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

FORM 10-QSB

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE PERIOD ENDED MARCH 31, 2000

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[ ] TRANSITION REPORT PURSUANT TO 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.)

1850 RESEARCH PARK DRIVE

DAVIS, CA	95616-4884
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

530-792-2600
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter periods 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 ___

Applicable Only to Issuers Involved in Bankruptcy
Proceedings During the Preceding Five Years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court. Yes ___ No ___

Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock $.01 Par Value - 16,898,460 shares as of May 1, 2000

INTEGRATED SURGICAL SYSTEMS, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

INTEGRATED SURGICAL SYSTEMS, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS	March 31, 2000 (unaudited)
Current Assets:	
Cash and cash equivalents	$1,026,799
Accounts receivable less allowance for doubtful accounts of $328,522	851,098
Inventory	3,875,063
Other current assets	811,842
Total current assets	6,564,801
Property and equipment, net	$ 819,643
Leased equipment, net	535,692
Long-term net investment in sales type leases	341,462
Intangible assets, net	1,966,178
Other assets	12,449
Total Assets	$10,240,225
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 1,363,752
Value-added taxes payable	41,669
Accrued payroll and related expenses	390,755
Customer deposits	1,887,246
Accrued product retrofit costs	207,953
Current portion of bank loans	89,813
Other current liabilities	498,293
Total current liabilities	$4,479,481
Bank loans, long-term	46,364
Note payable	145,900
Commitments and Contingencies	0
Stockholders' equity:	
Convertible preferred stock, $0.01 par value 1,000,000 shares authorized; 734 shares issued and outstanding ($734,000 aggregate liquidation value)	7
Common stock, $0.01 par value, 50,000,000 shares	

authorized; 16,884,048 shares issued and outstanding .	168,840
Additional paid-in capital	57,090,939
Deferred stock compensation	(7,884)
Accumulated other comprehensive loss	(570,192)
Accumulated deficit	(51,113,230)
Total stockholders' equity	5,568,480
Total liabilities and stockholder's equity	$10,240,225

See notes to consolidated financial statements.

INTEGRATED SURGICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2000	THREE MONTHS ENDED MARCH 31, 1999
Net Sales	$730,144	$ 2,286,723
Cost of Sales	342,340	1,105,379
Gross Margin	387,804	1,181,344
Operating expenses:		
Selling, general and administrative	1,114,819	1,591,900
Research and development	1,747,393	1,629,706
Total Operating Expenses	2,862,212	3,221,606
Other income (expense):		
Interest income	19,550	37,128
Other	(176,399)	(288,187)
Loss before provision for income taxes	(2,631,257)	(2,291,321)
Provision for income taxes	9,000	14,694
Net loss	(2,640,257)	(2,306,015)
Preferred stock accretion	(2,671,993)	(244,638)
Net loss applicable to common stockholders	$(5,312,250)	$(2,550,653)
Basic net loss per common share	$(0.34)	$ (0.45)
Shares used in computing basic net loss per-share	15,577,822	5,675,744

See notes to consolidated financial statements

INTEGRATED SURGICAL SYSTEMS, INC.
Consolidated Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	THREE MONTHS ENDED MARCH 31	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	($2,640,257)	(2,306,015)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	149,333	231,347
Amortization of intangible assets	209,760	209,760
Unrealized gain on securities		14,683
Stock compensation	111,652	46,190
Changes in operating assets and liabilities		
Accounts Receivable	(282,033)	205,292
Inventory	(612,920)	(707,042)
Other current assets	(277,255)	16,774
Accounts payable	(262,565)	1,595,756
Value added taxes payable	(14,642)	174,752
Accrued payroll and related expenses	(3,913)	59,053
Customer deposits	867,250	442,008
Other current liabilities	37,519	(43,361)
Note Payable	-	(11,360)
Net cash used in operating activities	(2,718,071)	(72,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in marketable securities	-	(17,083)
Net investments in sales type leases	-	(366,273)
Principal payments received on sales type leases	86,917	
Purchases of property and equipment	(80,530)	(215,555)
(Increase) decrease in other assets	-	109
Net cash provided by (used in) investing activities	6,387	(598,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) bank loans	-	705,257
Payments on bank loans	(19,612)	-
Proceeds from issuance of preferred stock	1,878,775	929,101
Redemption of Series E preferred stock	(1,185,000)	-
Proceeds from exercise of stock options	30,683	1,385
Net cash provided by (used in) financing activities	704,846	1,635,743
Effect of exchange rate changes on cash and cash equivalents	115,621	(332,128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,891,218)	632,650
Cash and cash equivalents at beginning of period	2,918,016	223,581
Cash and cash equivalents at end of period	$1,026,799	$856,231

See notes to consolidated financial statements.

INTEGRATED SURGICAL SYSTEMS, INC.

Notes to Consolidated Financial Statements (unaudited)

March 31, 2000

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with 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 the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in Integrated Surgical Systems, Inc.'s annual report on Form 10-KSB and Form 10-KSB/A for the year ended December 31, 1999.

In December, 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements. The SAB states that all registrants are expected to apply the accounting and disclosures described in it. The SEC staff, however, will not object if registrants that have not applied this accounting do not restate prior financial statements provided they report a change in accounting principle in accordance with APB Opinion No. 20, Accounting Changes, by cumulative catch-up adjustment no later than the second fiscal quarter of the fiscal year beginning after December 15, 1999. The Company is currently evaluating the impact, if any, of SAB 101 on its financial statements.

NOTE B - INVENTORIES

The components of inventory consist of the following:

	March 31, 2000
Raw Materials	$1,423,461
Work in process	691,913
Finished goods	1,759,689
	$3,875,063

NOTE C - CONVERTIBLE PREFERRED STOCK

In February, 2000, the Company received net proceeds of approximately $1,880,000 from the sale of 2,000 shares of Series F Convertible Preferred Stock ("Series F Preferred Stock") and warrants ("Warrants") to purchase 12,500 shares of common stock ("Common Stock"), par value $.01 per share.

The Series F Preferred Stock is convertible (the "Beneficial Conversion Feature") into shares of Common Stock, at the option of the holder, subject to certain limitations, discussed below. The number of shares of Common Stock issuable upon conversion of the Series F Preferred Stock is equal to the quotient of (x) the product of $1,000 (the stated value of each share of Series F Preferred Stock) and the number of shares of Series F Preferred Stock to be converted and (y) 85% of the lowest sale price of the Common Stock on the Nasdaq SmallCap Market during the five trading days preceding the date of conversion (the "Market Price"), but in no event more than $1.22 (the "Conversion Price").

The Company may require holders to convert all (but not less than all) of the Series F Preferred Stock at any time after February 8, 2003, or buy out all outstanding shares, at the then Conversion Price.

The value assigned to the Beneficial Conversion Feature, as determined using the quoted market price of the Company's Common Stock on the date the Series F Preferred Stock was sold, amounted to approximately $2,652,000, which represents a discount to the value of the Series F Preferred Stock (the "Discount".) The Discount was charged against income in February 2000.

Holders of Series F Preferred Stock are not entitled to dividends and have no voting rights, unless required by law or with respect to certain matters relating to the Series F Preferred Stock.

The Company may redeem the Series F Preferred Stock upon written notice to the holders of the Series F Preferred Stock at any time after the earlier of August 8, 2000 and the closing of a registered secondary offering of equity securities, at a redemption price equal to the greater of $1,500 per share and the Market Price of the Shares of Common Stock into which such Series F Preferred Stock could have been converted on the date of the notice of redemption.

The Warrants are exercisable at any time during the period commencing August 8, 2000 and ending August 8, 2003, at an exercise price of $2.375, subject to adjustment. The Conversion Price and the number of shares of Common Stock issuable upon conversion are subject to adjustment based upon certain future events.

NOTE D - NET LOSS PER SHARE

As of March 31, 2000, outstanding options to purchase 1,867,113 shares of Common Stock (with exercise prices ranging from $0.07 to $8.63) and outstanding warrants to purchase 18,964,148 shares of Common Stock (with exercise prices ranging from $0.01 to $4.39) 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.

NOTE E - ACCUMULATED OTHER COMPREHENSIVE LOSS

As of January 1, 1998, the Company adopted Statement 130, Reporting Comprehensive Income. Statement 130 establishes new rules for the reporting and display of comprehensive income and its components. Statement 130 requires unrealized gains or losses on the Company's available-for-sale securities and the foreign currency translation adjustments, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income. Prior year financial statements have been reclassified to conform to the requirements of Statement 130.

	Three Months Ended March 31	
	2000	1999
Net loss.......................................	(2,640,257)	(2,306,015)
Other comprehensive income (loss):		
Unrealized gain (loss) on available for sale securities..........................	-	14,683
Foreign currency translation	(82,865)	(332,128)
Comprehensive loss..............................	(2,723,122)	(2,623,460)

NOTE F -- SUBSEQUENT EVENT

On April 17, 2000 the Company entered into a Private Equity Line of Credit Agreement (the Line) with Triton West Group, Inc. (the Investor). The duration of the Line is for three years in the amount of $12,000,000.

Under the agreement, the Company may put to the Investor a number of common shares at a price equal to the lowest bid price two trading days prior to and three days following the trading day. The put amount may not exceed a maximum put amount determined on that date, subject to certain limitations, and may not be less than $100,000. Puts may be made every fifteen days.

The Investor will receive 35,000 warrants (the Commitment Warrants) to purchase common stock at the date of the Purchase Agreement. The price of the warrants is $1.875 per warrant and represents 125% of the Market Price on the date of the Purchase Agreement. The warrants are exercisable on or after October 17, 2000 and on or prior to the close of business on April 16, 2003.

The Investor will also receive warrants to purchase shares of common stock up to 14% of the put shares on the closing date of the puts. The exercise price will be equal to the Market Price on the closing date of the puts and are exercisable up to one year from the closing date.

The Financial Advisor will receive 12,000 shares of common stock for each one million dollars of shares put by the Company. Additionally the Financial Advisor receives a fee of 3% of the value of the shares put over the life of the agreement.

On May 9, 2000 the Company and Spark 1 Vision (the Distributor) agreed to terminate the exclusive Distribution Agreement entered into between the parties on November 12,1999. Under the Agreement the Distributor had the exclusive distribution rights to sell and market the Company's products in Europe, the Middle East and Africa. The Distributor has fulfilled it's obligations under the Agreement for the payment of the minimum license fees and certain expenses to the Company for the current period of the Agreement.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Results of Operations

Three Months Ended March 31, 2000 Compared to Three Months Ended March 31, 1999

Net Sales. Net sales for the three months ended March 31, 2000 (the "2000 Interim Period") were approximately $730,000, largely attributable to revenues recognized from the sale of implant software libraries and service contracts compared to the three months ended March 31, 1999 (the "1999 Interim Period") of approximately $2,287,000, which included the sale of three ROBODOC systems.

Cost of Sales. Cost of sales for the 2000 Interim Period was approximately $342,000 (47% of net sales) as compared to the 1999 Interim Period of approximately $1,105,000 (48% of net sales).

Selling, General and Administrative. Selling, general and administrative expenses for the 2000 Interim Period (approximately $1,112,000) decreased by approximately $465,000, or 29.5% as compared to the 1999 Interim Period (approximately $1,577,000). Marketing costs decreased approximately $353,000 due to a reduction in the number of field sales employees. General and administrative costs decreased approximately $112,000 also as a result of lower staffing levels.

Research and Development. Research and development expenses for the 2000 Interim Period (approximately $1,747,000) increased by approximately $117,000, or approximately 7%, as compared to the 1999 Interim Period (approximately $1,630,000), due to additional engineering staff required to support the successful knee replacement application and the additional travel and expenses associated with this project.

Interest Income. Interest income for the 2000 Interim Period (approximately $20,000) decreased by approximately $17,000, or 46%, as compared to the 1999 Interim Period (approximately $37,000), primarily due to lower average cash balances during the 2000 Interim Period as a result of the Company's 1999 operating loss.

Other Income and Expense. Other expense for the 2000 Interim Period was approximately $176,000 compared to expense of approximately $288,000 in the 1999 Interim Period. The decrease in expense ($119,000) is primarily attributable to a decrease in foreign currency transaction losses in the 2000 Interim Period versus those recognized in the 1999 Interim Period.

Net Loss. The net loss for the 2000 Interim Period (approximately $2,640,000) increased by approximately $334,000, , as compared to the net loss for the 1999 Interim Period (approximately $2,306 ,000). The increased loss was a result of lower revenues.

Liquidity and Capital Resources

Since inception, the Company's expenses have exceeded net sales. Operations have been funded primarily from the issuance of debt and the sale of equity securities aggregating approximately $47.2 million. In addition, the Company was the beneficiary of proceeds from a $3 million key-man life insurance policy in 1993 upon the death of one of its executives.

The report of the independent auditors on the Company's December 31, 2999 financial statements included an explanatory paragraph indicating there is substantial doubt of the Company's ability to continue as a going concern.

The Company's use of cash in operating activities of approximately $2,718,000 in the 2000 Interim Period increased by approximately $2,646,000 as compared to cash usage due to operating activities in the 1999 Interim Period of approximately $72,000. The increase in operating cash usage in the 2000 Interim Period was primarily a result of operating losses, an increase in inventory of approximately 613,000, a decrease in accounts payable of approximately $263,000, and an increase in accounts receivable of approximately $282,000. The Company believes that it has developed a viable plan to address these issues and that its plan will enable the Company to continue as a going concern through the end of 2000. This plan includes the expansion of the geographic markets in which its products are sold, new applications for its products, the consummation of equity financings in amounts sufficient to fund further growth, to attain its product development and marketing objectives and meet its working capital demands, and the reduction of certain operating expenses as necessary. Although the Company believes that its plan will be realized, there is no assurance that these events will occur. The 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 the inability of the Company to continue as a going concern.

The Company's cash flow from investing activities, improved by approximately 604,000. The improvement in operating cash usage in the interim period was primarily due to a decrease in investments in sales type leases and in property and equipment.

Cash provided by financing activities in the 2000 Interim Period was approximately $705,000 and decreased by approximately $931,000 as compared to the financing activities during the 1999 Interim Period. In February 2000 the Company received net proceeds of approximately $1,880,000 from the sale of Series F Preferred Stock and Warrants (see Note C to the financial statements and Part II, Item 2. Changes in Securities and Use of Proceeds) and retired the outstanding Series E Convertible Preferred Stock in the amount of $1,185,000.

The Company's available cash resources, together with anticipated cash flows from operations, may not be sufficient to continue operations without additional financing. The Company has been able to raise capital from the investment community under terms that have been satisfactory. The Company continues to seek additional financing, such financing may not be available on terms acceptable to the Company. The Company is attempting to reduce operating expense to a point where funds generated internally will mitigate the possibility of having to look to the investment community for capital.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

(a) On February 8, 2000, the Company issued and sold 2,000 shares of Series F Convertible Preferred Stock ("Series F Preferred Stock") and warrants to purchase 12,500 shares of common stock, par value $.01 per share ("Common Stock"), to institutional accredited investors for a total purchase price of $2,000,000, pursuant to a Preferred Stock Purchase Agreement dated as of February 8, 2000 (the "Purchase Agreement"). In addition, the Company issued 25,000 shares of Common Stock to a Financial Advisor in connection with the preferred stock financing. The Series F Preferred Stock, warrants and shares of Common Stock were issued pursuant to the exemption from the registration requirements of the Securities Act of 1933 (the "Securities Act") provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated by the Commission under that Section.

The Series F Preferred Stock is convertible into shares of Common Stock, at the option of the holder thereof, commencing August 8, 2000, subject to certain limitations, discussed below. The number of shares of Common Stock issuable upon conversion of the Series F Preferred Stock is equal to the quotient of (x) the product of $1,000 (the stated value of each share of Series F Preferred Stock) and the number of shares of Series F Preferred Stock to be converted and (y) 85% of the lowest sale price of the Common Stock on the Nasdaq SmallCap Market during the five trading days preceding the date of conversion (the "Market Price"), but in no event more than $1.22 (the "Maximum Conversion Price").

No holder may convert the Series F Preferred Stock to the extent such conversion would result in the holders in the aggregate acquiring more than 2,844,091 shares of Common Stock (the "Maximum Shares"), representing 19.9% of the number of shares of Common Stock outstanding on February 8, 2000 (the date upon which the Series F Preferred Stock and the warrants were issued), unless and until the Company's stockholders approve the issuance of more than the Maximum Shares. The Company may require holders to convert all (but not less than all) of the Series F Preferred Stock at any time after February 8, 2003, or buy out all outstanding shares, at the then Conversion Price.

Holders of Series F Preferred Stock are not entitled to dividends and have no voting rights, unless required by law or with respect to certain matters relating to the Series F Preferred Stock.

The Company may redeem the Series F Preferred Stock upon written notice to the holders of the Series F Preferred Stock at any time after the earlier of August 8, 2000 and the closing of a registered firm commitment underwritten secondary offering of the Company's equity securities, at a redemption price equal to the greater of $1,500 per share and the Market Price of the shares of Common Stock into which such shares of Series F Preferred Stock could have been converted on the date of the notice of redemption.

The Conversion Price and the number of shares of Common Stock issuable upon conversion are subject to adjustment in the event of a stock split, stock dividend, reorganization, reclassification or issuances of shares of Common Stock (or securities convertible into or exercisable or exchangeable for Common Stock) prior to the first anniversary of the effective date of the registration statement referred to below, at less than the then Conversion Price in transactions exempt from the registration requirements of the Securities Act if the Company grants the purchasers of such shares (or other securities) the right to demand registration of such shares.

The warrants are exercisable at any time during the period commencing August 8, 2000 and ending August 8, 2003, at an exercise price of $2.375 subject to adjustment in the event of a stock split, stock dividend, reclassification, recapitalization, merger, consolidation or certain dispositions of assets.

(b On April 17, 2000 the Company entered into a Private Equity Line of Credit Agreement (the Line) with Triton West Group, Inc. (the Investor). The duration of the Line is for three years in the amount of $12,000,000.

Under the agreement, the Company may put to the Investor a number of common shares at a price equal to the lowest bid price two trading days prior to and three days following the trading day. The put amount may not exceed a maximum put amount determined on that date, subject to certain limitations, and may not be less than $100,000. Puts may be made every fifteen days.

The Investor will receive 35,000 warrants (the Commitment Warrants) to purchase common stock at the date of the Purchase Agreement. The price of the warrants is $1.875 per warrant and represents 125% of the Market Price on the date of the Purchase Agreement The warrants are exercisable on or after October 17, 2000 and on or prior to the close of business on April 16, 2003.

The Investor will also receive warrants to purchase shares of common stock up to 14% of the put shares on the closing date of the puts. The exercise price will be equal to the Market Price on the closing date of the puts and are exercisable up to one year from the closing date.

The Financial Advisor receive 12,000 shares of common stock for each one million dollars of shares put by the Company. Additionally the Financial Advisor receives a fee of 3% of the value of the shares put over the life of the agreement.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27.1 Financial Data Schedule

(b) Reports filed on Form 8-K

None

Signatures

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRATED SURGICAL SYSTEMS, INC.

Date: May 12, 2000 by: /s/ LOUIS J. KIRCHNER

Louis J. Kirchner, Chief Financial Officer

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DEC-31-2000
JAN-01-2000
MAR-31-2000
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