United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB/A

Amendment No. 1

This amendment is being made to report preferred stock discount and accretion on the Consolidated Balance Sheet consistent with December 31, 1998 statement presentation. Additionally, Part II, Other Information, Item 5 has been added.

(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, 1999.

[ ] 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)

829 West Stadium Lane, Sacramento, CA 95834
(former address)

Not applicable
(Former name, and former fiscal year, if changed since last report)

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 - 5,959,311 shares as of May 1, 1999.

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, 1999 (unaudited)
Current Assets:	
Cash and cash equivalents	$ 856,231
Short-term investments	2,041,361
Accounts receivable	1,699,846
Inventory	3,712,700
Other current assets	447,647
Total current assets	8,757,785
Property and equipment, net	1,243,197
Leased equipment, net	733,261
Long-term net investment in sales type leases	628,607
Intangible assets, net	2,805,218
Other assets	272,423
Total assets	$ 14,440,491
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 3,071,510
Value-added taxes payable	522,336
Accrued payroll and related expenses	530,331
Customer deposits	1,338,284
Accrued product retrofit costs	135,348
Current portion of bank loans	1,608,043
Other current liabilities	689,233
Total current liabilities	7,895,085
Bank loans, long-term	1,740
Note payable	131,840
Commitments and contingencies	
Stockholders' equity:	
Convertible preferred stock, $0.01 par value 1,000,000 shares authorized; 4,180 shares issued and outstanding ($4,180,000 aggregate liquidation value)	42
Common stock, $0.01 par value, 15,000,000 shares authorized; 5,822,116 shares issued and outstanding	58,271
Additional paid-in capital	43,479,375
Deferred stock compensation	(70,353)
Preferred stock discount	(171,569)
Accumulated other comprehensive loss	(110,229)
Accumulated deficit	(36,773,711)
Total stockholder's equity	6,411,826
	$ 14,440,491

See notes to consolidated financial statements.

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

	THREE MONTHS ENDED MARCH 31, 1999	THREE MONTHS ENDED MARCH 31, 1998
Net Sales	$ 2,286,723	$ 1,383,360
Cost of Sales	1,105,379	622,773
	1,181,344	760,587
Operating expenses:		
Selling, general and administrative	1,576,615	1,377,641
Research and development	1,629,706	1,490,284
Stock compensation	15,285	18,000
	3,221,606	2,885,925
Other income (expense):		
Interest income	37,128	100,108
Other	(288,187)	(10,320)
Loss before provision for income taxes	(2,291,321)	(2,035,550)
Provision for income taxes	14,694	9,051
Net loss	(2,306,015)	(2,044,601)
Preferred stock accretion	(244,638)	--
Net loss applicable to common stockholders	$(2,550,653)	$(2,044,601)
Basic net loss per common share	$ (0.45)	$ (0.37)
Shares used in computing basic net loss per-share	5,675,744	5,526,642

See notes to consolidated financial statements

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

	THREE MONTHS ENDED MARCH 31 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,306,015)	$ (2,044,601)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	231,347	75,461
Amortization of intangible assets	209,760	209,760
Unrealized gain on securities	14,683	-
Stock compensation	15,285	18,000
Issuance of stock options to consultants	30,905	11,010
Changes in operating assets and liabilities		
Accounts Receivable	205,292	(71,163)
Inventory	(707,042)	(697,719)
Other current assets	16,774	(149,093)
Accounts payable	1,595,756	332,644
Value added taxes payable	174,752	84,297
Accrued payroll and related expenses	59,053	(23,753)
Customer deposits	442,008	339,896
Payable to subcontractors	-	(38,656)
Other current liabilities	(43,361)	49,086
Note Payable	(11,360)	(4,058)
Net cash used in operating activities	(72,163)	(1,908,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in marketable securities	(17,083)	-
Net investments in sales type leases	(366,273)	27,092
Purchases of property and equipment	(215,555)	(202,047)
(Increase) decrease in other assets	109	(51,934)
Net cash used in investing activities	(598,802)	(226,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) bank loans	705,257	(29,008)
Payment of expenses on Series A Preferred Stock offering	(17,399)	-
Proceeds from issuance of preferred stock	946,500	-
Proceeds from sale of warrants	-	6,930
Proceeds from exercise of stock options	1,385	7,101
Net cash provided by (used in) financing activities	1,635,743	(14,977)
Effect of exchange rate changes on cash and cash equivalents	(332,128)	56,914
Net increase (decrease) in cash and cash equivalents	632,650	(2,093,841)
Cash and cash equivalents at beginning of period	223,581	9,091,788
Cash and cash equivalents at end of period	$ 856,231	$ 6,997,947

See notes to consolidated financial statements.

INTEGRATED SURGICAL SYSTEMS, INC.

Notes to Consolidated Financial Statements (unaudited)

March 31, 1999

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, 1999 are not necessarily indicative of the results that may be expected for the year ended December 31, 1999. 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 for the year ended December 31, 1998.

NOTE B - INVENTORIES

The components of inventory consist of the following:

	March 31, 1999
Raw Materials	$1,515,500
Work in process	717,286
Finished goods	1,479,914
	$3,712,700

NOTE C - CONVERTIBLE PREFERRED STOCK

In March 1999, the Company received net proceeds of $946,500 from the sale of 1,000 shares of Series B Convertible Preferred Stock ("Series B Preferred Stock") and warrants ("Warrants") to purchase 12,500 shares of common stock ("Common Stock"), par value $.01 per share.

The Series B Preferred Stock is convertible (the "Beneficial Conversion Feature") into shares of Common Stock, at the option of the holder, commencing June 24, 1999, subject to certain limitations, discussed below. The number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock is equal to the quotient of (x) the product of $1,000 (the stated value of each share of Series B Preferred Stock) and the number of shares of Series B 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 $3.37 (the "Conversion Price").

Holders of Series B Preferred Stock may convert 25% of their shares commencing June 24, 1999, 50% of their shares commencing July 24, 1999, 75% of their shares Commencing August 23, 1999 and 100% of their shares commencing September 22, 1999. The Company may require holders to convert all (but not less than all) of the Series B Preferred Stock at any time after March 26, 2002, 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 B Preferred Stock was sold, amounted to $176,000, which represents a discount to the value of the Series B Preferred Stock (the "Discount".) The Discount is being accreted using the straight-line method through September 22, 1999. Approximately $5,000 of the Discount was accreted during the three month period ended March 31, 1999.

Holders of Series B 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 B Preferred Stock.

The Company may redeem the Series B Preferred Stock upon written notice to the holders of the Series B Preferred Stock at any time after the earlier of September 26, 1999 and the closing of a registered firm underwritten 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 B 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 September 26, 1999 and ending September 25, 2003, at an exercise price of $2.56, 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

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement No. 128, Earnings Per Share. Statement 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All net loss per share amounts have been presented on the basis set forth in Statement 128.

As of March 31, 1999, outstanding options to purchase 1,353,164 shares of Common Stock (with exercise prices ranging from $0.07 to $8.63) and outstanding warrants to purchase 4,564,316 shares of Common Stock (with exercise prices ranging from $0.01 to $8.26) 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.

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

Results of Operations

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Net Sales. Net sales for the three months ended March 31, 1999 (the "1999 Interim Period") were approximately $2,287,000, largely attributable to the sale of three ROBODOC Systems compared to the three months ended March 31, 1998 (the "1998 Interim Period") of approximately $1,383,000, which included the sale of two ROBODOC systems.

Cost of Sales. Cost of sales for the 1999 Interim Period was approximately $1,105,000 (48% of net sales) as compared to the 1998 Interim Period of approximately $622,000 (45% of net sales). The higher cost as a percent of sales in the 1999 Interim Period is a result of lower unit selling prices attributable to two customers purchasing more than one ROBODOC systems.

Selling, General and Administrative. Selling, general and administrative expenses for the 1999 Interim Period (approximately $1,577,000) increased by approximately $119,000, or 13% as compared to the 1998 Interim Period (approximately $1,378,000). Marketing costs increased approximately $107,000 with the addition of five employees in sales and increased participation in medical conferences and travel to potential customer sites. General and administrative costs increased approximately $92,000 to support increased growth as well as investor relations.

Research and Development. Research and development expenses for the 1999 Interim Period (approximately $1,630,000) increased by approximately $140,000, or approximately 9%, as compared to the 1998 Interim Period (approximately $1,490,000), due to additional engineering staff required to support new applications of existing products and new product development projects.

Stock Compensation. Stock compensation expense during the 1999 Interim Period was $15,000, $3,000 lower than the 1998 Interim Period ($18,000). The Company charged to operations in 1996 deferred stock compensation relating to stock options granted during 1996 with exercise prices less than the estimated fair value of the Company's Common Stock, as determined by an independent valuation analysis, on the date of grant. Deferred compensation for the non-vested portion is being amortized into expense over the vesting period of the stock options, which generally range from three to five years. Stock compensation expense in the 1999 and 1998 Interim Periods represents the additional vesting which occurred in the first three months of 1999 and 1998.

Interest Income. Interest income for the 1999 Interim Period (approximately $37,000) decreased by approximately $63,000, or 63%, as compared to the 1998 Interim Period (approximately $100,000), primarily due to lower average cash balances during the 1999 Interim Period as a result of the Company's 1998 operating loss.

Other Income and Expense. Other expense for the 1999 Interim Period was approximately $288,000 compared to expense of approximately $10,000 in the 1998 Interim Period. The increase in expense ($278,000) is primarily attributable to an exchange rate loss associated with a weaker Dutch Guilder against the U.S. dollar in the 1999 Interim Period.

Net Loss. The net loss for the 1999 Interim Period (approximately $2,306,000) increased by approximately $261,000, or approximately 128%, as compared to the net loss for the 1998 Interim Period (approximately $2,045,000).

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 $36.9 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 Company's use of cash in operating activities of approximately $72,000 in the 1999 Interim Period decreased by approximately $1,837,000 as compared to cash usage due to operating activities in the 1998 Interim Period of approximately $1,909,000. The reduced operating cash usage in the 1999 Interim Period was primarily a result of an increase in accounts payable of approximately $1,596,000, an increase in customer deposits of $442,000, a reduction in accounts receivable of approximately $206,000 and an increase in inventories of approximately $707,000.

The Company's use of cash in investing activities of approximately $599,000 in the 1999 Interim Period increased by approximately $372,000 as compared to cash usage due to investing activities in the 1998 Interim Period of approximately $227,000. The investment cash usage in the 1999 Interim Period was primarily due to investments in customer sales-type and operating leases.

Cash provided by financing activities in the 1999 Interim Period was approximately $1,636,000 and increased by approximately $1,651,000 as compared to the financing activities during the 1998 Interim Period. In March 1999 the Company received net proceeds of approximately $947,000 from the sale of Series B Preferred Stock and Warrants (see Note C to the financial statements and Part II, Item 2. Changes in Securities and Use of Proceeds).

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.

Year 2000 Compliance

The Company has a wide variety of computers and computer software used in the normal course of business. In predominant use throughout the Company are commercially available hardware and software products that are year 2000 compliant.

The Company has potential exposure to the year 2000 computer bug in two areas. First, the Company's accounting and manufacturing system, which is not year 2000 compliant, could cause disruption of business, if it could not be upgraded or replaced by the end of 1999. Secondly, products are computer controlled, and might not function if affected by the year 2000 bug. Company products are not highly date sensitive, which minimizes the impact of any year 2000 issues identified.

Potential exposure in other areas is minimal. Any year 2000 problems with the Company's network or software used for research and development and engineering could adversely affect research and development and engineering costs, but would not immediately affect the ability to continue operations. Such issues could also be resolved in short order with commercially available products. Many of our major product components have relatively long lead times. Temporary interruptions in our supplies caused by any year 2000 issues would not significantly impact our manufacturing schedule, or our ability to service customers. In general, the company has determined that there is a minimal exposure to year 2000 problems through third parties.

The Company is in the process of selecting a solution for its accounting and manufacturing computer system. We plan to complete the replacement or upgrade by the beginning of the fourth quarter of 1999. The Company has completed initial investigations of its products and concluded that there is minimal risk of system failure due to the year 2000 problem.

It is estimated that the Company will need to spend less than $100,000 to become year 2000 compliant. The majority of this cost relates to upgrading or replacing the Company's accounting and manufacturing system. Expenses include the testing conducted by the Quality Department, Engineering Department involvement in testing and de-bugging, and the Service Department upgrades to customer equipment if any such service is required.

In the worst case scenarios, the Company believes that it would have minimal business interruption due to any foreseeable year 2000 problems. Management believes alternate vendors, and off the shelf solutions will be available to solve any of the Company's undetected problems. In addition, the Company is small enough to allow it to function with minimal operating procedures for short periods of time.

Year 2000 project cost is based on management's best estimate and actual results could differ from those anticipated. If the Company or its vendors are unable to resolve the year 2000 issue in a timely manner, or if there are significant undetected year 2000 issues, such matters could have a material impact on the Company's results of operations. However, the Company believes the necessary modifications and replacement of computer systems will be completed in 1999 and, as a result, the year 2000 issue is not expected to pose significant operational or financial problems for the Company.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

(c) On March 26, 1999, the Company issued and sold 1,000 shares of Series B Convertible Preferred Stock ("Series B 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 $1,000,000, pursuant to a Preferred Stock Purchase Agreement dated as of March 26, 1999 (the "Purchase Agreement"). In addition, the Company issued 1,429 shares of Common Stock to a registered broker-dealer in connection with the preferred stock financing. The Series B 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 5.06 of Regulation D promulgated by the Commission under that Section.

The Series B Preferred Stock is convertible into shares of Common Stock, at the option of the holder thereof, commencing June 24, 1999, subject to certain limitations, discussed below. The number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock is equal to the quotient of (x) the product of $1,000 (the stated value of each share of Series B Preferred Stock) and the number of shares of Series B 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 $3.37 (the "Conversion Price").

Holders of Series B Preferred Stock may convert 25% of their shares commencing June 24, 1999, 50% of their shares commencing July 24, 1999, 75% of their shares commencing August 23, 1999 and 100% of their shares commencing September 22, 1999. No holder may convert the Series B Preferred Stock to the extent such conversion would result in the holders in the aggregate acquiring more than 1,137,624 shares of Common Stock (the "Maximum Shares"), representing 19.9% of the number of shares of Common Stock outstanding on March 26, 1999 (the date upon which the Series B 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's stockholders approved the issuance upon conversion of the Series B Preferred Stock of more than the Maximum Shares at the Annual Meeting of Shareholders on April 27, 1999. The Company may require holders to convert all (but not less than all) of the Series B Preferred Stock at any time after March 26, 2002, or buy out all outstanding shares, at the then Conversion Price.

Holders of Series B 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 B Preferred Stock.

The Company may redeem the Series B Preferred Stock upon written notice to the holders of the Series B Preferred Stock at any time after the earlier of September 26, 1999 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 B 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 September 26, 1999 and ending September 25, 2003, at an exercise price of $2.56, subject to adjustment in the event of a stock split, stock dividend, reclassification, recapitalization, merger, consolidation or certain dispositions of assets.

Item 5. Other Information

On May 25, 1999, the company entered into a letter of intent with the foreign investor to provide the Company with $4 million for 2,922,392 shares ($1.36874 per share) of common stock, plus warrants to purchase additional shares of common stock that would entitle the investors to acquire 40% of the Company's fully diluted equity. The warrants would have a term of three years and an initial exercise price of $1.02656 per share, but may not be exercised prior to twelve months after their issuance. In addition, the investors would enter into a distribution agreement that would give them the exclusive right to distribute the Company's products in Europe, the Middle East and Africa. The investors would pay the Company a monthly royalty of $400,000, offset by the purchase price of products that they purchase.

The investor group would have the right to designate a majority of the members of the Company Board of Directors. In furtherance of the proposed transactions, Ramesh C. Trivedi who resigned his position with the Company on April 26, 1999 has rejoined the Company as Chief Executive Officer and President.

The proposed financing is subject to the negotiation and execution of definitive agreements and approval of the Company's stockholders.

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: June 3, 1999 by: /s/ Mark W. Winn

Mark W. Winn, Chief Financial Officer