U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2002

Commission file number 1-12471

INTEGRATED SURGICAL SYSTEMS, INC.
(Name of Small Business Issuer in its Charter)

Delaware
(State of incorporation)

68-0232575
(IRS Employer Identification Number)

1850 Research Park Drive,
Davis, CA
(Address of principal executive offices)

95616-4884
(Zip Code)

(530) 792-2600
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Each Exchange on which registered
Common Stock, $.01 Par Value	None
Common Stock Purchase Warrants	None

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

On May 1, 2002 the issuer had 38,311,464 shares of common stock, $.01 par value, outstanding.

Integrated Surgical Systems, Inc.
Form 10-QSB
For the quarter ended March 31, 2002

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Part I. Financial Information
Item 1. Financial Statements (unaudited)

Integrated Surgical Systems, Inc.
Consolidated Balance Sheet
March 31, 2002
(Unaudited)

Assets	
Current assets:	
Cash	$ 216,861
Accounts receivable less allowance for doubtful accounts of $60,000	1,121,328
Inventory	1,883,694
Other current assets	308,137
Total current assets	3,530,020
Net property and equipment	347,611
Leased equipment, net	136,095
Intangible assets, net	288,098
Other assets	10,231
	$ 4,312,055
Liabilities and stockholders' equity (deficit)	
Current liabilities:	
Accounts payable	$ 1,693,063
Accrued payroll and related expense	398,184
Accrued liabilities	164,555
Unearned income	3,125,583
Other current liabilities	413,194
Total current liabilities	5,794,579
Note payable	85,588
Commitments and contingencies	
Convertible preferred stock, $0.01 par value, 1,000,000 shares authorized; 312 shares issued and outstanding ($312,056 aggregate liquidation value)	312,056
Stockholders' equity (deficit):	
Common stock, $0.01 par value, 100,000,000 shares authorized; 38,311,464 shares issued and outstanding	383,115
Additional paid-in capital	61,794,241
Accumulated other comprehensive loss	(1,130,310)
Accumulated deficit	(62,927,214)
Total stockholders' equity (deficit)	(1,880,168)
	$4,312,055

See accompanying notes.

Integrated Surgical Systems, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended March 31, 2002	2001
Net revenue	$ 908,735	$ 1,635,541
Cost of revenue	388,615	479,506
	520,120	1,156,035
Operating expenses:		
Selling, general and administrative	845,685	1,199,778
Research and development	705,805	863,765
Amortization of intangibles	209,760	209,760

	1,761,250	2,273,303
Operating loss	(1,241,130)	(1,117,268)
Other income (expense), net:	(22,841)	(182,575)
Net loss	$(1,263,971)	$(1,299,843)
Basic and diluted net loss per common share	$ (0.03)	$ (0.04)
Shares used in computing basic net loss per share	38,309,715	32,693,155

See accompanying notes.

Integrated Surgical Systems, Inc.
Consolidated Statements Cash Flows (Unaudited)
Increase (Decrease) in Cash

	Three months ended March 31, 2002	2001
Cash flows from operating activities:		
Net loss	$(1,263,971)	$(1,299,843)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	225,494	133,725
Amortization of intangible assets	209,760	227,264
Stock compensation	508	-
Changes in operating assets and liabilities:		
Accounts receivable	(547,981)	(370,807)
Inventory	7,912	603,807
Other current assets	(83,187)	37,889
Accounts payable	(41,129)	166,176
Accrued payroll and related expenses	7,540	(50,143)
Accrued liabilities	(63,050)	(143,607)
Unearned income	986,140	236,030
Other current liabilities	(36,373)	(79,438)
Net cash (used) in operating activities	(598,337)	(538,947)
Cash flows from investing activities:		
Principal payments received on sales-type lease	-	22,552
Purchases of property and equipment	(3,081)	-
Net cash provided by investing activities	(3,081)	22,552
Cash flows from financing activities:		
Payments on bank loan	-	(76,994)
Proceeds from sale of common stock and warrants	-	529,000
Proceeds from officer advances	22,500	-
Payments on officer advances	(22,500)	-
Net cash provided by financing activities	-	452,006
Effect of exchange rate changes on cash	17,905	(80,877)
Net increase (decrease) in cash	(583,513)	(145,266)
Cash at beginning of period	800,374	276,322
Cash at end of period	$ 216,861	$ 131,056

See accompanying notes.

Integrated Surgical Systems Inc.

Notes to Consolidated Financial Statements (unaudited)
March 31, 2002

1. Basis of presentation. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

As discussed in Item 5. below, our cash position has deteriorated subsequent to March 31, 2002 and as of May 8, 2002 we had not yet identified sources of sufficient cash to assure our continuing operations.

The reports of our independent auditors on our 2001 and 2000 consolidated financial statements included explanatory paragraphs stating that there is substantial doubt with respect to our ability to continue operating as a going concern. Our plan to address this issue--increasing sales of our products in existing markets, increasing sales of system upgrades and reducing operating expenses--can only be realized to the extent that we generate sufficient cashflow to meet our obligations. In the event that we are unsuccessful, it is possible that we will cease operations or file for bankruptcy. The consolidated financial statements do not include any adjustments to reflect the uncertainties related to the recoverability and classification of assets or the amounts and classification of liabilities that may result from an inability on our part to continue as a going concern.

Operating results for the three month period ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in the Integrated Surgical Systems, Inc. annual report on Form 10-KSB for the year ended December 31, 2001.

2. Inventories. At March 31, 2002, the components of inventory were:

Raw materials	$ 320,302
Work-in-process	633,022
Finished goods	746,458
Deferred product development contract costs	183,912
	$1,883,694

3. Stockholders' equity. On January 31, 2002, 5,079 shares of common stock, with a fair value of $507.90, were issued to a consultant for employee recruiting services under our 2000 Stock Award Plan.

4. Net loss per share. At March 31, 2002, outstanding options to purchase 1,655,517 shares of common stock (with exercise prices ranging from $0.06 to $8.63), 9,447,604 outstanding warrants to purchase 16,023,324 shares of common stock (with exercise prices from $0.01 to $8.34), and 3,900,700 shares of common stock issuable upon conversion of Series G and H convertible preferred stock could potentially dilute basic earnings per share in the future and have not been included in the computation of diluted net loss per share because to do so would have been antidilutive for the periods presented. The exercise price and the ultimate number of shares of common stock issuable upon conversion of the warrants are subject to adjustments based upon the occurrence of certain future events.

5. Accumulated other comprehensive loss.

	Three months ended March 31, 2002	2001
Net loss	$(1,263,971)	$(1,299,843)
Other comprehensive loss:		
Foreign currency translation	158,127	(337,772)
Comprehensive loss	$(1,105,844)	$(1,637,615)

6. Recent accounting pronouncements.

We adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," on January 1, 2002. Under SFAS No.

142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if impairment indicators arise, for impairment. Intangible assets whose lives are not indefinite are amortized over their useful lives, and reviewed for impairment in accordance with SFAS No. 121. The adoption of SFAS No. 142 on January 1, 2002 had no impact on our consolidated financial position or results of operations.

We adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," on January 1, 2002. SFAS No. 144, which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," provides a single accounting model for long-lived assets to be disposed of. Although retaining many of the fundamental recognition and measurement provisions of SFAS No. 121, SFAS No. 144 significantly changes the criteria that would have to be met to classify an asset as held-for-sale. The distinction is important because assets held-for-sale are stated at the lower of their fair values or carrying amounts and depreciation is no longer recognized. The adoption of SFAS No. 144 on January 1, 2002 had no impact on our consolidated financial position or results of operations.

Item 2. Management's Discussion and Analysis

Results of Operations

Net revenue of $909,000 for the three months ended March 31, 2002 was 44% lower than the level achieved in the same period of 2001. Revenue from the sale of one system was recognized during the first quarter of 2002, versus no recognized systems sales in the comparable period of 2001. However, revenue for the first quarter of 2001 included approximately $354,000 from implant library development contracts for which no revenue was recognized for the first quarter of 2002. The first quarter of 2001 also included more sales of systems parts and upgrades than the first quarter of 2002.

Revenue has not been recognized for two additional systems sold during the first quarter of 2002, for which installation and training was not yet complete.

Our gross margin was 57% for both the year ended December 31, 2001 and the three months ended March 31, 2002. The 71% gross margin of the first quarter of 2001 was due to the relatively higher margin upgrades and services sold during that period.

Selling, general and administrative expenses and research and development expenses were 30% and 18% lower respectively, for the three months ended March 31, 2002 than for the comparable period of 2001 due to headcount reduction and continuing cost containment measures.

Other expenses decreased approximately $160,000 for the three months ended March 31, 2002 over the same period in 2001, primarily due to a decrease in our currency exchange loss (from $167,000 in 2001 to $21,000 in 2002) as the intercompany balances which give rise to the losses were reduced.

Liquidity and Capital Resources

As discussed in Item 5. below, our cash position has deteriorated subsequent to March 31, 2002 and as of May 8, 2002 we had not yet identified sources of sufficient cash to assure our continuing operations.

The reports of our independent auditors on our 2001 and 2000 consolidated financial statements included explanatory paragraphs stating that there is substantial doubt with respect to our ability to continue operating as a going concern. Our plan to address this issue--increasing sales of our products in existing markets, increasing sales of system upgrades and reducing operating expenses--can only be realized to the extent that we generate sufficient cashflow to meet our obligations. In the event that we are unsuccessful, it is possible that we will cease operations or file for bankruptcy. The consolidated financial statements do not include any adjustments to reflect the uncertainties related to the recoverability and classification of assets or the amounts and classification of liabilities that may result from an inability on our part to continue as a going concern.

At March 31, 2002 our "quick ratio" (cash and accounts receivable divided by current liabilities), a conservative liquidity measure designed to predict our ability to pay our bills, was only .23. It has been difficult for us to meet our obligations, including payroll, as they come due, and we expect this situation to continue through 2002. In February 2002, one of our officers advanced us $22,500 in order for us to meet our payroll obligations. The advance was non-interest-bearing and was repaid in five days. See Item 5. below for additional information.

Unearned income, payments for systems sales on which revenue is not yet recognized, as well as advance payment for service contracts which revenue is recognized ratably over the period of the contract, was our largest source of cash for the three month period ended March 31, 2002 and represents 53% of our liabilities at March 31, 2002. Our largest use of cash, a $548,000 increase in accounts receivable, represents the balance due on one of the systems shipped during the first quarter for which revenue has not yet been recognized.

On April 1, 2002 there were 38.3 million shares of our common stock outstanding, trading in the over-the-counter market at $0.07 per share, giving us a market capitalization of $2.7 million. It is not likely, therefore, that we will be able to raise significant funds in the equity markets.

For further information, refer to our Management's Discussion and Analysis included in our annual report on Form 10-KSB for the year ended December 31, 2001.

Part II. Other Information

Item 5. Other Information

We met our payroll obligation for the semi-monthly period ended April 30, 2002 with the assistance of an officer's advance of $70,000 and the agreement of our officers and certain of our other employees to a deferral of the amounts then owed. At May 8, 2002, we had less than $20,000 in cash, the officer's advance had not been repaid nor had we been able to settle the deferred salaries. As of May 8, 2002, we had not yet identified guaranteed sources of sufficient cash to meet our May 15, 2002 payroll.

We are working to address this shortfall by attempting to negotiate cash advances for undelivered systems, accelerated payment terms of other contracts, additional salary deferrals from our employees and new equity investment. However, we can offer no assurance that we will be successful in our attempts to strengthen our cash flows. Unless we are able to secure sufficient funds on a timely basis to satisfy our short-term operating requirements, we may have to cease operations or file for bankruptcy.

Item 6. Exhibits and Reports on Form 8-K

(a)Exhibits

None.

(b)Reports on Form 8-K.

None.

SIGNATURE

In accordance with 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/ PATRICIA E. PILZ

Patricia E. Pilz
(Principal Financial and Accounting Officer)

Dated: May 8, 2002