Securities traded at less than $5.00 and not traded on a national securities exchange or quoted on Nasdaq are called "penny stocks". The Securities and Exchange Commission rules require brokers to provide specified information to purchasers of penny stocks, and these disclosure requirements and the requirement that brokers must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction in advance may have the effect of reducing trading activity in the common stock and making it more difficult for investors to sell the shares of the Company's stock. In addition, the liquidity of our Common Stock may be adversely affected by the reduced number of shares outstanding after the reverse stock split, and the reverse stock split increased the number of stockholders who own "odd lots," which consist of blocks of fewer than 100 shares. Stockholders who hold odd lots may be required to pay higher brokerage commissions when they sell their shares and may have greater difficulty in making sales.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations is based upon the Company's audited financial statements included elsewhere in this Form 10-K and have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company believes the following critical accounting policies affect the Company's more significant judgments and estimates used in the preparation of the financial statements.

The Company has discussed its critical accounting policies with the Board. Actual results may differ from these estimates under different assumptions or conditions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications have been made to prior years' financial statement presentation to conform to the current year presentation.

Financial Instruments

The Company has a portfolio of investments in available-for-sale debt securities. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. These fixed income debt securities are classified as available-for-sale. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, if any, are reported in other comprehensive income as a separate component of stockholders' equity.

The Company considers the carrying amounts of financial instruments, including cash, accounts payable and accrued expenses to approximate their fair values because of their relatively short maturities.

Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS 141R"), which replaces SFAS No. 141, "Business Combinations." SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including non-controlling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R would have an impact on accounting for any businesses acquired after the effective date of this pronouncement.

Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", ("SFAS 157") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require the use of fair value measurements. A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability.

SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement 115", ("SFAS 159") permits an entity to elect to measure various financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected should be reported in earnings at each subsequent reporting date.

Effective January 1, 2008, the Company adopted both SFAS 157 and SFAS 159 without any effect.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained non-controlling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any non-controlling interests as a separate component of stockholders' equity. The Company would also be required to present any net income allocable to non-controlling interests and net income attributable to stockholders of the Company separately in its consolidated statements of income. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 would have an impact on the presentation and disclosure of the non-controlling interests of any non wholly-owned businesses acquired in the future.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS 162 will become effective 60 days following the SEC's approval of the Public Company Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not currently expect the adoption of SFAS 162 to have a material effect on its results of operations and financial condition.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Risk Factors and Cautionary Statement Regarding Forward-Looking Information

The Company cautions that this Form 10-K contains "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. The Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of management and the Board of Directors. The plans and results of operations will be affected by the Company's ability to manage any growth and working capital and the ability to finance future operations, none of which is assured. Certain risk factors are discussed elsewhere in this Form 10-K and also from time to time in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update such factors in the future.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The information that appears following Item 15 of this Annual Report on Form 10-K is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

(a) Resignation of Independent Registered Public Accounting Firm

None.

(b) Engagement of New Independent Registered Public Accounting Firm

Effective May 8, 2007, Raich Ende was appointed as the Company's independent registered public accounting firm to audit the Registrant's financial statements. Raich Ende was not consulted on any matter described in Item 304(a)(2) of Regulation S-B prior to May 7, 2007.

Effective July 16, 2008, SingerLewak LLP was appointed as the Company's independent registered public accounting firm to audit the Registrant's financial statements. Singer Lewak was not consulted on any matter described in Item 304(a)(2)(i) or Item 304(a)(2)(ii) of Regulation S-K prior to July 16, 2008.

(c) Termination of Independent Registered Public Accounting Firm

On July 15, 2008, the Company dismissed Raich Ende as its registered certified public accounting firm. The decision to change accountants was approved by the Company's board of directors. No report on the Company's financial statements prepared by Raich Ende contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principles. During the time Raich Ende served as the Company's independent registered public accounting firm, there were no disagreements between Raich Ende and the Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. Raich Ende submitted a letter to the Securities and Exchange Commission stating Raich Ende agrees with the above statements. A copy of the letter, dated July 18, 2008, was filed as an exhibit to the Company's Current Report on Form 8-k filed on July 21, 2008.

Item 9A(T). Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has established and maintains a system of disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate to allow timely decisions regarding required disclosure. As of December 31, 2008, our management, including our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

All disclosure control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Controls over Financial Reporting

Management has not identified any matters that constitute material weaknesses (as defined under the Public Company Accounting Oversight Board Auditing Standard No. 5) in our internal controls over financial reporting. Two deficiencies identified by our prior auditors in early 2007 related to weaknesses in inventory accounting controls, and weakness in the general ledger due to an antiquated software system. The inventory control is no longer relevant because the inventory has been sold, and the weakness in the general ledger has been remedied because the Company is switching over to a modern accounting system in the form of QuickBooks.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for the fair presentation of the financial statements of Integrated Surgical Systems, Inc. Management is also responsible for establishing and maintaining a system of internal controls over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable.

Limitation of Effectiveness of Cash

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the benefits of controls must be considered relative to their cost. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of management override or improper acts, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to management override, error or improper acts may occur and not be detected. Any resulting misstatement or loss may have an adverse and material effect on our business, financial condition and results of operations.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework, management concluded that our internal control over financial reporting was effective as of December 31, 2008.

This Audit Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Item 9B. Other Information

None

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The following is a listing of officers and Directors of the Company:

Name	Age at 12-31-2008	Position with the Company	Period
Peter B. Mills	53	Director Chief Executive Officer, President, Chairman of the Board	Sep 2006 - Present Jul 2007 - April 2008
Michael J. Tomczak	53	Director CFO	Sep 2006 - Present July 2008 - Present
Christopher A. Marlett	44	Director, CEO	Apr 2008 - Present
Robert M. Levande	59	Director Secretary	Apr 2008 - Present July 2008 - Present

Biographical Information on Officers, Directors and Control Persons

Peter B. Mills was appointed to serve as a Director of the Company in September 2006 and President, Chief Executive Officer, and Chairman of the Board in July 2007 Mr. Mills is Vice President of Sales at Speck Design, a leading product design firm with offices in Palo Alto, California and Shanghai, China. He has spent 15 years selling sophisticated industrial robotics and automation systems with Adept Technology, the leading U.S. manufacturer of industrial robots, and Hewlett-Packard Company. He has also served as the Vice President of Sales at Softchain, an enterprise supply chain software company acquired in 2001. Mr. Mills has significant experience with respect to the design and manufacturing needs of a variety of industries including medical devices, disk drives, consumer products, food packaging, printers, computers and networking, and semiconductor equipment. He has extensive international business experience in Japan, Singapore, and Korea. Mr. Mills earned an MBA from Harvard Business School and an A.B. in engineering, cum laude, from Dartmouth College.

Michael J. Tomczak was appointed to serve as a Director of the Company in September 2006. Mr. Tomczak is currently a partner with Tomczak & Co. CPA LLP, which primarily provides consulting and bookkeeping services to small businesses. He served as Vice President, Chief Financial Officer and Secretary for the Company from 1991 until 1997. Mr. Tomczak served as Retail Technology International, Inc.'s (RTI) Chief Executive Officer and President from 2002 until its sale to Island Pacific, Inc in 2004 and was co-owner during that same time period. RTI was a developer of point-of-sale software and Island Pacific is a developer of retail management software. Mr. Tomczak was also Chairman of RTI's Board of Directors during that same period and had previously served as RTI's Chief Financial Officer from 2001. Upon the sale of RTI to Island Pacific, he became its President and Chief Operating Officer until 2005. Mr. Tomczak was a member of Island Pacific's Board of Directors from 2004 until 2005. Prior to joining the Company in 1991, Mr. Tomczak served as Director of Ernst & Young's Sacramento office's Entrepreneurial Services Group. Mr. Tomczak holds a Bachelor of Business Administration degree from Western Michigan University and is a Certified Public Accountant.

Christopher A. Marlett was appointed to serve as a Director and the Chief Executive Officer of the Company in April 2008. Mr. Marlett is co-founder, chairman and CEO, since 1997, of MDB Capital Group LLC ("MDB",) an investment banking firm focused on equity financings and capital formation for growth-oriented, micro-cap companies. He holds a Bachelor of Science degree in Business Administration from the University of Southern California.

Robert M. Levande was appointed to serve as Director in April 2008 and as Secretary in July 2008. Mr. Levande has been managing director at MDB since May 2003. From April 2002 to April 2003, he was a managing director of Gilford Securities, Inc. and investment firm. Previously, Mr. Levande founded and has served as president of the Palantair Group, Inc., a private consulting firm specializing in providing strategic advice to entrepreneurs in the medical technology industry. From 1972 to 1998, he held various managerial positions with Pfizer, Inc., including vice president-business analysis & development of its medical technology group and senior vice president of a subsidiary, Howmedica, Inc. Mr. Levande was a director of Orthovita, Inc. from 2001 to 2007. Mr. Levande received his Bachelor of Science degree from the Wharton School of Finance and Commerce of the University of Pennsylvania and his Masters of Business Administration degree from Columbia University.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Officers, Directors, and persons who own more than ten percent of a registered class of the Company's equity securities within specified time periods to file certain reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and ten- percent stockholders are required by regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of copies of the reports the Company received and written representations from persons concerning the necessity to file these reports, the Company is not aware of any failure to file reports or report transactions in a timely manner during the fiscal year ended December 31, 2008, except that Christopher A. Marlett, Chief Executive Officer of the Company, filed one late report on Form 4 relating to a change in his beneficial ownership.

Committees of the Board of Directors

Prior to June 2, 2005, the Company had an audit committee and a compensation committee. From June 3, 2005 through September 19, 2006, the Company functioned with only one Director and had no committees. Since September 2006, the Company has appointed four new Directors and has no committees.

Terms of Office

The Directors of the Company are appointed for a one-year term to hold office until the next annual meeting of stockholders of the Company and until their successors have been duly elected and qualified, unless removed from office in accordance with the Company's by-laws. The Board of Directors appoints the officers at its annual meeting immediately following the shareholders annual meeting and such officers hold office until removed from office by the Board of Directors.

Code of Ethics

A Code of Ethics that applies to the Company executive officers as well as to all employees was approved and adopted by the Board of Directors on April 8, 2004 and it is attached to the Company's 10-KSB for the fiscal year ended December 31, 2003. Copies of the Code of Ethics may be obtained free of charge by written request to Integrated Surgical Systems, Inc. attention Chief Financial Officer, 401 Wilshire Blvd, Suite 1020, Santa Monica, CA 90401.

Item 11. Executive Compensation

The following table sets forth, for the fiscal years ended December 31, 2008 and 2007, the compensation awarded to, earned by or paid to the Company's Chief Executive Officer and Chief Financial Officer. There were no executive officers whose total salary and bonus exceeded $100,000 for the year ended December 31, 2008 (collectively, the "Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation Salary (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation	All Other Compensation (1)
Christopher A. Marlett	2008	$-	NA	$-	$-
Chief Executive Officer	2007	NA	NA	NA	NA
Michael J. Tomczak	2008	$-	NA	$-	$-
Chief Financial Officer	2007	NA	NA	NA	NA

(1) Mr. Marlett and Mr. Tomczak are not employees and receives no salary or other compensation for their duties as officers of the Company. Mr. Tomczak is a partner in a firm which provided accounting services to the Company during the year ended December 31, 2008, for a fee of $2,000 per month.

(2) Does not include stock options granted at an exercise price of $0.38 per share as compensation for Mr. Marlett and Mr. Tomczak's position as directors of the Company.

Employment Agreements

There are no current employment agreements.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning shares of our common stock covered by exercisable and unexercisable options held by the Named Executive Officers on December 31, 2008:

	Option Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	(1) Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Christopher A. Marlett	-	25,000	-	$0.38	8/15/2013
Michael J. Tomczak	3,000	-	-	$0.40	11/1/2011
	25,000	-	-	$0.3275	8/13/2012
		25,000	-	$0.38	8/15/2013

(1) Granted to Mr. Marlett and Mr. Tomczak as compensation for their positions as directors and will become fully-vested on 8/15/2009

Director Compensation

Name of Director	Fees (1)	Stock Awards (2)	Option Awards(3)	Total
Peter B. Mills	$25,000	$ --	$ 6,678	$31,678
Michael J. Tomczak	$25,000	$ --	$ 6,678	$31,678
Christopher A. Marlett	$ --	$17,033	$ 2,823	$19,856
Robert M. Levande	$ --	$17,033	$ 2,823	$19,856

(1) The Company compensated its non-employee Directors $6,250 per quarter during fiscal year 2008. Messrs. Mills and Tomczak were directors for the entire year and were paid their compensation in cash.

(2) Messrs. Marlett and Levande became directors in April, 2008 and elected to receive their $6,250 in the form of common shares of the Company with the number of shares to be determined by dividing the compensation earned by the closing price of the Company's stock as of the end of day March 31, 2009. An amount of $17,033 was included in the Statement of Operations for the year ended December 31, 2008, as a general and administrative expense for each of the director's stock awards.

(3) Messrs. Mills and Tomczak each have stock options outstanding at December 31, 2008 of 53,000 shares and Messrs. Marlett and Levande each have stock options outstanding at December 31, 2008 of 25,000 shares. Amounts of $6,678 and $2,823 were included in the Statement of Operations for the year ended December 31, 2008, as a general and administrative expense for each of Messrs. Mills and Tomczak and Messrs. Marlett and Levande for their respective option grants.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information concerning the beneficial ownership of the Company's common stock as of December 31, 2008 by (i) each person known by the Company to be the owner of more than 5% of the outstanding common stock, (ii) each director, (iii) each executive officer named in the Summary Compensation Table above and (iv) all directors and officers as a group.

Name (3)	Amount and Nature of Beneficial Ownership (1)		Percentage of Common Stock Beneficially Owned (2)
Christopher A. Marlett	1,655,082		22.1%
Robert M. Levande	16,551		*
Michael J. Tomczak	28,000	(4)	*
Peter B. Mills	28,000	(5)	*
All Directors and officers as a group (2 persons)	1,727,633		23.1%

\- ---------------------

* Less than one percent.

(1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated, subject to community property laws, where applicable. Includes any securities that such person has the right to acquire within sixty (60) days pursuant to options, warrants, conversion privileges or other rights.

(2) Based on 7,474,894 shares of common stock outstanding as of December 31, 2008.

(3) Address is c/o Integrated Surgical Systems, Inc., 401 Wilshire Blvd., Suite 1020, Santa Monica, 90401.

(4) Includes 3,000 shares that Mr. Tomczak may acquire upon exercise of stock options exercisable within 60 days at an exercise price of $0.40 per share and 25,000 shares of stock options exercisable at $0.38 per share.

(5) Includes 3,000 shares that Mr. Mills may acquire upon exercise of stock options exercisable within 60 days at an exercise price of $0.40 per share and 25,000 shares of stock options exercisable at $0.38 per share.

Securities Authorized for Issuance Under Equity Incentive Plans

The Company has provided in the "Equity Compensation Plans" of Item 11 of this Annual Report on Form 10-K certain information with respect to securities authorized for issuance under the Company's equity plans.

Item 13. Certain Relationships and Related Transactions

Michael J. Tomczak is a partner in an accounting firm that has provided accounting services for the Company since July 2008. The Company pays this firm $2,000 per month for these services. During the year ended December 31, 2008, the Company recorded $13,486 as general & administrative expense on its Statement of Operations.

As of September 12, 2008 the Company executed and extension to it November 28, 2007 Advisory Services Agreement with MDB Capital Group LLC (MDB.) The Company also has a money market account with MDB, invested in short-term federal securities, with a balance of approximately $2,880,000 at December 31, 2008. This extension expired on December 31, 2008. Christopher A. Marlett is the Chief Executive Officer and a director of the Company and the Chief Executive Officer and chairman of MDB. Robert Levande is Secretary and a director of the Company and a managing director of MDB. The only amount paid by the Company to MDB has been a $25,000 advance payment against reimbursable expenses in December 2007. The advance payment is reported as an other current asset on the Company's Balance Sheet.

Item 14. Principal Accountant Fees and Services

Audit Fees
All audit related fees are approved by the Board of Directors. The Board of Directors has considered whether the provisions of such services, including non-audit services, by the Company's Independent Registered Public Accounting Firm is compatible with maintaining their independence and has concluded that it is. The following table sets forth the Company's aggregate fees billed by its Independent Registered Public Accounting Firms for each of the last two fiscal years for the categories of services indicated.

Category	2008	2007
Audit Fees (1)	$112,400	$ 55,200
Audited Related Fees(2)	none	none
Tax fees (3)	5,100	16,000
All Other Fees	none	none
	$117,500	$ 71,200

(1) Consists of the Company estimates of the aggregate fees billed by its Independent Registered Public Accounting Firm for professional services rendered in connection with the audit of the Company's annual financial statements on Form 10 -K for fiscal year 2008 and 10-KSB for fiscal years 2007 and 2006 the review of the Company's quarterly financial statements on Form 10-Q for periods during 2008 and Form 10-QSB for periods during 2007 and 2006 and services that are normally provided by the Independent Registered Public Accounting Firm in connection with the statutory and regulatory filings or engagements.

(2) Includes audit services provided in connection with accounting consultations and internal control reviews.

(3) Consists of professional services rendered for tax compliance, tax advice, and tax planning.

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements

Reference is made to the Financial Statements filed under Item 8, Part II hereof.

2. Financial Statement Schedules

Reference is made to the Final Statements filed under Item 8, Part II hereof.

3. Exhibits

The following exhibits are filed pursuant to Item 601 of Regulation S-K. The numbers set forth below opposite the description of each exhibit correspond to the Exhibit Table of Item 601 of Regulation S-K.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended. (7)
3.2	By-laws of the Registrant, as amended. (1)
3.2	
3.3	Certificate of Designations for Series G Convertible Preferred Stock. (3)
4.1	Form of Warrant issued to the underwriters for the Registrant's initial public offering in November 1996. (2)
4.2	Form of Warrant Agreement relating to the Registrant's Redeemable Common Stock Purchase Warrants. (2)
4.3	Specimen Common Stock Certificate. (2)
4.4	Form of Stock Purchase Agreement between investors and Company, dated April 18, 2008 (9)
4.5	Specimen Warrant Certificate (included as Exhibit A to Exhibit 4.2 herein). (2)
4.6	1998 Stock Option Plan. (5)
4.7	Employee Stock Purchase Plan. (5)
4.8	Common Stock Purchase Warrant issued by the Registrant to International Business Machines Corporation ("IBM"), dated February 6, 1991, as amended (included as Exhibit J to Exhibit 10.5 herein). (2)
4.9	Stockholders' Agreement between the Founders of the Registrant and IBM, dated February 6, 1991 as amended. (2)
4.10	Common Stock Purchase arrant issued by the Registrant to IBM, dated December 21, 1995 (included as Exhibit I to Exhibit 10.5 herein). (2)

Exhibit	Description
4.11	Registration Rights Agreement among the Registrant, IBM, John N, Kapoor Trust ("Kapoor"), EJ Financial Investments V, L.P. ("EJ Financial"), Keystone, Sutter Health and Sutter Health VP, dated as of December 21, 1995 (included as Exhibit G to Exhibit 10.5 herein). (2)
4.12	Form of warrant issued to purchasers of Series G Convertible Preferred Stock. (3)
4.13	Form of Registration Rights Agreement for Series G Convertible Preferred Stock financing. (3)
4.14	2000 Stock Award Plan. (2)
4.15	2000 Long Term Performance Plan. (2)
10.1	Loan and Warrant Purchase Agreement between the Registrant and IBM, dated as of February 6, 1991. (2)
10.2	License Agreement between the Registrant and IBM, dated February 4, 1991. (2)
10.3	Investors Agreement among the Registrant, IBM, Wendy Shelton-Paul Trust, William Bargar, Brent Mittelstadt, Peter Kazanzides, Kapoor, Sutter Health, Sutter Health VP, and EJ Financial, dated as of December 21, 1995. (2)
10.4	Employment Agreement between the Registrant and Ramesh Trivedi, dated December 8, 1995. (2)
10.5	License Agreement between the Registrant and IBM, dated February 4, 1991. (2)
10.6	Preferred Stock Purchase Agreement for Series G Convertible Preferred Stock. (3)
10.7	Asset Purchase Agreement by and between Novatrix Biomedical, Inc. and the Registrant, dated August 4, 2006.(8)
10.8	Loan Agreement and Secured Promissory Note by and between Novatrix Biomedical, Inc. and the Registrant, dated August 4, 2006. (8)
10.9	Security Agreement by and between Novatrix Biomedical, Inc. and the Registrant, dated August 4, 2006. (7)
14.1	Code of Ethics (6)
16.1	Letter on change in certifying accountant, dated as of May 8, 2007 (11)
16.2	Letter on change in certifying accountant, dated as of July 18, 2008 (12)
23.0	Consent of Raiche Ende Malter & Co. LLP, independent registered public accounting firm*
23.1	Consent of Singer Lewak LLP, independent registered public accounting firm*
31.1	Certification Pursuant to Exchange Act Rule 13a-14(a) of Christopher A. Marlett *
31.2	Certification Pursuant to Exchange Act Rule 13a-14(a) of Michael J. Tomczak*
32.1	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Christopher A. Marlett*
32.2	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Michael J. Tomczak*

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* Filed Herewith

(1) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002.

(2) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 (Registration No. 333-48040) declared effective on October 31, 2000.

(3) Incorporated by reference to the Registrant's Registration Statement on Form S-3 (Registration No. 333-40710), declared effective on July 28, 2000.

(4) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 (Registration No. 333-9207), declared effective on November 20, 1996.

(5) Incorporated by reference to the Registrant's Annual Report on Form 10- KSB for the fiscal year ended December 31, 1997.

(6) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003.

(7) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

(8) Incorporated by reference to the Registrant's Interim Report on Form 10-Q for the quarterly period ended June 30, 2008.

(9) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed on July 5, 2007.

(10) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed on July 26, 2007.

(11) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed on May 10, 2007.

(12) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed on July 21, 2008.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Integrated Surgical Systems, Inc.

By: /s/ Christopher A. Marlett
Christopher A. Marlett
(Principal Executive Officer)

Dated: March 30, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the dates indicated.

Signature	Title
/s/ CHRISTOPHER A. MARLETT Christopher A. Marlett Date: March 30, 2009	Chief Executive Officer and Director (Principal Executive Officer)
/s/ MICHAEL J. TOMCZAK Michael J. Tomczak Date: March 30, 2009	Chief Financial Officer and Director (Principal Financial and Accounting Officer)
/s/ ROBERT M. LEVANDE Robert M. Levande Date: March 30, 2009	Secretary and Director
/s/ PETER B. MILLS Peter B. Mills Date: March 30, 2009	Director

Integrated Surgical Systems, Inc.
Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Integrated Surgical Systems, Inc.

We have audited the accompanying balance sheet of Integrated Surgical Systems, Inc. as of December 31, 2007 and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Surgical Systems, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Raich Ende Malter & Co. LLP

Raich Ende Malter & Co. LLP

New York, New York
March 31, 2008

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Integrated Surgical Systems, Inc.

We have audited the accompanying balance sheet of Integrated Surgical Systems, Inc. as of December 31, 2008, and the related statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Surgical Systems, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We were not engaged to examine management's assessment of the effectiveness of Integrated Surgical Systems, Inc.'s internal control over financial reporting as of December 31, 2008, included in the Annual Report under Management's Report on Internal Control Over Financial Reporting and, accordingly, we do not express an opinion thereon.

Los Angeles, California

March 30, 2009

Integrated Surgical Systems, Inc.
Balance Sheets

	As at December 31, 2008	As at December 31, 2007
Current assets:		
Cash and cash equivalents	$ 3,322,358	$ 3,099,199
Investment in available-for-sale securities	1,116,151	--
Other current assets	62,822	51,333
Total current assets	4,501,331	3,150,532
Other assets	--	25,000
Total assets	$ 4,501,331	$ 3,175,532
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,951	$ 4,951
Accrued liabilities	3,000	10,782
Accrued stock compensation	34,066	--
Income taxes payable	800	31,482
Deferred rent - current portion	22,379	41,966
Total current liabilities	65,196	89,181
Rent deposit	8,175	--
Deferred rent - noncurrent	23,185	220,824
Total liabilities	96,556	310,005
Convertible preferred stock, $0.01 par value, 1,000,000 shares authorized; 168 shares issued and outstanding ($168,496 aggregate liquidation value)	168,496	168,496
Stockholders' equity:		
Common stock, $0.01 par value, 100,000,000 shares authorized; 7,474,894 and 4,578,500 shares issued and outstanding at December 31 2008 and 2007, respectively	74,749	45,785
Additional paid-in capital	64,101,448	62,419,665
Accumulated deficit	(59,943,265)	(59,768,419)
Accumulated other comprehensive income	3,347	--
Total stockholders' equity	4,236,279	2,697,031
Total liabilities and stockholders' equity	$ 4,501,331	$ 3,175,532

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Operations

	Year Ended December 31, 2008	2007
Continuing operations		
General and administrative expenses	$ 243,032	$ 199,300
Interest income, net	74,325	53,555
Loss from continuing operations before taxes	(168,707)	(145,745)
Income Taxes	800	--
Loss from continuing operations	(169,507)	(145,745)
Discontinued Operations:		
Income (loss) from operations of discontinued segment	--	(1,273,836)
Net gain on sale of assets	--	6,376,137
Income tax expense	(5,339)	(30,000)
Gain (loss) from discontinued operations	(5,339)	5,072,301
Net income (loss)	$ 174,846	$ 4,926,556
Basic net income (loss) per common share		
Continuing operations	$ (0.03)	$ (0.03)
Discontinued operations	$ --	$ 1.11
	$ (0.03)	$ 1.08
Diluted net income (loss) per common share		
Continuing operations	$ (0.03)	$ (0.03)
Discontinued operations	$ --	$ 0.96
	$ (0.03)	$ 0.93
Weighted average number of shares outstanding:		
Basic	6,556,911	4,578,500
Diluted	6,556,911	5,280,567

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Stockholders' Equity

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' (Deficit)/Equity
Balance at December 31, 2006	4,578,500	$ 45,785	$ 62,398,269	$ --	$(64,694,975)	$ (2,250,921)
Employee stock options	--	--	15,890	--	--	15,890
Stock-based compensation	--	--	5,506	--	--	5,506
Net income	--	--	--	--	4,926,556	4,926,556
Balance at December 31, 2007	4,578,500	45,785	62,419,665	--	(59,768,419)	2,697,031
Sale of common stock, net of	2,896,394	28,964	--	--	1,691,742	
offering costs	1,662,778					
Stock-based compensation	--	--	19,005	--	--	19,005
Unrealized gain on investment in securities	--	--	--	3,347	--	3,347
Net loss	--	--	--	--	(174,846)	(174,846)
Balance at December 31, 2008	7,474,894	$ 74,749	$ 64,101,448	$ 3,347	$(89,943,265)	$ 4,236,279

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Cash Flows

	For the Year Ended December 31, 2008	2007
Continuing operations		
Cash flows from continuing operating activities	$ (169,507)	$ (145,745)
Loss from continuing operations		
Adjustments to reconcile net loss from continuing operations to cash used in continuing operating activities:		
Stock-based compensation	19,005	21,396
Stock compensation	34,066	--
Changes in assets and liabilities		
Other current assets	13,511	(51,333)
Other assets	--	(25,000)
Accrued liabilities	(7,782)	--
Other current liabilities	--	(444,408)
Income taxes payable	(30,682)	--
Rent deposit received	8,175	--
Deferred rent payable	(217,226)	262,790
Cash used in continuing operating activities	(350,440)	(382,300)
Cash flows from continuing investing activities		
Purchase of fixed income securities	(1,112,804)	--
Cash provided by (used in) continuing investing activities	(1,112,804)	--
Cash flows from continuing financing activities		
Proceeds from sale of common stock	1,750,000	--
Offering costs	(58,258)	--
Cash provided by continuing financing activities	1,691,742	--
Cash provided by continuing operations	228,498	--
Discontinued operations		
Net cash used in discontinued operating activities	5,339	(2,320,400)
Net cash provided by discontinued investing activities	--	3,474,631
Net cash provided by discontinued financing activities	--	1,000,000
Net cash provided by discontinued operations	5,339	2,154,231
Net increase in cash	223,159	1,771,931
Cash at beginning of period	3,099,199	1,327,268
Cash at end of period	$ 3,322,358	$ 3,099,199
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 35,339	$ --
Unrealized gain on available-for-sale securities	$ 3,347	$ --

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Notes to Financial Statements

1. Organization and Operations

Integrated Surgical Systems, Inc. (the "Company") was incorporated in Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. The Company's products were authorized to be sold through international distributors to hospitals and clinics in European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa.

On June 28, 2007, upon the sale of substantially all of its assets, the Company became inactive. As a result, all the Company's operations from January 1, 2007 through June 28, 2007 have been classified as discontinued operations.

On June 28, 2007, the stockholders approved the future liquidation of the Company if the Company is unable to complete an acquisition or similar transaction within one year of the sale of its assets. At the same time, our stockholders granted the Board of Directors authority to abandon any decision to liquidate without further stockholder action if it determines the liquidation is not in the best interests of the Company or our stockholders. The Board of Directors decided it is in the best interest of the Company and its stockholders to not liquidate.

2. Basis of Presentation

The accompanying financial statements reflect the operating results and financial position of the Company in accordance with accounting principles generally accepted in the United States of America.

3. Significant Accounting Policies

Use of estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:
Reclassifications have been made to prior years' financial statement presentation to conform to the current year presentation. Deferred offering costs have been reclassed to other assets.

Cash and cash equivalents:
Such assets include savings account, checking account and money market account held in three financial institutions. The Company has a checking account and savings accounts at one institution with combined balances of approximately $391,000 at December 31, 2008. The Company has a savings account in another financial institution with a balance of $48,000 at December 31, 2008. These accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. The Company has a money market account in a brokerage account with a third financial institution, invested in short-term federal securities, with a balance of approximately $2,883,000 at December 31, 2008. The funds in the money market at this institution are guaranteed by the Securities Investor Protection Corporation (SIPC) up to $500,000. The Company had total uninsured funds at December 31, 2008 of $2,524,000.

Investment in Available-for-Sale Securities:
The Company has a portfolio of investments, which is accounted for in accordance with SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities." in available-for-sale debt securities. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. These fixed income debt securities are classified as available-for-sale. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, if any, are reported as other comprehensive income, a separate component of stockholders' equity.

Stock-Based Compensation:
Compensation costs for stock, warrants or options issued to employees and non-employees are based on the fair value method and accounted for in accordance with SFAS No. 123 (R) "Share-Based Payment.". The value of warrants and options are calculated using a Black-Scholes Model, using the market price of our common stock on the date of issuance, an expected dividend yield of zero, the expected life of the warrants or options and the expected volatility of our common stock. The Company expects the options to fully vest and the forfeiture rate to be zero.

Stock-based costs with future service periods are recognized as options vest over its service period.

Research and Development
Research and development costs had been expensed as incurred. Grants received from third parties for research and development activities had been recorded as reductions of research and development expense over the term of the agreement as the related activities were conducted.

Research and development expenses were $0 and $677,403 for the years ended December 31, 2008 and 2007, respectively.

Income Taxes:
Deferred income taxes have been provided for temporary differences between financial statement and income tax reporting under the liability method, using expected tax rates and laws that are expected to be in effect when the differences are expected to reverse. A valuation allowance is provided when realization is not considered more likely than not.

Effective January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement 109, "Accounting for Income Taxes", and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company's policy is to classify expenses as a result of income tax assessments, as interest expense for interest charges and as penalties in general and administrative expenses for penalty assessments.

New Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS 141R"), which replaces SFAS No. 141, "Business Combinations." SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including non-controlling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R would have an impact on accounting for any businesses acquired after the effective date of this pronouncement.

Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", ("SFAS 157") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require the use of fair value measurements. A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability. The Company has elected a deferral of full implementation of SFAS 157 in accordance with Statement of Financial Accounting Standards Board Staff Position No. 157-2 which defers the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis.

SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement 115", ("SFAS 159") permits an entity to elect to measure various financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected should be reported in earnings at each subsequent reporting date.

Effective January 1, 2008, the Company adopted SFAS 157 and SFAS 159 without any effect. As permitted by SFAS 159 we have elected to not use the fair value option to measure our available-for-sale securities and will continue to report under SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities." We have made this election because the nature of our assets and liabilities are not of such complexity that they would benefit from a change in valuation to fair value.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained non-controlling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any non-controlling interests as a separate component of stockholders' equity. The Company would also be required to present any net income allocable to non-controlling interests and net income attributable to stockholders of the Company separately in its consolidated statements of income. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 would have an impact on the presentation and disclosure of the non-controlling interests of any non wholly-owned businesses acquired in the future.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative and Hedging Activities." SFAS 161 amends and expands the disclosure requirements related to derivative instruments and hedging activities. SFAS 161 requires qualitative disclosures about credit-risk-related contingent features in derivative agreements. The provisions of SFAS 161 are effective for fiscal years beginning after December 15, 2008. The Company does not currently expect the adoption of SFAS 161 to have a material effect on its results of operations and financial condition.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS 162 will become effective 60 days following the SEC's approval of the Public Company Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not currently expect the adoption of SFAS 162 to have a material effect on its results of operations and financial condition.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

4. Income (Loss) Per Share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period plus dilutive common stock equivalents, using the treasury stock method.

For the year ended December 31, 2007 dilutive common stock equivalents were convertible preferred stock of 660,769 shares. Convertible preferred stock of 707,966 shares would have been dilutive if the Company did not have a net loss for the year ended December 31, 2008.

A warrant for 30,000 shares and stock options of 162,950 and 63,050 were excluded from the calculation of loss per share for the years ended December 31, 2008 and 2007, respectively, because their effect was anti-dilutive.

5. Gain on Sale of Assets/Discontinued Operations

On June 28, 2007, the Company sold substantially all of its assets in exchange for $4,000,000 in cash, plus the cancellation of a note payable in the amount of $3,700,000 and accrued interest thereon of $234,462.

The gain on sale of assets consisted of the following:

Proceeds	
Cash	$ 4,000,000
Cancellation of indebtedness	3,934,462
Total proceeds	7,934,462
Net book value of assets sold	(801,007)
Employee retention incentives (a)	(486,385)
Present value of net future lease payments (b)	(250,376)
Legal expenses	(20,557)
Gain on sale of assets (c)	$6,376,137

In connection with the sale:

(a) Certain employees of the Company received payments to remain with the Company until the closing date to affect an orderly transfer of assets to the purchaser.

(b) The purchaser has agreed to sublease the Company's space for the remainder of the lease term (Note 13). The Company has accrued the present value of the rent for the balance of the lease term, net of the rent to be received under the sublease.

(c) Before the utilization of the Company's net operating loss carryforwards for Federal and State purposes, the Company's income taxes on the gain were approximately $30,000.

6. Investment in Available-for-Sale Securities

The following is a summary of the Company's investment in available-for-sale securities as of December 31, 2008:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$1,112,804	$ 3,409	$ (62)	$1,116,151

The cost and fair value of investment in available-for-sale debt securities, by contractual maturity, as of December 31, 2008, are as follows:

	Cost	Fair Value
Due within one year	$ --	$ --
Due after one year through three years	877,007	880,289
Due after three years	235,797	235,862
Mortgage-backed securities	--	--
	$1,112,804	$1,116,151

Expected maturities will differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without any penalties. The Company intends to be opportunistic with the purchase and sale of its debt securities and expects all the securities to be sold or called during the year ended December 31, 2009. Therefore, the Company has classified the entire fair value of its investment in available-for-sale debt securities as current assets in the accompanying balance sheets.

7. Common Stock

Effective July 26, 2007, the Company declared a 1-for-10 reverse stock split of its outstanding shares of common stock. All share and per share amounts have been restated for the split.

On April 25, 2008, the Company sold an aggregate of 2,896,394 shares of common stock at $0.6042 per share, for an aggregate purchase price of $1,750,000. The Company incurred $58,258 of expenses in connection with the offering. Certain of the investors are directors and affiliated with the Company's advisory services firm that has provided investment banking services.

8. Convertible Preferred

Stock The Company's Certificates of Incorporation authorized 1,000,000 shares of undesignated, serial preferred stock. Preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized to determine the rights, preferences, privileges, and restrictions granted to and imposed upon any wholly unissued series of preferred stock and designation of any such series without any further vote or action by the Company's stockholders.

As of December 31, 2008 and 2007, the Company's only outstanding series of convertible preferred stock is the Series G Convertible Preferred Stock ("Series G").

The Series G stock has a stated value of $1,000 per share, and is convertible into common stock at conversion price equal to 85% of the lowest sale price of the common stock on its listed market over the five trading days preceding the date of conversion ("Beneficial Conversion Feature"), subject to a maximum conversion price. The number of shares of common stock that may be converted is determined by dividing the stated value of the number of shares of convertible preferred stock to be converted by the conversion price. The Company may elect to pay the Series G holder in cash at the current market price multiplied by the number of shares issuable upon conversion.

The value that had been assigned to the Beneficial Conversion feature of the Series G was based on the difference between the maximum conversion price and quoted market price of the common stock on the date that the Series G was sold (the "Discount"). The Discount was accreted using the straight-line method over the conversion period. The Series G does not entitle holders to dividends or voting rights, unless required by law.

For the years ended December 31, 2008 and 2007, no shares of Series G were converted into shares of common stock. At December 31, 2008 and 2007, the outstanding Series G shares could have been converted into a minimum of 707,966 and 660,769 shares of common stock, respectively.

Upon a change in control, sale of or similar transaction, as defined, each holder of the Series G has the option to deem such transaction as a liquidation and may redeem their shares at the liquidation value of $1,000, per share, for an aggregate amount of $168,496. As such redemption is not in control of the Company, the Series G preferred stock has been accounted for as if they were redeemable preferred stock and are classified on the balance sheet between liabilities and stockholders' equity.

9. Stock-based compensation

The Company currently has a stock option plan to attract, motivate and retain selected officers, employees, directors and consultants under which incentive or non-incentive options may be granted, generally for a term of ten years from the date of grant. Exercise prices of incentive stock options may not be less than 100% and exercise prices of non-statutory stock options may not be less than 85%

of the fair market value of the common stock on the date of the grant. For persons owning 10% or greater of the voting power of all classes of the Company's stock, the exercise price of the incentive or the non-qualified stock options may not be less than 110% of the fair market value of the common stock on the date of the grant. Both plans are administered by the Company's board of directors.

SFAS 123(R) requires entities to estimate the number of forfeitures expected to occur and record expense based upon the number of awards expected to vest. Prior to adoption of SFAS No. 123(R), the Company accounted for forfeitures as they occurred, as permitted under SFAS No. 123. The cumulative effect of adopting the method change of estimating forfeitures is not material to the Company's financial statements for the year ended December 31, 2008.

The 1998 Stock Option Plan (1998 Plan) was established to grant up to 85,000 non-qualified options through May 12, 2008 to employees and other individuals providing services to the Company. Options under the 1998 Plan vest variably from one year to four years from the date grant and must be exercised within 30 days of employee termination. As of December 31, 2008 the plan had expired therefore, no options were available for future grant. At December 31, 2007, the 1998 plan had 22,857 options available for future grant.

The 2000 Stock Award Plan (2000 Plan) was established to grant up to 100,000 incentive options through December 11, 2010 to employees, excluding officers and directors, and other individuals providing services to the Company. Options under the 2000 Plan vest variably from one year to four years from the date grant and must be exercised within three months of employee termination. As of December 31, 2008 and December 31, 2007, the 2000 plan had 98,046 options available for future grant.

Under both plans, exercised, forfeited/expired or cancelled shares may be reissued.

Options outstanding or options forfeited/expired may be from expired plans. For the year ended December 31, 2008, option activity was as follows:

	Shares	Weighted-Average Exercise Price	Remaining Contractual Term	Aggregate Fair Value
Outstanding at beginning of year	63,050	$ 3.04		
Granted	100,000	$ 0.38		
Expired and forfeited	2,050	$ 36.21		
Exercised	-	$ -		
Outstanding at end of year	161,000	$ 0.97	4.09	$43,335
Exercisable at end of year	61,000	$ 1.92	1.26	$13,215

The Company expects options for 100,000 shares of common stock will vest during the year ended December 31, 2009.

For the year ended December 31, 2008, there were options for 100,000 shares of common stock that were granted outside of either of the Company's stock option plans.

The weighted-average grant-date fair vale of options granted during the years 2008 and 2007 were $0.30 and $0.26, respectively. The Company's stock options have no intrinsic value as of December 31, 2008 and 2007.

For the years ended December 31, 2008 and 2007, the Company recorded stock-based compensation expense, related to its stock options, of $ 19,005 and $ 21,396 respectively, which is included in general and administrative expenses.

As of December 31, 2008, a summary of options outstanding was as follows:

Range of Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Number Outstanding at 12/31/08	Weighted-Average Exercise Price	Number Exercisable at 12/31/08	Weighted-Average Exercise Price
0.00-9.99	4.2	158,000	$0.36	58,000	$0.34
10.00-30.99	1.1	1,500	29.17	1,500	29.17
31.00-37.00	0.2	1,500	36.04	1,500	36.04
	4.3	161,000	$0.97	61,000	$1.92

The following is a summary of the status of the Company's non-vested shares as of December 31, 2008, and changes during the year ended December 31, 2008:

Non-vested Shares	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at beginning of year	50,000	$0.26
Granted	100,000	0.30
Expired and Forfeited	-	-
Vested	50,000	0.26
Non-vested at end of year	100,000	$0.30

Stock-based compensation expense of $26,000 will be recognized for non-vested options at December 31, 2008 in the amount of $26,000 during the year ended December 31, 2009.

The following weighted average assumptions were used for the Black-Scholes valuation of the stock granted for the years ended December 31,:

	2008	2007
Risk-free interest rate	3.11%	4.58%
Expected life of options	5 years	5 years
Annualized volatility	108.95%	110.50%
Dividends	-	-
Discount for post-vesting restrictions	-	-

During the year ended December 31, 2008, the Company granted non-qualified stock options to each of its directors to purchase an aggregate of 100,000 shares of common stock at an exercise price of $0.38. During the same period, the Company finalized its plan to compensate two of its directors with common stock in lieu of cash compensation. The number of shares to be issued as compensation will be based upon the equivalent cash compensation accrued divided by the closing stock price on March 31, 2009. The Company recorded stock-based compensation related to this common stock for the year ended December 31, 2008 of $34,066. The non-vested stock-based compensation for this common stock at December 31, 2008 was $12,500 which is expected to be recognized as stock-based compensation expense in the first three months of fiscal year 2009.

10. Income Taxes

Effective January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No.109" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement 109, "Accounting for Income Taxes," and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance under recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.
The Company's policy is to classify assessments, if any, for tax related interest as interest expenses and penalties as general and administrative expenses.

As of December 31, 2008, the Company had net operating loss (NOL) carryforwards of approximately $51,000,000 which expires between 2009 and 2028.

As of December 31, 2008, the Company had State NOL carryforwards of approximately $1,000,000 which expires between 2015 and 2018.

As of December 31, 2008, realization of the Company's net deferred tax asset of approximately $18,603,000 was not considered more likely than not, and accordingly, a valuation allowance of $18,603,000 has been provided. For the year ended December 31, 2008, the valuation allowance decreased by $1,003,000.

As of December 31, 2008, management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. Federal and state income tax returns for the years ended December 31, 2007, 2006 and 2005 are subject to review by the taxing authorities.

As of December 31, 2008 and 2007, significant components of deferred tax assets consisted of the following:

	2008	2007
Net operating loss	$ 17,317,000	$ 18,300,000
Research and development credit	1,243,000	1,200,000
Deferred rent	14,000	100,000
Stock-based compensation	29,000	6,000
	18,603,000	19,606,000
Less valuation allowance	(18,603,000)	(19,606,000)
Net Deferred Tax	$ --	$ --

For the years ended December 31, 2008 and 2007, the provision for income taxes on the statement of operations differs from the amount computed by applying the statutory Federal income tax rate to income before the provision for income taxes, as follows:

	2008	2007
Federal expense expected at statutory rate	$ (57,632)	$ 1,666,000
State income taxes, net of Federal benefit	(9,249)	290,000
State alternative minimum tax	--	30,000
Other	654	200,000
Change in valuation allowance	67,027	(2,156,000)
Effective Income Tax	$ 800	$ 30,000

11. Related Party Transactions

In July, 2008, the Company retained an accounting firm in which an officer and director is a partner to perform accounting and administrative services. During the year ended December 31, 2008, the Company paid this firm $13,486.

In September 2008, the Company extended its November, 2007 Investment Banking Advisory Services agreement to December 31, 2008. The Company paid a reimbursable expense advance of $25,000 in December 2007 as part of this agreement. There have been no other payments or fees earned as a result of this agreement. The Company also has a money market account with this financial institution, invested in short-term federal securities, with a balance of approximately $2,880,000 at December 31, 2008. The Chief Executive Officer and director of the Company is the Chief Executive Officer and director of the financial institution. Another officer and director of the Company is a managing director of the same financial institution.

12. Fair Value Measurement

The Company has recorded a deferred rent liability in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", ("SFAS 146") and SFAS No. 157, "Fair Value Measurements", ("SFAS 157"). The change in fair value of the deferred rent liability during the year ended December 31, 2008, was $217,226 resulting in a liability of $45,564. The amount of the liability was calculated based on the net present value technique using an interest rate of 4.58%. The interest rate is based upon the three-year Treasury-Bill rate as of July 2007. The change was due to a new sublease agreement with a company to rent office space from the Company.

13. Commitments and Contingencies

Product Liability Insurance

The Company is currently self-insured for product liability insurance. The Company is not aware of any current product liability claims.

Lease

As of December 31, 2008, the Company was committed for future minimum rent under the lease for their former manufacturing, warehouse and administrative space, net of sublease income, plus subsidy payments by the Company to the sublessor, through December 31, 2010. The present value of the future minimum rent under the lease, net of sublease income, was charged to general and administrative expenses in connection with the Company's continuing operations. The minimum payments are as follows:

	Lease	Sublease net of sublease subsidy payments	Net
2009	$ 95,175	$ 71,175	$ 24,000
2010	97,875	73,875	24,000
	$193,030	$145,050	$ 48,000

Other

The Company is subject to claims arising in the ordinary course of business. On January 8, 2009, a complaint was filed in Superior Court of California, County of Sacramento in which the Company was named as a co-defendant in a matter involving an automobile accident. The plaintiffs are seeking damages for pain & suffering, emotional distress, past and future medical expenses and past and future loss of earnings totaling approximately $30,000,000. The Company believes the demands are totally without merit and intends to vigorously defend the complaint. There are no other current proceedings or litigation involving us that we believe if judgment were rendered against us would have a material adverse impact on our financial position, results of operations or cash flows.

Exhibit 23.0

Consent of Raich Ende Malter & Co. LLP,
Independent Registered Public Accounting Firm

The Board of Directors
Integrated Surgical Systems, Inc.

We hereby consent to the use of our auditors' report relating to the balance sheet of Integrated Surgical Systems, Inc., as of December 31, 2007 and the related statements of operations, stockholders' equity and cash flows for the year then ended to be included in this Annual Report on Form 10-K for the fiscal year ending December 31, 2008, as it related to the incorporation by reference of such financial statements in the Registration Statements on Form S-8, both dated January 1, 2001 (for 500,000 shares of common stock under the 2000 Stock Award Plan and 1,000,000 shares of common stock under the 2000 Long-Term Performance Plan of Integrated Surgical Systems, Inc.)

By: /s/ Raich Ende Malter & Co. LLP

Raich Ende Malter & Co. LLP
Independent Registered Public Accounting Firm

New York, New York
March 30, 2009

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (No.333-53188 and No. 333-53190) on Form S-8 of Integrated Surgical Systems, Inc. of our report dated March 30, 2009, relating to our audit of the financial statements, which appears in this Annual Report on Form 10-K of Integrated Surgical Systems, Inc. for the year ended December 31, 2008.

SingerLewak LLP
Los Angeles, California

March 30, 2009

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett certify that:

1. I have reviewed this Annual Report on Form 10-K of Integrated Surgical Systems, Inc.(the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The small Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   d) disclosed in this Annual Report any change in the Registrant's's internal control over financial reporting that occurred during the Registrant'smost recent fiscal quarter (the Registrant'sfourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant'sinternal control over financial reporting; and

5. The Registrant'sother certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant'sauditors and the audit committee of the small Registrant'sboard of directors (or persons performing the equivalent functions);

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant'sinternal control over financial reporting.

Date: March 30, 2009

By: /s/ CHRISTOPHER A. MARLETT

Christopher A. Marlett
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Tomczak certify that:

1. I have reviewed this Annual Report on Form 10-K of Integrated Surgical Systems, Inc.(the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The small Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   d) disclosed in this Annual Report any change in the Registrant's's internal control over financial reporting that occurred during the Registrant'smost recent fiscal quarter (the Registrant'sfourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant'sinternal control over financial reporting; and

5. The Registrant'sother certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant'sauditors and the audit committee of the small Registrant'sboard of directors (or persons performing the equivalent functions);

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant'sinternal control over financial reporting.

Date: March 30, 2009

By: /s/ MICHAEL J. TOMCZAK

Michael J. Tomczak
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett,, Chief Executive Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report on Form 10-K of the Company for the year ended December 31, 2008, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2009

/s/ CHRISTOPHER A. MARLETT

Christopher A. Marlett
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Tomczak, Chief Financial Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report on Form 10-K of the Company for the year ended December 31, 2008, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2009

/s/ MICHAEL J. TOMCZAK

Michael J. Tomczak
Chief Financial Officer